

# Investigating Barriers Affecting the Effective Implementation of Internal Control Systems and Performance of Lusaka City Council on Service Delivery

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## ABSTRACT

Internal control systems play an important role in the management and performance of different organisations whether in the public or private sector. Internal control systems have become a topical issue in the recent years after witnessing big corporate organisations failing to perform and closing down due to ineffective internal control systems. This study investigated the Barriers affecting the effective implementation of internal control systems and performance of Lusaka City Council on service delivery. The main mandate of local authorities is the provision of services; however, this has not been the case, as they have been experiencing challenges in the provision of quality service delivery in their jurisdictions. The study employed a pragmatism research paradigm, concurrent triangulation research design and a mixed method research approach. Qualitative data was collected through interviews and data was analysed using thematic analysis whilst quantitative data was collected using questionnaires and data was analysed using descriptive and inferential statistics. The target population was Lusaka City Council employees comprising of the senior management, middle management and lower management. It was found that internal control systems had a significant relationship with service delivery performance. Based on the findings, it was concluded that internal control systems are present and available and are moderately effective at Lusaka City Council. Despite the internal controls systems being moderately effective there is still further improvement required to address factors hindering improved service delivery.

**Keywords:** Internal control system, pragmatism, COSO2013, Service delivery, mixed method

## INTRODUCTION

According to the International Organisation of the Supreme Audit Institutions (INTOSAI, 2001), internal control is an integral process that is affected by an entity's management and personnel and is designed to address risks and to provide reasonable assurance in pursuit of the entity's mission. The efficacy and quality of the internal control system implemented by organization's management are key factors in an entity's ability to survive (Chalmers, Hay, & Khlif, 2019; Lawson, Muriel, & Sanders, 2017; Musah, Padi, Okyere, Adenutsi, & Ayariga, 2022). An effective Internal Control System is a critical component of company's management and a foundation for safe and sound operations of organization (Thabit et al., 2016). A strong internal control system can help to ensure that the goals and objectives of an organization will be met, that the company will remain profitable and achieve long-term financial goals, and produce reliable financial and managerial reports. Such a system can also help to ensure that the organization will comply with laws and regulations as well as policies, plans, internal rules and procedures, and decreases the risk of unexpected losses or damages to the organization's reputation. Most local authorities have faced different challenges in the implementation of effective internal control systems, and this has affected their performance on service delivery.

The definition of Internal Control includes three levels of objectives that need to be achieved. The entity requires Internal Control to focus on the effectiveness and efficiency of its organizational performance, productivity goals, and the safeguarding of its assets. Essentially, this system helps organizations manage risks

and achieve their goals by ensuring that all necessary steps are taken to safeguard assets, prevent fraud, and maintain accurate financial records. It's crucial to have a good understanding of internal control to manage risk within an organization successfully.

The COSO framework (2013) identifies five main elements of internal control systems against which the review should take place. The components are control environment, risk assessment, Control activities, information and communication and monitoring. The COSO framework also reports that properly instituted internal controls improve the reporting process and also give rise to reliable reports which enhance the accountability function of management of an entity.

The internal auditors are the key drivers of internal controls and they are responsible for the governance of internal controls. If the internal controls are managed effectively, there is the likelihood that budgets will be spent on areas where they will have the greatest impact and that will help improve accountability, reduce loss of assets, ensure that accounting records are prepared in a timely and accurate fashion and that financial information is reported reliably. While effectively managed internal controls may also help to improve service delivery and deter undesired outcomes, the absence of internal controls has negative implications on the audit outcomes of public institutions and creates opportunities for the abuse of assets, fraud and corruption (Morehead 2007)

Strong internal control systems are important for effective, transparent and accountable use of public resources and efficient delivery of public services and creating trust between government's and citizens. Internal control systems are regarded to be essential for enhancing transparency and reliability and in keeping related fiscal records in the organization as stated by Peter (2015). Local authorities are public entities and need to be accountable and transparent. Internal controls are put in place to ensure adequate management of resources and proper accountability. Internal control systems also assist in ensuring that public expenditure is reliable, decent and gives guarantee that all expenditure incurred and programs of the organisation have been in accordance with the stipulated regulations. A robust control system, comprising effective internal control, risk management and audit, is fundamental to better governance, safeguarding of taxpayers' money, and to preserving public trust. Internal control system is an important component for quality management of organizations, which incorporates ongoing tasks and activities, carried out by people, and provides reasonable assurance that the objectives of an organization will be achieved.

### **Statement of the Problem**

Local authorities have continued to experience different challenges in their operations as a result of poorly implemented internal control systems. The auditor's report (2019) states in the report and specific mention is made on non-preparation of financial statements, failure to remit statutory contributions, lack of strategic plans, lack of title deeds, failure to insure assets, lack of debtors' management policies, failure to manage assets, among other issues as major challenges that have contributed to continued poor performance by local authorities. These are clear indicators of internal control lapses in local authorities.

Historically, the public sector has faced capacity constraints compounded by inadequate information processes and systems. Non-compliance with financial controls has led to poor predictability of government expenditure and lack of analytical capacity. As has been observed from the audit reports on Lusaka City Council's failure to effectively implement strong internal control systems, the council's performance has continued to be poor and this has been evidenced by failure to deliver quality services to its clients. It is against this background that the study has been undertaken to determine the barriers affecting the effective implementation of internal controls on the performance of Lusaka City Council on service delivery with a view to recommending measures to curb the problem.

### **Aim of the Study**

The purpose of this study was to determine the barriers influencing the effective implementation of internal control systems and performance of Lusaka City Council on service delivery.

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## LITERATURE REVIEW

Internal controls play a critical role in any organisation. Implementing effective internal controls helps businesses mitigate risks, prevent fraud and corruption. However, implementing internal controls is not always an easy process and businesses face various challenges during the process. The implementation of internal control systems has challenges which lead to weak internal control measures. According to Ofoli (2011), the effectiveness of internal controls depends on the competency and dependability of the organization's people. Limitations of internal control include faulty human judgment, misunderstanding of instructions, errors, management override of controls, and collusion. Loustea (2006) further stated that, because of cost-benefit considerations, not all possible controls will be implemented. Therefore, because of these inherent limitations, internal controls cannot guarantee that an organization will meet all its objectives. A study by Boufounou et al (2024) indicated that the effectiveness of internal control mechanisms within the local government revenue departments is significantly challenged due to fragmented procedures, inadequate human resources and deficiencies in internal audit practices. These issues potentially hinder financial transparency and operational efficiency raising concerns about the integrity of financial operations.

COSO's 2013 Framework, which formalizes the principles embedded in the original framework more explicitly, incorporates business and operating environment changes over the past decades, and improves the Framework's ease of use and application. This sets out the framework in detail, defining internal control, describing the components of internal control and their underlying principles. It also provides direction for all levels of management in designing and implementing internal control and assessing its effectiveness. A study done by Mutai (2009) on factors influencing performance of local government authorities in Kenya and noted that lack of transparency and precise control systems were a key challenge to performance of local authorities in Kenya.

The following barriers below affecting effective implementation of Internal controls are discussed:

### **Resistance to change management**

Implementing internal controls often requires change to existing processes, policies, and procedures. Resistance to change from employees and management can impede the successful implementation of controls. Kaya (2018) attributes poor internal control systems implementation to poor change management processes. Some organisations have adopted cohesive and directive change strategies that are highly consistent with resistance. Resistance from employees creates ineffectiveness in change processes and leads to inadequate internal controls. Kaya (2018) further states that change management should be systematic and collaborate with employees to realise the necessary change in the institution.

### **Lack of awareness and understanding**

Management failure from poor understanding of scope and functionality creates gaps in internal controls. Management decision making determines the effectiveness of control activities. Poor management decisions because of poor understanding of scope and functionality means that some areas of internal controls are under presented or poorly implemented and may therefore perform in coherence with other internal control components. Inadequate monitoring has continued to be seen as a major challenge in effectively implementing internal controls. Regular monitoring helps identify deficiencies in internal control systems but this has been a challenge due to limited technical capacity and lack of adequately trained personnel.

### **Inadequate policies and procedures**

Lack of comprehensive policies and procedures is a major challenge in the effective implementation of internal control. Many local authorities lack clearly documented policies or rely on outdated procedures that fail to address emerging risks. According to a study by Boufounnon (2024), policies provide a framework within which internal controls operate ensuring consistence and alignment with organizational goals. Without robust policies, internal controls become fragmented and less effective, resulting in operational inefficiencies.

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## **Lack of Resources**

Implementing internal controls requires significant time, effort and resources. Organisations may face challenges in finding the necessary resources to implement the desired controls. This can be due to inadequate staffing, insufficient budgets or lack of technology. According to Chitembo (2009), lack of financial resources are a major challenge to the successful implementation of internal control systems. As a result of insufficient funding for essential activities such as staff training, acquisition of modern control tools (Fjeldstad and Heggstad 2012), local authorities are unable to invest in robust internal control systems with continues to weaken the effectiveness of internal control systems.

## **Bureaucracy and political interference**

According to Mbulo et al (2024), excessive bureaucracy and political interference significantly hinder the implementation of internal control systems. Complex hierarchical structures and redundant administrative processes slow down decision making and the enforcement of control measures. In local authorities, political interferences often compromise the objective of internal controls mechanisms and this interference not only discourages adherence to proper procedures but also creates an environment conducive for corruption and mismanagement of the limited resources in local authorities ultimately undermining public trust.

## **Lack of management support**

Lack of management support can hinder the implementation of internal controls. Management support is important to ensure that controls are implemented effectively and that employees follow them. Management sets the tone on important controls are, and if they do not prioritize the internal controls, employees may not take them seriously. Lack of top management support makes it difficult to drive change and establish a culture that values internal controls. Leaders must actively promote the importance of internal controls and allocate resources to ensure their successful implementation.

## **Theoretical framework**

### **Contingency theory**

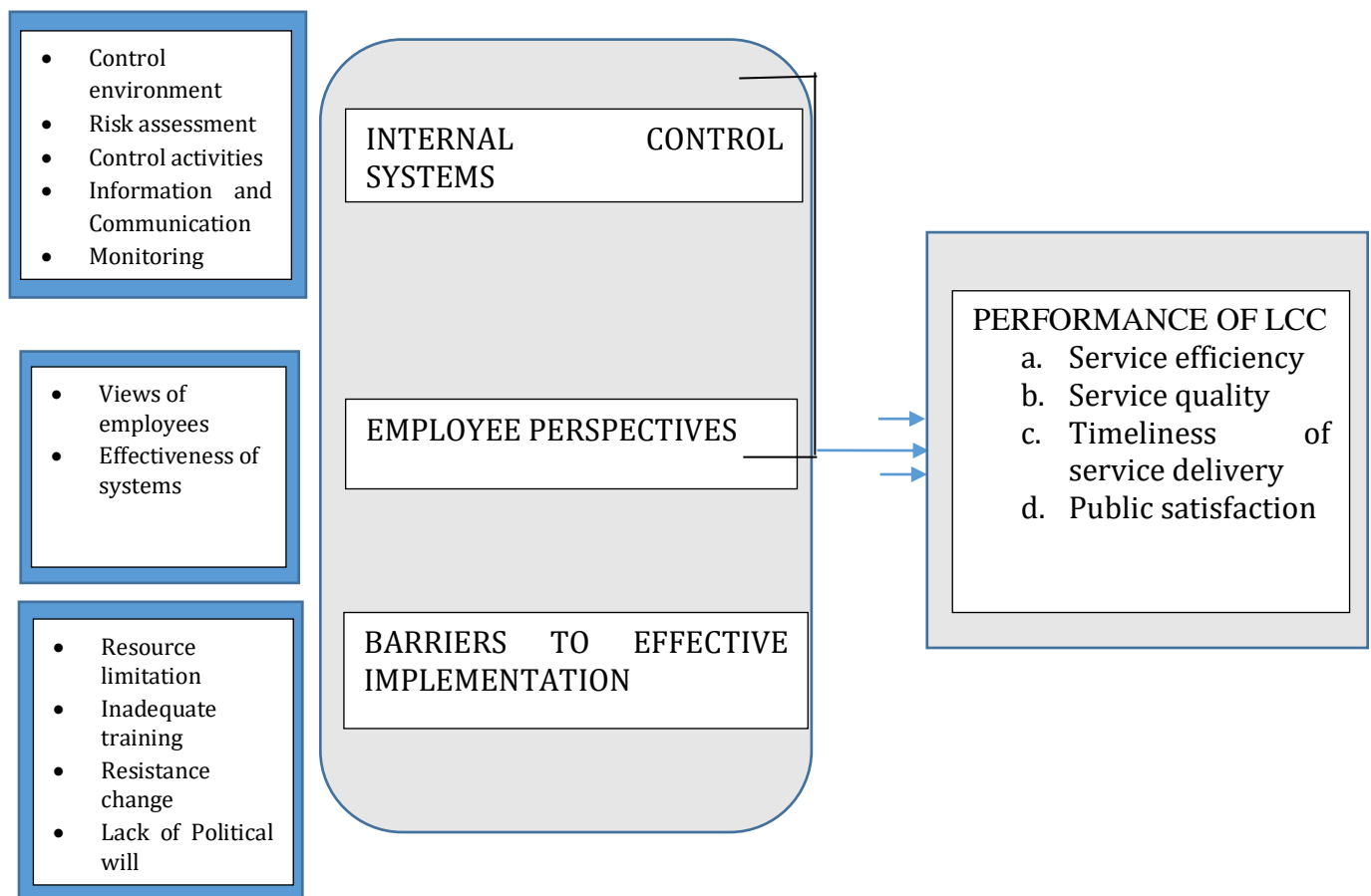
Contingency theory is a significant organizational theory that addresses the complexities inherent in managing organisations. As organisations face diverse challenges and environments, the continuity of operations must also adapt effectively. This theory posits that there is no one size fits-all approach to organizational structures and management. Instead, various factors- internal and external dictate the most suitable practice and structures for achieving effectiveness. The contingency theory at its core, suggests that an organisations success is contingent upon aligning its structure to specific variables at play in its environment. These variables can include the organisations size, the nature of the technology used in its operations, cultural influences, market volatility, and even the economic landscape in which the organization operates.

### **Systems theory**

Systems theory has been defined as a conceptual framework assuming the relatedness of the component parts of a system with each other and with other systems, (Wilkinson 2011). A system is understood here as a functionally existing whole that consists of interconnected components. The components are interdependent and the failure of one component leads to the failure of the whole system. In the context of internal controls, systems theory emphasizes that effective controls are not isolated but must be integrated into cohesive system that functions to mitigate risk, ensure accuracy in financial reporting and comply with legal and regulatory requirement. A key component of the system theory is feedback loops, which allows organisations to monitor and adjust their internal control processes continually.

The systems theory is applicable to the study on internal control because organisations are comprehensive and recognize the interdependency between the various elements such as risk management, policies, procedures, monitoring and corrective actions.

## Conceptual framework



**Independent variables**

**independent**

## Philosophical Underpinnings and Research design

The philosophical assumption of the study was pragmatism philosophical assumption. Saunders et al (2009) suggests that in a pragmatic study, the selection of ontological, epistemological and axiological assumptions should be guided by the research questions under study. It is about what would produce results. The ontological assumption of the study was the relativist ontology with multiple realities. This study adopted a mixed method approach. This study adopted a concurrent mixed method research design. Concurrent triangulation mixed method research uses both quantitative and qualitative method within a single phase of data collection and analysis. This allows both sets of results to be interpreted together to provide a richer, more comprehensive response to the research question compared to a mono method design (Saunders 2022).

## Target population

According to Kombo & Tromp (2006), a population is an entire group of individuals, objects or items that are common in nature, from which, a specific group or sample is drawn to be used in research. In this study, the population is Lusaka City Council employees comprising of the finance unit and administration unit. Key Informants in this research were senior management from Directors, Assistant Directors, Accountants, Internal Auditors, procurement and Councilors in the finance and audit committee.

## Sample size for Quantitative techniques

The Krejcie and Morgans (1970) table for determining sample size was used. The table uses a formula that assumes 5 percent margin of error, 95 percent confidence level for business studies, a population proportion of 50 percent and a sampling frame from which the sample is drawn. Based on the table, a sample of 50 was selected from the population to represent a cross section of the population.



## Study sample size for Qualitative technique

For the qualitative data the sample size was 5 participants who were Key Informants who were interviewed. During the interviews, it was observed at the point of interviewing the 4<sup>th</sup> interviewee, the responses were similar to that which had already been collected. This indicated that saturation had been reached since no different responses were being collected. Saturation is reached when a researcher records repetitions such that no new themes or information is collected.

## Sampling Techniques

This study used both non probability and probability sampling. Non probability sampling is often associated with qualitative research. The study used purposive sampling using the Judgmental sampling which is a non-probability sampling technique where the researcher selects units to be sampled based on their knowledge and professional judgment. The type of purposive sampling that was used is the expert sampling. Expert sampling is a technique where respondents are chosen in a non-random manner based on their expertise on the phenomenon being studied.

## Data analysis

Creswell (2018), defines the process of data analysis as the reduction of collected data into manageable trends, themes and relationships. It is the process of arranging and simplifying the considerable amount of data obtained for the research. This study analysed data using qualitative data analysis and quantitative data analysis which are discussed below:

This study adopted thematic analysis for its qualitative data analysis. Thematic analysis is defined as the method for identifying and analyzing different patterns in the data (Braun and Clarke 2006). According to Dawadi (2020), thematic analysis is a qualitative research method that researchers use to systematically organize and analyse complex data sets. It is a search for themes that can capture the narratives available in the account of data sets. It involves the identification of themes through careful reading and re-reading of the transcribed data (King 2004; Rice and Ezzy 1999). Thematic analysis can be made in both deductive (top-down) and inductive (bottom up) way (Braun and Clarke 2006). Bogdan and Biklen (2003), described thematic analysis as working with the data themes, organizing them, breaking them into manageable units, coding them, synthesizing them and searching for patterns.

The qualitative data obtained from the participants was analysed using the following steps in thematic analysis (Clark and Terry, 2012):

- a. Getting used to the data
- b. Group primary coded data
- c. Searching similarities from coded data
- d. Studying and reviewing the possible themes
- e. Final classification of themes and subthemes
- f. Giving a report on the data collected (Clark and Terry 2012)

The steps above assisted the researcher in developing major themes and subthemes that were derived from them which responded to the questions of the study.

The data collected in the form of transcripts was cleaned, coded and analysed. The researcher closely examined the data to identify common themes – topics, ideas and patterns of meaning that come up repeatedly. Throughout the analysis, care was taken to use only narratives that maintained the meaning of the original text (Campbell, 2018).

## Quantitative data analysis Phase

Du Plooy, Davis and Bezuidenhout (2014) states that quantitative data analysis is well defined and is regarded as an orderly approach to investigations during which data collected by scholars is converted into numerical data. The data was analysed using both descriptive statistics and inferential statistics. Descriptive statistics presents information in a suitable, practical, and logical form, intended largely at describing the data. Inferential statistics is concerned with making wider generalizations from the sample data to the population. The quantitative data collected was analysed using IBM SPSS Version 28.0.1.0 and descriptive statistics to determine response frequencies and make comparisons using percentages.

## RESULT AND DISCUSSIONS

### Barriers to Utilization and Implementation of Internal Control Systems

#### Quantitative discussion

Regarding the barriers, the study observed that the common barriers to service delivery at Lusaka city council was due to lack of managerial oversight and review of internal control systems at LCC (90%). Another significant barrier that was observed was bureaucracy and political interference (84%) and inadequate monitoring at Lusaka city council (76%). Furthermore, the study found that other barriers to effective use or implementation of internal control systems were resistance to change among the workers at Lusaka city council (64%), Inadequate policies and procedures to implement or guide the internal control systems (64%), inadequate financial resources to implement and enforce internal control systems (60%) and lastly poor resource utilisation (32%) as shown in figure 1 below.

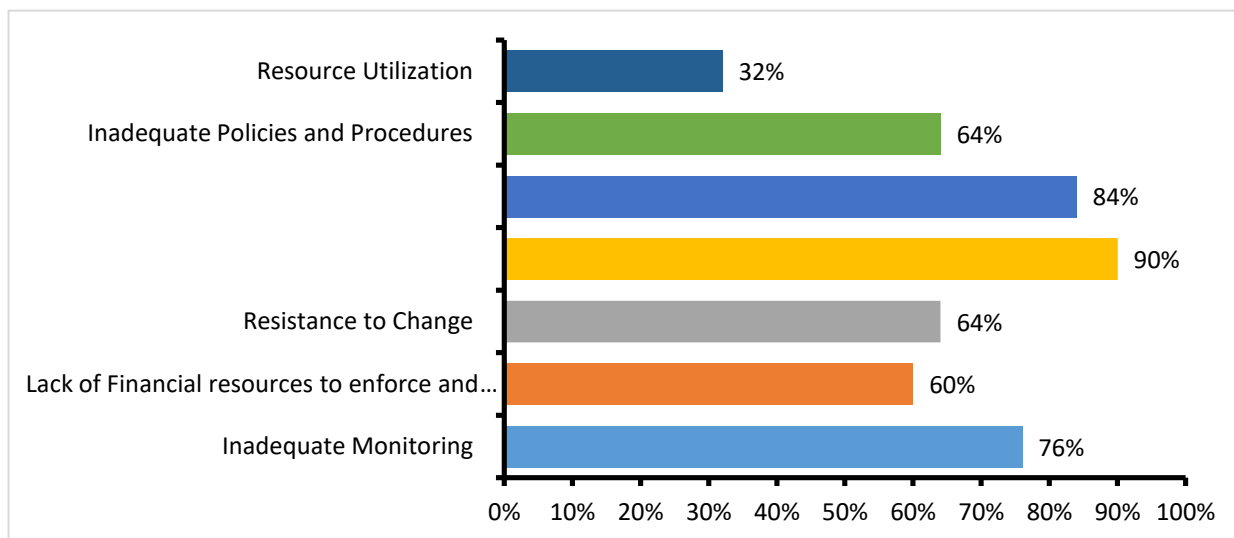


Figure 1: Barriers to implementation of Internal Control Systems at Lusaka city council

Source (Survey Data or Field Data)

#### Inadequate Managerial Oversight

The current study observed approximately 90% of the study participants thought the biggest barrier to implementation and effective use of the internal control systems at Lusaka city council was due to lack or inadequate managerial oversight and review of internal control systems. These findings are consistent with a previous study which found that of almost 50% of the study participants agreed that ineffective leadership within the council is contributing to poor service delivery (Kalonda and Govender, 2021). Furthermore, the study observed that infighting among the leaders and personal interests are hampering development and negatively affecting service delivery in Katima Mulilo. A previous study in Zimbabwe which observed that the oversight role of councillors in Zimbabwe's rural Local Authorities is of major influence to the overall

achievement of good governance and effective service delivery (Chilunjika et al., 2020). However, the study observed that the low qualifications on the part of some councillors stifle their ability to participate meaningfully in council meetings this subsequently compromises the effectiveness of councillors' oversight role. The supervision of executives by illiterate and semi-literate councillors is a dysfunctional system of governance. In this vein, it can be argued that councillors with low educational qualifications will depend on the technocrats for guidance and interpretation thus weakening their oversight role particularly in holding council officials accountable (Chilunjika et al., 2020). Other studies have cited political interference as a big challenge to the provision of proper oversight in municipal councils or government run entities. The study from Zimbabwe observed that usually councillors are not independent from their partisan interests and this is in harmony with other studies that argue that politics impinge on the administration and management of the organization (Chilunjika et al., 2020). Another study observed that because councillor's initiate and control the provision of services in their areas of jurisdiction, this creates room for interference in service provision, and they end up promoting party interests instead of representing public needs. Councilors are political figures who got their entry into office through a political party ticket as a result their main thrust is on pleasing people to defend their tenure of office and they expect technocrats to work in a way that will make them find favour from the people. Councilors are too influential to the extent that they make decisions that protect their interests and because of the great influence they wield this acts as act as a barrier to effective scrutiny and oversight (Letwin, 2015).

### **Bureaucracy and Political Interference**

The study also found that bureaucracy and political interference was a common barrier in enhancing service delivery through internal control systems at Lusaka city council. This finding is consistent with previous studies which have observed that inappropriate political interference in administrative matters as well as strained relations between key political and administrative officials in the municipalities appear to be the order of the day. A previous study in Tanzania observed that politicians interfere unnecessarily in public administration matters, exploit the public officers and present an exaggerated picture of public administration officers' works (Mfuru et al., 2018). It has to be noted that when the administrative institution is politicised chances for corruption increase and the appointments to key posts are made not on the basis of merit but extraneous considerations (Mfuru et al., 2018). Another study in South Africa observed that political interference affects service delivery as incompetent or unqualified individuals are employed in positions of power hence leading to poor service delivery or failure to satisfactorily perform duties (Mngomezulu, 2020). For service delivery to be effective in all the local spheres of the government, officials should understand their powers, distinctive responsibilities and acknowledge that they have different roles. Government policies have been widely exploited by politicians and other dishonest public office holders, whose major objective has been the creation of personal riches, which goes against the policy's initial aims. A study in south Africa observed that cadre deployment is responsible for poor service delivery in some local municipalities. The study concluded that to maintain the interest of the ruling party in society, cadre deployment is justifiable; however, the policy is to be revisited to ensure conformity with Section 195 of the Constitution (Adanlawo and Chaka, 2024).

### **Inadequate Financial Resources**

Another key barrier was inadequate resource to fully implement internal controls at Lusaka city council. This finding is consistent with previous study that have been observed in Zambia, most of the public services organisations such as the health sector, education and the councils have a challenge of resources for public financial management activities (PFM) (Leiderer et al., 2012). This poses a considerable risk of PFM inefficiency, since key monitoring, control and supervision activities of PFM-relevant institutions, for instance, cannot be undertaken owing to a lack of funding. Furthermore, the study observed that control over public resources, including the power to decide on what they are to be spent, rests almost entirely with central government (Leiderer et al., 2012). Lower levels of government, especially the district level, have, depending on the sector, little or no competence to handle funds. As a result, decision-making and distribution of funds at central level often fails to reflect the priorities on the ground. Both these determinants affect the efficiency of service delivery at all stages of the budget cycle: planning, implementation, and control because of a number of constraints. Another study conducted at Bo City Council observed that the council operates within strict



budgetary limitations tied to each sector, which can curtail their ability to deliver adequate services to their communities (Gbla et al., 2024). According to a study by Taylor and Francis (2018), a global survey of local government finances revealed that many local councils struggle to generate sufficient revenue to meet the increasing demands for service provision. This financial strain poses a significant challenge as local councils must find innovative ways to manage their limited resources effectively. Limited financial resources hinder the council's ability to carry out its responsibilities effectively. With sufficient funding, it becomes easier to maintain existing infrastructure, improve essential services, and invest in community development. The local council heavily relies on central government grants, which often need to be increased to meet the city's growing demands. As a result, service delivery, such as waste management, road maintenance, and healthcare accessibility, suffers. Also, many local councils source funds from donor institutions, making them vulnerable to fluctuations in funding availability (Gbla et al., 2024)

### **Resistance to Change**

The current study found approximately 60% of the study participants found that a common barrier to effective internal control systems was resistance to change among the workers at the Lusaka city council. Studies have shown that the success of organizational change primarily relies on the attitude and response of their employees toward change (Ahmad and Cheng, 2018). As a matter of fact, appropriate transformation in employees' behavior toward change determines its long-term success. As early response and intention toward change are crucial. Hence, resistance is a leading obstacle in the way of an organization's efforts for improvement, survival, or adoption of new processes and technology. But most of the time, management does not consider employees' perception about stress or uncertainty associated with the change process, which becomes a major cause of resistance, and may lead the change implementation effort to failure (Ahmad and Cheng, 2018; Rehman et al., 2021).

Our findings are consistent with previous studies that have shown that resistance to change at Redcliff Municipality hinders the implementation of effective internal controls (Mushati, 2023). The study further observed that introducing new control measures often requires organizational and cultural shifts, which may face resistance from employees or stakeholders accustomed to existing practices. Overcoming this resistance and ensuring buy-in from all levels of the organization can be a challenging and time-consuming process (Mushati, 2023). Another study in South Africa observed that the implementation of digital governance efforts in municipalities may be hindered by entrenched organizational cultures and resistance to change. Development is hampered by bureaucratic inertia, a lack of support from stakeholders, and opposition to new technologies. Employees used to traditional paper-based processes and dubious of digital transformation initiatives struggle to cooperate with municipalities (Zindi, 2024).

### **Inadequate Policies and Procedures**

The adequacy of policies and procedures in local councils across Africa has been a subject of extensive analysis, particularly concerning their effectiveness in governance, service delivery, and public resource management. The Zambian auditor report of 2023 shows that financial management and accountability is critical area of concern in the financial management within local councils. For instance, in Zambia, the Auditor General's report for the financial year ending December 2023 highlighted significant internal control weaknesses in several councils. The report revealed that 109 councils had outstanding obligations totalling over K3.5 billion in unpaid taxes, pension contributions, and payments for goods and services, some dating back to 2013. Additionally, by October 31, 2024, only 22% of the targeted revenue had been collected from various sources, undermining the councils' ability to provide essential services. These findings underscore deficiencies in existing financial policies and procedures, leading to poor governance and service delivery.

Effective human resource management is pivotal for the functionality of local councils. The same Auditor General's report identified issues such as overstaffing, with 33 councils employing 232 surplus staff members, resulting in unnecessary salary expenditures. Furthermore, 237 employees across 42 councils lacked the requisite educational or professional qualifications for their positions. These challenges point to inadequacies in recruitment and staffing policies, which compromise the efficiency and effectiveness of local governance. The report further observed that the adoption of e-Government systems is essential for enhancing transparency

and efficiency in local governance. A study assessing e-Government implementation in Zambian local authorities found that only 14.29% had functional websites or web portals, primarily providing basic information. Notably, the Lusaka City Council was an exception, offering online services, including payment options. All surveyed councils utilized Facebook pages for information dissemination and public engagement. However, challenges such as inadequate funding, limited ICT infrastructure, lack of skilled IT personnel, intermittent power supply, and unstable internet connectivity hindered broader implementation. These findings suggest that existing policies and procedures are insufficient to support comprehensive digital governance initiatives.

The effectiveness of decentralization policies significantly impacts local councils' autonomy and service delivery capabilities. In Zambia, despite the adoption of the National Decentralisation Policy, its implementation has been inconsistent. A case study of the Lusaka City Council revealed that fiscal decentralization remained unactualized, and there was reluctance among some officers to devolve functions to local authorities. These challenges indicate that current policies and procedures do not adequately facilitate the intended devolution of powers, thereby limiting the effectiveness of local governance (Kamanga, 2022). An appropriate balance between supervisory powers and local autonomy is crucial for effective local governance. In Zambia, the 2016 Constitution provides for the supervision of local government by national authorities. However, critiques suggest that the Constitution fails to adequately regulate and limit supervisory powers, potentially undermining local autonomy. This imbalance can lead to overreach by national authorities, stifling local initiative and responsiveness. Therefore, there is a need for policies and procedures that clearly delineate the boundaries of supervision to protect local autonomy while ensuring accountability (Lutangu and Chigwata, 2018).

### **Barriers influencing the effective implementation of internal control systems and performance of Lusaka city council on service delivery**

## **QUALITATIVE DISCUSSION**

In the qualitative arm of the study, it was observed one of the barriers effectiveness of internal control systems in service delivery and performance at Lusaka city council was due to workers being dishonesty or being corrupt. Participant P1 had the following to say, *“The challenges that we are facing as a council is that most of these employees are not honest. There is lack of integrity by most of the employees and this makes it difficult to implement internal controls effectively as some are actually benefiting from the status quo. You can imagine that most of these challenges you hear about are well known but things seem not to change and this has continued to affect service delivery”*. *“We have good internal control systems that can be implemented effectively but because of dishonest by some employees makes it very difficult. You are aware that for a long-time council have struggled in paying their employees’ salaries and this has resulted in most finding other ways of surviving and unfortunately some employees have become dishonest in the way they carry out their mandate. It is sad to see that some young people have lost employment as a result of this bad vice”*.

Most form of organizations rely on individual honesty. A previous study alluded to the increase in dishonesty among public workers to be as a result of the government abandoning public management refresher courses for all public officers which emphasized on ethical behaviour to prevent activities such as corruption, inefficiency and ineffectiveness in offering public services and goods to the citizenry (Mzumara and Ndhlovu, 2023). The study further observed that most of the public officers tend to take advantage of loop holes in the procedures, processes, rules and regulations to engage themselves in corrupt practices hence the need to strengthen internal control systems.

A previous study in Nigeria observed that corruption/dishonesty remains a major constraint to effective service delivery to the local governments (Ihemeje, 2018). Furthermore, the study observed that due to corruption/dishonesty practices among workers in Local Authorities, *“waste of government resources at council level had reached monumental proportions in the country whereby the local government council could not explain the mismanagement of over N3.313 trillion allocated to them in the last eight years”* (Ihemeje, 2018).

## Resistance to Change

A key theme observed as a barrier to the effective implementation of internal control systems at Lusaka city was due the resistance to change among the workers. Participant P2 stated that *“There is a lot of resistance to change by certain employees and when you take measures against them, you are threatened with being transferred and I guess this gives you an idea why most would rather just do their part. I can give you an example when management decided to introduce an online payment system at one of the markets, the people working in this place ensured that the system didn’t work and influenced some marketers to resist the new system as it would have negative effect on them”*. Studies have shown that the success of organizational change primarily relies on the attitude and response of their employees toward change (Ahmad and Cheng, 2018). As a matter of fact, appropriate transformation in employees’ behavior toward change determines its long-term success. As early response and intention toward change are crucial. Hence, resistance is a leading obstacle in the way of an organization’s efforts for improvement, survival, or adoption of new processes and technology. But most of the time, management does not consider employees’ perception about stress or uncertainty associated with the change process, which becomes a major cause of resistance, and may lead the change implementation effort to failure (Ahmad and Cheng, 2018; Rehman et al., 2021).

Participant 1, says the following on resistance to change, *“Fear of the unknown has made it very difficult to embrace new systems and it’s unfortunate that this has had a negative impact on the operations of the council. The current internal control systems have to be continuously upgraded to meet the minimum barest standard expected of an effective internal control system. Change also comes with loss of employment and this is what no one wants to experience. So if employees understand that they will be negatively affected by the new development, they will do anything to ensure that, the change does not take place*. Our findings are consistent with previous studies that have shown that resistance to change at Redcliff Municipality hinders the implementation of effective internal controls (Mushati, 2023). The study further observed that introducing new control measures often requires organizational and cultural shifts, which may face resistance from employees or stakeholders accustomed to existing practices. Overcoming this resistance and ensuring buy-in from all levels of the organization can be a challenging and time-consuming process (Mushati, 2023). Another study in South Africa observed that the implementation of digital governance efforts in municipalities may be hindered by entrenched organizational cultures and resistance to change. Development is hampered by bureaucratic inertia, a lack of support from stakeholders, and opposition to new technologies. Employees used to traditional paper-based processes and dubious of digital transformation initiatives struggle to cooperate with municipalities (Zindi, 2024).

## Inadequate monitoring

Regarding monitoring, the current study found that inadequate monitoring was one of common barriers to effective implementation of internal control systems at Lusaka city council. Participant 3 noted the following *“I can cite a classic example for you were we have failure to monitor the performance of departments. We had a situation where the payroll was not being audited by the audit team before paying salaries. If you recall the council was said to have been paying host workers, it was in the media and different social platforms if you didn’t see it. The process was not fully checked for anomalies as only Human resource department and Finance department were involved. The Audit department, Human resource department and the payroll team should have a preview to the entire system to avoid tempering with the final payroll. This was however not the case. It is important to have a good monitoring system in order to implement and have the internal controls working effectively”*. Previous studies have shown that non-functional monitoring and evaluation systems are common in most place public sector entities (Zindi and Sibanda, 2022). The further observed that weak controls and lack of monitoring and support to the audit department is one of the biggest challenges in municipal councils, which often lead to an increase in opportunistic behaviour as mismanagement of funds is not being detected early enough to avoid financial malpractices (Zindi and Sibanda, 2022).

Participant P4 says the following *“Providing oversight over the people one is responsible for is important. If you fail to monitor, the team will not perform as expected. Some heads of units do not provide supervision in the departments they lead. This has a bearing on the internal control systems being implemented effectively. It baffles me to see employees failing to do what they are contracted to do. Why should we pretend like we cannot*

see that certain things are not working because of the individuals occupying those offices? We need to have good monitoring mechanisms in place starting from senior management to the lowest level in the organisation. Some of the control systems we have are very good but are simply failing because of lack of commitment in monitoring". A previous study in Kenya observed that due to inadequate funding to the Audit department and the monitoring and evaluation officers is associated with poor monitoring observed in government owned institutions (Jahid, 2019).

### **Lack of human resource**

The current study found at Lusaka city council lacked key personnel in key units hence affecting the implementation of internal control systems. Participant 1, said *"most councils lack adequate human resource in key and strategic positions. You will realise that some people who join the councils don't stay long because of failure to pay salaries on time and many other reasons. So when opportunities arise, they leave and the council continues to have this challenge. This also affects the process of how internal controls are implemented within the council. They can't be very effective if the best brains are moving away. Some of us who have worked in Local Authorities for a long time have to continue training and imparting knowledge to the new employees. Local government system is complex."* Previous studies have shown that one of the common challenges in local government is the lack of an adequate human resources (Moji et al., 2022). Similarly, another study found that staffing deficiency can lead to mismanagement and errors (Abdulai et al., 2021). Previous studies have observed that some officials appointed in key positions do not meet all the requirements and lack the necessary expertise to carry out their functions (Abdulai et al., 2021; Moji et al., 2022). A study conducted at Redcliff Municipality in Zimbabwe observed that most local government institutions are have a challenge of lack of staff expertise and capacity (Mushati, 2023). The study further emphasized the need for personnel with specialized knowledge and skills in designing and implementing internal control systems. However, the absence of such expertise can limit the authority's ability to establish and monitor internal controls effectively, leaving them vulnerable to potential weaknesses and risks.

### **Lack of financial resource**

The current study observed that one of the main challenges to implementation of effective control systems at Lusaka city council was due to lack of financial resources for the operations of the council. According to Participant 3 *"Financial resources play a critical role in any organisation. Lusaka city council has no money. This council is highly indebted and as a result the competing needs are overwhelming and the council is failing to adequately implement some of the controls that need to be implemented. You know as a council we need to invest heavily in technology and other areas that would support an enabling environment to reduce the barriers or challenges of implementing internal controls. We need to move with time and automate most of our activities, but money has remained the biggest challenge we have"*. A previous study observed that in South Africa, it is common for most municipalities to have poor financial management systems and a lack of control and accountability systems (Selepe, 2023). The inadequate financial resources at the councils are mainly driven by poor funding from central government, misuse and under collection or declaration of revenue generated by the council. The study from South Africa, states the lack of funds in the municipalities are mainly due to fraud, corruption, and misuse of municipal assets and funds (Selepe, 2023). The study further found that municipalities are incapacitated and lack an understanding of debt management or collection of outstanding revenue.

Participant 5 had this to say *"Internal control systems are very important for any organisation to achieve their objectives and for them to be effectively implemented here at Lusaka city council, we need to have an adequate budget that enables us to achieve this. Having a robust internal control system is very important for the council as it will enable it offer services that are deserving to different stakeholders. At the moment the council does not have adequate financial resources to undertake the major investment need. As a council we are even failing to be consistent on pay salaries, you can imagine what this means"*. A previous study observed that the effectiveness of the oversight department's in the councils are hampered by adequate funding, as it is difficult for managers to hire extra staff to guarantee a sufficient division of functions (Moji et al., 2022). Furthermore, the study observed that the inability of the councils to pay their workers on time has a significant impact on the way things are done and on the adherence to the set standards. Financial limitations contribute to the delay in



implementing internal control mechanisms. Another important factor is that the public sector salary scale does not compete at the same level as that of the private sector, including benefits such as superior career and development opportunities and systematic mentoring programs which are offered to their employees (Chisanga et al., 2023; Moji et al., 2022).

Limited budgets may restrict the allocation of resources required for comprehensive training programs, advanced technological solutions, and the employment of specialized internal audit personnel, all of which are essential for effective internal controls (Mushati, 2023). Organizations must have the money to devote to the specialist staff, technology, and training required for efficient internal controls. However, a previous study conducted at Chongwe Municipal Council observed that, a large portion of the funds generated or received by the council from government are mainly directed towards personnel compensation and councilors' allowances, leaving inadequate resources for essential capital enhancements (Chisanga et al., 2023).

## CONCLUSION

The study findings aimed at determining the barriers affecting the effective implementation of internal control systems and performance of Lusaka city council on service delivery. The study adopted a descriptive research design using both the quantitative and qualitative approach. The study found that internal control systems are present and moderately effective at Lusaka city council. Despite the internal controls systems being moderately effective there is still further improvement required to address factors hindering improved service delivery. Factors that are adversely affecting the implementation of internal control activities were identified. These factors were mostly pointing to inadequate oversight, political interference, inadequate funding and corruption. Effective internal controls are consistently mentioned as a means to build customer confidence. By demonstrating the implementation of control mechanisms, organizations signal their commitment to providing high-quality services. This fosters trust and creates a positive perception among customers, increasing their confidence in the reliability and integrity of the services delivered.

## RECOMMENDATIONS

Given the importance of effective internal control systems on the performance of the council on service delivery,

- i. Lusaka City Council management should focus on improving all components of internal control systems at the local authority.
- ii. Lusaka City Council should capacitate its audit function by funding and providing training to strengthen the implementation of internal controls in the council
- iii. Lusaka City Council should provide and strengthen managerial oversight on the day to day running of the council to improve its internal controls and service delivery
- iv. The government through local government should create an enabling environment to reduce political interference in the operations of the council.

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