

**Challenges associated with effective implementation of facility financial accounting and reporting system (FFARS) in local government authorities.**

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**Abstract**

Many African countries struggle with the right approach to reform public financial management. Reviewed literatures in this study indicate that institutions, systems, and processes that deal with the various aspects of public finance are weak, non-transparent, and, often, incapable of developing adequate budgets, monitoring public expenditures, using public funds and investments efficiently, and providing reliable data for macroeconomic modelling. Therefore, the study conducted to examine challenges associated with implementation of facility financial accounting and reporting system in local government authorities where the instruments used for data collection were questionnaire, interview and Focus Group Discussion. A total of 78 respondents were a sample of the study. Data were analyzed using Statistical Packages for Social Science, supported with qualitative data. Both qualitative and quantitative data were analyzed in the study. Challenges associated with implementation of facility financial accounting and reporting system on local government facilities were the system is not friendly in areas with poor networks, shortage of system users in facilities, unskilled facility financial committees, regular changes in guidelines, poor infrastructures and working facilities, poor financial recording, staff multitasking and lack of accountability. It is recommended that the Government should increase practice of facility financial accounting and reporting system by putting strategies in place for action. The implementation of these strategies should be in a participatory attention of the mentioned ministries, policy makers, local government authorities and facility users. The endpoint of doing so is increased revenue collection by the Government of the United Republic of Tanzania.

**Key words:** Facility Financial Accounting and Reporting System (FFARS), Financial Management Information System (FMIS).

### **Introduction.**

Many African countries struggle with the right approach to reform public financial management. In Tanzania, the Financial Management Information System has been in use since 1998, and it is one of the first systems of its kind in East Africa. It has proven to be very beneficial as a central payment, accounting, and reporting system, and it has been pushed out to all Ministries, Departments, and Agencies (MDAs), sub-treasuries, and regional administrations, as well as numerous Local Government Authorities (LGAs) around the country. The facility financial accounting and reporting system as implied by the name, is a system that focuses on the management of facility financial resources – making decisions and reporting on what money comes to the facility, and how it is spent (United Republic of Tanzania, 2017). The requirements of laws, regulations and standards must also be considered. For instance, IPSAS 35, with effective form 1<sup>st</sup> January 2017, demands consolidated a financial statement which includes accounts of all levels in Local Government Authorities (LGA) i.e. both higher and lower government levels. Therefore, there was urgent need for existence of sound and proper system of accounting, financial management and reporting (as required by law) at the facility level to ensure maintenance of complete, realistic and accurate accounting records; preparation of timely and realistic financial reports and ensure proper accounting and utilization of financial resources received by and/or availed to facilities hence contribute to effective and quality delivery of services (United Republic of Tanzania, 2018).

## **Literature review**

The literature examined the challenges associated to the efficient implementation of the Financial Management Information System (FMIS) by Tanzanian local government authorities from different literatures. According to Brar (2010), one of the major challenges in developing nations' FMIS adoption is a lack of competency for system implementation at the sub-national level, such as district and regional governments. Furthermore, Financial Management Information System implementation is a complex, risky, and resource-intensive process that necessitates major procedural changes and frequently involves high-level officials who lack incentives for reform change in technology, processes, and procedures, as well as skills, responsibilities, and behaviours. According to Muwema and Phiri (2020) stated that there is a significant negative relationship between Financial Management Information System and transparency, cutting financial leakages while boosting efficiency and speed. As a result, they determined that Financial Management Information System had not improved transparency, accountability, financial leakage, efficiency, and or speed of the system. Also, a lack of acceptable human and technical capacity in key Public Financial Management roles, combined with poor financial, organizational, and human resource management, was determined to be one of the fundamental flaws impeding sound Public Financial Management in Malawi, according to the study. Furthermore, according to Rodin-Brown (2008), implementing modern financial management information systems necessitates a commitment to change: large-scale changes in technology, processes, and procedures, as well as changes in skills, responsibilities, and behaviours, must be accepted from within rather than imposed from the outside. Furthermore, Chalu (2019) assessed the influence of Financial Management Information System implementation on financial reporting quality in Tanzania's Local Government Authorities (LGAs). According to the findings, the implementation of Financial Management Information System has improved the understandability and dependability of the Financial Reporting Quality, but the quality of relevance has not changed significantly, moreover findings showed that in order for Financial Management Information System adoption to influence dependability quality, the control elements of utilization capacity and internal audit effectiveness must be taken into account. According to Pasape L & Godson, E. (2022) studied that; lack of computer accessories is one of the challenges affecting effective Financial Management Information System implementation in Tanzania's local government authorities. Computer accessories include

printers, scanners, displays, keyboards, mouse, central processor unit, a hard drive, random access memory, graphics cards, and sound cards. Their primary duty is to assist in effective and efficient computer operationalization at any time during data entry, processing, reporting, or data and information storage. Thus, computers and associated accessories must be readily available for efficient FMIS deployment. Furthermore, Pasate, L & Godon, E. 2022 studied that there are technical and user challenges which hinders effectiveness of the FMIS in local government authorities of Tanzania; the technical challenges studies were lack of computer accessories, use of old computer machines, lack of constant electrical power, poor computer software security, software failure and expire. In the same study, mentioned that the user challenges associated with the Financial Management Information System are lack of user capacity, commitments and awareness, poor attitude to change, lack of users' trainings, and lack of motivations.

### **Research Methodology.**

The study conducted in Njombe Town Council which is in Njombe Region Tanzania. A descriptive research design was used for this study which aimed to accurately and systematically to describe a population, situation or phenomenon (Majid 2018). The target population for the study was the system users and the decision makers of Njombe Town Council. Purposive sampling was used to select department which applies the facility financial accounting and reporting system system in transaction. Thereafter a simple random sampling was used to pick respondents for the study through questionnaire responses from the purposively selected departments. The sample size used for the study was 78 which was calculated from the total population of 355 users and decision makers of the financial management system under the council using a formula developed by Yamen (1967) which was  $n = N / (1 + Ne^2)$  with e being the standard error of 10% for the study. Data were collected using questionnaire guide, interview, the focus group discussion and the documentary review. The Statistical package for social sciences (SPSS) was the software used for analysis of data from the field. The questionnaires were tested for Chronbach`s Alpha to determine the reliability of the instrument on responding to

the study objectives, and the inferences made on facility financial accounting and reporting system adoption strategy was supported with evidence to guarantee validity.

### **Presentation of findings.**

The demographic feature found was that, a total of 78 system users were involved in the study where 43 (38.9%) were females and 35 (61.1%) were males. In this study participants from FGD were 7(3 Male & 4 Female) and those reached through interview were 15 (6 Male &9 Female). Out of 78 respondents, 6 (7.7%), were aged 18-27 years' old, 28-37 years were 13 (16.7%), 38-47 years were 29 (37.2%), 48-57 years were 23 (29.4%) and those aged 57 years and above were 7 (9.0%). The participants from the focus Group Discussion were 3 aged 28-37, 1 aged 57+ and other 3 were aged 38-47 years' old. Those interviewed were 7 aged 28-37, 3 aged 18-27 and 5 aged 38-47 years old. Findings on the challenges with effective implementation of the facility financial accounting and reporting system in facilities of local government authorities were;

The facilities were characterised with poor communication network particularly those of rural and semi-urban areas. Results show that; 51 (65.4%) strong agree, 18 (23.1%) agree, 4 (5.1%) neutral, 2 (2.6%) disagree and 3 (3.8%) strong disagree that poor communication is a challenge for effective implementation of the facility financial accounting and reporting system in facilities of local government authorities.

Another challenges depicted from the study was lack of professionalism in facilities where; 25 (32.1%) were strong agreed, 32 (41.0%) agreed, 12 (15.4%) were neutral, 8 (10.3%) disagreed and only 1 (1.3%) were strong agreed that lack of professionalism in health facilities for Financial Management Information System users is a challenge for effective implementation of the facility financial accounting and reporting system.

Unskilled facility financial committee emerged as among the challenge facing effective implementation of the system in local government facilities where results depicted were; 30 (38.4%) strong agreed, 43 (55.1%) agreed, 2 (2.6%) were the same responses for neutral and disagree where 1 (1.3%) strong disagree that unskilled facility committee is a challenge for effective implementation of facility financial accounting and reporting system in facilities of local government authorities.

The results on rregular changes in Guidelines and manuals as challenges depicts that 11 (14.1%) were strong agreed, 24 (30.7%) agreed, 30 (38.5%) were neutral, 8 (10.3%) disagree and 5

(6.4%) were strong disagreed that regular changes in Guideline and manuals was the challenge for effective implementation of the facility financial accounting and reporting system in Facilities of local government authority.

One of the most discussed challenge in literature reviewed is infrastructure and working facilities in Africa and specifically in local government authorities of Tanzania. The challenge was further studied in facilities of Njombe Town Council where; 63 (80.8%) were strong agreed, 13 (16.6%) agreed, 1 (1.3%) for disagree and the same for strong disagree and none was responded for the neutral that poor infrastructures and working facilities are the challenge for effective implementation of the Facility Financial Accounting Reporting System in facilities of local government authorities.

Under the challenge of poor financial records, the researcher collected afresh findings from system users in facilities where; 14 (17.9%) were strong agreed, 28 (35.9%) agreed, 17 (21.8%) were neutral, 12 (15.4%) disagree and 7 (9.0%) were strong disagree that poor financial records are a challenge for effective implementation of the Financial Management Information System in facilities of local government authorities.

Data presented for the challenge of staff multitasking was; 10 (12.8%) strong agree, 33 (42.3%) agree, 17 (21.3%) were neutral, 13 (16.7%) disagree and 5 (6.4%) strong disagree that staff multitasking is a challenge to effective implementation of the facility financial accounting and reporting system.

Results presented on lack of accountability were; 22 (28.2%) were strong agreed, 19 (24.4%) agreed, 1 (1.3%) were neutral, 34 (43.6%) disagreed and 2(2.6%) strong disagreed that lack of accountability is the challenge to effective implementation of the facility financial accounting and reporting system.

## **Discussion**

The benefits of incorporating the gender dimension include increased scientific creativity and excellence as well as inclusion of all potential users of the Financial Management Information system in facilities. Therefore, majority of respondents in this study were female. The age characteristic provides a clear picture of age ranges for the Financial Management Information system users in the council. Therefore, majority of the Financial Management Information

System users in facilities of Njombe Town Council were youth aged 18 to 47 years' old who are the economic active group in the context of age segregation. The primary purpose of educational in this research is to expand the existing body of knowledge by acquiring solutions to different challenges associated with this study. majority of the system users attained university education. The poor communication network was mainly a challenges at Iboya, Lwangu Ihangha, Lugenge, Makowo Igominyi and Kifanya wards. System users took a lot of time for completing entries due to slow loading of the network, in some occasion even communication calls and messaging is poor where users being dilemma on how they can get support from the council senior technical officers.

More findings revealed that, one interviewee said that "there is a financial committee at our facility but they are not aware and neither is skilled for the Financial Management Information System use". The findings are similar to that studied by Brar (2010), one of the major challenges in developing nations' Financial Management Information System adoption is a lack of competency and skills for system implementation at the sub-national level, such as district and regional governments.

The regular changes in guideline and manuals has significant impact to effective implementation of the facility financial accounting and reporting system in local government authorities, when it happens affects all local government authorities in use for the system in the country. The findings are similar to that from literature review studied by Indeje and Zheng (2010), who reported that implementing a new information system changes the way operations are carried out dramatically, demanding a well-managed process.

The results above show that almost (76 of 78) all users responded that poor infrastructure and working facilities is the main challenge for effective implementation of the facility financial accounting and reporting system within their working facilities. The researcher deepens this through the Focus Group Discussion where one Financial Management Information System user quoted that; "since we received training, we didn't receive working facilities, meanwhile there is few rooms as we share the same room with Social welfare officers". The findings are similar to that studied by Pasate, L & Godon, E, (2022) that there are technical and user challenges which hinders effectiveness of the Financial Management Information System in local government authorities of Tanzania; the technical challenges studies were lack of computer accessories, use of old computer machines, lack of constant electrical power, poor computer software security,

software failure and expire. These working tools were also mentioned by the users during the study that they lack within their facilities.

The findings above analyze that majority of users were 28 of 78 who agreed that poor financial records are the challenge to effective implementation of the facility financial accounting and reporting system. This finding is similar to that reported by Rodin-Brown (2008) who studied that poor financial records, organizational, and human resource management, was determined to be one of the fundamental flaws impeding sound Public Financial Management in effective implementation of facility financial accounting and reporting system.

It is found that majority (33 of 78) of system users agreed that the staff multitasking is a challenge issue in effective implementation of facility financial accounting and reporting system. Findings during the Focus Group Discussion analyzed that the multitasking is more predominantly in facilities with few staffing where there is no accountant or finance officer who is capable for Financial Management Information System use

The results analyzed that lack of accountability has no any challenge on effective implementation of the facility financial accounting and reporting system. This is analyzed through review of the majority (34 of 78) who disagreed that lack of accountability affects the implementation of the system in facilities of Njombe Town Council. The finding is contrary to that studied by Muwema and Phiri (2020) who stated that there is a significant negative relationship between Financial Management Information System and transparency where the Financial Management Information System had not improved transparency, accountability, financial leakage, efficiency, and or speed of the system. Service providers, such as health facilities and schools, are public sector organizations responsible for the direct delivery of key services to the local population. They are often the first or main point of contact between the citizens and local government and are accountable to both these groups. Being accountable means acting responsibly and transparently in all aspects of daily work both in relation to the financial, human, and other resources under facility management, and in relation to the quantity and quality of services provided by the facility.



## **Conclusion**

In a simple language, the system is associated with many challenges before its installation. It is further found that challenges arise due to training users before conducting assessment of the working station of which the environment are not friendly for the system. If physical assessment conducted before the training and installation of the program it would add some training requirements to facilitators and the government manuals. Through the studied challenges on poor infrastructure, networks for internet and professionalism issues raised everywhere and a matter of concern.

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