The Impact of Internal Control Systems on the Performance of Local Government Authorities: A Case Study at Morogoro Municipal Council Tanzania

Hassan M. Lyawatwa[1]; Dr. John B. Tlegray[2]

[1,2]St. Augustine University of Tanzania Jordan University College

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CERTIFICATION

The undersigned certify that they have read and hereby recommend for acceptance by the Jordan University College, a dissertation titled: "***The Impact of Internal Control Systems on the Performance of Local Government Authorities: A Case Study at Morogoro Municipal Council, Tanzania***", in partial fulfilment of the requirement for the Master of Business Administration (Corporate Finance and Management) of St. Augustine University of Tanzania, Jordan University College.

Dr. John B. Tlegray   **Date**
(Supervisor)

Director of Post Graduate Studies   Date

DECLARATION

Hassan M. Lyawatwa, declare that this dissertation is my own original work and that it has not been presented and will not be presented to any other University for similar or any other degree award.

Signature …..………………………..

Date………………………………

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DEDICATION

I owe my deepest gratitude to my beloved family for their encouragement and advice during the whole period of my study.

ABSTRACT

This study investigated the impact of internal control systems on the performance of Local Government Authorities (LGAs), a case study of Morogoro Municipal Council, Tanzania. This study was guided by the following hypothesis, there is a positive correlation between the MMC's control environment and performance, there is a positive correlation between the MMC's risk management activities and performance, there is a positive correlation between the MMC's control activities and performance, there is a positive correlation between the MMC's information and communication and performance, and there is a positive correlation between the MMC's monitoring activities and performance. The study employed COSO's ICS-Integrated Framework, introduced in 1992 and updated in 2013. The study adopted a pragmatism and mixed research approach. The sample size was 201 participants comprising 193 ordinary staff and 8 Heads of Departments (HoDs). Whereby, simple randomly and purposive samplings techniques were used to get the representatives. Questionnaires, interview and document analysis were employed to get the data. Validation of instruments was done by research experts and Cronbach alpha. The data were analysed quantitatively using descriptive and inferential statistical techniques while qualitative data were analysed using and thematic analysis. Correlation and regression analyses revealed strong, positive, and statistically significant relationships between internal control components and organizational performance, with Information and Communication ($r = 0.808$) and Monitoring Activities ($r = 0.793$) showing the highest correlations. The regression model confirmed these results, explaining 85.1% of performance variance ($R = 0.923$, $R^2 = 0.851$; $F = 214.114$, $p < 0.001$), and identified Monitoring Activities, Risk Management, Control Environment, and Information and Communication as significant positive predictors. However, Control Activities had a negative and statistically insignificant effect ($\beta = -0.049$, $p = 0.272$), indicating its limited role when analyzed alongside other control components. The study recommends that, LGAs should prioritize strengthening key internal control components, especially Monitoring Activities, Risk Management, and Information and Communication, to enhance overall performance. Additionally, a review and redesign of Control Activities may be necessary to ensure their relevance and effectiveness within the broader internal control system.

TABLE OF CONTENTS

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LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS

CA	Control Activities
CAG	Controller and Auditor General
CE	Control Environment
CEOs	Chief Executive Officers
CFOs	Chief Finance Officers
COSO	Committee of Sponsoring Organizations of the Treadway Commission
FMFIA	Federal Managers Financial Integrity Act
HoDs	Heads of Departments
ICSs	Internal Control Systems
ICT	Information and Communication
LGAs	Local Government Authorities
MA	Monitoring Activities
MMC	Morogoro Municipal Council
OP	Organizational Performance
OPI	Organizational Performance Index
RM	Risk Management
SBSC	Sustainable Balanced Scorecard
SOPs	Standard Operating Procedures
SOX	Sarbane Oxley Act
VIF	Variance Inflation Factor

CHAPTER ONE
INTRODUCTION

➤ Problem Setting

The first chapter of this study provides a background on the topic of internal control systems. This is followed by a discussion of the problem statement and thereafter, the purpose and research questions of this study are presented. The chapter ends by presenting the significance of the study, scope and delimitation.

➤ Background of the Study

The importance of internal controls in organizations, be the public or private sector, cannot be overemphasized enough. Due to their importance, statutes in many jurisdictions have made it mandatory to report on internal controls. Section 26 (b) of the Tanzania National Audit Act, mandates the Controller and Auditor General to evaluate and examine "Internal control systems and other checks." (Public Audit Act, 2021). According to the United States (Government Accountability Office, 2014, p. 15), the Federal Managers Financial Integrity Act (FMFIA) mandates heads of executive branch agencies to prepare statements as to whether their agency's systems of internal accounting and administrative controls comply with the requirements of the act and requires them to put in place plans and schedule for correcting any identified weakness.

In the private sector, weak internal controls led to accounting scandals at the beginning of the millennium. Audit as a control seemed to have failed. According to (Romano, 2005) the Sarbane Oxley Act (SOX) was enacted after the spectacular failures of the once highly regarded firms Enron and WorldCom which, it was revealed, had engaged in fraudulent accounting practices and executives' self-dealing transactions. Some scholars, for example, (Ronen, 2002), noted that auditors are paid by the companies they audit and thus depend on CEOs and CFOs, who effectively decide on their employment and compensation. This, they observe, results in an inherent conflict of interest that is endemic to the relation between the client's management (the principal) and the auditor (the agent). The introduction of the (Sarbanes-Oxley Act , 2002) in the USA, was an important reform that introduced a number of provisions with respect to the requirement for companies to have independent audit committees, restrict corporations' purchases of non-auditing services from their auditors, prohibit corporate loans to officers, and require executive certification of financial statements. Section 404 of SOX requires companies' managements to establish and maintain an adequate internal control structure and procedures for financial reporting; and mandates each registered public accounting firm that prepares or issues the audit report for the issuer to attest to, and report on, the assessment made by the management of the issuer.

Strong internal controls may not be the priority of those entrusted with the company's oversight or management. Writing about joint-stock companies, Adam Smith observed that they are always managed by a court of directors and that "The directors of such companies, however, being the managers rather of other people's money than of their own, it cannot well be expected that they should watch over it with the same anxious vigilance with which the partners in a private copartnery frequently watch over their own" (Smith, 1776). This obversion was captured and developed by Jensen and Meckling into what is known as the agency theory. They define agency as a contractual relationship under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf which involves delegating some decision-making authority to the agent (Jensen & Meckling, 1976). They posited, if both parties to the relationship are utility maximizers, there is good reason to believe that the agent will not always act in the best interests of the principal. The principal can limit divergences from his interest by establishing appropriate incentives for the agent and by incurring monitoring costs designed to limit the aberrant activities of the agent. Internal controls system is one such system that could be used to limit the agent's aberrant activities. The question is what are internal controls. There seems to be disagreement among scholars and managers on the answer to this question.

According to (Henk, 2020), despite the growing interest in research on the topic of internal control, there is confusion about the concept in both theory and practice. The review finds that the understanding of internal control is currently divided: one part of the literature understands the concept as internal control over financial reporting, while the other part has a more global and strategic understanding of the term. One broad definition as offered by the US Government Accountability Office is that internal control is "a process effected by an entity's oversight body, management, and other personnel, designed to provide reasonable assurance that the objectives of an entity will be achieved"; the objectives being the effectiveness and efficiency of operations, the reliability of reporting for internal and external use, and compliance with applicable laws and regulations (Government Accountability Office, 2014, p. 5).

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) defines internal control similarly, as "a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance." (COSO, 2013). Other scholars, for example, (Herimamy, 2021) define internal control as the process established by the entity's management for preventing and detecting fraud, errors, and thefts to achieve its established missions and objectives. In this study, the COSO definition has been adopted.

According to (COSO, 2013) five internal control components support the organization in its efforts to achieve its objectives. These are: Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities.

➢ *Problem Statement*

Effective internal control systems have been difficult to institute and operationalize. In a base-line study of six councils in Tanzania in the year 2002/2003, (Fjeldstad, Henjewele, Mwambe, Ngalewa, & Nygaard, 2004) found a number of weaknesses including inadequate internal audit staff, low staff capacity, and lack of fiscal transparency. Sixteen years later, according to the (CAG, 2020), councils Internal Audit Units have inadequate facilities which contribute to failure to accomplish audit works; and they could not perform and finalize all the planned audits of financial year 2018/19 due to shortage of financial and human resources. Additionally, the 2022/2023 CAG report revealed that some projects that cost billions of shillings have been completed but remained unused and hence not fulfilling intended purposes. Furthermore, other development projects worth billions of shillings have been abandoned for significant periods ranging between two and 21 years (CAG, 2024). All this is indicative of failure to achieve intended objectives.

The impact of internal controls on performance has been documented. (Sahabi, Diibuzie, & Abubakari, 2017) found that internal audit, control activities, and monitoring have statistically positive impact on financial performance. Evidence found by (Cheng, Goh, & Kim, 2015) suggests that effective internal control leads to greater operational efficiency. (Simon, 2021) found that telecommunications industries that invested more on effective internal control systems experience an improved overall performance as compared to those telecoms industries that had a weak internal control system. According to (Otoo, Kaur, & Rather, 2023), control activities, control environment and risk assessment have significant impact on organizational effectiveness. Although efficiency and effectiveness have been recognized as one of the objectives of internal control (Arens, Elder, & Beasely, 2012); COSO, 2013), however, internal control systems, similar to other business processes, can fail (IFC, 2021, p. 10). According to (COSO, 2013), internal control, no matter how well designed, implemented and conducted, can provide only reasonable assurance to management and the board of directors of the achievement of an entity's objectives. Besides, internal control effectiveness is influenced by culture.

Various studies have been undertaken on internal control in local authorities in Tanzania. (Masanja, 2018), examined the impact of internal control challenges on financial performance in selected Local Government Authorities (LGAs) such Arumeru district, Arusha, Tanzania. (Mbogella, 2021), examined the effects of institutional capacities in utilizing the internal control systems on performance of projects in LGAs in Tanzania.

Research on the impact of internal control on the performance of local authorities is scarce. This study seeks to determine the impact of internal control on the performance of LGAs in Tanzania.

➢ *Objectives and Hypothesis of the Study*

• *General Objective*

To examine the impact of ICSs on performance of LGAs, a case study at Morogoro Municipal Council (MMC).

• *Hypothesis*

According to (de Oliveira & Filho, 2017), in the public sector, the agency problems are due to public administration's hierarchical structure, resulting from the differences in motivation and goals of the actors, information asymmetries, risk propensity and different planning horizon. Thus, the principal's efforts to control the agent's actions through budget constraints, compensation policies, operating rules, audits, hiring and training for senior managers. These controls provide one of the means by which the deviant behaviour of the agent may be checked. Specifically, if components of internal control are instituted, they are each expected to have a positive impact on the authority's objective of efficiency and effectiveness in providing service to the public. It is, therefore, hypothesized that

✓ H_1: There is a positive correlation between the MMC's control environment and performance.
✓ H_2: There is a positive correlation between the MMC's risk management activities and performance.
✓ H_3: There is a positive correlation between the MMC's control activities and performance.
✓ H_4: There is a positive correlation between the MMC's information and communication and performance.
✓ H_5: There is a positive correlation between the MMC's monitoring activities and performance.

➢ *Significance of the Study*

The significance of this study lies in its potential to improve performance practices at the LGAs level, specifically focusing on MMC. Understanding the impact of ICSs on performance provide valuable insights into how these systems influence the efficiency, transparency, and accountability of financial operations within local authorities. By analyzing the relationship between ICS and performance, the study contributes to the ongoing efforts to strengthen governance frameworks in LGAs in Tanzania.

Furthermore, the study is significant because it offers practical recommendations for policymakers, LGAs officials, and financial managers on improving the design and implementation of internal control mechanisms to prevent financial mismanagement, corruption, and inefficiency. The findings also contribute to the existing body of knowledge on public management in Tanzania and Sub-Saharan Africa, specifically by addressing the challenges faced by LGAs in implementing effective internal control systems. Ultimately, the results of the study could enhance the overall governance of MMC, leading to better service delivery, improved resource management, and greater public trust in LGAs operations.

➢ *Scope / Delimitation of the Study*

This study is geographically limited to MMC one of the LGAs in Tanzania. The scope focuses specifically on the impact of ICSs on financial management within the council's operations, particularly concerning financial accountability, budgeting, and resource allocation. While the study aims to explore various aspects of financial management, it primarily concentrates on the effectiveness of ICSs within the LGA context.

Delimitations of the study include its focus on MMC, meaning that the findings may not be entirely generalizable to other LGAs in Tanzania or Sub-Saharan Africa. The study also excludes the examination of other public sector institutions outside the LGAs, such as regional or national government entities. Additionally, the study does not explore the role of political factors in internal control implementation, as the focus is specifically on the administrative and financial management perspectives within the local authority.

There are also limitations related to the sampling and respondents. Respondents were asked to rate their organization on the internal control components and the performance of their organization. There is likely to be an element of bias as they may want to portray their council as a good council, which could impact the credibility of this thesis.

CHAPTER TWO
LITERATURE REVIEW

➢ *Introduction*

The second chapter presents the theoretical foundation for this study, where the main theoretical framework used for discussing internal control is the agency theory. This explains the link between internal controls and the performance. After this, the empirical literature on the subject matter is reviewed. That review is the springboard for the study's conceptual framework.

➢ *Theoretical Literature Review*

• *Internal Control*

COSO's ICS-Integrated Framework, introduced in 1992 and updated in 2013, helps organisations achieve their objectives in operations, reporting, and compliance. The framework outlines five essential components of ICSs:

✓ Control Environment: Sets the tone at the top, shaping the control consciousness of the organisation's workforce (COSO, 2013).
✓ Risk Assessment: Entails identifying and evaluating risks that may impede the organisation's objectives (COSO, 2013).
✓ Control Activities: Comprises policies and procedures that ensure directives are implemented effectively (COSO, 2013).
✓ Information and Communication: Ensures that relevant and timely information is captured, identified, and shared (COSO, 2013).
✓ Monitoring Activities: Encompasses processes for assessing the quality and performance of ICSs over time (COSO, 2013).

Additionally, COSO's Enterprise Risk Management (ERM) Framework, updated in 2017, extends beyond ICSs by integrating risk management with strategy and performance for a more comprehensive view of organisational risk.

COSO's frameworks are globally respected, providing organisations with a structured approach to evaluating and enhancing ICSs. Their thorough nature allows for addressing a variety of operational risks and performance challenges, encouraging proactive risk management and continuous ICSs improvement (COSO, 2017). However, COSO's frameworks can be complex and resource-intensive to implement, requiring substantial training and organisational change, especially for smaller entities (Moeller, 2013).

For a study examining ICSs' influence on organisational performance at LGAs such as MMC, the COSO framework provides an appropriate and practical foundation. Robust ICSs, grounded in the COSO model, can help improve reporting accuracy, compliance, and operational effectiveness. For example, efficient control activities can prevent errors and detect fraud, while a proactive risk assessment process helps LGAs anticipate and manage operational risks. Moreover, a strong control environment cultivates an ethical culture and accountability, critical for effective organizational performance (COSO, 2013).

Implementing the COSO framework could enable MMC to improve service delivery and build public trust. Its emphasis on continuous monitoring and adaptation aligns well with the dynamic requirements of LGA operations, helping ensure that ICSs remain effective and responsive to evolving needs over time (COSO, 2013).

✓ *Control Environment*

The control environment represents the foundation of an organization's internal control system. It is shaped by the ethical values, integrity, and governance of the organization, as well as the competence and accountability of its personnel (COSO, 2013). A strong control environment establishes a culture that emphasizes the importance of internal controls and sets expectations for ethical behavior and compliance at all levels. Leadership plays a critical role in fostering an environment where internal controls are prioritized, and employees understand their role in achieving organizational objectives.

For LGAs such as MMC, the control environment can be enhanced through clear governance structures, transparent decision-making processes, and robust ethical guidelines. Training programs that reinforce ethical behavior and accountability can further strengthen the control environment, ensuring alignment with organizational goals and regulatory requirements.

✓ *Risk Assessment*

Risk assessment involves identifying and analyzing potential events that may adversely impact an organization's ability to achieve its objectives (COSO, 2013). This process includes assessing the likelihood and impact of risks, prioritizing them based on severity, and developing mitigation strategies. Effective risk assessment enables organizations to address vulnerabilities proactively and allocate resources to areas of greatest need.

In the context of MMC, risk assessment should include evaluating operational, financial, and compliance risks unique to LGA operations. For instance, risks associated with revenue collection, public service delivery, and resource allocation should be systematically analyzed. By integrating risk assessment into strategic planning, MMC can enhance decision-making, improve resilience, and ensure sustainable service delivery.

✓ *Control Activities*
According to (World Bank, 2007) control activities can be organized as follows:

✦ Accounting controls are aimed at covering the procedures and documentation concerned with safeguarding assets and the reliability of financial records. A strong internal control system with coherent accounting checks enables the accountants and managers to check for errors and misuse of public resources.

✦ Administrative controls are applied to the procedures and records concerning the decision-making processes that lead employees to carry out authorized activities in achieving the organization's objectives. For example, physical check is an important administrative tool by which staff that are in charge of control processes undertake regular checks on the goods and removable items owned by the entity. Physical checks help ensure that the organization's property is used appropriately.

✦ Management controls are used to cover all the plans, policies, procedures, and practices needed for employees to achieve the entity's objectives. In this context, for example, hierarchical checks provide a powerful tool to make sure that responsibilities are handled in accordance with policies and procedures. These controls help to build a bottom-to-top trust with functioning communication among managerial levels while it diminishes the opportunity for corruption and misuse (INTOSAI 2004).

✓ *Information and Communication*
Information and communication are critical for ensuring that internal controls function effectively. Information must be timely, relevant, and accurate to support decision-making processes and facilitate accountability. Communication involves the dissemination of information both internally and externally, ensuring that all stakeholders are informed of their roles, responsibilities, and the organization's objectives (COSO, 2013).

Effective information and communication systems in LGAs like MMC can enhance transparency and stakeholder engagement. For example, utilizing technology to disseminate information about financial performance and service delivery can build public trust. Internally, clear communication channels enable employees to report issues, share insights, and collaborate effectively to address challenges.

✓ *Monitoring Activities*
Monitoring activities ensure that internal controls remain effective over time by assessing their performance and identifying areas for improvement (COSO, 2013). Monitoring can take the form of ongoing evaluations, periodic audits, or independent reviews. It helps organizations adapt to changes in the operating environment and address emerging risks promptly.

For MMC, robust monitoring activities could involve regular audits of financial transactions, service delivery assessments, and feedback mechanisms for citizens. By establishing a culture of continuous improvement, MMC can ensure that its internal controls adapt to evolving needs, ultimately enhancing operational efficiency and accountability.

• *Organization Performance*
Organizational performance has been measured in different ways. (Panagora Group, 2021) suggests the Organizational Performance Index (OPI) as an indicator that measures the overall performance of organizations in four main domains; i) Effectiveness, ii) Efficiency, iii) Relevance and iv) Sustainability. The first two being short term measures and the last two being long-term measures. (Ngomuo & Wang, 2015) used the balanced score card to assess the performance of LGAs in Tanzania. They found the performance to be poor; the weakness being attributable to the poor financial than non-financial performance.

According to (Singh, Darwish, & Potocnik, 2016) objective measures of organizational performance involve the use of some sort of accounting data, whilst subjective measures involve the perceptions of managers in terms of how well their firm is performing. Some studies, for example, (Podsakoff, MacKenzie, Lee, & Posakoff, 2003) suggest subjective measures are prone to common method bias.

(Brown, 2019) The term subjectivity refers to the things that we say—silently to ourselves as in reveries or publicly to others as in conversation—from our own vantage point, and excluding that which is objective. He posits that there are right answers when it comes to facts, but none when it comes to opinions, which cannot be proved right or wrong and consequently are not subject to proof or refutation: they can only be asserted, but this does not preclude measurement. According to (Jordan, Troth, & Yan, 2024), subjectivity seeks to provide an understanding of the inner life of entities (could be individuals or groups) by recording the experiences, feelings, and responses of those entities and that this can be assessed qualitatively through interviewing, focus groups, and behavioral observation or quantitatively through surveys and questionnaires. For quantitative measures, a major way to collect subjective data is through the self-report of the subject with a focus typically on the respondent's personal experiences or attitudes.

In the context of public sector performance measurement subjective measures have been used widely (citation). (Hubbard, 2009) proposes a stakeholder-based, Sustainable Balanced Scorecard (SBSC) that include social and environmental issues.

(Goh, 2012) suggests three important factors need to be considered in the effective implementation of a performance measurement system in the public sector. They are managerial discretion, a learning and evaluative organizational culture and stakeholder involvement.

(Balaboniene & Vecerskiene, 2015) suggests that performance measurement system has two main functions – to provide information that would allow improving the performance of organization in public sector, and to account for the used funds. Thus, the performance measurement system in the organizations of public sector should be based on the objectives set by strategic plans and it should measure their achievement.

- *Agency Theory*

(Ross, 1973) observed that agency relationship arises between two (or more) parties when one, designated as the agent, acts for, on behalf of, or as representative for the other, designated the principal, in a particular domain of decision problems. He noted, further that all contractual arrangements, as between employer and employee or the state and the governed, for example, contain important elements of agency.

Since (Jensen & Meckling, 1976) wrote their seminal paper on the theory of the firm: managerial behavior, agency costs and ownership structure, many studies have been done on the topic. (Shapiro, 2005) noting that agency relationships are especially prevalent in the social fabric, examined some of the institutions, roles, forms of social organization, deviance, and strategies of social control.

According to (Eisenhardt, 1989) agency theory (a) offers unique insight into information systems, outcome uncertainty, incentives, and risk and (b) is an empirically valid perspective, particularly when coupled with complementary perspectives.

The agency theory assumes that humans are rational, selfishly motivated and will behave opportunistically, even ruthlessly, whenever advantageous (Ghoshal 2005). The advantage is usually provided due to information asymmetry.

Other authors, for example, (Fama, 1980), suggest that the firm is disciplined by competition from other firms, which forces the evolution of devices for efficiently monitoring the performance of the entire team and of its individual members. In the case, of public sector, the discipline and opportunities provided by the markets for the services of office holders is missing. However, other mechanisms are in place in the public sector, such as Other scholars have attempted to apply the basic principles in the agency theory to the public sector. According to (Bravo & Silvestre, 2004) the voters are the principals and the incumbent political party, which is responsible for LGAs is the agent. (de Oliveira & Filho, 2017), noticed several agency relations, exemplified by the tacit or explicit contracts between citizens and politicians, the state and the economic system, and politicians and bureaucracy. These studies, and others, observe that the control of the agents by the principals is limited by the existence of asymmetric information and other imperfections of the political system that invests LGAs with the monopoly for the provision of public goods. The instruments available to the principals to control their agents, include:

- ✓ Developing democratic decision-making processes that increase political participation and competition.
- ✓ Increasing voters' control over political outcomes and creating schemes- which may include regulations and the institutional organization, such as the pubic audit committee - that facilitate monitoring of the results from public policies.

The agency theory assumes a conflict of interest will arise if the agent is a utility maximizer. Public officers or managers in firms may be more concerned about the stewardship of the entities entrusted to them than utility maximization (citation). (Schillemans & Bjurstrøm, 2020) Our analysis has aimed to reconcile the two approaches in order to get it right; finding the proper balance between control-oriented agency theory with trust-oriented stewardship theory. Our analysis now shows that a combination of the two approaches would make the employees in executive agencies most satisfied with the governance model. We believe that our approach and our measurement instrument as such for agency and stewardship theory are the most important contributions of this article. This instrument can be used in future research aiming to understand the effects of external steering on public agencies and can assist the search for optimal and fitting governance regimes in the messy realities of public administration.

(Lawrence & Suddbay, 2006) Enabling work refers to the creation of rules that facilitate, supplement and support institutions. This may include the creation of authorizing agents or new roles needed to carry on institutional routines or diverting resources (i.e. taxation) required to ensure institutional survival.

A second category of work aimed at maintaining institutions involves ensuring compliance through enforcement, auditing and monitoring.

A final category of work aimed at maintaining institutions by compliance with rules focuses on establishing coercive barriers to institutional change. We call this category of institutional work 'deterrence', which involves the threat of coercion to inculcate the conscious obedience of institutional actors

➢ *Empirical Literature Review*

- *Evidence from Global*

Makatita (2022) examined the effect of good governance and internal control systems on the performance of local governments in South Buton, Indonesia, with leadership style considered as a moderating variable. The study adopted a descriptive quantitative approach using a survey method and purposive sampling, collecting data from local government departments (SKPD) through questionnaires and literature review. The findings revealed that both good governance and internal control systems had a positive and significant influence on local government performance. Additionally, while leadership style did not moderate the relationship between good governance and performance, it significantly moderated the relationship between internal control systems and performance. This study is relevant to the present research on Morogoro Municipal Council as it emphasizes the importance of internal controls in enhancing local government effectiveness within a decentralized governance framework. However, the study did not disaggregate the internal control system into specific components nor did it assess non-financial aspects of performance such as service delivery or institutional efficiency. This leaves a research gap in understanding the detailed mechanisms through which internal control systems influence different performance dimensions in local government authorities.

Simangunsong (2014) investigated the impact of internal control effectiveness and the role of internal audit on the performance of local governments. The study employed a census method, using primary data collected through questionnaires, and applied regression analysis via SPSS to test the hypotheses. Before hypothesis testing, both validity and reliability tests were conducted to ensure data quality. The findings revealed that both internal control effectiveness and the internal audit role had a positive and statistically significant influence on local government performance, both jointly and individually. These results emphasized the importance of robust internal controls and audit mechanisms in enhancing institutional efficiency and accountability. The study is relevant to the current research as it aligns with examining how internal control systems affect performance within Local Government Authorities, such as Morogoro Municipal Council. However, the study lacked contextual focus on specific operational functions within local councils, and it did not address external variables such as policy enforcement or digital control tools, which may also shape performance outcomes. This creates a gap for further inquiry into the broader institutional and technological environments that influence internal control effectiveness in local government settings.

Hidayat (2021) examined the influence of the maturity of internal control systems and the capability of internal government auditors on the accountability of local government performance in Indonesia. The study utilized secondary data from Indonesian local governments between 2017 and 2019, applying a purposive sampling method to select cases. The analysis incorporated audit opinion, local own-source revenues, and regional proliferation status as control variables. The findings revealed that the maturity of internal control systems, internal auditors' capability, and audit opinions had a significant positive impact on local government performance accountability, while own-source revenues and proliferation status had a negative effect. This study is relevant to the current investigation on Morogoro Municipal Council, as it demonstrates how internal controls contribute to enhanced accountability in decentralized governance. However, the study focused narrowly on accountability as a measure of performance, and did not explore the broader impact of internal control systems on service delivery, institutional efficiency, or citizen satisfaction. This presents a research gap that calls for a more comprehensive exploration of performance dimensions influenced by internal controls in local government authorities.

Thongpaeng (2021) investigated the effects of internal control systems on the performance of local governments in Sisaket Province, Thailand. The study employed a quantitative approach, using structured questionnaires to collect data from 40 local government units, with a total of 80 responses received—two from each unit—representing a 100% response rate. Five components of internal control systems—control environment, risk assessment, control activities, information and communication, and monitoring—were examined against dependent variables such as operational efficiency, financial report reliability, and compliance with regulations. Using descriptive statistics and multiple regression analysis, the study found that all five internal control components had a statistically significant positive effect on performance, with monitoring showing the highest influence, followed by control activities, information and communication, control environment, and risk assessment, respectively, at a significance level of $p < 0.01$. This study is highly relevant to the current research as it offers empirical insight into how specific internal control elements influence multiple performance dimensions within local government settings. However, the study was limited to a single province and relied solely on quantitative data, which may have excluded contextual or behavioral factors influencing control system effectiveness. This suggests a gap for further research using a broader scope and mixed methods to examine internal control systems in Tanzanian LGAs.

Sakti et al. (2021) investigated the direct and indirect effects of the government's internal control system (SPIP) and e-budgeting implementation on the performance of local government agencies in Indonesia's West Java health sector, mediated by the implementation of good government governance (GGG). The study adopted a quantitative descriptive verification design using Structural Equation Modeling–Partial Least Squares (SEM-PLS) with data from 28 local government agencies. The findings revealed that SPIP had both direct and indirect influence on performance through GGG, while SPIP had no significant effect on performance when mediated by e-budgeting. Additionally, e-budgeting was found to influence GGG directly but had no direct impact on performance. Furthermore, GGG significantly affected local government performance. This study is relevant to the present research as it highlights the interplay between internal control systems and performance outcomes in public sector

institutions, specifically in decentralized administrative contexts. However, the research focused narrowly on the health sector, and the mediating variables (GGG and e-budgeting) added complexity that may obscure the isolated effect of internal control systems on performance. This leaves a gap for studies aiming to directly evaluate the influence of internal control mechanisms on overall LGA performance, such as in the Tanzanian context.

Al Sawalqa (2012) examined the relationship between selected components of internal control systems—namely risk assessment, control environment, and control activities—and the effectiveness of audit programs in Jordan. Using data obtained from 43 completed questionnaires, the study applied quantitative analysis to determine the extent to which these components influenced audit program effectiveness. The findings revealed that risk assessment significantly contributed to audit effectiveness, whereas control environment and control activities did not show a significant effect. The study offered insights into the varying strengths of internal control components, highlighting the critical role of risk assessment. Although the study focused on audit outcomes rather than organizational performance, it remains relevant in evaluating which internal control dimensions meaningfully affect institutional systems—a key consideration for performance in local government authorities. However, the study was limited by its narrow focus on audit programs rather than broader performance metrics, and it concentrated on private sector entities rather than local governments. This suggests the need for further research to investigate how internal control systems influence performance outcomes in public sector settings, especially within local government contexts such as Tanzania.

Nguyen et al (2018) investigated the relationship between components of internal control systems—specifically control environment, risk assessment, and control activities—and the effectiveness of audit programs in Vietnamese firms. The study employed a quantitative approach, collecting data through questionnaires administered to management personnel, internal auditors, and accountants, yielding 87 valid responses. Data were analyzed using Cronbach's Alpha, Exploratory Factor Analysis (EFA), and ANOVA. The findings revealed that all three internal control components significantly contributed to the effectiveness of audit programs, underscoring the role of internal controls in ensuring audit quality. The study is relevant to the current research as it demonstrates the influence of internal control elements on organizational outcomes, which can be conceptually linked to performance evaluation in local government authorities. However, the focus on audit program effectiveness rather than overall organizational performance, and its limitation to private firms in Vietnam, reduced its direct applicability to the public sector. Further research is needed to explore how similar internal control components impact performance outcomes within local government institutions in developing countries such as Tanzania.

Puspitawati et al. (2023) investigated the contribution of the effectiveness of the Regional Government Information System Application (SIPD) and internal control systems on the quality of financial reports in government agencies within Bandung City, Indonesia. The study was motivated by persistent issues of weak accountability and low-quality financial information in public financial governance. Using a quantitative verification method, data were collected through questionnaires from a sample of 105 respondents drawn from 22 city departments using simple random sampling. Data analysis employed multiple linear regression supported by SEM-PLS software. The findings demonstrated that both SIPD performance and internal control systems had a significant positive effect on the quality of financial reports, emphasizing the need to strengthen control environments and enhance system capacity. This study was particularly relevant as it linked internal control mechanisms directly to reporting quality, an essential dimension of institutional performance in local governments. However, the study focused narrowly on financial reporting quality without evaluating broader organizational performance outcomes such as service delivery or compliance. This presents a research gap in understanding how internal controls influence the overall operational performance of local government authorities.

Diviana et al. (2022) examined the influence of good governance and internal control systems on the managerial performance of local government administrators in Gianyar Regency, Indonesia. The study was motivated by the need to ensure accountability and improved performance in public institutions through effective governance structures and internal controls. Employing a quantitative approach with a purposive sampling method, data were collected via questionnaires from 98 respondents out of a population of 114 government employees. Multiple linear regression analysis revealed that both good governance and internal control systems had a significant positive effect on managerial performance, suggesting that improved control environments and adherence to governance principles enhance administrative efficiency. These findings align with the current study's focus on internal control systems and their broader role in improving local government authority performance, such as at Morogoro Municipal Council. However, while the study effectively linked internal controls to managerial outcomes, it focused more narrowly on administrative performance rather than holistic organizational performance indicators such as service delivery or citizen satisfaction. This highlights a gap for further research exploring how internal control systems influence overall institutional performance in local governments beyond managerial aspects.

Winarna et al. (2022) investigated the effect of internal control systems on the administrative performance of local governments in Indonesia. The study utilized panel data regression to analyze secondary data collected from 508 local governments over the period 2017–2019, yielding 1,524 observations drawn from the Ministry of Internal Affairs, Financial and Development Supervisory Agency, Statistics Bureau, and local government financial reports. The findings revealed that several local governments continued to perform below expectations set by the Ministry's 2015 strategic plan. Empirical analysis demonstrated that components of internal control systems—specifically the control environment, risk assessment, and information and communication—positively influenced administrative performance. This study is relevant to the present research as it highlights the practical significance of

internal control elements in enhancing the operational effectiveness of local government authorities, which aligns with the objectives of assessing performance in Morogoro Municipal Council. However, the study was limited to secondary data sources and did not capture perceptions or qualitative insights from internal stakeholders. Additionally, it focused broadly on administration performance without assessing financial or service delivery outcomes. Further research is necessary to explore these dimensions in different governance contexts using a mixed-methods approach.

Sumaryati, et al. (2020) investigated the effect of the application of accounting information systems (AIS), internal control systems, and human resource (HR) competency on the quality of local government financial statements in one district in Central Java, Indonesia. Grounded in agency theory and compliance theory, the study used a sample of 106 respondents drawn from the financial divisions of local government organizations. Primary data were collected through questionnaires, and multiple linear regression analysis was applied to test the hypotheses. The findings revealed that HR competency significantly influenced the quality of financial statements, whereas the application of AIS and internal control systems had no significant effect. This study is relevant to the current research as it examined internal controls in the context of public sector financial management, aligning with the focus on performance in local government authorities. However, the study was limited to a single district and primarily evaluated financial statement quality rather than broader organizational performance. Additionally, it did not disaggregate internal control components or explore contextual factors such as organizational culture or governance frameworks. This leaves a research gap in understanding the multidimensional impact of internal control systems on local government performance in broader settings such as Tanzania.

- *Evidence from Regionals*
Gyimah et al. (2024) investigated the impact of internal control systems on financial irregularities across 11 municipalities in seven regions of Ghana. The study employed a descriptive research design with a quantitative approach and utilized structured questionnaires to collect data. The findings revealed that the implementation of internal control systems faced several challenges, including inadequate resource allocation, poor staff motivation, undetected misconduct, and staff collusion. Despite these limitations, the study provided actionable recommendations aimed at strengthening internal controls, such as increased resource provision, integration with risk management strategies, performance audits, and legal reforms to enforce compliance. The study holds relevance to the current research as it directly relates to how internal controls affect organizational integrity and financial governance within local authorities, a core concern in evaluating performance at Morogoro Municipal Council. However, the study relied heavily on self-reported quantitative data and lacked qualitative insights into behavioral or contextual factors. This reveals a gap in understanding how internal control practices are perceived and enacted at the operational level, suggesting the need for future research using mixed methods to provide a more nuanced analysis.

Elton (2022) investigated the importance of internal control systems in enhancing financial accountability within Lira District Local Government, Uganda. The study adopted a correlational research design and employed regression analysis to determine the relationships between components of internal controls—namely, control environment, control activities, and monitoring—and financial accountability. Findings indicated that internal control systems explained 55.4% of the variation in financial accountability, with the control environment and monitoring showing significant influence, whereas control activities had no notable effect. This study is directly relevant to the current research as it linked internal control effectiveness to performance outcomes in local government settings, aligning with the focus on Morogoro Municipal Council. However, the study concentrated solely on financial accountability without examining broader aspects of institutional performance such as service delivery or operational efficiency. This presents a research gap, particularly in understanding the comprehensive performance impact of internal control systems in local government authorities.

Oyetunji and Lawal (2021) examined the effectiveness of internal control systems in local governments with a focus on financial management and budgetary control. The study adopted a survey research approach and employed regression analysis to assess responses from 200 purposively selected employees across five local governments. Data were gathered using structured questionnaires. The findings revealed a significant positive relationship between internal control and budget control, evidenced by a p-value of 0.000, indicating that effective internal controls played a key role in enhancing financial discipline and budget implementation. The study is relevant to the present research as it directly linked internal control mechanisms to performance indicators such as budget execution, which are essential components of overall local government performance. However, the study was limited to budget control and did not address broader performance metrics such as service delivery or citizen satisfaction. This leaves a research gap in understanding the wider impact of internal control systems on comprehensive local government performance.

Abubakar et al. (2017) investigated the effect of internal control activities on financial accountability and transparency in local government areas of Borno State, Nigeria. The study employed a cross-sectional survey design and drew a sample of 330 respondents from a total population of 1,886 staff working in the Treasury, Finance, Administration, Audit Departments, and Local Government Council Members across five local governments. Data were collected through structured questionnaires and analyzed using descriptive statistics, chi-square tests, and regression analysis. The results indicated that internal control activities were largely ineffective in the local governments studied. Specifically, while internal control had an insignificant effect on financial accountability, it showed a positive impact on financial transparency. This study is relevant to the current research as it emphasized the role of internal control systems in promoting transparency and accountability, which are core indicators of local government

performance. However, the study mainly focused on financial dimensions, neglecting other performance aspects such as service delivery, operational efficiency, and responsiveness to public needs. This presents a research gap that calls for a broader investigation into the impact of internal control systems on overall local government performance beyond financial management.

Gbambegu Umar et al. (2023) investigated the mediating role of political interest in the relationship between internal control systems and financial management within local government authorities in Ghana. The study employed a hypothesized model grounded in accountability theory, using survey data collected from 701 respondents and analyzed through Partial Least Squares Structural Equation Modeling (PLS-SEM). The findings revealed that internal control systems had a positive impact on financial management, and notably, political interest significantly mediated this relationship. These results underscore the importance of internal controls in enhancing financial practices in decentralized government structures, making the study highly relevant to the current investigation on the impact of internal control systems on the performance of Local Government Authorities at Morogoro Municipal Council. While the research provided valuable empirical evidence on the link between internal control and financial outcomes, it was limited by its reliance on survey data and geographic coverage constrained to parts of Ghana. Additionally, the study focused narrowly on financial management without evaluating broader dimensions of institutional performance such as service delivery, citizen satisfaction, or organizational efficiency. This presents a research gap, suggesting the need for further studies that explore the direct impact of internal control systems on holistic performance indicators within LGAs, particularly in different political and administrative contexts like Tanzania.

Tjombe (2023) investigated the impact of internal controls on financial performance at the Namibia Student Financial Assistance Fund (NSFAF), focusing on how internal control systems influenced operational efficiency and fund monitoring. The study aimed to identify factors affecting internal control measures, assess their role in monitoring student fund records, and evaluate their contribution to operational goals and overall financial performance. A mixed-method approach was adopted, combining a cross-sectional survey and interviews, using a census technique on a sample of 70 staff members from NSFAF Windhoek. Data were analyzed using SPSS, and findings revealed that internal control systems at NSFAF were generally perceived as ineffective, particularly in administrative efficiency and fund oversight. Descriptive tools such as graphs, pie charts, and tables were used to present results, highlighting persistent challenges despite the existence of a regulatory framework. This study is relevant to the present research as it examined internal control systems within a public financial institution and linked them to performance outcomes, aligning with the objective of assessing internal control systems' impact on the performance of local government authorities in Morogoro Municipal Council. However, the study was limited to a single financial institution and did not address wider organizational performance aspects such as service delivery in local government. This leaves a research gap in exploring how internal control systems influence comprehensive performance indicators in decentralized public governance settings.

Sankoloba and Swami (2014) examined the importance of internal control systems in managing resources within small businesses in Botswana. The study aimed to investigate whether internal controls were present in small enterprises, and if so, whether their implementation was perceived as costly. Using a sample of 52 randomly selected respondents, data were collected through questionnaires. Findings revealed that while business owners acknowledged the necessity of internal controls, many lacked proper systems due to limited capacity and knowledge. However, respondents agreed that internal controls played a critical role in preventing resource misuse and enhancing operational efficiency. This study holds relevance to the present research, as it underscores the foundational role of internal controls in organizational performance—an aspect equally vital for Local Government Authorities such as Morogoro Municipal Council. While the study effectively linked internal controls to resource management, it narrowly focused on small enterprises and did not examine broader institutional performance indicators such as compliance, service delivery, or operational accountability. This creates a research gap on how internal controls function within public institutions like LGAs, especially in contexts with more complex governance structures.

Owusu et al. (2023) investigated the mediating effect of political interest on the relationship between internal control systems and financial management in local government authorities in Ghana. Grounded in accountability theory, the study employed Partial Least Squares Structural Equation Modeling using data collected from 701 respondents across various local authorities. The findings revealed that internal control systems significantly improved financial management outcomes and that political interest played a mediating role in this relationship. The study provided practical insights for policymakers by highlighting how political influence can shape the effectiveness of internal control mechanisms in financial administration. This research was particularly relevant to the present study as it emphasized the role of internal control systems in enhancing performance within local government institutions, aligning directly with the objective of assessing their impact on performance in Morogoro Municipal Council. However, despite the study's large sample size, it relied heavily on self-reported survey data and did not disaggregate internal control systems into specific components such as risk assessment or control activities. This created a gap for further investigation into how individual elements of internal control systems affect institutional performance outcomes.

Zhang et al. (2023) examined the relationship between executive political connections and financial performance in China, while also analyzing the mediating role of internal control quality and the moderating effect of digital transformation. Using data from Chinese A-share listed companies, the study revealed that political connections significantly enhanced financial performance, particularly within state-owned enterprises, and that high-quality internal control partially mediated this relationship. However, digital transformation was found to weaken the impact of both political connections and internal control systems on organizational

performance. This study was relevant to the present research as it reinforced the importance of robust internal control systems in shaping institutional performance, a core objective of the current investigation on local government authorities in Tanzania. Despite its insights, the study was limited to a corporate context and did not address the impact of specific internal control components or non-political organizations such as local governments. Therefore, future research should explore how internal controls affect performance in politically neutral public institutions, particularly within decentralized governance frameworks.

Nalukwago (2020) examined the impact of internal control systems on financial management within local governments in Mbale District, Uganda. The study adopted a quantitative approach using a structured questionnaire administered to 36 respondents. It specifically analyzed the effect of three internal control components—control environment, control activities, and information and communication—on financial performance. The findings showed that control activities had the highest influence, accounting for 26.1% of change in financial performance, followed by information and communication at 22.4%, and control environment at 12.7%. Despite these figures, the study concluded that the overall change attributed to these control elements was statistically insignificant. This study is relevant to the current investigation as it highlights how specific internal control components may variably influence financial performance in local government settings, thus offering comparative insight for the case of Morogoro Municipal Council. However, the study had a limited sample size and narrowly focused on financial performance, excluding other critical performance dimensions such as service delivery or administrative efficiency. This presents a gap for further research into how internal control systems holistically affect the broader performance spectrum of local government authorities.

Kamau (2019) examined the effects of internal control systems on the financial performance of small and medium distribution companies, specifically Moonbluez Enterprises Limited in Kenya. The study employed a correlational and case study design, targeting all 38 employees through a census survey technique. Primary data were collected using questionnaires, while secondary data were sourced from relevant literature. Data analysis involved descriptive statistics and inferential techniques, including Pearson's correlation and multiple regression analysis. The findings contributed to understanding how control activities, risk assessment, and information and communication systems affect financial performance. This study is relevant to the current research as it highlights key internal control components impacting organizational performance, which relates to assessing internal control systems within local government authorities in Tanzania. However, the study's focus on a private enterprise within the distribution sector limits its applicability to public sector entities, and the small sample size may reduce the generalizability of the results. Further research is needed to explore the effects of internal control systems in local government contexts, addressing the identified gap regarding sectoral differences and broader sample representation.

Odek and Okoth (2019) examined the effects of internal control systems on the financial performance of small and medium distribution companies, specifically Moonbluez Enterprises Limited in Kenya. The study employed a correlational and case study design, targeting all 38 employees through a census survey technique. Primary data were collected using questionnaires, while secondary data were sourced from relevant literature. Data analysis involved descriptive statistics and inferential techniques, including Pearson's correlation and multiple regression analysis. The findings contributed to understanding how control activities, risk assessment, and information and communication systems affect financial performance. This study is relevant to the current research as it highlights key internal control components impacting organizational performance, which relates to assessing internal control systems within local government authorities in Tanzania. However, the study's focus on a private enterprise within the distribution sector limits its applicability to public sector entities, and the small sample size may reduce the generalizability of the results. Further research is needed to explore the effects of internal control systems in local government contexts, addressing the identified gap regarding sectoral differences and broader sample representation.

Ibrahim et al. (2017) investigated the impact of internal control variables on financial performance within five health institutions in the Upper West Region of Ghana. Employing an ordered logistic regression model, the study collected data from a sample of 50 respondents to assess how internal control systems affect financial outcomes. The findings demonstrated a positive relationship between internal controls and financial performance; however, only three control variables showed statistically significant effects at the 5% level. This study is relevant to the present research as it emphasizes the critical role of internal control systems in enhancing institutional performance, which aligns with the objective of evaluating internal controls within local government authorities in Tanzania. Nevertheless, the study's limited sample size and sector-specific focus on health institutions restrict its generalizability to broader public sector entities, particularly local government authorities. Future research should explore the comprehensive influence of various internal control components on performance within diverse local government settings to address this gap.

Ncgobo and Malefane (2017) examined the role of internal control systems in enhancing governance within public institutions in South Africa, using the case of the Roodepoort City Theatre (RCT), operating as Joburg Promusica. The study argued that internal controls promoted transparency, accountability, adherence to legislative frameworks, and responsiveness to citizen needs. It further emphasized that assessing internal control practices could inform governance quality and influence audit outcomes. By analyzing audit findings and institutional reports, the study demonstrated how internal mechanisms supported public financial accountability. This study was relevant as it highlighted the governance-enhancing role of internal controls, a core element in evaluating local government performance. However, the study did not assess the operational performance outcomes of internal controls, nor did it

extend its analysis beyond a single cultural institution. This left a gap in understanding how internal control systems affect broader administrative performance across diverse local government authorities.

Musongole (2023) investigated the relationship between internal control systems and revenue collection in Malawi, using the Malawi Police Service Central West Region Headquarters as a case study. The study employed a cross-sectional correlational design and drew on data from a sample of 80 respondents through questionnaires and interviews. Data analysis was conducted using MS Excel and SPSS version 17.0. The study revealed a clear relationship between internal controls—particularly the control environment and control activities—and revenue collection, while monitoring activities influenced revenue management. Findings also showed that although revenue increased annually, not all collections were deposited into the government account as required. This study was relevant as it highlighted the operational influence of internal controls within a public sector institution, aligning closely with the current objective of examining internal controls and performance in local government authorities. However, the study focused on revenue collection in a security sector agency rather than broader administrative or service delivery performance in local governments. This identified a research gap regarding how internal control components affect institutional performance beyond financial compliance.

Ntahondereye et al (2024) evaluated the effect of risk assessment, as a component of internal control systems, on the quality of financial reporting in Rwandan local governments. The study aimed to investigate how risk assessment practices influenced the accuracy and reliability of financial reports across 30 districts in Rwanda. Using a structured questionnaire to collect primary data, along with secondary data from the Office of the General Auditor of Rwanda, the research applied both descriptive and inferential statistical techniques. The descriptive results indicated a high level of risk assessment (mean = 3.87) and financial reporting quality (mean = 4.02). Correlation analysis revealed a strong positive relationship between risk assessment and reporting quality ($r = 0.648$, $p = 0.00$). Regression analysis further indicated that for every unit increase in risk assessment, financial reporting quality increased by 0.493 units, with a constant value of 2.135. The study concluded by recommending that local government managers in Rwanda enhance fraud detection capacities to strengthen risk assessment mechanisms and improve financial accountability. This study is relevant to the current research as it focused on internal control components—specifically risk assessment—and their direct implications for performance in public sector financial systems, aligning with the objective of assessing how internal control systems affect the performance of local government authorities in Morogoro. However, while the study thoroughly examined the relationship between risk assessment and reporting quality, it did not consider other performance dimensions such as service delivery or administrative efficiency. This suggests a research gap in understanding how internal control systems affect broader aspects of local government performance beyond financial reporting.

- *Evidences from Tanzania*

(Fjeldstad O.-H. , 2004), pointed out the limitations of control activities, such as auditing, whereby concerns may be raised about procurement and tendering cases, such issues are in general difficult to discuss openly with the management teams and councillors.

Al-beity (2022) examined the relationship between internal control weaknesses (ICWs), independence, and size on the quality of financial statements of local government authorities (LGAs) in Tanzania. The study employed logistic regression analysis on a large dataset of financial statements from multiple LGAs spanning four fiscal years (2010/11 to 2013/14). The investigation focused on specific ICWs including fraud prevention plans, risk management, accounting systems, and IT controls, alongside variables such as financial independence and size of the LGAs, to determine their influence on financial statement errors and restatements. Findings revealed that larger and financially dependent LGAs with weaknesses in accounting systems were more likely to produce lower quality financial statements, while other internal control weaknesses, namely IT controls, fraud prevention, and risk management, showed insignificant effects. The study attributed these results to varying levels of compliance with directives from the parent ministry among LGAs. This research is relevant to the current study as it addresses the impact of internal control components on the performance of local government bodies in Tanzania, providing empirical insight into control weaknesses and financial reporting quality, which aligns with the objective of assessing internal control systems' effects on local government authority performance in Morogoro Municipal Council. However, the study's focus on financial statement quality limits its scope, as it does not evaluate broader organizational performance dimensions such as operational efficiency or service delivery, indicating a research gap in understanding the comprehensive impact of internal control systems on local government performance beyond financial reporting.

Respy and Mrindoko (2024) investigated the effects of internal control systems on revenue collection efficiency at Dar es Salaam City Council. The study employed a descriptive research design with a quantitative approach, using questionnaires and documentary reviews for data collection. A sample of 103 respondents was targeted, with 78 completing the questionnaires. Data analysis involved descriptive and inferential statistics, revealing a strong and positive correlation between internal control systems and revenue collection, with statistical significance ($p = 0.012$). The findings confirmed that effective internal control mechanisms significantly enhance revenue collection efficiency. This study is relevant to the current research as it underscores the importance of internal controls in improving financial performance in local government authorities, which aligns with the focus on Morogoro Municipal Council. However, the study was limited by a relatively small response rate and focused exclusively on revenue collection without examining other dimensions of local government performance. Further research is needed to explore the broader impact of internal control systems on overall performance in local government authorities.

Karara (2022) examined the performance of internal control systems in enhancing revenue collection processes in Local Government Authorities, focusing on Njombe Town Council in Tanzania. The study employed both qualitative and quantitative approaches and used interviews to collect data from 156 respondents, with analysis conducted using SPSS. Findings indicated that the introduction of POS machines and the Local Government Revenue Collection Information System (LGRCIS) significantly improved internal control by enhancing the reliability and accuracy of records, increasing revenue collection, and reducing revenue leakage, fraud, theft, and corruption. The study also highlighted that respondents with university education and relevant field experience perceived internal controls as effective in supporting revenue security. This study is relevant to the present research as it reflects the practical application of internal control mechanisms in improving financial performance in local government settings. However, while it focused on the technological and fraud-reduction aspects of internal control, it did not address broader institutional performance outcomes such as service delivery or administrative efficiency. Further research is required to explore how internal controls influence overall organizational performance beyond revenue collection.

Mwita (2023) investigated the contribution of internal control systems (ICSs) to strengthening revenue enhancement in Tanzania, focusing on Busokelo District Council. The study employed a descriptive research design with a quantitative approach and collected data from a sample of 80 respondents using questionnaires. Findings revealed that enhancements in ICSs, such as segregation of duties, regular financial audits, and clear written policies, led to effective revenue collection. Correlation analyses indicated varied relationships: weak to moderate positive correlations between management support and ICSs, and revenue collection performance, but strong negative correlations between challenges hindering ICS effectiveness and revenue outcomes. The study confirmed that ICSs had a direct impact on revenue collection performance, ranging from good to excellent. This research is relevant to the current study as it addresses the role of ICSs in local government financial performance within Tanzania, similar to Morogoro Municipal Council's context. However, the study's focus on revenue collection narrows its scope, overlooking other performance dimensions of local government authorities, thus identifying a research gap regarding the broader impact of ICSs on overall local government performance beyond financial metrics. Further investigation is necessary to explore how ICSs influence non-financial performance indicators in local government settings.

Chindengwike (2025) examined the relationship between internal control systems and performance in Tanzanian Local Government Authorities (LGAs). The study employed a descriptive research approach and involved a sample of 130 staff members from Iramba Council, Singida District Council, and Manyoni District Council, selected through simple random and purposive sampling techniques. Data were analyzed using SPSS through correlation and regression analysis. The findings indicated that components of internal control systems—specifically control activities, risk assessment, and information and communication—had a statistically significant relationship with the performance of LGAs, while monitoring and control environment showed no significant effect. This study is highly relevant to the current investigation as it directly focused on Tanzanian LGAs and examined internal control elements in relation to performance, offering a contextual foundation for the Morogoro Municipal Council case. However, the study limited its performance measurement to general statistical associations and did not explore the deeper implications of each internal control component on various performance dimensions such as service quality or operational efficiency. This gap suggests the need for further research that disaggregates performance outcomes and evaluates how specific internal control elements drive or hinder performance within local government authorities.

Biseko (2023) examined the effectiveness of internal control mechanisms and regulatory compliance and their impact on organizational performance within public universities in Tanzania, focusing on Sokoine University of Agriculture and other public universities. The study employed a mixed-methods approach, collecting data through structured questionnaires from 93 stakeholders including university staff, students, and government representatives, complemented by in-depth interviews and focus group discussions to gain qualitative insights. Findings indicated a generally positive perception of internal control practices, which respondents believed significantly influenced organizational performance. Compliance with legal and regulatory frameworks was perceived to be high, though concerns were raised regarding the severe financial implications of non-compliance. This study is relevant to the current research as it highlights the role of internal controls in enhancing institutional performance within a Tanzanian public sector context, providing insights applicable to local government authorities like Morogoro Municipal Council. However, the focus on higher education institutions limits the generalizability of findings to local government settings, and the study did not quantify the direct impact of internal control systems on measurable performance outcomes. Further research is necessary to empirically assess how internal control systems affect specific performance indicators in local government authorities.

Lema and Mbuti (2023) investigated the effect of internal control systems on the financial performance of private higher learning institutions in Arusha City, Tanzania. The study employed a correlational design with a sample of 40 respondents and analyzed data using descriptive statistics and regression analysis. Findings revealed that internal controls functioned effectively through established policies, segregation of duties, regular account reconciliation, authorized payments, and training initiatives. Risk management and monitoring were significant predictors of financial performance, with institutions demonstrating adequate liquidity and profitability. This study is relevant to the current research as it emphasizes the role of internal control components in enhancing financial outcomes within Tanzanian institutions, providing insights applicable to local government authorities such as Morogoro Municipal Council. However, the study's focus on private educational institutions limits its applicability to public local government settings, and it did not assess other performance dimensions beyond financial indicators. Further research is needed to examine the broader impact of internal control systems on local government authority performance beyond financial metrics.

Kwatilaho (2019) assessed the impact of internal control systems on financial performance in Tanzania, focusing on commercial banks listed at the Dar es Salaam Stock Exchange. The study adopted a descriptive research design and involved a sample of 36 key managers, including support managers, heads of corporate and regulatory affairs, chief finance officers, risk managers, credit managers, human resource managers, and DSE officials. Both quantitative and qualitative data were collected through interviews, questionnaires, and secondary sources. The findings revealed that the control environment had no significant effect on financial performance, partly due to some management failures related to integrity, while control activities significantly influenced financial performance. This study is relevant to the current research as it explores internal controls' effect on organizational performance within a Tanzanian context, similar to the local government setting in Morogoro Municipal Council. However, the focus on commercial banks limits generalizability to public sector authorities, indicating a research gap in understanding how internal control systems affect broader performance measures in local government. Further research is needed to investigate the impact of internal controls on non-financial performance indicators in local government authorities.

Hyera et al (2025) investigated the effect of internal control systems on revenue collection performance among selected Local Government Authorities (LGAs) in Tanzania, focusing on Mbeya, Mwanza, and Manyara. The study employed a cross-sectional survey design, collecting data from 400 respondents across the three councils. Using Two-Stage Least Squares regression, with the frequency of external audits as an instrument to control for endogeneity, the study revealed that accurate financial records and internal audit functions positively influenced revenue reliability and effectiveness. However, persistent challenges such as fraud, delayed reporting, and weak monitoring systems were found to hinder revenue growth and operational efficiency. This study is directly relevant to the current research as it demonstrates how specific internal control components impact financial performance in LGAs, thereby supporting the argument that strong control systems are crucial for public sector efficiency. While the study emphasized revenue performance, it did not comprehensively address broader aspects of organizational performance such as compliance, service delivery, and decision-making effectiveness. This presents a gap for further research on how internal control systems influence overall performance outcomes in local governments beyond revenue collection.

Mwakiluma (2024) investigated the effects of management control systems on employee performance in Mkinga District Council, Tanzania. The study was guided by three objectives: to assess the effects of the budgeting system, the information system, and the training and development system on employee performance. Adopting a positivist paradigm and quantitative approach, the study used an explanatory design and non-proportional stratified simple random sampling. Data were collected through questionnaires administered to 93 employees and analyzed using descriptive statistics and multiple regression. The findings revealed a significant positive relationship between both the budgeting system and the training and development system with employee performance, while the information management system also showed a positive influence. This study is relevant to the current research as it underscores how structured control systems, including budgeting and information mechanisms, enhance performance within local government authorities. However, while the study focused on employee-level outcomes, it did not address broader organizational performance indicators such as service delivery, compliance, and transparency. This presents a gap in understanding how internal control systems influence overall institutional performance in the public sector.

➢ *Conceptual Framework*

The conceptual framework for this study is presented in Figure 1.
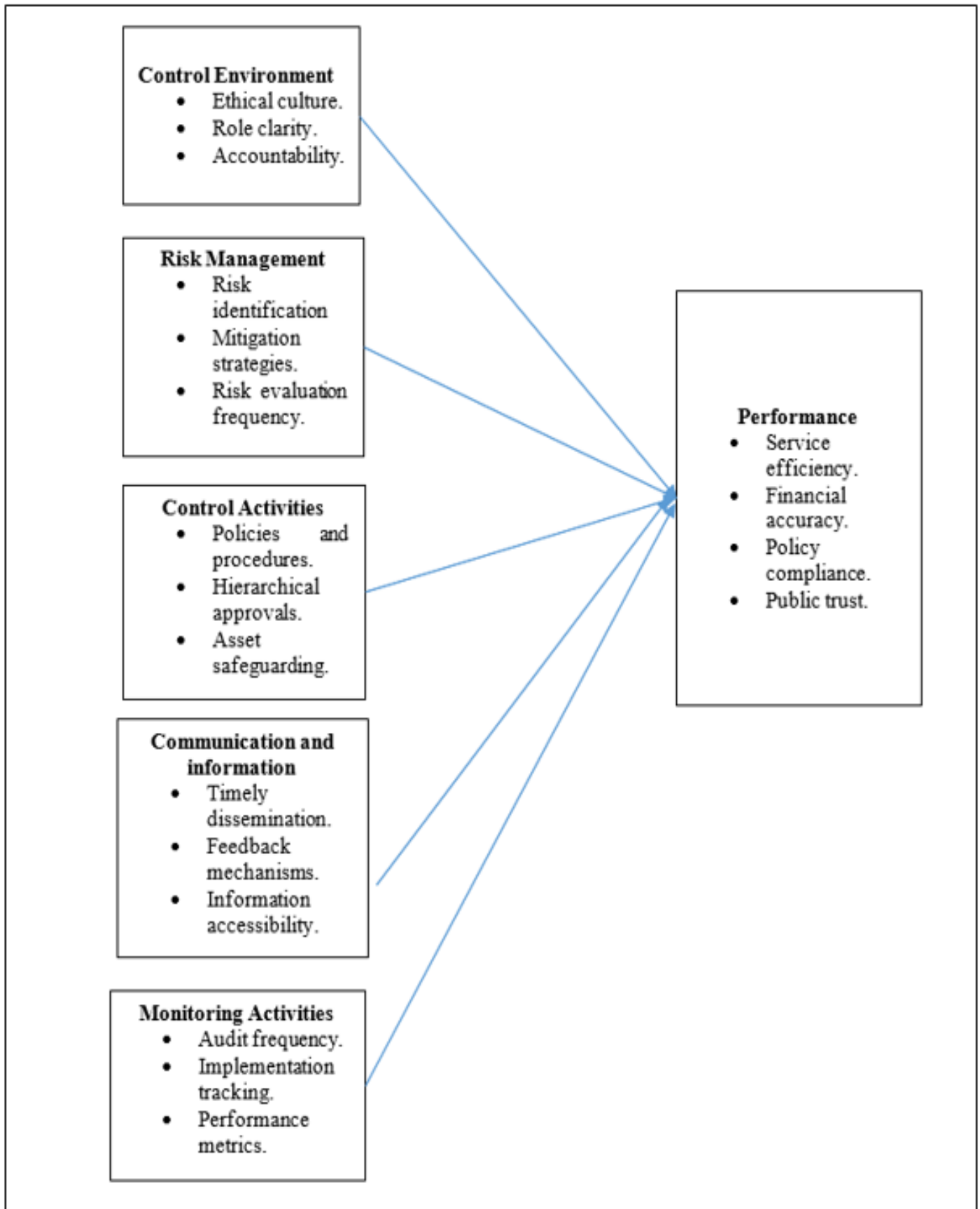
Fig 1 Conceptual Framework
Source: Researcher (2025)

The independent variables (control environment, risk assessment, control activities, communication and information, and monitoring activities) are core components of an effective internal control system, as outlined in the COSO framework. Together, these variables create a structured approach to managing organizational risks, ensuring accountability, and fostering an ethical culture. A robust control environment establishes the foundation by defining values, roles, and responsibilities. Risk assessment identifies potential challenges that could impede the organization's objectives, allowing for proactive management. Control activities translate these assessments into tangible policies and procedures that safeguard resources and ensure operations align with strategic goals. Communication and information ensure that relevant data flows seamlessly across organizational levels, empowering timely decision-making and enabling alignment with established controls.

These internal control elements directly impact performance by enhancing operational efficiency, financial accuracy, compliance with policies, and public trust. For instance, a well-maintained monitoring process ensures continuous evaluation and improvement of control systems, helping organizations address weaknesses promptly. When these variables function effectively together, they drive performance by reducing errors, mitigating risks, and fostering accountability. In LGAs, such as Morogoro Municipal Council, the integration of these variables can improve service delivery, strengthen financial management, and enhance public confidence, demonstrating the interdependence between internal controls and organizational performance.

CHAPTER THREE
RESEARCH METHODOLOGY

A. Introduction

This chapter starts by exploring the philosophical concepts. The exploration of philosophical concepts is warranted as this assist in specifying the overall research design and strategy, which define how to proceed from research questions to the conclusions. The chapter continues to elaborate on the research design, research approach as well as area of the study. It also involves the target population of the study, sample size and sampling techniques. Additionally, data collection methods, data analysis, validity and reliability of the instruments and ethical considerations of the study are taken into account.

➢ Research Philosophy or Paradigm

A paradigm refers to a set of fundamental beliefs or assumptions about the nature of reality, knowledge, and methodologies, forming the foundation for research approaches (Guba and Lincoln, 1994). Ontologically, paradigms address questions about the form and nature of reality. Saunders, Philip, and Adrian (2009) identify two key ontological positions: objectivism, which views social entities as existing independently of social actors, and subjectivism, which sees social phenomena as constructed through perceptions and actions. For instance, positivism aligns with objectivism, focusing on observable phenomena, whereas subjectivism, linked to interpretivism, explores social actors' subjective meanings. Researchers like Johnson and Onwuegbuzie (2004) recognize the existence of both material and social realities, suggesting a more inclusive ontological perspective.

Pragmatism, a widely adopted paradigm in social sciences, emphasizes the interplay of quantitative and qualitative approaches to address complex research questions. Pragmatists argue that truth is co-constructed and defined by its practical utility in action (Creswell and Creswell, 2018; Lee and Lings, 2008). This philosophy supports mixed methods, combining quantitative tools like questionnaires with qualitative techniques like interviews to neutralize biases inherent in each method. For example, Johnson and Onwuegbuzie (2004) propose using within-stage mixed-model designs to integrate data collection approaches effectively. Epistemologically, pragmatism balances objective detachment with contextual understanding, enabling researchers to derive insights that address both measurable phenomena and social dynamics, as demonstrated in case studies involving organizational contexts.

➢ Research Design

Research design is the blueprint that guides researchers in answering their research questions, as explained by Saunders, Philip, and Adrian (2009). It encompasses a strategic framework that addresses the purpose of the study (whether it is exploratory, descriptive, or hypothesis-testing) along with other critical elements like the study's location, temporal focus (cross-sectional or longitudinal), unit of analysis, sampling techniques, and data collection methods. Moreover, research design involves considerations of data measurement and analysis, validity, reliability, ethical considerations, and constraints, which collectively ensure the study's robustness. As Ridenour and Isadore (2008) argue, the research purpose and questions serve as the foundation for making informed decisions about the design, shaped by the researcher's worldview.

Methodology, on the other hand, explores how researchers can explore and uncover what they believe can be known, driven by their ontological and epistemological assumptions. This philosophical grounding determines the appropriateness of methodologies, as not all are suitable for every research endeavor. For instance, a belief in an objective reality necessitates controlling confounding variables, regardless of whether qualitative methods like observation or quantitative techniques like covariance analysis are used. Methodological considerations extend beyond the selection of methods, demanding alignment with the overarching research philosophy and the ways knowledge can be effectively advanced through the study.

• Study Area

The research took place in MMC, a prominent administrative entity in Tanzania. MMC is an ideal study area due to its active role in implementing ICSs and financial management practices, which are critical for promoting accountability and efficiency in the public sector.

MMC is an ideal setting for this study due to its active role in implementing ICSs to enhance accountability, transparency, and efficiency in service delivery. Understanding how these systems influence organizational performance is critical, as ICSs are designed to mitigate risks, improve resource management, and ensure compliance with policies and regulations. Through analyzing MMC, the study provides empirical insights into the effectiveness of ICSs in addressing challenges faced by LGAs, contributing to improved governance practices and informed decision-making in similar administrative contexts.

• Target Population

The target population for this study includes ordinary staff and Heads of Departments (HoDs) within MMC. Ordinary staff, involved in daily financial management tasks, provide valuable insights into the practical challenges and opportunities of implementing ICSs. HoDs, responsible for overseeing and enforcing ICSs and financial policies, offer strategic perspectives on system effectiveness and institutional barriers. Including these groups ensures a comprehensive understanding of financial

management practices within MMC from both operational and managerial viewpoints. The distribution of the target population is presented in Table 1 below.

Table 1 The Distribution of the Target Population

S/No.	Departments	Frequency
1.	Accounts and Finance	40
2.	Economics and Planning	10
3.	Human Resource Management	70
4.	Community Development	50
5.	Procurement and Supply Chain Management	11
6.	Information, Communication and Technology	5
7.	Secondary and Primary Education	150
8.	Trade and Industry	30
	Total	366

Source: Researcher (2024)

- *Sample Size and Sampling Techniques*

✓ *Sample Size*

For the quantitative data collection, the sample size for 192 ordinary staff was calculated using the Yamane formula, which is widely used for determining an appropriate sample size in studies aiming to ensure statistical reliability and precision (Yamane, 1967). The formula,

$n = N / (1 + Ne^2)$, where n represents the sample size, N is the total population, and e is the margin of error, allows for the calculation of a sample size that is both manageable and statistically valid for analysis. For qualitative data, a census sampling method was used, selecting all 8 HoDs to gather in-depth insights from each individual, which is suitable for small, specific groups where every participant's input is crucial for understanding the phenomenon under study (Babbie, 2010). The demographic information of respondents is presented in Table 2 below.

Table 2 Demographic Information of Ordinary Staff (n = 193)

S/No.	Demographic Information	Frequency	Percent (%)
1.	Gender		
	Male	125	64.8
	Female	68	35.2
2.	Age		
	20-30	33	17.1
	31-40	72	37.3
	41-50	65	33.7
	51-60	23	11.9
3.	Education Level		
	Certificate / Diploma	34	17.6
	Bachelor's Degree	79	40.9
	Master's Degree	74	38.3
	PhD	6	3.1
4.	Working Experience		
	1-5	28	14.5
	6-10	84	43.5
	11-15	70	36.3
	More than 15	11	5.7

Source: Field Data (2025)

Table 2 presents the demographic characteristics of the 193 ordinary staff who participated in the study. The gender distribution shows a male dominance, with 64.8% male and 35.2% female respondents. This reflects a gender imbalance that may have implications for gender dynamics and inclusiveness within the organization.

The age distribution reveals that the majority of staff fall within the 31–50 years age range, accounting for over 70% of the respondents. This indicates a largely mature workforce and in its productive years, potentially bringing both experience and stability to the organization. Only a small percentage (11.9%) are aged above 50, suggesting fewer staff approaching retirement.

In terms of education level, most respondents are highly educated, with 40.9% holding a bachelor's degree and 38.3% holding a master's degree. This demonstrates a well-qualified workforce capable of handling complex tasks and contributing meaningfully to institutional development. A minority hold only certificates/diplomas (17.6%) or PhDs (3.1%).

Regarding work experience, a significant number of staff (43.5%) have been employed for 6–10 years, followed by 36.3% with 11–15 years of experience. This suggests that the workforce is largely composed of experienced individuals who likely have deep institutional knowledge. A smaller proportion (14.5%) are relatively new employees with 1–5 years of experience, and only 5.7% have served more than 15 years.

- *Sampling Techniques*

✓ *Simple Random Sampling*

Simple random sampling was employed to select ordinary staff members for this study. This method involves selecting participants in such a way that each individual in the target population has an equal chance of being chosen, ensuring a representative sample. According to Kothari (2004), simple random sampling is effective in eliminating selection bias and provides each individual with an equal opportunity to be included, thereby enhancing the reliability and generalizability of the findings. This technique is particularly suitable for ordinary staff because it captures a wide range of perspectives on financial management practices, reflecting diverse experiences and challenges.

✓ *Purposive Sampling*

Purposive sampling was applied to select HoDs for the study. This non-probabilistic sampling technique is justified by the need to target individuals who possess specialized knowledge and direct involvement in the implementation and oversight of ICSs and financial management processes. As noted by Patton (2015), purposive sampling allows researchers to focus on participants who are most likely to provide rich, relevant, and detailed information related to the research objectives. Since HoDs are responsible for policy enforcement, resource allocation, and strategic decision-making within MMC, their inclusion through purposive sampling ensures that the study captures critical insights into the effectiveness, challenges, and opportunities associated with ICSs.

➢ *Data Collection Methods*

- *Primary Data Collection*

✓ *Questionnaires*

Structured questionnaires were distributed to ordinary staff to gather quantitative data on ICS implementation and financial management practices. The use of structured questionnaires ensures standardization, enabling the collection of consistent data across respondents. To capture perceptions and experiences effectively, the questionnaires include Likert scale items, which are widely used to measure attitudes and opinions (Kothari, 2004). This method is cost-effective and suitable for collecting data from a larger sample.

✓ *Interviews*

Semi-structured interviews were conducted with HoDs to collect qualitative data on challenges, strategies, and practices related to ICSs. This method provides flexibility, allowing the researcher to probe deeper into issues while maintaining alignment with the research objectives. As noted by Creswell (2014), semi-structured interviews facilitate rich, detailed responses that are invaluable for understanding complex phenomena such as ICSs in financial management.

- *Secondary Data Collection*

✓ *Documentary Review*

The study reviews documents such as financial reports, audit reports, and policy guidelines. These documents provide a historical and contextual understanding of ICSs and financial management practices in MMC, serving as a valuable source for triangulating primary data. Bowen (2009) emphasizes that documentary reviews help validate findings and offer insights into organisational practices and compliance trends over time.

- *Validity and Reliability*

To ensure validity, research instruments were pre-tested on a subset of the population, and adjustments were made to eliminate ambiguities and improve clarity. Pre-testing enhances the accuracy and relevance of the instruments (Mugenda & Mugenda, 2003). Reliability was assessed using Cronbach's Alpha, a statistical measure for evaluating the internal consistency of questionnaire items. A Cronbach's Alpha value of 0.7 or higher indicates acceptable reliability (Tavakol & Dennick, 2011).

- *Data Analysis Techniques*

✓ *Quantitative Data Analysis*

Quantitative data were analyzed using both descriptive and inferential statistical techniques to ensure a comprehensive understanding of the findings. Descriptive statistics were employed to summarize the data through measures such as means, frequencies, and percentages, enabling the identification of trends and patterns in the implementation of ICSs. Inferential statistics, including regression analysis and correlation, were used to examine relationships between variables, providing deeper insights into the factors influencing ICS implementation. These statistical analyses were conducted using SPSS software, a reliable and widely recognized tool for handling and interpreting quantitative data, ensuring the accuracy and robustness of the results.

✓ *Qualitative Data Analysis*

Qualitative data from interviews were analyzed through thematic coding, identifying and categorizing recurring themes and patterns. Braun and Clarke (2006) highlight thematic analysis as a flexible and systematic approach for interpreting qualitative data. NVivo software may be employed to enhance the organisation and coding process, ensuring efficient data management.

- *Ethical Considerations*

The study adheres to essential ethical principles to ensure the protection of participants and maintain research integrity. Informed consent was obtained by briefing participants on the study's objectives, procedures, and their rights prior to their participation. Written consent was required, ensuring that participants make informed decisions about their involvement. Confidentiality was strictly maintained by anonymizing data to safeguard participants' identities and securely storing the information to prevent unauthorized access. These measures protect the privacy of participants and ensure compliance with ethical research practices. Participation in the study was entirely voluntary, with individuals free to withdraw at any stage without facing repercussions, ensuring respect for their autonomy. Additionally, the principle of non-maleficence was upheld, as every effort was made to avoid causing physical or psychological harm to participants.

CHAPTER FOUR
FINDINGS AND DISCUSSIONS

➢ *Introduction*

This chapter presents the empirical findings derived from both quantitative and qualitative data analyses to assess the validity and appropriateness of the dataset for regression analysis. Quantitative data were processed using SPSS version 25, focusing on diagnostic tests to ensure that key assumptions of multiple regression are met. According to Kline (2015), fulfilling these assumptions enhances the credibility and accuracy of regression results.

Thematic analysis was also employed to analyze qualitative data, identifying recurring themes related to the control environment, risk management, control activities, information and communication, monitoring, and organizational performance. These themes offer contextual depth to the statistical findings, aligning stakeholder perceptions with observed data patterns (Braun & Clarke, 2006). Thus, this chapter lays a solid foundation for trustworthy data interpretation by combining statistical rigor with qualitative insights.

➢ *Diagnostic Tests*

Diagnostic tests are procedures used to verify whether the fundamental assumptions of the classical linear regression model are satisfied (Gujarati & Porter, 2009). Conducting diagnostic tests is crucial because violations of these assumptions can lead to biased, inefficient, or inconsistent estimates, thereby undermining the validity of the regression model (Wooldridge, 2016). In this study, diagnostic tests such as reliability analysis, Durbin-Watson test for autocorrelation, multicollinearity checks using Variance Inflation Factor (VIF), and residual analysis were performed to confirm the data's suitability for regression analysis and ensure the robustness of the empirical results.

• *Reliability Test*

Reliability refers to the extent to which an instrument yields consistent results upon repeated applications under similar conditions. Table 3 presents the results of Cronbach's Alpha, a widely accepted statistical measure for internal consistency.

Table 3 Reliability Statistics

Cronbach's Alpha	N of Items
.951	32

Source: SPSS v. 25 Output

A Cronbach's Alpha value of 0.951 suggests that the 32 items used in the study have excellent internal consistency. According to George and Mallery (2003), reliability scores are interpreted as follows: ≥ 0.9 (Excellent), ≥ 0.8 (Good), ≥ 0.7 (Acceptable), ≥ 0.6 (Questionable), ≥ 0.5 (Poor), and < 0.5 (Unacceptable). The result of 0.951 falls well within the 'excellent' category, indicating that the scale items consistently measure the constructs of Control Environment (CE), Risk Management (RM), Control Activities (CA), Information and Communication (ICT), and Monitoring Activities (MA) as predictors of Organizational Performance (OP).

Moreover, Tavakol and Dennick (2011) emphasize that a high reliability coefficient enhances the credibility of data collected through surveys and questionnaires. This means that respondents similarly interpreted the items, resulting in consistent responses. As such, the reliability analysis validates the measurement instrument, allowing for valid inferences in the subsequent regression analysis.

• *Autocorrelation*

Autocorrelation occurs when residuals in a regression model are correlated with one another. This violates the assumption of independence in regression analysis and can lead to biased estimations. The Durbin-Watson statistic, as presented in Table 4 was used to detect autocorrelation in the residuals.

Table 4 Durbin-Watson

Model	Durbin-Watson
1	1.776[a]
a. Predictors: (Constant), Avg_MA, Avg_CA, Avg_CE, Avg_RM, Avg_ICT	
b. Dependent Variable: Avg_OP	

Source: SPSS v. 25 Output

The Durbin-Watson value of 1.776 is close to 2.0, which indicates that there is no significant autocorrelation. According to Field (2013), values of the Durbin-Watson statistic range from 0 to 4, where a value of 2 indicates no autocorrelation. Values between 1.5 and 2.5 are generally considered acceptable. Therefore, a value of 1.776 suggests that the residuals are independent and the data meet the assumption of non-autocorrelation.

When autocorrelation is present, it can underestimate standard errors and inflate the significance of predictors (Gujarati & Porter, 2009). However, in this study, the absence of autocorrelation means that the regression coefficients were unbiased, and hypothesis testing was reliable.

- *Multicollinearity*

Multicollinearity refers to a high correlation between two or more independent variables in a regression model. This can lead to problems in estimating the coefficients, making it difficult to determine the effect of each independent variable. To detect multicollinearity, Tolerance and Variance Inflation Factor (VIF) values as presented in Table 5 were used.

Table 5 Collinearity Statistics

Model		Tolerance	VIF
1	Avg_CE	.503	1.990
	Avg_RM	.490	2.041
	Avg_CA	.404	2.477
	Avg_ICT	.302	3.312
	Avg_MA	.426	2.346

a. Dependent Variable: Avg_OP
Source: SPSS v. 25 Output

According to Hair et al. (2010), VIF values above 10 are indicative of serious multicollinearity, while values between 1 and 5 are acceptable. Similarly, Tolerance values below 0.1 suggest the presence of multicollinearity. In this analysis, all VIF values range between 1.990 and 3.312, and all Tolerance values are above 0.3, confirming that there is no problematic multicollinearity among the independent variables.

This implies that each variable (Control Environment, Risk Management, Control Activities, ICT, and Monitoring Activities) contributes uniquely to the prediction of Organizational Performance without overlapping effects. Therefore, the regression coefficients can be interpreted reliably, and the model is not distorted by multicollinearity.

- *Residuals Statistics*

Residual analysis is critical for verifying the assumptions of normality, linearity, and homoscedasticity in regression analysis. Table 6 presents the descriptive statistics for predicted values and residuals.

Table 6 Residual Statistics[a]

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.1035	4.4958	2.3338	.71446	193
Residual	-.75066	.92902	.00000	.29860	193
Std. Predicted Value	-1.722	3.026	.000	1.000	193
Std. Residual	-2.481	3.070	.000	.987	193

a. Dependent Variable: Avg_OP
Source: SPSS v. 25 Output

The mean residual value is 0.000, indicating that the residuals are symmetrically distributed around zero, a fundamental requirement for unbiased parameter estimation (Tabachnick & Fidell, 2013). The standard deviation of residuals (0.29860) is relatively low, showing minimal variation and contributing to the reliability of predictions. Furthermore, the standardized residual values are within ±3, suggesting that outliers or influential data points are not significantly affecting the model (Pallant, 2016).

These results suggest that the regression model fits the data well, and the assumptions of normal distribution, linearity, and equal variance (homoscedasticity) are satisfied. Consequently, the residuals do not indicate any violation of regression assumptions.

- *Correlation Analysis*

Correlation analysis was conducted to examine the strength and direction of the relationships between the internal control components [Control Environment (CE), Risk Management (RM), Control Activities (CA), Information and Communication (ICT), Monitoring Activities (MA)] and Organizational Performance (OP). Pearson's correlation coefficient was used as it measures the linear association between variables on a scale from -1 to +1, where values closer to +1 indicate strong positive relationships (Field, 2018). Table 7 presents the Pearson correlation results.

Table 7 Person Correlation Results

		Avg_CE	Avg_RM	Avg_CA	Avg_ICT	Avg_MA	Avg_OP
Avg_CE	Pearson Correlation	1	.571**	.616**	.636**	.497**	.726**
	Sig. (2-tailed)		.000	.000	.000	.000	.000

	N	193	193	193	193	193	193
Avg_RM	Pearson Correlation	.571**	1	.661**	.546**	.516**	.728**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	193	193	193	193	193	193
Avg_CA	Pearson Correlation	.616**	.661**	1	.670**	.491**	.646**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	193	193	193	193	193	193
Avg_ICT	Pearson Correlation	.636**	.546**	.670**	1	.741**	.808**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	193	193	193	193	193	193
Avg_MA	Pearson Correlation	.497**	.516**	.491**	.741**	1	.793**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	193	193	193	193	193	193
Avg_OP	Pearson Correlation	.726**	.728**	.646**	.808**	.793**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	193	193	193	193	193	193

**. Correlation is significant at the 0.01 level (2-tailed).
Source: SPSS v. 25 Output

The findings, as shown in Table 7, reveal strong and statistically significant positive correlations among all variables ($p < 0.01$), indicating that improvements in internal control systems are associated with enhanced organizational performance within the Municipal Management Council (MMC). These quantitative insights are further reinforced by thematic analysis drawn from qualitative interviews with key stakeholders, providing a richer understanding of how these relationships manifest in practice.

✓ *H1: Positive Correlation Between Control Environment and Organizational Performance*

The Pearson correlation coefficient between control environment and organizational performance is $r = 0.726$ ($p < 0.01$), suggesting a strong positive relationship. The control environment is foundational, setting the ethical tone and behavioral standards that influence all other elements of internal control. Thematic findings support this statistical relationship; interviewees repeatedly emphasized that ethical leadership, clarity of roles, transparency in governance, and institutional integrity contribute significantly to overall performance.

A Head of Department (HoD) from Morogoro Municipal Council (MMC) noted, *"When the top leadership adheres to principles and shows commitment, it sends a message throughout the organization, everyone steps up."* This insight illustrates how a robust control environment cultivates accountability and motivation, thereby positively impacting performance.

✓ *H2: Positive Correlation Between Risk Management and Organizational Performance*

Risk management also demonstrates a strong and statistically significant relationship with organizational performance (**r = 0.728**, $p < 0.01$). Effective risk management involves the systematic identification, analysis, and mitigation of potential threats to organizational success. Thematic analysis revealed that departments with well-established risk protocols experienced fewer disruptions and were more proactive in handling uncertainties.

One HoD from MMC highlighted, *"Before, we only acted after something went wrong. Now, we anticipate and prevent; this alone has saved resources and time."* The findings validate the hypothesis that integrating risk management into strategic planning significantly enhances performance outcomes.

✓ *H3: Positive Correlation Between Control Activities and Organizational Performance*

Control activities also showed a statistically significant correlation with organizational performance ($r = 0.646$, $p < 0.01$), indicating a moderately strong relationship. These activities encompass procedures and mechanisms such as approvals, verifications, and reconciliations, which are essential for executing management directives. Thematic analysis uncovered those well-documented standard operating procedures (SOPs), combined with clear job descriptions, reduced operational errors and improved accountability.

One HoD from MMC remarked, *"With our checks and balances, errors are rare, and people are more responsible for their roles."* This supports the notion that structured control activities are vital for achieving operational goals and maintaining service quality.

✓ *H4: Positive Correlation Between Information and Communication and Organizational Performance*

Information and communication (ICT) had the highest correlation with organizational performance, with $r = 0.808$ ($p < 0.01$), indicating a very strong positive relationship. Effective communication ensures that relevant and timely information is disseminated both vertically and horizontally within the organization. Thematic findings echoed this significance, highlighting that improved ICT infrastructure and open communication channels led to better coordination, faster decision-making, and improved transparency.

A HoD from the MMC head shared, *"The moment we digitized our communication, delays dropped drastically and collaboration increased."* This highlights how information flow is a strategic asset that enhances internal cohesion and external service delivery.

✓ *H5: Positive Correlation Between Monitoring Activities and Organizational Performance*

Monitoring activities were also found to be strongly correlated with organizational performance ($r = 0.793$, $p < 0.01$). Monitoring involves ongoing reviews and assessments of internal control effectiveness through tools like internal audits, supervisory checks, and feedback systems. Thematic analysis revealed that regular performance reviews and audit feedback mechanisms significantly contributed to improvements in efficiency and responsiveness.

A HoD from MMC stated, *"Monitoring keeps us accountable. When people know their work is being reviewed, they put in more effort."* This validates the hypothesis that structured and continuous monitoring processes foster organizational learning, compliance, and better service delivery.

➢ *Multiple Linear Regression Analysis*

This section presents the results of the multiple linear regression analysis conducted to examine the extent to which internal control components predict organizational performance within the Morogoro Municipal Council (MMC). The independent variables include Control Environment (Avg_CE), Risk Management (Avg_RM), Control Activities (Avg_CA), Information and Communication (Avg_ICT), and Monitoring Activities (Avg_MA), while the dependent variable is Organizational Performance (Avg_OP).

• *Model Summary*

Table 8 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.923[a]	.851	.847	.30256

a. Predictors: (Constant), Avg_MA, Avg_CA, Avg_CE, Avg_RM, Avg_ICT

Source: SPSS v. 25 Output

Table 8 Reveals a multiple correlation coefficient (R) of 0.923, indicating a very strong linear relationship between the predictor variables and the dependent variable. The R Square value of 0.851 suggests that 85.1% of the variation in organizational performance is explained by the model. The Adjusted R Square (0.847) accounts for the number of predictors and sample size, reinforcing the robustness of the model.

These results are in line with the argument by COSO (2013), which asserts that a sound internal control system enhances organizational transparency, accountability, and ultimately, performance. Similarly, past studies (e.g., Mangena & Pike, 2005; Adegbie & Fakile, 2021) confirm that organizations with integrated control mechanisms tend to outperform their counterparts due to increased efficiency and reduced risk exposure.

• *Anova*

Table 9 ANOVA

ANOVA[a]						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	98.006	5	19.601	214.114	.000[b]
	Residual	17.119	187	.092		
	Total	115.125	192			
a. Dependent Variable: Avg_OP						
b. Predictors: (Constant), Avg_MA, Avg_CA, Avg_CE, Avg_RM, Avg_ICT						

Source: SPSS v. 25 Output

The Analysis of Variance (ANOVA) results in Table 9 demonstrate that the model is statistically significant ($F = 214.114$, $p < 0.001$), confirming that the set of predictors reliably forecasts organizational performance. The low Residual Mean Square Error (0.092) implies that the variance unexplained by the model is minimal, further affirming the model's adequacy for prediction (Gujarati & Porter, 2009).

This statistical significance confirms that the relationship between internal control components and performance is not by chance, but rather due to actual predictive associations, thus supporting empirical findings by authors like Otley (2011), who emphasized the predictive strength of internal controls in strategic management models.

- *Linear Multiple Regression Coefficients*

The regression coefficients presented in Table 10 provide more granular insights into the individual contribution of each internal control component.

Table 10 Coefficients

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	**Std. Error**	**Beta**		
1	(Constant)	.209	.074		2.823	.005
	Avg_CE	.247	.040	.247	6.202	.000
	Avg_RM	.254	.035	.296	7.337	.000
	Avg_CA	-.043	.039	-.049	-1.103	.272
	Avg_ICT	.213	.041	.268	5.230	.000
	Avg_MA	.223	.028	.343	7.938	.000

a. Dépendent Variable : Avg_OP

➢ *Control Environment (Avg_CE)*

The control environment yields a positive and statistically significant coefficient (B = 0.247, p < 0.001), with a standardized beta of 0.247, indicating a moderately strong influence on organizational performance. This supports Hypothesis H1 (There is a positive correlation between the MMC's control environment and performance). This suggests that ethical leadership, governance structures, and organizational culture substantially contribute to enhancing operational efficiency and effectiveness.

This finding aligns with studies by Amudo and Inanga (2009), who argue that a strong control environment is the backbone of any functional internal control system, setting the tone at the top and influencing employee behavior. Moreover, the COSO (2013) framework identifies the control environment as foundational to other components.

➢ *Risk Management (Avg_RM)*

Risk management shows a strong positive effect (B = 0.254, β = 0.296, p < 0.001), confirming **H2** (There is a positive correlation between the MMC's risk management activities and performance). This emphasizes that the proactive identification, assessment, and mitigation of risks enable the organization to manage uncertainty and improve resilience.

According to Louwers (2015), effective risk management ensures that threats to organizational goals are identified and addressed on time. This leads to better strategic alignment, improved decision-making, and overall performance gains, particularly in dynamic environments such as LGAs (Abiola & Oyewole, 2020).

➢ *Control Activities (Avg_CA)*

Interestingly, control activities demonstrate a negative and statistically insignificant coefficient (B = -0.043, p = 0.272), suggesting no meaningful effect on performance in the presence of other variables. Thus, **H3** (There is a positive correlation between the MMC's control activities and performance) is not supported. This result may imply that the existing control procedures at MMC are either inadequately designed, inconsistently applied, or redundant, hence failing to yield any performance advantage.

As argued by Simons (1995), the effectiveness of control activities is not just about existence but about adaptability, timeliness, and integration with decision-making. If control activities become bureaucratic, they can stifle innovation and agility, particularly in public organizations (Adegbie & Fakile, 2021).

➢ *Information and Communication (Avg_ICT)*

Information and communication emerge as a significant predictor (B = 0.213, β = 0.268, p < 0.001), supporting **H4** (There is a positive correlation between the MMC's information and communication and performance). Effective ICT systems ensure that information is relevant, timely, and directed to the right stakeholders, which enhances coordination, accountability, and strategic alignment.

These findings are consistent with prior studies (e.g., COSO, 2013), which suggest that organizations that prioritize transparent communication and knowledge sharing are better positioned to achieve high performance. In public management contexts, good communication facilitates inclusive governance and stakeholder engagement (Nzewi et al., 2019).

➢ *Monitoring Activities (Avg_MA)*

Monitoring activities have the highest beta coefficient (β = 0.343) and a statistically significant positive effect (B = 0.223, p < 0.001), indicating that it is the strongest predictor of performance among the five components. This supports **H5** (There is a positive correlation between the MMC's monitoring activities and performance).

Robust monitoring systems ensure the regular assessment of control systems and corrective action where necessary. They facilitate learning, accountability, and adaptability—especially vital in public sector settings where transparency and public trust are essential (INTOSAI, 2010; Hinna, Homberg & Scarozza, 2021).

➢ *Summary and Theoretical Implications*

Four out of the five internal control components significantly contribute to organizational performance, with Monitoring Activities**,** Risk Management**,** and Control Environment having the strongest impacts. The insignificant result for Control Activities suggests a need for review and modernization of MMC's procedures to enhance relevance and impact.

These findings empirically validate the COSO Integrated Framework and extend support to Agency Theory, which posits that internal controls align interests and reduce opportunistic behavior (Jensen & Meckling, 1976). The results also have practical implications for policymakers and LGAs managers: targeted investment in monitoring systems, risk management, and communication infrastructure may yield higher returns in performance enhancement.

CHAPTER FIVE
SUMMARY OF FINDINGS, CONCLUSION, AND RECOMMENDATIONS

➢ *Introduction*

This chapter presents a summary of the major findings from the study, draws conclusions based on the analysis, and outlines recommendations for practice and policy. The chapter also suggests areas for future research to further deepen the understanding of the relationship between internal control systems and organizational performance, particularly within public sector entities such as the MMC.

➢ *Summary of Findings*

The study aimed to assess the relationship between internal control components and organizational performance in the context of MMC. Using Pearson's correlation and multiple linear regression analyses, the study found statistically significant relationships between most internal control elements and organizational performance.

Correlation analysis revealed strong, positive, and statistically significant relationships between all five internal control components and organizational performance at the 0.01 level. Information and Communication ($r = 0.808$) and Monitoring Activities ($r = 0.793$) had the strongest correlations with performance, followed closely by Risk Management ($r = 0.728$) and Control Environment ($r = 0.726$). Control Activities had a lower but still significant correlation ($r = 0.646$). These findings suggest that strengthening internal control systems leads to improved performance in public organizations.

The multiple linear regression model further reinforced these findings. The model showed a high multiple correlation coefficient ($R = 0.923$) and an R Square of 0.851, indicating that 85.1% of the variance in organizational performance could be explained by the internal control variables. This statistical significance was confirmed by the ANOVA results ($F = 214.114$, $p < 0.001$), validating the model's predictive power.

However, not all internal control components contributed equally. The regression coefficients indicated that Monitoring Activities ($\beta = 0.343$, $p < 0.001$), Risk Management ($\beta = 0.296$, $p < 0.001$), Control Environment ($\beta = 0.247$, $p < 0.001$), and Information and Communication ($\beta = 0.268$, $p < 0.001$) significantly and positively influenced organizational performance. Interestingly, Control Activities showed a negative and statistically insignificant impact ($\beta = -0.049$, $p = 0.272$), suggesting its limited contribution when other variables are considered concurrently.

The thematic analysis supported these quantitative findings. Interviewees emphasized that ethical leadership, proactive risk identification, efficient communication, and structured monitoring are crucial to operational success. Weaknesses in the design and application of control activities were noted as a potential limitation to performance gains.

➢ *Conclusion*

This study concludes that internal control systems are critical enablers of organizational performance in public institutions such as MMC. Specifically, control environment, risk management, monitoring activities, and information and communication systems positively contribute to improved efficiency, accountability, and service delivery. The findings support existing frameworks like COSO (2013), which stress the integrated nature of internal controls in enhancing public governance.

The only exception was control activities, which, while theoretically important, were not found to significantly impact performance in this study's context. This suggests that mere existence of control mechanisms is insufficient unless they are properly implemented, integrated, and aligned with organizational objectives. Therefore, while internal controls as a whole are essential for driving public sector performance, particular attention should be given to how each component is operationalized.

➢ *Recommendations of the Study*

Based on the findings of this study, several recommendations are proposed to enhance organizational performance through strengthened internal control systems. First, the MMC should prioritize the improvement of monitoring mechanisms. Since monitoring activities were found to have the most significant influence on performance, it is essential to reinforce internal audit functions, establish real-time oversight systems, and ensure regular performance reviews. These efforts will enhance transparency, accountability, and operational efficiency across the institution.

Second, there is a need to institutionalize robust risk management frameworks. MMC should develop comprehensive risk assessment procedures and integrate them into all levels of planning and implementation. This should be supported by regular training to enable employees to identify, assess, and respond to risks effectively. A proactive approach to risk management will minimize disruptions and support informed decision-making.

Third, promoting ethical leadership and strengthening the organizational control environment is critical. Ethical standards, clear role definitions, and a culture of integrity should be consistently reinforced throughout the institution. Leadership should set the tone at the top by modeling accountability and transparency, thereby fostering trust and compliance among staff.

International Journal of Innovative Science and Research Technology

Furthermore, MMC should invest in improving information and communication systems. Efficient communication channels and upgraded information technology infrastructure will facilitate timely data sharing, enhance coordination, and support evidence-based decision-making. A well-functioning communication system ensures that policies, procedures, and control measures are well understood and implemented across all departments.

Additionally, the Council should revisit its control activities. The findings indicated that this component had an insignificant effect on performance, which may be attributed to weak or outdated procedures. Therefore, a comprehensive review and redesign of control activities is recommended to ensure that they are practical, relevant, and aligned with the institution's operational goals. Simplification of procedures and better communication of standard operating procedures can enhance compliance and effectiveness.

Lastly, continuous professional development should be prioritized. Capacity-building initiatives, including training workshops on internal controls and governance practices, should be provided to all levels of staff. This will not only improve awareness but also enhance the capability of employees to implement and uphold internal control systems that drive institutional performance.

➢ *Area for Further Studies*

While this study has provided substantial insights into the relationship between internal control systems and organizational performance, several areas warrant further research. Future studies could delve deeper into the role of control activities in organizational performance, particularly to understand why this component showed an insignificant impact in the regression model. It would be useful to explore whether the issue lies in the design, implementation, or understanding of these activities by staff.

In addition, longitudinal studies could be conducted to assess the long-term effects of internal control reforms on organizational performance. Such studies would allow researchers to track changes and assess the sustainability of improvements over time. Comparative research across different LGAs or between public and private institutions could also enrich understanding and offer broader generalizability of findings.

Moreover, further research could examine the moderating role of organizational culture or leadership style in the relationship between internal control systems and performance. Understanding these contextual factors would help tailor internal control strategies to the specific dynamics of different institutions. Lastly, investigating the cost-effectiveness of implementing strong internal control systems, particularly in resource-constrained public institutions, could inform strategic investment decisions and enhance the value derived from governance reforms.

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APPENDICES

> *Appendix I: Questionnaire Guide*

Dear Respondent.

This structured questionnaire is meant to collect data for the study titled, ***The Impact of Internal Control Systems on Performance of Local Government Authorities: A Case Study at Morogoro Municipal Council,*** as part of the requirement for the award of Master of Business Administration (Finance and Corporate Management) of Jordan University College.

I would be grateful if you could spend some time to respond to this questionnaire. Please be assured that the information you provide will be used strictly for this study and not in any other way and will be treated confidentially.

- *PART A: Demographic Characteristics*

1. Gender:

a) Male   [   ]
b) Female   [   ]

2. Age (years):

a) 20-30   [   ]
b) 31-40   [   ]
c) 42-50   [   ]
d) 50-60   [   ]

3. Education Level:

a) Certificate / Diploma   [   ]
b) Bachelor's Degree   [   ]
c) Master's Degree   [   ]
d) PhD   [   ]

4. Working Experience (years):

a) 1-5   [   ]
b) 6-10   [   ]
c) 11-15   [   ]
d) More than 15   [   ]

- *PART B: Strength of Internal Controls [Based on (COSO, 2013)]*

Control Environment					
Please indicate your level of agreement with each statement by selecting the most appropriate response on the Likert-type scale below (1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 =Agree, and 5 = Strongly Agree). Put tick (v) for your answer.					
Items	1	2	3	4	5
Sound integrity and ethical values, particularly of top management, are developed and understood and set the standard of conduct for financial reporting.					
The Council understands and exercises oversight responsibility for internal controls.					
The council's official philosophy and operating style support achieving effective internal controls.					
The Authority's organizational structure supports effective internal control over financial reporting.					
Human resource policies and practices are designed and implemented to facilitate effective internal control over financial reporting.					

Risk Management					
Please indicate your level of agreement with each statement by selecting the most appropriate response on the Likert-type scale below (1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 =Agree, and 5 = Strongly Agree). Put tick (v) for your answer.					
Items	1	2	3	4	5
Officers specify reporting objectives with sufficient clarity and criteria to enable the identification of risks.					

	1	2	3	4	5
The Authority identifies and analyzes risks to the achievement of objectives as a basis for determining how the risks should be managed.					
The potential for material misstatement due to fraud is explicitly considered in assessing risks to the achievement of objectives.					

Control Activities					
Please indicate your level of agreement with each statement by selecting the most appropriate response on the Likert-type scale below (1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 =Agree, and 5 = Strongly Agree). Put tick (v) for your answer.					
Items	1	2	3	4	5
Actions are taken to address risks to the achievement of reporting objectives.					
Control activities are selected and developed considering their cost and potential effectiveness in mitigating risks to the achievement of reporting objectives.					
Policies related to reliable reporting are established and communicated throughout the Authority, with corresponding procedures resulting in the implementation of management directives.					
Information technology controls, where applicable, are designed and implemented to support the achievement of reporting objectives.					
Information and Communication					
Please indicate your level of agreement with each statement by selecting the most appropriate response on the Likert-type scale below (1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 =Agree, and 5 = Strongly Agree). Put tick (v) for your answer.					
Items	1	2	3	4	5
Pertinent information is identified, captured, and used at all levels of the Authority and distributed in a form and time frame that supports the achievement of reporting objectives.					
Information used to execute other control components is identified, captured, and distributed in a form and time frame that enables personnel to carry out internal control responsibilities.					
Communications enable and support understanding and execution of internal control objectives, processes, and individual responsibilities at all levels of the Authority.					
Matters affecting the achievement of reporting objectives are communicated to relevant outside parties.					

Monitoring Activities					
Please indicate your level of agreement with each statement by selecting the most appropriate response on the Likert-type scale below (1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 =Agree, and 5 = Strongly Agree). Put tick (v) for your answer.					
Items	1	2	3	4	5
Ongoing or separate evaluations enable management to determine whether internal controls are functioning.					
Internal control deficiencies are identified and communicated on time to parties responsible for taking corrective action and to management and the Council as appropriate.					

- *PART C: Authority's Performance [Adopted from (Hubbard, 2009) and modified]*

Authority's Performance					
Please indicate your level of agreement with each statement by selecting the most appropriate response on the Likert-type scale below (1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly Agree). Put tick (v) for your answer.					
Items	1	2	3	4	5
Internal processes					
Staff are fully engaged in their work most of the day.					
Labor turnover is very low.					
Municipal dwellers' problems are solved within a reasonable time.					
The Authority has enough resources to meet the basic needs.					
Waste is kept to a minimum, and resources are useful economically.					
Learning and Development					
New services are introduced often.					
The Authority learns batter ways of doing things by benchmarking with other successful authorities.					
The Authority provides an opportunity for staff views on improvement of services					
Staff are trained to increase their capacity.					
The Authority has adequate investment that generates revenues.					
Social Performance					
Employees are satisfied with their terms of employment.					
Providers of goods and services are satisfied with how they are treated by the Authority.					

The Authority has a good relationship with the Community.					
The Authority provides a forum for the community to air their views.					

Thank You

> *Appendix Ii: Interview Guide*

Dear Respondent.

This interview guide is meant to collect data for the study titled, **The Impact of Internal Control Systems on Performance of Local Government Authorities: A Case Study at Morogoro Municipal Council,** as part of the requirement for the award of Master of Business Administration (Finance and Corporate Management) of Jordan University College.

I would be grateful if you spend some time to respond this questionnaire. Please be assured that the information you provide will be used strictly for purposes of this study and not in any other way and will be treated confidentially.

- *Part A: Control Environment*

✓ How would you describe the leadership style within your department, and how does it influence staff behavior?
✓ How does MMC promote a culture of accountability and ethical behavior within your department?
✓ What steps do you take to ensure that your department consistently follows organizational policies and procedures?

- *Part B: Risk Management*

✓ How does your department identify and assess potential risks that could affect performance?
✓ What risk management strategies are currently in place to mitigate risks within your department?
✓ How does the risk management process in your department contribute to achieving overall MMC goals?

- *Part C: Control Activities*

✓ What internal control mechanisms are in place to ensure effective operations and financial management in your department?
✓ How do you ensure that control activities are consistently followed by your team members?
✓ Have you encountered any challenges with implementing control activities, and how have you addressed them?

- *Part D: Information and Communication*

✓ How does your department ensure that important information is communicated clearly and promptly to all stakeholders?
✓ How does communication within your department contribute to achieving performance goals?
✓ How effective is the use of information technology in facilitating communication within your department?

- *Part E: Monitoring Activities*

✓ What monitoring processes does your department use to track progress towards achieving departmental goals?
✓ How does your department utilize monitoring results to make necessary adjustments or improvements?
✓ How do you incorporate feedback from monitoring activities into your department's decision-making process?

- *Part F: Performance*

✓ How do you measure the success of your department in terms of achieving both operational and organizational goals?
✓ What factors do you believe contribute most to the performance of your department?
✓ Can you provide examples of improvements in your department's performance as a result of internal control or management strategies?