AN ANALYSIS OF FACTORS AFFECTING FINANCIAL CONTROL IN THE MINISTRY OF LAND REFORM

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Abstract

The research focused on analysing factors affecting financial control using the Ministry of Land Reform's Windhoek head office as a case study. It sought to satisfy the following objectives: To investigate reasons for non-compliance with the State finance Act in the Ministry of Land Reform; To identify strategies to enhance the effectiveness of financial control in the ministry of Land Reform and; To examine ways of monitoring financial transactions within the ministry.

Literature which informed this study was reviewed from current sources not more than 10 years old where gaps of what remains to be investigated were identified. The researcher used literature review to demonstrate where past researchers agreed or disagreed and used identification of research methodologies used to find a unique methodology or research sample that would assist in substantiating the findings of those past researchers. A qualitative research methodology was used over the total thirty (30) finance department staffs to solicit their perceptions on the research topic using an interview guide as a research instrument. The research made use of both secondary and primary data sources and used logistic regression technique to test the validity of the stated research hypotheses.

Demographic analysis was done in tabular form to find out the real demographics within the finance department of the Ministry of Land Reform. Major findings included the problem of understaffing in the internal audit function, independent of internal auditors which increased audit risk within the ministry and also the mismatch of financial department positions and qualifications held. The registration with professional bodies by finance staff was still at its infancy which was again a disturbing phenomenon which affected financial control initiatives.

The research ends with summarised research findings as well as research conclusions the researcher arrived at. The research recommends that the Ministry should have stand-alone internal audit department strengthened by the audit committee and auditing software. The financial control needs to be strengthen by seek continually improvements to keep up with technological changes and recruiting sufficient staff members specialised in different specialisation , finance staff members to be given training on regular bases, the finance staffs to be encouraged to register with professional bodies and the Ministry should give attention to financial monitoring. Finally the study recommend financial risk management in public sector organisation, cost-benefit analysis of financial control in Namibia and auditing and financial control in Namibia's public sector as a research areas for future researchers.

Key Words: Financial control; Auditor; Risk

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Acronyms and Abbreviations

AIS– Accounting Information System

CAAT – Computer Assistant Auditing Technique

CCTV– Closed Circuit Television

GAAP – General Acceptance Accounting Practice

HR– Human Resources

IAS – International Accounting Standards

ICT – Information Communication Technology

IIA – Institute of Internal Auditors

ISA – International Standards of Auditing

NDP – National Development Plan

NFSS – Namibia Financial Sector Strategy

SAIBA – Southern Africa Institute for Business Accountants

USA – United States of America

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May the Lord bless you all abundantly! Amen!

Dedication

I dedicate this paper to my family for their support during my study. To God be the glory!

Declaration

I, **Josua Shimpulu**, do hereby declare that this thesis is a culmination of my own investigation and research and has not been submitted in part or full for a Master's degree or any other degree at any College/University.

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Josua Shimpulu **Date**

CHAPTER ONE

INTRODUCTION

1.1 Introduction

The chapter looks at the research background which has stimulated interest in this research area. It states the research problem surrounding the domain of financial control within the Ministry of Land Reform Windhoek. The main and specific research objectives developed from the research problem are outlined revolving around ten research hypotheses. The chapter also explains the research significance as well as the scope and limitations facing it.

1.2 Background of the study

Financial resources in any organisation are considered as the most priceless assets (Allis, van Ginneken, Laasen & Mbone, 2012). For that reason, they must be effectively and efficiently managed to bring about the needed results from the activity for which the funds have been made available. The government of the Republic of Namibia's funds are protected by the State Finance Act no 31 of 1991 which guides and regulates the control and disposal of government money (Republic of Namibia, 1991). The state finance Act stipulates that all the financial transactions should be reconciled on monthly bases and all goods and services to be procured by the Ministries should go through procurement committee or tender committee. In addition to the Act, there is also the Office of Auditor General that is mandated to ensure that the money allocated to the ministries is spent for the intended purposes (Republic of Namibia, 1991). Despite the government having those controls in place, some Ministries spend money on unauthorised expenditure and sometimes return money to the treasury which could have been used for more pressing needs in the country. This is having a negative effect on the financial performance of the ministries (Republic of Namibia, 2017).

Tim (2017) indicated that ethnicity, behaviour and attitudes of those in trusted positions are some of the factors that are affecting financial control. However, Thomas (2016), believes that lack of understanding of legislation by some government employees is a key factor that affects financial control in government.

Compliance with state legislation is key to public financial management as it lays the guidelines that harness uniform reporting as well as transparency and accountability (Amon, 2014). The Namibian State Finance Act works as the barometer upon which public institutions such as government ministries perform and report their financial transactions. Without the Act, the governmental accounting, financial reporting and controls become very difficult to manage as most public finance employees adopt inappropriate financial management methods which will jeopardise public operations (Kruner, 2015). However, Gamad (2013) is of the view that financial control is affected by individual behaviou8r. This supports the propositions of neuro-finance that financial control is more of cognitive behavior than sticking to legislation provision.

There is sheer reluctance by the authorities when it comes to enforcing and monitoring the implementation of the State Finance Act which kills the motivation of doing things right and doing the right thing within public organisation (Metz, 2015). In addition, employees themselves have their own preconceived decent work agenda which may exclude some of the provisions of the Act, resulting in them deliberately violating the State Finance Act (Amon, 2014). Haufiku (2015) is of the opinion that the government enacts great legislation but once gazetted tends to ignore the implementation and follow up process, a situation which results in users not taking the legislation serious.

1.3 Statement of the problem

Governments are fundamentally different from business enterprises because they have different purposes of generating and spending the revenue. These differences require separate accounting and financial reporting practices (Nkabu, 2010). According to El-Nafbi (2008), non-compliance with regulations is one of the contributing factors to ineffective financial control in the public sector. While Sontag-Padilla, Staplefoote, & Morgati (2012), state that effective financial management practice is vital in enhancing transparency, efficiency, accuracy and accountability which enable an organisation to achieve its objectives.

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The Ministry of Land Reform has been issued with negative audit reports for the last 3 years from the Office of Auditor General despite the government's vision of becoming the most accountable and transparent nation in Africa by the year 2022, (Republic of Namibia, 2017). The negative reports are a result of unauthorised expenditure as well as returning the funds to the treasury. The Ministry spent N$ 573,001.86 in unauthorised expenditure in fiscal year 2014/2015, and in the following financial year 2015/16, the unauthorised expenditure move up to N$1,658,098.86 (Republic of Namibia, 2016). In the fiscal year 2016/17, the Ministry spent N$ 9,878,811.39 on unauthorised expenditures and returned N$10,991,802.42 to the Treasury (Republic of Namibia, 2017). Expenditure statistics of different ministries such as Ministry of Finance and Ministry of Urban and Rural Development on revenues received from government demonstrate that there is a problem within Ministry of Land Reform's financial control. In the same comparative 2016/17 fiscal year, these two ministries registered a decline in unauthorized expenditure of N$354,127.64 and N$287,415.41 respectively from previous fiscal year figures of N$846,875.28 and N$593,741.87 respectively (Republic of Namibia, 2017). This is evidence that there may be some weaknesses in the financial control of the Ministry of Land

Reform. Therefore, the study will analyse factors that are hindering the effectiveness of financial control of the Ministry of Land Reform.

1.4 Objectives of the study

The main objective of the study is:

- To analyse the factors affecting financial controls of the Ministries of Land Reform.

The specific objectives of this study are:

- To examine reasons for non-compliance with the state finance Act in the Ministry of Land Reform.
- To identify strategies to enhance the effectiveness of financial control in the ministry of Land Reform.
- To examine ways of monitoring financial transactions within the ministry.

1.4.1 Research hypothesis

This research is guided and will test the following hypotheses:

Hypothesis 1

H_0: There is no association between qualification and knowing financial control.

H_1: There is an association between qualification and knowing financial control.

Hypothesis 2

H_0: There is no association between Reconciliation of financial transactions and non-compliance to the State Finance Act.

H_1: There is an association between Reconciliation of financial transactions and non-compliance to the State Finance Act.

Hypothesis 3

H_0: There is no association between the number of internal auditors in the Ministry and non-compliance to the State Finance Act.

H_1: There is an association between the number of internal auditors in the Ministry and non-compliance to the State Finance Act.

Hypothesis 4

H_0: There is no association between training and knowledge of financial control.

H_1: There is an association between training and knowledge of financial control.

Hypothesis 5

H_0: There is no association between financial staff members registered with professional bodies and knowledge of financial control.

H_1: There is an association between financial staff members registered with professional bodies and knowledge of financial control.

Hypothesis 6

H_0: There is no association between the number of internal auditors in the Ministry and financial control.

H_1: There is an association between the number of internal auditors in the Ministry and financial control.

Hypothesis 7

H_0: There is no association between financial monitoring and knowledge of financial control.

H_1: There is an association between financial monitoring and knowledge of financial control.

Hypothesis 8

H_0: There is no association between budgetary control and financial Monitoring.

H_1: There is an association between budgetary control and financial Monitoring.

Hypothesis 9

H_0: There is no association between CCTV and financial monitoring.

H_1: There is an association between CCTV and financial monitoring.

Hypothesis 10

H_0: There is no association between financial control and non-compliance to the State Finance Act.

H_1: There is an association between financial control and non-compliance to the State Finance Act.

1.5 Significance of the study

The study is expected to assist directors and management of the Ministry of Land Reform and other line ministries particularly in financial control. It corroborates the existing literature on financial management and in Namibia's public and private sectors. This study identifies major challenges to financial control for the Ministry of Land Reform and how they can be overcome. Furthermore, the study is useful in enabling the Namibia government's NDP5 which will aid the country's target to become the most transparent and accountable nation in Africa by 2022. It revolves on assisting national economic planners in establishing financial management and control mechanisms to stimulate economic growth and development. The research is of great significance to current and future researchers in areas of financial management and control as well as related fields.

1.6 Limitations of the study

Sheer reluctance by respondents to giving information, fearing that the information could be used to intimidate or give a negative image about the Ministry was a major hindrance to receiving honest unbiased feedback from the chosen respondents. To avoid this, the researcher conducted a pilot study to establish the possible causes of non-compliance in answering the interview questions and adjusted the interview guide accordingly.

1.7 Delimitations of the study

The study is restricted to the finance department of the Ministry of Land Reform's Windhoek head office only and is limited to the financial management and control area.

1.8 Layout of the Research

This study consists of five chapters. Chapter one is the introduction, which includes the background of the study, the objectives of the study and the statement of the problem. It also briefly includes the significance of the study, limitation of the study and delimitation of the study. Chapter two is a literature review, it reviews the theories and literatures related to financial control. Chapter three is research methodology which explains and describes the research methodology used. It explains the research design, research instruments, methods of data collection and the data analysis plan. It also gives details on the population, explains the reliability and validity of data, how the data was analysed, piloting and ethical considerations. Chapter four is data presentation and analysis. Chapter five presents the findings, conclusions and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews various literature sources ranging from textbooks, online journals, state legislation and government policies that are active in Namibia. The review of financial control and management literature will be designed to summarize current research on the practices, policies, and programs intentionally developed to support public financial control and management.

2.2 Definition of financial control

According to Captio (2017), financial control can be construed as the analysis of organisational results, approached from different perspectives at different times, compared to its short, medium- and long-term objectives and goals. Thomas (2016) highlights that, financial control process requires control and adjustment processes to ensure that strategies and plans are being pursued and can be amended whenever anomalies, irregularities or unforeseen changes arise. Financial controls are put in place by management in order to track performance and evaluate progress towards financial goals of an organisation. Captio (2017), further notes that any financial performance process becomes meaningless when a strategy to control it is not defined and implemented based on objectives consistent with the state of the organisation and its upcoming project endeavours.

2.2.1 Theories informing financial management and control

A number of theories inform this research study. These include normative theory, agency theory and theory of financial control:

2.2.1.1 Normative Theory

Normative theory has gained much acceptance following the rise in computer-based financial modeling and control systems in contemporary organisations. There is however, a wide gap between information and logic structures programmed into financial control systems and the precepts as well as algorithims derived from a normative theory of corporate financial management (Thomas, 2016). The normative finance theory provides a powerful logic for designing information and decision making structures to support organizational planning, a situation which has affected most government ministries and other various state institutions. Metz (2015) argues that normative finance theory is affected by behavioural and political dimensions of organizational processes especially under periods of economic uncertainty.

2.2.1.2 Agency Theory

This theory describes organisations, such as Ministry of Land Reform as necessary structures to maintain contracts and through firms, such organisations can exercise control which retards opportunistic behavior of agents. Financial controls are dependent on Enterprise Resource Planning (ERP) systems using built-in controls that reflect the organisation's infrastructure (Morris, 2011). Lack of financial control results in high profile audit failures which resulted in the formation of Committee of Sponsoring Organisations (COSO) to redefine internal control and criteria for determining the effectiveness of an internal control system.

2.2.1.3 Theory of Financial Control

This theory highlights that the exiting and possible functions of financial tools for an organization are most essential, therefore, payments, financial instruments, accounting, control models, economic calculations and related intra and inter-organisational considerations need to be discussed in relation to inner characteristics but also possible effects (Ostman, 2009). This helps in making strong financial control decisions as a thorough cost benefit analysis is taken before implementing any financial control decision. The financial theory regards the human beings' functions of what is achieved through organisations, their activities and output. It views the structure of an organization as activities or transactions that various partied have with each other and views control systems as recurring procedures that are employed to relate to present and future functions to both internally and externally. The theory believes that structure and financial control system works together thereby helping in understanding the intricacies surrounding financial management and control within an organization.

2.3 Effects of financial control on economic performance and growth

The debate in the policy and academic circles on the relative roles of public and private financial control in the economic growth process particularly of developing economies is still ongoing. The focus of the debate is centered on two main areas, namely: (i) whether growth in public financial management stimulates or retards public institutions' performance and growth; and (ii) whether financial controls impact public financial management. This research revolves around financial control in public sector institutions.

Haufiku (2015) believes that financial control helps ensure that the government reaches its economic growth target by making sure that the allocated resources are put to their intended use. Poket (2014), argues that economic growth and development are much affected by human culture, behaviour and attitude. Furthermore, Poket (2014) argues that human culture, behaviour and attitude work together to push the development of financial control as the trio are active forces that bring sanity in every transaction and activity that requires rationale decision making. Tim (2017) concurs with Poket (2014) by indicating that the prime factors that deter realisation of financial control objectives are ethnicity, behavior and attitude of those in trustee positions hence the need to make sure that these factors are proactively managed to achieve smooth financial control.

Young (2012) posits that there is a great link between financial control and economic performance and growth as the former is the bedrock upon which sound economic policies thrive. The monitoring of financial transactions enables the government to work according to budgets and achieve its intended objectives even when the resources are governed by the economics of scarcity (Tim, 2017). Maintaining the symbiotic relationship between financial control and economic development policies is a necessity to spur growth within an economy through an effective public sector (Hamutenya, 2016). Given the arguments above it remains to be seen if the financial control is observed in the Ministry of Land Reform in respect of behavior, human culture and attitudes.

2.4 Uses of financial control in public organisations

Ross (2014) sates that, financial control plays a critical role in government organisations and departments. According to Ross, some of the uses of financial control in public organisations include, inter alia, the following:

- Checking that everything is running on the right rail in pursuit of the overall objectives and goals set by an organisation;
- Error detection and identification of areas for improvement and continuous improvement;
- Proactive risk management as it serves to implement preventive measures for early diagnosis of organisation-specific problems;
- Detect anomalies in budgets, balance sheets and other financial aspects;
- Establishing different operational scenarios;
- Conducting organisation-wide exhaustive, reliable and detailed analysis of risk and ant other situation across various areas such as liquidity (cash), profitability and sales;

- Preparation of forecasts and simulations of different organisational contexts and scenarios and;
- Detection and correction of deviations in basic financial statements.

2.5 The impact of financial controls on public financial management

According to the Namibia Financial Sector Strategy (NFSS) (2011-2021, p.7), Namibia intends to have an effective, efficient, stable, competitive, resilient and inclusive financial system by 2021. This incorporates establishing strong public financial management system, although the NFSS (2011-2021) is silent about that. Many scholars have concentrated on internal controls thereby neglecting financial controls (Mabuku, 2016). This gap has triggered the researcher to investigate how financial controls will contribute to establishing robust public financial system in government line ministries such as Ministry of Land Reform.

Financial control implies a holistic approach to tackle all financial sectors within an economic set-up to avoid the consequences of isolation. Nakale, Sikanda and Mabuku (2015) view that financial control and management strategies have been written and formulated into policies. However, compliance of those policies is a big problem in public service and sometimes they are being ignored. The issue of not complying with policies and lack of implementations has a negative effect on financial control.

2.6 Factors hindering the financial control within government ministries

While there are several factors that are at play in disrupting the smooth flowing of financial transactions in contemporary government, past research has proven that most challenges are very artificial than natural. Artificial factors are both public oriented and private oriented.

Public oriented factors emanate from the government itself while private factor come from government stakeholders such as the private sector and its employees.

Public oriented factors include the functioning of the statecraft in managing and monitoring financial transactions within government, compliance with legislation thereof, as well as reaction to loopholes within the system. The government of Namibia has adopted the Integrated Financial Management System (IFMS), but to date little has been done in terms of its government-wide implantation as well as training and development of finance department staff (Hamutenya, 2016). The number of cases of abuse of office and fraud committed by finance department public servants is very alarming, and failure by the office of the prosecutor general to prosecute such cases remains worrisome in Namibia (Shangala, 2015).

Pendukeni (2016) cited that low remuneration of government employees is a key factor forcing them to device mechanisms to bit the implemented financial control system in government. According to Thomas (2016), the legislation in use like the State Finance Act and Financial Intelligence Act have not well understood by most finance department incumbents. Such acts have been neglected by the legislature as they are hardly reviewed which makes the public financial system retrogressive and continue to lag behind the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) which are continually upgraded (Sahawi, 2017). Most government officials fail to adapt changing trends, which affect the harnessing of technology in financial control.

In addition, the government finance department employees fail to upgrade their knowledge on public financial control. Instead of working hard to change the status quo, most of them, even fresh college graduates generally sink into the system in no time following their appointment to join such departments like finance as they seek to fit into the social groups rather than implementing new methods of financial control acquired in colleges (Frady, 2014). Young (2012) highlights that it is disturbing to note that most of the government finance department employees hardly pursue further studies related to their profession, a situation which suggests that, they may be sitting on the fence while waiting for their best opportunity to arise. Elman (2015) supports that employee attitudes fall short of the paradigm shift required to facelift the essence of financial control. Grand (2011), Deizy (2014) and Simon & Hummel (2016) share the same belief that financial control has been greatly jeopardized by government stakeholders such as creditors and accounts receivables which do not need to negotiate win-win transactions with the government in an arm's length process.

2.7 Strategies to enhance the effectiveness of financial control in government Ministries

Implementation of financial control mechanisms is the gateway to sound public financial management (Arnold, 2013). Heres (2013) notes that, financial controls' effectiveness is assured if there are clear cut and well-defined targets set under a budgetary system. According to Simon & Hummel (2016), the financial system and process of public entities need to be well regulated and laid down procedures should be followed when processing any transaction. Ryans (2016) highlights that developing a financial policy is the pinnacle of effective financial control. Kingsley (2014), however, argues that having well-articulated blueprints in the form of policies and legislations will not help financial control in any well when there is oversight over of implementation.

Since government Ministries are expected to implement the ruling political party's policies and plans, Gamad (2013) is of the view that inconsistences of policies of financial control need to be avoided especially when there is shift of power or a mere cabinet reshuffle. Most public entities like government ministries struggle to establish stand-alone internal audit department, a situation that threatens the strength of financial control and creates loopholes within the financial system. This occurs especially when finance department employees will know that there will be weak checks and balances (Ryans, 2016). To make matters worse, Kingsley (2014) adds that, some governments rarely make use of external auditors as it is considered an unnecessary cost. Such cost cutting decisions has created loopholes which make financial control difficult as some internal auditors are captured by senior management to report favourably even when they discover some material misstatement as well as significant misrepresentations.

2.8 Ways of monitoring financial transactions within the government

Financial transactions in both the private and public sector require monitoring so as to achieve budgeted targets. There are several ways of monitoring financial transactions which may include setting up internal control systems and use of internal and external auditing techniques. Internal controls may range from access restrictions in the finance department, on computers as well authorization stamps, logos and letterheads, CCTV cameras as well use of Accounting Information Systems (AIS). Implementing risk management systems is also very vital at each and every stage, including the use of remote servers for all financial transactions data.

The office of the Auditor General of the government plays a critical role in ensuring that internal audit is taken seriously in government organisations and ministries (Tjiueza, 2014). However, Yoke (2015) expresses dismay at how some public institutions operate without any internal audit function and let alone a risk management unit yet there is a global increased awareness of risk.

Albert (2013), is of the view that, financial control and reporting policy reforms in government are key in promoting an enabling environment for effective monitoring and evaluation of government transactions. Heres (2013) indicated that financial controls need to be implemented holistically in an organisation as they come imbedded in procurement systems.

2.8.1 Financial control in other countries

Financial control is practiced in all countries' public sector. What distinguishes an economy's success is the level and philosophy of financial control process. According to Thomas (2016), the world's number one economy (the USA) implements a holistic approach to financial control, from financial control planning, implementation, monitoring and reporting. The public sector of developed economies like the USA, UK and China hinge on well-structured, staffed and equipped internal audit function which oversee all internal financial controls with the timely supervision by reknowned external auditors such as Ernest and Young (Yoke, 2015). Liu (2017) concurs that, the government of the People's Republic of China, the second largest economy have harnessed integrated information communication technology (ICT) to deliver a successful economy through tight financial control. Xing (2016) also attest that the decision to close the economy technologically in China by blocking Google and Facebook was a macro decision aimed at easily maintaining and implementing financial controls by proactively minimizing cyber risks. The level of corruption and fraud as well as unauthorized expenditure in these economies' public sector is very low as compared to African public sector institutions such as government ministries (Ryans, 2016).

Africa's top economies such as South Africa and Nigeria as well as Botswana have implemented transparency financial reporting systems. Arnold (2013) highlights that, these economies have staffed their finance and internal audit functions with skilled personnel, some even using expatriates so as to enhance financial controls, as well as implementing strict adherence to legislation without conflicting with public sector policies. This is not the case in Namibia's public sector, Ministry of Land Reform included, where there is skills shortage and understaffing further worsened by the reluctance of the government to employ expatriates in these critical areas (Kingsley, 2014). The use of ICT is advanced with the public sector of South Africa and Nigeria implementing CAATs (Computer Assisted Auditing techniques), advanced CCTV and other internal controls as well as maintaining strongly qualified staff and resources persons at the office of the Auditor General. Risk Management Committees and Internal Audit Frameworks are the vehicles which have revolutionized financial control in South Africa and Nigeria but in Namibia, such committees take time without being set and the frameworks are a sheer lip service without any implementation (Heres, 2013). However, Mpofu (2016) argues that Zimbabwe has great expertise and such committees and frameworks in place, but the monitoring thereof have dented the full implementation and realisation of effective financial control in public sector resulting in widely reported fraudulent and corruption cases. It remains to be seen if Namibia can match the standard of South Africa and Nigeria in public sector financial management, control and reporting and perhaps fuse expertise and technology to build strong financial control systems. The success of other public sector financial control initiatives in Africa and overseas economies brings a lot of lessons to turn the wheels of Namibia's public sector financial control process forward.

2.9 Areas that require tight financial control in public sector

There are several areas which require stringent control in the public sector. Such areas are normally the risky areas where funds are transacted in huge volumes. The primary areas include the finance and procurement departments. Most fraudulent activities and embezzlement of funds take place in these departments as they transact on a daily basis. The procurement department need to be monitored on the appointment of suppliers as well as payments made to such stakeholders. According to Howard (2014), there is a tendency of procurement staff inflating figures of suppliers' quotations and then act in collusion with the suppliers that after giving them the supplying tender and making payment for the intended supplies, the suppliers then have to remit the added amount to the procurement staff. Such a practice has severely affected a lot of public sector organisations in Africa. Such cases are not only happening in Namibia but Africa and the world at large. Thus, the monitoring of such transaction is more than a necessity if a stop is to be put to such malpractice.

In order to address the anomalies in procurement, Namibia came up with the State Procurement Act no 15 0f 1995 (Republic of Namibia, 1995). The procurement gives directions on how procurement systems and transactions should be done. Simon (2013) notes that, the implementation of legislation and policies in Namibia need to be improved as in blueprints, there are good measures to combat financial crimes but, on the ground, such crimes continue to go unabated. Heres (2013), however disagrees with Simon (2013) by highlighting that, the policies and legislation still require to be reviewed so that they keep pace with changing economic trends and technological developments. It remains to be seen if high risk areas will be identified and proactive risk management techniques will be put in place in Namibia.

2.10 Financial control management

Financial control requires the performance of all management roles such as PLOC (Planning, Leading, Organising and Controlling). All financial controls need to be meticulously planned so as to yield the best results from their implementation. Once planned, there is need to appoint leaders who can champion financial control programs and proper organisational steps and systems to follow in order to maintain uniformity across the entire organisation and its subdivisions and branches (Howard, 2014). The financial control systems need themselves to be controlled so as to maintain them within the required range of focus and administration. Albert (2013) posits that financial controls need to be controlled before an organisation expects control results out of them. This is essential in the maintenance of standard controls which can be benchmarked with industry best practices.

Organisational expectations should be in line with industry best practices and standards that govern the operation of finance department personnel. Some of these standards include International Accounting Standards (IAS), International Standards of Auditing (ISA), the International Financial Reporting Standards (IFRS) and Generally Accepted Accounting Practice (GAAP). Maintaining the unique interrelationship between these standards and codes of professional practice helps to ease the management of financial control.

Organisations, whether public or private can achieve their objective as a result of using an effective and efficient financial control management cycle (Gamad, 2013). Such effectiveness and efficiency is affected by a number of factors, chief among them being the calibre of finance staff, relationship with sister organisations or stakeholders, adherence to code of ethics and practice as well as industry practice, international standards as well as corporate governance principles (Kingsley, 2014). Howard (2014) presents an interesting management role of controlling financial control. According to Howard (2014), too much of financial control is not good, neither is too less of it. There is need to maintain a strong balance of controls to check whether they are sufficient and appropriate for the financial control activity at hand at any given period of time.

2.11 Use of policies and legislation in financial control

Financial control can be easily and smoothly executed when proper policies are in place supported by clear legislation. Namibia has the State Finance Act 31 of 1991 which covers general financial administration of funds under the direction of the Accounting Officer, with the duty of receiving moneys and making payments on behalf of the Accounting Officer and of keeping the financial records of the Administration. The Act prohibits the use of administration moneys for unauthorised purposes. This places the duty on finance department to make sure that stringent financial controls are in place so that the use of the funds would be directed to their intended purposes. This would ensure that significant progress is made within various government departments with the available funds and the consideration of opportunity cost in decision making.

According to Fletcher (2015, p.89), the development of sound policies is very critical in financial management and control. Policies require to be well crafted so as to create a conducive ground for the development of proper financial control measures so as to realize the intended organisational objectives. Financial policies that rest on legislation provisions usually produces greater results (Yon, 2014). However, Pendukeni (2015) is of the view that if policies and legislation are not constantly reviewed, they tend to pose a great barrier to the implementation of the necessary changes in financial control area, no matter how inevitable the changes may become. In terms of payments made by the finance department, the exercise of due care is more than a necessity.

According to the State Finance Act, all payments should be made only for value received and should be made from appropriated money except for services rendered to the Administration or for value received or for sums due under statute or in pursuance of a judgement of a competent court. The Act also restricts the making of payment before it becomes due, and highlights that no expenditure should be incurred in advance of requirements in order to utilise an anticipated saving or for any other reason. No payments are permitted “on account” in respect of supplies, services or work unless supported by a certificate that the amount is fully covered by the supplies delivered or the work or service performed. Such provisions negate the intent to abuse state or public funds as it gives direction on the making of payments by not allowing unaccounted for transactions to take place (Albert, 2013). Ryans (2016) argues that, relevant legislation guidelines bring uniformity to public financial control as it is applicable to all state institutions where failure to comply results in litigation charges. The process of controlling financial control programs and activities should be a continuous process and done timeously to avoid cases where there the controls are too much or insufficient for the financial transactions and activities intended.

Pendukeni (2015) suggest that the State finance Act can be criticized for not being rock solid on the repercussions of not following the provisions of the Act. Pendukeni (2015) further cites Gamad (2013) that sticking to the provisions of the Act has the potential of bringing sanity to the risks incurred by the finance department in financial control but there is no follow up on the implementation of such provisions hence there are still public institutions that follow their own processes in handling financial transactions. Fletcher (2015) viewpoint, some financial control policies have been widely accepted that they end up overriding the provisions of the State Finance Act as organisations have bemoaned the rigidness of the Act’s provisions and lack of regular amendments.

2.11 Strategies to enhance the effectiveness of financial control

Enhancing financial control is never a one-day thing, it requires comprehensive holistic approach in order to establish effective systems and processes of financial control. In Namibia, financial control can be enhanced through requisite in-house training and development which helps conscience all finance staff on effective financial control. For a government ministry, it can be through attending seminars or trainings with outsourced service providers on this particular area where a course can be tailor-made to suite the requirements of the ministry (Kingsley, 2014). According to Sahi (2015), independent training providers are the best as they do a thorough training needs assessment process which can help them come up with a customized training course to address various needs identifies during the assessment process. The effectiveness of a financial control program or process can be successfully measured by the results after its implementation. Thomas (2015) notes that if there is an increase in performance and work philosophy, then the financial control programs are said to be effective but when the results are otherwise, the training programs would have been ineffective and thus require to be dropped immediately.

Gamad (2013) believes that aligning financial control policies to the legislation provisions like the State Finance Act provides a good strategy towards enhancing effective financial control in contemporary organisations. Heres (2013) concurs with Gamad (2013) that the removal of contradictory parts between the financial control policy and the pieces of legislation such as the State Finance Act gives birth to smooth transaction and risk reduction through following the laid down procedures in dealing with financial transactions. Because of the diverse skills and expertise finance department is endowed with, the use of specialisation where skills as well; as qualifications are matched with the finance department task at hand can revolutionise the quest for achieving effective financial control as long as inter-sectorial flexibility is allowed to permeate within the organisation in order to galvanise the entire process.

The public sector like Ministry of Land Reform Namibia's adoption of the flexibility stamina can go a long way in seeing financial control success by borrowing some of the financial control techniques used in the private sector but can be useful across different sectors (Thomas, 2015). Young (2012) is of the view that financial control can be more effective when the corporate world embraces technology in every aspect of financial management where the finance department embraces the use of software and other ICT hardware in delivering the most effective systems and processes which can monitor and trace every transaction and activity. Deizy (2014) highlights that, the emphasis on quality should not be given second fiddle but prioritized in financial control and the organisation's investment in financial control architecture require prioritization in order to set up effective financial control systems.

2.13 Political influence

Political risk is a type of risk faced by investors, corporations, and governments that political decisions, events, or conditions will significantly affect the profitability of a business actor or the expected value of a given economic action (Mathe, 2011). Jacobs (2006) postulates that, political risk can be understood and managed with reasoned foresight on politics impact on financial control success on both micro and macro levels.

There are both macro- and micro-level political risks (Phillips, 2012). According to Stulz (2003), "macro-level political risks have similar impacts across all public entities in a given location and are included in country risk analysis, hence would be incorrect to equate macro-level political risk analysis with country risk as country risk only looks at national-level risks though it includes financial control risks". Macro political risks affect all participants in a given country (Alon and McKee, 2009). Philips (2012) further note that, other types of risk include government currency actions, regulatory changes, sovereign credit defaults, endemic corruption, war declarations and government composition changes. According to Smetek (2014), "these events pose financial control risks that can change the overall suitability of a financial transactions to be done and can ultimately alter the way a government must conduct its affairs". Macro political risks also affect the organisations operating within an economy and the result of such risks include confiscation, causing the seizing of the businesses' property (Kugotsi, 2015). Research by Bounzanis (2016) has shown that macro-level indicators can be quantified and modelled like other types of risk to investigate their impact on financial control.

The term political risk has had many different meanings over time. According to Duisenberg (2011), "political risk refers to the complications businesses and governments may face as a result of what are commonly referred to as political decisions or any political change that alters the expected outcome and value of a given economic action by changing the probability of achieving business objectives". Mathe (2011) defines as the risk of a strategic, financial, or personnel loss for a firm because of such nonmarket factors as macroeconomic and social policies (fiscal, monetary, trade, investment, industrial, income, labour, and developmental), or events related to political instability (terrorism, riots, coups, civil war, and insurrection). Ministry of Land Reform finance department may face similar financial losses and governments may face complications in their ability to execute diplomatic, military or other initiatives as a result of political risk, which eventually stifles the transformation of an economy into a successful one following the conduciveness of the political climate for financial transactions mobility and investment growth (Moyo, 2015).

Phillips (2012) points out that, political change is an empty phrase if it is not accompanied by changes in the socio-economic sphere, leading to meaningful changes in the quality of financial control actions for both the ordinary citizen, body corporates and international investors. Further afield, the general improvement in the democratic environment, combined with structural changes in the economic sphere on the African continent as a whole, bodes well for political stability through effective financial control on this neglected continent (Stulz, 2003).

Financial control policy reform, greater political stability and co-operation, and joint participation in global trade and tourism, are now common items for the development agenda of successful public entities (Jacobs, 2006). According to Bill Clinton (1994), former USA president, “government business always follows politics”. For example, in South Africa, there has been an upsurge in financial control in the late 90s and the early millennium until of late, when the impacts of the negative goodwill emanating from President Jacob Zuma’s case and the Guptas, the state capture case and various scandals which has rocked the top political echelons as the failed custodians of constitution. State capture is a type of systemic political corruption in which private interests significantly influence a state's decision-making processes to their own advantage through unobvious channels such as through a range of state institutions such as the legislature, executive, ministries and the judiciary, that may not be illegal (Kaufmann and Vicente, 2005).

2.14 Empirical study

Warsome & Ireri (2016), interviewed the experts in the field of financial management to give their opinions on the necessary ingredients on the success of proposed public financial reform system in Somalia. In their study, they chose skills, independent auditing and politics as variables that are affecting public finance. Worsome & Ireri used linear regression to analyse the data.

Viswanathan, Shanmuganathan, Aiyer, Kanna & Shetty (2018), used logistic regression to analyses the factors that are effecting early motor recovery following lumber microdiscectomy in patient with lumbar disc herniation. In their study the statistical analysis was performed using IBM SPSS over. 20.0 to compare the association between variable, the univariate analysis using the chi-square test or Fisher's exact test was initially performed. The value $P<0.05$ were considered significant. The variable were then reduced because of multicollinearity. The study uses the binary logistic regression to determine the impact of each variable on odds ratio.

2.15 Chapter summary

This chapter concentrated on the review of various literature sources which informed this study. The researcher used a range of sources such as textbooks, past researchers' work, journals, policy documents and related legislation. The chapter defined financial control, touched on its importance to modern day public organisations as well as ways of enhancing its effective implementation in government ministries, among others. The literature informed the study by bringing information from various nexus of sources' view on the research topic by attempting to address every research objective from the already existing information from such related studies in order to bring out new information. Previous related researches were conducted using quantitative research but the literature reviewed, revealed that the findings needed to be authenticated using a qualitative approach which made the interview technique the most appropriate research instrument for this case study research. Literature review also informed the data analysis as the findings were related to existing sources reviewed in this section despite being established from a different methodology. The literature informs this study how to choose the variables. Based on literature, the study will look at the human perceptions, political influence, financial monitoring, qualification, training and freedom of the internal auditor in the Ministry of Land reform as the variable for the study. The next chapter looks into the appropriate research methodology used for this study and why it was deemed the best approach by the researcher.

CHAPTER THREE

RESEARCH METHODS

3.1 Introduction

Research methodology is a general approach to studying a research topic. This chapter, explores how the research was carried out. It presents the research design, targeted respondents, sampling methods, research instrument, reliability and validity of the instrument, and data analysis.

3.2 Research design

Qualitative methods were applied using Critical Incident Techniques (CIT). The Critical Incident Technique is systematic, inductive, and a flexible method where specific description in human behaviour in defined situations is collected (Cooper and Schindler, 2014). In this method, critical incidences can be gathered in different ways, but typically participants are asked to tell a story about an experience they have had. The participants are asked to provide descriptions of specific incidents, positive or negative, which they identify as substantial and important.

The study employed a descriptive and exploratory research design following qualitative methods of data collection. A descriptive research design attempts to describe or define a subject, often by creating a profile of a group of problems, people or events, through the collection of data and tabulation of the frequencies on research variables or their interaction (Cooper and Schindler, 2014). It is concerned with describing the characteristics of a particular individual or a group. In this case, the research problem investigated factors affecting financial control in the public sector, with a specific focus on the Ministry of Land Reform in Windhoek. A descriptive research defines questions, people surveyed and the method of analysis prior to the beginning of data collection. Such an approach is appropriate for this study, since the researcher intends to collect detailed information through questions. The method was also useful for identification of variables and proposed constructs.

Based on the qualitative descriptive and exploratory nature of the research, interviews were conducted with open-ended, semi-structured questions to encourage each participant to share personal experiences and perceptions without restricting answers. The research period covered the last five years of the Ministry of Land Reform ending 31 March 2018. Although the interviews focused on the experiences of the finance department employees over time, this was not a longitudinal study requiring interviews to be conducted over the course of the research period (Terre Blanche, Durrheim and Painter, 2008). Pattern-matching was used to identify themes in the data. Variable-oriented analysis was used as a cross-respondent analysis by comparing variables, or themes, each participant described (each participant's perceptions were viewed as a case) with each other and against the literature of other entrepreneurial business insights (Babbie, 2009). On structured questions' response, quantitative analysis was used to further assist in overcoming the shortfalls of qualitative techniques when it comes to numeric data.

3.3 Target population

In this study, interviewees were purposely selected and included senior and junior employees within the Ministry of Land Reform's finance department who have been part of the Ministry during the period of 2018. The senior and junior finance staff within the Ministry were able to provide information regarding the study area. For this research, the entire population was covered since it is very small. The population is only thirty (30) employees and it is centered at one location.

This is not the first research to cover the entire population. Past research by Charlot (2011), on actual science students' performance in Rwanda cover the entire actuarial student population size of 20. Another research by Pep (2015), in Nigeria on the impact of high speed freaking in the oil industry covered the entire 50 freaking plant employees. This shows that the size of a population is a key determinant of whether the research can be carried out on the entire population or not.

3.4 Research instruments

This research uses a combination of secondary and primry data sources.

3.4.1 Secondary Data Sources

The researcher used secondary data sources such as pieces of financial control related legislation, financial control policies, the Ministry of Land reform's financial and audit reports as well as textbooks and journals related to the research topic. This was used in conjunction with primary data that will be obtained from the research field work.

3.4.2 Primary Data Instruments

Crowther and Lancaster (2009) defined an interview as a face-to-face questioning technique aimed at gathering information from respondents. According Cooper and Schindler (2014), an oral interview enables the researcher to check the validity and relevance of data as it is collected. The interview technique is a faster way of collecting data, very reliable as the actual respondent answers the research interview questions instantly and has the potential for substantial depth and detail where data encompasses complex issues. It also stimulates more information and clarification on follow-up questions. However, it has some disadvantages, such as higher cost, less anonymity, an exaggerated desire to please the interviewer and more care needed in layout and presentation (Veal, 2005). Interviews were conducted for the reasons in line with Veal (2005) and Crowther and Lancaster (2009). Interviews are appropriate because they can elicit startling and personal information (Swetnam and Swetnam, 2009).

Oral interviews were conducted using an interview guide (semi-structured) to collect information from the employees (Appendix 1). Each respondent had an opportunity to provide personal views on the unstructured questions and guided views on the structured part in order to bring forward the nexus of mixed research as various views on financial management and control came up.

3.6 Reliability and validity of the data

3.6.1 Reliability

Replication of themes using multiple sources of data (in this case, multiple perspectives of variables identified in the interview content) increased the researcher's confidence that the research was reliable (Babbie and Mouton, 2011). Interviews were transcribed and detailed overlaps of information and pauses were directly coded from the transcribed material to ensure the content was not diluted (Cresswell, 2012). In qualitative research, the generalisability of the research to other contexts is sometimes questionable (Terre-Blanche, Durrheim, and Painter, 2008). Replication of the case variables in other contexts may therefore not be feasible. Measures were put in place to control the transferability of the data for other researchers who might want to build on this research study. These included a research report containing a detailed description and justification of the research process together with an in-depth description of the case study context.

3.6.2 Validity

The validity of research identifies the soundness of the findings – whether the research is measuring what it is intended to measure (Terre-Blanche *et al.,* 2008). There was the potential to develop theories from case studies, testing findings in relation to previous literature. Pattern matching and linking data with previous literature enhanced the assumption of the internal validity of the study (Babbie and Mouton, 2011). In addition, personal interviews established a stronger trust relationship and facilitated comprehensive responses in the study. Interview participants received the questions ahead of the interviews to help them prepare and apply their thoughts as to how each question would be approached. Anonymity was discussed and guaranteed to each interviewee with an explanation that their responses were grouped together per theme and their identities were not to be revealed. The latter encouraged greater honesty and full disclosure on potentially less positive factors that might affect financial control in the Ministry of Land Reform.

The multiple sources of data, were compared in terms of specified variables, presented in-depth understanding of the data; this strategy is sometimes referred to as triangulation. Triangulation was applied across cases (or perspectives) (Terre-Blanche *et al.,* 2008) to gain a greater insight of phenomena and check one perspective against others to inform the validity of the content.

3.7 Data analysis

Data analysis, also known as data analytics, involves the inspection, cleansing, transformation and modeling of data with the goal of discovering useful information, suggesting conclusions and supporting decision-making (Stoner, 2011). Key findings were transformed into themes for analysis and presentation of data. Narrative reasoning was used to interpret the findings and they were logically argued out. Personal communication and thematic analysis were used to qualitatively analyse the study findings.

After the data was collected it was coded, then the logit regression for all variables was run one by one on SPSS using the equation below by (Gujarati, 2004). The study used the logit regression because, logit limits the probability between 0 and 1.

P= probability of expectation

1-P =probability of non-expectation

P_i is defined by the equation P_i = E$(Y = 1|X_i)$ 1

$$= \frac{1}{1+e^{-(\beta 0+\beta 1X)}} \qquad 2$$

Where;

β_0 = Slope coefficient

β_1= Intercept

X= Explanatory variable (independent variable)

Y= Dependent variable

i=Observation

log= Logarithm

It should be understood that;

$$log\left(\frac{Pi}{1-Pi}\right) = \beta_{0+}\beta_1\mathrm{X} \qquad 3$$

3.8 Piloting

Piloting involves pretesting the research instrument over the proportion of the intended research sample in order to identify and correct any flaw(s) that may exist in it (Gordon, 2014). The research instrument (interview guide, in appendix 2) was pretested among 5 employees within the Ministry of Land Reform finance department in Windhoek. The five respondents to the piloting gave their input on their perception of the research instruments and their responses were incorporated and the instrument was adjusted accordingly. The said respondents to the pilot study were excluded from the actual research's data collection exercise.

3.9 Methodology for answering research objectives

The qualitative research method was used to answer the three research objectives. The qualitative research method was used to examine reasons for non-compliance with legislation such as the State Finance Act and to identify strategies to enhance the effectiveness of financial control in the Ministry of Land Reform. It was also used to examine ways of monitoring financial transactions within the ministry.

3.9.1 Methodology for answering research objective one

Research objective one "to examine reasons for non-compliance with legislation such as the State Finance Act in the Ministry of Land Reform". Interviews were conducted with all the staff of the finance department and their responses were recorded

3.9.2 Methodology for answering research objective two

Research objective two "to identify strategies to enhance the effectiveness of financial control in the Ministry of Land Reform". The researcher analysed documentary and content evidence in financial reports such as auditors' reports as well as annual reports to see how these reports commented on financial controls as well as internal controls. The recommendations made in these reports or documents were noted and their implementation was assessed supported by the interview results. Gaps that existed were noted so that future recommendations were made in this research.

3.9.3 Methodology for answering research objective three

Research objective three "to examine ways of monitoring financial transactions within the Ministry of Land Reform". The researcher combined findings of previous audit reports and annual reports on strategies of monitoring financial controls. Comparisons were made with the feedback obtained from research respondents on this issue so that consultative financial transactions monitoring ways were identified and further analysed on their ability to satisfy the expectations of the Ministry of Land Reform in relation to legislation and policy expectations.

3.10 Ethical considerations

Approval and permission for the study was requested from the office of the Human Resources (Training and Development) Department of the Ministry of Land Reform after presenting a letter from the Namibia Business School's Faculty of Economic and Management Sciences. Due care was taken to ensure that all those who agreed to participate in the study did so voluntarily, and were given written informed consent with the interview guide attached prior to the study. To this end, the researcher explained the aims and objectives of the study to all those who were involved. All respondents were given an opportunity to ask for any clarification. Participants were informed that any information collected would be kept confidential and used only for the purposes of the study and no names would appear on the research documents. All the data collected is being kept in a lockable safe under the researcher's custody and will be destroyed by shredding and burning after five years.

3.11 Chapter summary

This chapter discussed the research design and methodology of the study. The researcher also identified the population for the study. The researcher also described the sampling technique used and provided a comprehensive description of the interview guide and how the instruments were checked for validity and reliability. The next chapter analyses the data obtained and interprets it to get the results. It discusses the research findings from the data analysis to reach deductions from the research conclusion(s) and recommendations in chapter five.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter presents the research data analyses that obtained the interview. The researcher did the analysis in line with the preset research objectives as follows:

- To investigate reasons for non-compliance with the state finance Act in the Ministry of Land Reform.
- To identify strategies to enhance the effectiveness of financial control in the ministry of Land Reform.
- To examine ways of monitoring financial transactions within the ministry.

The study used logistic regression analysis to analyses the data. The logestic regression is appropriate for this study as it was used successful utilized to analyse the retention of 477 master's and 124 doctoral candidates at a large Canadian university were multiple variable were analysed (Pyke & Sheridant 1993). Logistic regression was also used to analyse the explanatory variables upon the death from road traffic accident (Ahmed 2017). This method will support both agency and financial control theory as it test the human behavior and financial tools.

The variables were coded as follows:

Table 1: Variables codes and their meanings

Code	**Meaning**
Age	Age
Qualification	Qualifications
Fcmeaning1	Understanding of financial control
Fcmeaning 3	Financial Control
FHFC3A	Lack of training

FCQ2A	Members not registered with professional bodies
FHFC3A	Number of internal auditors
SEFC	The need for financial Monitoring
FMYS2a	Budgetary control
FMWYS1A	CCTV
FMCR	Financial monitoring relationship
NCAVSFC	State Finance Act

4.2 Demographic Analysis

Demographic analysis was done using variables such as age, qualification, gender and marital status.

4.2.1 Age ranges of Finance Department Staff

Table 4.1 below, shows the number of staff in the Ministry of Land Reform's finance department per age range:

X= Age of Staff members

Y=Knowledge of financial control (Fcmeaning1)

Table 2: Age group of finance personnel at the Ministry of Land Reform Windhoek

Age Range (in Years)	No. of finance personnel
55 – 60	4
40 – 55	3
36 – 40	20
18 -29	3
Total	30

The impact of age on knowing of financial control may also affect financial control. However this research did not test the relationship between these two variables as the management should not look at the age as the measure to solve the issue of financial control in the Ministry.

4.2.2 Qualifications

The following table, table 4.2, reveals the highest qualifications held by finance staff at the Ministry of Land Reform, Windhoek:

X= Qualification

Y= Fcmeaning1

Table 3: Highest qualifications versus No. of employees per category

Highest Qualification	No. of Employees
Grade 12	6
Certificate	7
Diploma	4
Degree	8
Post Graduate Diploma	2
Master’s Degree	3
Doctorate Degree (PhD)	0

Table 4: Logistic regression results for various qualifications on understanding of financial control

fcmeaning1 |	Odds Ratio	Std. Err.	z	P>|z|	[95% Conf. Interval]	
Qualification	2.902122	1.109526	2.79	0.005	1.371792	6.139641
_cons	0.4992	0.587463	-2.55	0.011	0.0049962	0.5002188

Log likelihood = -14.529071; Number of obs = 30; LR chi (1) = 12.40; Prob > chi2 = 0.0004

According to the p-value 0.005 the researcher rejected null hypothesis and conclude that, there is a statistical significance association between qualification and knowing financial control. The odds ratio for an educated person to know financial control is 2.90 to 1 the odds ratio of uneducated person to know financial control.

Of the 30 employees in the finance department, 6 have grade 12 as their highest qualification. This gives a percentage of 23.1% which is a huge proportion considering the number of graduates in the field of finance from universities and colleges in Namibia as well as abroad. Such lowly educated employees are the ones who do not bother to follow required legislation as they remain ignorant that their experience counts than the qualifications they hold. This finding agrees with Tim, (2017) and Poket (2014), on human behavior. The lower qualified people fail to embrace technology, such employees are slow to lean and at most very resistant to migrate financial control activities to computerization as well as use of ICT packages such as software and various hardware. 7 of the staff have a certificate as the highest level of qualification. However, the interview indicated some of these employees do not have a finance related certificate qualification. Having 8 staff members with a degree, 2 with a post graduate diploma and 3 with master's degrees brings some stability to the financial control. Taking cognizance of the 4 employees with a diploma as highest qualification, it brings to 50% of the finance staff having at least a diploma while the other 50% have at most a certificate. This requires to be addressed in order to bring more critical skills within the department and also to lubricate the ability to set-up sound committees such as internal audit committee and risk management committee.

The quality of staff in the finance department in term of qualifications has a great impact on the level of financial control the department delivers as some of the controls other than physical restrictions require some level of professional expertise. Having staff with grade 12 as highest qualification impacts negatively on the quality of financial control decision making especially for high amount transactions. In the Ministry of Land Reform, there are other transactions which involve voluminous transactions such as the purchase of farming land, conversion of such land into section titles, paying professional fees to surveyors or engineers hence the need for highly literate finance staff who are more analytical and can pay attention to every detail. The same problem is exacerbated by employing people qualified in other areas other than finance into financial department areas which require expertise in finance.

4.2.3 Gender of Staff in Finance Department

Table 5: composition of Ministry of Land reform finance staff members according to gender

Gender	Number of finance staff members
Male	12
Female	18
TOTAL	30

Both male and female are present in finance department. Twelve (12) staff members which is forty (40) Percent are male while the eighteen 18 which is sixty 60 percent are female. However the study did not test any association between gender and knowledge of financial control as gender cannot be e determinant of practical implementation of internal controls.

4.2.4 Marital Status of Finance Staff Members

Both married and unmarried are presented in finance department. Six (6) staff members which is twenty (20) Percent are married while 24 which is sixty 80 percent are not married. This composition of married and unmarried staff members brings better research sample if there is any significant association between marital status and knowledge of financial control. However, this research is not testing any degree of association between these two variables.

4.3 Reasons for non-compliance with State Finance Act in the Ministry of Land Reform

The interview indicates that lack of training to finance staff members, lack of financial reconciliation and few internal Auditor in the Ministry are the reasons for non-compliance to State Finance Act.

4.3.1 Lack of Training to Finance staff members

All the respondents said that lack of training to finance staff members is a reason for non-compliance to the State Finance Act. The interviewees indicated that some finance staff in the Ministry of Land Reform had not attended any refresher course in the past two (2) to five (5) years, a situation which has made them develop rust which makes it difficult for them to urgently adjust to agility requirements of financial control despite having academic qualifications.

4.3.2 Lack of reconciliation of financial transactions

Some respondents said that lack of reconciliation is a reason for non-compliance to the state finance Act because the Mistake will not be picked at the early stage. However, the study fails to reject the null hypothesis because there is no association of statistical significance between Reconciliation of financial transactions and non-compliance to the State Finance Act. Reconciliations of financial transactions can be a reason for non-compliance to the State Finance Act but in the Ministry of Land Reform, the statistics could not prove it based of the methodology that was used by the study.

4.3.3 Few Internal Auditors in the Ministry

Some respondents said that because of a few internal Auditors, there is non-compliance to the State Finance Act. However, the study fails to reject the null hypothesis because there is no association of statistical significance between the number of internal auditors in the Ministry and non-compliance to the State Finance Act.

The number of internal auditors can be a reason for non-compliance to the State Finance Act but in The Ministry of Land Reform the statistics could not prove it based on the methodology that was used for the study.

4.4 Challenges that are affecting financial control in the Ministry of Land Reform

The respondents said that Lack of qualifications, lack of training, financial staff members not registered with professional bodies, understaffing in the internal audit section, independent of internal auditors in the Ministry and delays in releasing of funds from the Ministry of Finance to the line Ministry are challenges that are affecting financial control in the Ministry.

4.4.1 Qualification of staff members

X= Qualification

Y= Fcmeaning1

Logistic regression results

Table 6: Logistic regression results for various qualifications as a challenge on understanding of financial control

fcmeaning1 |	Odds Ratio	Std. Err.	z	P>|z|	[95% Conf. Interval]	
Qualification	2.902122	1.109526	2.79	0.005	1.371792	6.139641
_cons	0.4992	0.587463	-2.55	0.011	0.0049962	0.5002188

Log likelihood = -14.529071; Number of obs = 30; LR chi (1) = 12.40; Prob > chi2 = 0.0004

According to the p-value 0.005 the researcher rejected null hypothesis and conclude that, there is a statistical significance association between qualification and knowing financial control. The odds ratio for an educated person to know financial control is 2.90 to 1 the odds ratio of uneducated person to know financial control.

4.4.2 Lack of training

X= FHFC3a

Y= Fcmeaning1

Logistic regression results

Table 7: Logistic regression results for training as a challenge on financial control

Fcmeaning1	**Odds Ratio**	**Std. Err.**	**z**	**P>|z|**	**[95% Conf. Interval]**
FHFC3a	10.83333	9.445874	2.73	0.006	1.961447 59.83394
_cons	0.3	0.1974848	-1.83	0.067	0.0825642 1.090061

Log likelihood = -16.297762; Number of obs = 30; LR chi (1) = 8.86; Prob > chi2 = 0.0029; pseudo R2 = 0.2ef137

According to the P-value of 0.006, the researcher rejected the null hypothesis and concluded that, there is a statistical significance association between training and knowledge of financial control. The odds ratio that there is a strong financial control when staff members are being trained is 10.83333 to 1 odds ratio when staff members are not being trained.

4.4.3 Financial staff members not registered with professional bodies

X= FCQ2A

X= Fcmeaning1

Logistic regression results

Table 8: Logistic regression results for registered with professional bodies as a challenge on financial control

Fcmeaning1	Odds Ratio	Std. Err.	z	P>|z|	[95% Conf. Interval]
FCQ2A	8.066667	6.821708	2.47	0.014	1.537665 42.31814
_cons	0.4545455	0.2451636	-1.46	0.144	0.1579332 1.308222

Log likelihood = -17.2115; Number of obs = 30; LR chi (1) = 7.03; Prob > chi2 = 0.0080; pseudo R2 = 0.1696

According to the p-value of 0.014, the researcher rejected the null hypothesis and conclude that, there is a statistical significance association between financial staff members registered with professional bodies and knowledge of financial control. The odd ratio that finance staff members registered with professional body will know financial control is 8.06 to 1 odds ratio when finance staff members not registered with professional bodies.

The respondents said that out of 30 employees in the finance and auditing department of Ministry of Land Reform, only two (2) were registered with professional bodies. This shows the vacuum of registered professional members of staff which affects training and development initiatives which benefited from these professional bodies as a result of membership. There is only one auditor in the ministry who is registered with the Institute of Internal Auditors (IIA) while one member of staff in the accounting department is registered with Southern Africa Institute for Business Accountants (SAIBA). The rest are not registered, which may be principally because 50% of the finance staff have at most a certificate as the highest qualification. Employees with degrees and post graduate diplomas and master’s degrees may be reluctant to register with these professional bodies despite meeting the minimum requirements. This has made it difficult for the finance staff to horn their financial control skills through exchange programmes and fellowship/membership and alumni exchange programmes.

4.4.4 Number of internal auditors in Ministry of Land Reform

X= FHFC3A

Y= Fcmeaning1

Logistic regression results

Table 9: Logistic regression results for number of internal auditors as a challenge on financial control

Fcmeaning1	Odds Ratio	Std. Err.	z	P>|z|	[95% Conf. Interval]	
FHFC3A	10.83333	9.445874	2.73	0.006	1.961447	59.83394
_cons	0.3	0.1974842	-1.83	0.067	0.825642	1.090061

Log likelihood = -16297762; Number of obs = 30; LR chi (1) = 8.86; Prob > chi2 = 0.0029; pseudo R2 = 0.2137

According to the p-value of 0.006 the researcher rejected the null hypothesis and concluded that, there is a statistical significance association between the number of internal auditors in the Ministry and financial control. The odd ratio that there will be is a strong financial control when there are enough internal auditors is 10.83 to 1 when the internal auditor is under staff.

The respondents indicated that the Ministry is only having one internal auditor despite the Ministry having branches in the 13 regions of the country. A critical shortage of internal auditors within the Ministry of Land Reform requires redress as one (1) auditor cannot perform the audit processes for the entire ministry even if he/she is overloaded with work.

Not only that the auditor will not cover all the area but having only one means that the department will automatically fail to have sufficient composition for an audit committee or risk management committee. The respondents said that there is no legal or regulatory framework for the establishment of the audit committee in the Namibian public sector. The interview shows that this has been the case since time immemorial, despite several recommendations to have this legal framework put in place. This poses a serious threat to financial control within the ministry.

Shortage of audit personnel means that the Ministry of Land Reform ends up reclining to orthodox financial control systems which may not match the increased awareness of risk and the cybercrimes performed in the contemporary financial transaction times. As some areas lie unaudited for prolonged timeframes, audit risk increases as internal controls weaken, which in turn, trigger a train of financial control risks. Internal auditors are very important in combating such risks hence the need to increase the number of internal Auditors in the Ministry.

4.4.5 Lack of independence of internal auditors

All the respondents said that lack of independence of the internal auditors in the Ministry of Land Reform is one of the factors affecting financial control in the Ministry.

The independence of internal auditors is critical for effective financial control reporting. It is through the independence of auditors that unbiased findings on the effectiveness of internal financial controls can be arrived at but the problem is, at the Ministry of Land Reform, such independence is jeopardised as the internal auditor reports directly to the permanent secretary instead of the director/head of internal audit which highly impacts on independence. The resultant effect is that the permanent secretary is usually not from the auditing profession so every report submitted by the internal auditor will never be checked. Further content analysis revealed that there is no audit chart in place as well as no audit committee in place.

The lack of regulatory framework for the establishment of audit committees and the set-up of a risk management committee remains worrisome as it impacts on auditors' independence. The Ministry of Land Reform does not have a risk management policy in place and this increases financial control risk. As long as there is no audit committee and risk management committee, the auditor's independence remains compromised. Since the internal auditor reports directly to the permanent secretary, the permanent secretary exerts influence on the auditors' report thereby interfering with the independence of the auditor's opinion. Thus, in such a case, the financial control and audit independence will be captured by senior management whose influence can change the contents of the audit report as they would want to be seen as doing the right thing in steering the ministry towards its vision and objectives even when there are critical challenges in auditing within the finance department.

4.4.6 Political influence

The study could not test the statistical significance of political influence as a factor that affects financial control in the Ministry because of collinearity.

4.4.6 Delay of funds from the Ministry of Finance to the line Ministries

All the respondents said that the delay of funds from the ministry of Finance is a big challenge of financial control in the Ministry of Finance.

4.5 Strategies that can be used to enhance financial control

The respondents said that financial monitoring is a strategy that can be used to enhance financial control.

X= SEFC

Y= Fcmeaning1

Logistic regression results

Table 10: Logistic regression results for strategies that enhance financial control

Fcmeaning1	Odds Ratio	Std. Err.	z	P>|z|	[95% Conf. Interval]	
SEFC	14.08767	9.221028	1.15	0.024	1.961938	59.44035
_cons	0.3101549	0.1974842	-1.83	0.043	0.828687	1.0988179

Log likelihood = -16.96225; Number of obs = 30; LR chi (1) = 8.53; Prob > chi2 = 0.0060; pseudo R2 = 0.2369

According to the P-value of 0.024, the researcher rejected the null hypothesis and concluded that, there is an association of statistical significance between financial monitoring and knowledge of financial control. The odds ratio that the staff member will know financial control when there is financial monitoring of 14.09 to 1 odds ratio when there no financial Monitoring.

4.6 Ways of monitoring financial transactions within the Ministry of Land Reform

The respondents said that budgetary control, CCTV and use of software and reconciliation of transactions are effective ways of financial monitoring. There are a number of financial transactions that take place within the Ministry of Land Reform, ranging from sale of farms, buying of land, accounts receivable and accounts payable processing etc. these transactions require meticulous analysis and transparency recording for accountability purposes. Transactions with municipalities/councils, individuals and corporates as well as investors and other line ministries may involve quite substantial amounts which may need to be clearly accounted for. Due to the risks that come with these transactions, financial control is more than a necessity. There are various ways of monitoring financial control within the Ministry and these range from budgeting and budgetary control, variance analysis, use of software, technological measures and physical restrictions.

4.6.1 Budgetary control

X= FMAYS2a

Y= Fcmeaning2

Logistic regression results

Table 11: Logistic regression results for budgetary control as a financial monitoring tool

Fcmeaning2	Odds Ratio	Std. Err.	z	P>|z|	[95% Conf. Interval]
FMAYS2a	8.066667	6.821708	2.47	0.014	1.537665 42.31814
_cons	0.4545455	0.2451636	-1.46	0.0144	0.1579332 1.308222

Log likelihood = -17.2115; Number of obs = 30; LR chi (1) = 7.03; Prob > chi2 = 0.0080; pseudo R2 = 0.1696

According to the P-value of 0.014, the researcher rejected the null hypothesis because there is a statistically significant association between budgetary control and financial Monitoring. The odds ratio that there will be is a strong financial monitoring when there is budgetary control 8.06 to 1 odds ratio when there is no budgetary control.

The Ministry of Land Reform works with some annual, quarterly, monthly and mid-term adjustment budgets (Republic of Namibia, 1991). Budgets act as plans and compasses of where the ministry would want to go so that strategies can then be crafted in pursuit of such budgeted targets. This involves identifying areas and activities which require funding, allocation of the appropriate sums of money, breaking down of activities to be done through project management techniques such as critical path analysis in the form of AON, and PERT diagrams. According to State Finance Act Number 31 of 1991, the funds allocated are then monitored using financial control techniques to avoid misappropriation of these funds through diversion to other areas other than the intended ones. These budgets are further broken down into departmental budgets where the finance department allocated funds to every department and then monitors the use of such funds. Where funds allocated are insufficient because of various reasons such as changes in the economy, a mid-term budget will be released to consolidate the existing gap(s). This helps in the ease-of-accomplishing the set goals and objectives as there will be stringent financial control through the budgeting and budgetary control techniques.

Budget variance can help the Ministry in strengthening its financial controls. It involves comparing the actual findings with the budgeted information particularly for the decision-making process. For example, for an amount of N$ 5,000,000 budgeted to fund expenditure for the Ministry for the year ended 31st of March 2018, an assessment of every actual expenditure incurred through the careful accounting and reporting against the budgeted amount would give either a favourable balance or an unfavourable variance. A favorable expenditure variance indicates that the ministry has expended less than the budgeted while an unfavourable variance entails that amounts allocated for expenditure have been exhausted before the entire expenditures are met. Thus, variance analysis is a critical technique of financial control as funds are managed to maintain favourable expenditure balances or variances. However, at Ministry of Land, sometimes the favourable expenditure variance is not favourable per se, but imply that there are certain activities that were not done despite the funds being available resulting in the returning of funds to treasury.

Variance analysis helps to measure the performance of Ministry of land reform's finance department on financial control as financial control sets in motion the achievement of performance targets by making decisions using the pre-calculated variances so as to avoid similar pitfalls during actual performance of financial transactions. Thus, variance analysis promotes proactive risk management philosophy amongst financial control employees, failure of which results in reactive risk management philosophy which is costly as losses would have already occurred which may gravitate into consequential loss of revenue.

4.6.2 CCTV

Logistic regression Results

Table 12: Logistic regression results for CCTV as a financial monitoring tool

Fcmeaning2	Odds Ratio	Std. Err.	z	P>|z|	[95% Conf. Interval]	
FMAYS1a	11.25	13.1116	2.08	0.038	1.145771	110.4605
_cons	0.1666667	0.1800206	-1.66	0.097	0.2006553	1.384368

Log likelihood = -17.730896; Number of obs = 30; LR chi (1) = 5.9; Prob > chi2 = 0.0144; pseudo R2 = 0.1446

According to p-value of 0.038, the researcher rejected the null hypothesis and concluded that, there is a statistically significant association between CCTV and financial monitoring. The odds ratio that there will be is a strong financial monitoring when there CCTV is 11.25 to 1 odds ratio when there is no CCTV.

4.6.3 Use of software

All the respondents said the use of software is an effective way of financial monitoring.

The Ministry of Land Reform, just like most government ministries in Namibia have migrated to Integrated Financial Management System (IFMS) which also promotes electronic governance. However, documentary reports from annual internal audit reports revealed that some areas of the finance department still lag behind in the use of software which has hampered financial control initiatives. The accounting department like creditors and receivables as well as procurement department still have certain activities that are manualised instead of using software. This has created loopholes where risk cannot be easily monitored because of manipulation.

The interview indicated that the auditor in the Ministry is still uses applications like Microsoft Excel despite several requests for software like CaseWare and audit-mate being submitted to senior management. Considering that the ministry relies on one internal auditor, this therefore makes it more challenging to perform the auditing functions across the entire ministry, hence some areas and branches go for years without being audited. This impact highly on financial control programs for the Ministry.

Software usage promotes speedy transacting and also eliminates errors made by human effort. However, the adoption of software results in forced retrenchment as well as redundancy as some skills will no longer be needed by the Ministry of Land Reform if software can perform them at a faster rate. Software results in the use of Computer Assisted Auditing Techniques (CAATs) which are essential in financial control because the computer keeps history of financial transactions which will be easier for analysis and decision-making processes. Software promote real-time processing of financial statements as the Ministry will perform transaction processing in its financial transaction. Transaction processing post every transaction to all books of prime entry up to final accounts the moment the financial transaction is captured. This is a rock-solid financial control technique as it blocks any room for manipulating financial figures. Responsibility is enhancing as well since software can be logged in using user log-in details which puts responsibility of all financial transactions captured and processed on the shoulders of the user. This therefore promoters computerized auditing which can be easily performed as every transaction can easily be traced as there will be no missing transaction information. However, an error in entry can distort a number of different sets of accounts and will become difficult and cumbersome to correct. Financial control is made easier by embracing technology to replace human effort.

4.7 Relationship between non-compliance to State Finance Act and Financial control

Logistic regression results

Table 13: Logistic regression results for relationship between non-compliance to State Finance Act and financial control

Fcmeaning1	Odds Ratio	Std. Err.	z	P>|z|	[95% Conf. Interval]
NCAVSFC	11.82	13.11082	3.08	0.030	1.14577909 110.4686
_cons	0.1666567	0.1800293	-1.62	0.090	0.2006509 1.384356

Log likelihood = -17.730887; Number of obs = 30; LR chi (1) = 5.8; Prob > chi2 = 0.0143; pseudo R2 = 0.1457

According to the P-value of 0.030 the researcher rejected the null hypothesis and concluded that, there is a statistically significant association between financial control and non-compliance to the State Finance Act. The odds ratio that there will be is a strong financial control when there is compliance to State Finance Act is 11.82 to 1 Odds ratio when there is no compliance to State Finance Act.

Non-compliance with State Finance Act is closely related to financial control challenges in the Ministry of Land reform. Because of lack of compliance, there is no standard procedure to follow in financial control which makes the process very challenging especially because of changes in strategies to follow brought about whenever management change. At the end of the day, every manager has his or her own philosophy which causes serious loss of focus as some financial control activities are dropped while still in incubation or while still being run just because of leadership change. Non –compliance with legislation distorts uniformity in financial control endeavors which results in failure to effectively control financial transactions. The governance of financial transactions requires legislation and its effective enforcement so as to yield benefits within the entire ministry and its stakeholders. The turn-around time of financial transaction will be managed better when legislation such as the State Finance Act is complied with. Thus, there is a positive correlation between compliance with legislation and successful financial control.

4.8 Relationship between financial monitoring and financial control

Logistic regression results

Table 14: Logistic regression results for relationship between financial monitoring and financial control

Fcmeaning1	Odds Ratio	Std. Err.	z	P>|z|	[95% Conf. Interval]
FMCR	11.11	13.1725	2.50	0.045	1.145861 110.4557
_cons	0.1666675	0.1800795	-1.68	0.007	0.2006142 1.384123

Log likelihood = -17.730896; Number of obs = 30; LR chi (1) = 5.9; Prob > chi2 = 0.0144; pseudo R2 = 0.1446

According to the p-value of 0.045, the researcher rejected the null hypothesis and concluded that, there is a statistically significant association between financial control and financial monitoring. The odds ratio that there will be is a strong financial control when there is financial monitoring is 11.11 to 1 when there is no financial monitoring.

Financial monitoring and financial control are important aspects in managing the finance department of the Land Reform Ministry. These two aspects of financial management are closely related. Financial monitoring is an element of financial control which is used to assess the prevailing status quo so as to make decisions on whether it should be reviewed for improvement or left as is. This is dependent on the benefits the Ministry enjoys from the prevailing status quo in line with technological changes as well as changes brought about by effluxion of time. Financial transactions in the Ministry of Land Reform are monitored by senior management who approve every transaction so as to avoid the by-passing of the recommended procedures such as the soliciting of three quotations from suppliers or service providers and the choosing the cheapest. This finding disagrees with Sahi (2014) finding that, sometimes it is not everything cheap that is cheap in the long-run. Going for the cheapest quotation might result in substandard supplies or service delivery.

4.10 How to prevent legislation non-compliance within the Ministry

From the interviews, the researcher identified that it is possible to eradicate the challenge of non-compliance to legislation within the Ministry of Land Reform. Primary ways of overcoming non-compliance are for the government to develop legislation in consultation with the public servants as well as private stakeholders as some of the finance staff feel that the legislation does not seek to protect everyone handling finances. Some senior management are said to have power to override the provisions of the Acts which demotivates the ordinary finance staff. Law has to apply across the board, regardless of one's position on the organisational hierarchy. Some respondents said that politicians act supreme above the legislation's provisions. Thus, the government has to make sure that the law applies evenly across the vertical and horizontal landscape of the organisational hierarchy.

Finance staff need to be inducted on the essence of complying with the legislation provisions when thy join the ministry. Some incentives can also ensure more commitment towards compliance with the legislation among all the staff. The level of law monitoring and enforcement by the government itself need to be upgraded so that employees remain committed to complying with legislation such as the State finance Act and the procurement Act.

4.9.11 Chapter Summary

This chapter used documentary and content analysis together with feedback from interviews held by the researcher to analyse the available research data in line with the preset research objectives. Comparisons with literature reviewed were done, where applicable so as to identify areas of agreement and disagreement to permit criticism of existing theory to create new knowledge. The next chapter presents findings in summary form and gives the research conclusions arrived at by the researcher as well as the recommendations from the research findings.

CHAPTER FIVE

RESEARCH FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summarised research findings. It draw conclusions and then presents the recommendations.

5.2 Research Findings

Financial control positively impacts financial management in public institutions like the Ministry of Land Reform. Monitoring of financial transactions is critical to realisation of organisational goals as this guards against embezzlement of funds and other malpractices in the finance department. Secondary sources highlighted that financial control is the epicenter of organisational success and called for the embracing of technology in monitoring financial transactions. The use of financial control policies and compliance with legislation are very essential in realising total financial control but organisations need to ensure that their policies are in support of relevant legislation to avoid any contradictions which will affect finance staff in implementing financial control programs.

The organisation, like the Ministry of Land Reform is responsible for the creation of a conducive environment for financial control programs to thrive. Enhancing financial control success calls for a holistic organisational approach so that all efforts will be directed towards realising the achievement of financial control and the benefits that come with it. Financial control in the Ministry of Land Reform suffers a number of setbacks which trigger a number of challenges in financial management and control. For example, there is an aspect of delay in the release of budget allocated funds from the Ministry of Finance to line ministries like the Ministry of Land Reform which in-turn forces the ministry to try and do hastened projects to finish the funds allocations. At the end of the year, such budget allocations are not used up and the funds will be returned to Treasury. The challenge ensuing would be to justify why funds have been returned and this puts a threat on financial control which results in abuse of office and some proportions of the remaining funds will be embezzled through collusion or abuse of office.

5.3 Conclusion(s)

Financial control is affected by a number of factors such as lack of commitment by finance staff, non-compliance with legislation, contradictions between organisational policies and legislation, failure to embrace technology and understaffing of some critical areas of the finance function such as internal audit and risk management, lack of legal frameworks for the establishment of essential committees like the risk management committee, among others. Placing staff in areas they are most qualified in is the critical step towards achieving successful financial control in Land Reform. The avoidance at all cost of corruption, nepotism and political interference in financial activities and recruitment processes assist in achieving a unique nexus of financial control and skillsets required for it. Financial control helps in managing all financial transactions as well as budget allocated funds to avoid the returning of funds to treasury when set objectives within the ministry have not been realised.

5.4 Recommendations

Research recommendations drawn from the research findings are presented to the senior management of the Ministry of Land Reform. The recommendations are grouped in terms of Policy Recommendations, Management Recommendations and General Recommendations.

Policy Recommendations

The following recommendations can be made:

- The Ministry should establish a risk management and financial control framework
- The Ministry should establish an audit committee;
- Internal auditors should make sure they submit auditor's requirements to the human resources department so that the department is not starved of skills;
- The Ministry needs to embrace use of audit software like CaseWare and AuditMate in executing its duties to expedite the process and avoid duplication of effort and human errors;
- The ministry should keep on updating its financial control policy to avoid loopholes;
- There is need for government ministries to merge financial control theory with practice.

Management Recommendations

The following recommendations can be made:

- The Ministry should make sure that it has a stand-alone internal audit department;
- Financial controls need to be strengthened annually;
- Internal auditors should be allowed free-reign to execute even surprise audits as a financial control technique which will force the finance and accounting department to keep up to date financial statements as well as transparent transactions;
- The Ministry should ensure that it has a sufficient number of finance staff in the department so as to ensure maximum effort is placed in all areas of finance and it will be easier to trace all processed transactions through the trail due to delegation of authority and responsibilities;

- The Ministry should embrace the use of specialist auditors such as IT system auditors and engineering auditors can assist in managing risk and financial control especially in bill of quantities vetting and verification before awarding tenders within the ministry;
- The ministry should place auditors in the procurement board so that all procurement activities and transactions will be monitored;
- The ministry should consider the use of modern ICT systems such as CCTV cameras, lie detectors and other tight security measures such as biometric access and optical or voice recognition character security systems;
- The HR department should make sure it recruits rightly qualified personnel to fill the positions in the finance department for ease of financial control;
- The recruitment and selection policies should be constantly revised so as to match changing trends;
- There is need to avoid inter-departmental transfers of staff without considering the merits and qualifications as well as skillsets possessed by the employees in internal recruitment.

General Recommendations

The following recommendations can be made:

- Finance department staff members should attend refresher courses so that they keep up with changes in the standards and regulations which govern the profession such as ISAs and IASs.
- Further research in the area of financial control using different methodology may be needed to substantiate this research's findings.

5.5 Areas for future Research

Due to the fact that, the sample was based only on the Ministry of Land Reform, Windhoek head office only, present and future researchers are called to further substantiate the research findings with a larger sample so that the results can be a better estimate when generalised over the entire research population. The following are the proposed research areas present and future researchers can concentrate on:

- Financial risk management in public sector organisations.
- Cost-benefit analysis of financial control in Namibia.
- Auditing and financial control in Namibia's public sector.

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APPENDICES

Appendix 1: Research Permission Letter

Faculty of Management Sciences
Namibia Business School
University of Namibia
Windhoek

Date: 26 June 2018

HR – Head of Research and Development
Ministry of Land Reform
Windhoek Head Office

To whom it may concern,

RE: REQUEST FOR RESEARCH PERMISSION

Reference is made to the above subject.

I am a postgraduate master's degree student at Namibia Business School, carrying out a research titled: An analysis of factors affecting financial control: Case study Ministry of Land Reform. The research aims at examining reasons for non-compliance with state finance Act in Ministry of Land Reform; Identifying strategies to enhance the effectiveness of financial control in the ministry of Land Reform and; Examining ways of monitoring financial transactions within the ministry. Ministry of Land Reform, Windhoek Head Office, as the case study organisation, will be analysed on how it has managed financial control to achieve successful financial transactions.

The research will uphold all necessary research ethics including those set by your organisation. All the information that will be gathered in this research will be used strictly for this particular research and will not be divulged to third parties without your authorisation. The findings of this research will be availed to your organisation upon completion of this research

In light of this, I humbly request, permission, in writing and ratified by your high office, to carry out this research within your organisation by collecting data from your finance department staff. I hope to receive your silver hand in this endeavour.

Waiting to hear from you,

Mr. Josua Shimpulu
MBA Finance Student
Contact Details: Mobile: +264 81 278 7334, Email: josuashimpulu@gmail.com

Dr. Ronald Chifamba
Supervisor / Promoter
Contact Details: Mobile: +264 81 607 0156; Email: rchifamba@unam.na

Appendix 2: Research Interview Guide

Name of Ministry: --

** NB: The interviewee will be interviewed anonymously*

Research Title: **AN ANALYSIS OF FACTORS AFFECTING FINANCIAL CONTROL: CASE STUDY MINISTRY OF LAND REFORM**

1. What do you understand by a financial control and what constitutes it?

2. From your own perspective, what are the reasons for non-compliance with state finance Act in Ministry of Land Reform?

3. From your own judgement, how can such non-compliance be prevented within the Ministry?

4. What are some of the challenges of financial control in public organisations like Ministry of Land Reform?

5. Kindly outline the factors hindering the financial control of Namibian government Ministries in general?

6. From your opinion, what are the strategies that can be used to enhance the effectiveness of financial control in the ministry of Land Reform.?

7. Briefly describe ways of monitoring financial transactions within the Ministry of Land Reform.

8. In what can the strategies of monitoring financial transactions within the Ministry of Land Reform be improved?

9. Is there any relationship between non-compliance to State Finance Act and financial control in the Ministry of Land Reform? Give reasons for your answer.

10. Is there any relationship between financial monitoring and financial control in the Ministry of Land Reform? Give reasons for your answer.

THANK YOU

Appendix 3: Permission to conduct research study

NBS
NAMIBIA BUSINESS SCHOOL
UNIVERSITY OF NAMIBIA

25 August 2017

TO WHOM IT MAY CONCERN

Re: MBA STUDENT – Joshua Shimpulu

STUDENT NO: 201408856

As part of our MBA Programme, students are expected to submit a research report after completion of their course-work. They need to explore in detail, some concepts and issues pertaining management strategies. To do that effectively, they need to conduct interviews and obtain practical examples.

Mr Shimpulu has chosen your organization to approach for information. It is against this background that I wish to kindly request you to assist Mr Shimpulu with the information he requires. Accept our assurance that the data will be used for academic purposes <u>only</u>. A copy of the completed document will be available at the Namibia Business School for perusal. His research synopsis indicates that his topic touches on the *"An analysis of factors affecting financial control: a case study of Ministry of Land Reform"*.

Your kind assistance is highly appreciated.

Yours sincerely

Greenfield Mwakipesile. Dr
Research Co-Ordinator
Namibia Business School
University of Namibia
Tel: +246 61 413 500
Fax: +246 61 413 512
Email: mwakipg@nbs.edu.na

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NBS
25-07-2018
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Inspiring Minds & Shaping the Future

340 Mandume Ndemufayo Ave. – Private Bag 16004 – Pionierspark – Windhoek – Website: www.nbs.edu.na
Tel: + 264 (61) 413500 – Fax +264 (61) 413512 – E-mail: info@edu.na – Trust reg. no T263/05

Appendix 4: Language editing certificate

Dr.GM

The Rev. Dr. Greenfield Mwakipesile

ThD, MBA, HBS | mwakipg@outlook.com

ONTACT

) Box 40529,
ısspannplatz,
indhoek,
ımibia

LANGUAGE & COPY-EDITING CERTIFICATE

1st November 2018

RE: LANGUAGE, COPYEDITING AND PROOFREADING OF JOSUA SHIMPULU's THESIS FOR THE MASTER OF BUSINESS ADMINISTRATION DEGREE OF THE NAMIBIA BUSINESS SCHOOL OF THE UNIVERSITY OF NAMIBIA

This certificate serves to confirm that I copyedited and proofread **JOSUA SHIMPULU's** Thesis for the **MASTER OF BUSINESS ADMINISTRATION DEGREE** entitled: **AN ANALYSIS OF FACTORS AFFECTING FINANCIAL CONTROL IN THE MINISTRY OF LAND REFORM**

I declare that I professionally copyedited and proofread the thesis and removed mistakes and errors in spelling, grammar, and punctuation. In some cases, I improved sentence construction without changing the content provided by the student. I also removed some typographical errors from the thesis and formatted the thesis so that it complies with the University of Namibia's guidelines.

I am a trained language and copy editor and have edited many Postgraduate Diploma, Masters' Thesis, Dissertations and Doctoral Dissertations for students studying with universities in Namibia, Zimbabwe, Swaziland, South Africa and abroad. I have also copy-edited company documents for companies in the region and abroad.

Please feel free to contact me should the need arise.

Yours Sincerely,

The Rev. Dr. Greenfield Mwakipesile