MIDLANDS STATE UNIVERSITY

FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTING

PROJECT TOPIC:

Investigating the effectiveness of financial management in local authorities' performance: Case of Chirumanzu RDC

BY

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THIS DISSERTATION IS SUBMITTED, TO THE DEPARTMENT OF ACCOUNTING AT MIDLANDS STATE UNIVERSITY, IN PARTIAL FULFILLMENT OF THE REQUIREMENTS OF BACHELOR OF COMMERCE ACCOUNTING HONOURS DEGREE.

Gweru, Zimbabwe

Submitted: November 2014

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DEGREE TITLE :Bachelor of Commerce in Accounting Honours Degree

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DEDICATION

I dedicate this research to my beloved family; my father, my mother, brothers and sister who have been supporting me during my academic period and in the carrying out of this research. I greatly cherish your commitment and may our almighty God continue to bless you.

ACKNOWLEDGEMENTS

First and foremost, I would like to express my sincere gratitude to my project supervisor, Mrs. Mwedziwho has guided, supported and provided feedback throughout this research.

Special thanks also go to the CEO of Chirumanzu Rural District Council, Mr. L Chatikobo, the treasurer, Mr. H. Pisira for allowing me to carry out this research at their organization, and all the council staff who spared their valuable time to respond to questionnaires and interviews. I also wish to thank my dear friends for their valuable support towards the accomplishment of this project.

ABSTRACT

The research was carried out to analyze the effectiveness of financial management in the performance of Chirumanzu Rural District Council. An investigation was incorporated as to whether the council has sufficient funds to finance its operations and also whether the council has been implementing effective financial management approaches. The research made use of related literature so as to strengthen and support the research aspects. Reliable and valid data was gathered through questionnaires and interviews at Chirumanzu Rural District Council. A sample size of 17 members which consisted of the council treasurer and finance department staff, the CEO and administration staff, the council chairperson and the finance committee was consulted to respond to the questionnaires and interviews. The analysis of the gathered data was done through tables, graphs, pie charts and descriptive summaries. Conclusions revealed that the council's financial management system was ineffective since the council was failing to procure adequate funds, manage available funds and provide sufficient public services. The major areas of default were identified which include inadequate financial monitoring and poor financial decision making. The research then made recommendations that the council should restructure its financial budget as a financial management tool and reinforce its financial control systems.

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RDC	Rural District Council
CRDC	Chirumanzu Rural District Council
CEO	Chief Executive Officer

CHAPTER 1

INTRODUCTION

1.0 Background of the study

According to the Rural District Councils Act (Chapter 29:13),local authorities should promote development of the Council area, formulate policies, both short term and long term for the Council area, prepare annual development and other plans for the Council area. (United Nations; 2007), highlighted that though the financial management capacity of local authorities varies greatly, in many cases it is less than adequate. Chirumanzu Rural District Council (CRDC) has been drafting development plans but has been failing to implement them due to inadequate financial management. The core business of CRDC is service delivery which is specified by the Rural District Councils Act (Chapter 29:13). Services provided by CRDC includes primary health care hence the council operates six clinics. The council clinics are not functioning efficiently due to some constraints which include drug shortages. For instance the monthly reports from the clinics for the month of June 2012 reviewed that drug stocks stood at 40%, a figure lower than the recommended minimum stock of 60%.In addition the council's proposed capital budget for the year 2011 included that all council clinics needed to be electrified between the periods of 2011 to 2012. However the council's yearly performance reports at the end of 2012 indicated that none of the clinics were electrified as at date thereby complicating the clinics' ability to attend to patients during the night.

The council treasurer in the end of year remarks (Management minutes 20/11/2012) highlighted that lack of funds is the major reason attributed to the ineffective operations of CRDC clinics. In support, the council's yearly performance reports for the years 2010 to 2012 indicated that the council has been failing to realise 30% of its targeted revenues (as indicated in the table below).

Table 1.1 CRDC Revenue performance reports for the years 2010 to 2012.

	2010	2011	2012
Target Revenue	$3 079 350.00	$3 250 986.00	$3 741 002.00
Actual Revenue	$722 138.00	$723 100.00	$680 458.00
% collection	23	22	18

Source: CRDC Yearly Performance Reports.

Table 1.1 shows that targeted revenue by council has increased from $3 079 350.00 in 2010 to $3 741 002.00 in 2012 indicating that council has been forecasting on 21% increase in its revenue over the 3 years however the actual revenue the council received has declined from $722 138.00 in 2010 to $680 458.00 in 2012 thereby representing a 5% decline in revenue received over the 3 years and this has negatively affected the council in the financing of its services. The collected revenue therefore has been used to cater for salaries and other recurrent expenditure whilst failing to fulfil the mandate of service delivery.

Past research studies support that inadequacy of revenue is the major reason for failure by local authorities to implement their mandate. According to (Letivan ; 2011), experience shows that in many countries the taxing powers of local authorities are simply not wide enough and the yield from existing sources is often far inadequate to meet their expenditures. (Smoke; 2003) further emphasizes that, in most developing countries, Zimbabwe included, the major challenges are weak local revenue base and lack of tax authority and lack of administrative capacity. (Mangiza; 2006) also stresses that local councils are more self- reliant with regard to finances as they have much wider tax and rates bases. (Makumbe; 2008) stated that rural district council's major sources of revenue are rates paid by local residents, property taxes from local industries; however there are less economic activities in rural areas. Thus revenue base is small thereby compromising service delivery.

However, (Fjeldstad et al; 2004) also highlighted thatin most councils, a major administrative problem is their inability to collect fully the revenue due to them. (Shilpa and Rakesha; 2013) define financial management as the planning, directing and controlling of the financial activities such as procurement and effective utilisation of funds of an organisation. (Riley; 2012) further expresses that there are three key elements of the process of financial management namely financial planning, financial control and financial decision making. According to (Malhotra; 2005) financial management optimizes the output from the given input of funds and attempts to use the funds in a most productive manner. Therefore faced with revenue constrain and mismanagement of available funds, CRDC requires to effectively implement the fundamentals of financial management in its operations. Thus the research focuses on councils' financial management deficiencies and possible strategies to ensure effective utilisation of funds in service delivery.

1.1 Statement of the problem

The research intends to analyse the effective use of funds by CRDC in the provision of social services which include primary health care. This has become a concern since council clinics have been facing drug shortages and the council has been also failing to implement proposed revenue and capital expenditures. Moreover,Chirumanzu Residents Association is complaining that council is short changing them by collecting revenue inform of fees and rates for the benefit of council staff and not for the betterment of the lives of the residents. It is therefore imperative for the council to enhance procurement of funds and their effective utilisation in a bid to curtail shortages and implementing drafted plans. This has led the researcher to carry out an investigation on the financial management strategies being implemented by the council in the procurement of funds and management of available funds.

1.2 Main research objective

To investigate the effectiveness of financial management in the performance of Chirumanzu Rural District Council and make recommendations on the most affordable and feasible financial management strategies to improve the organization's financing of its mandate for the betterment of the residents in the district.

1.3 Sub-objectives

- To identify challenges faced by local authorities in the procurement of funds.
- To identify challenges faced by local authorities in the implementation of financial management techniques.
- To determine strategies the council can use to improve its overall revenue collection.
- To determine financial management approaches implemented by local authorities in their operations.
- To identify ways to improve financial management in local authorities**.**

1.4 Research questions

- What are the challenges being faced by local authorities in the procurement of adequate funds to finance their operations?
- What are the challenges being faced by local authorities in the management of funds?
- What are the financial management techniques being implemented by local authorities?
- What are the strategies local authorities can implement to improve its overall revenue collection?
- How can local authorities improve their financial management system?

1.5 Significance of the study

<u>To the researcher</u>

- The research was in partial fulfilment of the requirements of the bachelor of Accounting Honours Degree. Its significance is that it will enhance the assessment of the student to complete the degree program. The researcher is currently pursuing at Midlands State University.

<u>To The University</u>

- The findings of the research will be useful literature for review by other researchers who may wish to undertake research on related topics.The study also provided a basis for future researches on the same subject.

<u>To the organization</u>

- This research will help Chirumanzu Rural District Council to improve its financial management, performance and decision making through recommendations that would have been highlighted. The research will also evaluate other sources of revenue Council can exploit.

1.6 Delimitations

The research is limited to Chirumanzu Rural District Council located in Mvuma. It will focus on the financial management and service delivery which is the mandate of the organization. The researcher will use the information for the years 2010 to 2012. The research is also limited to the council's finance department personnel, the CEO and the finance committee.

1.7 Limitations

The research being a case study and only limited to CRDC reduced the creditability of the data collected since data was only collected from within CRDC. The research also encounters time limitations whereby the timeframe to conduct the research that is a period of one semester tended to be short. In the gathering of data the researcher faced a limitation of financial resources to carry out a research into the community which CRDC serves.

To overcome the time and finance limitations stated above the researcher selected a sample from the council management from which to obtain relevant data concerning the research under study. The researcher also mailed the questionnaires and allowed a period of two days before the collection of the questionnaires. The researcher enhanced the credibility of the data collected by selecting a significant sample size and established a well-structured interview guide which allows anonymity within the targeted respondents.

1.8 Definition of key terms

- Local Authority – refers to a municipal council, town council, rural district council or local board. (Rural District Councils Act Chapter 29:13)

- Financial Management – refers to the process of identifying, measuring, analysing, interpreting and communicating information in pursuit of an enterprise's goals and thus has to do with planning and control (Meyer, L et al. 2012)

1.9 Summary

This chapter introduced the background of the study, statement of the problem, research objectives as well as the research questions seeking to direct and guide the research and literature review. The study area is Chirumanzu District as highlighted in the delimitation of the study and some limitations of the study were identified such as the inadequacy of resources which includes time and financial resources. The next chapter will be focusing on the literature review of the research.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter addresses the theoretical literature on financial management in local authorities. The literature concerning financial management techniques and possible methods to improve the revenue collection in a bid to boost the councils' ability to fulfil their mandate of providing adequate services are reviewed. Therefore the objective of this chapter is to explain and support the research concerns with the material cited by authentic authors through examining applicable journals and previous studies.

2.1 Financial Management in local authorities

According to the (Management Study Guide; 2010) financial management refers to the planning, organizing and controlling of financial operations in an organization such as the securing and utilization of money. In addition it is the general application of management techniques to financial resources of an organization.

(Boxex and Muga; 2009) state that, for the local authorities to efficiently provide public services and attain its strategic objectives, it is essential that public funds are well managed. In addition (Coker and Adams; 2012) stress that effectiveness in financial management in an entity is attained by organizational determination to pursue admirable performance. (Oberholzer et al; 2013) add that effective financial management is vital in councils and where there is lack of effective financial management it is often that there will be a direct adverse effect on service delivery since there is a correlation between sound financial management and efficiency in service delivery. Hence, to upkeep service delivery and deliver the required accountability, councils should formulate and maintain authentic and reliable records.

(Olowu; 2011) argues that though decentralization in local authorities brings the organization closer to the residents, critics arose on that local authorities are often weak in administrative in that they lack adequate financial management capability. In addition (Crook; 2010) states that poor financial management practices will result in the local authority's funds susceptible to either being illegally diverted by the local authority officers before benefiting the local residence or diverted away from their proposed use. (Reinikka and Svenson; 2009) also stipulate that insufficient management of local authority funds results in extensive leakages of council resources that are proposed to finance public services such as primary health services. Hence, poor performance by local authorities mitigates community'sconfidence in the organization.

Moreover, (Boex and Buga; 2009) indicate that the measuring of effective service delivery by local authorities is compound since local authorities are delegated to various deviating duties which include the providing of adequate local services and appealing to accountable governance. (Boex and Buga; 2009) add that though various approaches are implemented to measure the performance of local authorities, management in the use of financial resources is mostly incorporated as the vital dimension within a local authority's overall performance assessment. (Dennis; 2009) further examines that the relationship between a local authority's financial management and financial performance is measured using the financial indicators which include budget solvency, cash solvency, long run fiscal solvency and service provision solvency.

2.2 Reasons associated with the lack of adequate funds to finance operations in local authorities.

2.2.1 Poor financial Base

(Shilpa and Rakesh; 2013) emphasize that financial management encompasses all, from the procuring of funds to effective utilization of the funds. The procurement of funds includes the obtaining of funds and the recognition of sources of funds. However,(Adedokun; 2012) highlighted that one of recurring problems faced by local authorities in order to execute provision of services is the gradual downfall of revenue generation.At CRDC the gradual downfall of revenue generationhas been characterized by annual deficits and insufficient funds for the feasible development of the council projects. Thus poor financial base for most rural district councils in Zimbabwe hinder the councils' service provision since there will be inadequate funds to finance the operations.

(Dollery; 2009) state that rural councils are facing challenges as they operate in large geographical areas with comparatively insignificant industries and their sources of revenue does not meet the required expenditure in the provision of services. (Fjeldstad and Heggstad; 2012) also highlight that funds mobilized by many councils in developing countries are commonly insufficient to provide required services for the rapidly increasing population.(Grigorian and Davoodi; 2013) further stress that many local authorities in developing countries are largely relying on revenue gained from property tax and service charges where as other remunerative sources such as income tax and business tax are controlled by the central government. This concurs with the case of CRDC which is relying only on revenue gained from property tax and service charges which are controlled by the central government and the council has no substantial sources of revenue from other income generating activities. In similarity, (Oghenovo; 2014) adds that both government grants and own- sources of revenue are inadequate for the financing of the council's mandate which include health service delivery.

(Elock ; 2004) also emphasized that inadequate revenue in rural district councils is mostly as a result of the low financial base of the councils. In addition, (Conyers; 2007) stated that in most councils there is insufficient expansion of the tax base. Thus substantial monetary instabilities exist in most local authorities resulting in lack of funds to finance their operations. The (Zimbabwe Institute; 2005) further highlights that in Zimbabwe rural district councils raise less than 50% of their required and proposed revenue there by hindering service provision. This is in line with the case of CRDC which has been failing to realize 30% of its targeted revenues for the years 2010 to 2013.

As highlighted by most authors above rural district councils tend to have low revenue base and this vastly affects their performance as they fail to provide sufficient services. CRDC has been raising insufficient funds from the available sources forcing the council to use the revenues collected to cater for salaries and other recurrent expenditures whilst failing to fulfil the mandate of developing the council area.

On the other hand, (Crook; 2010) states that most local authorities' financial resources are adequate but the available funds are susceptible to being illegally diverted by the local authority officers before benefiting the local residence or diverted away from the council's proposed use. As a result there will be insufficient funds to adequately finance services. (Reinikka and Svennson; 2009) add that extensive leakages of council resources that would have been proposed to finance public services such as primary health services cause the inadequacy of revenue.

(Dollery; 2009) also indicated that revenue become inadequate due to unwillingness and delay by ratepayers to pay council rates and fees.

According to (Cautino; 2010) scarcity of revenue in local authorities often results in poor performance and this is manifested in poor supply of primary health care and poor water and sewerage systems in local communities. Hence the research intends to conclude whether CRDC has a poor financial base and if so, what financial management strategies can be implemented to boost the poor revenue base.

2.2.2 Inability of local authorities to procure external funds

According to (Dirie; 2009) the cumulative need for capital investment in local authorities enhances the borrowing of funds from the credit market. However, (Billand; 2006) highlights that local authorities lack the ability to recognize and designate their proposed projects in a way that is acceptable by lenders since lenders evaluate the financial condition of an organisation before lending them funds.(Dirie; 2009) also stipulates that the problem that obstructs council borrowing from the capital market is that most councils lack creditworthiness and also fail to develop bankable projects. According to (Yatta and Vaillancourt; 2010) external funds provide substantial funding to local authorities' projects and programs but the most challenge is that councils lack experience to establish project development process and realizing the relevant services required. CRDC has been failing to establish bankable projectsand determining the actual cost for developing a project which is a prerequisite before donors or lenders provides funds. Therefore in order to borrow funds from the external market, local authorities require sufficient financial information that represents their financial position and financial performance there by representing the entity's creditworthiness which is a prerequisite to lenders.

On the other hand, According to the (Rural Districts Act 29:13) local authorities funding could also be achieved from external funds which include bonds, issued stock, debentures and bills but however the Act highlights that acquiring of external funds is only done with the consent of the Minister of local governance and subject to restrictions. (Dirie; 2009) state that uncontrolled borrowing of loans by the central government might result in the insolvency of local authorities and unbalanced financial situations. Hence, according to the (World Bank; 2006) council borrowing should be regulated. This entails that the inability of council borrowing might be as a result of central government restrictions.

Therefore the research proposes to find out whether lack of creditworthiness or central government restrictions was the major cause of CRDC inability to procure external funds.

2.2.3 Unpredictability of intergovernmental transfers

(Boadway and Shah; 2009) state that local authorities are mostly reliant to intergovernmental transfers. According to the (Zimbabwe Institute; 2005) government transfers to local authorities come in form of block grants and tied grants. Grants are a vital source of money to finance services which include primary health services. However, (Fjeldstad, 2010) stipulates that the dependency on central government allocations obstructs councils' possibility to carry out their development plans because the allocations are usually unstable and delayed. CRDC is yet to be allocated grants by the central government since 2009 and this has negatively affected the council's operations.

(Marumahoko and Fessha; 2011) specifies that government grants are often secured to specific central government policy. The (Zimbabwe Institute, 2005) also highlights that intergovernmental transfers started to decline with the down fall of the macro-economic conditions as donors left following the enactment of the land reform program. (Matumbike; 2009) further pointed out that regardless that intergovernmental transfers are essential to urban and rural councils functioning; there has been no statute law to govern the consistent appropriation of intergovernmental fiscal transfers to local authorities in a coherent manner. Thus CRDC has no legal powers to claim the grants which they believe are due to them. Moreover the central government exercise random appropriation of intergovernmental transfers that is choosing at will the councils to benefit. (Davey; 2006) also highlighted that the inadequacy of own revenue by councils should be curtailed by the means of intergovernmental transfers. However, the Rural and Urban councils Act of Zimbabwe does not cater for intergovernmental transfers, therefore the supply of annual government funding occurs at the discretion of central government. (Smoke; 2003) adds that the central government officials decides the funding allocation there by determining the needs of councils without constitutional restrictions.

However, the (Ministry of Local Government of Zimbabwe; 2011) stated that the capacity of a council to absorb grants as well as the compliance with the criteria of the central government is a crucial variable in determining central government disbursements.Furthermore, (Davey; 2006) stated that most local authorities often lose the priority to be allocated grants since they tend to abuse grants and improperly account for these funds. (World Bank; 2006), observes that over reliance on grants and transfers can jeopardize the financial discipline and weaken the autonomy of the councils to set up their own budget significances. This has been always the case of CRDC as it always includes government grants in the council's revenue estimates and by so doing the council short-changes the community since actual income will extremely deviate from the proposed income.

2.2.4 Lack of skills and capacity to manage the collection of outstanding debt

According to (Fjeldstad; 2012) local authorities mostly experience challenges in collecting of revenue. (Fjeldstad; 2012) further stipulates that in developing countries, revenue collection methods for most councils are ineffective and huge amounts of revenue are not collected as they become due. (Coutinho; 2010) highlighted that lack of skills and capability to manage the collection of outstanding debts is the main cause for poor revenue collection in local authorities. Moreover, according to (Matongo and Nhemachena; 2012), poor debt collection is also as a result of poor incorporation and administration of financial management debt collection structures. Thus most local authorities lack the capacity to manage credit control. (Manase; 2006) also stated that local authorities' debt collection is hindered by lack of sufficient debt collection administration systems. Hence, it can be determined that most finance staff at CRDC has little knowledge in the collection of outstanding debts since the council is being owed large amounts of money.

On the other hand (Zivanai et al; 2014) clarified that the major challenge in the collection of debts is not lack of debt collection skills but rather, it is the shortage of transport which obstructs efforts in the collection of outstanding debts in local authorities. This is in line with CRDC current situation where by it is currently using the CEO's vehicle in the following up of outstanding debts. In addition (Fjelstad and Semboja; 2000) highlighted that the political intervention is a main obstacle to the collection of outstanding debts whereby the administration of debt collection strategies by local authorities is interrupted by the aggressive resistance by politicians. This might also be the case of CRDC as the finance committee of the council comprises of politically elected councilors.

Therefore the research study aims to confirm whether lack of financial management skills and capacity in local authorities is affecting the collection of outstanding debts.

2.3 Challenges faced by local authorities in the management of funds

2.3.1 Financial Budgeting challenges

(Roberts; 2010) states that a constraint arose on the mobilization of local authority's revenue capacity by the central government through the local authority's budget as the budget is made to pass through various stages of approval of the central government. After approval, controls on the post-budget are imposed and this further restricts the operations of local authorities.(Adedokun; 2009) further states that the delay in the approval of annual budget by the central government results in a problem in that the budget might take three months before approval resulting in the delay in the execution of local authority's operations there by hindering infrastructural facilities to be implemented. (Coker and Adams; 2012) argues that a public budget is a tool with legislative authority, which enhances the political, economic and social of a residential area in a way to recognize predetermined objectives.

On the other hand, (Thomas; 2004) indicated that most councils clearly explains their priorities and ambitions but they are less clear about their system for managing their scarce resources. Moreover, councils lack effective approaches to finance their priorities. (Joseph and Rensburg; 2002) also elaborates that most local authorities are faced with two unavoidable situations which are the changing environment and scarce resources which need reasonable selection between the available options. According to the (Zimbabwe Institute; 2005), most councils do not create authentic budgets and furthermore they frequently do not use income received according to budgeted resolutions.

Local authorities must apportion their resources and determine their budgets according to an integrated development plan which is achieved by prioritizing demands according to the scarce resources available. (Joseph and Rensburg; 2002) stated that the budget process of most local authorities is frequently not properly related to the council's planning, and is often not open to residents' participation and in most circumstances revenue is overstated there by resulting in unrealistic budgets.

2.3.2 Lack of integrated and sound accounting and financial reporting systems.

(Wiley; 2013) highlighted that residents are interested in the financial position and operating results of local authorities for them to know if there is need to change the rate charges or changes in the levels of services provided. In addition (Eichler et al; 2012) states that accurate, coherent, timely and reliable financial information makes the basis for all credit analysis. It is required for sound local authority decision-making and financial control, regardless of whether it is administrative or political. Therefore adequate financial information is essential for good local financial governance. However, According to (Thomas; 2004) some councils tend to use insufficient financial information in their decision making. (Coker and Adams; 2012) states that council accounts are not kept properly due to lack of qualified staff to manage the accounts.(Oberholze et al; 2013) state that the other problem is the failure by local authorities to recognize and comply with the acceptable accounting standards in the book keeping and preparation of financial statements.

According to (Barata et al; 2001) most Rural District Councils in Zimbabwe have an accounting structure which are not cohesive hence the system does not deliver sufficient information on which to base resolutions concerning financial management. Moreover, according to (Ministry of

Finance of Ghana; 2012), accounting systems in most local authorities in developing countries do not deliver timely and precise financial information for decision making , financial planning , procurement and asset management.

2.4 Possible ways to improve the procurement of council funds

2.4.1 Improve own sources of revenue

According to (Bahl and Bird; 2009) there are two major types of revenue for local authorities in developing countries which are own revenue and central government transfers. The (Zimbabwe Institute; 2005) specify that local authorities ensure provision of public services through the use of funds acquired from local communities, loans and grants from the central government. In addition according to the Rural District Councils Act Chapter 29:13 revenue sources for councils include rates, licenses, leases, development levies, service charges as well as government grants. Moreover with the approval of the Ministry of Local Governance, councils are allowed to borrow money from banks and other sources in the capital market. Hence, (Bird 2010) states that a comprehensive revenue system is a vital requirement in local authorities.

According to (Fjeldstad and Heggstad; 2011) an essential requirement when establishing revenue systems is the cost effectiveness of revenue collection, emphasizing not only the direct costs but also the general costs which includes the compliance costs to ratepayers. (Mbetu; 2007) also suggests that local authorities should be allowed to charge for rates in their areas of jurisdiction, subject to guidelines provided by the government. The Rural District Act compels councils to impose a rate on ratable properties with the approval of the local governance minister. (Rothschild; 2006) hence stipulated that the rate charge on property tax should be charged on the basis of the value of property as listed in the valuation roll of the council and must be paid semiannually. In addition (Zhou and Chilunjika; 2013) stated that property tax is based on verifiable factors thus it provides foreseeable revenue for local authorities. However,(Youngman; 2001) highlighted that rating of property for property tax might be biased due to shortage of skilled valuators. (Franzsen; 2007) adds that applicable property registers and data are generally limited, and if valuation rolls exist they are usually out dated and there is also lack of qualified valuers to prepare or maintain valuation rolls.

User charges are also an important source of revenue for rural district councils. (Slack; 2009) stipulates that a user fee is a charge per unit output. Hence (Zhou and Chilunjika; 2013) suggests that user fees should not be used for capital financing instead they are meant for providing public services. (Helmsing; 2000) however highlighted that most councils' user fess tend to differ in the degree to which users are charged with the proportion to their actual benefit. In this way the user charges will impose a heavy burden to users resulting in the delay of payments. Rural district councils should also venture into more income generating projects.

The Zimbabwe Rural District Councils Act clarifies that the revenue for councils shall also include income from any activity engaged in by the council. According to (Feltoe; 2002), a council may participate in commercial, agricultural and any other industrial activity to raise its revenue. However, the other projects should not be in contradictory with the goals and objectives of the other main departments of the council. For instance, according to (Jordan; 2004) the income generating projects of a council might include the sale of alcohol, the leasing of liquor market premises to the private sector would however be more cost effective since the health department of the council actively opposes the consumption of alcohol.

2.4.2 Improve Council Billing System

(Coutino; 2010) highlights that, local charges are not generating adequate revenue for most councils in Zimbabwe. (Coutino; 2010) also emphasizes that this is because charges such as water bills are usually billed at sub-economic levels. Hence, most local authorities in Zimbabwe do not implement cost recovery systems which directly matches the amount of money paid to consumption. For instance, (Jonga and Chirisa 2010) stipulates that clinic fees are not charged on the basis of cost recovery, and the fees charged do not cover even a quarter of the cost of drugs in stock. This results in the primary health care department being subsidized by other cost centers in the council. According to (USAID; 2006), local authorities can improve its revenue collection through accurate billing. Thus the more reasonable the charges are, the more the possibility that people will pay.

According to the Accounting Handbook for Rural District Councils in Zimbabwe, for the collection and enforcement of levies and rates the council has to send written notification of amount payable to rate payers and permits at least 30 days before the amount becomes due. . (Bird; 2007) states that the billing process is the primary mechanism that derives all the cash flow and the main source of information to consumers. Hence it is essential that the billing is done accurately since invoices that do not reflect clearly the nature and quantity of services delivered might result in non-payments. (Coutino; 2010) adds that in order to facilitate revenue generation local authorities have to bill their customers on a regular basis

2.4.3 Implement procurement of funds from the Capital market and other sources of loan capital

According to (Yatta and Vaillancourt; 2010), in many countries local authorities are given the right to acquire funds from the external market to finance projects and programs. (Stamer; 2010) highlights that in order to enhance financing for projects, councils should be able to prove to lenders about their sources where the money to repay debts will come from. For instance the current general revenue or revenue received from the financed project itself once completed. Thus, the more well established the source of repayment, the more secure the lenders will be.

Local authorities borrowing enhance the flexibility of long-term investment planning. (World Bank; 2006) stipulates that since local authorities are given full responsibility for their investment decisions, local authorities borrowing provides incentives for improving project, budget transparency and financial management. According to (Dirie; 2009) increasing demand for infrastructure development is accelerating the need of capital borrowing.(Matumbike; 2009) also highlights that the need for municipal infrastructure development in local communities enhances the need for local authorities to gain access to long term financing for relevant capital expenditures. Thus, the ability of borrowing is authorized by the Minister for capital development projects such as acquisitions of immovable property and acquisition of plant and equipment.

On the other hand, (Davey; 2014) adds that central government policies should authorize local authorities to borrow funds for investment and will be essential to enact limits to avoid excessive debt. In addition (Davey; 2014) suggests that the government must establish sources of capital funds for councils for instance banks which will be providing municipal credits at affordable interest rates.Therefore if the central government provides councils full responsibilities concerning investment decisions, borrowing of funds from the capital market will hence provide sufficient funds for financing municipal projects.

2.5 Possible financial management practices to be implemented by local authorities

2.5.1 Financial Planning

According to (Riley; 2012) management should ensure that adequate funding is available at the exact time to meet the requirements on an organization. The Rural District Act defines a budget as the plan for local authorities for a financial period usually a year, which consists of income from council's own sources, government grants and other revenue sources and how the total income will be allocated to expenditures in accordance with objectives and priorities. Hence, the council budget together with explanatory notes establishes the critical financial management for the council since it forms the legal and operational basis for the implementation of the council's mandate.

(Marumahoko and Fessha; 2010) state that the insufficiency of revenue collected by local authorities can be proved in various ways this include an analysis of the budget which reveals differences between revenue and expenditure that is the existence of a budget deficit persuasive indication of inadequate revenue. (Thingan; 2008) also highlighted that the roles of a budget include correlation, comparisons and coordination of the council departments which is an essential tool for financial performance. He further indicated that in the absence of a budget councils will raise and spend money based on individual preferences. Thus, legislatures exercise effective control over the executive with the use of budgets there by enforcing effective financial management. (Saleemi; 2009) adds that a budget is a compelled way of planning and it provides clear guidelines to assure that funds are fully utilized to attain certain goals of an entity. (Welsh, 2012) also stated that a budget sets down the objectives of expected performance and it enhances operations towards a common goal. On the other hand, (Pandey; 2009) highlighted that for an effective budgeting system, a sound organizational structure is required which vividly indicates responsibilities of each department and staff hence controllable costs for each responsibility area should be shown separately for planning and controlling purposes.

However, (Wiley; 2013) argues that a budget might be used as an instrument to assess performance of local authorities and this distinctive is normally of less beneficial in local authorities than in the commercial industries. (Wiley; 2013) adds that for a budget to be effective, a contrast of budgeted and real outcomes should be made and consideration of the local authorities' accomplishments. (Kapil; 2010) further indicates that the drawbacks in financial planning include that the future is uncertain, local authorities lacks flexibility of management and lack of relevant information.

2.5.2 Budgetary process in local authorities.

(Joseph and Rensburg; 2002) stipulated that local authorities are liable to produce annual budgets which include information relating to council's operating expenditure and income, capital expenditure, charges for levies and services as well as the infrastructure investment programs. (Adamolekun, 2011) states that a budgetary system involves four different stages which are; preparation, authorization, implementation and budget monitoring and evaluation. In Zimbabwe the budget is prepared in terms of Section 121 of the RDC Act. The budgetary process starts by the reviewing of policies, guidelines and by-laws by the different committees followed by, review of the budget performance (what was planned and what actually happened), setting guidelines or parameters for the next year's budget (consultation of the community), review of charges by different committees, consolidation of committee budgets and approval by the community council. The budget is then advertised according to RDC Act section 104. If there are any objections from the local residents the council will consider the objections and resubmit the revised budget. When the final budget has been compiled it is availed for public inspection free of charge and three copies are sent to the Minister of local governance.

In addition, (Coker and Adams; 2012) highlighted that the extent to which public budgeting accomplish set objectives depends on the strict loyalty to the rules and norms for public budget making process. (Mikesell; 2009) stated the rules and norms as follows; comprehensiveness where by the budget includes all receipts and expenditure of the council, unity where by consistent evaluation criteria is to be used to both revenue and expenditure, exclusiveness where by only financial matters are to be included in the budget, annuality whereby the budget is prepared yearly for each financial period, accuracy where by the forecasts are to be reasonable and reliable and publicity where by the budget is to be presented to the public not be a secret.

However, (Ojo; 2009) observed that obtaining an approved final budget often is difficult as it involves numerous scrutiny and delays by the central government officials and in various cases political priorities overcomes economic attentions. The approved budget will then authorize the council to collect revenue and spend funds during a financial period.

2.5.3 Financial Monitoring and control in local authorities

According to (Elena; 2014), application of efficient financial controls over the receipt, distribution and spending of council funds is an essential function of financial management. (Elena; 2014) adds that recent financial relations need expert management by local authorities, who will guarantee the effective management of funds. Moreover, (Ayapere and Buseni; 2013) asserts that financial performance should be observed to obtain assurance that financial records and accounts are being maintained precisely, objectives are being met, fraud and mistakes are prevented and identified and suitable preventive and corrective actions are implemented. However, (Mustafa and Serdar; 2007) mentioned that most local authorities lack the capacity of qualified staff to carry out the crucial responsibilities related with financial controls.

Hoque (2009) states that a common nature of control is that it emphasizes on the performance and monitoring of operations that enable the achievement of the council's objectives. (Pun and White; 2005) also stressed that the monitoring of performance of an organization requires that the management should first recognize the critical activities that determines financial results and ascertain ways to measure them. (Cingula; 2006) further states that controlling is a significant process within corporate governance, and other stakeholders who are interested in the performance results of organizations involved in public well-being, should consider the significance of control.

According to (Shilpa and Rakesh 2013) the financial manager has an obligation to check the financial performance of the monies invested in an organization. This requires various techniques which include the evaluation of performance using return on investment, budgetary control, cost control, internal controls and ratio analysis. (Cingula; 2006) also highlighted that accounting reports, in the form of variance analyses, shows where and when there are control gaps which could result in the deviation from the expected results. (Crowther; 2004) also observed that the accurate nature of the quantitative information enables the evaluation of performance a precise exercise. (Eldenburgh et al., 2010) highlighted that variance analysis might be used to improve operating plans so as to increase efficiency and improve profitability.

Therefore to upkeep service delivery and deliver the required accountability, councils should formulate and maintain authentic and reliable records. (Cingula; 2006) also highlighted that accounting reports, in the form of variance analyses, shows where and when there are control gaps which could result in the deviation from the expected results. (Mear and Fynn; 2011) in companies managers are held to account by the owners through a series of accounts showing how money has been used and with what results.

2.5.4 Financial Decision making

According to (Riley; 2012) the fundamental aspects of financial decision-making include investment financing. An essential financing decision is whether revenue received by an organization should be retained or invested. (Malhotra; 2009) asserts thatonce the requirements of funds have been projected, a decision concerning several sources from where the monies would be obtained is to be made. For instance a finance manager has to prudently examine the existing capital structure and realize how the different plans of raising funds will affect it. Thus he or she is to retain a suitable balance amongst long and short term monies and to ensure that adequate funds are raised. In addition the (Management study guide 2013) stated that the finance manager has to decide to allocate monies into profitable projects to achieve safety on investment and fair returns.

(Shilpa and Rakesh; 2013) also highlight that local authorities' funds are obtained from various sources and should be wisely invested to enhance the return on investment. Thus when making decisions on the investment of funds, a careful analysis between different alternatives have to be made making use of opportunity cost analysis and other techniques used to assess investment proposals. For instance long term funds should be invested in an organization's working capital.

2.5.5 Financial Accountability and Transparency

(Tooley et al; 2012) suggested that councils must be very accountable and transparent when carrying out their respective duties. (Cameli; 2010) further highlighted that the community benefits from council's practical application of an essential method of accountability. Thus as proposed by (Ryan et al; 2002) the degree of accountability in councils can be consistently determined through annual financial report disclosures. (Pilcher and Dean; 2009) stated that financial information relating to council's financial performance is often represented in two ways which are internal reports for management and councilors and external reports for stakeholders which include residents and the central government

According to (Andrews et al; 2005) financial performance information include the primary features of service performance which comprise of value of money, efficiency, effectiveness and excellence. (Connolly and Hyndman; 2004) further stipulated that financial performance information enables management to emphasize on the importance of the community and ratepayers thereby discharging accountability.

However according to (Coker and Adams; 2012), there is lack of accountability and transparency in most rural district councils since as books of accounts are manipulated and pilferage of funds due to irresponsibility. Moreover, audit reports are channeled to suit political desires hence they become less functional to administer transparency and accountability. Moreover, (Dauskardt; 2010) also mentioned that accountability and transparency in the management of funds by most local authorities are insufficient as there are often no present audited and unaudited financial information. (Dauskardt; 2010) further highlighted that most councils lack reliable financial information at which financial management is centered on and without precise and readily available financial information, council staff face challenges to exercise their responsibilities on council operations and expenditure. This is the case of CRDC as it is currently preparing its financial reports manually which is prone to human errors and manipulation and the council is facing challenges in presenting an accurate view pertaining to its financial situation.

2.6 Summary

The literature review emphasised on what different authors and researchers have said about the financial management in local authorities as well as the effectiveness of financial management to service delivery of local authorities. Chapter 3 looks into the ways that are going to be used to obtain an insight as to what council officials, councillors and the community have to give their views on the management of funds and resources by the council. Hence, different techniques to be used are discussed.

CHAPTER 3

RESEARCH METHODOLOGY

3.0 Introduction

This chapter outlined the techniques adopted by the researcher to collect the relevant data and its subsequent analysis. Research methodology includesthe strategies that researchers implement to guarantee that their research can be reviewed and conformed. Hence this section emphasises on research design, population, sample and sampling procedure, instruments, data collection, presentation and analysis procedures. It also describes the steps which are taken to protect the validity and authenticity of results and also the crucial consideration that are inherent in the study.

3.1 Research design

For the purposes of this study, the researcher used qualitative research design. According to (Saunders et al; 2012), qualitative research design consists of any data collection methods or data analysis procedures that generate or use non-numerical data. The researcher used questionnaires and also conducted interviews to seek to clarify results in questionnaires.Qualitative research enabled the researcher to gather data on people's understandings using flexible verbal and also enabled the researcher to observe characteristics of the population behavior.

The research under study, being a case study research, enhances the qualitative research design in that a case study has a significant capacity to produce solutions to the questions; why, what and how. Moreover, the researcher used a case study and qualitative research design in order to attain a comprehensive and in detail understanding of the context of the study and the strategies being implemented in the financial management of CRDC. In addition, the objective of qualitative research is to obtain and develop intensive, reliable and descriptive interpretations of financial management practice at CRDC. The analysis of data was however made quantitatively basing on the qualitative data collected.

3.2 Study Population

The researcher targeted a population which consisted of the treasurer and the finance department staff, the Chief executive officer and administration staff, council chairpersons and the finance committee. Thus the study population comprised of forty five members from the selected CRDC officials and councillors.

3.3 Sampling

The researcher did not use the whole population but a sample since the members of the population share the similar organisational goals and a sample is necessary to represent the characteristic of concern which is the financial management and service delivery of the council. The advantages of using a sample include that sampling enables gathering of essential information quickly and also cut costs. This is supported by (Saunders et al; 2012) who stated that sampling is an alternative method to census where there are budget and time constraints.

3.3.1 Sampling Techniques

To select the sample elements the researcher used non-probability sampling method of judgemental sampling. (Remenyi et al; 2009) states that judgemental sampling is when a sample is drawn where by the members are nominated with a precise purpose in consideration such as their possibility of representing best pattern in a specific subject. That is, such a sample includes persons considered to attain knowledge and material to deliver valuable ideas and perceptions. Hence the researcher adopted this method with the motive of including all senior staff in the finance and administration department as their positions give them a privilege to have an insight on the financial matters of council and could conform to a certain criterion.

3.3.2 Sample Size

(Haralambos; 2001) postulate that at minimum 33% of the study population can be used as a sample. Thus the larger the sample size, the greater the accuracy of the data to be collected.

Table 3.1 Sample size of the research population

Targeted Respondent	Population	Sample size	Percentage of population drawn as sample
Treasurer and Finance department	13	5	38.46%
CEO and Administration staff	20	7	35.00%
Council Chairpersons	7	3	42.86%
Finance Committee	5	2	40.00%
Total	45	17	37.78%

3.4 Data collection Procedures

The researcher used primary data collection methods. The primary data that was collected for the purpose of this study was attained by carrying on interviews and the use of questionnaires. The researcher implemented primary data collection method because it gave rise to the accumulation of current and relevant data, which was essential for the conclusions and recommendations for the research under study.

3.5 Research Instruments

3.5.1 Questionnaires

According to (Saunders et al; 2012), a questionnaire is a data collection technique where by every individual is asked to answer to the similar set of questions in a prearranged order. Thus, in a questionnaire the respondents read the questions, understand what is required then answer the questions by writing down the response.

For primary data collection the researcher used self-completed questionnaires which are answered by the targeted respondents. The researcher personally delivered questionnaires to the selected sample clarifying and imparting confidence in the respondents concerning the security of the council's confidential information that would have been gathered.

The reasons why the researcher opted for the use of questionnaires include that it is cost effective in terms of time and travelling costs as the researcher could post the questionnaires to the respondents. Moreover the questionnaire provides opportunity for anonymity where by respondents can opt to be anonymous and this enhances self-confidence in them. Hence, the likelihood of the respondents' integrity is greater that is their responses are more likely to be realistic, truthful and honesty. The use of questionnaires also enables the researcher to present data in tables, charts and graphs so that the data becomes meaningful.

3.5.2 Likert Scale

In the questionnaires, the researcher used rating questions that use the likert-style rating. According to (Davies; 2007) likert scale of rating is wherebythe respondents would fill in how they tend to agree or disagree to the provided possible solutions relating to each research question. Hence, it was easy for the respondents to answer as choices were provided. Since the respondents could select from specified options, the risk of inappropriate responses was also restricted.

3.5.3 Personal Interviews

The researcher also made use of semi- structured interviews to complement questionnaires. According to (Saunders et al; 2012) semi-structured interviews involves that the researcher will have strategic questions to be comprehended although they may vary from one interview to another. That is the order of the questions may differ concerning the flow of the dialogue and supplementary questions may be brought in to boost the research questions.

The researcher used personal interviews as they enabled face to face communication amongst the researcher and respondent. The advantages of personal interviews included that the researcher could check the questions for consistency. Moreover through personal interviews the researcher had the chance to bring in further questions thereby obtaining precision concerning a response to any question. The personal interviews also gave a chance for informative and enlightening responses.

3.6 Reliability

Reliability includes the magnitude at which data gathering is free from bias and errors. The research used more than one research instrument for data collection so as to enhance anonymity and eliminate subject or participant bias since respondents might provide answers to please their bosses. Reliability also includes the degree of consistence thus in the collection of data the research made use of a significant sample size of 37.78% of the total population.

3.7 Validity

(Saunders et al; 2010) highlighted that validity encompasses the degree at which the gathered data provided by a research method truly define the features it is anticipated to measure.To enhance the validity of the research the researchertargeted the research population which comprises the department of finance members, the CEO and the finance committee as they attain the required knowledge of CRDC financial matters. Moreover, as postulated by (Haralambos and Holbon; 2012) the research used 33% of the study population as a sample thus the data collected purports what it is really intended to. The questions in the questionnaires and interview guide were also made in such a way that they fully address the research questions and objectives. The data gathering techniques were implemented in such a way that they eliminate ambiguity that is they seek to obtain clarification about the findings and provide a clear.

3.8 Data analysis and presentation

According to (Joseph et al; 2009) data analysis is a method of reviewing, altering and modeling data with the objective of emphasizing useful information and proposing conclusions. After gathering data, the researcher organized the data and clustered it according to their relevance to the study. In the analysis and presentation of data both qualitative and quantitative methods were implemented.

3.7 Summary

This chapter looked at research methodologies used in this study. Interviews and questionnaires were the major approaches of data collection implemented to gather applicable data so as to attain the main goal of the research study.The next chapter will look at data presentation and analysis.

CHAPTER 4

DATA PRESENTATION AND ANALYSIS

4.0 Introduction

This chapter presents the data collected from the respondents in the form of questionnaires and interviews as well as secondary data. Data is represented in form of tables, graphs, and pie charts. The data is then interpreted and analysed in accordance with the research findings.

4.1 Qualitative and Quantitative Presentation and Analysis of Data

4.1.1 Analysis of questionnaire response rate

Table 4.1: Questionnaire Response rate

Description	Questionnaires issued	Questionnaires responded	Response rate %
Chief Executive Officer	1	1	100
Treasurer	1	1	100
Administrator	1	1	100
Executive Officers Finance	3	3	67
Assistant Executive Officers	5	4	80
Revenue Clerks	4	4	100
Council Chairpersons	2	1	50
Total	**17**	**15**	**88**

As highlighted by table 4.1, for the gathering of data, 17 questionnaires were issued to the targeted sample which consisted of Chief executive officer, treasurer, administrator, finance officers and council chairpersons. However at the date of consolidation 15 questionnaires were received by the researcher giving a response rate of 88%, this illustrates the willingness of the targeted sample members to take part in the research. Thus content validity is met as the received questionnaires significantly provide the capacity of data the sample is designed to determine. The received questionnaires also enhance the reliability of the gathered datathus the data collected will be materially utilized in the data presentation, analysis and recommendations of the research under study. The response rate gathered in the questionnaires is tabulated below.

4.2 Challenges being faced by local authorities in the raising of revenue

The question was meant to determine the challenges being faced by councils in the raising of adequate revenue to finance their operations. Questionnaire responses pertaining to the question is highlighted in the table 4.2 below:

Table 4.2: Responses on the challenges faced by councils in the raising of revenue

	Strongly Agree	Agree	Not sure	Disagree	Strongly Disagree	TOTAL
Poor Financial base	8	6	-	1	-	15
Unpredictability of government grants	9	4	-	2	-	15
Lack of skills and capacity to manage the collection of outstanding debts	3	8	1	2	1	15
Inability to acquire external funds	6	6	-	2	1	15

4.2.1 Poor financial base

Table 4.2 indicates that 8 out of 15 (53%) of the respondents strongly agree and 6 out of 15 (40%) of the respondents agree that poor financial base in local authorities contributes to challenges being faced by the council to raise adequate funds. On the other hand only 1 out of 15 (7%) of the respondents disagree that poor financial base is hindering the raising of adequate revenue to finance the council's operations. 0% of the respondents strongly disagree and also 0% of the respondents were unsure that the council has a low financial base.

Therefore, in total, 93% of the questionnaire respondents are in agreement that poor financial base is a challenge that is faced by CRDC in the raising of adequate revenue. The revenue which is being collected by the council is insufficient for the implementation of its mandate and this is due to insufficient sources of revenue.

The agreement that councils have low financial base to raise adequate funds to finance their operations was also highlighted by (Fjeldstad and Heggstad; 2012) when they stipulated that funds raised by many local authorities in developing countries are frequently insufficient to provide required services. (Elock; 2004) further indicated that the inadequacy of the revenue collected is due to the low financial base in councils.

A total of 7% of the questionnaire respondents object that the council has a low financial base. There are several cases of corruption and cash embezzlement by the council's officials, this on the other hand deprives the raising of adequate funds. These findings concurs with the findings by (Crook; 2009) who postulated that most council funds are susceptible to being illegally diverted before benefiting the community.

The mode of the results obtained from the questionnaires is 8 out of 15 respondents and these strongly agree that the council has a poor financial base which contributes to the failure by council to raise adequate funds. Therefore there is a necessity to come up with more sources of revenue to sustain the operations of council.Thus financial investment decisions are essential for the council to venture into other income generating projects.

4.2.2 Unpredictability of government grants

As shown in table 4.2; 60% (9/15) of the respondents strongly agree and 27% (4/15) of the respondents agree that inadequate revenue raised by the council is due to unpredictability of government grants. Of the respondents 13% (2/15) disagree, 0% was not sure and 0% strongly disagrees.

Therefore, the total of 87% which constitutes the mode of the responses indicates that councils are adversely affected by the irregularity of government grants. This was influenced by that fact that from the year 2009, CRDC is yet to be allocated grants by the central government hence this constitutes a strong certainty within the respondents that the government is neglecting them. This concurs with the conclusion that was provided by (Mutumbike; 2009) that in many developing countries there has been no statute law to govern the consistent and coherent appropriation of intergovernmental transfers to local authorities. (Mutumbike; 2009) further concluded that the central government exercise random appropriation of intergovernmental transfers whereby they choose at their will councils to benefit.

On the other hand only a total of 13% of the respondents disagrees that government grants are unpredictable and that the government is negligence. This coincides with the findings of (Davey; 2006) that most local authorities often abuse grants and improperly account for them hence by so doing they will lose the priority to be allocated grants by the central government. In addition the (Ministry of Local Government of Zimbabwe; 2011) also highlighted that grants are allocated in compliance with the required criteria and most councils lack the capacity to absorb grants.

The highest frequency of the questionnaire responses is 60% of the respondents and these strongly agree that the government has not been fulfilling its obligation to disburse grants to local authorities. Thus unpredictability of government grants contributes to the council's failure to raise adequate funds. Therefore council's dependency over government grants should be eradicated by venturing into other income generating schemes.

4.2.3 Lack of skills and capacity to manage the collection of outstanding debts

Table 4.2 highlights that 20% (3/15) of the respondents strongly agree as well as 53% (8/15) of the respondents agree that councils lack skills and capacity to manage the collection of what is due to them. Those who are uncertain about the issue constitute 7% (1/15) of the respondents, 13% (2/15) and the other 7% (1/15) of the respondents disagree and strongly disagree respectively, that the council does not have adequate skills and capacity to enhance the collection of outstanding debts.

In total, 73% of the respondents support that councils lack skills and capacity in the collection of outstanding debts. CRDC personnel were not implementing effective strategies in the collection of outstanding debts and the council's capacity to implement debt collection strategies was limited to the ministry's authority. This outcome is in line with the findings by (Matongo and Nhemachena; 2012) who stated that there is poor debt collection in local authorities which is as a result of poor integration and harmonization amongst the financial management credit control and debt collection structures. Moreover, (Manase; 2006) also highlighted that lack of sufficient debt collection administration systems is hindering the collection of outstanding debts.

On the other hand 7% of the respondents were uncertain and a total of 20% of the respondents object that local authorities does not have adequate skills and capacity to manage the collection of outstanding debts. CRDC finance department officers are deemed to have knowledge and skills in both accounting and finance as they attain their positions based on respective academic qualifications. However, the major challenge in the collection of outstanding debts is prominently affected by the lack of transport and the interference of political powers. The council was using the CEO's vehicle which is not readily available for debt collection. This finding is in agreement with (Zivanai et al; 2014) who specifies that shortage of vehicles in councils is obstructing efforts in the collection of outstanding debts. In addition (Fjelstad and Semboja; 2000) also emphasize that political demands is another obstacle to the collection of outstanding debts.

Generally, the highest frequency of the responses is 53% of the respondents, who agree that the council's challenges in the raising of adequate funds include that the council lacks skills and capacity to manage the collection of outstanding debts as they fail to enhance prompt payments and curb the time value of money. Therefore there is need to enhance and implement effective debt collection approaches in the council.

4.2.4 Inability of the council to acquire external funds

As indicated by table 4.2; 40% (6/15) of the respondents strongly agree and also 40% (6/15) of the respondents agree that inability of councils to acquire external funds contributes to the council's challenge in the raising of adequate funds to finance their operations. The respondents who disagree and strongly disagree are 13% (2/15) and 7% (1/15) respectively. 0% of the respondents were unsure.

The respondents who confirmed that councils lack the ability to acquire external funds made up the highest frequency of 80% in total. This is complemented by the fact that the council has insufficient financial information to provide to lenders in the capital market and that the acquiring of funds from the capital market. Thus the council lacks creditworthiness and there are no willing lenders in the capital market since most councils have a history of non-payment of debts. These were also the findings by (Billand; 2006) who postulated that most rural councils lack the ability to recognize and designate their proposed projects in a way that is acceptable by lenders.

A total of 20% of the respondents disagreed that the council is unable to acquire external funds. The belief is that the central government restricts council borrowings as the Act only allows the borrowing for capital expenditure and prohibits borrowing for recurrent expenditure and council borrowing is only done with the minister of local governance's consent. This is in line with (Davey; 2014) who suggested that the central government must establish sources of capital funds for councils for example banks which will be providing municipal credits at affordable interest rates.

The highest frequency of the data however constitutes 40% of the respondents who were in agreement, this entail that the council is relatively failing to acquire external funds. Therefore the council should produce adequate financial information that represents their financial position and performance there by representing the entity's creditworthiness which is a prerequisite to lenders.

4.3 Challenges being faced by local authorities in the management of funds.

The question was intended to determine the challenges being faced by local authorities in the management of funds. The questionnaire responses relating to the question are indicated in the table below:

Table 4.3:Responses on the challenges faced by councils in the management of funds

	Strongly Agree	Agree	Not sure	Disagree	Strongly Disagree	Total
Delay in the approval of the financial budget	8	5	1	1	0	15
Lack of clear and realistic plans	3	6	0	4	2	15
Lack of an integrated system of accounting and Financial reporting	8	6	0	1	0	15
Excessive Government Intervention	4	3	1	5	2	15

4.3.1 Delay in the approval of the budget by the central government

Table 4.3 above illustrates that 8 out of 15 (53%) of the respondents strongly agree, 5 out of 15 (33%) of the respondents agreed whilst 1 out of 15 (7%) were unsure and also 1 out of 15 (7%) of the respondents disagree that the delay in the approval of the budget was a constraint into the preparation and implementation of the council budget. 0% of the respondents strongly disagree.

In total, 86% of the respondents supported that the challenge faced by the council in the preparation of the financial budget is the delay by the central government in the approval of the budget. This accords with the fact that the Ministry of Local Governance usually take two to three months before approving the council's proposed budget thereby suspending the implementation of the council operations. This concurs with the findings by (Roberts; 2010) who mentioned that a constraint in the administration of local authority's operations is that the approval of the budget is delayed by the central government as it is made to pass through various stages of approval.

On the other hand 7% were unsure and also a total of 7% of the respondents disagreed that the delay in the approval of the budget by the central government was a challenge being faced by the council in the establishment of the financial budget. The council also often delays in the compiling of its budget elements since it prepares the budget manually.

However the findings of the data stipulates that the central government delay in the approval of the council budget affects the implementation of the council operations hence there is need for decentralization of local authorities' activities especially in the budget preparation.

4.3.2 Lack of clear and realistic plans

As indicate by table 4.3, the questionnaire respondents who strongly agree that the council lacks clear and realistic plans in the preparation of financial budget constitute 20% (3/15) of the total respondents, 40% (6/15) of the respondents agreed while 27% (4/15) of the respondents disagree and 13% (2/15) of the respondents strongly disagree. 0% of the respondents were unsure.

A total of 60% of the respondents supports that councils have unclear and unrealistic financial plans for the preparation of annual budgets. The researcher gained access to both 2012 and 2013 CRDC financial budgets which did not clearly indicate the council's expenditure and revenue priorities. This hence coincides with (Joseph and Rensburg; 2002) who stated that many councils are faced with the changing environment and scarcity of resources that need reasonable selection and prioritization between available options.

A total of 40% of the respondents opposed that the council lack clear and realistic plans. This is supported by the fact that the council's budgetary process involves several phases which enable the council to cater for all required budget elements. Each department is made to provide their relevant expenditure estimates in line with the overall council revenue and by doing so bias in the budget elements is minimized. This concurs with (Adamolekun; 2011) who stated that a council budgetary system involves four different stages which are the preparation phase, authorization, implementation and budget monitoring hence reliable estimates and plans are included in the budget.

The mode of the responses is however 60% of the respondents who were in agreement that the council lacks clear and realistic plans in the establishment of annual budgets. This depicts that there is need for the council to update its records and come up with accurate and realistic financial plans.

4.3.3 Lack of integrated system of accounting and financial reporting

Table 4.3indicates that 8 out of 15 (53%) of the respondents strongly agree that CRDC lacks an integrated accounting and financial reporting system, 6 out of 15 (40%) of the respondents agree whilst only 1 (7%) of the respondents disagreed that the council lacks an integrated system of accounting and financial reporting. 0% of the respondents were unsure and also 0% of the respondents strongly disagree.

A total of 93% of the respondents supports that CRDC do not have an integrated accounting system there by faces a challenge in the management of funds and financial resources. This coincides with the researcher's observation that there is a split amongst CRDC financial accounting departments that manage and keep transactional records and the finance departments that authorizes and controls financial transactions. Moreover the researcher observed that the transaction records were being prepared manually and were being filed thereby creating large volume of paper work. This hence concurs with the findings by (Barata et al; 2001) that most local authorities in Zimbabwe have an accounting structure which is not interrelated hence the system does not deliver sufficient information on which to base resolutions concerning financial management.

On the other hand a total of 7% of the respondents object that the council lacks an integrated accounting system. This is supported by that the council adheres to the accounting procedures and responsibilities which are set by the Accounting Procedures Manual issued under the Zimbabwean legislation.

As the highest frequency of the respondents supports that lack of an integrated accounting system impedes the management of council financial affairs, there is need for the council to adapt to a well-defined computerized environment and use of up to date accounting packages.

4.3.4 Excessive central government intervention

As indicated in table 4.3, 27% (4/15) of the respondents strongly agree that excessive central government intervention is negatively affecting the council's financial management, 20% (3/15) of the respondents agree and 7% (1/15) of the respondents are uncertain that the central government intervention is negatively affecting the management of funds. 33% (5/15) of the respondents disagree and 13% (2/15) of the respondents strongly disagree that government intervention in the council's affairs is negatively affecting its operations.

In total 57% of the respondents supported that the central government has been excessively intervening the council's financial affairs there by negatively affecting its financial operations and performance. The justification is based on that the Ministry of Local Governance frequently disrupts the council's precedencies on revenue and expenditure thus there is extreme centralization of decision making concerning opportunities and priorities for the council's financial operations. Moreover, the central government always delays in the approval of the council's financial policies and financial budget. This result coincides with (Smoke; 2003) who stresses that the central government can disrupt council priorities on revenue and expenditure and this affects council's financial performance.

On the other hand a total of 53% of the respondents disagree that government's intervention is negatively affecting the council's financial operations. This finding is supported by the fact that the central government control is essential to avoid or minimize probable financial mismanagement by the council and this is done by ways of capital loan restrictions and periodical audits. This coincides with (Dirie; 2009) who stated that uncontrolled borrowing of loans might result in the insolvency of local authorities and unbalanced financial situations. In addition the central government also protects the council staff against unfair and subjective dismissal by most biased councillors.

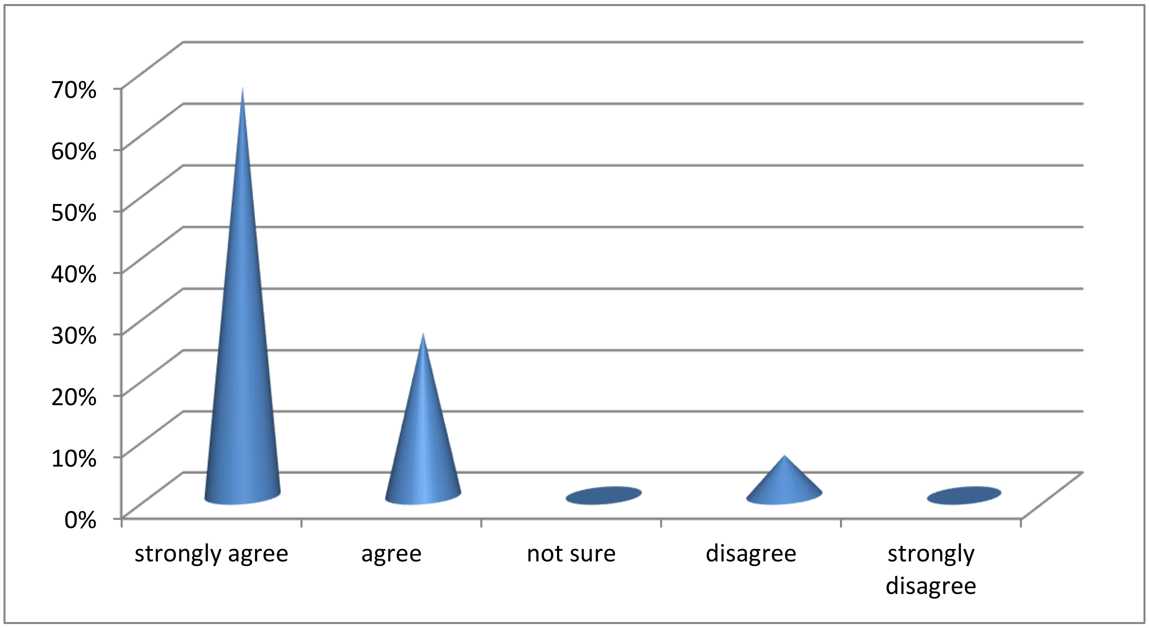
However the highest frequency of the data indicates that there is excessive government control in the council's financial affairs and this is negatively affecting the achievement of council goals and mandate.

4.4 Ways at which the council can improve its overall revenue collection

The question was aimed to identify the possible strategies which the council can implement to improve its overall revenue collection. Questionnaire responses pertaining to the suggested solutions are clarified below.

4.4.1 Increase own sources of revenue

Figure 4.1 Responses on the increase of revenue sources



From figure 4.1 above; 67% (10/15) strongly agree, 26% (4/15) agree while only 7% (1/15) of the respondents disagree that the council should increase its own sources of revenue. 0% was unsure and also 0% of the respondents strongly disagree.

A total of 93% of the respondents concurs that the council should increase its own sources of revenue. In a bid to curtail inadequacy of revenue there is need for the council to stimulate its revenue base by introducing more revenue sources since the available revenue sources postulated by the central government have been proven to be inadequate since the council is failing to fulfill its mandate of service provision. This coincides with (Feltoe; 2004) who stated that local authorities might participate in commercial, agricultural and any other industrial activity so as to increase its revenue base.

On the other hand 7% of the respondents opposes that the council should increase its sources of revenue. The belief is that the revenue sources are adequate; however, council is failing to collect from these sources owing to poor revenue collection strategies and cash pilferage by the council officials. This is in line with (Bird; 2010) who stated that a comprehensive revenue collection system is an essential requirement in local authorities. (Franzsen; 2007) further indicated that in the charging of property rates most councils lack qualified personnel to properly prepare and maintain valuation rolls thereby impeding the raising of revenue from property taxes.

Generally, the mode of the data is 67% thus the respondents strongly agree that current sources of revenue for councils are inadequate to sustain council's needs and therefore there is need to increase council sources of revenue.

4.4.2 Implementing effective debt collection methods.

Figure 4.2 Responses on the implementation of effective debt collection methods

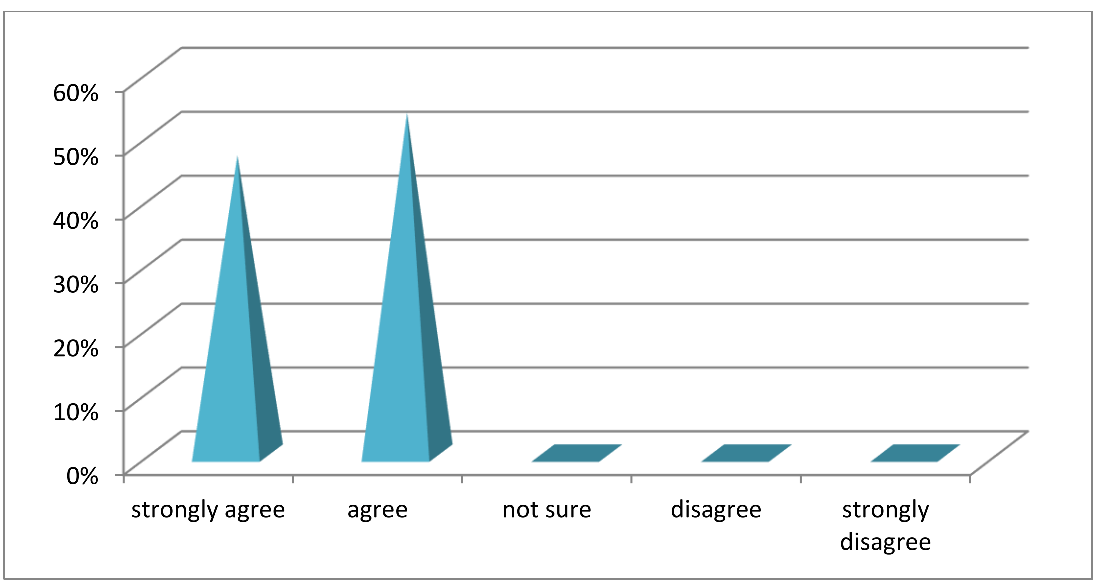


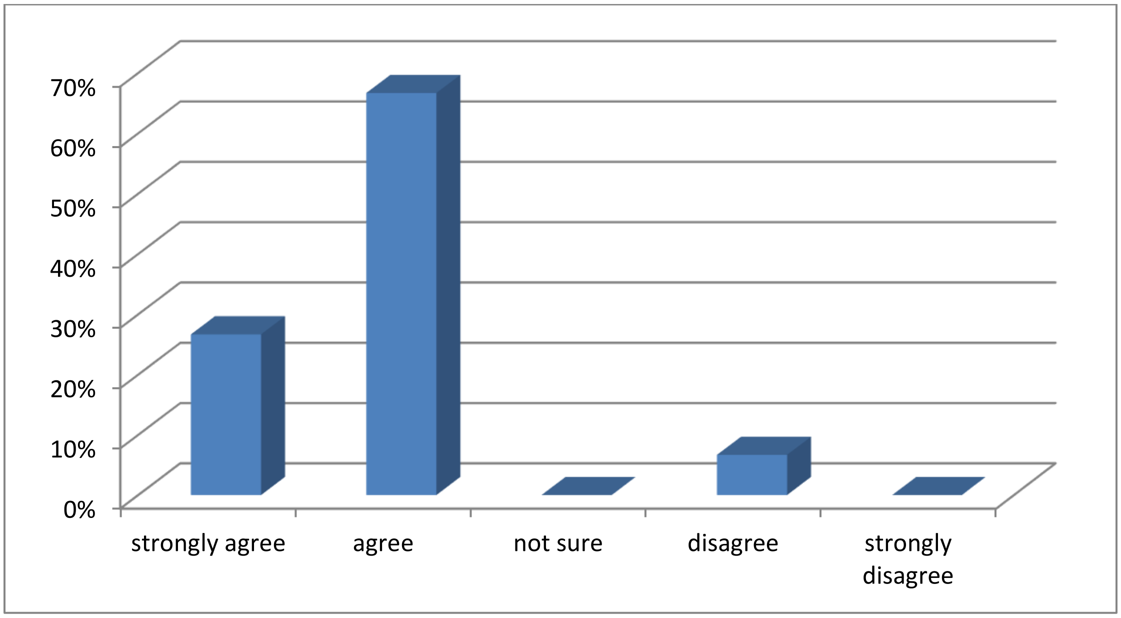
Figure 4.2 above indicates that 47% (7/8) of the respondents strongly agree and 53% (8/15) of the respondents agree that implementing effective debt collection strategies will improve the council's overall revenue collection. Thus 0% of the respondents disagrees, strongly disagrees or is uncertain that implementing effective debt collection methods will boost the council's overall revenue.

In total, 100% of the respondents concurred that in order to increase revenue from ratepayers the council should implement effective debt collection strategies. The researcher got access to the council's annual financial statements for the years 2010 to 2013 and observed that the council was owed $1.1 million as at 31 December 2010, $1.5 million as at 31 December 2011, $2.43 million as at 31 December 2012 and $2,75 million as at 2013. Moreover, in July 2013, the minister of local governance directed all councils to write off outstanding debts as at that date and this resulted in a substantial decline in debtors. Hence the council should bridge the revenue gap created by mobilizing its debt collection methods in order to collect all amounts owed buy commercial and industrial ratepayers whose debts were not written off.

As there were no respondents who objected that implementation of effective debt collection methods maximizes the councils revenue collection, the council should enhance its debt collection methods. This concurs with (Keshishian; 2006) who stated that councils have to enforce payments with any means necessary, thus they have to acquire knowledge on litigation and arbitration in the collection of debts.

4.4.3 Improve council billing

Figure 4.3 Questionnaire responses pertaining to the improvement of council billing



According to figure 4.3 above; 27% (4/15) of the respondents strongly agree and 67% (10/15) of the respondents agree that the council should improve its customer billing so as to enhance its revenue generation. Only 7% (1/15) of the respondents disagree and 0% of the respondents strongly disagree and also 0% of the respondents were uncertain that the council have to improve its customer billing.

In total, 94% of the respondents supports that the council should improve its customer billing. The researcher observed that monthly bills were being passively and not timely produced. This finding was complemented by the fact that most ratepayers are resistance to pay their respective bills as they demonstrate and protest against council bills and as a result, this negatively affects the council's revenue collection. This is in agreement with the views of (Bird; 2007) who mentioned that the billing process is the primary mechanism that derives all the cash flow and the main source of information to consumers. Hence it is essential that the billing is done accurately since invoices that do not reflect clearly the nature and quantity of services delivered often result in non-payments by rate payers.

On the other hand only 7% of the respondents were in disagreement. Since council bills are authorised and approved for convenience by the ministry of local governance the council is only obliged to educate the ratepayers on payments of bills that is the ratepayers should know that it is their obligation to fulfill payment of bills while the council provides relevant services to them. This concurs with the Accounting Handbook for Rural District Councils in Zimbabwe which postulates that the ministry of local government allows the billing system for councils to be convenient to rate payers as the council has to send bills of amounts payable to rate payers and permits at least 30 days before the amount becomes due.

However, the mode of the data is 67% which are the respondents who were in agreement that the council should improve its customer billing. Therefore there is need for council to regularise and improve its billing system by implementing cost recovery systems which directly matches the amount of money paid to consumption.

4.4.4 Borrowing of funds from the capital market

Figure 4.4 Responses on the borrowing of funds from the capital market

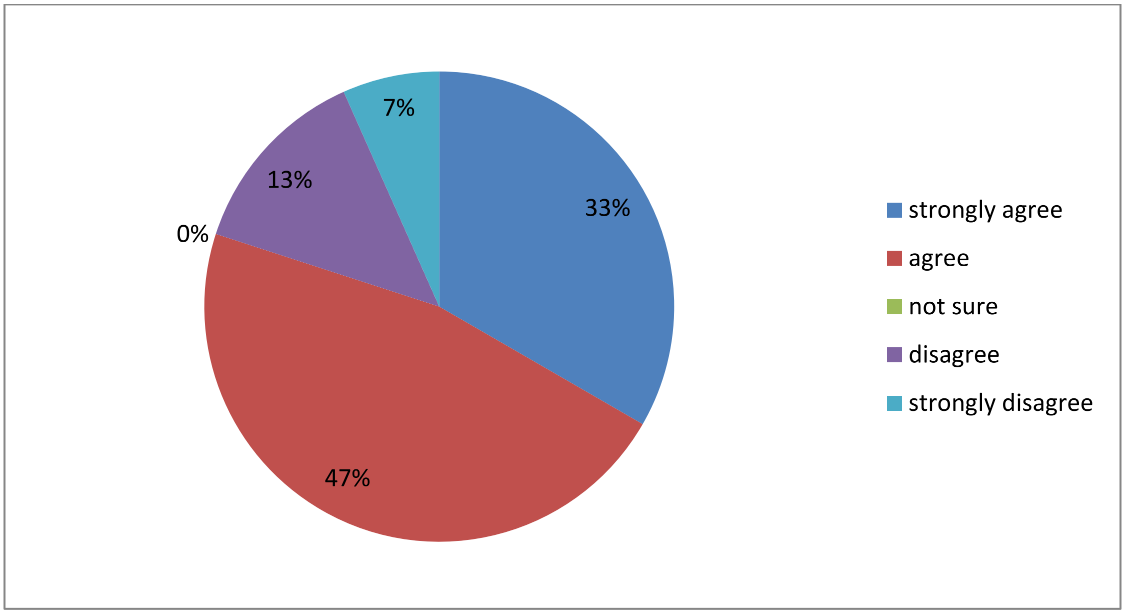


Figure 4.4 indicates that 33% (5/15) of the respondents strongly agree and 47% (7/15) agree that the council should borrow funds from the capital market to improve the council's overall revenue collection. On the other hand only 13% (2/15) disagree and 7% (1/15) strongly disagree that the council should borrow funds in a bid to increase its overall revenue. 0% of the respondents were unsure.

From the questionnaires, the respondents who supported that borrowing of funds from the capital market will increase council's overall revenue totalled 80%. The increase in demand for infrastructure development such as road construction and maintenance require capital borrowing. This goes hand in hand with the findings by (Matumbike; 2009) who stated that the need for municipal infrastructure development in local communities enhances the need for local authorities to gain access to long term financing for relevant capital expenditures.

A total of 20% of the questionnaire respondents however opposes that the council should borrow funds from the capital market. The is based on the fact that the repayment of borrowed funds usually become a huge burden for the council as they will be obliged to pay the principal component as well as the interest component. This was supported by (Dirie; 2009) who stated that borrowing of funds often results in the insolvency of councils and unbalanced financial situations.

However the highest frequency of the data is 47% of the respondents who were in agreement that the council requires borrowing of funds from the capital market in order to meet the proposed capital expenditure. Hence there is need for the council to enhance its creditworthiness so as to procure willing lenders.

4.5 Financial management strategies implemented by local authorities

The question was signified to confirm if CRDC was implementing the following financial management strategies and how effective are the strategies in the financial affairs of the organisation. The question is also meant to pin point arrears to be improved in the council's financial management system.

4.5.1 Financial Planning

Figure 4.5 Responses pertaining to the effectiveness of council financial planning

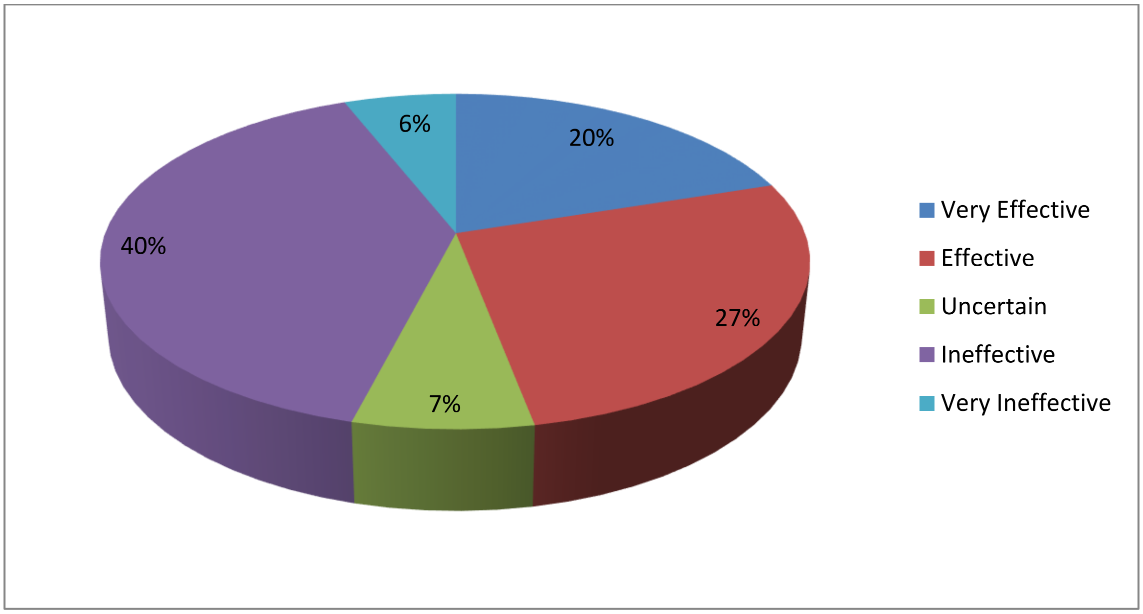


Figure 4.5 above indicates that 20% (3/15) of the respondents emphasize that financial planning at CRDC is very effective and 27% (4/15) of the respondents highlight that financial planning is effective. On the other hand only 7% (1/15) are uncertain while 40% (6/15) emphasise that financial planning is ineffective and only 7% (1/15) of the respondents stresses that financial planning at CRDC is very ineffective.

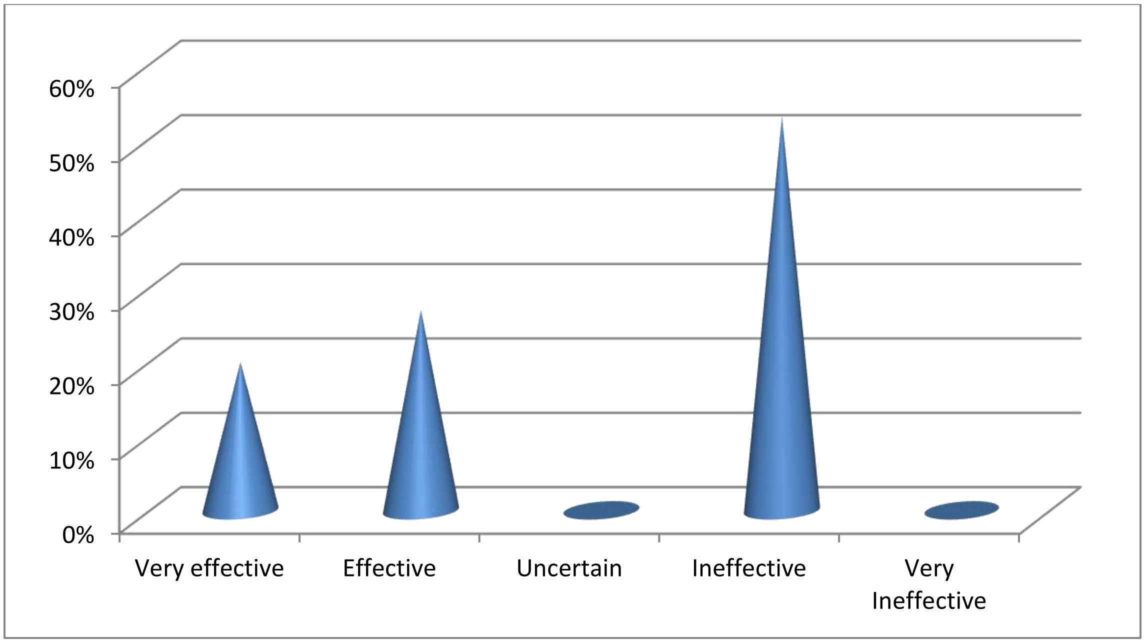
In total 47% of the respondents highlighted that financial planning at CRDC is operative. The budget preparation passes through the statutory phases postulated by the RDC Act of Zimbabwe and the council also consider objections from the public pertaining to the budget elements and amend the budget considerably. This is in line with (Saleemi; 2009) who stated that a budget is a compelled way of planning and it provides clear guidelines to assure that funds are fully utilized to attain certain goals of an entity.

On the other hand 46% of the respondents opposes that financial planning by the council is effective. The financial council's financial budget is ineffective as the budgeted income usually do not meet the proposed and required expenditure to fulfil the council mandate. Thus the budget lacks comprehensiveness and accuracy whereby consistent assessment criteria are to be used to both revenue and expenditure. This was supported by (Kapil; 2010) who stated that the drawbacks in financial planning include that the future is uncertain, local authorities lacks flexibility of management and lack of relevant information.

The highest frequency of the data is 46% of the respondents who stated that CRDC financial planning is ineffective. Therefore there is need for budget comprehensiveness and accuracy whereby the forecasts are to be reasonable and reliable. This is supported by (Wiley; 2013) who stated that for a budget to be effective, a contrast of budgeted and real outcomes should be made and consideration of the local authorities' accomplishments.

4.5.2 Financial Monitoring and control

Figure 4.6 Responses on the effectiveness of the council's financial monitoring and control



As highlighted by figure 4.6 above only 20% (3/15) of the respondents indicated that CRDC financial monitoring and control is very effective and 27% (4/15) of the respondents indicated that council's financial monitoring and control is effective. On the other hand 53% (8/15) of the respondents indicated that the council's financial monitoring and control is ineffective while 0% of the respondents were unsure and also 0% of the respondents indicated that financial monitoring and control is very ineffective.

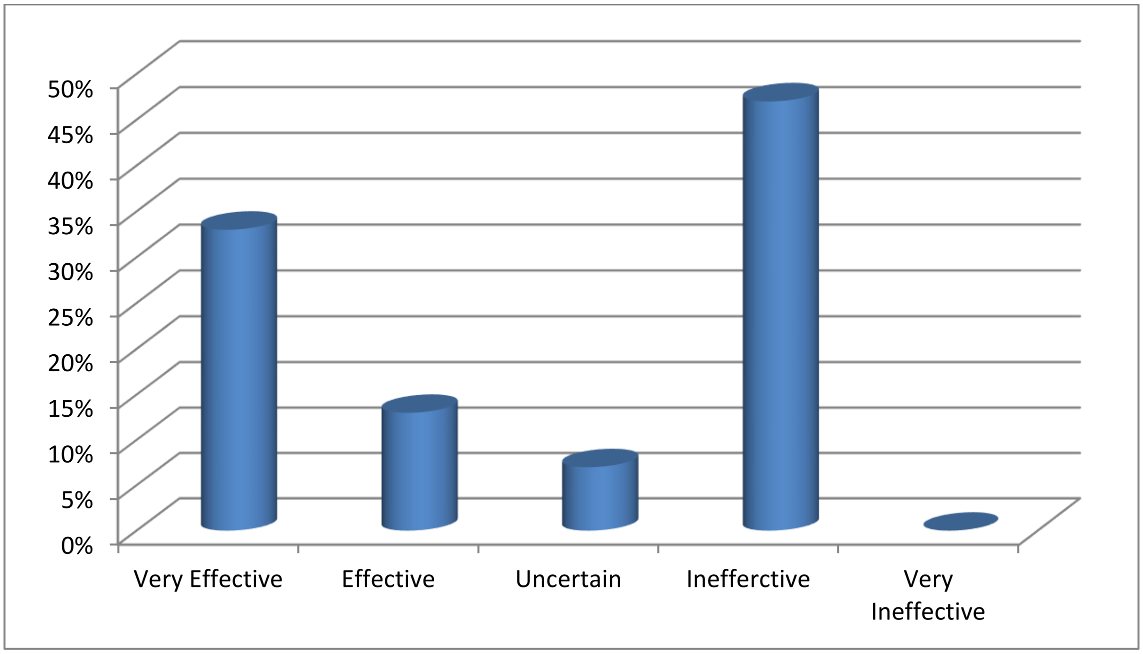
In total, 47% of the respondents supported that financial monitoring and control of the council is effective. The internal audit department is in place to monitor and control the financial affairs of the council. Moreover, the internal controls were also in place to ensure authorisation and custody of the council's financial resources for instance for expenditure vouchers; the CEO, treasurer and the internal auditor must sign to authorise the payment. This coincides with (Elena; 2014) who stated that application of efficient financial controls over the receipt, distribution and spending of council funds is an essential function of financial management.

On the other hand 53% of the respondents indicated that financial monitoring and control of the council is ineffective. Financial operations at the council's sub-offices were not being regularly monitored and this is evidenced by extreme deficits at the sub-offices. In support the researcher also observed that all financial transactions at CRDC were being done manually thus the financial details were vulnerable to any manipulation by the staff. Moreover, the researcher observed that in the payments office, various travelling and subsistence forms were paid with only one or no signatories of the designated officials.

The mode of the data indicates that the financial monitoring and control within the council is ineffective, therefore the council should implement effective internal controls and effectively monitor its financial system. This is supported by , (Ayapere and Buseni; 2013) who asserts that financial performance should be observed to obtain assurance that financial records and accounts are being maintained precisely, objectives are being met, fraud and mistakes are prevented and identified and suitable preventive and corrective actions are implemented.

4.5.3 Financial Decision Making

Figure 4.7 Responses on the effectiveness of the council's financial decision making



From figure 4.7 above, 33% (5/15) of the respondents indicated that CRDC financial decision making is very effective and 13% (2/15) indicated that financial decision is effective. On the other hand only 7% (1/15) were uncertain and 47% (7/15) of the respondents indicated that the council's financial decision making is ineffective.

A total of 46% of the respondents indicated that financial decision making is effective at CRDC. This is supported by the fact that the council prepares annual capital budgets which propose the council's yearly capital expenditure as well as the sources where the required funds would be obtained. This coincides with (Malhotra; 2009) who asserts thatonce the requirements of fundshave been projected, a decision concerning several sources from where the monies would be obtained is to be made.

On the other hand 47% of the respondents indicated that the council was ineffective in its financial decision making. The is supported by the issue that the council has been banking all its revenue into one general account from which all its expenditure and payments be it capital or revenue expenditure, are made. Thus the allocation of funds has been an intensive challenge of the council. Moreover poor financial decision making by the council management has resulted in a large accumulation of outstanding amounts such as salaries and also misallocation of resources weakening the attainment and competence of service delivery. Therefore the mode of the data suggests that CRDC financial decision making is ineffective, hence there is need for sound and efficient financial decision making approaches.

4.5.4 Financial Accountability

Figure 4.8 Responses on the effectiveness of the council's financial accountability

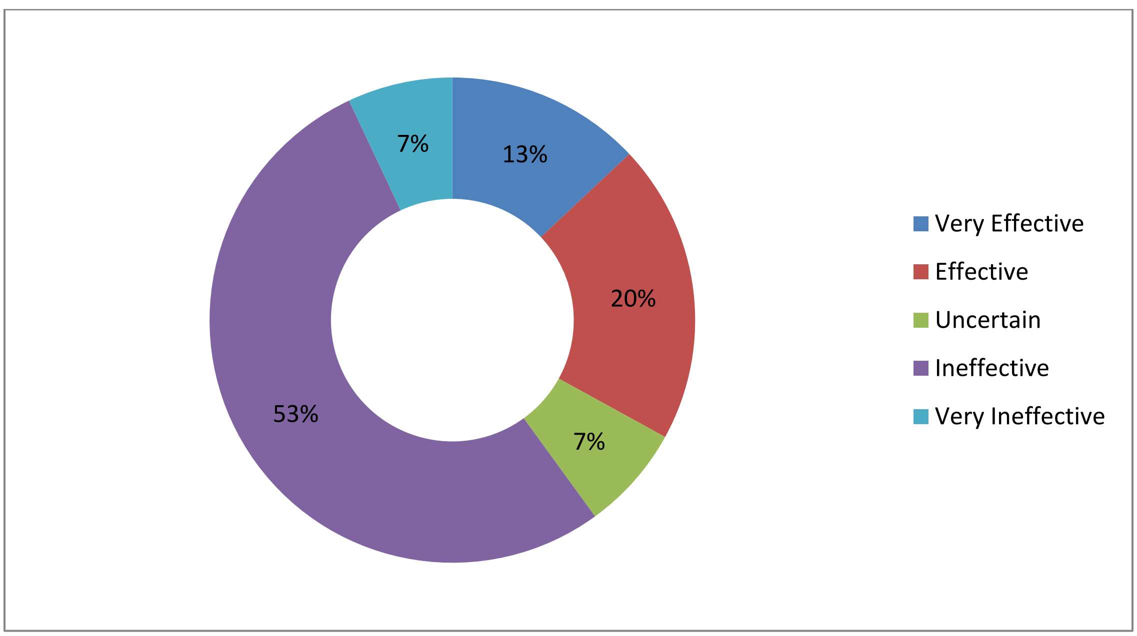


Figure 4.8 above indicates that only 13% (2/15) of the respondents highlighted that CRDC financial accountability is very effective and 20% (3/15) of the respondents also indicated that it

is effective. However, 53% (8/15) of the respondents indicated that the council's financial accountability is ineffective and 7% (1/15) highlighted that the council's financial accountability is very ineffective. 7% (1/15) of the respondents were also uncertain whether council's financial accountability is effective or ineffective.

In total only 33% of the respondents emphasizes that CRDC financial accountability is effective. However a total of 67% of the respondents indicated that the council's financial accountability is ineffective. There is lack of reliable and timely financial reports for financial planning and expenditure control and also the financial reports are rarely audited.The researcher also observed that CRDC was failing to comply with acceptable accounting standards and also maintained an incomplete fixed asset register.

Therefore, since users of financial information make economic decisions based on the financial information the council should deliver necessary accountability by maintaining accurate and reliable records. This concurs with the findings of (Mear and Fynn; 2011) that financial accountability enhances council decision making process and how it is held liable.

4.6 Interview responses and analysis

Question 1: Are the current sources of revenue sufficient enough to meet expenditure requirements of the council?

100% (7/7) of the interviewees mentioned that the council is only relying on the sources of revenue which are recommended by the RDC Act which include; business licenses, developmental levy and leases for traders, developmental levy and leases for residents, developmental levy from communal households, user charges which include rentals, sewerage and refuse charges, hall hiring and burial fees. However, 86% (6/7) of the interviewees highlighted that these available revenue sources have become inadequate to provide sufficient services for the increasing population of Chirumanzu District. These sentiments concurs with (Dollery; 2009) who stated that rural councils are facing challenges as they operate in large geographical areas with comparatively insignificant industries and the small financial base does not meet the required expenditure in the provision of services.

Only 14% (1/7) of the respondents supported that the council revenue sources were adequate to finance its operations. The belief is that the council is failing to collect all the revenue due to them and the cash that is raised is often channelled to their personal interests such a salary increases and other staff benefits. Hence the revenue became inadequate to withstand the council's mandate. This is in line with (Reinikka and Svennson; 2009) who highlighted that poor supervision on council's available funds results in extensive misuse of council funds that would have been proposed to finance public services such as primary health services

However the interview results specify that available revenue sources are inadequate to meet the rapidly increasing expenditure requirements of the council to provide sufficient service and develop the council area.

Question 2: Why is the council failing to acquire funds from the capital market?

100% (7/7) of the interviewees supports that the CRDC should boost its revenue base through borrowing of funds from the capital market. The interviewees mentioned that the increase in demand for the infrastructure development requires capital borrowing. This coincides with (Makumbike; 2009) who stresses that the need for municipal infrastructure development propels the need for capital borrowing from the capital market.

However, 71% (5/7) of the interviewees cited that the council was failing to procure external funds as the council lacks creditworthiness since their financial statements do no clearly and precisely indicate their source of debt repayments and financial position of the council. Thus the lenders in the capital market are not keen to lend funds to the council. This coincides with (Dirie; 2009) who highlighted that the major challenge that obstructs most rural councils from borrowing funds is that they lack creditworthiness and also are incompetent to develop acceptable projects.

On the other hand only 29% (2/7) of the interviewees object that the council has been failing to procure funds from the capital market. The conviction was based on that the central government was providing extreme restraints on council borrowing since the Minister of local governance's approval is required first and the borrowing is subject to restrictions highlighted by the RDC Act. This hence limits the efforts of the council to acquire loans. This finding is in line with the observations by the (USAID; 2006) which mentioned that currently, few central governments are introducing unclear and restraining statutes concerning council borrowing.

However, the findings from the interviews are supporting that the council is failing to acquire external funds due to lack of creditworthiness as a result of incompetent financial presentation and failure to develop bankable projects.

Question 3: What are the strategies the council can implement to improve its overall revenue generation?

Of the interviewees, 42% (3/7) supported that the council requires to expand its revenue sources and in order to sustain its operations. This is based on the fact that the Act authorises the council to undertake more income generating projects. This is supported by (Feltoe; 2002) who mentioned that a council may participate in commercial, agricultural and any other industrial activity to boost its revenue.

Moreover, 42% (3/7) of the interviewees consider that for the council to improve its revenue generation it should implement proficient debt management tools and effective billing of ratepayers as this ensures successful collection of all council revenues. This is in line with the views of (Keshishian; 2006) who mentioned that local authorities have to enforce payments with any means possible thus they have to attain know how on litigation and arbitration on collection of debts.

On the other hand, only 14% (1/7) of the respondents believe that there is need for central government allocations to the council since the council is failing to raise adequate funds to finance its operations. This is in line with (Davey; 2006) who mentioned that the inadequacy of own revenue by councils should be curtailed by means of intergovernmental transfers.

The results of the findings indicate that the council requires increasing of its revenue sources and also improving its billing system in an attempt to improve its revenue generation.

Question 4: How effective are the financial management strategies being implemented by the council?

100% (7/7) of the interviewees that the council financial management system was in place which comprises of financial planning, financial monitoring and control, financial decision making as well as financial accountability. However 85% (6/7) of the respondents emphasizes that the council's financial management was ineffective. The interviewees mentioned that the council was failing to procure adequate funds, manage available funds and their effective use to meet its mandate of service delivery and development of the community. For instance the council has been inadequately financing the backbone of the organization as far as service provision which is the Engineering services department thereby impeding road rehabilitation, drilling of boreholes, provision of sewerage, refuse removal and plumbing services. This concurs with the findings of (Ojo; 2009) who concluded that local authorities are performing below expectations as a result of poor financial management.

Only 15% (1/7) of the interviewees was in disagreement that the council's financial management was ineffective. This is based on the belief that most residents have negative opinions against the council management of funds and are not complying with the council's propositions as they are resistant to pay what is due to the council as a result of unwillingness and political desires.

However the mode of the interviews indicated that there was poor financial management within the council hence there is need to modify the council's financial management methods. This concurs with (Oberholzer et al; 2013) who highlights that effective financial management is vital in council and where there is lack of effective financial management it is often that there will be a direct adverse effect on service delivery since there is a correlation between sound financial management and efficiency in service delivery.

4.7 Summary

The chapter highlighted the presentation and analysis of the research results from the nominated respondents. The researcher used tables, pie charts, graphs, descriptive summaries. The succeeding chapter will provide conclusions as well as recommendations on the financial management strategies which CRDC should implement to improve its operations.

CHAPTER 5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

The main purpose of this research study was to assess on the effectiveness of financial management in the performance of local authorities. This chapter ties all the subjects discussed in the research and summarizes the primary ideas contained in the chapters of the research.The chapter will provide a summary of all chapters, major research findings from the study, recommendations and suggested areas for further research.

5.1 Chapter Summaries

Chapter one of the research study addressed the background of the study where by the researcher introduced the challenges being faced by CRDC council due to ineffective financial management system. The chapter proceeded to specify the statement of the problem pertaining to the study which include local residents' complaints that the council is short changing them by collecting revenue inform of fees and rates for the benefit of council staff only and not for the betterment of the lives of the residents. Chapter one also emphasized the main research objective of the study which wasthe analysis of financial management strategies being implemented by CRDC in financial management and possible recommendations on the most affordable and feasible financial management strategies to improve the organization's financing of its mandate for the betterment of the residents in the district.The chapter also highlighted that the research under study is limited to Chirumanzu Rural District Council which is located in Mvuma.

Chapter two highlighted on the literature review that concurs with the research objectives of the research.The literature in chapter two provided a comprehensive scrutiny relating to the attributes which enhances the failure by most local authorities to procure sufficient funds and their ineffectiveness in the supply of adequate services. However, the literature gap was the financial management challenges as well as financial management techniques relating to the procurement of council funds and their effective utilisation in council operations.The main author in the literature was (Fjeldstad; 2012) who stipulated that funds that are mobilized by most councils in developing countries are commonly insufficient to provide required services for the rapidly increasing population since most revenue are left uncollected as they become due.

Chapter three dealt with the research methodology. The researcher used more of qualitative research design in the obtaining of data from CRDC.The research made use of a judgemental sampling method to select a sample size of 17 CRDC officials which comprises of the treasurer and finance department, CEO and administration staff, council chairpersons and finance committee. Both primary and secondary data was gathered to provide evidence relating to the council's financial affairs and this was attained through issuing of questionnaires and conducting interviews.

Chapter four addressed the presentation and analysis of the research findings. The researcher distributed 17 questionnaires to the targeted sample and 15 questionnaires were fully answered and received by the researcher giving a reliable response rate of 88%. Thus the data which was analysed was based on the 15 questionnaires received. The data was presented quantitatively in the form of tables, graphs and pie charts and analysis summaries were made there by making the data valuable.

5.2 Findings and conclusions

The research findings indicated that councils' revenue sources recommended by the Rural District Councils Act are insufficient. It was observed that CRDC wasstill anticipating on government grants which have since become an unreliable source of revenue and this is endangering the financial discipline and weakening the autonomy of the council to set up and pursue its own budget priorities.Moreover, CRDC is currentlyrelying only on revenue gained from property tax and service charges which are controlled by the central government and has no other substantial sources of revenue from other income generating activities. The research also ascertained that CRDC has a tragedy of accumulating debtors as large amounts of revenue are left uncollected.

The research findings therefore reviewed that financial monitoring and control of the council is ineffective since financial operations at council's operations in the collection and spending of funds are not being regularly monitored and this is evidenced by extreme deficits and council's failure to adequately finance its operations. Moreover, financial decision making at CRDC was evidenced to be ineffective. Poor financial decision making by the council management has resulted in a large accumulation of outstanding liabilities and uncollected revenue, under-financing of council projects and also misallocation of financial resources thereby weakening the competence and attainment of service delivery.

5.3 Recommendations

The researcher made the subsequent recommendations basing on the conclusions drawn from the research findings:

5.3.1 Increase own sources of revenue

There is a necessity to increase revenue sources in councils. Local authorities should diversify their income generating sources into industrial, agricultural and commercial income projects. Moreover, all internal sources of revenue should appropriately recognized and effective methods of revenue collection should be implemented for instance; use of debt collectors to enforce collection of outstanding debts.

5.3.2 Restructuring of the budget as a financial management instrument

Local authorities should prepare a more precise and realistic budget as it is an essential tool to improved financial management. A precise financial budget serves to enlighten financial decision making and enhances evaluation of implemented policies and financial performance. The budget preparation phases should be revised to cater for immediate budget implementation. At least three year projections should be introduced to create a budget standard for effective financial planning.The council management should precisely follow the standard budgetary procedures and faithfully apply the budget provisions.

Furthermore, the researcher recommends that council should consult the ratepayers and evaluate their objections before coming up with a budget. Thus the council should implement a participatory budgeting system as a budget enacted without ratepayers' concerns often encounters opposition and resistance by the ratepayers.

5.3.3 Reinforcement of financial control systems

Local authorities should employ up-to-date internal control systems supplemented by effective internal audit process which include spot schecks. This will assist central governments in monitoring local authorities in respect to efficiency, corruption and misuse of financial resources.The internal audit function must be provided its appropriate position in the council's organizational structure. Any fraud actions must be exposed instantly and also anticorruption agencies must be kept well- informed concerning such practices. Periodic audits, both internal and external must be implemented to determine the actual state of funds within a financial period.

5.4 Suggested area for further research

The researcher proposes that attention by future researchers be focused on comparative study against similar councils.

5.5 Conclusion

The chapter encompasses chapter summaries, major research findings, recommendations and suggested areas for further research.

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APPENDIX A

MIDLANDS STATE UNIVERSITY

FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTING

Date…./…./2014

To Whom It May Concern:

Dear Sir/Madam

Ref: Request for information for a research

My name is Chekeche Raphael (Registration Number – R111840X). I am a student at the Midlands State University studying for a Bachelor of Commerce Accounting Honours Degree. I am currently undertaking a research project for my final year entitled ***"Investigating the effectiveness of financial management in local authorities' performance: Case of Chirumanzu RDC".*** To this end, I intend to collect data by use of the attached questionnaire. I kindly ask you to complete the questionnaire. I assure you that all information will be used for purely academic purposes and confidentiality shall be maintained.

Should you require more details about the researcher, you are free to contact the Chairperson of the Department of Accounting, Mr. P Mvura on his mobile number, 772 716 518.

Your co-operation will be profoundly appreciated.

Yours sincerely

Raphael Chekeche 0773877186

APPENDIX B

Questionnaire to CRDC finance department staff, management, council chairpersons and finance committee

Please tick in the appropriate boxes provided.

1. Challenges being faced by CRDC in the raising of revenue to finance its operations.

	Agree	Strongly Agree	Disagree	Strongly Disagree	Not sure
Poor financial base					
Unpredictability of government grants					
Lack of skills and capacity to manage the collection of outstanding debts					
Inability of the council to acquire external funds					

2. Challenges being faced by CRDC in the management of funds.

	Agree	Strongly Agree	Disagree	Strongly Disagree	Not sure
Delay in the approval of the budget by the central government					
Lack of clear and realistic plans.					

Lack of integrated system of accounting and financial reporting					
Excessive Government intervention					

3. Ways at which councils can improve overall revenue collection.

	Agree	Strongly Agree	Disagree	Strongly Disagree	Not sure
Increase own source of revenue					
Implementing effective debt collection methods.					
Improve council billing.					
Borrowing of funds from the capital market.					

4. Effectiveness of financial management strategies.

	Effective	Very Effective	Ineffective	Very ineffective	Not sure
Financial Planning					
Financial monitoring and control					
Financial Decision making					
Financial Reporting					

5. Reasons for the inability of local authorities to acquire external funds

	Agree	Strongly Agree	Disagree	Strongly Disagree	Not sure
Limited borrowing powers set by the central government.					
Lack of sufficient financial information to present to lenders					
Failure to come up with acceptable projects to be financed with borrowed funds					
Lack of willing lenders in the capital market					

APPENDIX C

INTERVIEW GUIDE

1. Are the current sources of revenue sufficient enough to meet expenditure requirements of council?

2. Why is the council failing to acquire loans from the capital market?

3. What are the strategies the council can implement to improve its overall revenue collection?

4. What are the financial management techniques being implemented by the council?

5. How effective are these strategies?