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A study on financial mechanisms used to manage public funds in the Local Government Authorities (LGAs) in Tanzania

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ABSTRACT

Local Government Authorities all over the world have experienced mismanagement of public funds for many years. However, it has been confirmed that financial mechanisms are the bases for proper performance of Local Government Authorities. What have been not clear are on mechanisms used to manage public funds in the local government authorities. This study aimed to map mechanisms used to manage public funds in the local government authorities in Tanzania. The study used purposive sampling techniques in selecting study areas and respondents. Data were collected through in-depth interviews and focus group discussions. Both qualitative and quantitative approaches were used for analysis of data, but largely the qualitative approach was deployed. The study found that mechanisms such as financial laws, regulations and guidelines, segregation of duties, budget, technological systems, audit committee and frequent internal audit are mechanisms that local government authorities can use for management of public funds in Tanzania. The implication of this study is that, for proper management of public funds of any Local Government authority, financial mechanism is needed. The study recommends that, the Director of the local government authorities to abide by the existing financial mechanisms to control financial irregularities. This will also reduce audit queries and control leakage of public funds in the local government authorities.

KEYWORDS

Management of funds; Management of public funds; mismanagement of public funds; mechanism

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Introduction

Globally, management of public funds (MPFs) have been considered as a topical issue for social and economic development. This became imperative after a widespread transfer of financial responsibilities from central to local governments levels with the idea of improving operational and financial performance (Chalam, 2017). Similarly, it has also been a subject of concern for many politicians, policy makers, academicians and public management practitioners for many decades (Krishnamohan, 2016). Proper mechanisms for management of public funds (MPFs) are very significant in ensuring proper use of public resources for provision of social services to the societies (Abiodun, 2020). Study by Zhang and Li (2017) point out that the need for strong management of public funds at government institutions has been accelerated by the financial decentralization which grants fiscal autonomy in both revenues collection and expenditure responsibilities. The nature of operations in the local government authorities (LGAs) attracts strong mechanism of management of public funds which is a key and driving force for proper use of public resources (Hassan, 2016). Kamaruddin and Ramli (2017) argue that one of the main roles of financial control mechanism (FCMs) in many governments in the world is to ensure reliability of government accounting and proper management of funds. Management of public funds (in the local government authorities) in Austria, Denmark, United Kingdom and Finland has been seen as an important tool in revenue collection and providing most important social services closer to people (Geißler, Hammerschmid & Raffer, 2019; Dediu, Moga & Neculita, 2017).

However, despite its economic and social benefits to the society, it has been reported that, across the world, when developed and developing countries are compared both parties suffer from poor MPFs in the LGAs (Franzke, 2018; Maj-Waśniowska & Jedynak, 2020). Studies indicate that poor management of public funds is associated with unsuitable skills (Agbonlahor, 2016), financial crises (Barbera, Jones, Korac, Saliterer & Stecollini, 2018) and inadequate control mechanisms (Masanja, 2018). As a result, many developed countries are struggling to restore, stabilize and sustain their economic growth which was severely affected by the economic recession of 2008-2010 (Lodge & Hood, 2012). According to Barbera et al. (2017), such struggle can probably work if they include development of new tools and mechanism for proper management of public funds (MPFs). Many sub-Saharan countries including Tanzania consider MPFs in the LGAs as the heart of the government for building more accountability in terms of revenue collection target and strengthening public spending in service delivery (Fritz, Verhoeven & Avenia, 2017), reducing poverty, providing healthcare, education and other public services (WHO, 2018) as well as building trust among investors and citizens (Ngomuo & Wang, 2015).

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To discharge these responsibilities, LGAs have internal and external sources of revenue that generated from different sources (Aramide & Bashir, 2015). This implies that, it is a responsibility of local government management to ensure that revenue are raised in providing infrastructural services to the community as well as fostering economic development at the grassroots level (Abubakar, Dibal, Amade, & Joyce, 2017). However, this cannot be possible without proper financial control mechanisms in the financial dealings of the local governments authorities (Vuai, 2014). As noted in the previous studies that there are some obstacles which hinder the performance of LGAs, thus resulting to the leakage of public funds and inadequate service delivery to the community (Odigbo, Anuforo, & Edeoga, 2014). These obstacles may have contributed to a large number of failures of many LGAs to meet their revenue target and provide service to the community. However, compared to developed countries, developing countries suffer more. For instance, Barbera et al. (2018) indicates that approximately 57% of income generation of LGAs in UK depends on central grants transfer, with limited revenue raising ability. In China, only 59% of local governments authorities had managed to become financially independent (Qichun & Shufang, 2016), while in Ghana, statistical evidence shows that the LGAs internally generated revenue accounted for only 19.5% of total revenue target (Hawke, 2017; Scott, 2018). In Kenya, a study by Wang'ombe and Kibati (2016) shows that the performance of LGAs was generally low. This low performance is also reflected in a study by Wagana (2017) who indicates that, over 53% of citizens were dissatisfied with services delivery in Kenya LGAs, and seem to be a similar case in other developing countries in Africa.

Tanzania, like many other countries in the world, faces various challenges regarding to management of public fund in the Local government authorities (LGAs). These challenges arise from dependent to central government transfer and other development partners in financing their operations (Ngomuo & Wang, 2015), corruption (Mbonera & Lwanga, 2020), spending out of budget (Twaweza, 2013), manual system (Yusuph & Guohua, 2017) and ability to achieve their targets for revenue collection for better public services delivery (AFNDD, 2016; Controller and Auditor General Tanzania [CAG], 2020; Mpaata, Lubogoyi, Okiria, 2017). As a result, most of LGAs perform below expected standards in service delivery (Danga, Chongela, & Katunzi, 2019). For instance, CAG-T (2020) indicate that approximately 70% of LGAs in Tanzania performed poorly in achieving their revenue targets for many years including 2015/16 to 2018/19 financial years and hence concluded that even the contribution of own sources revenues decreased from 28% to 11%. Consequently, many LGAs are experiencing poor financial performance to serve the increasing unlimited demands of public services to the people in their respective areas (Mbegu & Komba, 2017). Thus, the questions remain as to what should be solutions to the global problems of MPFs that the LGAs is experiencing over the years? Is it the case that MPFs in the LGAs are dependent on the effectiveness and efficiency of its financial controls mechanisms (FCMs)? Are the problems at the LGAs emanating as a result of FCMs that are not effective?

Responding to this, the government of Tanzania, since the 1990s, has been undertaking a series of reforms aimed at improving management of public funds in the Local Government Authorities in Tanzania (Fritz, Verhoeven & Avenia, 2017; Yusuph & Guohua, 2017). The reforms have included Local Government Reform Programme (LGRP) and Legal Sector Reform (LSRP) which focused on political decentralisation, fiscal decentralisation, administrative decentralisation and public service decentralisation (Mbegu & Komba, 2017; Quak, 2020; United Republic of Tanzania [URT], 2017). Unfortunately, despite all these efforts, Yusuph and Guohua (2017) reveal that management of public funds in the LGAs has realized some progressive achievement with a very low pace and only few of them have managed to perform to expected standards. Even the provision of social services in areas of education, healthcare, water and infrastructure is still inadequate among most of the local government authorities (Yusuph & Guohua (2017). Consequently, there is a claim that these initiatives are too general to solve specific issues regarding management of public funds in the LGAs. According to Muhunyo (2018), organisations with better financial control mechanisms can perform better than with poorer financial control mechanism (FCMs). This implies that effective FCMs is very essential for proper management of public funds in the Local Government Authorities (LGAs) (Korir, Naibei & Langat, 2022). This has been supported by various studies such as Adagye (2015) who maintains that improved organisational management with properly designed and enforced financial mechanisms can lead to proper management of public funds. Financial control mechanism therefore seems to have a much broader purpose of control problems associated with MPFs and provide an independent appraisal of the quality of managerial function in carrying out assigned responsibilities for better operations (Muhunyo, 2018). This has also been a driving force for policy makers, public management practitioners, governments (Nashwan, 2018) and international professional bodies (COSO Framework, 2013).

Other studies indicate further that, financial control have been adopted by the world of management as a tool for achieving proper management of resources, LGAs in particular (Hanoon, Khalid, Rapani, Aljajawy & Al-waeli, 2021; Ibrahim & Mustapha, 2019). Similarly, Odek (2019) indicates that, success of any organisation depends largely on the measures it has put in place to support its operations and facilitate achievement of its objectives. Such measures, according to Eke (2018) and Yao et al. (2017), may include financial control mechanisms which can be built based on skills owned by managers of an organization. This may imply that, to a large extent, failure or success in performance of local government authority in terms of management of public funds (MPFs) would depend on institutional financial control mechanisms (Korir, Naibei & Langat, 2022). Against this background this study seeks to investigate issues which have not yet been adequately explored.

Despite the government's efforts geared towards sound management of public funds for many years, there are still mismanagement of public funds in most Tanzanian LGAs (URT, 2017; Mgonja, 2014), which severely affect lives of Tanzanians (URT, 2021; Masanja, 2018). It is important to note that, in Tanzania, LGAs affect all Tanzanians' lives because they are responsible for provision of essential services in their respective areas (Rugeiyamu, Shayo, Kashonda & Mohamed, 2021). Thus, the study aims to map mechanisms used to manage public funds in the selected

LGAs in Tanzania. The main question was what are the mechanisms used to ensure proper management of public funds in Tanzania selected LGAs?

Literature review

In this part, various empirical studies related to management of public funds, were critically reviewed focusing on mechanisms used to manage public funds in the selected local government authorities, Tanzania.

Management of public funds

According to Thida (2018), Management of Public Funds (MPFs) are procedures, established by law or regulation of the country which direct public funds to be planned, directed and controlled to enable and influence the effectiveness delivery of government services. Likewise, Morgner and Chene (2014) define management of public funds as a central element of a functioning administration, underlying mechanisms through which public resources are collected, allocated, spent and accounted for. According to Lawson (2015) management of public funds refers as the set of laws, rules, regulations, systems and processes used by sovereign nations to mobilise revenue, allocate public funds, undertake public spending, account for funds and audit results. In respect to this study, MPFs refer as a system by which financial resources are planned, directed and controlled through principles of legality, integrity and economy which focuses on achieving the value for money of the institution projects. This perspective seen as an appropriate in this study because it captures all indicators of MPFs which are reflected in this study.

Mismanagement of public funds

Many studies define mismanagement public funds as poor management of finances in institutions, maladministration as corrupt behaviour, corruption as wrongdoing on the part of an authority, and misappropriation as dishonest use of funds for one's own use (Rangongo, Mohlakwana & Beckmann, 2016). This implies that the use of public funds in an improper way that is not instructed by the authority. This can happen intentionally, such as in the case of grant fraud, or unintentionally, through misuse of grant public funds (Maulid, 2017). Mismanagement of public funds can be further identified when there is a failure to meet a target with the dedicated amount of funds allocated in an institution. Sometimes mismanagement of public funds happens when there is a loss of documents especially projects financed by individuals or private companies. The loss may be intentional for the local government authority to transfer ownership of projects funded by private companies or individuals, and as a result they deviate funds for that particular project. This suggests that sometimes the mismanagement is planned, especially when projects have been supported by individuals or private organization but without symbols as identification of their contribution.

Mechanism used to manage public funds

Mechanisms used to management public funds are considered as a critical set of laws and regulation that are employed in to strengthen the management of public funds (Nikeriasova *et al,* 2016). Mills and Ray (2016) and Francis and Imite (2018) note that, for an organization to have proper control of assets and funds, mechanisms such as legislation, policies, technological system, internal check and budget should be in place. Her Majesty's Treasury report (2018) stressed that, management of public funds in UK can be carried out through practicing control mechanisms related to abiding with the law and regulations that emphasize public interest and high ethical standards to achieving value for money. Correspondingly, Magani and Gichure (2018) notes that, proper management of public funds in Kenya is carried out through PFM Act No. 18 of 2012. These mechanisms maybe established to provide for effective management of public funds in national and at Local levels. Quak (2020) suggested that, for proper management of public funds in Tanzania LGAs, the Government should involve community in budget preparation and promote accountability in the use of public funds. Mbegu (2017) suggested that, control mechanisms such as budgetary control established in Tanzania to achieve public spending.

Methods

This study used a cross-sectional in research design. This design was suitable for this study because it provides an opportunity for a researcher to collect data at a single point of time. The approach of the study was a qualitative research method for data collection. The study also employed both quantitative and qualitative approaches for data analysis, but largely the qualitative approach was utilized (Malowa, 2021). A quantitative approach utilizing percentages and frequency distribution was applied because data related to mechanisms used to Manage Public Funds in the Local Government Authorities can be understood better when descriptive statistics are employed (Malowa, 2021). It was also qualitative because the intention was to arrive at an in-depth understanding of what were the financial mechanisms that should be used to management public funds in the local government authorities (LGAs) in Tanzania. The largely use of a qualitative research approach for such a purpose is supported by Creswell (2014) and Bryman (2012). Creswell (2014) and Bryman (2012) stress that a qualitative research approach is aimed at providing a better, richer, and more in-depth understanding and narrative description of the phenomenon as it occurs in a natural setting.

Study location and justification

The study was conducted in seventeen selected Local Government Authorities (LGAs) out of 185 LGAs, namely Longido, Nyang'hwale, Kigoma Ujiji, Ukerewe, Ulanga, Makete, Chalinze Town Council, Magu, Mkalama, Tabora, Songea MC, Songea DC, Rungwe DC, Dodoma City, Morogoro MC, Mbeya City and Arusha City. The selection of these LGAs was guided by Performance Audit Report on Revenue Collection from Own Sources in Local Government Authorities (CAG-T, 2020) and Controller and Auditor General Reports on Audit of the Local Government Authorities for the Financial Years of 2016/17-2019/2020. Eleven (11) Local Government Authorities were chosen purposively because available information showed that they had frequent occurrence of problems of not performing well in management of public funds (Danga *et al.*, 2019; Ngomuo & Wang, 2015). Six of the Local Government Authorities; namely, Arusha City, Chalinze, Magu, Morogoro MC, Mbeya City and Dodoma City Council; were also added because, according to the Controller and Auditor General (CAG) reports, they had recorded significant improvements in management of public funds as well as in the quality of financial reporting i.e. from having a number of qualified and adverse audit reports in the LGAs to unqualified reports (CAG-T, 2017; 2018; 2019, 2020; 2021).

Sampling

In this study, twelve Financial Manger Officers (FMO) from twelve Regions, Internal Auditor General (IAG) from the office of Internal Auditor General, Assistant Controller and Auditor General of Local Government (ACAGLG) from CAG office, Assistant Accountant General Local Government (AAGLG) from Treasury office and seventeen Directors of councils were involved in this study. Therefore, there were thirty-two (32) key informants whose information were important to ease the discussion of the variables in the study. As emphasized, it was imperative to select appropriate knowledgeable key informants because these officials are the key custodian of public funds and they do circulate financial control mechanisms and providing other government instructions on how to manage public funds (Kang & Kinyua, 2016; Local Government assessment PEFA report, 2016). Also, focused group discussions were conducted with respondents randomly selected council departments. Purposive sampling was used to obtain key informants.

Data analysis

Data were analyzed using descriptive statistics (i.e., percentages and frequencies) which are presented in Table 1 and 2. Content analysis was used to analyse the captured data through interviews and focus group discussions. Content analysis was chosen, as it was thought to be the best method for analysing the responses regarding their perceptions and experiences of the possible mechanisms used to manage public funds in the Local Government Authorities (LGAs). Data collection goes hand-in-hand with data analysis and, therefore, the researcher simultaneously collected and analysed data by taking notes of all data from the in-depth interviews and focus group discussions sessions. These notes were finally used in writing this manuscript.

Results and Discussion

The study aimed to map mechanisms used for management of public funds in Tanzania selected Local Government Authorities (LGAs). The results presented in this section, under which the study sought to map mechanisms used to manage public funds in the LGAs. In order to achieve this objective, the following questions were developed: What are the mechanisms used to manage public funds in the LGAs? Why are there incidents of mismanagement of public funds while control procedures are emphasized in the LGAs? Which specify areas mostly experience mismanagement of public funds in LGAs?

Mechanisms used to Manage Public Funds in the Local Government Authorities (LGAs)

The result section shows objectively the presentation of the research key result without any interpretation using text, tables and figures. The result section must present how the author ensure the data validity and reliability. The results should be clear and concise. Under mapping the mechanisms used for management of public funds in Tanzania selected LGAs, the results summarised in Table 1.

Table 1. Mechanisms used to manage public funds in the LGAs

Themes	Frequency	Overall (%)	Ranks
Financial laws, regulations and guidelines	29	21.32	**1**
Segregation of duties	26	19.12	**2**
Budget	25	18.38	**3**
Technological systems	22	16.18	**4**
Audit committee	19	13.97	**5**
Frequent internal audit	15	11.03	**6**
Total	**136**	**100**	

As indicated in Table 1, the highest frequency for mechanisms used to manage public funds was identified as financial laws, regulations and guideline. In response 21.32% (n=29) of respondents indicated that, financial laws, regulations and guidelines such as public finance Acts, regulation and financial memorandum were main mechanisms used to manage public funds in the council departments. The finding also revealed that application of these financial laws, regulations and guidelines were found to enhance Local Government Authorities (LGAs) economic growth and community development. These findings concur with Burnley, Ko and Lonsdale (2016) and Francis and Imiete (2018) that control mechanisms like regulations, procedure and guidelines are framework established by an institution ensure that public funds are well managed. The practice of not adhering to those applicable laws and regulations may lead to a loss of public funds in the LGAs and may also undermine the value for money in terms of economy, efficient and accountability.

These were common available mechanisms that applied by Local Government Authorities (LGAs) to control embezzlement of public funds. It was further found that financial laws, regulations and guidelines are nationwide framework from which all government activities are complied with for their daily operations. The findings are also supported by INTOSAI (2016) that mechanisms such as financial laws and regulations require managers to create a conducive environment which helps to protect resources against fraud, waste, abuse, and mismanagement of those resource (public funds) within their organizations. Segregation of duties was another mechanism identified during interview with key informants as one of fundamental basis for managing public funds in the LGAs. This mechanism was given second rank of which 19% (n=26) respondents from Key informants' interview indicated that segregation of duties is critical component for effective internal control system that reduces embezzlement of public funds in the LGAs. This study found that segregation of duties in terms of authorization of transactions, processing and recording, reviewing those transactions and handling related assets helped LGAs to ensure proper utilization of public funds. This finding is in agreement with Wakida (2015), who says that segregation of duties is very important in any institution for creating trust among staff.

Another important mechanism identified during interview was budget. This mechanism ranked at third with respondent rate of 18%(n=25). The study found that budget in the LGAs act as a framework that promote effective and efficient use of public resources, strengthen public accountability and provide statutory authority for public interests. It was further found that budget as management tool if well implemented by the LGAs, can enable citizens to hold government accountable for how public funds are managed and allocated in terms of expenditure. On the interview part, some of the respondents said that budget is prepared as per Local Government Finance Act No. 9 of 1982 (R.E, 2000) but the problem remains on the implementation part. This finding is in line with Ibrahim and Mustapha (2019) who stressed that budgetary control is a critical role in strategy formulation, implementation, and evaluation process. They further documented that if LGAs are able to prepare and implement budget, there is a possibility of offering control mechanisms for institution project and programs implementation for achieving value for money. Therefore, from the finding above, it can be indicated that, budget is as control mechanism can enhance the proper the use of the public funds in the LGAs and for this case, it is very important for the LGAs to strengthen its own budget processes and make use of it.

The findings further indicate that technology systems such as PLANREP, FFARS and LGRCIS had ranked fourth as mechanism identified in the LGAs for management of public funds. The study, found that 16% (n=22) of respondent identified technological system such as PLANREP as mechanisms that used to track funds received, physical implementation and expenditure. The findings also shows that technological systems such as PLANREP creates a link between LGAs targets and national strategies. These findings are in agreement with Chalu (2019) who stressed that application of these available mechanisms (PLANREP) in the LGAs can minimize leakage of public funds and ensure proper utilization of resources to enhance high quality service delivery to citizens. Chalu and Kessy (2009) pointed that the application of technological system such as LGRCIS, PLANREP and FFARS are developed to enhance transparency in the local government authorities (LGAs).

Audit committee is amongst the mechanisms identified by respondents as a tool that they applied in managing public funds in their LGAs. This mechanism rated fifth of which 14% (n=19) of respondents identified these mechanisms as one of the control tools for resource management. The finding indicate that an audit Committee is designed in the LGAs to enhance the control framework and control embezzlement of public funds. This finding is contrary to the URP report (2018) which indicates that, audit committee are there in the LGAs council departments for strengthening MPFs, but the problem is on its composition. Generally, the finding tells that, the mechanisms of managing public funds in the LGAs are there, but the problem is on how to apply those mechanisms. The application can be caused by budget constraint, attitudes of top management to apply those applicable mechanisms or sometime in adequate knowledge of those practitioners. Another mechanism identified by respondent in LGAs in the study areas was frequent internal audit. It was found that 11% (n=15) of respondents pointed that, internal audit is amongst the mechanism that used to check the accuracy of the expenditure financial report and other documents that are relevant to the audit including their compliance with the applicable laws and regulations. These findings are in line with NOAC Report (2018) which stressed that internal audit is a tool that instituted in the councils to ensure that best practices are adopted by those LGAs to management of public funds and handling the governments of operations.

Mismanagement of public funds in the Local Government Authorities

Under this sub question, the study was interested to know the reasons of why there was mismanagement of public funds while control over management of public funds is in place. The findings from study areas revealed that mismanagement of public funds in the LGAs were associate with different reasons including management tone at the top, weak internal control system, competency of HoDs, political interference and weak internal audit system. It was found from the study areas that management tone at the top was among the reason that related to causative of mismanagement of public funds in the LGAs. This was revealed during interview sessions by key informants. The study further found that attitude of towards internal controls and ethics considered to be low, as a result most of LGAs are not performing well in terms of management of public funds. Huang, Masli, Meschke and Guthrie (2015) documented that proper tone at the top is associated with greater quality of financial expenditure reporting. This finding is in line with Wang (2015) who documented that an institution with management having the right tone at the top has the possibility of fostering an ethical culture in and high level of independence expertise.

The study finding revealed that weak internal control system had been identified as one of the obstacles towards MPFs in the council departments. CAG report of Zimbabwe (2014) stressed that weak internal control system in Zimbabwe public institution is associated by inadequate use of log books of motor vehicle driver, poor maintenance of fuel registers and understaffing. Competency of HoDs was also identified as another reason for the LGAs council department to mismanage public funds. The finding showed that most of HoDs in the LGAs were having inadequate knowledge in applying those control mechanisms for management of public funds. During FGDs respondents were asked on the issue related to the competency of their HoDs, they said that competency of HoDs have relationship with performance. They further commented that, most of their programmes and activities were failing in the council due to the fact that, their HoDs were not utilizing the budget properly. This finding is in agreement with MCT (2014) Aslan & Pamukcu (2017) and Kupczyk & Stor (2017) who stressed that, institutions with skilled personnel and their competence in management are likely to offer the basic managerial functions associated with planning, organizing, budgeting, motivating and controlling of financial resources than those with incompetent one

Areas mostly Experiencing with Mismanagement of Public Funds in LGAs

The interest of this question was to have a clear picture on areas that Local Government Authorities (LGAs) experience mismanagement of public funds so that we can come up with strategies that will be applied to solve the existing identified problems. Information for this question was gathered through in-depth interviews and Focus Group Discussion (FGD) with Financial Manger Officers (FMO) from twelve regions, Internal Auditor General (IAG) from IA office, Assistant Controller and Auditor General of Local Government, (ACAGLG) from CAG office and Council Directors (CDS) from seventeen LGAs. The following areas were identified to have experienced with mismanagement of public funds in the LGAs for five consecutive years. Table 2 shows identified areas that mostly experiences mismanagement of public finds in the LGAs in Tanzania.

Table 2. Areas mostly experiencing with mismanagement of public funds in the LGAs

Areas	Frequency	Overall (%)	Ranks
Procurement area	27	38.03	**1**
Revenue collection	24	33.8	**2**
Project implementation	20	28.17	**3**
Total	**32**	**100**	

The findings in Table 2 indicated that 38.03% of respondents participated in this study pointed that procurement was ranked as the area that mostly experiences mismanagement of public funds, revenue collection was given second rank with 33.8% and 28.17% of respondent point that project implementation was area that commonly experienced mismanagement of public funds and was having third rank. As indicated in Table 4.4, 38.03% of respondents rated that procurement in the LGAs was the main area that cause mismanagement of public funds. The findings were also confirmed by interview respondents who revealed that procurement activities in the LGAs involves with some kind of negotiation of which most of people take it as advantage for their personal gain.

Correspondingly, respondents identified revenue collection as another critical area that experiences mismanagement of public funds in the LGAs councils. About 33.8% of respondents identified revenue as another critical area that were prone to the misappropriation of public funds. The study further found that another area identified by respondents was the area of project implementation. This area was also identified as core area experiences mismanagement of public funds in LGAs. About 28.17% of respondents pointed that project implementation was identified as influential area for LGAs mismanagement of public funds. This finding is in agreement with URT report (2019) which stressed that a large number of projects in the LGAs have been completed, without being put in use. This gives a clear picture that these projects have some indication of corruption. Spending a lot of funds to invest in a certain project which later on the project is kept without being used gives the community an alert that value for money has been undermined.

Conclusion

The findings of this study suggests that financial control mechanisms are area that LGAs should give attention in order to enhance proper management of public funds. It is concluded that the performance of local government authorities in terms of management of public funds will increase if financial control mechanisms are properly addressed by management of local government authorities. Therefore, LGAs have to invest in establishing effective financial control mechanisms to realize proper management of public funds. From the above conclusion, strong financial control mechanisms must be entrenched in Tanzania LGAs to enhance proper management of public funds. Based on the key findings, the study recommends that Local Government Authorities (LGAs) should adopt different control mechanisms through the use of financial laws, regulations and guidelines, segregation of duties, budget, technological systems, audit committee and frequent internal audit to improve management of public funds in the LGAs. This will help to improve management of public funds in the local government authorities. They should also strengthen their financial control mechanisms by establishing system of segregation of duties and responsibilities, quality auditing and technological systems in the Local Government Authorities (LGAs).

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