

Effect of Repetitive Audit Queries on Financial Performance of Local Authorities in Zambia: A Case Study of District Councils in Muchinga Province

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ABSTRACT: This study examined the impact of repetitive audit queries on the financial performance of local authorities in Zambia, focusing on District Councils in Muchinga Province. Local authorities are central to public service delivery and resource management, yet persistent audit queries raise concerns about accountability and governance. Guided by three objectives—identifying factors contributing to recurring audit queries, exploring their relationship with financial management practices, and assessing their effect on financial performance—the study employed a mixed-methods design. Quantitative data were collected from 90 council officers through structured questionnaires, while qualitative insights were obtained from 10 key informants, including auditors and finance directors, via semi-structured interviews. Data analysis combined descriptive statistics, correlation, and multiple regression with thematic analysis. Findings revealed that inadequate staff training, weak internal controls, poor compliance with financial regulations, and limited oversight drive the recurrence of audit queries. Regression results indicated a significant negative relationship between audit queries and financial performance ($\beta = -0.43$, $p < 0.001$), with frequent queries linked to reduced budget execution, delayed projects, and inefficiencies in service delivery. Conversely, sound financial management and effective oversight were associated with improved performance and fewer audit queries. The study concludes that strengthening staff capacity, enhancing internal control systems, and enforcing audit recommendations are critical for promoting accountability, transparency, and improved service delivery in district councils.

KEYWORDS: Audit Queries, Financial Performance, Internal Controls, Local Authorities

1.0 INTRODUCTION AND BACKGROUND

Local authorities in Zambia, particularly district councils, are central to public service delivery and resource management. Despite their importance, many councils face persistent challenges of financial mismanagement, weak internal controls, and inefficiencies, often revealed through audit queries. These queries, especially when recurrent, signal deeper governance issues and undermine councils' financial performance and service delivery capacity. Muchinga Province has experienced notable recurrence of audit queries, making it a relevant case for examining this problem. This study investigates the effects of repetitive audit queries on financial performance, guided by objectives to identify contributing factors, explore their relationship with financial management practices, and assess their impact on district councils' performance. The chapter outlines the background, problem statement, objectives, research questions, significance, scope, limitations, and the theoretical and conceptual frameworks underpinning the study.

1.1 Background

Zambia's district councils are central to grassroots governance and service delivery, yet they have long struggled with financial mismanagement and weak institutional capacity. Since independence in 1964, decentralization reforms sought to enhance accountability, but inadequate training, poor oversight, and fragile financial systems led to recurring audit queries. Historical Auditor General's Reports from the 1990s onward consistently highlighted unaccounted funds, improper record-keeping, and non-compliance with financial regulations, underscoring systemic governance weaknesses. Despite reforms such as the Public Financial Management Act (2000s) and the Local Government Act (2019), audit queries remain pervasive, particularly in Muchinga Province, where councils face challenges of poor procurement practices, delayed reporting, and inadequate internal controls. Political interference further exacerbates financial mismanagement, diverting resources to non-developmental projects. Recent Auditor General's Reports (2018, 2020) confirm that audit queries have become entrenched, reflecting

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persistent gaps in transparency, accountability, and institutional capacity. This enduring problem highlights the need for empirical research into the effects of repetitive audit queries on financial performance, with Muchinga Province serving as a critical case study for understanding and addressing these governance challenges.

1.2 Statement of the Problem

Repetitive audit queries in Zambia's district councils, particularly in Muchinga Province, highlight persistent weaknesses in financial management and governance. These recurring issues undermine budget execution, contribute to resource misallocation, and reduce efficiency in service delivery, ultimately eroding public trust and council credibility. Audit reports consistently reveal systemic challenges, including weak internal controls, non-compliance with financial reporting standards, inadequate staff training, and political interference. Such deficiencies result in poor transparency, delays in project implementation, and abandonment of critical development initiatives. Despite reforms, councils continue to struggle with accountability and effective financial oversight. While the prevalence of audit queries is well-documented, there remains limited empirical research on their direct impact on financial performance. This study addresses that gap by examining the effects of repetitive audit queries on district councils in Muchinga Province and exploring strategies to strengthen governance, transparency, and financial accountability.

A. 1.3 Purpose of the study

The purpose of this study is to investigate the effect of repetitive audit queries on financial performance of Local Authorities in Zambia: a case study of District Councils in Muchinga Province.

B. 1.4 Specific Objectives

The main objectives of this study are:

1. To identify factors contributing to the recurrence of audit queries among District Councils in Muchinga Province.
2. To examine the relationship between audit queries and financial management practices in the councils.
3. To assess the effect of repetitive audit queries on the financial performance of district councils in Muchinga Province.

C. 1.5 Research Questions

1. What are the factors contributing to the recurrence of audit queries among District Councils in Muchinga Province?
2. What is the relationship between audit queries and financial management practices in the councils?
3. What is the effect of repetitive audit queries on the financial performance of district councils in Muchinga Province?

D. 1.6 Scope of the Study

The scope of this study is focused on district councils in Muchinga Province, Zambia. It will specifically address the financial management practices within these councils and the effect of recurring audit queries on their financial performance. The study will include an analysis of both internal and external factors contributing to these audit queries, such as governance structures, financial controls, and compliance with regulations. The study will primarily use qualitative methods, including interviews with key stakeholders, document analysis, and case studies, to provide an in-depth understanding of the issue.

E. 1.7 Significance of the Study

This study is important for several reasons:

This study is significant for several reasons. First, it will contribute to the body of knowledge on financial management and governance in Zambia's local authorities, offering insights into the challenges faced by district councils. Second, the findings will help policymakers, local government officials, and auditors better understand the root causes of recurring audit queries and their effect on service delivery. The study's recommendations will assist in formulating strategies to improve financial management practices, thereby enhancing the efficiency and effectiveness of district councils. Furthermore, it will provide a basis for further research on financial accountability and governance at the local government level. It will contribute to the body of knowledge on financial management and governance in Zambia's local authorities. It will also help policymakers and local government officials understand the consequences of persistent audit queries. Further, it will help provide recommendations for improving financial management practices, thus enhancing the efficiency and performance of local councils.

F. 1.8 Limitations of the study

While the study aims to provide valuable insights into the financial performance of district councils in Muchinga Province, there are several limitations. These include the potential for limited access to financial documents and internal records due to confidentiality and administrative constraints. Additionally, the study focuses only on Muchinga Province, meaning that the findings may not be directly applicable to other regions of Zambia. Finally, the study may encounter challenges in obtaining reliable and comprehensive data from respondents due to varying levels of cooperation from local authorities and government officials.

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1.9 Operational Definitions

Audit Queries: These are issues raised by auditors when financial discrepancies, non-compliance, or inefficiencies are identified during an audit.

Financial Performance: Refers to the ability of a district council to manage its finances effectively, including revenue generation, budget execution, and resource allocation.

Internal Controls: Procedures and processes implemented within organizations to ensure the integrity of financial reporting, compliance with laws and regulations, and effective resource management.

Literature Review

Existing scholarship on audit queries and local government financial performance reveals both commonalities and contextual differences across developed countries, developing nations, and Zambia.

Factors contributing to recurrence of audit queries:

- In developed contexts such as the UK, recurring audit queries are linked to institutional inefficiencies, insufficient staff training, and weak accountability mechanisms (Smith & Johnson, 2018).
- In Nigeria, audit queries reflect broader governance challenges, including political interference and weak oversight structures (Okoye & Akpan, 2020).
- In Zambia, studies highlight limited technical capacity, weak financial reporting systems, and political influence as major drivers, though most research has focused on causes rather than their impact on financial performance (Mumba, 2021).

Relationship between audit queries and financial management practices:

- Evidence from Australia shows that frequent audit queries divert attention from strategic financial planning and are linked to poor budgeting and cash flow monitoring (Lee & Turner, 2017).
- In Kenya, audit queries directly undermine financial management practices, leading to poor reporting and weak resource management (Njiru & Wambugu, 2019).
- Zambian studies confirm that poor documentation, record-keeping, and non-adherence to procedures correlate with recurring audit queries, but they stop short of fully exploring their broader financial performance implications (Chileshe, 2019).

Effect of repetitive audit queries on financial performance:

- In the U.S., recurring audit queries increase costs, delay projects, and weaken councils' ability to meet financial goals (Thompson & Edwards, 2016).
- In Ghana, persistent audit queries undermine resource allocation, delay development projects, and erode public confidence (Asamoah & Tetteh, 2018).
- In Zambia, recurring audit queries are shown to hinder project execution and reduce public trust, but existing studies have not examined district-level variations, particularly in Muchinga Province (Mumba, 2021).

Identified Research Gap: While international and African studies demonstrate that audit queries negatively affect financial management and performance, Zambian research has largely emphasized causes without systematically linking them to measurable financial outcomes. Moreover, district-level variations remain underexplored. This study addresses these gaps by investigating how repetitive audit queries affect financial performance in Muchinga Province's district councils and identifying strategies to strengthen governance and accountability.

G. 2.4 Theoretical Framework

To effectively investigate the effect of repetitive audit queries on the financial performance of local authorities in Zambia, particularly in Muchinga Province, two relevant theories can be applied: Agency Theory and Institutional Theory. These theories provide a framework for understanding the root causes of audit queries, the relationship between audit queries and financial management practices, and the subsequent effects on financial performance within local councils.

1) 2.4.1. Agency Theory

Agency Theory, initially proposed by Jensen and Meckling (1976), focuses on the relationship between principals (the citizens or government stakeholders) and agents (the district councils or councilors). The theory posits that a conflict of interest exists between principals and agents due to differing goals and incentives. In the context of local governance, agents (i.e., the council officials) are tasked with managing public resources and delivering services on behalf of the principals (the public). However, agents may act in their own self-interest, which may not always align with the best interests of the principals, leading to inefficiencies, mismanagement, and financial discrepancies that are often highlighted through audit queries (Fama & Jensen, 1983).

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Application to the Study:

The recurrence of audit queries in Zambia's district councils can be explained through **Agency Theory**, which highlights the misalignment of interests between local government officials (agents) and the public (principals). When council officials lack adequate incentives for transparency and accountability, self-serving behaviors emerge, leading to financial mismanagement and repeated audit queries. Weak oversight and accountability mechanisms further exacerbate these agency conflicts, allowing discrepancies to persist.

Agency Theory also clarifies the link between audit queries and declining financial performance: mismanagement of resources driven by agents' self-interest undermines budget execution, service delivery, and public trust. As Moyo (2020) notes, the inability of councils to align financial practices with public expectations diminishes credibility and financial health. This study therefore applies Agency Theory to analyze how agency conflicts contribute to the recurrence of audit queries and their adverse effects on financial performance in Muchinga Province's district councils.

2) 2.4.2. Institutional Theory

Institutional Theory, as articulated by DiMaggio and Powell (1983), emphasizes the influence of institutional structures, norms, and regulations on organizational behavior. According to this theory, organizations are not only shaped by internal factors but are also influenced by the external institutional environment in which they operate. In the context of district councils in Zambia, these institutions include legal frameworks, governmental regulations, and societal expectations that guide the councils' actions. Institutional pressures, such as compliance with national laws, financial regulations, and standards of accountability, shape how councils operate and manage their resources.

Application to the Study

This study draws on **Agency Theory** and **Institutional Theory** to explain the recurrence of audit queries and their impact on financial performance in Zambia's district councils.

Agency Theory emphasizes the conflict of interest between local government officials (agents) and the public (principals). When officials lack incentives for transparency and accountability, self-serving behaviors emerge, leading to financial mismanagement and repeated audit queries. Weak oversight mechanisms exacerbate these conflicts, resulting in declining financial performance, reduced service delivery efficiency, and erosion of public trust (Moyo, 2020).

Institutional Theory highlights the role of external pressures—such as government regulations, auditing standards, and societal expectations—in shaping financial practices. Non-compliance with institutional norms, weak enforcement, and limited institutional capacity contribute to inefficiencies and recurring audit queries. Failure to meet these expectations undermines councils' legitimacy, leading to resource misallocation, poor accountability, and declining financial performance (Phiri, 2020; Mumba, 2021).

Together, these theories provide a complementary framework: Agency Theory explains internal conflicts and misaligned incentives, while Institutional Theory situates these challenges within broader regulatory and societal contexts. Applying both perspectives enables a deeper understanding of the systemic drivers of audit queries and their consequences, guiding strategies to strengthen governance, accountability, and financial performance in Muchinga Province's district councils.

CONCEPTUAL FRAMEWORK

The conceptual framework for this study examines the relationship between repetitive audit queries and the financial performance of local authorities in Zambia, focusing on district councils in Muchinga Province. The framework draws from Agency Theory and Institutional Theory, highlighting key variables that influence the financial performance of district councils. These variables include the factors contributing to audit queries, financial management practices, audit queries themselves, and financial performance.

The key components of the framework are as follows:

1. Independent Variables:

Factors Contributing to Audit Queries: Includes factors such as poor internal controls, inadequate financial reporting, lack of transparency, political interference, insufficient staff training, and poor governance structures.

Financial Management Practices: Refers to the budgeting, cash flow management, forecasting, financial reporting, and compliance with regulations within the district councils.

2. Dependent Variable:

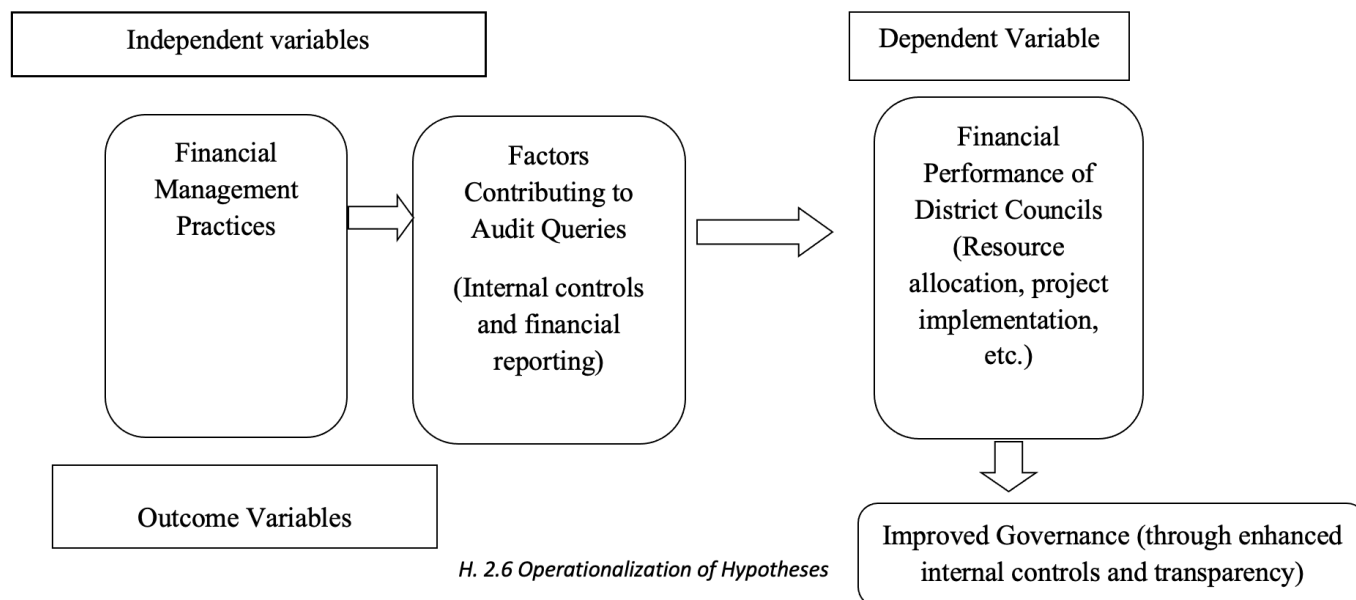
Financial Performance of District Councils: This can be measured by the council's ability to allocate resources effectively, implement financial projects, maintain financial stability, and deliver public services efficiently.

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3. Outcome Variables:

Improved Governance: The implementation of better internal controls, training, and oversight mechanisms in response to audit queries, leading to improved financial performance over time.

The framework hypothesizes that audit queries, caused by inadequate financial management practices and internal controls, negatively affect the financial performance of district councils in Muchinga Province. It further suggests that institutional factors (such as legal and regulatory frameworks) may moderate this relationship.



Research Hypothesis 1 (H1):

H₀: The recurrence of audit queries negatively affects the financial performance of district councils in Muchinga Province.

- Independent Variable: Repetitive Audit Queries
- Dependent Variable: Financial Performance of District Councils

Operational Definition of Variables:

Repetitive Audit Queries: Number of audit queries raised in the last 3-5 years, focusing on non-compliance with financial regulations, improper financial reporting, and other discrepancies identified by auditors.

Financial Performance: Council's ability to meet financial targets, implement projects effectively, manage resources, and deliver services, measured using budget execution rates, timely completion of projects, and financial reports.

Research Hypothesis 2 (H2):

H₁: Poor financial management practices contribute to the recurrence of audit queries in district councils in Muchinga Province.

- Independent Variable: Financial Management Practices (budgeting, forecasting, financial reporting)
- Dependent Variable: Repetitive Audit Queries

Operational Definition of Variables:

Financial Management Practices: Evaluated based on a set of indicators such as compliance with budgeting procedures, forecasting accuracy, timeliness of financial reporting, and adherence to financial policies.

Repetitive Audit Queries: Identified through audit reports indicating recurring issues in financial management, non-compliance with budgeting and reporting standards, and misallocation of resources.

Research Hypothesis 3 (H3):

H₁: Institutional factors (such as government regulations and auditing standards) moderate the relationship between audit queries and the financial performance of district councils.

- Independent Variable: Audit Queries
- Dependent Variable: Financial Performance of District Councils
- Moderating Variable: Institutional Factors (regulatory frameworks, audit standards)

Operational Definition of Variables

Institutional Factors: Refers to the legal and regulatory environment governing local authority financial management, such as the Public Finance Management Act, auditing standards, and the effectiveness of external oversight agencies.

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Audit Queries and Financial Performance: As defined above.

Table 1: Summary of Operationalization of Hypotheses

Hypothesis	Independent Variable	Dependent Variable	Mediating/Moderating Variable
H1 the recurrence of audit queries negatively effects financial performance.	Repetitive Audit Queries	Financial Performance	None
H2 Poor financial management practices contribute to the recurrence of audit queries.	Financial Management Practices (budgeting, reporting)	Repetitive Audit Queries	None
H3 Institutional factors moderate the relationship between audit queries and financial performance.	Audit Queries	Financial Performance	Institutional Factors (regulations, auditing standards)

These hypotheses will be tested using quantitative methods, such as correlation analysis, regression models, and possibly structural equation modeling, to assess the strength and nature of the relationships between the variables. The operationalization of variables will rely on data collected from district council staff through questionnaires.

H. 2.7 Research/knowledge gap

Despite the substantial body of literature on the factors contributing to audit queries, financial management practices, and the effect of audit queries on financial performance, there remains a significant gap in understanding the specific dynamics in Zambian local authorities, particularly in Muchinga Province. Most existing studies focus on broader national or regional contexts and do not address the unique challenges faced by district councils in Zambia, including limited resources, political influence, and regional disparities in governance structures. This research will fill this gap by providing a case study of Muchinga Province, offering insights into how repetitive audit queries affect financial performance and identifying targeted strategies for improvement in this specific context.

Table 2: Literature Review Summary Table

Study Author(s) and Year	Study Title	Research Gap	Findings and Recommendations
Smith & Johnson, 2018 (UK)	The Effect of Audit Queries on Local Government Financial Management	Lack of studies on the effect of audit queries on financial performance in developing countries like Zambia.	Findings: Audit queries linked to weak internal controls, insufficient staff training, and poor financial reporting practices.
Recommendations: Improve staff training, strengthen internal audits, and enhance transparency.			
Okoye & Akpan, 2020 (Nigeria)	Audit Queries and Local Government Accountability in Nigeria	Does not focus on challenges specific to Zambia's local councils.	Findings: Recurrent audit queries caused by poor governance, lack of internal controls, and political interference.
Recommendations: Strengthen oversight mechanisms, establish independent audit committees, and promote transparency.			

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Mumba, 2021 (Zambia)	Factors Contributing to Audit Queries in Zambian Local Authorities	Does not address how factors contribute to financial performance.	Findings: Poor financial management, lack of training, and political influence were key contributors.
Recommendations: Improve training, enhance transparency, and improve financial reporting practices.			
Lee & Turner, 2017 (Australia)	Audit Queries and Financial Management in Local Government	Ignores the constraints faced by local councils in developing countries.	Findings: Audit queries negatively affected financial performance by diverting resources and delaying financial projects.
Recommendations: Implement better financial management systems, integrate auditing with management processes.			
Njiru & Wambugu, 2019 (Kenya)	Audit Queries and Financial Management Practices in Kenyan Local Authorities	Lack of focus on the relationship between audit queries and financial performance in Zambian councils.	Findings: Poor financial reporting, inadequate budgeting, and lack of cash flow management.
Recommendations: Strengthen budgeting processes, improve financial reporting, and reduce political interference.			
Chileshe, 2019 (Zambia)	Financial Management Practices and the Effect of Audit Queries in Zambian Local Authorities	Does not fully explore how financial management practices affect overall financial performance.	Findings: Poor documentation, record-keeping, and failure to follow financial procedures lead to audit queries.
Recommendations: Adopt standardized financial management practices, strengthen internal audit functions.			
Thompson & Edwards, 2016 (USA)	Audit Queries and Their Effect on Local Government Financial Performance	Does not explore the institutional constraints in developing countries like Zambia.	Findings: Audit queries drained resources, delayed projects, and hindered councils' financial performance.
Recommendations: Develop audit frameworks and invest in systems to mitigate audit queries.			
Asamoah & Tetteh, 2018 (Ghana)	The Effect of Audit Queries on Local	Ignores political and institutional contexts	Findings: Audit queries hindered financial

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	Government Financial Performance in Ghana	in Zambia's councils.	performance by draining resources and delaying projects.
Recommendations: Strengthen financial controls and improve auditing standards to reduce audit queries.			
Mumba, 2021 (Zambia)	The Effect of Audit Queries on the Financial Performance of Zambian District Councils	Does not examine how audit queries vary across districts in Zambia, especially Muchinga Province.	Findings: Audit queries significantly effected financial performance by delaying projects, misallocating funds, and reducing public trust.
Recommendations: Strengthen oversight, enhance internal controls, and promote transparency to improve financial performance.			

II. RESEARCH METHODOLOGY

This study employed a **mixed-methods case study design** to investigate the effect of repetitive audit queries on the financial performance of district councils in Muchinga Province, Zambia. Guided by a **pragmatic paradigm**, the research integrated quantitative and qualitative approaches to provide both generalizable evidence and context-rich insights.

Research Design:

- **Deductive approach (quantitative):** Structured questionnaires were administered to council staff across planning, engineering, legal, health, housing, social services, and finance departments. This enabled hypothesis testing and statistical analysis of relationships between audit queries and financial management practices.
- **Inductive approach (qualitative):** Semi-structured interviews with internal and external auditors, chief accountants, and directors of finance captured perceptions, experiences, and institutional realities, analyzed thematically to identify patterns beyond quantitative findings.

Strategy Justification: The mixed-methods design was chosen to address the multifaceted nature of audit queries. Quantitative methods provided measurable, generalizable trends, while qualitative methods offered deeper insights into governance challenges and contextual factors influencing financial performance.

Research Paradigm and Time Horizon:

- The study was anchored in **pragmatism**, emphasizing methodological flexibility and practical problem-solving.
- A **cross-sectional time horizon** was adopted, focusing on data collected at a single point in time to provide timely insights into prevailing financial management practices and audit-related challenges.

Sampling Frame and Sample Size:

- The target population comprised **1,707 officers** from five selected district councils in Muchinga Province (Auditor General’s Report, 2024).
- The **Cochran (1977) formula** was applied to determine a statistically reliable sample size, ensuring representativeness despite population variability.

$$n = N / 1 + N (e)^2$$

Where;
“n” = Sample Size
“N” = Target Population

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"e" = Margin of error

The margin of error for this study is taken to be ten percent (10% or 0.10).

$$n = \frac{1707}{1 + 1707 (0.10)^2}$$

$$= \frac{1707}{1 + 1707 (0.01)}$$

$$= \frac{1707}{17}$$

$$N = 100$$

Therefore, the study sample size was 100 which were distributed as follows:

Respondents	Sample size	Total
Officers from District councils	90	90
Internal and External Auditors and director finances	10	10
Total sample size		100

Stratified Random Sampling Technique was employed. This method allowed for diverse representation of councils from different economic areas within Muchinga Province, ensuring that peri urban and rural specific challenges are captured. District councils were first categorized into strata based on daily total income and geographical location within Muchinga Province. Following stratification, a random selection was made from each group to reduce bias and enhance the generalizability of the results. This approach aligns with prior research that emphasizes the role of contextual factors in influencing local authority financial management (Angomwile, 2020; World Bank, 2021).

A. 3.9 Data collection and Instruments

1) 3.9.1 Data collection

This study employed both primary and secondary data sources. Primary data were collected through questionnaires and interviews to obtain first-hand information from respondents. Secondary data were obtained through a review of existing literature, including academic journals, textbooks, audit reports, and credible online publications. These sources provided background and contextual information on the challenges faced by district councils in Zambia in managing audit queries. The methodological approach adopted in this study was informed by established research literature, particularly Creswell (2014) and Bryman (2016), who emphasize the value of mixed-methods approaches in analysing complex institutional and governance-related issues.

B. 3.9.2 Data collection Instruments

Interviews: Interviews were used to collect qualitative data from key informants, including internal and external auditors, heads of departments, and section leaders from selected district councils in Muchinga Province. This method enabled an in-depth examination of participants' experiences, perceptions, and challenges related to the management of audit queries. The qualitative data obtained through interviews provided detailed insights into the institutional and operational factors contributing to recurring audit issues.

Questionnaires: Structured questionnaires were administered to a sample of 90 council staff drawn from five selected district councils in Muchinga Province. The questionnaires facilitated the collection of quantitative data from a wider respondent base, allowing for statistical analysis of trends, relationships, and patterns associated with audit queries and financial performance.

C. 3.10 Data processing and analysis

Quantitative data collected through questionnaires were analysed using STATA version 21. The data were coded, cleaned, and presented using tables and figures, with frequencies and percentages used to summarize responses. Correlation and regression

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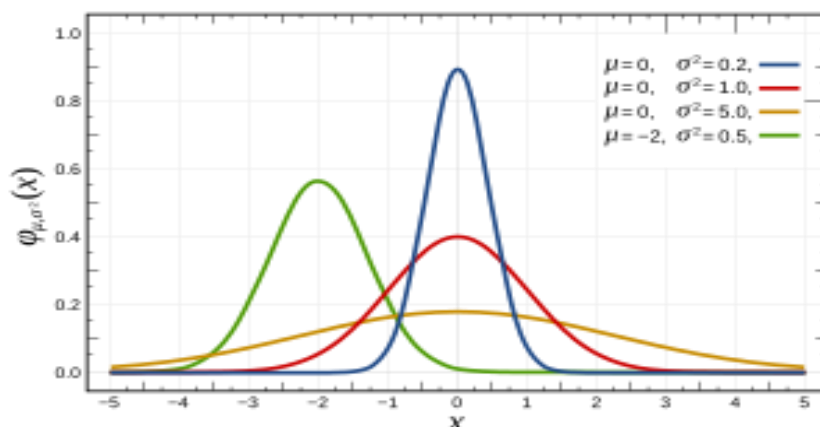
analyses were conducted to test the study hypotheses and examine the relationship between the frequency of audit queries (independent variable) and indicators of financial performance (dependent variable). A negative relationship between audit queries and performance indicators, such as efficiency and service delivery outcomes, was interpreted as evidence that recurrent audit queries adversely affect financial performance in district councils.

Qualitative data obtained from interviews were analysed manually using thematic analysis. The interview transcripts were coded to identify recurring themes and patterns, which were subsequently organized into categories reflecting key institutional and governance challenges. The findings were presented in narrative form to capture the contextual experiences of district councils in Muchinga Province. The integration of quantitative and qualitative analyses ensured a comprehensive understanding of the research problem (Braun & Clarke, 2006; Field, 2013).

D. 3.11 Reliability of research findings

To enhance the reliability of the study findings, several measures were implemented throughout the research process. Standardized data collection procedures were used to ensure consistency and minimize variation in responses. A pilot study was conducted prior to the main data collection exercise to identify potential weaknesses in the research instruments. Feedback from the pilot study informed revisions to improve clarity and reliability.

Quantitative data were further subjected to validation and cleaning procedures in STATA, including checks for missing values, duplicate entries, and outliers. Descriptive statistics and graphical techniques were used to assess data consistency and distribution patterns. Additionally, triangulation was employed by integrating quantitative and qualitative data, thereby strengthening the credibility and reliability of the findings.



Additionally, employing triangulation by combining both qualitative and quantitative data will strengthen the reliability of the study. By combining these strategies, the study can ensure that its findings are robust, consistent, and reliable, providing accurate insights into the challenges District councils face in securing investments.

E. 3.12 Validity of research findings

The validity of the study findings was strengthened through the selection of Muchinga Province as the study area. The province presents a relevant context due to its evolving administrative structures, growing urban centres, and reliance on grants and Constituency Development Funds for local development projects. Previous studies have shown that district councils in sub-Saharan Africa face similar challenges related to audit queries and financial performance (Moyo & Kamwendo, 2021). The inclusion of Muchinga Province therefore provided a realistic representation of financial management challenges faced by district councils in rural and peri-urban Zambia (Mwansa, 2022).

F. 3.13 Generalizability of research findings

Generalizability was enhanced through the use of a stratified sampling technique, which ensured representation of district councils with varying characteristics, sizes, and operational contexts. This approach allowed the findings to reflect the diversity of district councils within Muchinga Province. In addition, comparisons with existing empirical studies from other regions were used to identify shared patterns and contextual differences. As noted by McMillan and Schumacher (2010), generalizability depends on methodological rigor and transparency, both of which were emphasized in this study through clear documentation of procedures and acknowledgment of limitations.

3.14 Ethical and access issues

1) 3.14.1 Accessibility

2) *Ethical considerations relating to access were addressed by obtaining formal permission from the relevant district councils and potential participants before data collection commenced. Respondents were fully informed about the purpose of the*

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study and the procedures involved. Participation was voluntary, and respondents were informed of their right to withdraw from the study at any stage without penalty. These measures ensured transparency, inclusivity, and ethical accessibility, consistent with the principles outlined by Creswell (2014).

3) 3.14.2 Research Ethics

G. Strict ethical standards were observed throughout the study to safeguard participant rights and data integrity. Authorization letters were obtained from the University of Zambia and the selected district councils. Informed consent was obtained from all participants prior to data collection. Confidentiality was maintained by excluding personal identifiers, and anonymity was ensured through the use of coded identifiers for interview participants. As emphasized by Israel and Hay (2006), maintaining confidentiality is a fundamental ethical obligation in research, and this principle was upheld throughout the study.

H. 3.15 Chapter Summary

This chapter presented the research methodology adopted for the study, covering the research approach, sampling procedures, data collection methods, data analysis techniques, and measures taken to ensure reliability, validity, generalizability, and ethical compliance. The methodological framework provided a solid foundation for the analysis and interpretation of data. The following chapter presents the analysis and discussion of the study findings.

III. DATA ANALYSIS AND INTERPRETATION

A. 4.0 Introduction

B. This chapter presents the analysis and interpretation of data obtained in the study titled “The Effect of Repetitive Audit Queries on Financial Performance of Local Authorities in Zambia: A Case Study of District Councils in Muchinga Province.” The analysis is conducted in line with the study’s objectives and hypotheses and draws on both quantitative data collected from 90 respondents and qualitative data obtained from 10 key informants. Quantitative analysis involved the use of descriptive statistics, correlation, and regression techniques to examine relationships among the study variables. Qualitative findings were analyzed thematically and are used to support and enrich the statistical results through contextual explanations and selected quotations from internal and external auditors as well as directors of finance.

C. 4.1 Demographic Characteristics of Respondents

Table 3 summarizes the demographic characteristics of the quantitative respondents drawn from district councils in Muchinga Province. The sample comprised 90 respondents occupying various professional roles, including accountants, auditors, finance officers, procurement officers, and other administrative staff within the councils.

Table 3: Demographic Characteristics of Respondents (N = 90)

Demographic Variable	Category	Frequency	Percentage (%)
Gender	Male	58	64.4
	Female	32	35.6
Age Group (Years)	20–29	18	20.0
	30–39	36	40.0
	40–49	25	27.8
	50 and above	11	12.2
Education Level	Diploma	24	26.7
	Bachelor’s Degree	49	54.4
	Master’s Degree	17	18.9
Work Experience (Years)	1–5	22	24.4
	6–10	35	38.9
	Above 10	33	36.7

Source: field data 2025

The results indicate that a larger proportion of respondents were male (64.4%), while the majority fell within the 30–49 age group, reflecting a workforce with considerable professional experience. In terms of educational attainment, more than half of the respondents (54.4%) possessed bachelor’s degrees, implying an adequate level of academic qualification for positions related to financial management

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D. 4.2 Factors Contributing to the Recurrence of Audit Queries in Councils

Table 4 presents a summary of the quantitative findings on the factors associated with the recurrence of audit queries. The analysis identified five key contributing factors, namely limited staff training, weak internal control systems, deficiencies in budgeting practices, failure to comply with financial regulations, and insufficient management supervision.

Table 4: Factors Contributing to Recurrence of Audit Queries (N = 90)

Factor	Mean Score (1–5)	Std. Dev.	Rank
Inadequate staff training	4.56	0.61	1
Weak internal controls	4.43	0.74	2
Non-compliance with financial regulations	4.21	0.82	3
Poor budgeting and forecasting	4.07	0.88	4
Lack of management supervision	3.85	0.91	5

Source field data 2025

E. The majority of respondents indicated that inadequate staff training (Mean = 4.56) and weak internal control mechanisms (Mean = 4.43) were the most significant factors contributing to recurring audit queries. These findings suggest that strengthening staff capacity and reinforcing internal control systems are essential measures for reducing the occurrence of audit irregularities.

F. 4.4 Relationship between Audit Queries and Financial Management Practices in Councils

Table 5 outlines the results relating to key financial management practices such as budgeting, financial reporting, and forecasting—and examines how these practices are associated with the frequency of audit queries.

Table 5: Relationship between Audit Queries and Financial Management Practices

Financial Management Practice	Mean Score (1–5)	Std. Dev.	Correlation with Audit Queries (r)
Adherence to budgeting procedures	4.12	0.67	-0.54
Timeliness of financial reporting	3.97	0.74	-0.48
Forecasting accuracy	3.89	0.79	-0.51
Compliance with financial policies	4.23	0.59	-0.63

Source: field data 2025

The negative correlation coefficients indicate that better financial management practices are associated with fewer audit queries. Compliance with financial policies ($r = -0.63$) showed the strongest negative correlation, implying that adherence to set regulations effectively reduces audit concerns.

G. 4.5 Effect of Repetitive Audit Queries on the Financial Performance of Councils

To assess the effect of repetitive audit queries on financial performance, variables such as budget execution rate, project completion, and service delivery efficiency were examined.

Table 6: Effect of Audit Queries on Financial Performance (N = 90)

Performance Indicator	Mean Score (1–5)	Std. Dev.	Correlation with Audit Query Frequency (r)
Budget execution rate	3.14	0.81	-0.47
Timely project completion	3.07	0.86	-0.51
Quality of service delivery	3.21	0.79	-0.49
Resource utilization efficiency	3.09	0.82	-0.53

The results demonstrate that frequent audit queries negatively affect financial performance indicators. Councils with more audit queries tended to have lower budget execution rates and delays in project completion, supporting Hypothesis 1 (H1).

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H. 4.6 Statistical Test (Correlation and Regression Analysis)

1) 4.6.1 Correlation Matrix

Table 7: Correlation Matrix

Variables	Audit Queries	Financial Performance	Financial Management Practices	Institutional Factors
Audit Queries	1.000	-0.58**	-0.61**	-0.34*
Financial Performance	-0.58**	1.000	0.64**	0.40*
Financial Management Practices	-0.61**	0.64**	1.000	0.46**
Institutional Factors	-0.34*	0.40*	0.46**	1.000

*Significant at $p < 0.05$, **Significant at $p < 0.01$

2) 4.6.2 Regression Analysis (Testing H1–H3)

Table 8: Model Summary (Dependent Variable: Financial Performance)

Model	R	R ²	Adjusted R ²	Std. Error
1	0.71	0.50	0.47	0.62

Table 9; ANOVA Table

Source	SS	df	MS	F	Sig. (p)
Regression	42.18	3	14.06	18.33	0.000
Residual	41.72	86	0.49		
Total	83.90	89			

Table 10: Coefficients

Predictor	β	Std. Error	t	Sig. (p)	Decision
(Constant)	2.91	0.38	7.66	0.000	-
Repetitive Audit Queries	-0.43	0.09	-4.78	0.000	H1 supported
Financial Management Practices	0.36	0.11	3.27	0.002	H2 supported
Institutional Factors	0.27	0.10	2.73	0.008	H3 supported

I. The regression results indicate that the model is statistically significant ($F = 18.33$, $p < 0.001$) and accounts for approximately 50% of the variation in financial performance among district councils. The findings show that repetitive audit queries have a significant negative influence on financial performance ($\beta = -0.43$). In contrast, sound financial management practices and strong institutional factors were found to have a positive and statistically significant effect on financial performance. These results provide empirical support for all three study hypotheses (H1–H3)

J. 4.7 Qualitative Analysis from Internal and External Auditors and Directors of Finance

Qualitative data obtained from interviews were analyzed using thematic analysis. The analysis revealed three dominant themes, namely capacity limitations, systemic challenges, and governance oversight weaknesses.

Theme 1: Capacity Gaps

Many auditors highlighted inadequate training and staffing shortages.

“Most of our council staff lack adequate training in modern accounting systems. Even after queries, the same mistakes keep recurring.” (Internal Auditor, Mafinga Council)

This aligns with the quantitative finding that training deficits are the most significant contributor to recurring audit queries.

Theme 2: Systemic Weaknesses

Respondents emphasized weak internal controls and documentation issues.

“There is too much reliance on manual systems and poor record-keeping, which makes it easy for errors to recur in subsequent audits.” (External Auditor, Chinsali Auditor General)

These statements support the negative correlation between weak controls and financial performance.

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Theme 3: Governance Oversight

Audit professionals noted that inadequate follow-up from senior management and oversight bodies allow audit issues to persist.

“Audit recommendations are rarely implemented fully; oversight committees meet but do not enforce corrective measures.” (Director of Finance, Kanchaniya Council)

This qualitative insight strengthens H3, showing that institutional and regulatory oversight moderates the relationship between audit queries and performance outcomes.

K. 4.8 Triangulation of findings

1) *Triangulation was employed to integrate and compare quantitative and qualitative findings, thereby strengthening the validity and depth of interpretation. The two data sets were analyzed separately and subsequently compared to identify areas of convergence, complementarity, and divergence regarding the effect of repetitive audit queries on the financial performance of district councils in Muchinga Province.*

2) 4.8.1 Complementarity between Quantitative and Qualitative Findings

3) *The quantitative and qualitative findings were largely consistent. Quantitative results identified inadequate staff training (Mean = 4.56) and weak internal controls (Mean = 4.43) as the main drivers of recurrent audit queries. These findings were echoed in the qualitative interviews, where auditors and directors of finance repeatedly emphasized capacity limitations and systemic deficiencies as the underlying causes of persistent audit issues. Participants explained that limited training and poor documentation practices contribute to the repetition of audit findings across financial years.*

4) 4.8.2 Reinforcement of Statistical Relationships through Qualitative Insights

5) *Correlation and regression analyses revealed a strong negative association between repetitive audit queries and financial performance ($r = -0.58$, $\beta = -0.43$), while financial management practices and institutional factors demonstrated positive effects. Qualitative evidence reinforced these results by illustrating how weak governance oversight, poor follow-up on audit recommendations, and ineffective supervision undermine budget execution, service delivery, and efficient resource utilization.*

6) 4.8.3 Addressing Weaknesses of Each Approach

While quantitative analysis provided statistical strength and generalizability, it offered limited insight into the underlying institutional and behavioral factors driving audit recurrences. Qualitative findings addressed this gap by revealing internal processes, managerial practices, and governance dynamics not captured through questionnaires. At the same time, the consistency between qualitative narratives and statistically significant quantitative results enhanced the credibility and objectivity of the qualitative findings.

Overall, the triangulated results demonstrate that repetitive audit queries significantly undermine financial performance in local authorities. Common factors linking both data sets include weak institutional systems, insufficient staff capacity, and ineffective governance oversight. This integrated analysis supports the need for comprehensive interventions that combine capacity development, strengthened internal control mechanisms, and strict enforcement of audit recommendations to improve accountability and performance in district councils.

In summary, the convergence of qualitative and quantitative findings confirms that the weaknesses identified through interviews are substantiated by empirical statistical evidence. This alignment enhances the reliability of the study and provides a strong empirical basis for the conclusions and recommendations presented in the next chapter.

L. 4.9 Summary of the Chapter

This chapter presented the analysis of data collected from a total of 100 participants, comprising 90 quantitative respondents and 10 qualitative key informants. The findings revealed that recurrent audit queries are largely attributed to inadequate staff training, weak internal control systems, and poor compliance with financial regulations. Statistical analyses confirmed that repetitive audit queries have a significant negative effect on the financial performance of district councils. Conversely, effective financial management practices and strong institutional oversight were found to enhance performance and reduce the occurrence of audit queries. Qualitative findings further demonstrated that systemic weaknesses, limited capacity, and ineffective enforcement of audit recommendations contribute to the persistence of audit-related challenges.

DISCUSSION OF FINDINGS

M. 5.1 Introduction

This concluding chapter consolidates the study's findings on the effect of repetitive audit queries on the financial performance of District Councils in Muchinga Province, Zambia. It presents the overall summary of results, key conclusions, and actionable recommendations. The recommendations are directed toward policymakers, the Ministry of Local Government and Rural Development, the Office of the Auditor General, and council management teams, with the aim of strengthening accountability,

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transparency, and financial governance. In addition, the chapter identifies areas for future research to broaden and deepen understanding of audit queries and their impact, thereby supporting ongoing reforms and improved service delivery in Zambia's local authorities.

N. 6.2 Summary of Research Findings

The study investigated the effect of repetitive audit queries on the financial performance of District Councils in Muchinga Province, Zambia, using a **mixed-methods case study design**. Guided by a **pragmatic paradigm**, the research integrated both quantitative and qualitative approaches to ensure comprehensive analysis.

- **Objectives:**

1. Identify factors contributing to recurring audit queries.
2. Examine the relationship between audit queries and financial management practices.
3. Assess the effect of repetitive audit queries on financial performance.

- **Design:**

- **Quantitative (deductive):** Structured questionnaires were administered to **90 council officers** (accountants, internal auditors, finance officers). Statistical techniques included descriptive statistics, correlation, and regression analysis.
- **Qualitative (inductive):** Semi-structured interviews with **10 key informants** (directors of finance, internal and external auditors) provided contextual insights. Data were analyzed thematically to capture governance and institutional perspectives.

- **Sampling:** The target population comprised **1,707 officers** across five district councils in Muchinga Province. A sample size was determined using the **Cochran (1977) formula**, ensuring statistical reliability.

- **Time Horizon:** A **cross-sectional design** was adopted, collecting data at a single point in time to provide timely insights into prevailing financial management practices and audit-related challenges.

This methodological framework ensured both **generalizable statistical evidence** and **context-rich narratives**, offering a holistic understanding of how repetitive audit queries affect financial performance in Zambia's district councils.

1) 6.2.1 Factors Contributing to the Recurrence of Audit Queries

The study established that the recurrence of audit queries in Zambia's district councils stems from **human, institutional, and procedural weaknesses**. Quantitative analysis revealed that inadequate staff training, weak internal controls, non-adherence to financial regulations, and limited managerial supervision were the most significant contributors, each scoring above 4.0 on a 5-point scale.

Qualitative evidence reinforced these results, showing that audit committees were often inactive and councils lacked the capacity to interpret and implement audit recommendations effectively. These findings are consistent with prior studies (Smith & Johnson, 2018; Mumba, 2021) that identified poor training and weak financial reporting as key drivers, and with Okoye & Akpan (2020) and Chileshe (2019), who emphasized political interference and governance weaknesses.

Collectively, the results confirm that recurring audit queries are not isolated administrative lapses but rather **systemic and institutional shortcomings** that undermine financial accountability and performance in local authorities.

2) 6.2.2 Relationship between Audit Queries and Financial Management Practices

The study revealed a **strong and statistically significant negative relationship** between audit queries and financial management practices ($r = -0.61, p < .01$). This indicates that councils with effective practices—such as accurate budgeting, timely reporting, enforcement of internal controls, and adherence to accounting standards—experience fewer audit queries.

Regression analysis ($\beta = 0.36, p = .002$) confirmed that improvements in financial management practices predict a reduction in audit queries, thereby validating the second research hypothesis (H2). These findings align with **Public Financial Management Theory**, which emphasizes disciplined procedures as a foundation for transparency and accountability.

The results also corroborate prior studies: Njiru & Wambugu (2019) in Kenya and Asamoah & Tetteh (2018) in Ghana, both of which linked poor financial planning and weak reporting systems to recurring audit lapses. In Muchinga Province, respondents highlighted incomplete documentation, late submissions, and lack of standardized operating procedures as common sources of audit queries—issues that could be mitigated through stronger management systems and targeted capacity-building initiatives.

3) 6.2.3 Effect of Repetitive Audit Queries on the Financial Performance of Councils

The regression analysis demonstrated a **negative and statistically significant relationship** between repetitive audit queries and councils' financial performance ($\beta = -0.43, p < .001$). Councils with frequent audit queries consistently showed weaker outcomes in project implementation, revenue collection, and budget utilization efficiency, thereby confirming the first hypothesis (H1).

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This finding aligns with **Accountability Theory**, which posits that weak mechanisms of answerability and enforcement diminish public sector performance. It also corroborates prior studies (Mumba, 2021; Lee & Turner, 2017; Thompson & Edwards, 2016), which found that recurring audit issues drain financial resources, delay development projects, and erode public trust.

Qualitative evidence reinforced these results. Respondents noted that repeated audit findings had become normalized in some councils, diverting resources away from service delivery toward correcting past mistakes. This reflects an entrenched culture of weak accountability and insufficient follow-up mechanisms.

Overall, the study confirmed that repetitive audit queries undermine fiscal discipline and have a **tangible negative effect on financial performance indicators**, including service delivery efficiency, project completion rates, and resource utilization.

The study confirmed a **negative and significant relationship** between repetitive audit queries and councils' financial performance ($\beta = -0.43$, $p < .001$). Councils with frequent audit queries consistently demonstrated weaker outcomes in project implementation, revenue collection, and budget utilization efficiency. This validated **Hypothesis 1 (H1)** and aligned with **Accountability Theory**, which emphasizes that weak mechanisms of answerability and enforcement diminish public sector performance. Qualitative evidence reinforced this conclusion, highlighting how resources intended for service delivery were diverted to correcting past audit lapses, reflecting entrenched cultures of weak accountability and poor follow-up.

Key Conclusion: Repetitive audit queries undermine fiscal discipline and have a tangible negative effect on financial performance indicators, including service delivery efficiency, project completion rates, and resource utilization.

Recommendations: The study proposes reforms at multiple levels:

- **Institutional Capacity:** Continuous professional development, mentorship programs, and workshops to strengthen staff competence in financial management and audit resolution.
- **Internal Controls:** Automation of financial systems, risk-based internal audits, and stronger independence of internal audit units.
- **Audit Enforcement:** Establish a national monitoring framework, link compliance to performance appraisals, and require quarterly reporting on audit implementation.
- **Accountability & Transparency:** Publish audit findings, promote citizen oversight, and enhance social accountability mechanisms.
- **Political Oversight:** Insulate audit committees from political interference by involving professional accounting bodies and standardizing structures.
- **Financial Management Practices:** Adopt IPSAS-aligned manuals, implement IFMIS, and ensure timely preparation of financial statements.
- **Policy Interventions:** Revise the Public Finance Management Act to include stricter penalties, allocate funding for capacity-building, and introduce a Financial Performance Index (FPI) linking funding to compliance.

Future Research Directions

1. Comparative studies across provinces for nationwide insights.
2. Longitudinal research to track audit performance over time.
3. Examination of political and governance dynamics influencing audit queries.
4. Evaluation of reform initiatives under the Public Finance Management Act.
5. Studies on the role of digital systems (e.g., IFMIS, Smart Zambia) in improving audit performance.

Chapter Summary: The research confirmed that repetitive audit queries significantly undermine financial performance in Muchinga Province's district councils. Weak internal controls, poor financial management practices, inadequate staff capacity, and political interference were identified as key drivers. Comprehensive reforms—spanning capacity-building, internal control enhancement, policy enforcement, and transparency—are essential to strengthen accountability and improve fiscal health in Zambia's local authorities.

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