

**THE MANAGEMENT OF FINANCIAL RECORDS FOR ACCOUNTABILITY
IN THE MINISTRY OF FINANCE – TANZANIA**

BY

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DECLARATION

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DEDICATION

This work is dedicated to:

My beloved Parents the late:

Mzee Hussein Sindato and Maulina Myovela-May your Soul Rest in Peace.

My brother Ibrahim Sindato, Aman Sindato and my sister Taska Sindato who basically made the foundation for me to reach this level.

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ABSTRACT

Financial records play a great role in the development of any nation. Proper financial records management can aid efficient management of national resources, by providing foundation for auditing and accountability. Various initiatives have been taken by the Tanzania Government to ensure proper management of financial records, however, the initiatives seem not to be adequate in enhancing accountability. The aim of this study was therefore, to investigate the management of financial records in the Ministry of Finance in Tanzania with a view to establish their importance in fostering accountability. The specific objectives of the study were to: establish the policies, systems, standards and procedures for the managing of financial records in the Ministry of Finance, establish the extent to which financial records were used to support accountability, ascertain the effectiveness of the financial records management system in meeting the requirement of accountability, identify the challenges experienced in the management of financial records and propose appropriate strategies for addressing the challenges facing financial records management in the Ministry of Finance. This research was based on qualitative approach. The study used purposive method to select Departments, Head of Departments and Action Officers to be included in the sample. Data were collected through interview and observation; triangulation method was employed to ensure validity and reliability of data. The findings showed that, financial records are useful in demonstrating accountability; there is lack of policy to guide the management of financial records; lack of trained staff, inadequate space and dedicated budget to support financial records management. The study concludes that financial records are important in fostering accountability. But, systems used to manage financial records were to some extent not adequate in demonstrating accountability, thus, some improvement are needed to enhance their effectiveness. Based on the above findings, the study recommends RAMD to: develop policy and guideline to govern management of financial records, develop records management training programme for accountants, advice the government to allocate special funds to facilitate the management of financial records and ensure that appropriate strategies for addressing various challenges are implemented. The government should also establish strong mechanism to safeguard financial information created in personal computer and the Ministry of Finance should establish centralized financial records management system to monitor all financial transactions undertaken by government institutions. This would ultimately improve financial records management and enhance its effectiveness in fostering accountability.

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ABBREVIATIONS AND ACRONYMS

CAG.....	Controller and Auditor General
CSO.....	Civil Society Organization
DAHRM.....	Director of Administration and Human Resources Management
HoD.....	Heads of Department
HoU.....	Heads of Unit
HQ.....	Headquarter
IA.....	Institutional Accountability
ICA.....	International Council on Archives
ICT.....	Information and Communication Technology
IFMS.....	Integrated Financial Management System
IRMT.....	International Records Management Trust
ISO.....	International Organization on Standardization
MDA.....	Ministry Department and Agencies
MoF.....	Ministry of Finance
NAO.....	National Audit Office
PAC.....	Public Accounts Committee
QDA.....	Qualitative Data Analysis
RAMD.....	Records and Archives Management Division
SAI.....	Supreme Audit Institution
URT.....	United Republic of Tanzania

DEFINITION OF TERMS

Accountability: The obligation of an individual or organization to account for its activities, accept responsibility for them and disclose the results in a transparent manner.

Data: facts or statistics used for reference or analysis. Things known or assumed as facts, making the basis of reasoning.

Financial records: Records resulting from the conduct of business and activities relating to financial management.

Management: The process of planning, organizing, staffing, directing, leading and controlling things in a way that meets organizational goal.

Records: Documents that an institutions or individuals create or receive in the course of administrative and executive transactions.

Records management: A field of management responsible for the efficient and systematic control of the creation, receipt, maintenance, use and disposition of records.

CHAPTER ONE

INTRODUCTION

1.1 Introduction

This chapter presents a general overview of records, statement of the problem, aim of study, study objectives, research questions and significance of the study. Also the chapter presents assumptions, scope and limitation of the study, the historical background and responsibilities of the Ministry; furthermore the studied Ministry's vision and mission are presented and discussed in this chapter.

Records play a crucial role in most human endeavours. They are essential in many of our business and social interactions. The system of archival record keeping has developed over several millennia, beginning in Mesopotamia before spreading to Egypt, the Mycenaean world, and the Persian Empire. The system continued through the Hellenistic and Seleucid periods Brosius in Isa (2009). Record keeping was considered essential in Government offices such as in the British Civil Service in the nineteenth century Moss in Isa (2009). Therefore record keeping practices have evolved from the ancient world to modern times.

Records are a vital resource in fostering development in any nation. According to the World Bank (2008) all elements or pillars of effective development that is: good governance, equitable judicial system, accountable financial system and enforceable civil rights) depend upon good/effective records management infrastructure. Without records infrastructure, Governments and organizations would not effectively manage

their daily activities and cannot benefit from experience of its past. Records are essential in promoting transparency, accountability and good governance.

Financial records comprise records created by an organization in its daily financial transactions. In other words, financial records are the records that result from the conduct of business and activities relating to accounting and auditing. They provide prima facie evidence that:

- Resources have been received, committed or spent;
- Assets have been acquired or disposed of;
- Government agencies have certain liabilities.

Financial records are the basis upon which financial decisions are made and audited. According to Terkper (2009) proper financial records management can aid efficient management of national resources. He observed that, financial records not only constitute the foundation of accountability but are vital for auditing purposes. The management of public finance is a fundamental responsibility of any Government. A sound financial management system supports national accountability by disclosing to the Government and public information on the use of resources in the past, present and the future Barata et al (2001). In an era of economic policy reforms, the need for sound financial system has become a critical element in determining the overall ability to manage the economy and ensure transparency and accountable Government. It is acknowledged that the proper management of financial records can support budgeting, allocation of Government resources, accountability and effective control over Government finances as well as knowing the exact amount of revenue it can generate from its various sources and how such revenue is spent. Economic Commission for Africa (ECA) (2005) stated that in developing countries, donors,

international financial institutions and civil society organizations (CSOs) are demanding transparency in the budgeting processes in order to know the extent to which public and donated funds are used and if there is good financial management.

In Tanzania, the financial records are created and managed by different public sectors. However, this study was confined to the Ministry of Finance because it is the central Ministry responsible for mobilizing and allocating financial resources, formulating and implementing fiscal and monetary policies, controlling and accounting for public finances. Additionally, it is also the custodian of Government assets and responsible for servicing public debt.

1.2 Background to the Study

1.2.1 An overview of the Ministry of Finance

The Ministry of Finance is one of the ministries which were established soon after independence in 1961. Since its establishment, the Ministry has undergone several changes geared towards increasing efficiency in the management of Government operations. These changes were particularly based on leadership, responsibilities and the name of the Ministry. In 1962, This Ministry was called the Ministry of Finance, in 1983 Ministry of Finance and Planning, in 2008 Ministry of State-Planning and Economic Affairs and in 2010 Ministry of Finance. The changes of the Ministry's name lead to the changes of its structure.

1.2.2 Structure and responsibilities of the Ministry from 1962 to date

From 1962 to date, the Ministry of Finance has had its structure changed from time to time in order to be in line with Government reforms. The implementation of the Ministry's operations is informed by the Government Instrument specifying responsibilities of Ministries. Core responsibilities entrusted to the Ministry as per the first Government Instrument issued in 1962 included:

- i. Estimation of financial and accounting policies,
- ii. Customs and excise duty,
- iii. Custodian of enemy properties,
- iv. Planning development in Parliament,
- v. Commonwealth issues, international economic relations and issues of foreign aid,
- vi. Economic and financial policies,
- vii. Financial, tax and insurance management
- viii. Coordination of Government institutions
- ix. Postal and bank issues,
- x. Salary structures,
- xi. Stamp duty,
- xii. Revenue,
- xiii. Statistics and economic research and
- xiv. East African common service in financial committees.

In 1995 the Ministry's responsibilities increased to enhance efficiency of Government operations. The Ministry was therefore assigned the following responsibilities:

- i. Control and management of financial policies,
- ii. Tax and domestic revenue services,
- iii. Government budget,
- iv. Customs and excise duty,
- v. Loans and credit policies,
- vi. External grants,
- vii. Relations with international financial institutions; IMF, WB, EADB, ACP/EEC/EIB,
- viii. Control and management of Government currency, value and exchange rates,
- ix. Accounting policies,
- x. Management of Government properties,
- xi. Stamp duty,
- xii. Custodian of enemy properties,
- xiii. Control of imports,
- xiv. Management of national debt,
- xv. Human resources development,
- xvi. Commonwealth issues,
- xvii. Management of Government institutions including Tanzania Revenue Authority (TRA) and Central Registry of Motor Vehicles and
- xviii. Management of parastatals and independent departments.

In February 2008, the President of the United Republic of Tanzania merged the Ministry of Finance and the Ministry of Economic Planning and Empowerment. The merger resulted in the creation of the Ministry of Finance and Economic Affairs. The major change resulted from this merger was the transfer and merger of two

departments which were under the Ministry of Economic Planning and Empowerment namely: Poverty Eradication Department (PED) and Economic Empowerment Department (EED) which were merged and named Department of Poverty Eradication and Economic Empowerment.

In 2010 the Ministry's responsibilities were changed. The changes were informed by the transfer of some functions that were under the Ministry to other ministries. These changes included the transfer of public economic empowerment responsibilities to the Prime Minister's Office and those concerning economic issues to the Planning Commission as the managing unit and making the Ministry of Finance (MoF) contributor in the implementation of this responsibility. In these changes, the Ministry was assigned the responsibility of dealing with partnership between the Government and the private sector as well as productivity development activity in the country.

1.2.3 Current Structure of the Ministry

The changes that were made to the Ministry of Finance have affected the structure and administration system, thus, the following is the current structure of the MoF:

Policy Analysis Division, External Finance Division, Poverty Eradication Division, Government Budget Management Division, Accountant General's Division, Internal Auditor General's Division, Financial Information Management System Division, Planning Division, Administration and Human Resources Management Division, Public Procurement Policy Unit, Legal Unit, Government Communication Unit, Internal Audit Unit, Finance and Accounts unit, Procurement management unit,

Coordination and Management of Information Technology System Unit and Public-Private Partnership Unit.

1.2.4 Current responsibilities of the Ministry

The Ministry of Finance is currently entrusted with the following responsibilities:

- i. Management of stable economic policies,
- ii. Management of accountability in the Government financial management and revenue
- iii. Facilitate communication and involvement of stakeholders in the preparation of fiscal and monetary policies,
- iv. Management and control of the Government budget
- v. Monitor, coordinate and control internal and external resources
- vi. Management and control of Government assets
- vii. Management and coordination of Government accounting information system,
- viii. Management and control of national debt
- ix. Management and control of aid and loans
- x. Management and control of Government investments in various corporations and parastatals
- xi. Audit and ensure value for Government money allocated to various votes, and
- xii. Management of public – private sector partnerships.

1.2.5 Institutions operating under the Ministry of Finance:-

Apart from different departments and units that are under the MoF, there are also various institutions that operate under it. These include the following:

- Treasury Registrar (TR)
- Bank of Tanzania (BOT)
- Tanzania Revenue Authority (TRA)
- Tanzania Revenue Appeals Tribunal (TRAT)
- Tanzania Revenue Appeals Board (TRAB)
- Public Service Pensions Fund (PSPF)
- Government Employees Provident Fund (GEPF)
- Public Procurement Regulatory Authority (PPRA)
- Tanzania Insurance Regulatory Authority (TIRA)
- Parastatal's Pensions Fund (PPF)
- Tanzania Institute of Accountancy (TIA)
- Institute of Finance Management (IFM)
- Institute of Accountancy Arusha (IAA)
- East African Statistical Training Centre (EASTC)

- Institute of Rural Development Planning (IRDP)
- Financial Intelligence unit (FIU)
- National Bureau of Statistics (NBS)
- Procurement and Supplies Professionals and Technician's Board (PSPTB)
- Public Procurement Appeals Authority (PPAA)
- Joint Finance Commission (JFC)
- Tanzania Investment Bank (TIB)
- Tanzania Postal Bank (TPB)
- Capital Markets and Security Authority (CMSA)
- Twiga Bancorp Limited (TBCL)
- Unit Trust of Tanzania (UTT)
- Consolidated Holdings Corporation (CHC)
- National Insurance Corporation (NIC)
- Millennium Challenge Account – Tanzania (MCA-T)
- National Audit Office (NAO)
- Gaming Board of Tanzania (GBT)
- National Board of Accountants and Auditors (NBAA)

- Government Procurement Service Agency (GPSA) and
- Small Entrepreneurs Loans Facility (SELF).

1.3 Vision

The vision of the Ministry of Finance is to attain and sustain high and equitable economic growth, macro – economic stability, sound financial management and accountability.

1.4 Mission

The mission of the Ministry of Finance is to promote sustainable and shared economic growth, macro-economic stability through developing robust socio-economic policies, prudent financial management, enhancing professionalism and optimal use of information and communication technology (ICT).

1.5 Statement of the Problem

Tanzania has been undertaking various initiatives to ensure proper management of financial records in its ministries, departments and agencies (MDAs). Previously, the Tanzania Government accounting and financial reporting was governed by the Exchequer and Audit Ordinance (1961) and implemented through financial orders. The introduction of a computerized Integrated Financial Management System (IFMS) between 1998 and 2000 rendered the financial legislation, and related regulations, out of date. The Public Finance Act (2001) was passed by the National Assembly in February (2001) and received presidential assent in April 2001. This Act replaced the

1961 Ordinance and provides for the control and management of public finances and defines the role and responsibilities of the Controller and Auditor-General. The Act and related regulations came into force with effect from July 2001.

Sections 137 to 140 of the Public Finance Regulations, (2001) set out guidance for maintaining and preserving accounting records. In addition to emphasizing the importance of keeping accounting documents in an orderly manner, the regulations specify retention periods for accounts books and records from three years onwards.

The Public Finance Regulations contain other detailed requirements concerning the nature and control of financial records, for example:

- the vouching and control of receipts (sections 64 and 65);
- payments (section 84 to 86);
- the need for an audit trail (section 120);
- Treasury cash books (section 126); and
- Standard forms (section 136).

In addition, the Public Procurement Act (2001) and related regulations such as Selection and Employment of Consultants and Procurement of Goods and Works contain rules pertaining to the maintenance and retention of procurement records. For instance, Section 30 of the Act, states that records of procurement proceedings must be kept for not less than five years from the date of completion of the contract.

The adoption of Integrated Financial Management System (IFMS) has strengthened the requirement for managing financial records in MDAs. The system has

strengthened procedures for the creation, recording, monitoring and controlling of financial records through efficient processing of Government transactions, monitoring expenditures against the budget; and allowed the Government to introduce standardized coding of financial transactions to facilitate monitoring and tracking of expenditure through the budget system. It also generates comprehensive monthly monitoring reports on commitments, expenditure and arrears.

The records retention and disposition schedule stipulates the timeframe for maintaining and disposing different financial records. For example, it requires personal loans correspondence to be maintained for one year in all ministries; personal grants cards one year in all ministries; loan cards correspondence two years in all ministries; bank and banking accounts and banks correspondence to be maintained for three years in all ministries.

The National Records and Archives Management policy (2011) establishes standards for the lifecycle of specialized records including the lifecycle of financial records.

Despite all the initiatives that the Government of Tanzania has made towards the management of financial records, there are a number of challenges that hinder the management of financial records in the Country. These include, inadequate records managers with adequate skills in managing financial records. In addition, no member of staff in the records and archives management division (RAMD) has been assigned responsibility for providing guidance to MDAs in managing financial records.

Other challenges include poor storage facilities for paper records caused by absence of purposive built records management offices, absence of dedicated budgets for records management, absence of disaster recovery and preparedness plan, poor security and confidentiality control, failure to destroy unwanted records and limited capacity to manage records including financial records. Not only that but also, difficulties in tracking and locating records in their storage area increases the chances for records to be lost, misfiled, misallocated which in turn reduces the grounds for accountability and transparency, while increasing the chances for corruption and fraud.

Apart from that, RAMD has not encompassed the management of financial records in its records management reform program. Rather, it is focused on improving the management of subject records and currently the management of personnel records.

Financial records play an important role in the development of a country and accountability. Despite this, their management appears to have been given low priority. This study therefore, attempted to establish the importance of financial records in enhancing accountability in the Public Sector in Tanzania with specific reference to the Ministry of Finance.

1.6 Aim of the Study

This study investigated the management of financial records in the Ministry of Finance in Tanzania with a view to establish their importance in fostering accountability.

1.7 Objectives of the Study

The specific objectives of the study were:

- i. To establish the policies, systems, standards and procedures in place for the management of financial records in the Ministry of Finance.
- ii. To establish the extent to which financial records are used to support accountability in Tanzania.
- iii. To ascertain the effectiveness of the financial records management system in meeting the requirement of accountability.
- iv. To identify the challenges experienced in the management of financial records in the Ministry of Finance.
- v. To recommend appropriate strategies for addressing the challenges facing financial records management in the Ministry of Finance.

1.8 Research Questions

The study intended to answer the following questions:

- i. What policies, systems, standards and procedures are in place for use in managing financial records in the Ministry of Finance?
- ii. How effective are financial records in fostering accountability in Tanzania?
- iii. Does the existing system for financial records management promote the requirements of accountability?

- iv. What challenges exist in the management of financial records, particularly those relating to accountability in Ministry of Finance, Tanzania?
- v. What should be done to enhance the management of financial records in the Ministry of Finance of Tanzania?

1.9 Assumptions of the Study

This study was based on the following assumptions.

- i. The management of financial records in the Ministry of Finance poses many challenges that hinder effective accountability.
- ii. Despite the initiatives that the Government of Tanzania has taken in improving financial records, their management has been affected by inadequate records managers with adequate skills in managing financial records.
- iii. RAMD has not encompassed the management of financial records in its records management reform program; instead, it appears to have been more concerned with improving the management of subject and personnel records.

1.10 Significance of the Study

The study has made valuable contribution by demonstrating the importance of proper management of financial records; it has exclusively addressed the close relationship between financial records and accountability and precisely expressed how the proper management of financial records can eventually contribute to the development of a country and society as whole. Previous studies done in Tanzania did not directly

spotlight this relationship. A study by IRMT (2001) *From Accounting to Accountability: Managing Financial Records as a Strategic Resource* focused on improving Government financial accountability by strengthening accounting records systems. Another study by Sichelwe (2010) focused on significance of Records Management in fostering Accountability. Meanwhile the study by Cyrille (2010) was based on Management of Personnel Records. The current study adds new knowledge to the existing ones by bringing out the importance of financial records in fostering financial accountability. It is also expected that the study will contribute to the literature related to the importance of records and records management in particular and generally, promote transparency and accountability in public financial management and good governance which will eventually stimulate the development of the Country.

It is hoped that the study will assist the warrant holders to exercise extra ordinary care when executing their duties. Additionally, it will enable RAMD staff to appreciate the importance of developing a policy to govern specialized records, improve budget dedicated for records management and change the existing attitudes that financial records are for accountants.

1.11 Scope of the Study

Although records management has many areas, The study focused on The Management of Financial Records for Accountability in Ministry of Finance – Tanzania because it is a central Ministry responsible for managing and allocating Government funds Also, it has a large number of financial records. The study includes

views from National Audit Office (NAO) Records and Archives Management Division (RAMD) due to the nature of their responsibilities.

1.12 Limitation of the study

Basing on the nature of study, MoF authority hesitated to provide permission to conduct the study. However, additional introductory letter from the employer convinced the authority to allow the researcher to conduct the study. Due to the responsibilities and activities which were taking place in the MoF and NAO it was difficult to meet some respondents.

1.13 Summary

This chapter has presented a historical background of the study by identifying the study problem, aim of the study and objectives of the study, research questions and assumptions of the study, significance of the study and scope and limitations of the study as well as definition of key terms used in the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature related to the management of financial records and presents theoretical framework upon which the study was based. The theoretical framework for this study was derived from Records Control Requirements Model which was developed by Barata et al (2001). The researcher reviewed literature with particular emphasis on:

- concept of records and their importance;
- impact of poor records management;
- importance of financial records;
- impact of inefficient management of financial records; and
- accountability perspective and the relationship between proper management of financial records and accountability.

2.2 Importance of literature review

Literature review forms a crucial part of any research degree or dissertation. It involves the process of identifying information that is useful for a research project in place (Bruce in Potter 2006). According to Creswell (2003) the literature review in a research study accomplishes several purposes; it shares with the reader the result of other studies that are closely related to the study being reported; it relates the study to

the larger ongoing dialogue in the literature about a topic, filling in gaps and extending prior study Cooper, Marshall and Rossman in Creswell (2003).

Potter (2006) opines that literature review helps the researcher to gain knowledge on the new subject and to develop the ability to appraise critically what others have done and so be in the position to argue which work is good and applicable to the area of her/his study. He further argues that literature review helps the researcher to gain feedback information and so assist him to rethink and develop a focused research topic.

Generally, literature review helps the researcher to justify how and why he did the research in the way he did and discover how others have researched the chosen topic and therefore identify various methods, research questions, data availability and data collection techniques that his fellow researcher used to accomplish the study.

2.3 Theoretical Framework

Since records have become part and parcel of our daily life, various models for records management have been introduced in the records management field, including; records lifecycle (1950), the National Archives of Australia Records Management Guidelines (AS ISO 15489: 2002), the International Council on Archive (ICA) Electronic Records Management Guidelines Model, the National Archives of Australia Digital Recordkeeping Guidelines (2004), Model requirements for the management of electronic records (2001), the Victoria Electronic Records Strategy Model (2000s), the University of Pittsburgh Electronic Records Management Model, the Designing and Implementation of Record keeping System (DIRKS) Model,

Records Continuum Model (1997s), Records Control Requirement Model (2001). According to Shepherd and Yeo (2003), all the records management models have been developed from the records lifecycle and records continuum model. For the purpose of this study the two models (Lifecycle Model and Records Control Requirements Model) were discussed.

2.3.1 Records Lifecycle

This model was developed in the United State of America in 1940s, soon after the Second World War. The aim was to facilitate coping with the increasing bulk of records that were being created. The Lifecycle Model shows that records passes through three stages or ages, namely; current stage, when records are frequently used for business of an organization; semi current stage, when record's business value is reduced; and non-current stage this is when records have no business value to the organization but may be used for other purposes Shepherd and Yeo, (2003). McKemmish (1997) argued that Records Lifecycle originate from the natural science. She viewed it as the entire series of processes constituting the life history of an organism. She drew an example from human being who shares the same life history as the species or genus they belong, within a repetitive pattern which is observable over generations. A frog goes from embryo, to tadpole, to young frog, to mature frog, to dead frog, if it goes through a full lifecycle.

This model assumes that records are kept initially for organizational purposes. It implies that records may be moved into archival custody when the passage of time has reduced their business value to the organization. The model implies that there is physical movement of paper records to alternative storage at each phase of their life,

that is, when they are active they are kept at the identified space in the organization and when the value is reduced they are transferred to records centre where they will be rarely consulted and when their value to organization is diminished they will be transferred to archival repository for further use or be destroyed.

The model also shows that there is high level demand for records at the early stage of their creation, but after time demand falls and therefore its value is ignored.

2.3.2 Criticisms on Lifecycle Model

The lifecycle model has been criticized for having shortfall when it comes to the practice of records management. Shepherd and Yeo (2003), Atherton in Kemoni (2008) and Yusof and Chell in Kemoni (2008) identified a number of weaknesses in the Records Lifecycle Model. For example, some records do not die; instead they are preserved indefinitely because of their continuing value.

The three stages in the model is viewed as artificial since the records which are regarded as semi active or inactive can be re-activated when the business that gave its creation is revived. The model assumes that there is no repetition of stage or omission of stages. However, in practice that is very common. Records Lifecycle creates a distinction between the role of records managers and archivist, that is, records manager deals with active records, while the management of semi active and inactive records are left to the archivists.

Furthermore, the application of the model is seen as mainly applicable to a paper based system since records are seen as physical objects. Therefore it is impossible to apply it in the electronic records management environment which views records as a logical entity.

2.3.3 Records Control Requirements Model

This model was developed by Barata et al in 2001, the model aimed at providing the system for managing financial records. It also intended to equip Government financial managers, records managers and development advisers wishing to design new financial management systems with practical knowledge and skills concerning financial records management. The Records Control Requirement Model focuses on the management of financial records based on the following categories:

- paper transaction records
- electronic transaction records managed by computerised financial management systems
- systems documentation and other records held by information technology units
- paper correspondence, contracts and other records held in registry filing systems.

The Records Control Requirement Model contains the following essential elements:-

Registration and classification, tracking, access and retrieval, audit trail, scheduling and retention, transfer and destruction.

Registration and classification, under this aspect the model requires us to ensure that all financial records are registered and classified so as to provide a foundation for

their use, retention and eventual disposal. Registration provides evidence that a record has been created or received into a record system. It involves recording of essential elements like date and time of transaction, authorities involved in transaction and subject of the transaction. After this, the record is assigned a unique identifier element which ultimately could assist the organization involved in the emergence of accountability.

Classification, this enables an organisation to organise, describe, as well as facilitate retrieval, access, use and dissemination of records in an appropriate way.

Tracking, according to Barata et al (2001) tracking forms a critical part of records control as it aids retrieval and ensures that records are not lost or misfiled. It monitors movement of records and ensures integrity by controlling unauthorised access.

Access and retrieval, records are created for the purpose of evidence of our daily activities. To fulfil this goal, an organization must ensure that records are accessible and useable by authorized persons throughout their lifetime.

Audit trail, this ensures that transactions can be traced from creation, through processing, to the final statements. Without an audit trail an auditor may not have sufficient appropriate evidence to make an audit decision. Barata et al (2001) pointed out that in the financial records management environment, this element helps auditors to trace transactions between original source documents, and system generated transactions (either manual or computerised).

Scheduling retention and disposition, in this aspect, the model insist that records must be managed and destroyed in accordance to retention and disposition schedules so as to maintain efficiency and continuous access to the required information.

2.3.4.2 Relevance of the Records Control Requirement Model to the study

Records Control Requirement Model is useful in this study because it helps to explain when, why and who created the records, in turn this paves way for accountability processes to take its path in an evidentially based manner.

Furthermore, its characteristic of retaining and destroying records based on records and retention and disposition schedule stimulate the accountability aspect that no records can be destroyed without agreed principles provided in the schedule.

It also suits this study because it assists to track records that have to do with monitoring the movement of records throughout their lifetime. Also, controlling access and retrieval adds an advantage because it provides records with integrity and authentic aspects that make it reliable for accountability proceedings.

2.4 Review of related literature

2.4.1 The concept of records and its importance

Records play an important role in the development of any society. This is a reality that cannot be denied by anyone. Any person or group needs records for discharging its daily activities.

The term record is defined by the International Records Management Trust (IRMT, 1999) as document regardless of form or medium created, received, maintained and

used by an organization (public or private) or an individual in pursuance of legal obligations or in the transaction of business, of which it forms a part or provides evidence.

On the other hand, records management is an area of administrative management concerned with achieving economy and efficiency in the creation, maintenance, use and disposal of records of an organization throughout their entire lifecycle and making the information they contain available to support the business of that organization (World Bank, 2000). It can also be defined as a systematic way of managing records from creation to disposal and involves careful capturing, storing securely, taking preventive measure, employing desirable conservation measures to minimize deterioration and maintaining access and use in current and in the future.

2.4.1 Quality of good records

According to Shepherd and Yeo (2003) records as evidence and source of information consist of the following elements;

- **Content.** Records must reflect the fact about the activity for it to be reliable and accurate enough to provide correct and complete information. For example, if someone has received an invitation letter, that letter must therefore contain complete information about that invitation.
- **Context.** Records must contain contextual information including where it was created, why it was created and who created it.
- **Structure.** Since records are created for evidential purposes, they must consist of structure which is acceptable by the creator. For example, the way in which content is organized, font type, font size, spacing.

These qualities play an important role in fostering accountability, particularly in financial matters; therefore, they must be well captured in the management of financial records system for the financial records to have credible evidence.

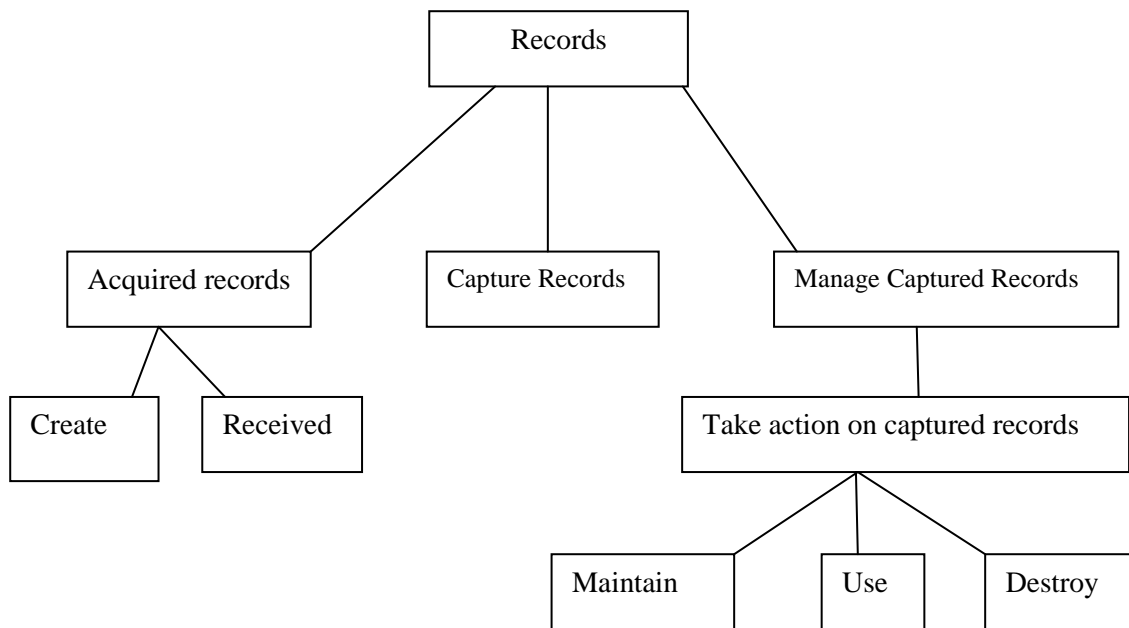


Figure: 2 .1 Records Management Environment

Source: Shepherd and Yeo (2003)

Figure 2 presents the idea that, records once created or received must be captured in the records management system to enable decision makers take action. It also reminds record managers to manage the captured records and maintain the captured information throughout the records lifetime. In the context of this study the Records Management Environment figure is useful because it will facilitate the tracking of records in the organization and pave a way for timely accountability.

2.4.2 Importance of records

The success of any business depends on how well assets and workers are managed. Proper management of financial records increases a business's chances to remain competitive in the marketplace. One key to managing assets within a business is keeping extensive, detailed records of all elements relating to the business. All successful businesses have good records management practices and use information in various decisions making processes.

- Records regardless of the format, if well managed ultimately contribute and assist the Government in planning and implementing its policies and activities;
- Records serve as benchmarks by which future activities and decisions are measured, thus, allows the Government to have continuity in planning and improving present and future by learning from the past;
- Records help organizations to ensure that customers and other stakeholders have adequate information about service provided by it which ultimately markets the business of the organization;
- Records underpin good financial management and accountability hence, serves the needs of the politician, bureaucrat and citizen;
- Records provide basis for demonstrating accountability to donors and lenders as they provide information on how funds have been used including their impact on beneficiaries;
- Records empower auditors to give the public information on credibility of financial reports;
- Records promote human rights, since well managed records support judicial proceedings and judgments shall present the reliability of evidence used;

- Well managed records systems are vital to the success of most anti-corruption strategies as they provide verifiable evidence of fraud and can lead investigators to the root of corruption;
- Records document transactions or events and thus, provide evidence which can ultimately support decision making;
- On behalf of the citizens of a country, Governments rely on records to provide core information for conducting their public business;
- Records are essential in budgeting process as they assist the team on which area require more funds than the other thus, allocate the funds accordingly to meet the Government goals and promote equal distribution of the national cake;
- In recruiting process records act as cost effective restrain as they provide adequate information on kind of the candidate that an organization require;

2.4.3 The impact of poor records management

Records and the information contained provide the foundation through which a good house would be developed. They are instruments by which Governments can promote a climate of trust and demonstrate an overall commitment to good governance World Bank and IRMT, (2000).

Bhana (2008) observed that proper record keeping is essential to clear and accountable financial management. Without accurate records of actual income and expenditures, the process of preparing budgets can become almost meaningless. He argued that poor record keeping affects the entire accounting function, which ultimately affects reporting and auditing activities. It also results in difficulties in

detecting corruption and fraud. In other words, poor records management or the absence of reliable records enables for corruption and fraud to thrive. Poor record keeping also lead the management to make decisions basing on inaccurate information.

Reputation risk: Records are necessary for organizations to function properly. Just like blood in a human body where without it a human cannot live, an organization without proper records management cannot survive. When records are poorly managed there are high chances to lower the reputation of an organization due to the fact that it will fail to provide services in the agreed time because of lack and or inaccurate records to enable decision making. Additionally, poor records management allows unauthorized persons to access records including confidential ones which if published in a newspaper may cause embarrassment to an organization or Government as whole.

Further financial risk: Bhana (2008) acknowledged that an organization which does not practice proper record keeping may make improper payments, misallocate funds, or be unable to trace the flow of money. This includes the flow of purchases for the business, sales of products as well as payments to employees and various debts that were eligible to be paid by the organization.

Information loss: A Government institution which lacks proper record keeping system is at risk of losing its information or may misallocate and misfile records. Additionally, there will be no ground for accountability on loss of information because with poor record keeping it is difficult to create the information command chain (who is responsible for what). It is also believed that institutional memory is

vested in the institution's records management systems which are strongly supported by appropriate records management frameworks. Thus, with poor records management system an organization will end up losing the valuable memory which is very useful to an organization, individual persons, stakeholders and society at large.

Failure to set business objectives: A successful business will set goals and objectives that will challenge the business to grow. Businesses with poor records management practices may not be able to set realistic goals because they have no idea what areas the business is excelling in and where changes need to be made. Hence poor records management result to unrealistic goals which lead to unrealistic expectations.

Government Fines or Penalties: Organizations that do not manage their records properly are subject to legal trouble. Since records are essential for governing the running of a business, it is necessary to manage them properly and kept up to date for the organization to be able to produce them immediately as failure to do so can suffer in fines or other penalties from the legal institutions, customers or from its stakeholders.

Legal risk: It is quite difficult to protect an organization in case of legal obligation as poor record keeping lead to inaccessibility of records when required for evidence of transactions to defend an organization rights. In addition, World Bank (2000) acknowledged that, improper management of records affect the broad scope of public service reforms, and development projects are often difficult to implement and sustain effectively in the absence of well managed records.

2.5 Importance of Financial Records

Financial records refer to the records resulting from the conduct of business and activities relating to financial management IRMT, (1999). They include purchase orders, payment vouchers, invoices, payroll records, cash books, subsistence and travel expense reports, bills of lading, value added tax receipts, Inland Revenue returns, contracts, tenders and loan agreements. Sound public sector management depend on, among others, the proper management of financial records. Proper management of financial records in turn helps the Government to determine the course of economic development, the effectiveness in spending Government resources and trace financial accountability where there is misuse or misallocation of Government funds.

Soon after independence, Tanzania had made enormous effort to improve its records and information management. This was purposely done in order to create an environment where records can be easily retrieved and accessed, thus, actions can be identified for accountability to take its path. As IRMT (2002) pointed out, public sector accountability particularly financial accountability is a high priority on the bilateral and multilateral donor's aid agenda. Therefore, well maintained records particularly financial records provide the basis for achieving development goals, provide guidance on preparing precise financial reports that enable parliament and the public to see how the financial resources have been used and evaluate whether objectives were effectively met. Akotia (1996) said "the objective of Government in any country and at any period cannot be effectively carried out without the management of consolidated fund." He further argued that financial report in public

financial administration is a product of well structured financial records management systems; a well structured financial records provide a legislature and public with the assurance that there is conformity with legal and other mandatory requirements in the Government management of resources.

When financial records are managed properly, they provide the basis for accountability, retrospective reporting and planning as well as authorization information. They are also useful in attracting the investors to invest in the country, since there is no investor would be ready to invest in the non-returnable business, thus, financial records provide a report that help investors to evaluate a Government's viability.

Furthermore, Government use financial records to evaluate performance and establish whether the public policy objectives are realized, assess the contribution that alternative decisions are likely to make towards achieving set objectives and monitor progress. Akotia, (1996) pointed out that through financial records the public has a chance to assess whether the Government has been equal to its plans or has failed to achieve its objectives or has not been honest in implementing its activities. They are also the basis through which the executive and civil services machinery present themselves as honest to the public and all stakeholders.

Financial records are also very useful in audit activities. Since the audit process concentrates much on reviewing records to determine whether the financial decision and allocation were properly done, therefore, auditors need accurate and reliable financial records for them to confidently accomplish their duties. Quoted in the

Akotia (1996), the Auditor General of Gambia said that “there can be no accountability; there can be no transparency until we can audit the records”. Accordingly there is no effective audit without proper management of financial records as the absence or disorganized financial records system hinders auditors’ ability to achieve their responsibilities Barata et al, (1999).

A sound management of financial records supports national accountability by disclosing to the public and to the Government information on the use of financial resources in the past, present and future Barata et al, (2001). He also argued that proper management of financial records provides a basis for the preparation of financial statement. It also assists decision makers with the means to ensure that Government funds are spent in accordance with approved activities. In other words, they provide ground for controlling Government expenditure. According to Barata et al, (1999) proper management of financial records enables timely financial reporting which helps the Government to evaluate its financial condition and take appropriate action where necessary. They are also strong weapons against corruption and frauds as they enable Government punish officials who misuse or misallocate public funds by revealing improper or unauthorized expenditure.

Apart from that, effective management of financial records helps government to get feedback about various projects and investments it financed and provides it with the opportunity to determine whether the funds were spent within the agreed framework.

2.5.1 The impact of inefficient management on financial records

Auditor's reports that give a real picture on the spending of Government funds have significant impact on the management of public funds. Thus, poor management of financial records hinders the auditor's practices which subsequently affect the ability of the Government to evaluate use of public funds. It is argued that, the improper management of financial records result on inability or difficulties in tracking expenditure detect fraud or error and also affect the ability of accountants to effectively deal with queries concerning previous transactions.

Bamutura in the United Nations case study and on-line discussion (1999) state that poor management of financial and physical resources provide the chances for people to fight for survival or power to loot public property or finance as they believe that when they misuse or misallocate resources they will not be followed. It is also believed that poor management of financial records provides a loophole to conceal fraud and corrupt Government. On the other hand, it would lead to delays in retrieval and tracking of payment vouchers, procurement documents, unpaid vouchers, as well as problem in recording imprested. It also creates an environment for improper payments. In addition, retired staff, dead staff and terminated staff may continue to appear in the payroll whereby the claimed payment will be diverted to other purposes. Furthermore, it undermines the Government ability to counter check the amount of revenue collected against the expenditure; this ultimately result in misuse and misallocation of public funds and pulls down the development activities of a country. Improper management of financial records creates opportunity for people to engage in corruption as they know that they will not be identified. In addition, corruption lowers

the economic development of a country and widens the financial gap among people in a society.

2.6 Accountability in Perspective

Accountability is the requirement to perform duties including financial and operational responsibilities in a manner that complies with legislation, policies, objective and expected standards of conduct IRMT, (1999).

In politics as in Government, first comes power and then comes the need to control it Schedler, (1999). The concept of accountability together with the institution, through which the concept is articulated and implemented, is perhaps the single most important factor that control holders of political and administrative power. As Thomas (1998) observed, “Accountability is at the heart of governance within democratic societies. Citizens grant sweeping powers to the political executives, they entrust it with the authority to raise and spend public funds, and the responsibility to decide on the design and implementation of public policy. At the same time citizens want to guard against abuse of power by executives. On a more operational level they also want to ensure that the executive uses its power wisely, effectively and efficiently, and that it will be responsive to demands by citizens to change the ways in which it carries out its functions. They expect therefore, that the executive will be held accountable to them for its actions.

In developing countries, accountability has a particular urgency in as far as these countries are all out to consolidate democracy after the painful transitions. Notwithstanding the formal trapping of democracy, these countries may still be

immersed in the deeper quagmire of human rights violations, corruption and the arbitrary exercise of power Schedler et al, (1999).

Yet, to a certain extent rulers in many democratic states are free to act as they please, undeterred by an infrastructure of checks and balances. This indicates that direct accountability to citizens through ballot box is not sufficient to ensure a healthy relationship between the governors and the governed. Thus, there is an additional requirement for the state to restrain itself by creating an independent public institution that is empowered to oversee its actions, demand explanation, circumstances warrant and impose penalties for any improper or illegal activity.

Public accountability pertain to the obligation on persons or entities entrusted with public resources to be answerable for the fiscal managerial and programs responsibilities that have been conferred on them, and to respond to those who have conferred these responsibilities on them. It is clear therefore, that the public entities that utilize public resources have an obligation to account for the way these resources are allocated, used and the results that have been achieved through these spending. The main objective all public accountability initiatives are to ensure that public money is spent most economically and efficiently, that there is a minimum of wastage or theft in order to ensure that the public actually benefited from the use of such public funds Utouh, (2008).

In response to accountability requirements of public sector spending, the Government has put in place various expenditure tracking and reporting systems one of them being the existence of the Supreme Audit Institution (SAI) which in Tanzania is called

National Audit Office (NAO). The National Audit Office under the Controller and Auditor General (CAG) is a constitutional office under article 143 of the constitution of the United Republic of Tanzania, 1977 as amended from time to time. The functions and responsibilities of the CAG are enshrined in Article 142 of the said constitution as amplified by sections 30 to 32 of the Public Finance Act No.6 of 2001 (revised in 2004). The main responsibility of the CAG as captured in the referred legal document above is to audit on behalf of parliament on how Government raise its revenues and how such collected revenue are best put into use. In reality, this is the process of holding the Government accountable for its actions.

The NAO normally conducts regular audit of public revenue and expenditure and report to parliament. The whole idea of NAO audit and reporting is to detect anomalies (if any) and by doing so enforce cost –efficiency and integrity in public expenditure. Indirectly, the objective of audit is also to curb malfunction in public expenditure and thus, ensure corruption free and result based outcome of the use of public spending.

Apart from NAO, the Public Accounts Committee (PAC) of the National Assembly of Tanzania was established to keep members of the National Assembly informed of what the Government has done in its name and with the public funds. The PAC is created by section 196 of the Constitution of United Republic of Tanzania. The duties of the Committee include examining the audited accounts of the Government in light of the Annual Report of the CAG. Thus, the PAC on behalf of the National Assembly and not National Assembly itself is the forum for the coordination of audit reports.

This study does not understate the importance of having quality and excellent public sector delivery system; this is because poor service delivery is normally coupled with cost inefficiency and wastage of public resources which can seriously undermines investor's confidence. When investors factor the cost inefficiency in their cost of doing business in Tanzania, it can make the difference of making Tanzania competitive or not. It can also be the deciding factor and motive for local and foreign companies to invest or not invest in Tanzania.

Due to these factors, all leaders must assume full responsibility and accountability for ensuring that there is no deterioration on governance, that is, lack of integrity, transparency and independence in each and everyone's area of responsibility. Elected and appointed leaders are supposed to set standards and demonstrate exemplary behaviour for the rest of the people in the country to follow. Instead, some leaders fail to uphold that position and therefore, end up doing exactly the opposite of what they preach.

It has been suggested that, delaying in taking actions, unfair actions, lack of public utilities, misconduct of public servants, failure to adhere to procedures, failure to enforce existing laws and regulations result in unsatisfactory quality service delivery including response to requests. As the corner stone of effective governance, the CAG must respond to the needs of all stakeholders in providing assurance that strategic risks are managed by priorities to reflect the emerging needs of accountability, governance and transparency in the utilization of public resources. Countries that begin the process of building capacity in the Government financial management need to give high priority to development of accurate financial recording systems. This

accuracy is required not only for producing financial data, but also for improving the quality of public finance reporting and transparency of the Government financial accounts. The management information system should capture all relevant cash flow and should be fully integrated into the Government accounting system.

One of the oft-quoted statements held that:

If men were angels, no Government would be necessary. If angels were to be men, neither external control on Government would be necessary. If framing the Government which is to be administered by men over men, the great difficult lies on this: You must first enable the Government to control the governed and in the next place oblige it to control itself.

Thus, citizens access to and right to information is often seen as necessary condition to achieve accountable, transparency and participatory governance as people centered development Cook and Monor, (1998). There is distinction to be made between accountability imposed on a Government by its citizens, and the accountability that a Government imposes on itself through creation of public institutions whose mandate is precisely to act as a restraint on Government. This distinction is referred to by some theorists as vertical accountability (to citizens directly) versus horizontal accountability to public institutions of accountability Donnel, (1999) see figure 3.

Vertical accountability may include citizens acting directly through the electoral process, or indirectly through the civil society or the news media Schedler, et al, (1999). Horizontal accountability refers to the range of public entities that check abuses of the executive branch of the Government; the institutions and organizations which may exercise horizontal accountability may be as diverse as:

- a) the legislative
- b) the judiciary

- c) the electoral commission and tribunals
- d) auditing agencies
- e) anti-corruption bodies
- f) ombudsman
- g) human right commissions and
- h) the central bank

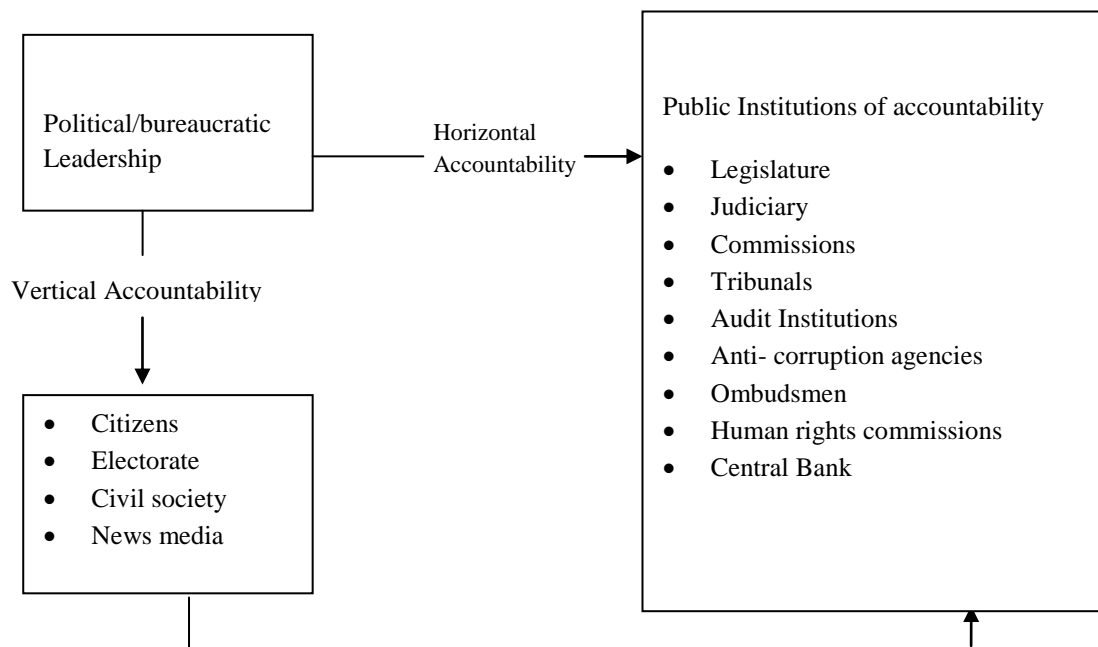


Figure 2.2: Horizontal and Vertical Accountability Relationship

Source: Schacter, 2005

Some of these bodies may have constitutional basis, while others may be founded in statute. Some may have purely watchdog functions while others may have quasi-judicial or punitive powers. Institutions of horizontal accountability carrying the formal statute and legitimacy that goes with having been created and empowered by

the state itself, play the dominant role in restraining executive power. As the World Bank (1997) has observed, “sustainable development generally calls for formal mechanism of restraints that hold the state and its officials accountable for their actions. To be enduring and credible these mechanism must be anchored in core state institutions” Even so, institutions of horizontal accountability in their own are not enough.

It has been plausibly argued that institutions of horizontal and vertical accountability are fundamentally interconnected, in that, the former are not likely to exist in a meaningful fashion without the latter. Horizontal accountability being the work of the public institutions amounts to a restraint that the Government consensus to impose upon itself. This begs the question:

Who is eager to respond to nasty question in public? Who yearns for punishment for misbehaviour? Government usually does not. They understand that an institution of accountability limits their freedom of actions and that they contain the potential to bring them into painful and embarrassing situations. So why should they be interested in establishing them? Schedler,(1999).

The response is that Governments agree to bind themselves through institutions of accountability under circumstances in which citizens will punish them for failing to do so. In other words horizontal accountability will only be effective and sustainable if Governments see benefits in it, and it is the operation of vertical accountability, particularly the electoral process that causes the Governments to perceive the benefits.

2.6.1 The accountability cycle

The accountability cycle is an idealized model of the relationship between an institution of accountability and a unity of the executive branch. It describes in

stylized form the internal logic of the institutions of accountability – executive relationship. The cycle has three stages: information (or input), action (or output) and response (or outcome). The model assumes that the presence of a minimum level of information has primarily a binding constraint on the effective operation of the life accountability cycle Schacter, (2005).

Understanding and explaining the working of the accountability cycle is pegged to the analysis of contextual information. In some cases, the degree to which accountability cycle functions well or poorly may be explained by the factors internal to the cycle itself. However the cycle will be profoundly affected by social, political and economic factors that shape the environment within which the cycle operates. Attempting to understand the accountability cycle without reference to contextual information is likely to lead to misleading conclusions and inappropriate remedial interventions. To execute that information and records are mutually reinforcing, and the cast that information is one aspect from which most records originate, understanding the working of this cycle is relevant for the purpose of this study. Figure 2.2 shows the horizontal and vertical relationship, while figure 2.3 shows the analytical model of accountability of figure 2.4 illustrates the Accountability Cycle-model of the relationship between an Institution of Accountability (IA) and the executive branch, while figure 2.5 shows the contextual factors affecting the accountability cycle.

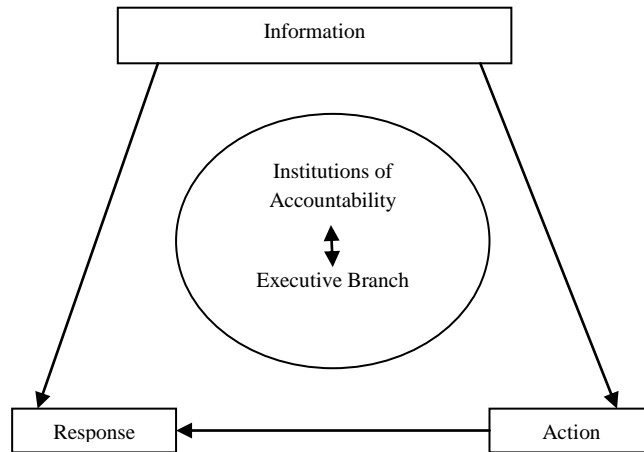


Figure 2.3: The Analytical Model of Accountability

Source: Schacter (2005)

As can be seen from figure 4, the model has three steps which may be described as information, action and response (or input, output and outcome). The model follows from commonsense understanding of the relationship between Information Accountability (IAs) and the political executive. It also emerges from accountability literature. Thomas (1998) observes that “the regular reporting of information, monitoring and periodic answerability are the procedural manifestations of the existence of accountability relationship. Schedler (1999) maintains that accountability “involves the right to receive information and the corresponding obligation to release all necessary details. But it also implies the right to receive an explanation and the corresponding duty to justify one’s conduct”. The assumption is that no meaningful accountability relationship is possible in the absence of a certain minimum quantity and quality of information being available to IAs.

Information or input is based on the assumption that information is the critical input into the IA. Effective performance of the IA depends on the degree to which it can

obtain – either directly from the executive or indirect from other sources relevant, accurate and timely information about the activities of the executive. With reference to action or output, the IA should be able to act on the basis of the information inputs. In its action, it produces demands (explicit or implicit) on the executive to explain and justify the manner in which it is discharging its responsibilities. At the third step of response or outcome the IA's outputs are intended to incite a response from the executive. For the purpose of the framework, an outcome is a response (which could vary in explanation, justification and corrective action) by the executive to the demand placed on it by the IA Schacter, (2005).

The logic of the accountability cycle suggests that in all cases the evaluation of its performance would focus on three kinds of question;

- i. What information can the IA obtain and how well does the information meet the criteria of relevance, accuracy, reliability, timeliness, and comprehensiveness?
- ii. What is the IA able to do with the information?
- iii. What kind of response is the IA able to generate from the executive?

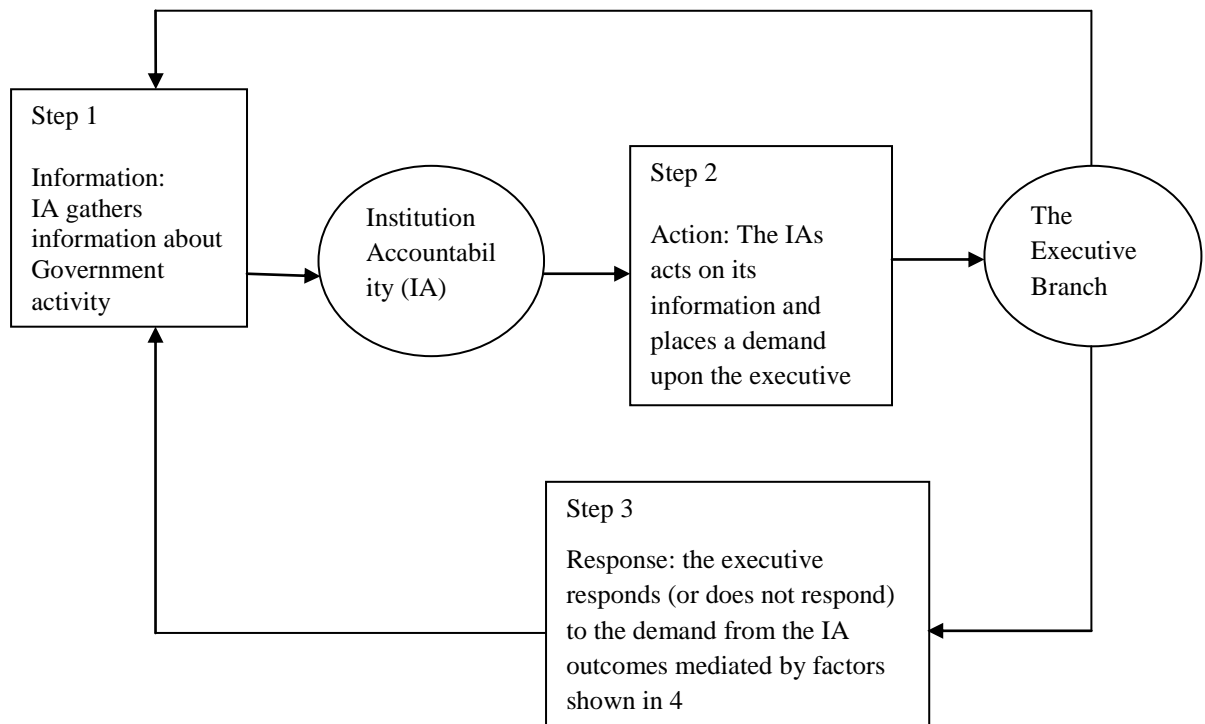


Figure 2.4: The Accountability Cycle: Model of the relationship between an Institution of Accountability (IA) and the executive branch

Source: Schacter (2005)

The accountability cycle in its idealized form that is in the absence of contextual information provides a hierarchy of priorities for crafting a programme of action to build the capacity of IAs. This involves the IA's capacity to use information to produce outputs, that is, actions in regard to the executive. To be effective IA must be capable of understanding and analyzing information about the executive and transforming the analysis into coherent demands on the executive. Yet even if the IA has the minimum level of capacity required to place demands on the executive, it

must also have sufficient power, either formal or informal to elicit a meaningful response from the executive Schacter, (2005).

Viewing IAs through the framework of the accountability cycle also helps to focus attention on appropriate kinds of interventions within priority areas. If the binding constraint on effective performance of a given IA was found to be at the level of inputs, this would suggest a need to analyze and address questions related to some combination of the quantity, quality, timeliness, and relevance of information flowing to the IA. If the binding constraint was found to be at the level of outputs, then a different approach would be one that focused on analyzing and understanding the capacity of the IA to receive and analyze information and to transform the analysis into coherent demands that are then placed on the executive. If the binding constraint was found to be at the level of outcomes, then one would be compelled to focus on the nature of the relationship between the AI and the executive.

It must be emphasized that IA do not operate in a vacuum. At every stage of the accountability cycle, an IA's capacity to interact effectively with the executive is affected by social, political and economic factors outside the IA's control (see Figure 6), but that must be taken into account when formulating any strategy for building its capacity. Contextual factors form an integral part of the explanation of why an IA functions or fails to function, and they provide guideposts for effective remedial strategies.

The critical operational messages with respect to contextual factors surrounding IA's is twofold: **First**; IAs are only one part (albeit an important one) of the battle against

corruption. It cannot be assumed that getting a country's IAs "right" will, alone, amount to a cure – all for public sector corruption. **Second;** the effort to get IAs right must work beyond the inner workings of the IA, and beyond the immediate relationship between the IA and the executive, to the broader environmental factors mediating the impact of IAs on the executive.

Figure 2.5: contextual factors affecting the accountability cycle

Source: Schacter, (2005)

The attention drawn from Figure 6 is that information as input can be received but accountability cannot take its path because of the various contextual factors as shown

in Figure 6. In regard to this study, financial records can be created however, failure to manage them properly will ultimately, affect their value in fostering accountability.

2.7 Relationship between the management of financial records and accountability

There is close relationship between the financial records and the accountability outcomes both in the public and private sector organizations. It thus, follows that managers must be involved in the management of the records in order to be more accountable and transparent in their decisions and actions. Records are the foundation for accountability and within this context for good Government and sound governance. At one level, they permit Government officials to account for their actions to their supreme. At another level, records permit an organization as a whole to account for its actions either to the parent organizations to which it reports or to the society as whole. Its accountability to the society however, can assume a number of dimensions. At level of individual citizen, it can include the assurance provided that the right of citizen will be protected, that the right of access by citizens to Government information will be respected and that the information provided to Government institution is secured.

On the other hand MacDonald (2002) observed that

....the protection of rights and the ideals of transparency and openness simply cannot be achieved without records that are authentic and, above all records that can be trusted. The relationship between society and its Government is based on trust. Just as Government expects citizens (individuals and businesses) to capture and maintain the records that document the payment of taxes, the receipt of benefits, and other Government transactions, so too do citizens expect their Governments to manage 'in trust' the records that document their interactions with Government

The fact that records play fundamental role in providing public accountability was further stressed by IRMT (1999) that records provide the ability to remove ambiguity and firmly establish **who did what, when, why and how**; recording is a powerful means of constraining individuals from engaging in corruption and enforcing accountability. Well managed records provide an unbiased and accurate account in terms of responsibilities and therefore liability.

As society becomes more aware of its rights, they are at great demand to be shown the basis on which decisions are made, for this to happen and accountability to take place Government should not keep records for 30 years before made it available to them for public scrutiny.

All financial transaction of the Government are reflected in the accounts with their supporting records and documents in order to achieve high objectivity as defined in the Constitution and Exchequer and Audit Ordinance, the CAG must subject them to examination so as to verify their correctness and deal with any fault which might be revealed. CAG must see to it, inter alia, that the accounts are accurate and properly kept and that transactions are in order and the system is working as intended. Improved information to the public on budget and accounts promotes the opportunities for citizen to hold public officials accountable. It is however quite hard

to hold public officials accountable if there is no reliable information to establish accountability.

It is important to note that the CAG and his staff are engaging in constant effort to ensure truth and correctness of records of the Government financial transactions. This is a reflection of the importance of financial records towards the drive of accountability; this does not mean that CAG simply verifies that the records are correctly compiled from the appropriate document, and that both records and documents are arithmetically correct; that the documents are signed by the right persons and contain the right information as they conform with the appropriate regulations and authorities. It also means that the verification goes behind the records and documents to the transactions themselves, to ensure that the former reflect the latter correctly.

It is the duty of CAG therefore to ensure that public financial business is conducted with honest and care and failure in those respects, no matter by whom, must be brought to the public attention through a report to the President and to the National Assembly. As such the CAG's office is a means by which the National Assembly exercises controls over the financial activities of the entire Government. While this process is aimed at enhancing its working, it depends on the availability of timely and accurate financial information and records Aboud, (1995). In that respect, Audit officers stand apart from ordinary civil servants and are responsible not to a minister but to the President and to the National Assembly itself. They have moral responsibility of drawing public attention to cases where a Government officer falls short of the standards of the financial conduct required of them by law and public

opinion Aboud, (1995). However, for them to firmly defend their stands they need timely and complete financial records that will be used as evidence to support their reports.

The Government auditor in the name of CAG, has the primary Constitutional role to play in the Government of the country as an agent of the National Assembly, reporting to it through the President, after the examination of the Government accounts to see that the laws relating to revenue and expenditure have been complied with and that the financial business entrusted by the National Assembly to Government has been properly discharged. Thus, the power of CAG includes the right of access to all records and documents resulting from financial transactions and all Government assets. To exercise this right such information must be managed properly to enable retrieval and access once needed.

One of the most important components of any collection system is accurate and timely reporting. At the lower level of Government, there is a need for financial system that allows collection staff to update records frequently. It is suggested that, the financial officials be provided with daily information on bank balances, cash receipts and other transactions that affect their cash positions. Online responding systems from bank and cost effective ways to make sure the financial officials know exactly how much cash is collected and how much of this cash is available for immediate use. For example, when bank account bills are reported through an electronic connection, finance staff should update the daily cash position worksheet, track check clearly, monitor automated payments such as debt service payment and account any electronic deposits. This type of information greatly improves the

accuracy of record-keeping and allows the Government to manage its cash move effectively.

Timely and accurate reporting is an important part of the accountability inputs. Government needs timely reports so as to see how their public service roles are performed. In that instance benchmark must be established and performance must be measured against the benchmarks. Benchmark implies a measure that allows members of the public to compare their individual performance with that of similar standard operations currently existing.

2.8 Summary

This chapter has presented a theoretical framework of the study, the concept of records and its importance, the importance of managing financial records and impact of inefficient management of it. It also discussed the perspective of accountability as well as relationship between financial records and accountability.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses various research methods that were employed in undertaking this study. In addition, it presents the study population, sampling size, sampling techniques, data collection instruments, data collection procedures and techniques used in analysing data.

3.2 Research design

A research design is an overall plan or strategy for conducting the research (Oso and Onen, 2008). It is also a program that guides the investigator as he/she collects, analyses and interprets the data. It is a logical model of proof that allows the researcher to draw inferences concerning causal relations among the variables under investigation. According to Nachimias (1999) it is a “blueprint” that enables the investigator to propose solutions to the problem and guides him/her in the various stages of a research.

3.2.1 Case Study

This study employed a case study research design. A case study research design is a method by which a researcher decides to select an individual unit or institution among others of related behaviour or nature of operation to investigate a problem for the purpose of gaining in-depth data regarding the study Kothari (2004). It is an approach

by which an individual factor whether it is an institution or just an episode in the life of an individual or group is analyzed in its relationship with others in the group.

Bush and Harter (1980) pointed out that case study allows researchers to obtain detailed information about the study problem due to the fact that it enables closer examination and observation of the study setting. Miller and Dingwall (1997) acknowledged that, case study is economical because it saves financial and time resources. It also helps a researcher in organizing and interpreting the collected data.

Oliver (2004) cited the advantage of case study by saying that it enables a researcher to assess and understand personal behaviour of people in the study setting and thus, helps to get experience which reveals man's inner strivings, tensions and motivations that drive him/ her to adopt certain behaviour.

3.2.2 Qualitative Approach

The study used qualitative approach. This allowed the researcher to actively participate in data collection process thus, build a rapport and credibility with the individuals in the study area which in turn helped to receive detailed information that suit the study. Basing on the context of this study, this approach was used to enhance the multiple data collection instrument. As Rossman and Rallis in Cresswell (2003) observed that qualitative approach allows researcher to study the problem in a natural setting. Hancock (1998) pointed out that the qualitative approach to research helps us understand the world in which we live and why things are the way they are. This is because, it deals with the social aspects of our world and seeks to answer questions like:-

- Why people behave the way they do?
- How opinions and attitudes are formed?
- How people are affected by the events that go on around them?
- How and why cultures have developed in the way they have?
- The differences between social groups?

This approach enabled the researcher to realize why management of financial records were not given priority. Its ability to utilize observation method on the other hand, assisted the researcher to come up with a sound conclusion about the study. Cresswell (2003) stated that qualitative approach shapes the study by systematically reflecting on who is in the inquiry and senses personal biography. In the context of this study, it enabled the researcher to come up with comprehensive information concerning the management of financial records and its ability to enhance accountability.

3.3 Study population and sampling procedure

The study covered the following groups; top management officials and directors from MoF, Heads of Units (HoUs) from NAO, actions officers from MoF and NAO, as well as staff from RAMD. These groups are included in this study because of the nature of the study itself and duties and responsibilities that are entrusted to them. The Ministry of Finance, for example, is responsible for monitoring, coordinating and controlling internal and external resources, management of accountability in the Government financial management and revenue, management and control of the Government budget. Staff from NAO are included due to their responsibility of auditing and preparing a report on the use of Government funds. RAMD staff are

included because they advise, supervise and ensure proper management of Government records. In selecting the sample to be covered in the study, the researcher used purposive and convenient sampling techniques in order to include targeted people so as to obtain relevant information about the study. Purposive sampling can be defined as the process of identifying and selecting respondents who because of their experience they have insights to contribute to the study. Teddlie and Tashakkori (2009) define purposive sampling as a process of identifying and selecting a relatively small number of units basing on facts that they can provide particular valuable information regarding the study under investigation. Meanwhile, convenient sampling is that which involves selecting people/respondents basing on their availability and accessibility by researcher.

The MoF comprises eleven (11) departments, namely; Policy Analysis Division, Planning Division, External Finance Division, Poverty Eradication Division, Government Budget Management Division, Accountant General's Division, Internal Auditor General's Division, Financial Information System Management Division, Administration and Human Resources Management Division, Public Procurement Policy Division and Government Asset Management Division.

To carefully select the sample for this study, the researcher identified the total number of staff at the MoF headquarters, total staff at NAO headquarters and total staff at RAMD headquarters. The MoF had 605 staff of which 7 are top management officials (i.e. one Minister, two Deputy Ministers, one Permanent Secretary and three Deputy Permanent Secretaries), 10 Directors (including heads of units), 439 Action Officers, 42 registry staff and 107 supporting staff.

The NAO consists of 14 units namely: Public Authority Unit, Accounts and Financial Unit, Procurement Unit, Transport Unit, Development and Planning Unit, Information, Education and Communication, Information Communication and Technology, Pension Unit, Technical Support, Research and Consultancy Unit, Zonal Audits, Training Unit, Regional and Local Government Audit Unit and one department namely Administration and Human Resources. It has 757 staff, among them six are top management officials (i.e. Controller and Auditor General, Assistant Auditor General- Treasury, Assistant Auditor General-Ministries, Assistant Auditor General-Regions, Assistant Auditor General-Value For Money, Director of Administration and Human Resource Management); 566 are Action Officers (auditors in the context of NAO) among these only 298 are at NAO-headquarter (HQ), there are 11 registry staff of whom 9 are at HQ and 160 are supporting staff (i.e. drivers, personal secretaries, office attendants and security guards).

The RAMD comprises five sections namely: Records Management, Archives Management, Records Centre, Technical Services and Founders of the National Centre. It has 31 RAMD staff at the headquarters; among them six are directors, 10 records officers, eight records management assistants and seven supporting staff (personal secretaries, drivers and office attendants).

The purposive sampling method was used to select departments to be covered in the study. It was also used to select respondents. Out of 11 departments, the researcher purposively selected six departments, namely; Government Budget Management Division, Accountant General's Division, Internal Auditor General's Division, Financial Information System Management Division, Administration and Human

Resources Management and Public Procurement Division. Purposive sampling was also used to select 7 Top Management officials, two (2) Directors from each of the six selected departments where as the total number of Directors was 12 and 5 Action Officers from the above mentioned six departments who makes total of 30 Action Officers.

Furthermore, the researcher used purposive sampling to select units and departments from NAO. For the purpose of this study, the researcher purposively selected seven (7) units namely: Public Authority Unit, Internal Audit Unit, Accounts and Financial Unit, Zonal Audit Unit, Regional and Local Government Audit Unit, Information, Communication and Technology Unit and Administration and Human Resource Management. The researcher utilized purposive sampling to select seven (7) Directors and three (3) Action Officers from each of the seven (7) selected units and departments, the total of selected sample was therefore 7 Directors and 21 Action Officer.

The researcher used purposive sampling to select and interview four RAMD directors from four sections namely: Records Management, Records Centre, Archive Management and Technical Services Section. The researcher again employed purposive sampling to select and interview 11 Record Officers from RAMD. Therefore the total of 15 respondents represented RAMD staff in this study. Therefore, the sample size for this study consisted 92 respondents out of which 75 were interviewed.

Table 3.1: Distribution of Sample (n = 92)

Key Group	Targeted sample	% within (n)	Interviewed sample	% within target sample
Top management	7	8	3	43
Directors (MoF)	12	13	8	67
Directors/HoU (NAO)	7	8	5	71
Directors (RAMD)	4	4	4	100
Action Officers (MoF)	30	32	24	80
Action Officers (NAO)	21	23	20	95
RAMD staff	11	12	11	100
Total	92	100	75	82

3.4 Data Collection methods

Two methods namely, face to face interview and observation were used to collect data from respondents of this study.

3.4.1 Face to face interview

This was one of the techniques that the researcher used during data collection. The researcher used both structured and non structured interviews. For the purpose of this study, face to face interview was most useful because its flexibility enabled the researcher to provide enough clarification where respondents seemed not to understand. It also provided an opportunity to the researcher to seek explanations for vague answers (Teddlie and Tashakkori, 2009). It also enabled the researcher to effectively schedule time for meeting with respondents. Cresswell (2003) observed that face to face interview has certain advantages, including allowing the researcher to have control over the questions and enables participants to provide historical information regarding the problem being investigated.

3.4.2 Observation

According to Bryman (2001), observation is a method by which the researcher is systematically observing and recording the behavior of individuals in a natural setting. He also argues that this method enables a researcher to have first hand information because she directly observes the behavior of respondents. The observation can be direct or indirect. Direct observation involves physical participation by the researcher in the activities of the studied group, while indirect observation involves non-participatory approach where the researcher observes what the studied group is doing. In this study, the researcher used non-participatory observation to reduce chances of

being identified by the respondents. Hancock (1998) observed that observation serves as a technique for verifying or nullifying information provided by the interviewee. Silverman in Moriarty (2011) pointed out that observation method assists researcher to have firsthand information about the studied problem. Creswell (2003) stated that observation is very useful in exploring topics that may be uncomfortable for participants to discuss. Thus, the researcher chose this method because it suited the investigated problem. It is also useful in supplementing the interview questions and provides grounds under which information obtained through the interview or documents review can be verified.

3.5 Data Collection Procedures

Before getting into actual data collection, the researcher obtained an introductory letter from Moi University, School of Information Sciences, which was submitted to the Director of Administration and Human Resources Management (DAHRM) of MoF.

3.6 Validity and Reliability

Validity involves determining the strength and accuracy of data. In qualitative research, it is used to know if the findings are accurate from standpoint of researcher, the participant, or the readers of an account (Cresswell & Miller, in Cresswell, 2003). It is the degree to which the results obtained from the study are consistent and accurate with respect to the investigated problem (Teddlie and Tashakkori, 2009). Reliability is the extent to which a questionnaire, test, observation or any measurement procedure produces the same results on repeated trials. Joppe (2000) defines it as the extent to which results are consistent over time. Basing on this view,

the developed instruments were given to experts of research methodology at Moi University; thereafter the developed instruments were piloted before use to establish whether they could provide relevant data. In this regard, the researcher conducted a pilot study with ten (10) respondents: Four from MoF (two Action Officers and two Records Management Assistants), four from NAO (one Director, one Action Officer and two Records Management Assistants) and two from RAMD (one Director and one Action Officer). Thereafter, the necessary corrections were made and the corrected instruments were used to administer interviews for the study.

3.8 Data analysis and interpretation

It involved attempting to understand and explain the information received from the respondents (Jacob in Cresswell, 2003). It involve analyzing and separating data into constituent parts or elements or an examination of data to distinguish its component parts or elements separately and in relation to the whole (Oso and Onen, 2008). It is also a process of summarizing the mass of data collected and presenting the results in a way that communicates the most important features (Hancock, 1998). In this study, the researcher used qualitative data analysis (QDA), as per Miles and Huberman in Punch (1998). QDA involves tracing out lawful and stable relationships among social phenomena with regard to regularities and sequences that link the phenomena under study. For the purpose of this study, the researcher coded the data; applied data reduction technique and data display to effectively analyze the collected data. This method suited this study as it allows the researcher to systematically describe the information gathered from the investigation and enables readers to understand how and why a researcher has reached a certain conclusion (Punch, 1998).

3.9 Ethical consideration

This part presents different ethical issues that a researcher considered during data collection. It is well known that a researcher's aim is to gain accurate information concerning the study. In so doing, the researcher expects to meet with different persons to obtain their views and experiences regarding the study. Since knowledge cannot be pursued at the expenses of human dignity (Osu and Onen 2008), the researcher views ethical consideration as important issues during and even after data collection. In this study, the researcher respected privacy, confidentiality and research site. With regard to privacy and confidentiality, the researcher ensured that information provided by participants handled and used only for the purpose of the study. The researcher ensured that participants volunteered to participate in the study by providing respondents with the following information:-

- The purpose of the study and its likely impact to the development of a country,
- Significance of the study, and
- Assurance of privacy and confidentiality

The researcher informed the respondents of their right to withdraw from participating in the study. Apart from that, the researcher strived to respect the study site so that her study does not harm the area during and or after investigation.

3.10 Summary

The above chapter discussed the methodology which was employed in this study, provided the research design and described the study setting. It also highlighted the study population, sampling procedure and data collection methods. The chapter provided triangulation as technique for data validation and reliability, data analysis technique and ethical have also been discussed.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

This chapter analyses and presents data based on the objectives of the study.

4.1 Characteristics of Sample population and Response rate

A total of 92 respondents were sampled, however, a total of 75 were interviewed and provided data for this study. This represents 81.5% of the sampled population. Respondents involved were top management from MoF, Directors from MoF, NAO and RAMD, as well as Action Officers from MoF, NAO and RAMD.

Table 4.1 presents the number of respondents involved in this study. The researcher interviewed 3 Top Government Officials, 17 Directors and 55 Action Officers. Among the Top Management one was female and two males, Directors were represented by five females and 12 males, while Action Officers were represented by 18 females and 38 males.

Table: 4.1 Response Rate (n=75)

Group	Targeted Sample	No. of Response	Percentages (%)
Top Mgt - MoF	7	3	43
Directors - MoF	12	8	67
Directors – NAO	7	5	71
Directors - RAMD	4	4	100
Action Officers – MoF	30	24	80
Action Officers - NAO	21	20	95
RAMD Staff	11	11	100

4.2 Education Background of the Respondents

Among the 75 respondents in this study 56 had Masters' degree while 19 had Bachelors' degree.

4.3 Response on Policies, systems, standards and procedure used in managing financial records

4.3.1 Top Management Ministry of Finance

Representatives of top management said there was no specific policy which governs the management of financial records in Tanzania. However, there are various standards, systems and procedures that guide proper management of financial records. For instance, the Ministry uses the International Public Sector Accounting Standards which requires proper handling of financial records. Various accounting circulars, financial orders and financial regulations also assist accountants to effectively manage financial records.

4.3.2 Directors Ministry of Finance

All Directors from MoF said there are no policies that guide the management of financial records in the MoF and other MDAs either. Five Directors (62.5%) they are very aware of the standards, systems and procedures that guide management of financial records. According to them, these standards, systems and procedures are good and facilitate proper management of financial records and it is through these standards, systems and procedures that accountants are in good position to prepare a credible financial reports.

Three Directors (37.5%) however, said that there were some challenges such as system breakdown due to lack of power supply and internet connection and disruption of system in some point. Other challenge pointed out by one director was related to procedure that requires financial records such as contract records to be kept for up to ten years after completion of contract. This presents the Ministry of Finance due to inadequate space, storage facilities and human resources to manage them. For instance; some previous financial records which are kept in the basement face risks of security and reliability for future use.

4.3.3 Action Officers Ministry of Finance

Twenty four Action Officers at MoF said they are aware of the standards like International Public Sector Accounting Standards (IPSAS) which assist them in preparing financial reports. They were also aware of the Integrated Financial Management System which facilitates the management of computerized financial records. Moreover, all Action Officers were concerned about the lack of financial records management policy a factor that contributes to unclear guidance in managing financial records. On other hand 5 Action Officers said sometimes the system fails due to lack of power supply and other factors which are out of their capability and affects its applicability

4.3.4 Response from Directors (NAO)

The directors at National Audit Office (NAO) said they are familiar with various standards, systems and procedures for managing financial records, including the International Public Sector Accounting Standard, Public Finance Act (2001) and Public Procurement Act (2005). They said all these documents are very useful in

managing financial records, in generating evidence as well as in tracing reliability and compliance of the law. However, there is no policy on financial records management. Two (40%) directors pointed out lack of a standby generator to supply power in the event where there is power breakdown, is a constraint towards timely access and use of financial information for various purposes.

4.3.5 Action Officers – National Audit Office

The Action Officers said no effort has been made to formulate a policy for financial records management. 15 Action Officers (75%) recognized the usefulness of the available standards, systems and procedures for managing financial records. On the other hand, five Action Officers (25%) said that the system in place sometimes affects the execution of their work due to disruption of connection between NAO and MoF.

4.3.6 Response from RAMD staff

Directors and other staff at the Records and Archives Management Division (RAMD) admitted that there is no policy that governs management of financial records. Nevertheless, in 2007 RAMD prepared a framework guide for management of specialized records for use by key ministries that create specialized records (Ministry of Finance, Ministry of Health, Ministry of Lands and Ministry of Constitution and Justice) but none of these ministries have shown interest in the document except the Ministry of Lands. Other ministries continue to manage specialized records based on experience. RAMD pointed out that they are responsible for creating standards for managing specialized records including financial records. However, it has no effort has been done to create one. Thus, the Ministry of Finance uses the general records management principles to manage financial records.

Table 4.2: Policies, Systems, Standards and Procedures that Guide the Management of Financial Records. (N=75)

Respondents	Top Mgt		Directors MoF		Action Officers MoF		Directors NAO		Action Officers NAO		RAMD Staff	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
No policy that govern financial records management in the MoF	3	100	8	100	24	100	5	100	20	100	15	100
Awareness of standards, system and procedures for managing financial records	3	100	8	100	24	100	5	100	20	100	-	-
Adequacy of standards, system and procedures in managing financial records	3	100	5	62.5	19	79	3	60	15	75	-	-
Inadequacy of the standards, system and procedures in managing financial records	-	-	3	37.5	5	21	2	40	5	25	15	100

Most respondents were aware of standards, systems and procedures that guided the management of financial records. 30 respondents who offer (40%) state that the systems and procedures are not adequate to timely accountability due to problems associated with its operation. All respondents recognize the importance of having a policy which would ultimately facilitate efficient and effective financial records management. Staff from RAMD who accounting 20% of respondents and who presented by – mark in table 4.3 were not satisfied with the level of awareness and adequacy of standards systems and procedure used to manage financial records in the entire Government institutions.

4.4 Response on extent to which financial records support accountability in Tanzania

4.4.1 Top Management-Ministry of Finance

The top management said that financial records have been effective in supporting accountability, and the systems used by the Ministry of Finance were good enough in tracing and identifying who did what and when. Through financial records, the Government has been able to take legal action on many Government officials formal-practice in managing public funds. Properly managed records are used to demonstrate accountability and transparency in financial decisions, For instance; one respondent said:

The MoF has established the so called approval authority system. This system states the level of amount of money to be approved by certain level of authority. So it is through financial records that one can know whether one level has exceeded its authority, thus accountability will take its path.

4.4.2 Directors and Action Officers-Ministry of Finance

Eight directors (100%) and 24 Action Officers (100%) of the targeted respondents said they use financial records in their work and they admitted that financial records are very useful in supporting accountability because one cannot hold Government officials accountable for misuse or misallocation of public funds without evidence. Thus, the authority or public use financial records as supportive documents in holding Government officials responsible for their decisions in regard to public funds. They stated that, through financial records, the Government has been able to hold some top Government officials from MoF and other MDAs responsible for misuse of power in allocating public funds. Auditors use financial records to identify financial malpractices. For example, one respondent referred to the scandal of External Payment Account (EPA) at the Central Bank of Tanzania (BoT) where some top Government official from BoT and business men had tampered with the money in EPA. However, auditors through financial records were able to identify and hold them accountable.

4.4.3 Directors - National Audit Office

All directors at NAO appreciated the effectiveness of financial records in supporting accountability. They said financial records provide relevant information that helps to identify whether funds provided by the Government are used for the intended purposes; if inconsistency is encountered then financial records will form basis for disciplinary action. One respondent said:

Mmh! Financial records are very effective as they help much in evaluating value for money and by so doing gaps in spending Government funds are identified and responsible persons are held accountable.

4.4.4 Action Officers – National Audit Office

All Action Officers admitted that they use financial records in daily execution of their work; they also said that financial records are very effective in supporting accountability. They said NAO's main function is to report on the use of Government funds and on the effectiveness and efficiency in collecting and using Government revenues. By effectiveness they mean the relationship between the intended and actual results of public spending and by efficiency they mean relationship between output (goods or services) and resources used to produce. They further said even Controller and Auditor General (CAG) uses financial records in awarding certificates of good performance to Government offices that used public funds economically and efficiently. He also uses them to award certificate of bad performance to Government offices that misused Government funds. Thus, disciplinary actions will be taken upon them. They also said that even the Public Accounting Committee (PAC) uses the financial records particularly report from CAG to ensure that Government offices that misallocate the public funds are held accountable.

4.4.5 RAMD Staff

All directors and Action Officers said the effectiveness of financial records in fostering accountability is high because the Controller and Auditor General (CAG) used financial records to expose financial malpractices; in turn the report prepared by CAG is used as reference in holding Government officials and other people accountable for financial misconduct. They further said auditors also use financial records in reporting on accountability in the use of public funds. Additionally, Action Officers said that financial records provides adequate information on *who authorized*

the funds, who requested the fund, why was it requested, when and whether the receiver was eligible to receive the funds.

Tables below presents the extent to which financial records support accountability in Tanzania (N=75)

Table 4.3 Response from Ministry of Finance

Respondents	Top mgt		Directors		Action Officers	
	freq	%	freq	%	freq	%
Involvement of financial records in day to day activities of your work	3	100	8	100	24	100
Usefulness of financial records in the organization activities	3	100	8	100	24	100
The role of financial records in fostering accountability	3	100	8	100	24	100

Table 4.4 Response from National Audit Office

Response	Directors		Action Officers	
	Freq	%	Freq	%
Use of financial records in daily execution of your work	5	100	20	100
Financial records have evidential information to hold Government officials accountable	5	100	20	100

Table 4.5 Response from RAMD staff

Response	Directors		Action Officers	
	Freq	%	Freq	%
The role played by financial records in accountability process	4	100	-	-
Usefulness of financial records to MDAs	4	100	11	100

Table 4.3, 4.4 and 4.5 present findings on extent to which financial records support accountability. It shows that 60 respondents (80%) use financial records in the daily execution of their work. All respondents agreed that financial records play a great role in fostering accountability on the use of public funds. However, the mark –presents eleven respondents (15%) who said that sometimes the process of accountability is affected by delays in accessing financial records for evidence.

4.5 Response on effectiveness of financial records management systems in promoting accountability

4.5.1 Top Management and Directors - Ministry of Finance

It was reported that the MoF was using two main systems (manual and electronic) in creating and managing financial records. Manual system was commonly used in initiating action to be taken like writing down the business requirement; amount to be spent or paid for certain business which is undertaken by the Government. Thereafter

the information is entered to the electronic system for further action. All respondents from top management agreed that the system helps in promoting accountability requirement as they provide grounds to check and balance and identify faults if any, and when doubts happened in electronic system the auditors call for the manual document that initiated the activity to cross check so as to identify the point of fault or fraud.

4.5.2 Action Officers - Ministry of Finance

Nineteen Action Officers (79%) said systems for managing financial records are very effective in promoting accountability and in facilitating easy retrieval and access of financial information whenever needed for various purposes. The electronic systems used by MoF are Integrated Financial Management System (IFMS) and Payment Voucher Vote Book System (PVVBS). These systems have access limits that help in identifying those who access the system and thus, pave the way for accountability. Meanwhile, the five Action Officers (21%) said the systems (manual and electronic) complement each other and both have the capability to identify malpractices. However, they were concerned with the electronic system which has had frequent modifications which affect the functionality of the system, including, inaccessibility and use of some information. In turn, this resulted to difficulty in producing evidence for accountability. Additionally, they were concerned with frequent breakdown in power and system which is another constraint in accessing information for various purposes. They also said the manual system is quite difficult to access the previous financial information which also hinders the promotion of accountability. One respondent observed that:

The previous financial records are not kept in the working room and currently the Ministry has yet allocated special room for the paper records thus, they are all dumped in the basement so when the issue of five years back arises it is very difficult to trace the information within the basement area.

Both top management, Directors and Action Officers from MoF admitted that better management of financial management promotes accountability, eliminates loop hole for corruption and enhance transparency in spending public funds.

4.5.3 Directors – National Audit Office

Three directors who represented 60% of respondents admitted that the systems are good as files are opened based on the function; they also said files are kept in chronological order taking into consideration the opening date which assists retrieval and allow accountability to take place at the right time. They also said due to the nature of work at NAO, every unit manages its financial records thus; provide accountability as every unit is working on its file. Two directors (40%) said the manual system is very challenging because sometimes one may find more than one file with the same title and file number are in use so the decision maker may take action on both file without noticing, and thereafter one file is destroyed to devastate evidence in the future and therefore difficult to promote accountability.

4.5.4 Action Officers – National Audit Office

Twenty Action Officers (100%) observed that NAO uses two systems manual and electronic in managing financial records. They said the two systems complement each other in the sense that when something is wrong or missing in the electronic system they go to the paper to verify what exactly it was. They said that the current system

for managing financial records is very useful in promoting accountability as they provide an environment where one can evaluate whether the authority had adhered to rules and regulations when discharging its duties. Furthermore, respondents said the Government has adopted the International Public Sector Accounting Standards (IPSASs) which promotes the best practice in financial information and ACCRUAL bases accounting system which allows all income and expenditure to be recorded at the point when they occur. One Action Officer explained that:

When the office received a bill that bill is recorded and counted as an expenses even though it is not paid, meanwhile when it billed a customer that bill is instantly recorded and counted as income even if the office has yet received the payment. Thus, it is good system because when auditors come they received a complete financial statement thus helps to know the Government spending and gaps if any.

However, all respondents pointed out that most accountants are not well equipped with skills and knowledge in using the systems effectively.

4.5.5 RAMD Staff

Four directors and nine Action Officers from RAMD which make 13 respondents (87%) said that the system used to create and manage financial records in the country is good as far as the financial records management is concern because it assist in enhancing accountability on public funds. On other hand two Action Officers (13%) said to some extent, the system failed to promote accountability because of lack of centralized system to control each financial transaction which is carried out by different Government institutions. This affects accountability due to the fact that some transactions do not have evidence for one to be held accountable. Additionally, they said staffs dealing with financial records system are not competent enough to solve technical issues arising from the system. **Table 4.6, 4.7 and 4.8** provide details on the

effectiveness and inadequacy of financial records management systems in promoting accountability.

Table 4.6 Response from Ministry of Finance

Respondents	Top Management		Directors		Action Officers	
	freq	%	freq	%	freq	%
The effectiveness of systems in fostering accountability	3	100	8	100	19	79
Inability of the systems to timely produce adequate information for auditing and accountability	-	-	-	-	5	21
Benefits obtained from better management of financial records	3	100	8	100	24	100

Table 4.7 Response from National Audit Office

Response	Directors		Action Officers	
	Freq	%	Freq	%
Sufficiency of the system in promoting accountability	3	60	20	100
Insufficiency of the system in promoting accountability	2	40	-	-

Table 4.8 Response from RAMD staff

Response	Directors		Action Officers	
	Freq	%	Freq	%
Sufficiency of the system in promoting accountability	4	100	9	87
Insufficiency of the system in promoting accountability	-	-	2	13

The above tables (**table 5.6, 5.7 and 5.8**) demonstrates the facts that systems used in managing financial records in Tanzania is good as far as accountability requirement is concerned. However, some improvement is needed to enhance its operation. A total of 66 out of 75 respondents who were interviewed appreciated the effectiveness of financial records management systems in fostering accountability. This offers 88% of respondents who proves that the systems used are adequate to support accountability as far as requirement of accountability are concerned. It also shows that nine respondents (12%) are aware of inadequacy of the systems used to manage financial records. Additionally, the study established that most targeted respondents know that some of staff dealing with financial records management systems are not well familiar with the operation and applicability of the systems. The mark – presents respondent who said nothing about insufficient of the system in promoting accountability.

4.6 Response on Challenges experienced in managing financial records

4.6.1 Top management - Ministry of Finance

Top management reported that there is no policy which guides the management of financial records. They also said leakage of information is another challenge where officials who are not committed to the Government rules, regulations and principles of records management tend to disclose or take information to unauthorized people. This has hindered the accountability processes in the sense that when the information reached the accused she/he terminates or resigns from the position before accountability takes place. Top management also said some staff lack relevant skills in the use of Integrated Financial Management System (IFMS) in particular and in financial records management in general. They also said there is inadequate space to accommodate financial records waiting for retention and disposition period.

4.6.2 Directors - Ministry of Finance

The eight directors said that leakage of information poses a major challenge to the Ministry. Additionally, three directors out of eight said that the Ministry of Finance had inadequate space to store all financial records which are generated by it; this has resulted to a situation where many financial records particularly those of previous years had to be kept in the basement where there is darkness and no record manager to attend them. In turn this affects accountability process in the sense that some of the evidence could not be retrieved. Five directors among eight said that key managers of financial records lacked relevant skills to effectively deal with financial records management requirements.

4.6.3 Action Officers - Ministry of Finance

Twenty four (100%) of Action Officers said most financial records are managed by accountants who basically are not qualified records managers. They manage financial records through experience. Hence, some records management principles have been ignored. This affects accountability as accountants manage financial records for some time (from creation to auditing); after audit exercise, most financial records are not kept properly hence difficult to get them for various purposes including accountability. They also said there is no policy to provide guidance on proper management of financial records. Additionally, they said that the Government has yet to pay attention to management of financial records because no special room for semi current financial records and no special budget has ever been dedicated for training in financial records management; the Government tends to allocate funds for general training in records management where accountants who are key personnel in managing financial records do not attend. In this regard one respondent said:

Actually, the Ministry allocates enough funds for training programme of all staff in the Ministry. In utilizing the fund, a training need analysis is done whereby at the end each staff is sent to attend training based on his/her field. For instance, accountants will be sent to attend training in financial and accounting matters, likewise, the human resources manager, records manager and others.

4.6.4 Directors – National Audit Office)

Directors at NAO reported that there are so many challenges facing the management of financial records, including time consuming in accessing information; they said this is caused by manual system which was commonly used in managing financial records at NAO. One director said:

There is wrong perception that some officers believes financial records are for accountants, thus, they do not take responsibility in handling them carefully when working on it.

Not only that but also there is contradiction on who should manage financial records.

One director said:

Usually all records are managed by records managers. Unfortunately, when it came to financial records; accountants are responsible in managing them. However, they are not professional records managers. The effect of this is that, accountants do not exactly follow the records management principles I think; instead, they manage financial records to meet audit needs. After auditing process, the financial records are ignored; hence, when the issue of accountability arises it becomes very difficult to trace such information. This indeed, hinders accountability to take its path at required timeframe.

All directors said there is no policy which governs the management of financial records. Another director pointed out that:

Lack of policy for financial records management resulted to so many challenge which affect the management of financial records including lack of clear division of work such as who should exactly management the financial records. Thus, financial records are managed by accountants in the accounts offices where am not sure if records management principles are well practiced.

4.6.5 Action Officers – National Audit Office

Twenty respondents (100%) said they face difficulties in receiving some financial information on time. This has resulted in delays in auditing exercise thus; accountability does not take place on time. Consequently, Government officials have used this loophole to their personal advantage because they believe that auditing will delay. They also said when attending auditing exercises some files lack relevant documents. This has been creating problem during the exercise because of information gap which makes the file to lack some story to tell, hence, difficult to

create grounds for accountability due to inadequate evidence. They also pointed out that management of financial records is their responsibility; however, no training on records management practice had been provided to them. On other hand, 11 Action Officer out of 20 said National Audit Office has a culture to equip its employees with relevant skills to enable them fulfill their duties accordingly. Nevertheless, NAO fails to allocate special funds for training staff dealing with financial records management.

4.6.6 RAMD staff

Directors and Action Officers from RAMD said financial records management system in Tanzania is challenged with budget a major constraint that has resulted to difficulties in preparing a special training for managing financial records. In turn, it made them to be treated as other records instead of being treated as specialized ones. One director pointed out that financial records management is challenged by lack of qualified staff to manage them:

By qualified staff it means that the financial records to be managed by personnel who have professional qualification in managing specialized records particularly financial records. Unfortunately, financial records in the MDAs have been managed by accountants who are not professional records managers. Another challenge is storage facilities and space. Financial records like other records are created now and then. Unluckily, many MDAs do not allocate special room for storing semi current records. This is very challenging because many financial records need to be kept for three to ten years as per retention and disposition schedule and other regulations. So with lack of special room and facilities to store them it has been found out that many semi current financial records are haphazardly stored in the basement where there is no ventilation, light and personnel to attend them, so they slowly deteriorate hence lose its value for future use.

In addition, directors said RAMD has yet to advise the MDAs on proper management of specialized records in general and financial records in particular; instead, staff uses general skills and knowledge on records management to advise the MDAs on proper

management of specialized records. Another challenge was that many financial records were in paper form so to transfer them into electronic records system sounded to be a big challenge because the Government has no adequate skilled staff to properly implement the electronic records management system.

Furthermore, respondents from RAMD reported that the MDAs have yet to give priority to records management issues, particularly specialized records. However there is no room to present issues relating to financial records. Instead, this is done only when need arises, that is, when there is scandals relating to financial matters.

They further reported that there is unethical behavior among Government officials whereby they tend to disclose information to inappropriate or accused persons so it becomes difficult to take legal action as they end up leaving their jobs before disciplinary action is taken against them. In addition, they said there is lack of commitment from top management. Thus, it is difficult to present issues relating to financial records management. This reduces chances for Government officials to reveal information that may assist financial accountability.

Additionally, the four directors said there is inadequate cooperation from MDA's. They said in previous RAMD staff prepared a framework for managing specialized records and submitted it to the relevant ministries but none of the ministries had ever considered it. RAMD staff also said many MDAs have failed to locate special rooms for semi current records that has resulted to voluminous congestion of records dumped in the basement or elsewhere.

The above response presents the facts that financial records management in Tanzania faces a range of challenges which if not addressed, would hinder accountability practices and harm sustainable development of the country. Non existence of policy to guide management of financial records is a major challenge, as reported by 41 respondents who constitute 55% of the targeted sample. Other challenges include disrespect of records management principles which is due to lack of professional skills among staff dealing with financial records management. This was reported by 40 respondents (53%) while 35 respondents (47%) show that even top management are not aware that records management principles are not effectively respected. Inadequate funds to facilitate management of financial records poses a challenge to the management of financial records as all respondents admitted that the Government allocates funds for general records management activities; consequently, no funds are allocated for records management training programme specifically for accountants who basically are care takers of financial records.

Thirty nine (52%) of respondents said that financial records receive low attention from management. This indicates the extent to which financial records management needs would not be given priority in the general budget of the Ministry. However, 36 respondents (48%) including top management show no concern on low consideration given to the management of financial records. Respondents 28 were concerned with the problem of leakage of information in the Ministry and across the Government institutions. Respondents claimed that this problem has impaired accountability across Government institutions. Fifteen respondents (20%) said even RAMD staff have not given due attention to financial records management as no effort has been made to equip RAMD staff with relevant skills on management of financial records. Sixty

respondents (80%) are not aware that financial records require special handling which needs professional advice to manage them properly.

Lack of appropriate skills and knowledge among staff managing financial records was also observed as a challenge. This was a concern among all respondents, inadequate space for storing semi current records also appeared to frustrate the Ministry as reported by 50 respondents (67%) who said this affects the management of financial records as they are kept in a way that expose them to hazardous environment. NAO staff who offers (33%) of targeted respondents did not comment on this, thus, their silence is associated with the fact that before audit exercise financial records are properly handled whereas thereafter accountants used to ignore their importance.

4.7 Response on appropriate strategies for addressing challenges facing financial records management in the Ministry of Finance

4.7.1 Top Management - Ministry of Finance

The top management said the Government should formulate a policy on financial records management as well as build a culture of regular meetings to remind Government officials on the importance of adhering to records management rules and regulations. In addition, “there is need for strong measures to be taken against those who disclose information to unauthorized persons” Observed by one director. They appreciate efforts of RAMD for advising them on proper management of records. Apart from that, they attend conferences organized by RAMD where they gain experience on management of records. However, top management said the conference

does not include accountants who are key managers of financial records in the MDAs. They advised RAMD to frequently prepare meetings and workshop for accountants so as to equip them with general principles of records management, particularly on the area of financial records management because it touches the heart of the Ministry and economic development of the country at large. One top management official said there is a need to improve the Information Communication Technology (ICT) infrastructure and recruit staff with sufficient skills and knowledge on information technology (IT) in order to prevent the Ministry and the Government at large from depending on private companies in solving issues relating to IT.

4.7.2 Directors - Ministry of Finance

Three directors (37.5%) said the Government should reduce timeframe for appraisal of records particularly financial records as that would save a huge space that is occupied by financial records which are waiting for appraisal. Meanwhile the amount for purchasing storage facilities would be saved for other Government activities. All directors said there is need to install a Closed Circuit Television (CCTV) because with that it is easy to identify whoever enters in the office. In addition, they said MoF should use cabinets with security features to avoid unauthorized people getting access to the stored information regardless of their classification. Five directors which accounting for 62.5% of respondents said MoF and other MDAs should ensure that accountants are well trained on financial records management as well as IT.

4.7.3 Action Officers - Ministry of Finance

Twenty four respondents (100%) suggested that there must be deliberate initiative to ensure all financial records are properly managed. Likewise, they recommended that

the Ministry of Finance should have an independent budget to facilitate issues relating to financial records, including training to ensure that staffs dealing with financial records are well trained and facilities for financial records management are adequately available. Additionally, RAMD staff should formulate a policy for financial records management. One Action Officer said that RAMD should also arrange monthly meetings for top management and staff dealing with financial records so as to remind them on the importance of financial records management. They also admitted the problem experienced in the Integrated Financial Management System (IFMS); thus, recommended to have frequent maintenance of the system so as to avoid loss or miserable damage to the information within the system. Likewise, they said the Ministry should regularly train them on IT issues to keep them up to date with frequently changes in IT.

4.7.4 Directors – National Audit Office

Five directors (100%) said that basing on their experience the two systems for managing records, particularly financial records was quite complicated. Thus, they suggested to have one system preferably an electronic one. They also said a financial records management policy should be formulated as well as training on financial records management should be done regularly.

4.7.5 Action Officers – National Audit Office

The respondents recommended development of a data base system for use in managing and controlling all financial records. Staff dealing with financial records must be trained on electronic records management practices and sufficiently motivated with a view to having them be efficient in entering all financial information

into the system. Additionally, they also called for development of a records management training programme for accountants. As well top management should initiate strategies and programmes which would promote commitment and honesty among Government officials. These activities would address challenges relating to unethical behavior as well as integrity. It was also recommended that Local Government Authority (LGA) should centralize the financial records management system in order to fasten retrieval and access to financial information. This would enable auditing exercise to be done at the required timeframe and make evidence available to support accountability. It was also recommended that central Government and local Government authority should be connected in order to facilitate tracking and access of financial records whenever need arises.

4.7.6 RAMD staff

RAMD staff recommended that the MDAs should have a special budget for management of financial records. They also said top management should ensure that financial records are managed in a way that would secure reliability and authenticity for accountability. Additionally, MDAs must take initiatives to ensure that accountants are well trained on records management principles and practices, particularly those governing proper management of financial records.

Since financial records were managed by people who were not records managers, it was recommended that records managers in the MoF and other MDAs should be trained and equipped with necessary skills and knowledge on management of financial records. They further recommended the formulation of a policy to govern financial records management and capacity building for RAMD staff. The policy

should address capacity building on appropriate principles and practice on financial records management. RAMD staff also recommended the establishment of a backup system for financial records and other information created by the Government in order to facilitate the continuity of Government activities in case of disaster.

They further recommended that the department hold regular meetings with stakeholders to discuss issues relating to financial records management. Additionally, they recommended Government of Tanzania to facilitate change to electronic records management because many units of Government are currently in the computerized system and so far there are insufficient personnel with skills and knowledge on IT.

The above recommendations are for addressing challenges facing financial records management. They include formulating a policy on financial records management, holding regular meetings with stakeholders in financial records management, enhancing the budget for management of financial records and developing a training programme for staff dealing with financial records.

The study established that some staff are not competent in using IFMS and IT programmes hence it was recommended to have continuous training on IT in order to equip Government officials with relevant skills on IT. It was also recommended to have a centralized system and data base for financial records as that will simplify access and use of financial records during audit activities.

Respondents also recommended regular maintenance of computer hardware and software as well as periodic upgrade of software so as to ensure efficiency in system operation and continuous access and use of financial records in the e-system. Special facility for storing semi current records was recommended as a strategy to improve management of financial records at MoF. RAMD staff recommended establishment of backup system as that would facilitate the continuous access and use of records even in case of disasters. A backup system would protect the accountability process regardless of shortcomings in systems at MoF.

4.8 Observation on Financial Records Management Practice in the Ministry of Finance

4.8.1 Creation of financial records

It was observed that financial records were created through manual and electronic system; manual system is very common in initiating the financial business and finally when the business has matured, for example, in case of payment signatures are taken for purpose of facilitating authenticity of information.

4.8.2 Capturing of essential information

In a manual system, the study found that all information necessary to support accountability was captured through filing the document in the appropriate file, although assurance of security was of doubtful due to the fact that some information were not assigned a number to sequentially monitor the flow of records in a file. This system appears to have no consideration of principles and practices of managing financial records as established by Barata et al (2001). They noted that paper added to

files must be dated or numbered sequentially in order to provide additional security in defining the sequence of action. On the other hand, the study did not have access to financial records managed through electronic system. Thus, it was quite difficult to prove whether financial records in the Integrated Financial Management System (IFMS) consider the metadata of the information.

4.8.3 Classification system for financial records

The study noted that the Ministry needs to improve records management system in Tanzania. RAMD has been entrusted with the responsibility of improving records management in Government institutions, but it has yet to improve the financial records management classification system.

4.8.4 Maintenance and handling of financial records

Current financial records were found to be maintained and handled in a good manner; however the semi current ones are poorly managed. For example, it is very difficult to trace them since they are locked in the basement and no staff is assigned the responsibility of maintaining them. The maintenance and handling of financial records under the electronic system is being challenged by obsolescence of IT technology hence the need for regular maintenance of equipment and continuous update of software.

4.8.5 Physical setting and condition of the registry

It was observed that financial records were not kept in the registry, but in the accountant's working rooms where the physical setting is not appropriate for records

management because the rooms are congested with working facilities and physical records.

4.8.6 Storage facilities and security measures

It was noted that most financial records were stored in the ordinary shelves that in case of fire or other disaster would all be destroyed. Consequently, there is need for special rooms to house current and even non current financial records. On the other hand, security against unauthorized people has been enhanced by controlling entrance to each part of the Ministry, while accountant's working rooms are designed with half door opened style that prevent direct entrance of customers to the office. On electronic system, every accountant provided with personal computer and password. It was also observed that fire extinguishers were available and were regularly maintained.

4.8.7 Control tools

File movement registers were found to be common for controlling financial records movement within the Ministry and were commonly used in receiving and dispatching financial information.

4.9 Summary

The findings show that financial records are essential and useful in promoting accountability of public funds. However, it was observed that financial records were faced with a range of problems that if not addressed can compromise accountability and ultimately, depress the implementation of Government development projects and widen the gap between poor people and the rich ones.

CHAPTER FIVE

DISCUSSION OF THE FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents discussion of the findings, conclusion and recommendations based on the information obtained from data collection, observation and those obtained through review of different reports of the Controller and Auditor General.

This study investigated the management of financial records in the Ministry of Finance in Tanzania with a view to establish their importance in fostering accountability. The following research objectives guided the study.

5.2 Discussion of the findings

5.2.1 Policies, systems, standards and procedure used in managing financial records

The findings show that financial records, particularly the active ones were managed in an appropriate manner based on the systems, standards and procedures that were in place to govern the management of financial records. It also noted that some effort such as introduction of e-system through Integrated Financial Management System (IFMS), Payment Voucher Vote Book (PVVB) and International Public Sector Accounting System (IPSAS) have enhanced the management of financial records in the Ministry of Finance. Nevertheless, there is lack of a policy to guide the proper management of financial records. This has constrained effective implementation of records management principles as accountants in some cases deliberately pay no

attention to these principles due to the absence of policy. The absence of policy also resulted to lack of clear understanding on who should to manage financial records in the MDAs. This was also ascertained by Barata et al (2001) who stated that a fundamental problem associated with management of financial records in Tanzania was lack of a national programme for managing financial records. Consequently, persons managing financial records ignore some records management principles and practices thus, cause loss or damage to information. This may also provide opportunities to some Government officials to disregard conceal or manipulate their actions. For example, Barata et al (1999) reported that Government officials in the Gambia had deliberately left out the rules and regulation for the purpose of achieving personal financial gains. The lack of financial records policy has contributed to failure to implement the framework proposed by the Records and Archives Management Division since 2007. The framework was purposely developed to provide guidance on managing specialized records including financial records. The study found out that financial records are generally managed by staff who do not have professional competence in managing records; consequently, some records management principles were not followed. Other consequence found to be directly connected to lack of policy is the financial records were treated as any other records instead of being considering their special unique in fostering accountability and in running the engine of the Government.

Further the study noted that lack of direct connection between central and local Government authorities has led to delays in accessing and using financial information by either side. This affects the audit exercise and leads to delays in accountability processes. Additionally, lack of central system to monitor all transactions undertaken

by Government institutions has paved a way for unethical Government officials to manipulate and jeopardize the financial system.

The introduction of e-system in creating and managing financial records has affected security and confidentiality of Government information. Thus, the study observed that the establishment of a strong e-system mechanism to control access and use of information in e-system and its storage media is a good strategy to promote accountability. Additionally, the mechanism MUST be monitored to ensure effective implementation because if actions are not taken the chances are that most financial records and other records produced by the Government may land on unauthorized persons, damaged or lost due to technological obsolescence and other hazards established under e-system.

The findings show that the MoF uses International Public Sector Accounting Standards (IPSAS), accounting circulars, financial orders and financial regulations all of which provide the Ministry with guidance on accounting activities. On other hand they act as basis for managing financial records. According to International Labor Organization ILO (2006) the IPSAS helps organizations to have best accounting practices through the application of credible, independent accounting standards. They improve internal control and promote transparency with respect to assets and liabilities as well as provide more comprehensive information about costs that would support results-based management; more comprehensive information produced and disclosed under IPSAS facilitates improved management and stewardship of resources, the effectiveness of operational delivery and the achievement of results. Improved consistency and comparability of financial statements provide detailed

requirements and guidance with regard to each standard. The procedure for managing financial records was found to be the same as those used to manage other records in the MoF. The procedure for destroying a file is conducted in accordance to retention and disposition schedule as specified in the Public Finance Act of 2001 and Public Procurement Act of 2004. The study found no specific retention and disposal schedule for financial records; instead, the general records retention schedule is also applied to financial records. The finding also show that appraisal exercise seemed not to be done at a required timeframe and this has resulted in the loss, destruction and deterioration of financial information, a factor that compromises accountability due to insufficient supportive evidence.

5.2.2 The extent to which financial records support accountability in

Tanzania

The findings confirmed that financial records play a great role in fostering accountability and in accomplishing the functions of the Ministry of Finance as stipulated in the Public Finance Act of 2001. The study found that financial records were useful in tracing financial decisions, evaluating value for money, facilitating payment from Government to service providers, to employees, helps the Government to know its assets, assist in implementation of various policies, act as point of reference; for instance, voucher or final financial report helps to inform the MoF on how a certain amount of funds was spent and assess whether it was spent in accordance to the agreed objectives. They were also found to be very important in controlling theft and misuse of Government funds as well as identifying the frequency of theft, budget preparation, determine if the organization has achieved its goals accordingly, facilitate decision-making particularly in financial reallocation, assist to

know trend of revenue and expenditure. These findings are in conformity with the findings of Akotia (1996) in Ghana who concluded that “the Government should itself use financial and accounting information to evaluate current performance so as to establish whether public policy objectives are being realised, assess the contribution that alternative decisions are likely to make towards reaching those objectives and monitor the progress of previous decisions.”

It was also observed that financial records were key factors in ensuring that decisions previously made are being carried out effectively. The study by Barata et al (1999) in Gambia supports the findings of this study. They observed that financial records have a significant impact on ability to conduct efficient audits. They also acknowledged the significance of protecting public sector records, particularly financial records because they provide evidence for accountability in the use of public funds. The study by Fadhil (2011) found that “the impact of having accurate and high quality information may enable the management to make right decisions whether on investment, business strategies or others while inaccurate and non-reliable information produced by companies may jeopardize the business life in future”. He also observed that the significant information needed for making business decisions is the financial or accounting information. Ismail & Zin in Fadhil, (2011) support the finding of this study by stating that “financial information can help the management to manage problems in supervising and controlling the areas in costing, expenditure and cash flow”. The importance of financial records as revealed by this study is further supported by International Records Management Trust (IRMT, 1999) that:-

The benefit of managing these records translates into large savings in office space.....they are vital for controlling fraud and corruption. Records are essential for financial accountability. Records provide a reliable, legally verifiable source of evidence of decisions and actions about the management of Government finance and are the basis for determining responsibility. They are a powerful tool in constraining individuals from engaging in corruption.

In addition, the report by CAG for 2011/2012 support the findings of this study by stating that through financial records the CAG has managed to identify the procurement irregularities which were done in major donor funded projects hence, letters to accounting officers were submitted to make them accountable.

This is also in conformity with the study by Amudo and Inanga (2009) from Uganda who referred a Nigeria case where the Managing Director and Chief Financial Officer of Cadbury were dismissed for inflating the profit of the company for their personal gains.

5.2.3 The effectiveness of financial records management system in supporting accountability in Tanzania

Basing on the study findings, the system used to manage financial records appeared to be good in promoting accountability in Government institutions. The study found two systems (manual and e-system) which were actively used to produce information that supports accountability requirements for public funds. The manual system has well established information relating to context, content and structure, The MoF was yet to adopt the digital signature which is believed to be reliable because it is not easily tempered with. The use of electronic signature was found to be unreliable hence; the Ministry of Finance has not introduced it. Due to this fact, the information under manual system is considered more reliable, authentic and comprehensive enough to be

used in making Government officials accountable for their decisions. Although the systems used facilitate accountability, the study noted that there is need for some improvement to eliminate a number of discrepancies which hinder its effectiveness.

5.2.4 Challenges affecting the management of financial records

The management of financial records faces many challenges such as poor electronic infrastructure, which in turn causes the collapse of the operating system and result in difficulties in tracing information. The study also established that MoF does not have Information Technology (IT) specialists who are conversant enough to deal with technical issues associated with IT. Depending on external IT service provider is a serious weakness.

Financial records managed by people who professionally are not records managers is also a challenge as this often contributes to disrespect of records management principles and practices. Act of disrespect include destroying information without considering its value in the future. The study discovered that financial records in the Ministry were not managed by registry staff, but by accountants. This has led to the notion that financial records are more concerned with accountants, thus, leading to poor preservation.

Due to adoption of electronic system in managing financial records, the study noted that substantial information is held in personal flash disks, personal digital assistant (PDA), personal computers like laptops and other means of storing information in the IT world; this behavior had proven to have bad implications on the security and confidentiality of the information.

Since 1990s' the Government of Tanzania has carried out various reforms to reshape the performance system of its institutions. In 1997, the reform programme extended to records management system whereby the National Archive currently known as Records and Archives Management Division (RAMD) was entrusted with responsibilities to administer the management of Government records throughout Government owned institutions. RAMD has so far done voluminous work to improve records management practice in the country. However, the study showed that there is no deliberate effort to improve the management of financial records. This appeared to be common in Sub Saharan countries because even the study by IRMT (2002) in Nigeria established that the "National Archive has wide ranging investigative, corrective and advisory powers for public records.....to enable records to be managed effectively. However, it does not appear to have much involvement in financial records management." Furthermore, the study noted that records management improvement which has been undertaken by the Government of Tanzania (GoT) since 1997 has yet to create reliable space for keeping semi current financial records. Barata et al (2001) pointed out that "problems with congestion and poor physical arrangement and the absence of location registers hinder timely and efficient audit". There has been serious congestion of financial records in the storage area, particularly in the basement from where it is difficult to access and retrieve information. Likewise, the RAMD has not yet assigned an officer to provide MDAs with guidance on the management of financial records. Furthermore, RAMD does not have an officer with the requisite qualifications or competencies to provide professional advice on the management of financial records. The implication is that financial records are managed based on general skills and knowledge of records management. This was also observed by Barata et al (2001) "although training in keeping financial

records is adequate for the short term, no individual in either the Accountant General's Office or the RAMD has received any training in the management of financial records." Budget constraint was also established as an impediment towards success in proper management of financial records. The study noted that no special fund had been allocated for management of financial records; this resulted in failure to train people dealing with financial records. Likewise, RAMD appeared not committed to have a backup of various information generated by Government institutions. Additionally, the study noted that RAMD had neither collected nor appraised financial records for many years. With the great role that financial records play in the development of a country it is surprising that no special space has been set aside for storing semi financial records; instead, they were stored in the accountant's working offices and in the basement.

5.2.5 Proposed strategies for addressing challenges facing financial records

management in the Ministry of Finance

The study found that records management rules and regulations were not effectively adhered to. For instance; records were not appraised and destroyed as per records retention and disposition schedule. This resulted in unnecessary congestion of records including financial records. This does not appear to be a unique problem to the Tanzanian Ministry of Finance because the study in Nigeria by IRMT (2002) established that "The financial regulations provide for financial records to be maintained for seven years after audit. However, it appears that financial records were retained in ministries for longer periods." Adherence to records management principles and practices would ultimately facilitate proper management of financial

records which in turn would result in faster access and availability of financial information for decision making and other use of an organization. This was also pointed out by Ismail and Zin in Fadhil (2011) generally; the significant information needed for making business decision is the financial or accounting information. This information can help the management to manage problems including supervising and controlling costing, expenditure and cash flow. Kennedy (2009) noted that “proper record keeping is essential to the financial management of any business” He also pointed out that failure to keep accurate records of transactions will raise questions about accounting functions and provide opportunity for corruption and fraud to the business of an organization.

Regular meetings to remind top management, accountants and other stakeholder were also recommended as a way to improve management of financial records. It was noted that the MoF does not have adequate staff with sufficient skills in IT, thus development of a training programme to equip staff with adequate and relevant skills on IT matters is an appropriate solution over such problem. This was due to the fact that the Ministry had already adopted Integrated Financial Management System which has paved way for many financial records to be created and stored in computerized systems. Consequently, it is necessary to have staff with IT professional competencies in order to have continuous access and use of the created information. In addition, staff responsible for financial records management should receive relevant training.

The study recommends establishment of a dedicative fund to enhance the management of financial records in the MoF and MDAs. It is crucial for a country to

succeed in the area of financial records management. Similarly, monitoring of the fund dedicated for improving records management, particularly financial records would have a great impact on management of financial records in the Ministry.

The establishment of backup system would be a good strategy as it would enhance accountability processes by facilitating continuous access and use of the information. With backup for financial information, the Government business will not be negatively affected, no matter what. Additionally, records management functions have concurrent changes due to regulatory, community and technological factors. Therefore, updating and improving the records management infrastructure would effectively support the business of the MoF, while ensuring that it is accountable and complied with the of the law.

Formulation of a financial policy was recommended to address inadequacies in the existing financial record rules and regulations; thus, it is very essential for RAMD as the key player in records management to champion the development of financial records management policy and deliberately dedicate time to review all rules and regulations governing financial records management in Tanzania.

5.3 Conclusion

Financial records contain information which is valuable to the development of a country. The study observed that the culture of managing financial records properly will eventually assist the Government to detect many financial malpractices in Government operations. Basing on the findings, the study concludes that financial records are important in fostering accountability. However, systems used to manage financial records are to some extent not adequate in demonstrating accountability, thus, some improvements are needed to enhance their effectiveness. There was lack of policy to guide the management of financial records; there was also lack of trained staff, inadequate space and dedicated budget to support financial records management.

The study also showed that proper financial records management would enable the MoF and Government to:-

- Establish amount of revenue as well as amount spent on various projects and or activities (determine the trend of revenue and expenditure)
- Implement policies accordingly
- Trace the use of Government fund
- Identify and report Government officials who misuse or misallocate public funds
- Prepare a good budget
- Prepare a clean audit report
- Reduce audit queries
- Evaluate the value for money

- Avoid double payments
- Prepare effective and efficient development plans
- Understand how previous budgets contributed or undermined development of the country
- Identify who authorized what, when and why hence, accountability can fully be established
- Persuade donors and other stakeholders to invest in the country
- Demonstrate accountability and transparent in Government assets
- Control corruption, fraud and forgery
- Allocate Government funds as necessary
- Facilitate review of internal controls

This study has shown that for accountability to happen particularly, financial accountability, one must manage financial records properly and deliberately. Financial records contain information which is very useful in demonstrating accountability in the use of public funds; as well as in holding government officials accountable for their actions with regard to the use of public funds. Generally, financial records plays a great role in the development of a country by ensuring that public objective are reasonably attained by assisting proper budgeting and facilitate logical budget implementation.

Nevertheless, the study noted that financial records at MoF faced a number of challenges including lack of a guiding policy and guidelines for financial records management, leakage of financial information, lack of qualified staff to manage financial records, lack of specific office space for active financial records and space

for semi current financial records and poor infrastructure for electronic records management system.

Additionally, there were difficulties in accessing previous files, low awareness on new system of financial records management (IFMS), unreliable power supply, lack of reliable IT experts, lack of awareness of records management principles for accountants who are key players in managing financial records, low priority given to management of financial records, lack of funds for financial records management, silence of the retention and disposition schedule on records created by e-system. Others included financial records being under two authorities RAMD and auditors. This is a challenge because it eventually affects their retention and disposal schedule.

In regard to the above findings, there is need for a major revamp of financial records management systems at the MoF and in the entire Government institutions at large. The existence of the above mentioned challenges appear to be a result of absence of policy and guidelines on financial records management and less consideration given by RAMD towards financial records. Thus, the following recommendations are expected to contribute to the management of financial records at MoF as well as in the MDAs at large.

5.4 Recommendations

The study identified many issues that affect the management of financial records and promotion of financial accountability. Thus, the following recommendations are made to address issues affecting the management of financial records so as to enhance their effectiveness in promoting accountability.

- Formulate and implement financial records management policy and guidelines. RAMD having been entrusted with responsibilities to ensure proper management of the entire Government records should initiate formulation of the proposed policy and guidelines and ensure their effective implementation. Thereafter, RAMD should establish periodic monitoring and evaluation system and remind the MDAs on the importance of effective implementation of the policy and guidelines.
- The Ministry of Finance should establish a centralized financial records management system to monitor all financial transactions undertaken by Government institutions. In addition, awareness on the use and maintenance of the IFMS should be promoted to ensure the sustainability and applicability of the system. Furthermore, there should be close cooperation between records managers, accountants and IT professionals so as to have regular audit and ensure the accuracy of the information captured in the e-system as this will eventually assist verification, reduce audit queries and promote effective accountability.
- The Government through RAMD must develop records management training programme for accountants and ensures that it is effectively implemented as

this would ultimately enhance professional competence in records management, particularly financial records. Thus, the study recommends development of a training programme for accountants. Additionally, records managers across the MDAs should also be trained on financial records management so as to enhance their capacity in managing financial records. RAMD should also develop capacity building to all RAMD staff to equip them with necessary skills in managing specialized records.

- The study recommends that RAMD should advise Government on the importance of financial records management and convince it to allocate specific budget to facilitate the improvement of financial records management in the entire Government institutions. Meanwhile the RAMD should make continuous follow up to ensure that funds are not diverted to other activities.
- Regular meetings should be undertaken by RAMD to remind the management and other staff in the MDAs on the importance of financial records. The agenda should address issues relating to improvement of e-records infrastructure, establishment of backup system, improvement of power supply, adherence to records management principles and practices, data migration techniques, ensure proper management of semi current records, motivating records managers and installation of wall safes to store all information storage media and keys.
- The Government in general and MoF in particular should establish strong mechanisms to safeguard information managed in personal computers and control unethical staff who tend to disclose Government information to

unauthorized persons. This will facilitate thorough investigation and effective accountability.

- RAMD should formulate and facilitate dissemination of a Government circular to require all MDAs to ensure that financial records management activities are given priority in their budget. In addition, the circular should remind users of financial records to have regular meetings to discuss issues relating to management of financial records.
- The study recommends that paper based system should not be ignored because it has reliable, authentic and comprehensive information to support accountability. Additionally, paper based records are not prone to virus, system hackers, technological obsolescence, not machine readable, depend on no supply of power or compatibility of software and hardware in accessing and using information. On top of that, paper records have remained as reliable source of information which is accepted in legal institutions as true document to establish evidence.
- The study recommends that financial records should be given priority during the transfer of the various semi records from MDAs to National Records Center in Dodoma.

5.5 Suggestions for further study

This study was solely investigated the management of financial records and their usefulness in fostering accountability. In addition, there is growth of ICT and freedom of information in the country which offer several benefits including smooth flow of

information. However, they pose a lot of threats which need to be addressed through an empirical study. Thus, there is a need for further studies on:

- i. Impact of the freedom of information on the management of financial records.
- ii. Security, access and use of financial records in the electronic system environment.

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APPENDICES

APPENDIX A : INTERVIEW GUIDE FOR TOP MANAGEMENT, DIRECTORS AND ACTION OFFICERS AT MINISTRY OF FINANCE

I am Pendo Sindato, a student at Moi University – School of Information Sciences. Currently am undertaking a study on ‘The Management of Financial Records for Accountability in the Ministry of Finance in Tanzania’. I am here to collect information about this study, in this regards I would like to request you to spend some time in answering the following questions. All information that you provide will be handled with care and treated as confidential.

Name of MDA:

Name of Department:

Designation:

Date of Interview:

- 1) Do your works involve the use of financial records?
- 2) Are financial records useful to your organization?
- 3) Do financial records assist you in day to day activities of your work?
- 4) If yes, do you often get the required file when asked for it?
- 5) What do you do when the required file is not found?
- 6) What roles do the financial records play in fostering accountability?
- 7) Are you familiar with policies, standards and guidelines for records management, particularly those guiding the management of financial records?

- 8) What benefits do think can your organization obtain from better management of financial records?
- 9) Which system does your organization use to create financial records?
 - a. Computerized system
 - b. Manual system
 - c. Both
- 10) Which measure does your organization use to ensure the security of financial records in this environment of electronic records management system?
- 11) Has your office developed accountability structure regarding financial records?
- 12) Does your organization have training program?
- 13) If yes, does the training programme include Accountants?
- 14) If no, why?
- 15) Have ever attended training on the importance of financial records?
- 16) If no, how do you handle financial records in the daily execution of your work?
- 17) Does the RAMD staff provide your organization with regular support and professional assistance on the management of financial records?
- 18) Do you think the financial records management system, standards and procedures used by your organization are sufficient?
- 19) If no, what changes do you think are necessary to ensure their better performance?
- 20) How often does the management meeting discuss issues relating to management of financial records?

- 21) Does this Ministry allocate a standalone budget to support records management practices particularly financial records?
- 22) What challenges does your organization experience in regard to management of financial records?
- 23) In your view what do think should be done to overcome these challenges?
- 24) Are there any other issues you would like to raise concerning management of financial records?

**APPENDIX B: INTERVIEW GUIDE FOR DIRECTORS AT NATIONAL
AUDIT OFFICE**

I am Pendo Sindato, a student at Moi University – School of Information Sciences. Currently am undertaking a study on ‘The Management of Financial Records for Accountability in the Ministry of Finance in Tanzania’. I am here to collect information about this study, in this regards I would like to request you to spend some time in answering the following questions. All information that you provide will be handled with care and treated as confidential.

Name of MDA:

Name of Department:

Designation:

Date of Interview:

- 1) Does your daily work involve the of financial records
- 2) Are financial records useful to your organization?
- 3) What roles do the financial records play in fostering accountability?
- 4) What benefits do you think can your organization obtain from better management of financial records?
- 5) Which system does your organization use to create financial records?
 - a. Computerized system
 - b. Manual system
 - c. Both

- 6) Which measure does your organization use to ensure the security of financial records in this environment of electronic records management system?
- 7) Does your office have training program?
- 8) If yes, does the training programme includes Accountants?
- 9) If no, why?
- 10) Does the RAMD staff provide your organization with regular support and professional assistance on the management of financial records?
- 11) Do you think the financial records management system used by your organization is sufficient?
- 12) If no, what changes do you think are necessary to ensure its better performance?
- 13) How often does the management meeting discuss issues relating to management of financial records?
- 14) Does this office allocate a standalone budget to support records management practices particularly financial records?
- 15) What challenges does your organization experience in regard to management of financial records?
- 16) In your view what do think should be done to overcome these challenges?
- 17) Are there any other issues you would like to raise concerning management of financial records?

**APPENDIX C: INTERVIEW GUIDE FOR ACTION OFFICERS AT
NATIONAL AUDIT OFFICE**

I am Pendo Sindato, a student at Moi University – School of Information Sciences. Currently am undertaking a study on ‘The Management of Financial Records for Accountability in the Ministry of Finance in Tanzania’. I am here to collect information about this study, in this regards I would like to request you to spend some time in answering the following questions. All information that you provide will be handled with care and treated as confidential.

Name of MDA:

Name of Department:

Designation:

Date of Interview:

- 1) Do you use financial records in the daily execution of your work?
- 2) Does the financial records available and accessible when you go for audit exercise?
- 3) Are the financial records contains evidential information to support you in holding Government officials accountable?
- 4) It takes how long for you to receive the required file for auditing exercise?
- 5) Are the systems used to manage financial records affect the execution of your duties?
- 6) Does the audit exercise based on both (paper and electronic records)?

- 7) If yes, are the infrastructures for electronic records support the timely retrieval and accessibility of the financial records?
- 8) Basing on your experience do MDAs value financial records?
- 9) In your opinion do you think the management of financial records meets accountability requirements?
- 10) Does top management support you when it happen a certain file is not found?
- 11) Do you meet any constraints in accessing the required file for you to audit?
- 12) What measures should be taken to overcome these constraints?
- 13) Are there any challenges which hinder the effective management of financial records?
- 14) On your view what do you propose as strategy to overcome the challenges?
- 15) Basing on your observation which area do you consider to be improved in order to enhance the management of financial records?

APPENDIX D: INTERVIEW GUIDE FOR RAMD DIRECTORS

I am Pendo Sindato, a student at Moi University – School of Information Sciences. Currently am undertaking a study on ‘The Management of Financial Records for Accountability in the Ministry of Finance in Tanzania’. I am here to collect information about this study, in this regards I would like to request you to spend some time in answering the following questions. All information that you provide will be handled with care and treated as confidential.

Name of MDA:

Name of Department:

Designation:

Date of Interview:

- 1) Do the Government offices value the importance of records?
- 2) Are records management activities reflected in the overall plan of the MDAs budget?
- 3) Does financial records given priority in your records management action plan?
- 4) Does your repository contain financial records?
- 5) If yes, how does your office preserve them to ensure its continuous access and use?
- 6) Is your staff trained on the area of financial records management?
- 7) If no, what does your office do when the MDAs ask for professional assistance on management of financial records?

- 8) Which strategies so far has your office put in place to enhance the management of financial records in the MDAs?
- 9) Does policies, standards and guideline for records management effectively implemented?
- 10) How often does the management meeting discuss issues relating to management of financial records?
- 11) Does your office locate budget to facilitate records management practices in the MDAs?
- 12) What measures are in place to ensure security of records in electronic records management era?
- 13) Do financial records assist accountability processes in the country?
- 14) What challenges does your office experience in regard to management of financial records?
- 15) In your view what do you think should be done to overcome these challenges?
- 16) Are there any other issues you would like to raise concerning management of financial records?

APPENDIX E: INTERVIEW GUIDE FOR RAMD ACTION OFFICERS

I am Pendo Sindato, a student at Moi University – School of Information Sciences. Currently am undertaking a study on ‘The Management of Financial Records for Accountability in the Ministry of Finance in Tanzania’. I am here to collect information about this study, in this regards I would like to request you to spend some time in answering the following questions. All information that you provide will be handled with care and treated as confidential.

Name of MDA:

Name of Department:

Designation:

Date of Interview:

- 1) Are financial records useful to the MDAs?
- 2) What benefits do you think can MDAs obtain from better management of financial records?
- 3) Which system do MDAs use to create financial records?
 - a. Computerized system
 - b. Manual system
 - c. Both
- 4) Do you think the financial records management system used by MDAs is sufficient in enhancing accountability?
- 5) If no, what changes do you think are necessary to ensure its better performance?

- 6) Are accountants in the MDAs trained on the area of financial records management?
- 7) If no, how do they discharge their duties in regard to management financial records?
- 8) How often does the management meeting discuss issues relating to management of financial records?
- 9) Has your RAMD developed accountability structure regarding financial records management?
- 10) If yes, does it clearly define the accountability for records users and those for records managers?
- 11) What challenges does RAMD experience in regard to management of financial records?
- 12) In your view what do you think should be done to overcome these challenges?
- 13) Are there any other issues you would like to raise concerning management of financial records?

APPENDIX F: OBSERVATION SCHEDULE

Item to observe	Observation criteria	Remarks
Creation of financial records	<ul style="list-style-type: none"> • How do they create financial records? • How do they capture the evidential value of financial records? 	
Classification of records	<ul style="list-style-type: none"> • Which classification system do they use in classifying financial records? 	
Maintenance and handling of records	<ul style="list-style-type: none"> • How do they maintain and handle the current and noncurrent records? 	
Physical setting and condition of the registry	<ul style="list-style-type: none"> • Is the building located in the required area as per registry location standards? • Does the condition in the registry provide friendly environment for managing financial records? 	
Cleanliness and Tidiness of the registry	<ul style="list-style-type: none"> • Is the state of cleanliness and tidiness adequate enough to avoid insects and other hazards to affect the records? 	
Storage facilities and security measures	<ul style="list-style-type: none"> • What kind of shelves is used to store financial records? • Are the shelves made of fire proof material? • Is there special room located for noncurrent financial records? • Is the registry secured enough to control unauthorized people to access the records? • Is there firefighting equipment and how frequently they are attended? 	
Control tools	<ul style="list-style-type: none"> • Do they have all financial control tools? • Do they use them in their daily operations? 	