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Examining the Effectiveness of Financial Reporting Processes in Public Institutions: A Case Study of the Ministry of Lands and Natural Resources in Lusaka

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Abstract

This study examines the effectiveness of financial reporting processes within public institutions, a case study of the Ministry of Lands and Natural Resources in Lusaka, Zambia. The research is motivated by the critical need for transparency, accountability, and efficient stewardship of public resources, as emphasized by stewardship theory, which posits that managers, as stewards, are essentially motivated to act in the best interests of their principals who are the citizens.

The study employed a mixed-methods approach, combining descriptive and case study research designs. Data was collected from a purposively selected sample of 50 respondents, that included finance officers, internal auditors, departmental heads, officers from the Office of the Auditor General and the Ministry of Finance. Methods employed in this research included structured questionnaires, semi-structured interviews, and document analysis. Quantitative data were analyzed using descriptive statistics and SPSS, while qualitative data underwent thematic analysis.

Key findings reveal significant disparities in the perception of the effectiveness of financial reporting. Internal actors such as Finance Officers and Internal Auditors perceived

reports as highly accurate, transparent, and compliant. In contrast, external oversight bodies such as Auditor General and Ministry of Finance Officers consistently rated reporting quality as low, citing issues with transparency, accuracy, and compliance. The study also identified that the existence of documented internal controls is strongly associated with their effectiveness in preventing errors and fraud. Major limitations hindering effective financial reporting include delays in report timeliness, inadequate skilled staff, technological constraints, and insufficient budgetary support.

The study concludes that while foundational financial reporting structures exist within the Ministry, their effectiveness is compromised by significant operational and perceptual gaps between internal preparers and external users. It recommends enhanced capacity building, technological investment, stricter adherence to international standards like IPSAS, and stronger mechanisms for management support and independent oversight to improve the reliability and transparency of financial reporting in Zambia's public sector.

Keywords: Financial Reporting, Stewardship Theory, Transparency, Internal Controls, Mixed-Methods, IPSAS, Public Sector Accountability

1. Introduction

1.1 Background

Globally, and especially in Africa, there are calls for governments to be accountable for the huge resources they hold on trust and manage for the people who gave them the political and administrative authority. The public sector represents a principal-agent relationship. The officials or administrators act as the agents while the citizens are the principals. In the words of Achua (2019) ^[1], government spending is a very big business and the public demands to know whether the huge outlays of money are being spent wisely for public interest. Those in authority assume fiduciary status with the attendant responsibilities requiring them to render accounts of their stewardship to the citizens for whom the authority is held in trust. Thus, the agents are expected to periodically render accounts of their stewardship to the principals for the use of resources and the extent to which the public's objectives have been accomplished.

The citizens have contributed resources through taxes and other duties to national budget for economic and social development. They need an independent third party to lend credibility to the stewardship accounts rendered by the agents, that is, the government. They rely upon the auditor to provide an independent, objective evaluation of the accuracy of the agent's accounting and to report on whether the agents have used the resources in accordance with the principal's wishes Miza and Simons, (2020) [16]. For a long time, internal audit was considered as an administrative unit aimed at checking documents, counting assets, and reporting on past events for management purpose. However, these days, many factors have led to an improvement in internal audit practices in private and public entities. Democracy requires government and its entities to be accountable in the use of public funds and in providing effective, efficient, and economical service delivery to its citizens (Arena, and Azzone, 2019) [2]. To achieve its objectives, government develops strategies that could help in effective management of public funds, and the internal audit function is one of those strategies (a governance tool) which helps it to effectively manage and achieve its objectives (Cohen and Sayag, 2010) [5]. The tasks, functions and roles of internal auditing have expanded, changed and shifted more to management oriented matters than accounting matters; reporting lines have also been transformed and in many countries its structure has been transformed (Feizizadeh, 2012 and Hellman, 2011) [9, 12]. Financial statements are formal records of an organization's financial activities, providing a comprehensive overview of its financial position, performance, and cash flows (FASB, 2020) [8]. They typically include the statement of financial position (balance sheet), statement of financial performance (income statement), statement of cash flows, and notes to the financial statements, among others. Financial statements serve as essential tools for various stakeholders, including investors, creditors, regulators, and the public, who rely on these records to make informed decisions and assess the organization's overall financial health. In the context of local government authorities, financial statements are vital for evaluating the efficiency of resource allocation, monitoring budgetary compliance, and ensuring transparency and accountability to the public (Gyau-Boakye and Essuman, 2020) [11]. Moreover, high-quality financial statements facilitate the identification of potential risks, enhance financial planning, and support decision making processes related to public service provision and the management of public assets (Ouda, 2019) [19].

Financial management and accounting procedures are essential components of government entities worldwide, especially within local governments (Gyau-Boakye and Essuman, 2020) [11]. In recent years, the adoption of International Public Sector Accounting Standards (IPSAS) has emerged as an efficient means of enhancing the quality of financial accounts, particularly in emerging nations globally (Masele and Sisya, 2019) [13]. The widespread recognition of IPSAS on a global scale reflects the growing demand for standardized and transparent financial reporting practices in both developed and developing countries. As nations strive for accountability and transparency in public finance management, IPSAS adoption has become a pivotal element in harmonizing financial reporting practices across borders. This global context underscores the relevance and significance of assessing the impact of IPSAS

implementation in local government authorities, transcending geographical boundaries and offering insights into best practices that can be applied internationally. Within the African context, where many countries face unique challenges in financial management and accountability, the adoption of IPSAS has gained prominence as a means of addressing these issues (Sulaiman *et al.*, 2020) [22]. As Africa continues to experience economic growth and increased foreign investment, the need for standardized financial reporting practices has become even more pronounced. IPSAS adoption in African nations signifies a commitment to aligning with global financial reporting standards, attracting international investors, and improving the overall management of public funds. This context underscores the significance of studying the impact of IPSAS implementation, as it holds the potential to transform financial management practices and promote transparency in local government authorities across the African continent.

1.2 Problem Statement

Financial reporting should provide information on the amount, timing and uncertainty of the future cash flows in most public institutions but this is not the case in most public offices. However, financial reporting is more than a simple description of future cash flows, as it leaves managers with room to decide when, how, and, in some instances, what to report in the financial statements. These choices mean that firms with very similar underlying economics can have financial reporting that looks and feels very different. Therefore, it is interesting to consider how and when the properties of the financial reporting system affect firms' investing and financing decisions. Financial reporting impacts these decisions across two broad dimensions. First, managers can apply the rules to achieve specific outcomes. For example, managers can choose to structure a transaction to keep financing off the balance sheet. There is substantial research evidence that managers will use the rules to structure transactions to achieve specific financial reporting outcomes. In fact, research has provided evidence that managers will structure transactions, in part, for personal gain, for instance, to improve the metrics used in compensation contracts (Petersen, 2020) [20].

1.3 General Objective

The general objective of the study is examining the effectiveness of Financial Reporting in public institutions.

1.3.1 Specific objectives

1. To determine Financial Reporting quality, transparency and compliance of financial reports produced by the ministry of lands.
2. To examine financial reporting effectiveness on internal controls and financial management systems within ministry of lands.
3. To identify the limitations hinder the effectiveness of financial reporting in public institutions.

1.4 Research Questions

1. What is the level of quality, transparency and compliance in the financial reports prepared by the ministry of lands?
2. What challenges hinder effective financial reporting in the ministry and similar institutions?
3. What measures can be taken to enhance the effectiveness of financial reporting public institutions

like ministry of lands?

1.5 Theoretical Framework

Stakeholder Theory Perspective

This study is guided by Stewardship Theory (Donaldson & Davis, 1991; Davis *et al.*, 1997) ^[7, 6], which posits that managers act as stewards intrinsically motivated to align their interests with those of the organization and its principals. Unlike Agency Theory, which assumes managers are self-interested and require monitoring, stewardship theory emphasizes that executives prioritize collective goals and organizational success. Their effectiveness is driven not by incentive controls but by enabling structures, trust, and mission alignment. In the context of public-sector financial reporting, this theory frames managers as stewards of public resources, motivated to ensure transparency and accountability. Independent audits serve as a key mechanism to verify stewardship, reinforce trust, and ensure that financial statements faithfully represent the organization's use of public assets.

2. Literature Review

2.1 Types of Financial Reporting mechanisms in public institutions

The primary financial reporting mechanism for public institutions globally is the adoption of International Public Sector Accounting Standards (IPSAS), developed by the IPSAS Board of IFAC to enhance the quality and comparability of financial statements across jurisdictions. These statements, including the balance sheet, income statement, and cash flow statement, are formal records that provide a comprehensive overview of an organization's financial position and performance. They are indispensable tools for stakeholders, enabling the evaluation of resource allocation, budgetary compliance, and overall transparency and accountability in public fund management (Gyau-Boakye & Essuman, 2020; Ouda, 2019) ^[11, 19].

The adoption of IPSAS is often analyzed through the lens of Institutional Theory (Meyer & Rowan, 1977) ^[14], which posits that organizations adopt practices like standardized accounting to gain legitimacy and conform to external pressures, such as international norms and regulatory demands. This theory helps explain why local government authorities might adopt IPSAS, not solely for efficiency gains but to align with global best practices and enhance their credibility. Empirical studies, such as those by Msafiri and Nyoni (2021) ^[17] and Ngoma and Maselle (2020) ^[18] in Tanzania, demonstrate that IPSAS adoption generally improves transparency and accountability in financial reporting, though implementation levels and challenges vary significantly across different local authorities.

2.2 Compliance to reporting procedures on Financial Reporting mechanisms in public institutions

Effective compliance hinges on robust internal audit functions and unwavering management support. Audits act as a critical monitoring mechanism, providing an independent check to reduce agency risk and reinforce trust in financial reports. The effectiveness of internal audit is fundamentally dependent on the commitment of senior management, which influences the hiring of competent staff, ensures organizational independence, and drives the implementation of audit recommendations (Cohen & Sayag, 2010; Sarens & Beelde, 2006) ^[5, 21].

A cornerstone of audit effectiveness is its independence and objectivity, as mandated by the Institute of Internal Auditors (IIA). This requires the chief audit executive to have direct access to the highest levels of governance (e.g., the board or audit committee) to perform duties without interference. Competence, adequate staffing, clear communication skills, and a formal audit charter are also vital determinants of a strong internal audit department. Ultimately, internal audit serves as a linchpin for public sector governance, adding value by providing assurance on risk management and control processes, thereby fostering accountability and improving institutional operations (Mihret & Yismaw, 2016; Van Peurse, 2005) ^[15, 23].

2.3 Limitations to reporting procedures on Financial Reporting mechanisms in public institutions

Financial reporting systems face inherent limitations as managerial discretion allows for the structuring of transactions to achieve specific outcomes, such as keeping liabilities off-balance sheet or manipulating earnings for personal gain. This flexibility means that firms with similar economics can present vastly different financial pictures. The system's attributes namely disclosure policy, accounting quality, and timely loss recognition directly influence corporate investing and financing decisions by either reducing information asymmetry or improving monitoring (Beatty *et al.*, 2013) ^[3].

These attributes have real economic consequences. High-quality accounting improves investment efficiency by providing transparent information to capital providers, while timely loss recognition (conservatism) facilitates access to debt financing. However, weaknesses in the accounting model, particularly in distinguishing debt from equity and consolidating special purpose entities, have historically allowed firms to structure financing to obscure true obligations. As research expands to macroeconomic levels, it is clear that financial reporting quality not only affects firm-level decisions but may also aggregate to influence broader economic measures like GDP, underscoring its significant real-world impact (Biddle & Hilary, 2006; Francis & Martin, 2010) ^[4, 10].

2.4 Personal Critique

While research confirms that financial reporting has a significant impact on corporate financing, major gaps remain. Current capital structure theories (e.g., trade-off, pecking order) inadequately explain the use of hybrid instruments, such as preferred stock, and rarely incorporate how changes in accounting rules influence managerial incentives. Furthermore, evidence suggests that aggregate accounting data can predict macroeconomic indicators like GDP growth, highlighting a promising yet underdeveloped link between firm-level reporting, investment efficiency, and broader economic performance. Future research should therefore aim to bridge micro-level accounting choices with macroeconomic outcomes, thereby refining both financial theory and policy.

2.5 Establishment of Research Gaps

While financial reporting and audit effectiveness are widely studied, critical research gaps persist in Zambia's public sector. There is limited empirical investigation into the practical application of IPSAS within Zambian ministries and local government authorities. Existing models

inadequately address the integration of culturally appropriate stakeholder engagement with financial oversight in Lusaka's unique institutional environment. Furthermore, the specific impact of technological constraints, staffing inadequacies, and inconsistent management support on reporting quality remains under-explored. This study addresses these gaps by examining the Ministry of Lands to provide context-specific insights into enhancing transparency, compliance, and accountability in Zambian public financial management.

3. Research Design

The study employed a **descriptive case study design** supported by a **mixed-methods approach**, integrating both quantitative and qualitative techniques. Quantitative data, collected via structured questionnaires, provided measurable insights into perceptions of financial reporting quality and compliance within the Ministry of Lands. Qualitative data, gathered through semi-structured interviews and focus group discussions, explored in-depth experiences, institutional practices, and challenges related to financial reporting. This complementary design allowed for **data triangulation**, leveraging the strengths of both approaches to enhance the validity, depth, and richness of the findings.

3.1 Sampling Technique

A **purposive (judgmental) sampling** technique was used. This non-probability method was selected to deliberately identify and engage respondents who possessed direct knowledge and experience with the Ministry's financial reporting processes. The technique ensured that participants such as finance officers, internal auditors, departmental heads, and interfacing officers from the Office of the Auditor General and Ministry of Finance could provide relevant, information-rich data crucial for the case study.

3.2 Sample Size

The study engaged a total sample of **50 key respondents**. This included 12 finance officers, 5 internal auditors, 12 departmental heads within the Ministry of Lands, 6 officers from the Office of the Auditor General, and 15 officers from the Ministry of Finance. This targeted sample size was deemed adequate to capture varied yet authoritative perspectives on financial reporting practices, enabling both general trend analysis and detailed institutional insights.

3.3 Techniques for Data Collection

The study utilized both **primary and secondary data collection** techniques. Primary data were gathered through **structured questionnaires** administered to all 50 respondents and **semi-structured interviews** conducted with key informants. **Focus group discussions** were also held to explore collective views. Secondary data were obtained through a systematic **document analysis** of financial reports, audit reports, and internal memos. This mixed-methods approach ensured comprehensive data

coverage, supporting triangulation and strengthening the reliability of the findings.

3.4 Instruments for Data Collection

The primary instruments for data collection were **structured questionnaires** and **semi structured interview guides**. The researcher also served as a **human instrument**, particularly during interviews, focus groups, and the document review process, to interpret context, assess interactions, and probe for deeper understanding.

3.5 Questionnaire

A structured questionnaire was used to collect standardized quantitative data from the 50 respondents. While acknowledging potential limitations such as respondent bias or misunderstanding, the questionnaire was chosen for its efficiency, ability to ensure anonymity, ease of quantitative analysis, and capacity to systematically cover key themes related to financial reporting perceptions, challenges, and compliance across a targeted group.

3.6 Document Review

Document review was a key method for collecting and validating secondary data. The researcher analyzed official documents, including the Ministry's financial reports, audit reports from the OAG, and relevant internal policies and memos. This review provided critical contextual background, helped verify information from primary sources, and was essential for triangulating data to build a robust and comprehensive case study analysis.

3.7 Data Analysis Techniques

Data analysis followed a parallel process for quantitative and qualitative data:

- **Quantitative data** from questionnaires were cleaned, coded, and entered into **SPSS (Statistical Package for the Social Sciences)**. Analysis involved **descriptive statistics** (frequencies, means, percentages) to summarize the data.
- **Qualitative data** from interviews and focus groups were transcribed and analyzed using **thematic analysis**. Responses were manually coded and grouped into recurring themes and patterns related to the research objectives. This systematic approach ensured a rigorous analysis, allowing for the integration of numerical trends with detailed narrative insights.

3.8 Ethical Considerations

Ethical clearance was obtained from a relevant research ethics committee and the Ministry of Lands. All participants provided **informed consent** after being briefed on the study's purpose. **Confidentiality and anonymity** of participants and the data they provided were strictly maintained throughout the research process.

4. Presentation of Findings

4.1 Demographics

Table 5.1: Demographic Characteristics of Respondents

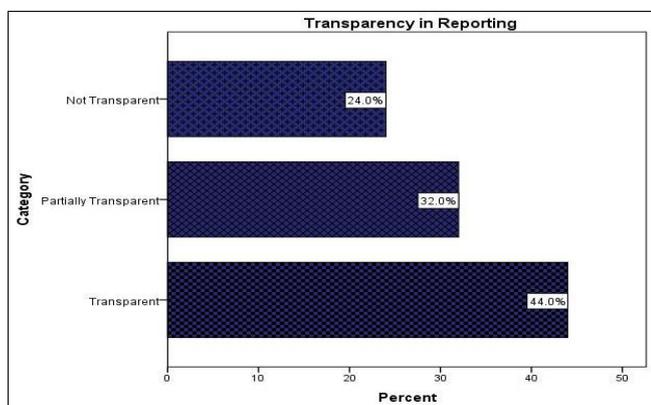
| Characteristic | Category | Frequency (n) | Percent (%) |
|------------------------|------------------------------|---------------|--------------|
| Gender | Male | 28 | 56.0 |
| | Female | 22 | 44.0 |
| Age group | 20–29 years | 8 | 16.0 |
| | 30–39 years | 18 | 36.0 |
| | 40–49 years | 16 | 32.0 |
| | >50 years | 8 | 16.0 |
| Category of Respondent | Finance Officers | 12 | 24.0 |
| | Internal Auditors | 5 | 10.0 |
| | Departmental Heads | 12 | 24.0 |
| | Auditor General Officers | 6 | 12.0 |
| | Ministry of Finance Officers | 15 | 30.0 |
| Years of Experience | Less than 5 years | 10 | 20.0 |
| | 5–10 years | 18 | 36.0 |
| | 11–15 years | 12 | 24.0 |
| | >15 years | 10 | 20.0 |
| Total | | 50 | 100.0 |

Source: Primary data, 2025

The demographic distribution (Table 5.1) indicates a fairly balanced gender representation, with males accounting for 56.0% and females comprising 44.0% of the respondents. In terms of age, the largest group of respondents fell within the 30–39 years category (36.0%), followed closely by those aged 40–49 years (32.0%). Younger respondents aged 20–29 years (16.0%) and older participants above 50 years (16.0%) were less represented. Regarding professional category, the highest proportion was Ministry of Finance Officers at 30.0%, followed by Finance Officers and Departmental Heads, each at 24.0%. Internal Auditors (10.0%) and Auditor General Officers (12.0%) were fewer but still contributed vital oversight perspectives. Lastly, years of experience showed that a majority of respondents had 5–10 years of service (36.0%), while 24.0% had 11–15 years, and 20.0% each had less than 5 years or more than 15 years.

Objective 1 – Script

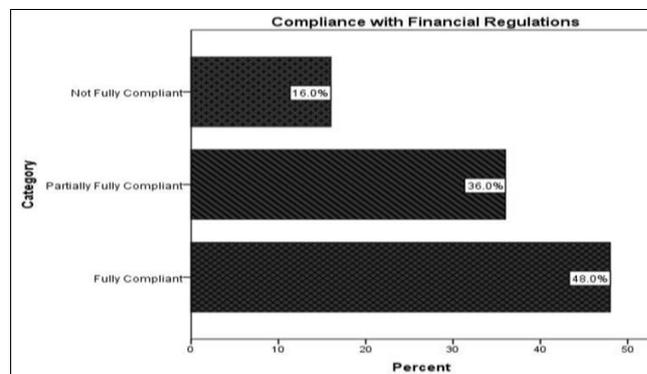
Objective 1: To determine Financial Reporting quality, transparency and compliance of financial reports produced by the ministry of lands.



Source: Primary data, 2025

Fig 5.1: Transparency in Financial Reporting within the Ministry of Lands

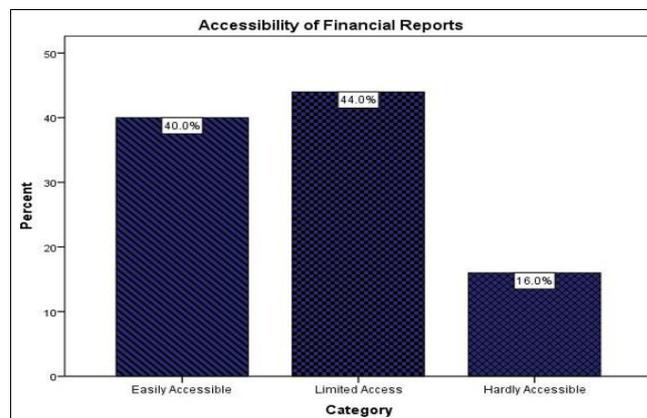
The analysis on transparency in financial reporting revealed mixed levels of openness in the ministry’s practices. Out of the 50 respondents, 44.0% rated the ministry’s financial reports as transparent, indicating that nearly half perceived the reporting processes as open and accessible. However, a considerable proportion, 32.0%, described the reports as partially transparent.



Source: Primary data, 2025

Fig 5.2: Compliance with Financial Regulations

The results on compliance with financial regulations show that 48.0% of respondents perceived the Ministry of Lands as fully compliant with established reporting standards. A further 36.0% indicated that compliance was only partial, while 16.0% believed that reporting practices were not fully compliant.



Source: Primary data, 2025

Fig 5.3: Accessibility of Financial Reports

Findings on accessibility indicate that only 40.0% of respondents considered financial reports from the Ministry of Lands as easily accessible. A larger proportion, 44.0%, reported that access to these reports was limited, while 16.0% stated that such reports were hardly accessible.

Table 5.2: Compliance with Financial Regulations across Stakeholder Categories

| Crosstab | | | | | | | |
|------------------------|------------------------------|---------------------------------------|---------------------|---------------------|-------|--|--|
| Count | | Compliance with Financial Regulations | | | Total | | |
| | | Fully Compliant | Partially Compliant | Not Fully Compliant | | | |
| Category of Respondent | Finance Officers | 12 | 0 | 0 | 12 | | |
| | Internal Auditors | 5 | 0 | 0 | 5 | | |
| | Departmental Heads | 7 | 5 | 0 | 12 | | |
| | Auditor General Officers | 0 | 6 | 0 | 6 | | |
| | Ministry of Finance Officers | 0 | 7 | 8 | 15 | | |
| Total | | 24 | 18 | 8 | 50 | | |

| Chi-Square Tests | | | |
|------------------------------|---------------------|----|-----------------------|
| | Value | df | Asymp. Sig. (2-sided) |
| Pearson Chi-Square | 52.118 ^a | 8 | .000 |
| Likelihood Ratio | 64.303 | 8 | .000 |
| Linear-by-Linear Association | 34.469 | 1 | .000 |
| N of Valid Cases | 50 | | |

a. 11 cells (73.3%) have expected count less than 5. The minimum expected count is .80.

The cross-tabulation results indicate notable variations in perceptions of compliance with financial regulations across different respondent categories. Among finance officers (100%) and internal auditors (100%), all participants rated financial reporting as fully compliant. Similarly, more than half of departmental heads (58.3%) regarded reports as fully compliant, while 41.7% considered them only partially compliant. In contrast, the majority of Auditor General officers (100%) classified the reports as only partially compliant, with no responses indicating full compliance. A distinct pattern was also observed among Ministry of Finance officers, where less than half (46.7%) rated reports as partially compliant and a considerable proportion (53.3%) perceived them as not fully compliant.

The chi-square test results revealed a statistically significant association between respondent category and perceptions of compliance ($\chi^2 = 52.118$, $df = 8$, $p < 0.001$).

Table 5.3: Variations in Transparency Perceptions across Respondent Categories

| Crosstab | | | | | | | |
|------------------------|------------------------------|---------------------------|-----------------------|-----------------|-------|--|--|
| Count | | Transparency in Reporting | | | Total | | |
| | | Transparent | Partially Transparent | Not Transparent | | | |
| Category of Respondent | Finance Officers | 12 | 0 | 0 | 12 | | |
| | Internal Auditors | 5 | 0 | 0 | 5 | | |
| | Departmental Heads | 5 | 7 | 0 | 12 | | |
| | Auditor General Officers | 0 | 6 | 0 | 6 | | |
| | Ministry of Finance Officers | 0 | 3 | 12 | 15 | | |
| Total | | 22 | 16 | 12 | 50 | | |

| Chi-Square Tests | | | |
|------------------------------|---------------------|----|-----------------------|
| | Value | df | Asymp. Sig. (2-sided) |
| Pearson Chi-Square | 66.757 ^a | 8 | .000 |
| Likelihood Ratio | 75.523 | 8 | .000 |
| Linear-by-Linear Association | 38.396 | 1 | .000 |
| N of Valid Cases | 50 | | |

a. 12 cells (80.0%) have expected count less than 5. The minimum expected count is 1.20.

The results from the crosstab analysis reveal notable variations in how different categories of respondents perceived the transparency of financial reporting within the Ministry of Lands. Among finance officers (100%) and internal auditors (100%), financial reporting was unanimously regarded as transparent, reflecting strong confidence in reporting quality within these groups. Departmental heads expressed a mixed position, with 41.7% identifying reports as transparent and 58.3% considering them only partially transparent. Similarly, all Auditor General officers (100%) categorized reporting as partially transparent, suggesting reservations about full disclosure or consistency. In contrast, respondents from the Ministry of Finance presented a highly critical view, with 80% (12 out of 15) rating financial reporting as not transparent, while only 20% (3 out of 15) described it as partially transparent. The Chi-Square test confirms that these differences are statistically significant ($\chi^2 = 66.757$, $df = 8$, $p < 0.001$).

Table 5.4: Financial Reporting Quality across Stakeholder Categories

| Crosstab | | | | | |
|------------------------|------------------------------|-----------------------------|-------------------|--------------|-------|
| Count | | Financial Reporting Quality | | | Total |
| | | High Accuracy | Moderate Accuracy | Low Accuracy | |
| Category of Respondent | Finance Officers | 12 | 0 | 0 | 12 |
| | Internal Auditors | 5 | 0 | 0 | 5 |
| | Departmental Heads | 3 | 8 | 1 | 12 |
| | Auditor General Officers | 0 | 0 | 6 | 6 |
| | Ministry of Finance Officers | 0 | 0 | 15 | 15 |
| Total | | 20 | 8 | 22 | 50 |

| Chi-Square Tests | | | |
|------------------------------|---------------------|----|-----------------------|
| | Value | df | Asymp. Sig. (2-sided) |
| Pearson Chi-Square | 75.625 ^a | 8 | .000 |
| Likelihood Ratio | 82.321 | 8 | .000 |
| Linear-by-Linear Association | 41.485 | 1 | .000 |
| N of Valid Cases | 50 | | |

a. 11 cells (73.3%) have expected count less than 5. The minimum expected count is .80.

The results in Table 5.4 reveal notable variations in perceptions of financial reporting quality among respondents. Overall, 40% of participants rated the reports as being of high accuracy, 16% as moderately accurate, while the largest proportion, 44%, perceived them as reflecting low accuracy.

Finance Officers (100%) and Internal Auditors (100%) unanimously assessed the reports as highly accurate, suggesting strong confidence in the technical preparation of reports within their professional domains. Similarly, most Departmental

Heads leaned towards moderate accuracy (67%), although a smaller proportion (25%) rated them as highly accurate and 8% as low accuracy. In contrast, the Auditor General Officers overwhelmingly perceived the reports as low accuracy (100%), reflecting concerns regarding compliance and reliability during independent oversight. A similar pattern was evident among Ministry of Finance Officers, all of whom (100%) rated the reports as low accuracy.

Chi-Square results ($\chi^2 = 75.625$, $df = 8$, $p < 0.001$) demonstrate a statistically significant association between the category of respondent and their perception of financial reporting quality.

Objective 2 – Script

Objective 2: To examine financial reporting effectiveness on internal controls and financial management systems within ministry of lands

Table 5.5: Effectiveness of Financial Reporting on Internal Controls and Financial Management Systems

Descriptive Statistics

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|----|---------|---------|------|----------------|
| Existence of Documented Internal Controls | 50 | 1 | 2 | 1.24 | .431 |
| Effectiveness of Internal Controls in Preventing Errors/Fraud | 50 | 1 | 3 | 1.50 | .678 |
| Compliance of Financial Management Systems with Set Regulations | 50 | 1 | 3 | 1.60 | .670 |
| Frequency of Internal Control Reviews/Audits | 50 | 1 | 3 | 1.80 | .808 |
| Detection of Irregularities Through Financial Reporting | 50 | 1 | 3 | 1.96 | .669 |
| Level of Integration Between Financial Reports and Management Systems | 50 | 1 | 3 | 1.84 | .792 |
| Valid N (listwise) | 50 | | | | |

The results reveal that financial reporting plays a significant role in shaping the effectiveness of internal controls and financial management systems within the Ministry of Lands. Overall, documented internal controls are widely established, as shown by a mean score of 1.24 (SD = .431). In terms of functionality, the effectiveness of internal controls in preventing errors or fraud showed a slightly higher mean of 1.50 (SD = .678). Regarding compliance of financial management systems with set regulations, the mean stood at 1.60 (SD = .670). This implies that approximately 60% of respondents agreed that the systems comply with regulatory requirements, although notable gaps remain. Similarly, the frequency of internal control reviews and audits recorded a mean of 1.80 (SD = .808).

The results further highlight that the detection of irregularities through financial reporting is not fully optimal, with a mean score of 1.96 (SD = .669). This means that just under half of the respondents felt irregularities are often identified, while a significant proportion noted inefficiencies in this aspect. Finally, the level of integration between financial reports and management systems had a mean of 1.84 (SD = .792).

Table 5.6: Effectiveness of Financial Reporting on Internal Controls and Financial Management Systems (Existence of Documented Internal Controls Effectiveness of Internal Controls in Preventing Errors/Fraud Crosstabulation)

| Count | | Effectiveness of Internal Controls in Preventing Errors/Fraud | | | Total |
|---|-----|---|---------------------|---------------|-------|
| | | Effective | Partially Effective | Not Effective | |
| Existence of Documented Internal Controls | Yes | 30 | 8 | 0 | 38 |
| | No | 0 | 7 | 5 | 12 |
| Total | | 30 | 15 | 5 | 50 |

| Chi-Square Tests | | | |
|------------------------------|---------------------|----|-----------------------|
| | Value | df | Asymp. Sig. (2-sided) |
| Pearson Chi-Square | 29.532 ^a | 2 | .000 |
| Likelihood Ratio | 34.380 | 2 | .000 |
| Linear-by-Linear Association | 28.894 | 1 | .000 |
| N of Valid Cases | 50 | | |

a. 3 cells (50.0%) have expected count less than 5. The minimum expected count is 1.20.

The cross-tabulation results demonstrate a clear relationship between the existence of documented internal controls and their effectiveness in preventing errors and fraud. Among respondents who confirmed the presence of documented internal controls, a significant majority (79%, n=30) reported that these controls were effective, while 21% (n=8) indicated that they were only partially effective. Notably, none of the respondents in this category considered the controls ineffective.

Conversely, in cases where documented internal controls were absent, effectiveness was markedly lower. Only 58% (n=7) of these respondents described the system as partially effective, while 42% (n=5) classified it as not effective. Importantly, no respondent without documented controls perceived the system as fully effective.

The chi-square test further confirms the strength of this association, with results yielding statistical significance ($\chi^2 = 29.532$, $df = 2$, $p < 0.001$).

Objective 3 – Script

Objective 3: To identify the limitations hinder the effectiveness of financial reporting in public institutions.

Table 5.7: Limitations Undermining the Effectiveness of Financial Reporting

| | Descriptive Statistics | | | | |
|---|------------------------|---------|---------|------|----------------|
| | N | Minimum | Maximum | Mean | Std. Deviation |
| Timeliness of Financial Reporting | 50 | 0 | 1 | .44 | .501 |
| Accuracy and Reliability of Reports | 50 | 0 | 1 | .58 | .499 |
| Adequacy of Skilled Staff | 50 | 0 | 1 | .40 | .495 |
| Access to Financial Systems/Technology | 50 | 0 | 1 | .64 | .485 |
| Compliance with Reporting Standards (IPAS/GRZ guidelines) | 50 | 0 | 1 | .50 | .505 |
| Budgetary Constraints Affecting Reporting | 50 | 0 | 1 | .38 | .490 |
| Management Support for Financial Reporting | 50 | 1 | 2 | 1.48 | .505 |
| Valid N (listwise) | 50 | | | | |

The results highlight several constraints affecting the effectiveness of financial reporting within the Ministry. Regarding timeliness, only 44% of respondents indicated that reports were produced on time, underscoring delays that may weaken decision-making processes. Similarly, the accuracy and reliability of financial reports were affirmed by just 58%.

Human resource capacity also emerged as a limitation, with only 40% of respondents perceiving the adequacy of skilled staff, thereby pointing to gaps in technical expertise. Access to financial systems and technology recorded the highest positive response, with 64% confirming adequate access, though this still leaves over one-third experiencing

technological or system-related constraints. Compliance with reporting standards such as IPSAS or GRZ guidelines was observed among 50% of respondents.

On financial and resource constraints, only 38% of respondents acknowledged adequate budgetary support for reporting functions, implying that fiscal limitations significantly hinder reporting processes. In contrast, management support showed a relatively balanced response, with an average score leaning towards moderate backing ($M = 1.48$, $SD = 0.505$).

4.2 Discussion of Research Findings

Discussions

4.2.1 Demographic Profile of Respondents

The sample ($N=50$) had balanced gender representation (56% male, 44% female) and was predominantly experienced, with 80% of respondents aged 30-49 years and 80% having over 5 years of service. The targeted purposive sampling ensured representation from key stakeholder groups: Ministry of Finance Officers (30%), Finance Officers (24%), Departmental Heads (24%), Auditor General Officers (12%), and Internal Auditors (10%).

Objective 1: Financial Reporting Quality, Transparency, and Compliance

Overall perceptions of the Ministry's financial reporting were mixed. Less than half of all respondents found reports fully transparent (44%) or easily accessible (40%), though compliance was viewed more positively (48% full compliance). A critical finding was the stark, statistically significant divergence in perceptions based on professional role ($p < .001$ for all tests). Internal personnel (Finance Officers and Internal Auditors) unanimously rated reports as fully compliant, transparent, and highly accurate. In contrast, external oversight bodies (Auditor General and Ministry of Finance Officers) were predominantly critical, largely viewing reports as partially or non-compliant, lacking transparency, and of low accuracy. This indicates a significant perception gap between report preparers and external users.

Objective 2: Effectiveness on Internal Controls and Financial Management Systems

While documented internal controls are largely established (76% confirmed), their operational effectiveness is moderate. Mean scores indicated weaknesses in key areas: the detection of irregularities (mean 1.96) and integration between reporting and management systems (mean 1.84). A statistically significant relationship ($\chi^2 = 29.532$, $p < .001$) was found between the existence of documentation and perceived effectiveness; where documentation was absent, controls were seen as partially effective or ineffective.

Objective 3: Limitations to Effective Financial Reporting

Several interconnected constraints undermine reporting efficacy. Fundamental resource limitations are prominent: budgetary constraints (noted by 62%) and a shortage of skilled staff (60%). These likely contribute to operational deficiencies in timeliness (only 44% reported on-time reporting) and perceived accuracy (58%). While technology access was the least severe constraint and management support was moderately positive, they are insufficient to overcome the core resource and capacity gaps affecting report quality and utility.

5. Conclusion and Recommendations

5.1 Conclusion

Based on this study, it is concluded that the financial reporting system at the Ministry of Lands suffers from significant perception gaps and mixed effectiveness, characterized by inadequate transparency, accessibility, and compliance as viewed by external oversight bodies. While internal staff express strong confidence in report quality, external auditors and finance officers consistently raise concerns about accuracy, timeliness, and reliability. Fundamental constraints including budgetary limitations, insufficient skilled staff, and weak integration of controls undermine reporting quality and stakeholder trust. To enhance accountability and reliability, it is recommended that standardized record-keeping protocols be enforced, external audit independence strengthened, and resource constraints addressed, with further research needed to explore auditor conflicts and managerial perceptions in public sector financial reporting.

5.2 Recommendations

Based on the findings, this study offers the following three key recommendations for improving financial reporting at the Ministry of Lands:

- Standardize and enforce robust record-keeping protocols across the Ministry to improve data reliability, auditability, and compliance with reporting standards such as IPSAS.
- Strengthen the independence and mandate of external oversight bodies, particularly the Office of the Auditor General, to enhance objective review and reduce the perception gap between internal preparers and external auditors.
- Address critical resource constraints by allocating sufficient budget and investing in capacity-building for skilled staff to improve the timeliness, accuracy, and overall effectiveness of financial reporting.

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