AN ANALYSIS OF HOW PUBLIC FINANCE MANAGEMENT SYSTEM
ASSISTED IN CONTROLLING GOVERNMENT OVER EXPENDITURE FROM
2009-2012

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A dissertation submitted in partial fulfillment of the requirements for the Bachelor
of Accountancy (Honours) Degree of Bindura University of Science Education.

May 2013
Approval Form

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Degree Title : Bachelor of Accountancy (Honours)

Year This Degree Granted : 2013

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DEDICATION

This research project is dedicated to my husband Obert, my two daughters, Chiedza and Nyasha for their unfaltering and visionary support upon which I concede that my academic endeavors are a product that owes much to their contributions and also to you the reader, this work I dedicate.
ABSTRACT

The study primarily sought to analyse how Public Finance Management System has assisted government in controlling over expenditure as from 2009 to 2012. This research is important to investors, management, employees and the government itself to evaluate how over expenditure has been minimized by the introduction of Public Finance Management system in government budget control. Over expenditure in government had reflected badly on African governments. The literature reviewed the theoretical and empirical aspects of over expenditure and PFMS in government. Explanatory research was used in the study. This enabled the researcher to gain insight into the general nature of effectiveness of PFMS in minimizing government over expenditure in Zimbabwe. Attention was devoted to five departments of Ministry of Agriculture based in Mashonaland central province, namely department of Veterinary Services, Agritex, Engineering, Irrigation, and Mechanisation as the sample population for the study upon which stratified random sampling was employed. Fifteen Questionnaires were sent out and an overall of 93% was achieved. The five heads of these departments were interviewed and a 100% response rate was achieved. Data was presented using tables, graphs and pie charts. The study found out that PFMS has greatly assisted government in reducing over expenditure and reducing its deficit. Ministries are now able to spend within their budgets. Recommendations were made to have an updated manual which is in line with the system and that Ministry of Finance should keep the system up and running to avoid inconveniences. The researcher suggest that continuous training should be provided by Ministry of Finance to update users of new updates to the system and also for the benefit of new users of the system.
ACKNOWLEDGEMENTS

My heartfelt gratitude goes to my supervisor, Mr Onias for the unparalleled guidance and patience in the supervision of this study. He advised, supported and gave constructive criticism concerning this research project.

I also want to acknowledge all those who took their time to fill in the questionnaires and provided a more practical approach to the study which in itself facilitated the successful completion of this research. Sincere appreciation goes to the head of departments who spared time from their busy schedule to attend my interviews.

Special thanks to Caiphas Jacob for proof reading this report assisting in the layout. Finally my husband Obert for the support and encouragement and not forgetting my two daughters. Many thanks goes to the almighty God for the blessings.
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CHAPTER 1

INTRODUCTION

1.0 Introduction

This chapter introduces the background of the study, statement of the problem, main research question, assumptions, and significance of the study, abbreviations and definitions

1.1 Background of Study

As a way to alleviate government over expenditure which led the government to operate in a huge deficit, the Minister of Finance introduced the Public Finance Management System in the year 2000 through a pilot study in a few ministries. This is a computerized system which allows segregation of duties. Ministry of finance embarked on a training programme to train personnel in all government departments who were in accounts and administration sections, computers were distributed to ministries and departments. The central computing service was set up to control operations of all departments. It issues vendor numbers to government employees and suppliers, it also allows only those authorized to perform a certain function be it in materials management or financial management to have passwords to perform those functions, and hand over to the next person who performs the other function until the whole process is through. No one person performs all functions from start to finish

The Director of Veterinary Services circular to all Cost centre managers, of 15. 01.2003 advised all cost center managers to discontinue using the manual tradesman requisition with immediate effect and channel all purchases through the Public Finance Management System, (PFMS) system to enhance materials management effective controls

On a monthly basis not later than 10th of the following month the cost center manager should complete a certificate confirming that all the expenditure on his/her cost center has been fully accounted for.
The Ministry of Finance has to release funds on monthly basis for Ministries and Departments to use. If funds are not available the departments would not procure anything. No documents could be processed, the system would advise you that the budget has been exceeded and the document will not be processed.

Ministries used to over-spend repeatedly against their current budget. In recent years, the Government has regularly had to approach Parliament for supplementary and additional funds because individual Accounting Officers would have failed to keep their expenditure within the limits set and agreed in the budget process. This is a problem because the annual budget process is the only mechanism available, at least between elections, to discipline decision making. The budget encompasses all the fiscal operations of government and must also force policy decisions having financial implications to be made against the background of a hard budget constraint and in competition with other demands.

Commitments that are not covered by the budget for the current year are held back and honoured in the new financial year. This results in a growing problem of carry-overs into the new financial year. The effect is that the budget for the new financial year has to pay for a range of expenses incurred in the previous year. In addition, suppliers are being kept waiting for long periods for payment; this reflects badly on the government. Because the central payments systems cannot document committed expenditure, it is difficult to hold Accounting Officers accountable for clearing impending expenditures in a timely way.

However with PFMS things have changed a supplier can only be engaged with an assurance of getting his payment as he produces his invoice, because the purchase order which prompts him to supply would have attached funds for his payment.

**1.2 Statement of Problem**

Line ministries in government used to repeatedly over spend against their budgets. The government had to approach parliament for supplementary or additional funds because the
accounting officers would have failed to spend within the budget limits. The budget encompasses all the fiscal operations of the government and must also force policy decisions.

Expenditures not covered by the budget for the current year are honoured in the new financial year. The new financial year budget would be over strained by previous year’ expenses and suppliers are kept waiting for long periods of time.

1.3 Research Objectives

- To identify the reasons of introducing the PFMS.
- To identify the control measures which are in place
- To identify whether the PFMS is able to control government over expenditure.
- To identity whether PFMS should be a permanent feature in government.

1.4 Main Research Question

Is the PFMS a better method to use in alleviating government over expenditure

1.6 Sub research questions

- Why did government introduce PFMS.
- What control measures are in place to avoid over expenditure?
- To what extent does the PFMS control government over expenditure
- Should PFMS be a permanent feature in government?

1.6 Significance of the study

1.6.1 To the researcher

The researcher acquired skills to interact with people of high ranks and give recommendations to policy makers in the ministry of Agriculture.
1.6.2 To Bindura University

The University will proudly display a well-researched project to the access of future researchers as reference material. It will also be proud of producing accountants of high quality.

1.6.3 The Ministry of Finance

Will be proud to keep the PFMS alive and never revert to the old system.

1.6.4 The Assumptions of the study

The researcher’s assumptions are that;

- They key authorities cooperated during the period of the research.
- The research formed the basis for future reference for policy makers and implementers in the organizations.
- Government maintained PFMS system for the duration of study.

1.7 Delimitations of the study

The research looked at the current operations of PFMS as compared to the manual system. The research was carried out in the Ministry of Agriculture as PFMS is operational at provincial offices and head offices only. The research covered the five department of Ministry of Agriculture represented in Mashonaland Central Province, from year 2009-2012, namely Veterinary Services, Agritex, Livestock, Irrigation, Machinisation

1.8 Limitations of the study

1.8.1 Financial resources
Travel and subsistence to travel to Harare head office and Ministry of Agriculture to get some of the information. However the researcher used her own finances to travel to and from Harare to get the information required.

1.8.2 Time constraints

Being a student and employee posed a great challenge on managing the little time available to meet deadlines both at work and the university. However the researcher used her spare time, weekends and her social time in order to accomplish the task.

1.8.3 Information Accessibility

Some information important to the research was regarded as confidential by management, triangulation in accessing the information was used.

1.9 Abbreviations and definitions of words.

1.9.1 Abbreviations

PFMS Public Finance Management System
H.O Head Office
FI Financial management
EFT Electronic Funds Transfer
MM Material management
T&S Travel & subsistence allowance

1.9.2 Key terms

Budget- a budget is a plan quantified in monetary terms, prepared and approved prior to a defined period of time, usually showing planned income to be generated and/or expenditure to be incurred during that period and the capital to be employed to attain a given objective.
Over expenditure - as spending over and above one’s budget.

Public Finance Management System- a networked computer based system in which government ministries carry out their accounting and financial transactions.

1.9.3 Summary

This chapter looked at the introduction, background of study, statement of the problem, research objectives and research questions. Chapter two looks at the literature review, both theoretical and empirical literature review which provided a detailed review of the subject under study. Chapter three outlines a detailed description of research instruments, sources of data, sampling techniques and how data processing was done. Chapter four presents the researcher’s findings from the fieldwork and the detailed analysis done on them. Chapter five outlines the conclusions and recommendations based on findings of the research.
CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

This chapter will review the relevant literature on the over expenditure in government and how public finance management system has assisted in controlling the over expenditure. Previous studies, on causes and intensification of over expenditure in government will also be outlined.

2.1 What is over expenditure?
Jones (2000) defines over expenditure as spending over and above one’s budget. Different countries have taken different approaches to; budget and several traditions exist with its specific features consistent with the overall administrative culture. In Zimbabwe authorization of spending the budget are granted through the appropriation enabling the government and its agencies to spend money. The legal basis for appropriations is normally provided in the statutory law.

Lucey (2000) says, Budgets are almost always annual, although the fiscal year can be the calendar year or some other 12 month period. There are several types of budgets, cash budget, obligation based budget, accrual based budget, and result based budget which the Zimbabwe government is embarking on.

2.2 Basis of the budget

Owler et al. (1990) defines a budget as plan quantified in monetary terms, prepared and approved prior to a defined period of time, usually showing planned income to be generated and/or expenditure to be incurred during that period and the capital to be employed to attain a given objective

2.3 What causes over expenditure in government
Shenggen and Anuja (2000) confirms that, Government spending patterns in developing countries have changed dramatically over the last several decades. Thus, it is important to monitor trends
in the levels and composition of government expenditures, and to assess the causes of change over time. It is even more important to analyze the relative contribution of various expenditures to production growth and poverty reduction, as this will provide important information for more efficient targeting of these limited and often declining financial resources in the future. There have been numerous studies on the role of government spending in the long-term found conflicting results about the effects of government spending on economic growth. Barro was among the first to formally indigenize government spending in a growth model and to analyze the relationship between size of government and rates of growth and saving.

2.3.1 Government spending: trends, size, and composition

Measures

Barro (1990) asserts that, total expenditure is broken down into various sectors following the International Monetary Fund’s Government Finance Statistics (GFS) Yearbook (2006) sectors. This study concentrates on six sectors, namely agriculture, defense, education, health, social security, and transportation and communication. To convert expenditures, denominated in current local currencies, into international dollar aggregates expressed in base year (2000), prices were first deflated from current local currency expenditures to a set of base year prices using each country’s implicit GDP deflator. The 2000 exchange rates are used to measure in 2000 Purchasing Power Parity reported by the World Bank Indicators (2006) to convert local currency expenditures measured in terms of 2000 prices into a value aggregate expressed in terms of 2000 international dollars.

Forty four developing countries from three regions were analysed, partly reflecting the availability of data and partly because these countries are important in their own right while representing broader rural development throughout all developing countries. The 17 countries included for Africa are Botswana, Burkina Faso, Cameroon, Côte D’Ivoire, Egypt, Ethiopia, Ghana, Kenya, Malawi, Mali, Morocco, Nigeria, Togo, Tunisia, Uganda, Zambia, and Zimbabwe.
2.3.2 Size of Government Spending

Fan et al. (2000) confirms that, over the past two decades, total government expenditures, in the 44 developing countries considered in this study, experienced overall growth. During the 1980s, expenditures increased from $993 billion in 1980 to $1,595 billion in 1990, with an annual growth rate of 4.8 percent. In the 1990s, governments increased their spending power by 5.6 percent per year. By 2000, total government expenditures increased to $2,748 billion. They further reached $3,347.6 billion in 2002. Therefore, we have seen accelerated growth in government expenditures in developing countries.

Barro (1990) reveals that, amongst developing countries, regional deviations from these averages were, across all regions, Asia experienced the most rapid growth, while Africa and Latin America increased at a much slower pace. In fact, most of the increase in total government expenditures came from Asia, accounting for 67 percent of total expenditures in 2002, up from 50 percent in 1980. This is due to the fact that most Asian countries experienced rapid growth in per capita GDP. With the exception of Sri Lanka and Myanmar, all countries in the region at least doubled their total expenditures for the period 1980–2002. Republic of Korea and Bangladesh had the most rapid growth over 1980–2002, followed by India and Thailand. For African countries, expenditures grew at 3.8 percent over 1980–2002. Growth was much slower in the 1980s, at 2.92 percent per annum. In fact, there was a brief contraction after 1982, and it was not until 1986 that total government expenditures recovered to 1982 levels, when many African countries implemented macroeconomic structural adjustments. However, during the 1990s African countries gained momentum in expanding government expenditures, growing at 4.8 percent per annum. Botswana had the most rapid growth, mainly due to the outstanding performance of its national economy: more than 10 percent growth per annum during 1980–2002.

2.3.3 Composition of Government Spending

Tanzi & Zee (2001) indicated that, equally important is the composition of government expenditures, which reflects government spending priorities. The composition of total
expenditure across regions reveals many differences. The top three expenditures for Africa in 2002 were education, defense, and health. Although education expenditure was the largest (14 percent), the percentage is smaller than in Asia and comparable to Latin America. Defense accounted for 8 percent of total government expenditures in the region, similar to Asia. African countries spent 8 percent of total government expenditures on health. Africa’s share in total government expenditures gradually declined from 6.4 percent in 1980 to 3.8 percent in 2002. The decline is much sharper in the case of Latin America from 6.6 percent to 2 percent from 1980 to 2002. Education spending was the largest among all government expenditures in Asia, accounting for 16 percent in 2002. It is not surprising that Asia has the highest quality of human capital among regions. Defense and agriculture spending ranked second and third, accounting for 9 percent each, of total government expenditures in 2002, reduced from 18 percent and 15 percent, respectively, in 1980.

The large and increasing share of these expenditures may have competed with more productive spending items such as agriculture, education, and infrastructure.

2.3.4 Agricultural Spending

Lopez (2005) affirms that, agriculture is the largest sector in many developing countries in terms of their shares in GDP and employment. More importantly, the majority of the world’s poor live in rural areas and depends on agriculture for their livelihood. Sustainable agricultural development is therefore imperative in the quest for development. Therefore, agricultural expenditure is one of the most important government instruments for promoting economic growth and alleviating poverty in rural areas of developing countries. Agriculture expenditures increased at an annual growth rate of 3.2% between 1980 and 2002. During the same period of time, rural population grew at approximately 1 percent per year, and agricultural GDP by 4.2 percent. Therefore, a slight increase in agricultural expenditures per capita of rural population, and a decrease of agricultural expenditures per unit of agricultural GDP.
2.3.5 Determination of government expenditures

More complicated is the determination of the composition of government spending. The government can act as a social planner when allocating public spending. The social planner determines the optimal allocation by maximizing a weighted social welfare function. Under this approach, the government maximizes a utility function defined over a set of public services consumed by the individuals or electorate subject to a budget constraint equal to the sum of public service expenditures (Deacon 1978).

Rent seeking behavior has been an increasingly important subject under study in determining the allocation of government spending. Specifically, the distribution of potential individual beneficiaries of rents, the number of groups competing, the rule used to distribute private good transfers within groups, and the individual valuation of the local public good shape public spending patterns (Nitzan 1994). Public choice economics provides a theoretical basis for studying the role of political processes in the level and composition of public expenditures. Sass (1991), for example, constructed a model of municipal government choice based on the constitutional choice model of Buchanan and Tullock (2000) to analyze the impact of differing government structures on two categories of public spending: educational and non-educational expenditures. The results suggest that voter preferences appear not only determine the level of municipal expenditures but the structure of local governments as well.

While political factors influence the level and structure of public expenditures, economic and demographic factors are also important to consider. For example, Rodrik (1998) relates the degree of openness of the economy to the level of government spending. Demographic variables also influence the level and composition of public spending as an aging population demand greater spending on health, housing, and social security (Feldstein 1996). Similarly, a rise in the proportion young people affects the demand for education spending (Marlow and Shiers 1999). Structural differences, such as the degree of urbanization or population density, also affect government spending (Dao 1995). Dao found that population density has a positive influence on per capita expenditures on housing, social security and welfare, and education in developed economies. On the other hand, urbanization helps explain variations in per capita expenditures
on social security and welfare among developing countries.

2.4 Impact of government spending on growth

Many studies have analyzed how government expenditures contribute to economic growth (Barro 1990; Kelly 1997). However, they focused on the impact of total government expenditures and overall GDP growth. Very few studies attempted to link different types of government spending to growth, and even fewer attempted to analyze the impact of government spending at the sector level. In this section, we first model the impact of different types of government spending on overall GDP growth, and then analyze the effect of agricultural spending on agricultural GDP.

2.4.1 Agricultural spending and growth in agriculture

Lopez (2005) said that, Agricultural growth has been one of the most effective ways for poverty reduction through the so-called “trickle-down” process, we estimate the determinants of agricultural growth in developing countries. We pay special attention to how government spending can promote growth in the agricultural sector. We include an explanatory variable in the agricultural production function that measures government expenditures on agriculture to identify output-enhancing effects of public expenditures.

2.5 Empirical Literature

2.5.1 Public finance management system assisted in the controlling of government over expenditure

An analysis of how public finance management system assisted in the controlling government over expenditure is the first objective of this current research. A number of researchers have looked at this objective in their separate and related studies the literature relevant to this objective was researched by; Seth Emmanuel T (2009) Background to Ghana Public Finance management system.
He looked at, Public finance management in Ghana, which includes the activities that relate financial resources available to the government which results in, allocation of funds, accounting and reporting, cash flow management, asset management, debt management, internal controls, procurement and financial statements. Restructuring these range of activities was an integral part of the efforts of government to move Ghana away from poverty and to promote economic prosperity.

**The main problems were found in the following:**

- Weak budget formulation and implementation system.
- Weak monitoring and evaluation of the use of financial resources.
- Poor data generation and dissemination.
- Poor flow of information between the Bank of Ghana (BoG), Ministry of Finance (MOF) and Controller and Accountant General's Department (CAGD).
- Deficiencies in accounting and auditing, especially internal auditing.
- Weak compliance with financial regulations.
- Obsolete public financial management laws and regulations.
- Too many government accounts.
- The lack of awareness among Ministry staff that they have to account for their financial activities. Many in the Civil Service do not consider any form of financial management as part of their scope of work.

**The vision rests on the belief that effective public financial management system:**

- Was essential to providing reliable financial information to deter fraud, waste and abuse of public resources.
- Was essential for effective macroeconomic management.
- Was essential to consolidating and sustaining the country's democratic process.
- Was a pre-condition for the implementation of the Government's decentralisation agenda, as embedded in the 1992 Constitution.

**Findings**

It was evident from the above list that public financial management was part of the problem in the efforts to bring public resources and public spending into line. As the government was being
called on to guide the economy, manage diverse activities and provide stability to a large part of the population, the public financial management system was inadequate. The demand was no longer the diagnosis or listing of these problems, but rather the necessity to priorities an action plan. From this necessity has emerged a new vision of government. That is, financial management in the public sector had to:

- Enable the government to make informed decisions on the allocation of its scarce financial resources.
- Ensure that financial plans are implemented according to government decisions and expectations.
- Ensure that all relevant guidelines and regulations are used correctly in order to secure acceptable account


Shabib Ali looked into Public financial management in Mongolia to find out why it was characterized by lack of timely and reliable information, weak internal controls, and misappropriation of funds. As a result, fiscal discipline, resource allocation, and service delivery suffered.

However the introduction of an integrated financial management system, with associated changes in business processes, helped to improve fiscal discipline, strengthen expenditure control, and provide key decision makers with better information on which to base decisions ability of and transparency in the use of public funds.

**Background**

Since the mid-1990s Mongolia had been implementing wide-ranging public sector reforms, including reforms in public financial management: instituting a medium-term budget framework that would link policy priorities with budget resources, improving budget comprehensiveness, rationalizing the system of norms and procedures, introducing a Treasury single account system,
and improving the reporting system in a framework consistent with the International Public Sector Accounting Standard and IMF Government Financial Statistics.

However, there was no effective financial management information system. Reporting was limited: annual budget execution reports to Parliament were prepared by a different system than the Treasury used, and Government financial reports were not produced. Any controls over expenditure that were in place were being disregarded. Different agencies operated more than 2,000 bank accounts; and because the Treasury did not have an effective tool and framework for managing these accounts, it had to borrow from the Bank of Mongolia.

**Findings**

To improve transparency and accountability, simplify procedures, and facilitate cash management, the Government of Mongolia had to implement a new Government Financial Management Information System (GFMIS) with support from two Bank-financed projects. The process involved the following steps:

- development and application of a unified chart of accounts conforming with International Public Sector Accounting Standards (2001—2003);
- establishment of the Treasury Single Account system (2003);
- signing of contracts with suppliers IBM Canada Ltd and its subcontractors Free Balance Canada as application software provider and MCS Mongolia as network and hardware provider (June 2003);
- software customization, including language and specific control environment (2003—2005);
- provision of training to government staff (2001—2006); and

The final GFMIS system was based on Free Balance’s Accountability Suite of products. The government implemented Free Balance financials with its core modules: controls, appropriations; general ledger, and expenditures. The Free Balance financials can produce standard budget execution reports; in addition, users can prepare customized reports using the Crystal report tool.
2.5.3 Barata K (2000) From accounting to accountability; managing accounting records as a strategic resource, Zimbabwe case study.

In a research carried out by Barata K on Zimbabwe to find out on the fundamental problem on how the accounting information is managed to ensure that it is readily accessible and meets legal and audit requirements. A key area for investigation was the optimal way of designing the linkages between the paper-based parts of accounting systems, which may be mainly located in the provinces and districts, and the computerised parts, located mainly in the capitals.

The objective of the research was to contribute to the improvement of government financial accountability. It analysed the quality of records required by government accounting systems to strengthen public sector financial management and to support the decentralisation of government. On the basis of these findings it produced a reference model for integrating records management into accounting system reform projects. The model set down the requirements for managing accounting records and provide tools to audit the effectiveness of record keeping systems and the capacity for records management programmes to monitor and evaluate these systems.

**Scope of the report**

The purpose of the case study was to:

- Identify the automated and paper systems used to support financial management functions in the Ministry of Finance and one revenue and one expenditure department
- Interview individuals involved in financial control including accounting officers in selected line agencies and internal and external auditors
- Assess the requirements for arranging and managing the financial records that relate to each function
- Examine the design for the integrated computerised planning, budgeting and accounting system which was to be piloted in the Ministry of Education, Sports and Culture in December 1999
- Identify relevant areas of government to participate in testing exercises
- Secure support from the Accountant General and Auditor General to test project tools.

**Findings**

To address this issue, the Ministry of Finance commissioned a computerised integrated Public Financial Management System (PFMS). The PFMS was intended to provide Zimbabwe with a modern accounting and financial management system that had access to all the line ministries’ financial information and was able to control, monitor and supervise the management of public funds. The design of the proposed system has real strengths and should reflect financial performance more accurately although it may not fully meet the requirements for financial accountability. The PFMS system specification has extensive reporting requirements, much of which consist of printed reports that are required for accountability purposes. Current planning did not take account of the management of the outputs of this system.

The findings also support the need for a planned process of evaluating and monitoring record keeping systems. The ability to evaluate and monitor is a critical component of any systematic approach to capacity building. Zimbabwe is a source of best practice in this area because the Records Centre does have a formal method for inspecting record keeping systems. However, they do not have the resources to ensure that this programme is fully operational and can meet demand. One outcome of the research was to explore the importance of the Auditor General’s reports in identifying key areas for attention, thus enabling the National Archives to prioritise interventions.

The Ministry of Finance was in the process of taking the next step in automating its processes by commissioning the development of an integrated financial management system. The planned integrated system was intended only to automate existing procedures, eliminate unnecessary steps and close gaps in the system. While the Accounting manual was to be updated in accordance with these changes, the guidance offered was, fundamentally, to stay the same. In addition to having the basic foundations of a good system, there was evidence of substantial process analysis and there appears to be strong project management for the
implementation of an integrated financial management system.

2.5.4 Gideon Zhou (2012) Fiscal management in Zimbabwe

Public Finance Management Systems

Zhou (2012) looked at how Public Finance Management System was effective in Zimbabwe since the introduction of the Public Finance Management System in government ministries in 1999 (Budget Statement 1998). A networked computer based system in which government ministries carry out their accounting and financial transactions. Which enables treasury to have access to all line ministries’ management information and be able to control, monitor and supervise management of public funds. The system is managed centrally at the treasury through Central Computing Services which is responsible for the government’s computer requirements. Prior to this, public expenditure matters were managed through the Central Payments Office, a system that was generally associated with delays in processing payments were often experienced. The Public Finance Management System therefore to redress these delays as well as ensuring that government expenditures are managed within the limits consistent with revenue inflows and borrowing capacity. As a computerized system, Public Finance Management System ensures that individual ministries manage their budgets effectively, efficiently and economically.

The implementation of PFMS system started on a phased approach and had by 2004 been rolled out to all ministries (Budget Statement, 2006) It is housed in the Ministry of Finance and links all government ministries through a Wide Area Network to allow for constant monitoring of the ministries as well as ensuring that they account for funds previously disbursed to them. The system addresses delays in processing payments by ensuring that a purchase order is generated only if there are funds in the budget line. Under this system, payments of creditors are decentralized to line ministries. The system closely controls spending within budgetary limits. Treasury has access to all line ministries and is thus in a position to control, monitor and supervise management of public funds. This ensures that payment is guaranteed and suppliers are paid on time. The adoption of the Public Finance Management Act in 2010 is therefore a positive development in strengthening public finance management systems in Zimbabwe.
However, Public Finance Management Systems have their own drawbacks. Their success is heavily dependent upon successful continuous functioning of the computer system. PFMS have to be constantly monitored to ensure that there are no breakdowns. In the event of breakdowns, no transactions will be generated from the system. In Zimbabwe their effectiveness has also been compromised by an erratic electricity supply system. In Zimbabwe, their effectiveness has also been severely compromised by frequent blackouts in electricity. The brain drain that hit Zimbabwe in the post 2000 era also had another toll on the enforcement of public finance management systems.


Andrews assessed the quality of Public Finance management systems across eighteen countries in Africa namely Mauritania, Chad, Tanzania Zimbabwe, Zambia and others. Some of the countries showed an improvement whilst some were struggling to meet the required standard.

A qualitative analysis from Public Expenditure and Financial Accountability (PEFA) reports and other Public Financial Management (PFM) studies was made, which suggests five reasons for limited progress with *de facto* reforms:

• Lack of secondary (i.e. authorising) regulations.
• Coordination failures among key actors.
• Government capacity constraints.
• Inattention to existing incentives that conflict with formal laws.
• Absence of political will.

Similar reasons are cited for the relative challenge of de-concentrated processes, including:

• Political interference.
• Weak information and communication mechanisms which undermine government reach across de-concentrated actors.

Evidence from emerging economies outside Africa shows that authority, transparency, capacity and incentives have proved critical to successful PFM reforms. In those cases, change
management disciplines have come to be incorporated more deliberately and systematically in the reform process (Diamond, 2006).

2.6.0 Justification of the study

Previous researches on over expenditure in government have focused on highlighting the causes of the over expenditure in African and Asian governments mostly and how in some government PFMS is doing well.

Previous studies were carried out in more developed countries about the governments of developing countries. This research looks at over expenditure in government and analyses the how PFMS has assisted in controlling over expenditure, in the Zimbabwe government.

2.6.1 Summary

The chapter focused on the review of literature to the current subject of study. It started with the introduction which highlighted the preceding subheading in point form. The theoretical framework provides information on the causes of over expenditure in government. Previous research findings gave an insight on how other researchers on the same subject, pointed out as major causes of over expenditure. Justification of the current study gave the researcher room to explain why she decided to undertake research in the subject. The next chapter will focus on the methodology used in acquiring research information.
CHAPTER 3

RESEARCH METHODOLOGY

3.0 Introduction

This chapter points out at the methods that the researcher used for data and information collection. This chapter contains research design, population, survey, sampling, research instruments, data collection procedures, data analysis and presentation as well as ethical considerations and time scale.

3.1 Research Design

A research design is an overall plan for obtaining data to the research questions and for testing hypothesis (Saunders et al 2003). It spells out the basic strategies that the research adopted to develop accurate information or data that the research therefore used a sample, case study

3.2 Population

Research population is defined as the set of objects that posess some common set of characteristics with respect to the research problem (Luck and Rubin, 1987). It is any one group or aggregate of individuals, groups, organizations, social groups for social interactions and events. The population of government ministries is made up of ministries and departments this research is earmarked for the ministry of agriculture and it departments in Mashonaland Central province as the sample. The research subjects being the accountants, accounting assistants and administrators and the heads of departments who are directly involved with PFMS.

3.3 Case Study

This strategy helped the researcher in the collection of large amount of data from the population in an economic way.
3.4 Sampling

According to Dullen (1979), a sample representative of the population must be 30% of the target population. As it is not practical to collect data from everyone, the researcher had a sample of 30% of the population. The sampling technique employed was stratified random sampling. It involves the division of the sampling frame into groups in order to ensure that the sample is representative (Leedy, (1993). The technique incorporated all departments in ministry of agriculture.

3.4.1 Advantages

- It ensured incorporation of all departments.
- It was less time consuming.
- It enables the splitting of target population into distinct groups.

3.4.2 Disadvantages

- Only one person failed to return the questionnaire.

3.5 Research instruments

These are data collection methods that the researcher used. The research employed both qualitative and quantitative methods. These worked out efficiently and effectively in finding out the solution to the problem under study, thus triangulation. It also enabled the researcher to have a holistic research. The weaknesses in one method was avoided by using the second method that is strong in that area that the first or second is weak. Questionnaires, interviews and observations were employed.
3.5.1 Interviews

The researcher used structured questionnaire and unstructured face to face interviews with no predetermined list of questions to work on (Saunders et al. 2003). The method gave the interviewee the opportunity to talk freely since it was carried out informally.

Advantages of interview

They are flexible that is the researcher was able to modify questions from one interview to another thereby jotting down points of significance. The researcher had the opportunity to develop new ideas. Probing allowed clarification of some of the ideas and some questions were omitted depending on the flow of the conversation. It provided the researcher with an in depth exploration of the problem under study and much information can be gathered in a short while. (Jankowicz (1995)

Disadvantages of interviews

The researcher faced the problem of hawthorn effect, practically, people tend to exaggerate or supply the information that they think the researcher is seeking and avoid providing sensitive information which may be required by the researcher (Pannerselvam (2005). The researcher avoided by all means not to present ambiguous questions.

3.5.2 Questionnaires

These consisted of a series of closed questions used to solicit information from respondents (Saunders et al, 2003). The researcher used questionnaires for the advantages explained below.
Advantages of questionnaires

The researcher was able to have a quick response from a large disposal area. The researcher was also able to have contact with inaccessible participants. Respondents answered at their own time, the researcher had all the answers expected since there would be privacy, confidentiality and anonymity of respondents.

Disadvantages of questionnaires

Questionnaires were not flexible way of gathering information; therefore the researcher was not able to clarify issues that were not understood.

3.5.3 Observations

This method involves planning, recording watching and analysis of the observed behavior as it appears in its natural context.

Advantages

The researcher was able to have the opportunity to identify an anticipated outcome and have direct information about the behavior of the individuals and groups.

Disadvantages

The researcher was not able to observe all departments as this method was time consuming.

3.6 Data Collection Procedures

The researcher designed questionnaires, prepared and distributed them through the human resource department. The data retrieved from the interviews, questionnaires and observation was
used to come with final conclusion which was analyzed and presented. Secondary, primary and tertiary sources were also analyzed as they aided with the provision of information about the previous events which were written down.

3.6.1 Primary data

This refers to the first hand information collected for the first time in the field. Questionnaires and interviews were used. For interviews, participants were informed about the interview three days before such that they prepare for it.

3.6.2 Secondary Data

These consist of data from other authorities that is from texts, journals, government publications as well as newspapers. They provided assistance in clarifying research questions, research objectives and supporting information. In this secondary data, it may be qualitative or quantitative and usually needs adjustments and validation before being put to use.

3.6.3 Validity

It is about findings being really about what they appear to be about. It shows causal relationships between two variables (Saunders et al, (2003). This will be practically demonstrated by the research study. The instruments used were reliable which implies that they were free form bias. The aim of the analysis is to ensure the questionnaires distributed were properly responded to and do not give bias.

3.6.4 Reliability

The findings were transparent in how sense was made from raw data. It had the same results as compared to those researched by other observers using the same methods.
3.7 Data analysis and presentation

The researcher presented data in the form of tables, pie charts and graphs stressing out the description of the data presented. Data from observations, Questionnaires and interviews was analyzed and presented. Analysis of data was made possible by the aid of empirical literature review incorporating previous researches made.

3.8 Ethical Consideration

There are set of standards of good conduct within the society considered by the researcher. The researcher gained physical entry and informed consent from the people who are participants of the research before commencement. Private and confidential of participants was maintained as well as sensitive data which is in line with the ministry agriculture departments.

3.9 Summary

This chapter highlighted on how the research information was collected from both primary and secondary sources. The research was conducted using the questionnaire and interviews. The merits and demerits of each data collection method used in this research have also been presented in this chapter. It is in the next chapter that the findings of the study are presented, analyzed and interpreted in order to support recommendations given at the end of the research project.
CHAPTER 4

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.0 Introduction

This chapter presents and analyses the findings of the research on the analysis of the Public Finance management System how it has assisted in controlling Government over expenditure from 2009- 2012. Presentations of results are in the form of tables, charts, and graphs. The chapter winds up with a summary, which highlights matters of concern or major issues raised during research.

4.1 Response Rate Analysis

Questionnaires were used as primary research instruments whereas different documentations were used as secondary research instruments in this research. Out of 15 questionnaires distributed, the researcher managed to obtain 14 responses giving an overall 93% response rate from the targeted group of Accountants, Accounting Assistants and Administrators in departments under the Ministry of Agriculture.

Figure 4.1 below summarizes the overall response rate (93%) which is significant to justify the research findings reliable.
Figure 4.1 Questionnaire response rate

![Response rate chart]

Source: primary data.

4.2 Question 1 Was it necessary for government to introduce PFMS

Table 4.1 Was necessary for government to introduce PFMS

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>14</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
</tr>
<tr>
<td>To some extend</td>
<td>0</td>
</tr>
<tr>
<td>Not certain</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>14</td>
</tr>
</tbody>
</table>

Source: primary data

The respondents are 100% in agreement that it was necessary for Zimbabwean government to introduce PFMS. As all respondents have ticked yes. This is in agreement with Zhou(2012), that PFMS ensures that individual ministries manage their budgets effectively, efficiently and economically.
4.2.2 Question 2 PFMS has reduced deficit problems

Table 4.2 PFMS has reduced deficit problems

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>14</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
</tr>
<tr>
<td>To some extend</td>
<td>0</td>
</tr>
<tr>
<td>Not certain</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>14</td>
</tr>
</tbody>
</table>

Source: Primary data

The respondents are 100% in agreement that PFMS has managed to reduce deficit problems in government. They have all ticked yes. This confirms Shabih Ali (2008) that, the introduction of an integrated financial management system, with associated changes in business has helped to improve fiscal discipline, strengthen expenditure control, and provide key decision makers with better information on which to base decisions ability of and transparency in the use of public funds.

4.2.3 Question 3. The control measures are effective.
Table 4.3 The control measures are effective

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>14</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
</tr>
<tr>
<td>To some extend</td>
<td>0</td>
</tr>
<tr>
<td>Not certain</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>14</td>
</tr>
</tbody>
</table>

Source: Primary data

All the respondents are in agreement that the control measure applied in PFMS are effective. That is to say PFMS control measures are water tight, with no gaps.
This is in agreement with Zhou(2012) who confirms that, the system closely controls spending within budgetary limits.

4.2.4. Question 4 Over expenditure in government is controlled by PFMS

![Pie chart showing frequency of responses]

Figure 4.2 Over expenditure in government is controlled by PFMS

Source: Primary Data

Figure 4.2.4 shows that 93% of the respondents were in agreement that over expenditure was controlled by PFMS in government and 7% disagree that PFMS controls over expenditure in government. Barata (2008) affirms this, when he said, 'the design of the proposed system has real strengths and should reflect financial performance more accurately although it may not fully meet the requirements for financial accountability.

4.2.5. Question 5 PFMS is effective in government
Table 4.4 PFMS is effective in government

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>14</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
</tr>
<tr>
<td>To some extend</td>
<td>0</td>
</tr>
<tr>
<td>Not certain</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>14</td>
</tr>
</tbody>
</table>

Source: primary data

There was 100% response rate that PFMS is effective in government because if there is no money you do not spend, departments are to live within their means.

This is in agreement with Zhou (2012) who found out that PFMS ensures that government expenditures are managed within limits and consistent with revenue inflows and borrowing capacity. It also ensures that individual ministries manage their budgets effectively, efficiently and economically.

4.2.6 Question 6 was it necessary for the government to introduce PFMS in its expenditure control measures?

Table 4.5 Was it necessary for the government to introduce PFMS in its expenditure control measures?

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>14</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
</tr>
<tr>
<td>To some extend</td>
<td>0</td>
</tr>
<tr>
<td>Not certain</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>14</td>
</tr>
</tbody>
</table>

Source: primary data

All respondents said yes and they highlighted that it strengthens governance and accountability over the public funds. Also that expenditure is only possible when there are funds available.
This is in agreement with Zhou (2012) findings, that the system addresses delays in processing payments by ensuring that a purchase order is generated only if there are funds in the budget line.

4.2.7 Question 7 What achievements have been made through the use of PFMS in the control of overspending?

In response to this question respondents indicated that since PFMS does not allow expenditure when funds are not available, departments and ministries are forced to spend within their budgets allocations. The system would not allow you to exceed your allocation. Lucey T (2000) indicates that budgeting is a process that provides for coordination of activities and departments of the organization so that each facet of the operation contributes towards the overall plan.

4.2.8 Question 8 What improvements has PFMS brought about?

In response to this question respondents highlighted that;

- Timeously payments of creditors for goods and services provided.
- Documents are easily traceable.
- No double payment of documents.
- Easy to check if documents have been paid or not.
- Easy processing of expenditure reports.
- There is discipline in the usage of public funds by government departments.

However some indicated that for above to be achieved the network has to be kept up and running. This is also in agreement with what Zhou (2012) who pointed out that, ‘In Zimbabwe the effectiveness has been compromised by an erratic electricity supply system’.
Figure 4.3 shows the graphical presentation of the responses

Source: primary data

93% of the respondents indicated that PFMS is very effective and has brought a lot of improvements in government spending patterns. However 7% indicated that the improvements can only be achieved if the system is kept up and running.

4.2.9 Question 9 How far has the over expenditure in government been controlled?

In response to this question respondents indicated that government ministries are spending within their budget allocations there is no way they can over spend. Expenditure controls with PFMs are water tight.

Zhou (2012) confirms that, the system closely controls spending within budgetary limits. Treasury has access to all line ministries and is thus in a position to control, monitor and supervise management of public funds.
4.3 Interviews response rate

Table 4.6 tabulates the response rate of the scheduled interviews.

<table>
<thead>
<tr>
<th>Targeted population</th>
<th>Interview scheduled</th>
<th>Interviews conducted</th>
<th>Response rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provincial head Veterinary services</td>
<td>1</td>
<td>1</td>
<td>100</td>
</tr>
<tr>
<td>Provincial head Agritex</td>
<td>1</td>
<td>1</td>
<td>100</td>
</tr>
<tr>
<td>Provincial head Irrigation</td>
<td>1</td>
<td>1</td>
<td>100</td>
</tr>
<tr>
<td>Provincial head Mechanization</td>
<td>1</td>
<td>1</td>
<td>100</td>
</tr>
<tr>
<td>Provincial head Engineering</td>
<td>1</td>
<td>1</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>5</td>
<td>5</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: primary data

Table 4.3.1. Above shows that 5 out of 5 which constitute 100% scheduled interviews were carried out. According to Howards et al (2005) the interview response rate should be at least three quarters of the targeted population. The above table shows a 100% response rate which is well above the intended 75%.

4.4 Analysis of the interview responses from provincial heads of departments under Ministry of Agriculture.

4.4.1 What do you think prompted government to introduce PFMS?

The respondents indicated that the manual system which was in place was failing to control expenditure in government and the government was running in deficit. The PFMS system was a blessing in disguise in that no document can be processed when there is no money. Departments and Ministries are spending within their budget limits.
4.4.2. How effective do you think PFMS is?

All the respondents were in agreement that the Public Finance Management System was very effective in that;

- It was easy for them to monitor the spending patterns; since it’s done through the computer unlike the manual system it was difficult for them to understand the commitment register since they had no accounting background.

- PFMS is user friendly; one has to perform what’s in the jurisdiction of his/her profile.

- Expenditure reports can be produced with minimum errors timeously.

This conforms with Rowan (1987) that budgets set standards for evaluating financial performance.

4.4.3 What improvements has it bought about?

Respondents highlighted that unlike the manual system there is less clerical work of recording in registers once documents are punched in the computer that’s a permanent record. If one wants to trace its history simply punch the document number.

Though the Accounting Manual and Financial Instructions were there to give guidance and instruction they were often flouted in the manual system.

With the PFMS it is not possible that one person can process a document from start to end, one’s profile allows him/her to process one part and gives to the other to do the other part. Thus promoting, internal check and control.

Also the PFMS allows for an electronic audits to be carried out you do not have to hoods of papers in your office, but you can check and monitor expenditure at your station.

4.4.4 What improvement do you wish should be made to the system?

Respondents highlighted that the Ministry of Finance should produce a manual in line with PFMS which even a new person can use.
Also they should always keep the system up and running to avoid inconveniences of going to Harare to process documents when the system is down in provinces.

The issues highlighted by respondents on PFMS curbing over expenditure in government are supported by the evidence from Zimstart Quarterly digest of statistics (2012), gross domestic expenditure as from 2009 – 2011. Table below summaries the figures.

**Table 4.7 Domestic expenditure**

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>7307815916</td>
<td>8999639346</td>
<td>11260736714</td>
<td>119.2</td>
<td>133.9</td>
<td>151.8</td>
<td>23.2</td>
<td>25.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source; Secondary data

**4.5 Summary**

This chapter focused on the presentation, analysis and interpretation of data through the various data collecting instruments. This was achieved through the use of tables, charts and graphs. The questionnaire responses contributed a large chunk of the data presented in this chapter and a little bit from interviews. The next chapter will summarizes the study, conclude and make recommendations of the study. This covers comments of the results of the study in relation to the research objectives.
CHAPTER 5

SUMMARY, RECOMMENDATIONS AND CONCLUSION

5.0 Introduction

This chapter gives the summary and conclusions from the research findings, with respect to the research objective outlined in chapter one. That the Public Finance Management System has assisted in alleviating government over expenditure during the manual system.

5.1 Research Findings

The study managed to identify the importance of Public Finance Management system in the Zimbabwe government. Before PFMS the Zimbabwe government had problem of over expenditure in all ministries.

The literature review highlighted over expenditure in African and Asian countries mainly centered on Agriculture. Education, Defence, Health but in Zimbabwe it was across all ministries hence the introduction of PFMS.

The respondents indicated that Public Finance Management System is very effective in that no document can be processed if there are no funds. The system guarantees payment and suppliers are paid on time. They also indicated that there is internal check and control within the system in that no one person is allowed to processes a document from start to the end. One has to have a profile to do that function in order to perform it.

PFMS ensures that individual ministries manage their budgets effectively, efficiently and economically. the system closely controls spending within budgetary limits.

Over expenditure is controlled.
The online checking system enables managers and audit to monitor expenditure patterns. There are no chances of flouting the system as in the manual system.

The accounting work is decentralised to the sector ministries but the payment system is centralised and controlled through a stop payment system that will not allow the cheque to be drawn if the budget is exceeded. Production of the monthly figures is normally subject to Computer breakdowns, within seven working days of the month end. The current system has been in operation for over 10 years. Treasury instructions set out the financial procedures to be followed. The accounting procedures manual explains in detail the accounting process. These instructions include directions as to the operations of internal check and control systems.

Zhou G (2012) says the adoption of the Public Finance Management Act in 2010 was a positive development in strengthening PFMS in Zimbabwe. Its success is heavily dependent upon successful continuous functioning of the computer system. PFMS has to be constantly monitored to ensure that there are no breakdowns. In the event of breakdowns, no transactions will be generated from the system. In Zimbabwe their effectiveness has also been compromised by an erratic electricity supply system.

5.2 Conclusions

It has been revealed by the analysis that Public Finance Management System has effectively assisted the Zimbabwe government in alleviating over expenditure in all ministries. Conclusions can be drawn from the data obtained and presented in the study in relation to the research objectives.

5.2.1 Internal control inherent in the PFMS

The PFMS is designed in such way that no one person could process a document from start to finish. All one can do is what is in the jurisdiction of his/her profile and nothing more. A document is bound to be checked by the next person before processing it further there by exercising internal check and control.
5.2.2 Encourages timeous payments

The system addresses delays in processing payments by ensuring that purchase order is generated only if there are funds in the budget line. Thereby controlling spending within budget limits. The ministry of Finance has access to all line ministries and is in a position to control, monitor and supervise management of public funds. Thus suppliers are guaranteed of payment on time.

5.2.3 Encourage spending within the budget

PFMS would not process any document if there are no funds by so doing no unbudgeted expenditure is done. All expenses are encouraged to be within the budget, and over expenditure is controlled.

5.3 Recommendations

In light of the above findings and conclusions made the following specific recommendations are made;

5.3.1 Provision of accounting manual which is in line with PFMS

The Ministry of Finance should be in the process of taking the next step in automating its processes by commissioning the development of an integrated financial management system. The planned integrated system is intended only to automate existing procedures, eliminate unnecessary steps and close gaps in the system. While the Accounting manual will need to be updated in accordance with these changes, the guidance offered will, fundamentally, stay the same. In addition to having the basic foundations of a good system, there is evidence of substantial process analysis and there appears to be strong project management for the implementation of an integrated financial management system.

5.3.2 The functionality of the computer system
To ministry of finance, for the success of PFMS it has to keep the system up and running in order to minimize breakdowns. Also continuous training of staff is needed to update them of new developments and also for the benefit of new staff.

Ministry of finance should also decentralise the system to districts, to speed up processing of documents and districts should be able to run their own budgets.

5.3.3 Control over national revenue

Also ministry of finance should take control over all national revenue collection processes in the country for it to match income against expenditure. For example the revenue from Chiadzwa diamond mining in Marange area of Manicaland, which is a potential cash cow?

Zhou G (2012) reflects that the review by Minister of Finance as reflected by national budget statement since assuming office in 2009 suggest that some funds from Chiadzwa diamond mining activities were not being deposited into the Consolidated Revenue Fund.

ZIMRA at the same time should curb revenue leakages through smuggling, under invoicing, under declarations at it border posts. So as for the government to be able to reconcile the revenue and expenditure branches of the budget.

5.4 Further research

Recommendations to further researchers to look at how PFMS has assisted government in collection of revenue, and match the two income and expenditure branches of the budget. Check whether the loopholes in revenue collection and leakages can be closed.
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APPENDICES

Appendix 1: Questionnaire for the department of agriculture in Mashonaland Central Province

My name is Stella Manyame, I am pursuing a Bachelor of Accountancy Honours Degree at the Bindura University of Science Education (BUSE). I am carrying out a research on over expenditure in government and how PFMS has assisted in controlling it. Would you please spare your precious time to answer this questionnaire? There is no wrong answer.

Note: The information provided is strictly for academic purposes and shall be kept confidential.

Questionnaire Details: (tick in the box provided your answer)

1. It was necessary for the government to introduce PFMS
   - Yes
   - No
   - To some extend
   - Not certain

2. PFMS has reduced deficit problems
   - Yes
   - No
   - To some extend
   - Not certain

3. The control measures are effective
   - Yes
   - No
   - To some extend
   - Not certain

4. Over expenditure in government is controlled by PFMS
   - Yes
   - No
   - To some extend
   - Not certain

5. PFMS is effective in government
   - Yes
   - No
   - To some extend
   - Not certain
6 Was it necessary for the government to introduce PFMS in its expenditure control measures?

7 What achievements have been made through the use of PFMS in the control of overspending?

8 What improvements has PFMS brought about?

9 How far has the over expenditure in government been controlled?
Appendix II: Interview questions guide to the provincial heads of departments.

Question 1

What do you think prompted government to introduce PFMS?

Question 2

How effective do you think PFMS is?

Question 3

What improvements has it brought about?

Question 4

What improvement do you wish should be made to the system?