

**THE EFFECT OF MONITORING FUNCTION ON IMPLEMENTING
FRAUD RISK MANAGEMENT FRAMEWORK IN PUBLIC SECTOR
ORGANIZATIONS: THE CASE OF BUKOMBE DISTRICT COUNCIL IN
TANZANIA**

WILBERT MGANGA MTESSIGWA

**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR DEGREE OF MASTER OF ARTS IN
MONITORING AND EVALUATION OF THE OPEN UNIVERSITY OF
TANZANIA**

2019

CERTIFICATION

The undersigned certifies that has read and hereby recommend for acceptance by the Open university of Tanzania, a dissertation titled, "The Effect of Monitoring Function on Implementing Fraud Risk Management Framework in Public Sector organizations: case of Bukombe District Council in Tanzania" in partial fulfillment of the requirements for the award of the degree of Master of Arts in Monitoring and Evaluation of the Open University of Tanzania.

í í í í ..í í í í í í í í í í í .

Prof. Deus Ngaruko

í í í í í í í í í í í

Date

COPYRIGHT

All constitutional rights Reserved: No part of this dissertation shall be produced or transmitted in any form by any means without permission of the author or the Open University of Tanzania.

DECLARATION

I, Wilbert Mganga Mtessigwa with Registration Number PG.201610153, of the Department of Economics, Faculty of Arts and Social Sciences, Open University of Tanzania, I declare that, I will maintain secrecy and confidentiality, and will not use any data and information obtained from your organization in the course of my research for any purpose other than for my academic endeavors

A handwritten signature in black ink, appearing to read 'W. Mganga Mtessigwa' with some stylized flourishes.

Signature, í í í í í í í í í .. (Student)

Date 24 September, 2018

ACKNOWLEDGEMENT

My gratitude is due to the Almighty God who, according to my beliefs, made me to perform all the tasks which I was responsible to throughout my study at the Open University of Tanzania. I do believe that God, the Almighty, gave me good knowledge, strength and health for doing my studies accordingly.

I would like to thank all lecturers at the Open University of Tanzania are highly acknowledged because they are the ones who made me to have the name of Master Degree Holder. They are a bit numbered, but Prof. Deus Ngaruko represents them all. I thank him for giving me guidance, advice and criticism throughout the research work.

I would like to thank my fellow students of the Open University of Tanzania for their good support in term of discussion before and after data collection. Special thanks also go to my wife (Reath G. Aloys) and my sons (Erick and Elvis) for their prayers and love.

ABSTRACT

This study assess the effect of monitoring function on implementing fraud risk management framework in Tanzania Public Sector Organizations (PSOs). The objective of this study is to determine the extent to which council management staff have been prepared to implement fraud risk management framework. Specific objectives were 1) To describe the effectiveness of monitoring function in implementing fraud risk management framework in the study area 2) To describe the strategies used by the organizations in implementing fraud risk management framework in the study area and 3) To explain the challenges faced by the organization in implementing fraud risk management framework in the study area. Bukombe District Council was studied using survey data collected in July 2018 from 80 employees at the head quarter. The primary data were collected through an interview and focus group discussion. The data were analysed using descriptive statistics. Frequency Tables were used to analyse Likert scaled variable by means of Statistical Package for Social Science Version 20. The results obtained indicate the Council had no Quartely progress reports and even risk management framework and risk registers are not updated in the organization. Negligence by the Council Management Team of not providing active support and involvement in the fraud risk management process creates a high likelihood of fraudulent transactions or activities to materialize without management being aware. All these issues could result in unsuccessful operation of fraud risk management framework. The study, recommends Bukombe District Council to apply concerted effort in strengthening internal controls and ensure risk assessment is regularly carried out.

TABLE OF CONTENTS

CERTIFICATION	iii
COPYRIGHT	iv
DECLARATION	v
ACKNOWLEDGEMENT	vi
ABSTRACT	Error! Bookmark not defined.
TABLE OF CONTENTS	viii
LIST OF TABLES	xi
LIST OF FIGURES	xii
LIST OF ABBREVIATIONS	xiii
CHAPTER ONE	1
1.0 INTRODUCTION	1
1.1 Background to Research Problem	1
1.2 Research Problem Statement	4
1.3 Research Objectives	5
1.3.1 General Research Objective	5
1.3.2 Specific Objectives	5
1.3.3 Research Questions	5
CHAPTER TWO	6
2.0 LITERATURE REVIEW	6
2.1 Chapter Overview	6
2.2.1 Fraud Risk Management Framework	7
2.2.2 Monitoring Function	11
2.3 Theoretical Analysis	12

2.3.1 Fraud Triangle Theory	12
2.3.2 Risk Maturity Models	13
2.4 Empirical Analysis of Relevant Studies.....	14
2.5 Research Gap Identified	15
2.7 Theoretical Framework	17
2.7.1 Organization Strategies	17
2.7.2 Performance Management.....	18
2.7.3 Legal and Regulatory Framework.....	19
2.8 Summary.....	20
CHAPTER THREE	21
3.0 RESEARCH METHODOLOGY	21
3.1 Chapter Overview	21
3.2 Research Strategies	21
3.2.1 Survey Population	21
3.2.2 Area of the Research	22
3.3 Sampling Design and Procedures	22
3.4 Variables and Measurement Procedures	23
3.4 Methods of Data Collection.....	23
3.5 Data Processing and Analysis.....	25
CHAPTER FOUR.....	26
4.0 RESULTS AND DISCUSSION	26
4.1 Chapter Overview	26
4.2 Characteristics of the Respondents	26
4.2.1 Sex.....	26

4.2.2 Age	27
4.2.3 Education Level	27
4.3 Effectiveness of Monitoring Function in Implementing Fraud Risk	29
4.4 Strategies used by the Organization in Implementing Fraud Risk	31
4.5 Challenges faced by the Organization in Implementing Fraud Risk	33
CHAPTER FIVE	36
5.0 CONCLUSION AND RECOMMENDATIONS.....	36
5.1 Chapter Overview	36
5.2 Summary.....	Error! Bookmark not defined.
5.2.1 Effectiveness of Monitoring Function used by the Organization	36
5.2.2 Strategies used by the Organization in Implementing Fraud Risk	37
5.2.3 Challenges faced by the Organization in Implementing Fraud Risk	38
5.3 Conclusion.....	Error! Bookmark not defined.
5.4 Recommendations	39
5.4.1 Recommendations for Policy Change	Error! Bookmark not defined.
5.4.2 Recommendation for Further Studies	40
REFERENCES	41
APPENDICES.....	44

LIST OF TABLES

Table 4.1: General Characteristics of Respondents.....28

Table 4.2: Responses to Monitoring Activities using a 5-point Likert scale.....30

Table 4.3: Responses to the Principles Compliance using a 5-point Likert scale32

Table 4.4: Responses to Organization Challenges using a 5-point Likert scale34

LIST OF FIGURES

Figure 2.1: Fraud risk management framework8
Figure 2.2: Fraud Risk Management Process.....9
Figure 2.3: Fraud triangle theory12
Figure 2.5: Conceptual Framework16
Figure 2.6: Current thinking about risk.....17

LIST OF ABBREVIATIONS

CAG	Controller and Auditor General
CFE	Certified Fraud Examiner
DED	District Executive Director
DHRO	District Human Resource Officer
DIA	District Internal Auditor
FRMF	Fraud Risk Management Framework
FRC	Fraud Risk Coordinator
GoT	Government of Tanzania
IAGD	Internal Auditor General's Division
ISO	International Standard Organization
MoF	Ministry of Finance
NGO	Non-Government Organization
PSO	Public Sector Organisations
RAMP	Risk Assessment and Management Practice
SPSS	Statistical Package for Social Sciences
URT	United Republic of Tanzania

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background to Research Problem

Implementing a fraud risk management framework (FRMF) supported by monitoring function is of greater need in Tanzania public sector organizations as part of its governance processes. The global financial crisis of 2008 does not demonstrate the failure of risk management, but rather the failure of the management of organizations to successfully address the risks that they faced. This called into question the contribution that risk management can make to corporate success (Hopekin, 2010). Fraud is present everywhere and it does not discriminate in its occurrence. While anti-fraud controls can effectively reduce the likelihood and potential impact of fraud, the truth is that no entity is immune to this threat immune (CFE, 2014).

Fraud, as a vice, has been eating Tanzania. The East African Bribery Index reported Tanzania as the 4th Country in East Africa in 2017 regarding corrupt practices. According to the East Africa Bribery Index (2017), Kenyans would pay a bribe to access Police Services (68.8%), Land (55.1%), Judiciary (48%) and Civil Registration Services (45%). The Index re-affirms that bribery is still a key concern in the region with 83% of Kenyans describing the level of corruption as high compared to Uganda at 81%, Rwanda 61% and Tanzania at 44%. The survey recorded a reduction of bribery incidents across the region from majority of the respondents seeking public services. Highlights from reports of various bodies, for instance the Controller and Auditor General (CAG) Report (2016/17), justify some

few cases or indicator of fraud like Inadequate supported expenditures **TZS 4,508.13 million**; Fraudulent transactions at Tanzanian High Commission in Maputo **TZS 332.86 million**; Salaries paid to workers who were no longer in public service for a period ranging from 1 to 14 months **TZS 31,296,376**; Funds used for unintended purposes: **TZS 6,810.78 million** and Payment of **TZS 52,678.59 million** for goods, works and services which are yet to be delivered/ rendered. (URT, 2018a).

In the year 2010, the Governance of Tanzania amended the Public Finance Act (2001) by establishing the Internal Auditor General's Division (IAGD). One of the key responsibility of IAGD is to undertake continuous audit of risk management. This has placed greater need for the Public Sector Organisations (PSOs) to develop and implement their own risk management frameworks as part of their governance processes. In 2013, the Tanzania Government issued Guidelines for Developing and Implementing Institutional Risk Management in the Public Sector in order to ensure systematic implementation of risk management. In the same vein, following existence of some legislation in Tanzania which cover and/or highlight on issues relating to frauds like the penal code Act, Cap 16 Revised edition (2002), the Prevention and Combating of Corruption Act (2007), Income Act (2006), the Public and Finance Act (2001), the Public Procurement Act (2011), Ethics Act for Public Leaders (1995), Code of Ethics and Conduct for the Public Service issued under the Public Service Act (2002 as amended (2007) the need for developing and implementing guidelines for fraud risks management in the Government of Tanzania (GoT) was of necessary (URT, 2015).

Fraud continues to be an increasing risk to the Tanzanian public sector organization. The GoT considers management of fraud risks as an integral part of sound public sector governance to improve efficiency and increased ability to meet commitments and/or organizational objectives and performance targets as well as increased stakeholder's confidence. With the same commitment, the Accounting offices of all PSOs are charged with the responsibilities of adopting and implementing effective fraud risk management practices in their organization. But, to what extent is the PSO management staff prepared to develop and implement a Guidelines for fraud risk management?

In Bukombe District Council, the available information indicates that a FRMF is in place. However, according to Local Government General Report of 2016-2017, has shown Water project worth **TZS 367.51 million** implemented by Bukombe District Council, had poor performance, indicating that in general terms, the objectives of the project and value for money were not achieved. Moreover, Contrary to Order 37(3) and 38 (1) of the Local Government Financial Memorandum, 2009, CAG report realized that a total of **TZS 24,916,401** were collected but not timely banked. Furthermore, the District had total of **TZS. 4,987,222** not remitted by revenue collection agents and had **18%** of own revenues were not collected. Such incidences lead to negative effects like tarnished image of the organization, loss of stakeholder's confidence, unnecessary suffering and increased loss of government funds. The report has shown no FRMF that could guide Bukombe District Council on how to identify, analyse, and evaluate fraud risks (URT, 2018b).

1.2 Research Problem Statement

It is widely argued that, PSOs which have robust fraud risk management frameworks (FRMFs) supported by an effective monitoring function, facilitates an effective assessment of fraud risk and thus contributing to provision of quality and effective services to the public. Chisasa and Young (2013) conducted a very good study in understanding how to implement a risk management framework in developing markets. The aim of the this research was to determine the extent to which management staff have been prepared to implement a risk management framework in line with international best practice. An African commercial bank was examined using survey data collected in July 2010 from 22 employees. The data were analysed using descriptive statistics. Results indicated the knowledge gaps in collecting risk data and the application of risk models as limitations to the implementation of the framework.

The available information indicates fraud prevalence in Bukombe District Council. The assessment of fraud prevention conducted by CAG in 2016/2017 has clearly shown that the Council had no approved fraud detection and prevention plans; not documented specific controls identified by management; no procedures in place for identifying and responding to the identified fraud risks; and regular fraud assessment not done. This calls the need to undertake in-depth study in order to come up with alternative answers as to what extent does the Bukombe District Management staff prepared on implementing FRMF. The findings of this study will contribute to knowledge required by PSOs staff in developing and implementing FRMF through practical implementation mechanisms that include actions in identifying, recording

and monitor fraud risks, including procedures for regular reporting to the accounting officer and other oversight organs.

1.3 Research Objectives

1.3.1 General Research Objective

To assess the effect of monitoring function on implementing fraud risk management framework in Tanzania PSOs.

1.3.2 Specific Objectives

- (i) To describe the effectiveness of monitoring function in implementing fraud risk management framework in Bukombe District
- (ii) To describe the strategies used by the organization in implementing fraud risk management framework in Bukombe District
- (iii) To explain the challenges faced by the organization in implementing fraud risk management framework in Bukombe District

1.3.3 Research Questions

- i) How effective is Bukombe District Council monitoring activities towards implementation of fraud risk management framework?
- ii) How Bukombe District Council adhere to the principles of implementing fraud risk management framework in the study area?
- iii) What are the challenges that need intervention for effective implementation of fraud risk management framework in Bukombe District Council?

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Chapter Overview

This chapter precisely shows how the problem is related to the previous findings. It demonstrates how the approaches of the study is different from others and indicates the gap of knowledge left by previous studies and how to deal with it. It also indicates the analysis of concepts and theories supported with citation of various literature and ends up with brief account of the analysis of the literature as a preamble to the next chapter.

2.2 Conceptual Definition

Risks are factors that may adversely affect delivery of inputs, completion of activities and achievement of results. Many risk factors are outside the control of the parties responsible for managing and implementing a programme (Tingum, 2015). But the International Standard Organization (ISO) Guide defines Risk as an effect of uncertainty on (setting and achieving) entity's objective bearing in mind that an effect may be positive, negative, or a deviation from the expected.

Fraud risk is the vulnerability that an organization has in relation to the three interrelated elements that enable someone to commit fraud i.e. motive, opportunity and rationalization. (CFE, 2014). Fraud risk can come from sources both internal and external to the organization (URT, 2015).

Public Sector Organization refers to all Ministries, Agencies, Parastatal Organizations, Public Corporations, Regulatory Authorities, Government Business Entities, Regional Secretariats and Local Government Authorities in Tanzania (ibid).

2.2.1 Fraud Risk Management Framework

Fraud risk management framework is a system that provides a basis to identify, analyze, evaluate, and treat fraud risks. It is an integral part of sound public sector governance because it supplements the internal controls environment by helping to prevent, detect and deter fraud (URT, 2015). The key components of fraud risk management framework are explained within five key principles regarding frameworks for managing fraud risks.

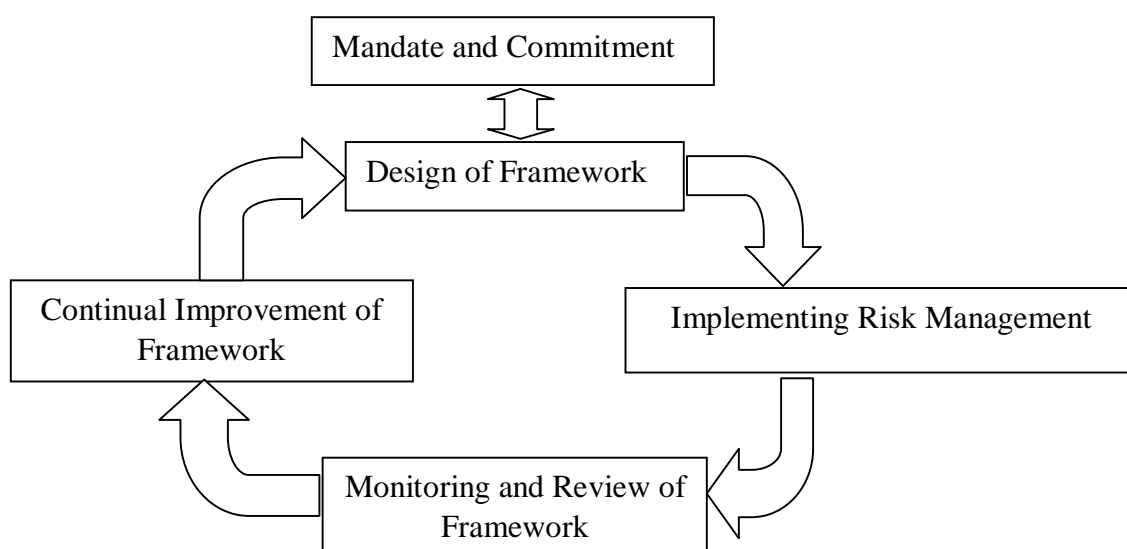
(a) Principles of Fraud Risk Management Framework

The following five principles provide guidance on how to implement the fraud risk management framework.

1. A PSO should have a well-developed understanding of the risks inherent in its program
2. Fraud risk management in a PSO should be managed through clear roles and responsibilities
3. A PSO should have appropriate preventive and deterrence measures in place and regularly monitor their performance
4. A PSO should have approved detective, investigative and disciplinary procedures in place and regularly monitor their performance

5. A PSO should have appropriate reporting procedures in place to communicate the results of its fraud risk management activities to its stakeholders

Fraud risk management framework which has been adopted by the Ministry of Finance (MoF) in 2012 (Figure 2.1).



Source: ISO 31000: 2009

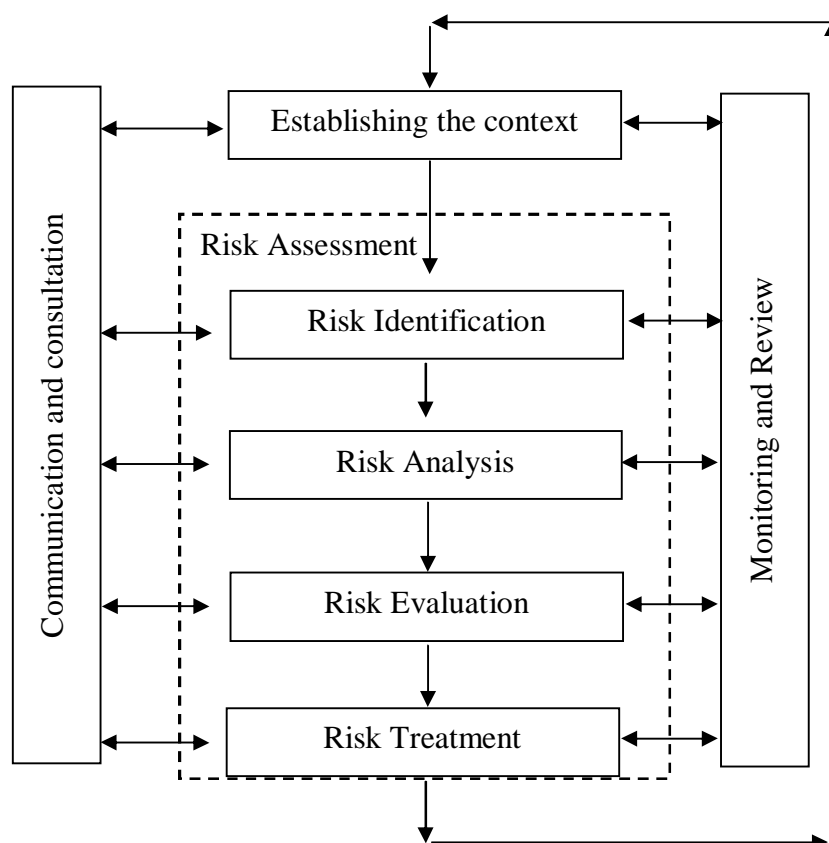
Figure 2.1: Fraud risk management framework

Commitment from the top must reflect the tone at the top. To design of framework for managing risk, you must understand business, have policy, reporting, accountability and implication. Fraud risk management shall be implemented by ensuring that the risk management process outlined in the Government's Risk assessment and Risk Treatment Methodology is applied through a fraud risk management plan at all relevant levels and functions of the organization as part of its practices and processes. An emphasis shall be placed on continual improvement in fraud risk management through the setting of organizational performance goals,

measurement, review and the subsequent modification of processes, systems, resources, capability and skills.

(b) Risk Management Processes

A simple representation of the fraud risk management process is outlined in by Figure 2.2 and a similar process is contained in all of the established risk management standards. Many of the standards distinguish between the risk management process and the framework that supports the process. However, this distinction is not always clear in many of the established risk management standards/frameworks (Hopekin, 2010).



Source: URT, 2015

Figure 2.2: Fraud Risk Management Process

Risk management process has to be applied in every decision making processes and subsequent execution. Although there are many ways of representing the risk management process, the following are fraud risk management processes in Tanzania. First, establish a number of statement showing the extent of risk that an organization is prepared to accept or tolerate after fraud risk has been treated at any point in time; for example, we will not tolerate any action of fraud by any employee, regardless of position. Secondly, identify fraud risk to generate a comprehensive list of fraud risk in the identification and analysis sheet based on the circumstance that might affect the operations of the PSO and later summarized into fraud risk register. It is important that the risk register should not become a static document. It should be treated as a dynamic element and considered to be the risk action plan for a unit or the organization as a whole.

Third, analyse fraud risk to understand the nature and magnitude (level) of risk to determine the impact. While analysing the fraud risk, PSOs are flexible to use the banding rate scale according to their respective risk maturity for example 3 or 5 band rating scale. Forth, prioritize fraud risk according to their combined likelihood and consequence rating. This is normally done through the use of risk heat map also known as risk matrix. Fifth, develop and implement fraud risk mitigation action plans. Each risk identified risk will have its own mitigation option. For instance, Treat (Improve control), Tolerance (Continue with the current control), Transfer (Share liability with the third parties), and Terminate (Avoid or abandon completely the activity). Finally, communicate and consult with stakeholders to ensure that its fraud risk management framework remains appropriate.

2.2.2 Monitoring Function

Monitoring function is defined as activities that support the direct gathering of relevant information from operating units, which then become input for the control function of a system (Hoverstadt 2010; Khairul Akmaliah et al. 2012). Effective risk monitoring requires institutions to identify and measure all material risk exposures. Consequently, risk monitoring activities must be supported by information systems that provide senior managers and directors with timely reports on the financial condition, operating performance, and risk exposure of the institution, as well as with regular and sufficiently detailed reports for line managers engaged in the day-to-day management of the institution's activities.

Ongoing monitoring and review is necessary to ensure that the context, the outcome of the fraud risk assessment and fraud risk treatment, as well as management plans, remain relevant and appropriate to the circumstances. The Government should make sure that the fraud risk management process and related activities remain appropriate in the present circumstances and are followed. Any agreed improvements to the process or actions necessary to improve compliance with the process should be notified to the appropriate managers to have assurance that no risk or risk element is overlooked or underestimated and that the necessary actions are taken and decisions are made to provide a realistic risk understanding and ability to respond.

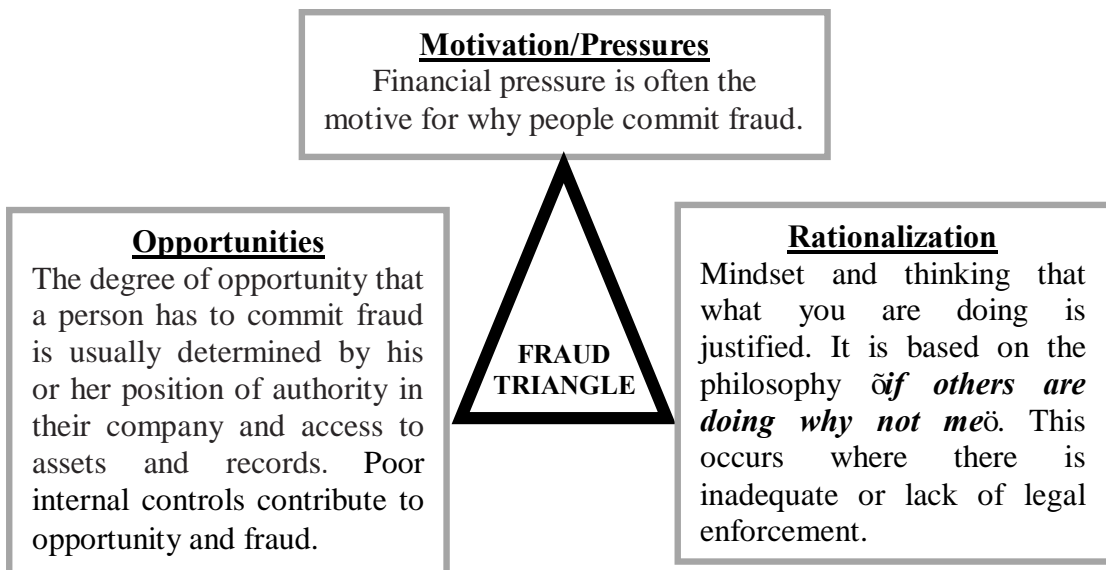
Additionally, the organization shall regularly verify that the criteria used to measure the fraud risk and its elements are still valid and consistent with business objectives, strategies and policies, and that changes to the business context are taken into

consideration adequately during the risk management process. The PSO shall ensure that fraud risk assessment and risk treatment resources are continually available to review fraud risk, to address new or changed threats or vulnerabilities, and to advise management accordingly.

2.3 Theoretical Analysis

2.3.1 Fraud Triangle Theory

Although it is common knowledge that people and organizations commit fraud, it is not fully understood why they do it. Understanding the motive behind fraud is important in preventing it. Dr. Donald Cressey (1953), a famed teacher and pioneer in fraud research and an important fraud expert, developed the Fraud Triangle Theory to explain why people commit fraud (Figure 2.3 and Figure 2.4 indicates).



Source: Abdullahi and Mansor (2015)

Figure 2.3: Fraud triangle theory

There are many motivations to commit fraud; most of them are greed related. When greed overcome fear, Fraud prevail. Dr. Cressey came to the conclusion that the propensity for fraud occurred when three critical elements came together: motive, opportunity, and rationalization. Each of these three elements is necessary and interrelated in order for a person to actually commit a fraud. The absence of any one of them would not allow a person to commit a fraud (Abdullahi and Mansor, 2015). Every Accounting Officer and all employee needs to understand the Fraud Triangle and why employees commit various kinds of fraud.

2.3.2 Risk Maturity Models

An increases in risk management effectiveness can also be measured by the use of risk maturity models. The level of risk management sophistication provides an indication of the benefits that can be achieved from risk management. The level of risk maturity in the organization is a measure of the quality of risk management activities and the extent to which they are embedded within the organization. Risk maturity models can be used to measure the current level of risk culture within the organization. The greater the level of risk maturity, the more embedded risk management activities will become within the routine operations undertaken by the organization. The level of risk maturity within an organization is an indication of the way in which risk processes and capabilities are developed and applied. In an immature organization, informal risk management practices will take place. However, there is likely to be a blame culture in existence when things go wrong and a potential lack of accountability for risk. Also, resources allocated to manage risks may be inappropriate for the level of risk involved. When explicit risk management

is in place, there will be attempts to keep the processes dynamic, relevant and useful. There is likely to be open dialogue and learning so that information is used to inform judgements and decisions about risks. There will be confidence that innovation and risk taking can be managed, with support when things go wrong. When an organization becomes obsessed with risk, there will be over-dependence on process and this may limit the ability to manage risk effectively. There will be over-reliance on information at the expense of good judgement, and dependence on process to define the rationale behind decisions. Individuals may become risk averse for fear of criticism and procedures are followed only to comply with requirements, not because benefits are sought (Chapman, 2011).

2.4 Empirical Analysis of Relevant Studies

Some practical studies of this nature have been done by Malekela (2008) who identified lack of knowledge and experience among project participants and formal financial arrangements as barriers in managing risks in PPP projects. Carter and Chinyio (2011) identified barriers to risk management in UK construction industry as: not being sufficiently pro-active (a lot of risk management is reactive); not robust enough (the process is also not fully robust); attitude towards risks (the industry was seen as being risk-averse - too much focus on transferring risk as opposed to sharing and managing); and incompetence of risk managers. According to the study conducted by Chileshe N and Kikwasi GJ (2013) to investigate the barriers to Risk Assessment and Management Practice (RAMP) among constructional related organisations in Tanzania. In the quest to investigate the reasons for low level uptake of RAMP implementation, awareness of risk management processes, lack of

experience, and lack of information were the most significant barriers that the Tanzanian stakeholders needed to overcome.

2.5 Research Gap Identified

Much as many studies presented above including the study conducted by Chileshe N and Kikwasi GJ (2013) to investigate the barriers to Risk Assessment and Management Practice (RAMP) among constructional related organisations in Tanzania. They have just identified the barriers to risk management but have failed to suggest mitigation measures, the extent to which stakeholders (line management) are involved in implementing risk management and they were talking of risk management in general and not specifically fraud risk management. This study intends to assess the effect of monitoring function on implementing fraud risk management and come up with policy implications.

2.6 Conceptual Framework

Figure 2.5 shows the correlation of diverse types of variables to be studied. The model suggests that an effective implementation of Fraud Risk Management Framework in Tanzania PSO depends on monitoring function. In this study, the main variables (in this case, Prepare and submit of quarterly reports; Annual review and update fraud risk register; Periodic review and update fraud risk management framework; Clear roles and responsibilities; Well-developed understanding; An appropriate reporting procedures; An approved detective, investigative and disciplinary procedures) has a direct relationship with implementation of fraud risk

management framework. However, these variables can be influenced by external factor such as Legal and Regulatory framework.

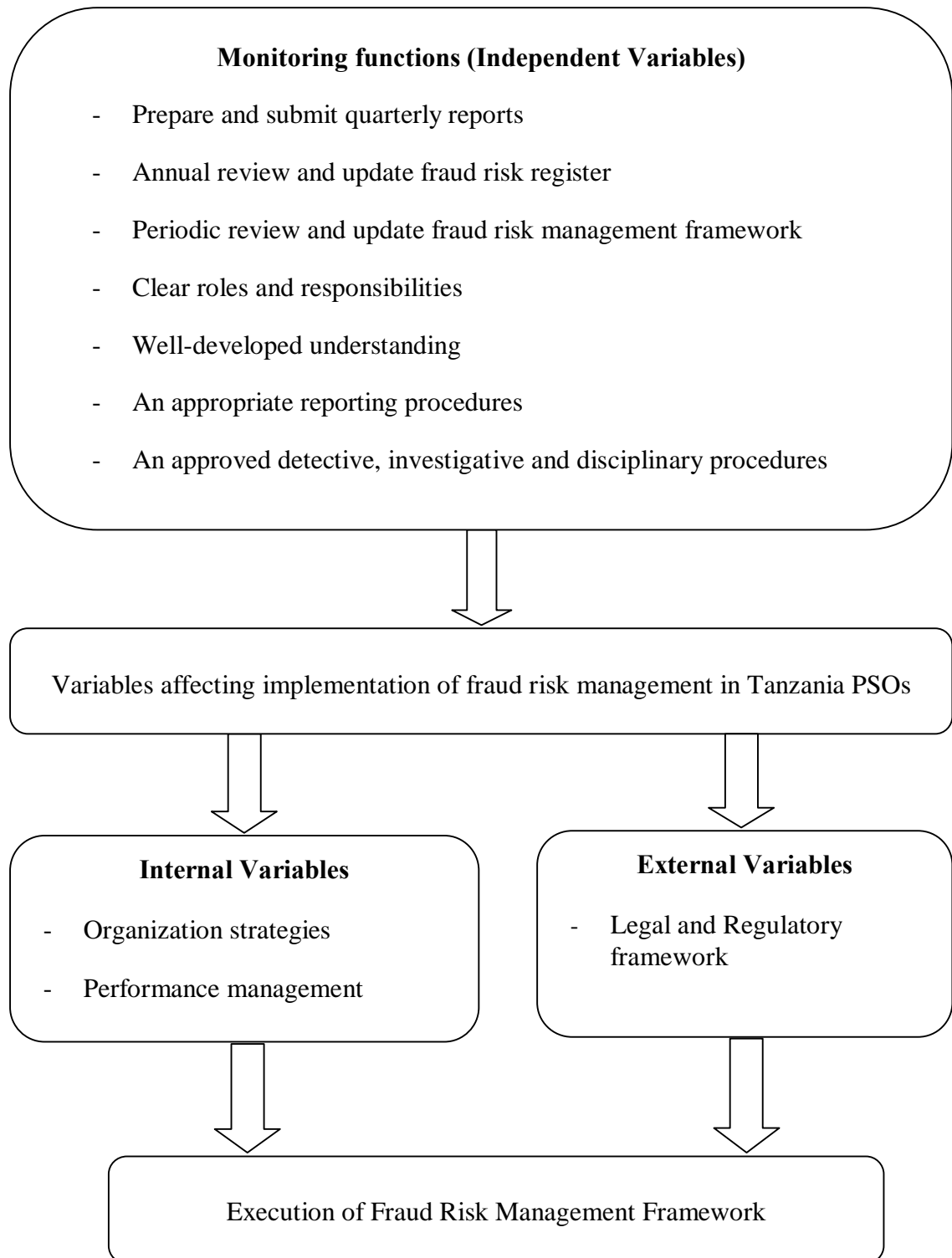


Figure 2.4: Conceptual Framework

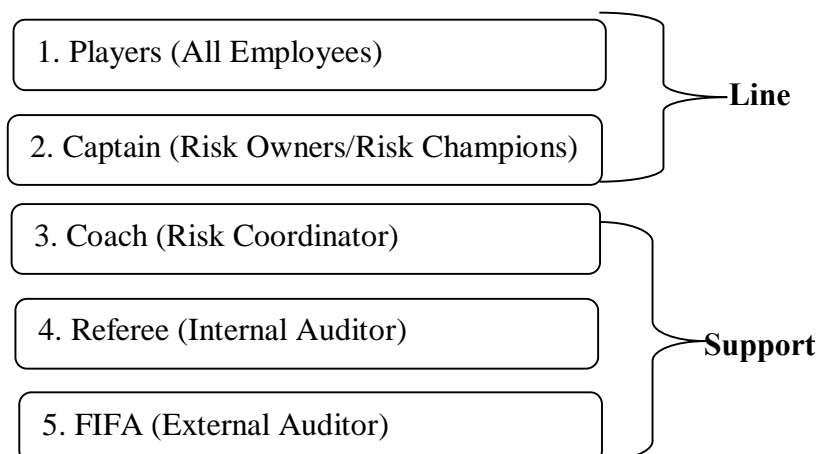
2.7 Theoretical Framework

Theoretical framework identifies and describes the characteristics of the variables considered in the conceptual framework, supported by the theory as reviewed earlier.

2.7.1 Organization Strategies

The main objective of the PSO is not to have effective control nor effectively manage risk but to properly set and achieve its objectives. To achieve the objective, the PSO has to avoid too many surprises along the way and create sustainable value. Therefore risk has to be assessed always in light of setting and achieving objectives. No objectives no risk, the question is how the PSO address uncertainties in achieving its strategic objectives? Through a robust and sound strategic risk management system where line management is engaged in plan and make an informed decisions about the level of risk that they want to take and implementing the necessary controls to effectively pursue their objectives. Risk management professionals, have made greater progress in the area of risk management and internal control but in the process lost other people. The current thing about risk management is like five line of defense as shown in Figure 2.6 below.

Figure 2.5: Current thinking about risk



2.7.2 Performance Management

Performance management is a communication process by which managers and employees work together to plan, monitor and review an employee's work objectives and overall contribution to the organization. More than just an annual performance review, performance management is the continuous process of setting objectives, assessing progress and providing ongoing coaching and feedback to ensure that employees are meeting their objectives and career goals. There are growing pressures in countries throughout the world to improve the performance of their public sectors. One strategy now being employed in both developed and developing countries is to design and construct performance-based monitoring systems so as to be able to track implementation and outputs systematically, and measure the effectiveness of the PSO. It helps determine exactly when a PSO is on track and when changes may be needed.

Monitoring forms the basis for modification of interventions and assessing the quality of activities being conducted. Communication is central during design, implementation and findings dissemination, of program monitoring. All relevant program stakeholders have to communicate starting with how to design the monitoring framework, how to monitor, what to monitor, when, how to communicate and disseminate findings on an ongoing basis, who to receive the findings (different relevant audiences), how to communicate end findings, how to package these findings, how to process the findings, how to feedback the findings into the PSO to improve its quality or how to use the findings to scale up the PSO. The communication and dissemination of monitoring data is mostly overlooked during

initial planning of monitoring strategy, thus failure to properly communicate monitoring information. The question of resources may also come up (both human and non-human) to enable analysis and communication, which should not be underestimated. Also in creating fraud risk monitoring system, the PSO has to ensure that there are clear linkages between monitoring functions and other organizational functions such as planning and budgeting. The key thing to consider when examining a communication and dissemination strategy for monitoring is to link it back with the intended objectives of why the monitoring was done in the first place. Why do we conduct monitoring for program? This is to say, communication is a bridge to an effective performance management.

2.7.3 Legal and Regulatory Framework

Tanzania has many legal and regulatory framework relating to fraud risk management. Just to mention few, The Public Finance Act (2001) Revised (2004) and Amended 2010; The Ethics Act for Public Leaders of 1995; The Income Tax Act (2006); The Public Procurement Act (2011).

The Public Finance Act (2001) Revised (2004) and Amended 2010. Section 10 (3) cover issues may render the public officer contribute to loss or deficiency of properties. Furthermore, section 17 to 21 cover several action to be taken against cash losses by fraud and fraud for example store losses, losses through claims and irrelevant expenditure. The Ethics Act for Public Leaders of 1995. Section 5 to 12 cover issues relating to ethical conducts and prohibitions of public leaders to use public office for personal gains and all other related to frauds.

The Income Tax Act (2006). Section 106 provides for offense of making false or misleading statement. We also have The Public Procurement Act (2011). Section 83 prohibit public officials and tenderers to engage themselves in frauds and/or corrupt practices. Similarly, section 104 provides for stringent sentences for offences like giving false or misleading information, collusive acts geared towards committing fraud and corruption and causing loss of public properties or fraud as a results of negligence. Based on the requirements from the laws and regulations relating to fraud, necessitate the need to develop and implement fraud risk management to for complementing the existing laws and regulation.

2.8 Summary

The chapter has conceptualized some of the key concepts of the study namely fraud risk management framework and monitoring functions. The chapter reviewed various theories/models and some literature on risk management worldwide as well as in Tanzania.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Chapter Overview

This chapter tells what, where and how the research work was done by outlining the research strategies, sampling design, methods and procedures that will be used to produce the study results which permits to draw conclusion from the study.

3.2 Research Strategies

Descriptive research design was applied particularly cross sectional research design because it involves conducting a survey of a sample of population elements at one point in time and provide quick snapshot of what is going on with the variables of interest for our research problem. The answers for the problem were produced through the use of questionnaires and interviews with officials from the sample drawn to represent the entire population.

3.2.1 Survey Population

Both male and female staff members were interviewed who made us know how they do participate in the whole process of developing and implementing fraud risk management framework in their organization. These people were found in their respective working station. The District Human Resource Officer (DHRO) assisted to invite and identify the employees.

3.2.2 Area of the Research

The study area was in Geita Region and the sampled public sector organization is Bukombe District Council headed at Ushirombo Township. Motives behind being CAG Assessment report (2018) that had shown Bukombe District had no risk management policy that could guide Council on how to identify fraud and assess risk when they occur. Bukombe District lies in the Southern apex of Geita region. It lies between 2°8 to 3°28 south of the Equator and 32°45 to 37° East of Greenwich. It borders Chato district to the North West. To the North East, East and South East it borders Mbogwe District. To the South the district borders Urambo District in Tabora region. To the South west there is Kibondo District in Kigoma region while to the West the district borders Biharamulo district in Kagera region respectively.

3.3 Sampling Design and Procedures

The total 101 staffs comprising of males and females will provide a sample size of 80 employees who were identified by DHRO. The sample size will be obtained using Yamane formula (1967) for the known population. This formula is reliable to 95% and less than 5% deviation factor.

$$n = \frac{N}{1 + (N)e^2}$$

Where;

n = Sample size = 80

N = Population size = 101

e = an error which a researcher is willing to accept (5%)

The answers for the problem were obtained through the use of questionnaires from the sample that was drawn to represent the entire population since it not possible to interview the whole population.

3.4 Variables and Measurement Procedures

The kind of data that used in this study are categorical data (ordinal/nominal). The data were obtained from the employees at the Bukombe District Council head quarter. The type of variable (level of measurement) is among the key determinant for the choice of statistical method to use in data analysis. The variables that were used to collect the data are legal and regulatory framework, monitoring system and organization strategies. Structured questionnaire were employed to collect the data as they require a lower cognitive load on the respondent, reduce the amount of thinking that a respondent needs to undertake to complete the task. This generally leads to higher response and more accurate data. On the other side, they are easier to code and analyse.

3.5 Methods of Data Collection

Field visits to collect data in the study area were involved various methods and tools collect both primary and secondary data. A Likert Scale approach were used to scale responses in survey research specifically primary data collected through an interview method using self-administered structured questionnaire measure the attitude of the respondents who are asked to indicate the level of agreement or disagreement with the statements related to the study where a symmetry of categories is presented with clearly defined linguistic qualifiers. The purpose is to identify the attitude of people by asking them the extent to which they agree or disagree (**1 = Strongly Disagree, 2**

= **Disagree**, **3 = Not Sure**, **4 = Agree**, **5= Strongly Agree**) towards the given statements. Likert scale. Furthermore, Focus Group Discussion were also used to collect primary data from the key informants. Secondary data were collected through documentary review whereby different documents were revised; this included journals, annual and quarterly reports.

3.5.1 Focus Group Discussion

This method was used to collect data from key informants for instance Accounting Officer/District Executive Director (DED), District Human Resource Officer (DHRO), District Internal Auditor (DIA) and Fraud Risk Coordinator (FRC). From the discussion data concerning the implementation of fraud risk management framework was be obtained.

3.5.2 Interview

An interview method of data collection acquire information needed to solve the problem under the study using questionnaires. It is a conversation between two or more people where questions are asked by the interviewer to elicit facts or statements from the interviewee.

3.5.3 Documentary review

Different documents prepared by other authors (published or unpublished) were reviewed to collect the data. Various fraud risk management reports were studied to

extract information related to the study specifically strategies used and challenges facing the PSOs in implementing fraud risk management frameworks.

3.6 Data Processing and Analysis

3.6.1 Data processing

Questionnaires were edited to look for errors in recording, coded and data were entered into the computer. Furthermore, data were verified prior to analysis to detect errors and omissions before the analysis.

3.6.2 Data analysis

Descriptive statistical analysis was used to analyse variables in all objectives. Descriptive statistical analysis was conducted to analyze frequencies and percentage distributions for variables under study by means of Statistical Package for Social Science (SPSS) version 20.

CHAPTER FOUR

4.0 RESULTS AND DISCUSSION

4.1 Chapter Overview

This chapter attempts to extensively discuss the findings of the study. It discusses the respondent's characteristics, major findings and supplementary evidences, interpretation of findings and compare the results with the related literature review. The chapter has been divided into subchapters depending on the number of specific objectives of the study. Each subchapter has been devoted for presenting the results pertaining to an objective. The sub-chapters are well balanced, mutually related and arranged in logical sequence.

4.2 Characteristics of the Respondents

In social sciences research personnel characteristics of respondents have very significant role to play in expressing and giving the responses about the problem. In that way, demographic characteristics of the respondents were analysed based on their Sex, Age and Education level (Table 4.1).

4.2.1 Sex

Information on the basic characteristics of males and females interviewed in this study is essential for interpretation of findings presented and it provides an approximate indication of the representativeness in the study. The study described sex of the respondent to understand the issues related to decision making in fraud risk management processes at organizational level. Not only that, but also sex is very

important in communication, stakeholder engagement and preferences for the uptake of interventions. Sex influence the way in which an implementation strategy works, for whom, under what circumstances and why. There is emerging evidence that programme theories may operate differently within and across sexes and other intersectional characteristics under various circumstances. Furthermore, without proper study, implementation strategies may inadvertently exploit or ignore, rather than transform thinking about sex related factors.

4.2.2 Age

At all ages whether at work or in our personal lives, we have to make decisions on a regular basis. Various research suggests that older adultsø better emotion regulation may well contribute to their ability to make better decisions and resist the òsunk cost biasö. In this study, age is one of the most important characteristics in understanding their views about a particular problems. Large age indicates level of maturity of individuals and in that sense age becomes more important to examine the response. Therefore, the study describes the respondentø age as it is related to maturity and immaturity of the answers given.

4.2.3 Education Level

Education gives us a knowledge of the world around us and changes it into something better. It develops in us a perspective of looking at life. It helps us build opinions and have points of view on things in life. Education is also one of the most important characteristics that might affect personø attitude and the way of looking and understating any particular social phenomenon. In that way, ability of a person to

learn, adopt and implementing fraud risk management practices and reasonably to process information is related to education of the respondent. Hence the response of an individual is likely to be determined by his education status and therefore it becomes imperative to know the education background of the respondents.

Table 4.1: General Characteristics of Respondents

Variable	Frequency	Percent
Age (Years)		
21-28	7	8.8
29-36	22	27.5
37-44	28	35.0
45-52	16	20.0
53-60	7	8.8
Sex		
Male	54	67.5
Female	26	32.5
Education level		
Certificate	5	6.3
Diploma	20	25.0
Degree	55	68.8
* n = 80		

Results in Table 4.1 indicate majority of respondents (35.0%) aged between 37 - 44 years, with very few (7.0%) aged below 21 - 28 and 53 - 60 years. Results from Table 4.1 also reveal that most of respondents (67.5%) were males. Findings from

Table 4.1 further indicate that more than a half (68.8%) of total respondents had at least Bachelor degree education level.

4.3 Effectiveness of Monitoring Function in Implementing Fraud Risk Management Framework

Fraud risk monitoring is crucial as it regularly gather information on all aspects of the framework during the course of its implementation to check on how activities are progressing. Fraud risk register that to record, rate, monitor and report fraud risks is a valuable sources of information that can form the basis for decision-making, learning and serve as a basis for policy directives to improve performance at the organization level. An effective monitoring function requires a policy, culture and structure that facilitates the organization to identify, record and monitor fraud risks, including procedures for reporting fraud risks information to the Accounting Officers and other oversight organs. This study measured people's underlying attitudes towards the effectiveness of the organization monitoring activities as shown in Table 4.2.

Table 4.2: Responses to Monitoring Activities using a 5-point Likert scale

Survey Item	Strongly disagree	Disagree	Not sure	Agree	Strongly agree
Preparation and submission of quarterly reports	31.3 % (25)	28.8% (23)		15.0% (12)	3.8% (3)
Annual review and update fraud risk register	20.0% (16)	41.3% (33)	25.0% (20)	12.5% (10)	1.3% (1)
Periodic review and update FRMF as put forth in the fraud risk policy	21.3% (17)	38.8% (31)	27.5% (22)	10.0% (8)	2.5% (2)

** Likert scale: 1 = strongly disagree and 5 = strongly agree (n = 80).*

The results in Table 4.2 indicate that majority of respondents reported the organization not to prepare and submit quarterly implementation fraud risk management reports completely was 31.3%. Table 4.2 also indicates that the organization do not conduct annual review and update fraud risk register (41.3%). Further, Table 4.2 indicates that the organization do not conduct periodic review and update fraud risk management framework as put forth in the fraud risk policy (38.8%).

4.4 Strategies used by the Organization in Implementing Fraud Risk Management Framework

The strategies used by the organization in implementing fraud risk management framework has to be in line with accepted risk management principles and best practice. This will lead the organization to assess the fraud risk inherent by identifying and addressing an organization's vulnerabilities to internal and external fraud. To achieve this, it is important for everyone to be clearly aware of individuals and collective fraud risk management responsibilities through establishment of appropriate fraud risk governance structure. Then the organization's fraud prevention strategies as the first line of defense has to be in place to reduce the risk of fraud occurring. This will be achieved by defining the responsibilities for action such as investigating fraud incidents and taking appropriate action, securing evidence for disciplinary action and fraud reporting arrangements. An effective fraud risk reporting contributes to good corporate governance by providing reliable and current information to internal and external management. The study investigated to what extent Bukombe District Council adhere to the principles of implementing Fraud Risk Management Framework (FRMF).

Table 4.3: Responses to the Principles Compliance using a 5-point Likert scale

Survey Item	Strongly disagree	Disagree	Not sure	Agree	Strongly agree
Clear roles and responsibilities	27.5% (22)	31.3% (25)	7.5% (6)	21.3% (17)	12.5% (10)
Understanding of the risks inherent in its program	17.5% (14)	33.8% (27)	8.8% (7)	31.3% (25)	8.8% (7)
Appropriate reporting procedures in place	3.8% (3)	17.5% (14)	26.3% (21)	33.8% (27)	18.8% (15)
An approved detective, investigative and disciplinary procedures	13.8% (11)	47.5% (38)	18.8% (15)	16.3% (13)	2.5% (2)
An appropriate preventive and deterrence measures	25.0% (20)	35.0% (28)	21.3% (17)	13.8% (11)	5.0% (4)

** Likert scale: 1 = strongly disagree and 5 = strongly agree (n = 80)*

From the above output it can be said that; Results for Table 4.3 indicates fraud risks are not managed through clear roles and responsibilities (31.3%) and the organization has no well-developed understanding of the risks inherent in its program (33.8%). Furthermore, reporting procedures in place to communicate the results of its fraud risk management activities to its stakeholders are appropriate (33.8%). Table 4.3 indicates the organization not to have an approved detective, investigative and disciplinary procedures in place and regular monitor fraud risk performance (47.5%). Furthermore, the organization has no an appropriate preventive and deterrence measures in place and regular monitor their performance (35%).

4.5 Challenges faced by the Organization in Implementing Fraud Risk Management Framework

Many PSOs operate in a complex and changing environment, and are faced by increasing demands for the best possible values of service, more transparency and accountability and higher quality standards. These factors not only place more pressure on PSO resource but also expose them to a new challenge which may spoil them from achieving their objectives as shown in Table 4.4.

In discussion with the District Executive Directors (DED), District Human Resource Officer (DHRO) and District Internal Auditors (DIA) to confirm their understanding of fraud risk and the extent to which they manage it. It was noted they had a little understanding signifying that the management have not trained. The District Executive Director said, for effective implementation of fraud risk management frameworks in Local Government Authorities (LGAs) the Ministry of Finance would have been initially facilitate funds for FRC to conduct training to all staff, council members and close stakeholders at lower levels.

In discussion with the Fraud Risk Coordinator (FRC), said that before the Government had offered the guideline for developing and implementing fraud risk management and conduct training to FRCs, they had a little understanding on how fraud risk management and internal control can be fully embedded into the operations. He also suggested that, training should be extended to DED for them to have tone at the top; DIA who has the responsibility to provide overall assurance and advice to DED for active support and involvement in fraud risk management process; and DHRO who is responsible for enforcing code of ethics since fraudulent issues

have been done by people and relates to ethical culture. By so doing, FRC will organize training sessions to all employees, council members and other close stakeholders to have a general awareness of fraud and how they should respond.

Table 4.4: Responses to Organization Challenges using a 5-point Likert scale

Survey Item	Strongly disagree	Disagree	Not sure	Agree	Strongly agree
Inadequate fund disbursement	3.8% (3)	5.0% (4)	23.8% (19)	32.5% (26)	35.0% (28)
Lack of awareness, knowledge and expertise	2.5% (2)	2.5% (2)	5.0% (4)	37.5% (30)	52.5% (42)
Lack of coordination between parties involved	41.3% (33)	27.5% (22)	16.3% (13)	7.5% (6)	7.5% (6)
Availability of specialist risk management consultants	17.5% (14)	28.8% (23)	41.3% (33)	8.8% (7)	3.8% (3)
Time constraints	35.0% (28)	26.3% (21)	18.8% (15)	17.5% (14)	2.5% (2)
Risk management knowledge not being a priority in clients requirements	43.8% (35)	21.3% (17)	11.3% (9)	10.0% (8)	13.8% (11)

** Likert scale: 1 = strongly disagree and 5 = strongly agree (n = 80).*

Results in Table 4.4 suggests that the main challenge facing the organization towards effective implementation of FRMF is lack of fraud risk management awareness, knowledge and expertise (52.5%). Results in Table 4.4 also indicate risk

management knowledge is a priority in client's requirements (43.8%). Furthermore, the Results in Table 4.4 indicated that coordination between parties involved is very good (41.3%) and time allows (35.0%) though the organization seems not to disburse adequate funds for fraud risk management activities (35.0%). Furthermore, majority of the respondent were not sure if availability of specialist risk management consultants could be one of the biggest challenge facing the organization towards effective implementation of FRMF (41.3%).

CHAPTER FIVE

5.0 CONCLUSION

5.1 Summary of Research Findings

A considerable number of items were covered by this study on the assessment of the effect of monitoring function on implementing fraud risk management framework in Tanzania PSOs, with a study case of Bukombe District Council this chapter intends to give pertinent conclusions borne out of the analysis and discussion of the data used in the study. It also provided a very specific and practical recommendations for action flow from the findings and conclusions. Each major findings for each specific objective bears a specific conclusion and recommendation. Moreover, after the recommendation the chapter suggests also areas for further study. This study assessed the effect of monitoring function on implementing fraud risk management framework in Bukombe District Council. Specifically the study describes the effectiveness of monitoring function and the strategies used by the organization in implementing fraud risk management framework in the organization. Furthermore, the study explain the challenges faced by the organization in implementing fraud risk management framework.

5.1.1 Effectiveness of Monitoring Function used by the Organization on Implementing Fraud Risk Management Framework in the Organization

Fraud risk management as a process is assessed continuously and used for decision-making in all phases of a project or organization; and to achieve this the organization sets a strategy, design frame work that may lead on identifying potential risks and

managing them. In Bukombe District Council it was found that, despite of having risk management framework and risk register no risk management report has been prepared (31.3% of the respondents) and risk register (38.8% of the respondents) is not reviewed/updated to accommodate immerging risks as put forth in risk policy. The results imply no formal risk assessments been performed on a regular basis and even the management does not estimate the significance and the likelihood risks.

5.1.2 Strategies used by the Organization in Implementing Fraud Risk Management Framework in the Organization

The primary responsibility for prevention and detection of fraud rests within those charged with governance as well as management and employees. In particular the following fraud prevention weaknesses were noted: Despite the fact that the appropriate reporting procedures being in place to communicate the results of fraud risk management activities to its stakeholders appropriate (33.8% of the respondents), the management failed to identifying and responding to the risk of fraud. This might be caused by unclear roles and responsibilities to most of the employees in the organization (31.3% of the respondents) and little awareness on the importance of risk management policy and internal controls of the Council by the Councils management (33.8% of the respondents); likewise, it was found that the Council has no approved fraud detection and prevention plan have been documented by the council management to regular monitor fraud risk performance (47.5% of the respondents).

5.1.3 Challenges faced by the Organization in Implementing Fraud Risk Management Framework in the Organization

It was found that the respondents had a great interest on all matters related to implementation FRMF (43.8% of the respondents) and the Council had a very good coordination between parties involved (41.3% of the respondents). But the leading challenge facing the organization towards effective implementation of FRMF was lack of awareness, knowledge and expertise (52.5% of the respondents). It is one of the biggest challenge facing the organization implying no periodic training has been conducted to the Council staff and even the personnel in the departments are capable of handling their duties. This is also affected by inadequate fund disbursement (35.0% of the respondents).

5.2 Conclusion

The study employed descriptive research design particularly cross sectional research design to provide quick snapshot of what is going on with the variables of interest where few staffs from the head quarter in Bukombe District Council were selected as a sample size to provide information. Both primary and secondary information were used in this study. Primary data through questionnaire were analysed using Statistical Package for Social Science Version 20 and the results were presented using tables. The major argument being to what extent is the council management staff prepared to implement fraud risk management framework? The analysis of all respondents responses revealed the Council had no Quartely progress reports and even risk management framework and risk register are not updated. Quarterly reports identifies

early signs of potential problems or success. This implies, the council do not document the specific controls identified by the management which are appropriate for detection and mitigation of the risk of errors resulting from fraud. Laxity by the Council Management on pressing the importance of assessment of risks associated with fraud by not putting mechanisms for detecting and preventing fraud creates a high possibility of fraud and fraudulence issues happening without being detected by those charged with governance and the Council Management. Ultimately, the Council may fail to deliver better services to the community especially on when it will be confronted with risk situation.

5.3 Recommendations

Quarterly reports must be prepared for all programmes and projects regardless of budget and duration and must contain practical recommendations on how to resolve problems or optimize initial gains. These reports should serve as inputs to any reviews exercises that will be conducted. The organization should also review and update fraud risk register annually and conduct review and update FRMF as put forth in fraud risk policy. The Council Management should to prepare, document and approve Fraud Prevention Plan and to perform risk assessment on regular basis. The Council must regularly kept on monitoring and updating their risk management framework to ensure that it is an effective element of a Council's processes and procedures to deliver services to its community. Furthermore, for fraud risk management policy to be effective the PSO should separate risk and control system from staff functionaries by establishing a unit/section dealing with the fraud risk management so in each PSO. Head of the unit should be responsible for coordinating

efforts in designing the PSO's fraud risk management framework and for the day to day activities associated with coordinating, maintaining and embedding the framework in the organization.

Finally, the organization should capacity build its employee in all matters related to risk management to develop understanding among them and put more efforts to ensure that the organization comply with all the principles of implementing fraud risk management framework. In addition, since all personnel, stakeholders and contractors apply the fraud risk management processes to their respective roles, they are required to read and understand regulations and instructions (Policies and procedures) issued by the Government and to make this clear it must be interpreted in the working environment of the council.

5.4 Areas for Further Studies

Since the results of this study is based on Public Sector Organizations in Tanzania, despite of the country having many anti-fraud control it is widely argued that anti-fraud controls can effectively reduce the likelihood and potential impact of fraud But, the truth is that no entity is safe to this kind of risk. For that reason, other researchers are encouraged to conduct comparative research design between Public Sector Organization against Private Sector Organization.

REFERENCES

- Abdullahi, R, and Mansor, N. (2015). *Fraud Triangle Theory and Fraud Diamond Theory. Understanding the Convergent and Divergent For Future Research*. International Journal of Academic Research in Accounting, Finance and Management Sciences. Vol. 5, No.4, October 2015, pp. 38645. E-ISSN: 2225-8329, P-ISSN: 2308-0337.
- Carter, A., and Chinyio, E. (2010). *Effectiveness of risk management: Barriers and solutions*. Retrieved from: www.irbdirekt.de/daten/iconda/CIB18256.pdf accessed on 18th July 2018 at 11:45 pm
- CFE, (2014). *Report to the Nations on Occupational Fraud and Abuse: 2014 Global Fraud*. Retrieved from Association of Certified Fraud Examiner Web Site: <https://www.acfe.com> accessed on 28th July 2018 at 08:06 pm
- Chapman, R.J (2011). *Risk Maturity Models. Simple Tools and Techniques for Enterprise Risk Management, Second Edition*. John Wiles & Sons, Ltd. 2011. Retrieved from Wiley Web Site: <https://onlinelibrary.wiley.com/doi/pdf/10.1002/9781118467206.app6> accessed on 27th July 2018 at 04:10 pm.
- Chileshe, N. and Kikwasi G. J., (2013). *Perception of barriers to implementing risk assessment and management practices by construction professionals in Tanzania: 29th Annual ARCOM Conference, 2-4 September 2013, Reading, UK, Association of Researchers in Construction Management, 1137-1146*.
- Chisasa, J. and Young J., (2013). *Implementing a Risk Management Framework in Developing Markets*. University of South Africa-Pretoria, South Africa.

- Hopekin, P. (2010). *Fundamentals of Risk Management. Understanding, evaluating and implementing effective risk management.* Typeset by Saxon Graphics Ltd, Derby. Printed and bound in India by Replika Press Pvt Ltd.
- Hoverstadt, P. (2010). *The viable system model.* The Open University in association with Springer-Verlag London Limited, London, pp. 876133
- Malekela, K. N. (2008). *Risks in implementing PPP building projects in Tanzania,* unpublished dissertation, Ardhi University.
- Tingum, E. N. (2015). *Planning for Monitoring and Evaluation.* Lesson 1 Basic Concepts on M&E and Definitions. The Open University of Tanzania, Department of Economics. June, 2015.
- URT, (2015). *Guideline for developing and Implementing Fraud Risk Management Framework in the Public Sector.* Internal Auditor General's Division. Risk Management Systems and Control Section. April, 2015
- URT, (2018a). *The Annual General Report of the Controller and Auditor General on the Financial Statements for the Year Ended 30th June, 2017.* Central Government Annual General Report 2016-17. Retrieved from National Audit Office of Tanzania Web Site: <http://www.nao.go.tz/financial-year-2016-17/> accessed on 18th July 2018 at 12:06 pm. March, 2018.
- URT, (2018b). *The Annual General Report of the Controller and Auditor General on the Financial Statements for the Year Ended 30th June, 2017.* Local-Government-General-Report-2016-17. Retrieved from National Audit

Office of Tanzania Web Site: <http://www.nao.go.tz/financial-year-2016-17/> accessed on 18th July 2018 at 12:10 pm. March, 2018.

APPENDICES

QUESTIONNAIRE

A SURVEY ON DEVELOPING AND IMPLEMENTING FRAUD RISK MANAGEMENT FRAMEWORK IN BUKOMBE DISTRICT COUNCIL

Target respondents: To be completed by employees in Bukombe District Council Head Quarter

Purpose: The research is conducted for completion of Master Degree (Master of Arts in Monitoring and Evaluation).

Confidentiality: Please note that the responses you provide are completely anonymous and confidential.

GENERAL INFORMATION

Name (Optional):.....**Mobile:**

(Please select and tick where appropriate)

Age	Sex	Education level	No. of years in the Organization
21-28	Male	Primary	< 1
29-36		Secondary	1 - 2
37-44	Female	Certificate	3 - 4
45-52		Diploma	5 - 6
53-60		Degree	> 6

INFORMATION RELATED TO KNOWLEDGE

(Please select and tick where appropriate)

1. How effective is your organization monitoring activities towards implementation of fraud risk management framework?

Fraud risk monitoring activities	Strongly disagree	Disagree	Not sure	Agree	Strongly agree
The organization prepare and submit of quarterly implementation fraud risk management reports					
The organization conduct annual review and update fraud risk register					
The organization conduct periodic review and update fraud risk management framework as put forth in the fraud risk policy					

2. How does your organization adhere to the principles of implementing fraud risk management framework?

Principles of implementing fraud risk management framework	Strongly disagree	Disagree	Not sure	Agree	Strongly agree
Fraud risks are managed in the organization through clear roles and responsibilities					
The organization has a well-developed understanding of the risks inherent in its program					
The organization has appropriate reporting procedures in place to communicate the results of its fraud risk management activities to its stakeholders					
The organization has an approved detective, investigative and disciplinary procedures in place and regular monitor their performance					
The organization has an appropriate preventive and deterrence measures in place and regular monitor their performance					

3. What are the challenges that need intervention for effective implementation of fraud risk management framework?

Challenges	Strongly disagree	Disagree	Not sure	Agree	Strongly agree
Inadequate fund disbursement					
Lack of awareness, knowledge and expertise					
Lack of coordination between parties involved					
Availability of specialist risk management consultants					
Time constraints					
Risk management knowledge not being a priority in clients requirements					

(THANK YOU FOR YOUR TIME AND RESPONSES)

KEY INFORMANTS QUESTIONNAIRE

GENERAL INFORMATION

Name (Optional):.....Mobile:

(Please select and tick where appropriate)

Age	Sex	Education level	No. of years in the Organization	What is your Position in the Organization
21-28	Male	Primary	< 1	Accounting Officer
29-36		Secondary	1 - 2	DHRO
37-44	Female	Certificate	3 - 4	DIA
45-52		Diploma	5 - 6	FRC
53-60		Degree	> 6	Other (Specify)

INFORMATION RELATED TO KNOWLEDGE

(Please select the correct answers)

- Responsibility for determination, assessment and management of fraud risk is included in Job descriptions? a) Yes b) No

If No, Why?..... í í í í í í í í .í í í í í í í í í í
- Management have been trained to understand what fraud risks are, and their responsibility for them? a) Yes b) No

If No, Why?..... í í í í í í í í .í í í í í í í í í í
- Head of departments and units are assessed on their fraud risk management performance? a) Yes b) No

If No, Why?..... í í í í í í í í .í í í í í í í í í í

4. Management have set up methods to monitor the proper operations of risk processes, responses and action plan? a) Yes b) No

If No, Why?..... í í í í í í í í .í í í í í í í í í í

5. In your opinion what significant contribution do you think has been brought by the Guideline offered by the Ministry of Finance for developing and implementing fraud risk management in the Public Sector? í í ...í í í í ...

í í

í í

(THANK YOU FOR YOUR TIME AND RESPONSES)

Appendix II: SPSS FREQUENCY TABLES**Age**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	21-28	7	8.8	8.8	8.8
	29-36	22	27.5	27.5	36.3
	37-44	28	35.0	35.0	71.3
	45-52	16	20.0	20.0	91.3
	53-60	7	8.8	8.8	100.0
	Total	80	100.0	100.0	

Sex

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	54	67.5	67.5	67.5
	Female	26	32.5	32.5	100.0
	Total	80	100.0	100.0	

Education level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Certificate	5	6.3	6.3	6.3
	Diploma	20	25.0	25.0	31.3
	Degree	55	68.8	68.8	100.0
	Total	80	100.0	100.0	

Number of Years in the Organization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 - 2	9	11.3	11.3	11.3
	3 - 4	29	36.3	36.3	47.5
	5 - 6	21	26.3	26.3	73.8
	> 6	21	26.3	26.3	100.0
	Total	80	100.0	100.0	

The organization prepare and submit of Quarterly Implementation Fraud Risk Management Reports

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	25	31.3	31.3	31.3
Disagree	23	28.8	28.8	60.0
Not sure	17	21.3	21.3	81.3
Agree	12	15.0	15.0	96.3
Strongly agree	3	3.8	3.8	100.0
Total	80	100.0	100.0	

The Organization Conduct Annual Review and update Fraud Risk Register

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	16	20.0	20.0	20.0
Disagree	33	41.3	41.3	61.3
Not sure	20	25.0	25.0	86.3
Agree	10	12.5	12.5	98.8
Strongly agree	1	1.3	1.3	100.0
Total	80	100.0	100.0	

The Organization Conduct Periodic review and update Fraud Risk Management framework as put forth in the fraud risk policy

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	17	21.3	21.3	21.3
Disagree	31	38.8	38.8	60.0
Not sure	22	27.5	27.5	87.5
Agree	8	10.0	10.0	97.5
Strongly agree	2	2.5	2.5	100.0
Total	80	100.0	100.0	

Fraud Risks are Managed in the Organization through Clear Roles and Responsibilities

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	22	27.5	27.5	27.5
Disagree	25	31.3	31.3	58.8
Not sure	6	7.5	7.5	66.3
Agree	17	21.3	21.3	87.5
Strongly agree	10	12.5	12.5	100.0
Total	80	100.0	100.0	

The organization has a well-developed understanding of the risks inherent in its program

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	14	17.5	17.5	17.5
Disagree	27	33.8	33.8	51.3
Not sure	7	8.8	8.8	60.0
Agree	25	31.3	31.3	91.3
Strongly agree	7	8.8	8.8	100.0
Total	80	100.0	100.0	

The organization has appropriate reporting procedures in place to communicate the results of its fraud risk management activities to its stakeholders

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	3	3.8	3.8	3.8
Disagree	14	17.5	17.5	21.3
Not sure	21	26.3	26.3	47.5
Agree	27	33.8	33.8	81.3
Strongly agree	15	18.8	18.8	100.0
Total	80	100.0	100.0	

The Organization has an Approved Detective, Investigative and Disciplinary Procedures in Place and Regular Monitor their Performance

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	11	13.8	13.8	13.8
Disagree	38	47.5	47.5	61.3
Not sure	15	18.8	18.8	80.0
Valid Agree	13	16.3	16.3	96.3
Strongly agree	2	2.5	2.5	98.8
22.00	1	1.3	1.3	100.0
Total	80	100.0	100.0	

The organization has an appropriate preventive and deterrence measures in place and regular monitor their performance

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	20	25.0	25.0	25.0
Disagree	28	35.0	35.0	60.0
Not sure	17	21.3	21.3	81.3
Valid Agree	11	13.8	13.8	95.0
Strongly agree	4	5.0	5.0	100.0
Total	80	100.0	100.0	

Inadequate Fund Disbursement

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	3	3.8	3.8	3.8
Disagree	4	5.0	5.0	8.8
Not sure	19	23.8	23.8	32.5
Valid Agree	26	32.5	32.5	65.0
Strongly agree	28	35.0	35.0	100.0
Total	80	100.0	100.0	

Lack of Awareness, Knowledge and Expertise

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	2	2.5	2.5	2.5
Disagree	2	2.5	2.5	5.0
Not sure	4	5.0	5.0	10.0
Agree	30	37.5	37.5	47.5
Strongly agree	42	52.5	52.5	100.0
Total	80	100.0	100.0	

Lack of Coordination Between Parties Involved

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	33	41.3	41.3	41.3
Disagree	22	27.5	27.5	68.8
Not sure	13	16.3	16.3	85.0
Agree	6	7.5	7.5	92.5
Strongly agree	6	7.5	7.5	100.0
Total	80	100.0	100.0	

Availability of Specialist Risk Management Consultants

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	33	41.3	41.3	41.3
Disagree	23	28.8	28.8	70.0
Not sure	14	17.5	17.5	87.5
Agree	7	8.8	8.8	96.3
Strongly agree	3	3.8	3.8	100.0
Total	80	100.0	100.0	

Time Constraints

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	28	35.0	35.0	35.0
Disagree	21	26.3	26.3	61.3
Not sure	15	18.8	18.8	80.0
Agree	14	17.5	17.5	97.5
Strongly agree	2	2.5	2.5	100.0
Total	80	100.0	100.0	

Risk Management Knowledge not being a priority in Clients Requirements

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	35	43.8	43.8	43.8
Disagree	17	21.3	21.3	65.0
Not sure	9	11.3	11.3	76.3
Agree	8	10.0	10.0	86.3
Strongly agree	11	13.8	13.8	100.0
Total	80	100.0	100.0	