

CATHOLIC UNIVERSITY COLLEGE OF GHANA

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL
SYSTEMS IN MMDAs: THE CASE STUDY OF TAIN DISTRICT
ASSEMBLY

ABRAHAM KOFI OWUSU

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BY

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DECLARATION

Candidate's Declaration

I hereby declare that this dissertation is the result of my own original research and that no part of it has been presented for another degree in this University or elsewhere.

Candidate's Signature.....Date.....

Name:.....

Supervisor's Declaration

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the Catholic University College of Ghana.

Supervisor's Signature.....Date.....

Name:.....

ABSTRACT

This study sought to build on the controls of public organizations and specifically examines the efficiency and effectiveness of internal control systems in MMDAs with Tain District Assembly as the case study. The research objectives include assessing the consistency of Tain District Assembly's internal control system to international standard, assessing the effectiveness and efficiency of the controls and to determine the effects of internal control systems on performance. Efficiency is a state of attaining maximum results with least effort. Effectiveness on the other hand is the degree to which an event is done successfully. Stratified and simple random sampling techniques were used to select 60 respondents for the study. Data analysis was performed by using descriptive statistics such as percentages, mean, standard deviation and multiple regression. The result of the study revealed that there exist ineffective and inefficient systems of controls in the Assembly and also depicts inconsistency of the controls to international standards. Again the multiple regression results revealed that control activities, information and communication and monitoring have positive statistical significant influence on organizational performance in the Assembly, while control environment and risk management have positive insignificant effects on performance. The study recommends that internal audit unit must be independent in the conduct of its duties and should engage in testing of controls to ascertain their effectiveness and efficiency. Management of the Assembly should also undertake periodic review of internal control activities to ensure their efficiency. The study also recommends that management should put in place adequate risk management policies in order to reduce risk and to achieve the objectives of the organization.

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DEDICATION

To my wife and children.

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CHAPTER ONE

INTRODUCTION

Background to the Study

The concept of internal control system has experienced an interesting development globally and its purpose is to protect assets particularly cash, from embezzlement or theft by employees. Efficiency and effectiveness of an organization cannot be achieved without strong and reliable internal control system. A good internal control system is considered fundamental to the success and existence of any organization (COSO, 2014). Therefore, the impact of internal control system cannot be underestimated, since it is the most effective way of solving organizational challenges in terms of avoiding waste.

Again, the existence of internal control is a pre-requisite and fundamental for efficient and effective administration of an organization (Aduam, 2015). Internal control plays a very important role in the operational performance of an organization. Without a good internal control measures in an organization, things are likely to be done anyhow and this might lead to poor performance and losses. A strong internal control ensures that risk is mitigated and resources protected.

Lee (2011) defines internal control as instituted measures by an organization to ensure the achievement of its objectives. They are agreed rules and regulations put in place by management to help improve the working environment which in turn helps the organization to achieve its objectives.

Successive governments and administrations have initiated financial management reforms and interventions aimed to prevent, deter and eliminate or minimize fraud and make corruption unattractive. This requires a strong internal

control mechanism. A strong internal control is a starting point for all successful organisations. This is because public organisations are saddled with corruption, deception and fraudulent practices. Ghanaian companies, corporations as well as Ministries, Departments and Agencies (MDAs) and Metropolitan, Municipal and District Assemblies (MMDAs) have had corruption and fraudulent practices in the public financial management system. The practice as revealed repetitively by the reports of the Auditor General (AG) in various audit reports is common at the local government level, Ministries, Departments and Agencies. These fraudulent and corrupt practices occur in the presence of various policy interventions, rules, laws regulations, controls and best practices. This means that public institutions need to put in place effective and efficient controls that will reduce fraud and minimize audit anomalies.

COSO, (2014) indicated that internal control is a step by step program and process that are instituted by the executives and directors of an organization to provide protection for its resources and to achieve its objectives. Internal Controls are measures to be taken by an organization for the purpose of protecting its resources from going waste, ensuring efficiency, accuracy and reliability in accounting and operating data in all divisions of the organization.

Fraud perpetrators usually attribute their irrational behaviour to pressure, rationalization and opportunity. However, the presence of efficient and effective controls will do away with the opportunity to defraud irrespective of the pressure and rationalisation.

Various audit infractions such as uncompetitive procurement, procurement without due process, abuse of the procurement process (sole sourcing), purchases not routed through stores, failure to withhold taxes and

withheld taxes not remitted to Ghana Revenue Authority (GRA) could be minimised if strong internal control systems exist.

Internal controls are tools to help in authenticating transactions, protect assets, promote excellent administration and best practices, check business failures, support in achieving corporate goals and objectives and reduce exposure to financial risk.

Visser & Erasmus, (2009) cited by Matsiliza, (2012) opine that internal control is an institutional instrument of monitoring the quality of improved financial management. It involves internal checks, an internal audit, the custody of assets, and accuracy of records. It is imperative for private and public organizations to adopt efficient and effective internal control systems for strengthening and checking the gaps and leakages in the management and operations of their activities.

Tain District Assembly as a public organization is expected to adopt efficient internal control system in managing its resources. The Assembly was created in June 2004 by LI 2090, in the Bono Region. It was carved out of the Wenchi district. It shares boundary with Wenchi Municipal in the west, Banda District in the south, Berekum Municipal in the east and Jarman North Municipal in north. The district projected population size according to the last population census was 108,692 with population growth rate of 2.6%. Thirty-nine percent (39%) of the total population in the district are under 15 years, the economically active population (15-64) accounts for 53.3% while 7.7% of the population is 65 years, indicating youthful labour forces for both agriculture and the Industrial Sector (GSS, 2010).

The district has four paramount seats which are The Nsawkaw Traditional Council, The Seikwa Traditional Council, The Badu Traditional Council and The Menji, Debibi Nkorankwagya Traditional Council. The latter is a cluster and the paramount seat rotates among the communities that form the cluster. Nsawkaw is the capital town of the district. The main festival of the four traditional authorities is the Kwafie festival which is celebrated to give thanks to the gods for abundant yields on their farms. Chieftaincy problems is the major source of disagreement among the people. The citizenry hold their custom in high esteem.

The district has potential tourist sites that could be developed to attract guest from within and outside Ghana. These sites include the river confluence of the Nyempena and Tain rivers at Tainso, Menji crocodile pond at Menji and the Hani archaeological site at Hani.

Agriculture is the main source of income of households in the District. It accounts for about 87.7% of the total employment. Cashew production is the major pre-occupation of farmers in the area. About 70% of the farmers of the district are engaged in cashew farming. The district arguably is the largest producer of cashew in the entire country. Economic activities appreciate at reasonable level from January to May when cashew production is at its peak. During this period many young men and women get direct and indirect income from engaging in one activity or the other in the purchase and transportation of cashew nuts. However, there are a number of light industries which are mainly gari and cashew processing factories that provide employment opportunities for the people. 63km out of 565km of total road network in the district have been tarred accounting for 11.15%. With regards to availability of educational and

health facilities, the district has a total of 165 pre-tertiary institutions out of which 161 are basics schools, four (4) are Senior High Schools and one is a Nursing Training College (NTC). The district again has 1 Hospital, 4 Health Centres and 6 CHPs Compounds.

Tain District Assembly aspires to develop a viable, efficient and effective organization, working harmoniously with its development partners to deliver sustainable services to its citizenry. The Assembly exists to improve upon the living standards of the people in the area by harnessing all available resources through effective collaboration with all stakeholders. In the Medium Term, the Development focus of the District is to lay a solid infrastructural base that will promote the growth of SMEs and rapid agricultural modernization within a sustainable environment. In order to achieve its aspirations, there is the need for the assembly to adopt efficient and effective internal control system to guide the operations of the organization's activities. Efficient internal control systems will enable the assembly to win the heart of its development partners, the trust of its citizenry and as well achieve its developmental focus in the district.

Statement of the Problem

Efforts have been made over the years to curtail and/or eliminate the financial improprieties and inaccuracies in the public sector in Ghana. One of these is the establishment of the Internal Audit Agency through the passage of the Internal Audit Agency Act 2003 (Act 658), which requires all MDAs in Ghana to establish Internal Audit Units in their establishments in order to strengthen internal controls so as to address the inaccuracies in financial management in the public sector. However, in spite of the several interventions

over the years and the existence of the Internal Audit Unit in the public sector organizations in Ghana, it appears that the financial improprieties and inaccuracies continue to persist and this needs to be investigated to find out the reasons accounting for these revelations.

Having acknowledged the immense benefits of internal controls in public sector organizations, recent revelations of financial malfeasances of Public Sector Organizations have been reported by the Auditor General, particularly on MMDAs. Misapplications and misappropriations of funds reported by the Auditor General on the Accounts of District Assemblies for the year ended 31 December 2018 shows that management of some Assemblies in Brong Ahafo region including Tain District could not support 108 payment vouchers with a total face value of GH¢847,051.17 with relevant documents such as receipts, invoices, statement of claims and works orders. This violates regulation 39 of the Financial Administration Regulations 2004, (L.I 1802).

In the context of Tain District alone the report noted that Management spent GH¢17,550.80 without warrants attached to the payment vouchers. This violates the requirements of paragraph two of the Ministry of Finance's Circular No. FDU/LGCSP/Vol. 4 of 5/3/2012 which indicate that all expenditures should be supported with expenditure warrants which are duly signed by the Chief Executive, Coordinating Director and the Budget Analyst. This state of affair of the Assembly defeats the purpose of Ghana Integrated Financial Management Information System (GIFMIS) which was deployed to enhance transparency in the public sector financial management. In addition, some expenditures were made on the construction of CHPs compound at Yabraso, Police Post at Debibi amounting to ¢171,684.14 and ¢60,000 respectively and were not in use. This

led to cost overruns to the detriment of other developmental projects of the Assembly. The report further indicates that Contrary to Section 52 of the Public Financial Management Act, 2016 (Act921), the assembly purchased store items valued at GH¢ 24,646.00 but failed to provide records of usage as well as distribution list.

The effectiveness of internal control system of an organization has been examined by many researchers in Ghana using different methodologies. In related studies, Yakubu, (2018) only employed mixed research design to assess the effectiveness of internal control systems among Assemblies in the Northern Region.

Obviously, some of these related studies provide useful insights into internal control system of some MMDAs in Ghana in relation to performance using different methodologies. Tain District Assembly was not examined to ascertain its compliance with the accepted standards of internal control system for effectiveness and efficiency. This study therefore seeks to address the efficiency and effectiveness of internal control systems of Public Sector Organizations with particular emphasis on Tain District Assembly in view of the lapses revealed by the 2018 Auditor General's Report.

Objectives of the Study

The main objective of the study is to examine the efficiency and effectiveness of internal control systems in MMDAs and their consistency with internationally acclaimed standards, with Tain District Assembly as the case study area.

Specific Objectives

1. To determine if internal control systems of Tain District Assembly are consistent with internationally acclaimed standards, such as Committee of Sponsoring Organizations (COSO).
2. To assess the effectiveness and efficiency of internal control system of Tain District Assembly.
3. To determine the effects of internal control systems on performance and organisational goals of Tain District Assembly.

Research Questions

The study seeks to address the following questions:

1. Are the internal control systems of Tain District Assembly consistent with internationally acclaimed control standards?
2. Are the Internal Control Systems of Tain District Assembly efficient and effective?
3. What are the effects of internal Control Systems on performance and organisational goals on the Assembly

Research Hypothesis

To address the research question three, the study hypothesize that:

H_0 : There is no effect of internal control system on performance and organizational goals.

H_1 : There is effect of internal control system on performance and organizational goals.

Significance of the Study

The significance of this study can be seen from its practical standpoints. From this practical standpoint, the findings of this study can serve as a guide to

MMDAs to undertake measures to strengthen their control environment. In particular, as the study seeks to unravel lapses of internal control system in Tain District Assembly, government and auditors will have much insights into the workings of the Assembly and can direct interventional policies.

Again, the study will help stakeholders and policy makers to know the actual state of internal control systems of the assembly. Knowledge of these will help in addressing the anomalies that might arise for the benefit of the assembly and the people it serves.

In addition, the study will contribute to current literature on internal control system in MMDAs in Ghana in particular and the world in general. As a result, the study will serve as a point of reference to internal control systems researchers as well as public entities in general especially regarding District Assemblies literature.

Further, the study can serve as a foundation upon which future research can be conducted. Generally, research is iterative in character that is a study can be examined and re-examined from different perspectives. Granted this, some interesting findings of this study may motivate other researchers to explore the research problem from different perspectives in order to cast broader picture on internal control systems in MMDAs in Ghana.

Delimitations

The study focused only on Tain District assembly due to the fact that the Auditor General's report for 2018 noted that Management spent GH¢17,550.80 without warrants attached to the payment vouchers violating an important Internal Control procedure. The target respondents of the study will include office of district coordinating director, works department, human resource

department, procurement unit, budget unit, planning department, environmental health unit, social welfare and community development department, revenue unit and information services department. Respondents were given questionnaires to provide their opinions, views and information on the topic.

Limitations

The study was conducted around small sample because of time constraints. Only Tain District Assembly employees were involved. Involving only employees of Tain District Assembly will limit the depth of the data obtained during the study. Other respondents from different institutions in the districts as well as other nearby Assemblies could not be included because of financial resources. All these will limit the generalization of the study.

The respondents were also unwilling to give responses for fear of victimization and in that, the information collected may be used to print a harmful image about them. Some respondents even turned down the request to fill questionnaires. This was mitigated by obtaining a letter of introduction from The Catholic University College, Fiapre, which assured them of the academic purpose of the study and that information would be treated with maximum confidentiality.

Definition of Terms

Internal Control

It is defined as measures and processes instituted by management of organizations generally to provide realistic assurance on how the organization's objectives are achieved with particular regards to operational efficiencies, effectiveness and the level of compliance with applicable laws, rules and regulations.

Effectiveness

Refers to the level of quality with which a task or process is carried out that ultimately leads to higher overall organizational performance. In other words, doing the right thing.

Efficiency

Is the ability to avoid wasting of materials, energy, efforts, money, and time in doing things or producing a desired result. In a more general sense, it is the ability to do things well, successfully, and without waste. In other word doing things right.

Organization of the Study

The study is presented in five chapters. The Chapter One highlights on the background of the study, research objectives, and research questions, significance of the study, delimitation, limitation of the study and definition of terms. Chapter Two presents the reviews of literature that are relevant to the objectives of the present investigation. Chapter Three explains the methodology adopted in the study, including nature and sources of data, analytical tools and techniques used. The results of the study are presented and discussed in Chapter Four. The summary, conclusions and recommendations were presented in Chapter Five.

CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter focuses on the review of relevant literature on efficiency and effectiveness of internal control systems. The literature review specifically comprises theoretical /conceptual framework, concept of efficiency and effectiveness of internal control system and empirical review on efficiency and effectiveness of internal control systems.

Theoretical Framework

This study is supported by the following theories: Control Theory, Agency Theory, Stewardship Theory, Stakeholders Theory and Transaction Cost Theory which serve as guide to specify key variables on the research topic.

Control Theory

Control theory is an interdisciplinary branch of mathematical sciences that deals with the behaviour of systems with inputs or components. The external input of the system is called the reference. When one or more output variables of a system need to follow a certain reference overtime, a manager manipulates the inputs of the system to obtain the desired effect on the output. Mwachiro cited in Gyebi, & Quain (2013) indicated that the objective of a control theory is to provide solutions for corrective action from the manager that result in system stability, that is, the system will hold the set point and not waver around it. Setting objectives, budgets, plans and other expectations establish criteria for control. Control itself exists to keep performance or a state of affairs within what is expected, allowed or accepted. Control built within a process is internal in nature (Internal Control System). It takes place with a combination

of interrelated components such as control environment that affect the behaviour of employees, information and communication necessary in the control, and control activities (policies and procedures) that are inherent in the control.

The Agency Theory

Agency is a voluntary relationship between two or more parties in which one party is authorized by expressed or implied consent to act for and on behalf of the other, called the principal. The agent can thus affect or conduct the legal affairs of the principal with others as in the case of an agreement called “power of attorney”. “This theory is applicable to this study simply because internal control is one of numerous mechanisms used in both public and private organizations and businesses to address the agency problem by reducing agency costs that affects the overall performance of the relationship as well as the benefits of the principal”, Payne (2003). Ndungu,(2013) cited in Ofozie (2014) opines that, “Internal Control enhances the provision of additional information to the principal about the behaviour of the agent, reduces information gap and reduces investor risk and low revenue.”

According to Jensen and Meckling (1976) cited in Hayes & Baker, (2014). The agency theory postulates that a firm is a nexus of contracts between the owners of the economic resources also called principal and managers also called the agents who use and control the resources. The theory further suggests that agents have more information than principals and that this information asymmetry affects the ability of the principal to monitor whether or not their interests are being properly served by the agents. The theory further describes firms as essential structure for contract maintenance; it also makes possible to

exercise control which curtails unscrupulous behaviour of agents. The theory posits that in order to harmonise the interests of agents and the principal, a contract is written to address the information gap that exists between the agent and the principal.

Jussi and Petri (2004) cited in Hayes & Baker, (2014) opine that, to cement the agent-principal relationship, the principal engages the services of an expert and system (auditor and control systems) to monitor the agent. The theory posits that inadequate information about the relationship, interests or work performance of the agent described could be adverse and a moral hazard. Moral hazard and adverse selection influence the output of the agent in two folds, lack of knowledge about what should be done and failure to do exactly what the agent is appointed to do. The agency theory works on the assumption that principals and agents act reasonably and depend on contract to maximise their wealth.

Stewardship Theory

The Stewardship theory is a theory that states that managers are stewards of the business and thus hold the assets of owners in trust. The stewardship theory in addition to the Agency theory plays a significant part in comprehending the dynamics of organizational behaviour. The stewardship theory primarily entails the analysis of reasons responsible for the co-existence of non-economic, trust-based relationships which comes alongside agency relationships in entities which come about as a result of principal-agent interest convergence (Jokipii, 2010).

The stewardship attitude as a concept entails trust and commitment to a set of shared values that are demonstrated by the principals as well as agents

(Theofanis et al., 2011) and serves as the foundation for this interest alignment. It is important to state that the stewardship attitude of players in an entity caters for some problems and other challenges inherent in the theory of agency, but also tends to have its own set of problems and challenges when applied in the organizational settings of certain businesses.

As stewards of an organisation, there are times when the interests of owners or principals may not be pursued but rather overridden by the interests of these stewards. This therefore calls for systems to be put in place to ensure adherence to stated objectives and one way of doing this is by instituting internal control systems in the organisation to control the activities and operations of the entity in order to ensure value for money, hence optimum results.

Stakeholders Theory

The stakeholder theory points out that an entity is in existence to create value for its stakeholders. Stakeholders are simply individuals or any group that has an interest in the activities of a business entity and is affected by the success or failure of the organization. The theory was propounded on the basis that a modern organization is influenced by a large section of stakeholders which could either be primary or secondary stakeholder (Freeman, 2004 cited in Jokipii, 2010).

Taking into account the stakeholder theory, the primary stakeholders of a business organization include equity holders, staff or workers of the organization, those who patronize the goods of the entity known as customers or consumers, management as well as the government and suppliers or creditors. The secondary players or stakeholders consist of the media (both print and electronic), financial analysts as well as the public as a whole. A system that

ensures that each of these stakeholders' issues are addressed accordingly is the process of corporate governance which ensures the direction, governing as well as the controlling of the business entity.

The key purpose of instituting corporate governance is to ensure that a balance is struck between social and economic goals and policies as well as goals that are individual in nature and those that are communal in nature. Its main target is to ensure that there is an alignment as far as the interests of individuals, business organizations and the society as a whole is concerned. That is ensuring that the various stakeholders are given the attention that they deserve from the entity depending on the part they play in the governance of the organization. As reported in the study by Hoffman (2002) cited in Jokipii, (2010), the concept of corporate governance has other wings which include shareholder-related theories of governance as well as stakeholder-related theories on governance.

The author of this study therefore believes that the stakeholder theory is one key factor that is looked at in an organization and is one of the fundamental reasons for the institution of internal control systems so as to ensure that the varied stakeholders obtain what is due them and thus achieve optimum outcomes for the organization.

Transaction Costs Theory

This theory argues that governance regimes consist of formal and informal structures and rules that enable the carrying out of economic transactions in an economic manner. Hennart (2010) assessed that a transaction cost occurs when a good or a service is transferred across a technologically separable interface. Therefore, transaction costs arise every time a product or

service is being transferred from one stage to another, where new sets of technological capabilities are needed to make the product or service. The theory explains why companies expand or source out activities to the external environment. When external transaction costs are higher than the company's internal bureaucratic costs, the company will grow, because the company is able to perform its activities more cheaply, than if the activities were performed in the market (Tadelis & Williamson 2012). Transaction cost theory explains why companies exist, and why companies expand or source out activities to the external environment. According to Yigitbasioglu (2010) cited in De Cremer et al (2014) every company will expand as long as the company's activities can be performed cheaper within the company, for example outsourcing the activities to external providers in the market. The central problem of transaction cost economics is carrying out of economic transactions by the efficiency of the chosen internal controls that have been tailored to carry out the transactions at hand (Teece, 2010 cited in Annaraud et al., 2014). In other words, the organisation and structure of a firm can determine price and production. The unit of analysis in transaction cost theory is the transaction. Therefore, the combination of people with transaction suggests that transaction cost theory managers are opportunists and arrange firms' transactions to their interests (Tadelis & Williamson 2012). Internal controls help to carry out economic transactions in an economic manner. Transaction cost economics focus on internal controls structures such as firms and other organizations as alternative to the market structure. The internal controls problem of transaction cost economics is, therefore, not the protection of ownership rights of shareholders,

rather the effective and efficient accomplishment of transactions by firms in their cultural and political environment (Tadelis & Williamson, 2012).

The above theories as briefly explained help to understand why internal control systems are important in the operations of an organisation. They are therefore relevant in understanding issues pertaining to the performance of organisations as far as internal controls are concerned.

Concept of Internal Control and its Effectiveness

Internal controls involve a number of things hence the need to define and explain relevant concepts that relates to the topic.

Internal Controls

The concept of internal control has had reforms over the period and therefore means different things to different section of people all over the world. The term as defined by the Statement of Auditing Standards as policies and other procedures employed by directors and management of an entity to aid in the achievement of their goals and objectives by ensuring as far as possible the orderly and efficient operation of its business, and also strictly obeying and adhering to internal policies, ensuring that assets are safeguarded (Ayapre et al, 2014).

On the other hand, however, the Committee of Sponsoring Organisation popularly known as COSO (2013) explained the term to be a process carried out by an organisation's board of directors as well as management and other staff which is created to make available reasonable assurance pertaining to the achievement of organisation objectives.

In addition, as reported in Zabihollah (1995) cited in Ayapre et al., (2014) internal controls are said to be actions that ensure optimum results for

the entity. That is actions which contribute to organisations' achievement of its objectives such as effectiveness and efficiency of operations, reliability of internal and external financial reporting as well as complying with laws and regulations which are relevant and can be applied and also going strictly by internal policies. Whittington and Pany (2004) cited in Theofanis et al, (2011) opine that, internal controls refer to a collection of processes, functions, activities, sub-systems as well as persons who have deliberately come together or intentionally segregated in order to ensure the effective achievement of goals and objectives.

Internal control according to Leslie (1987) cited in Olowolaju and Rekiat (2016) can be categorized into: Organisation, segregation of duties' physical, authorization and approval, arithmetic and accounting, personnel, supervision and management. According to Alleyne and Howard (1987) cited in Olowolaju and Rekiat (2016) physical control involves physical custody of assets and involves procedures and security measures that are designed to ensure that access to assets is limited to authorized personnel while Olatunji, et al(2002) stated that arithmetic and accounting controls is to ensure that no valid transaction have been omitted from the accounting records and to ensure that all valid transactions are accurate and consistent with originating documents and also that record is done at the appropriate time without unnecessary delay. Adeniyi (2012) states "Arithmetic and accounting are controls within the recording function which check that the transactions to be recorded and processed have been authorized. Robertson (2002) states that 'internal control consists of five interrelated components: management control environment, management's risk assessment, management's control activities, management's

monitoring and the management's information and communication system that link all the components.

Internal control system directs controls and monitors the accomplishment of organisational goals in an efficient and economic manner. According to Robinson (2002) internal Control minimizes the occurrence of variances, which may impede the attainment of organization's specific goal enhances free flow of work and it defines clearly the line of responsibility and accountability in an organisation. It provides basic analytical tools such as financial summary, internal authorization of assets, acquisition and investment in inventories for sound management decision. It is the very foundation upon which the statutory audit is based. It enhances considerably, the conduct of the audit.

Internal controls refer to the measures put in place by an institution so as to ensure attainment of the entity's objectives, goals and missions. They are a set of policies and procedures adopted by an entity in ensuring that an organisation's transactions are processed in the appropriate manner to avoid waste, theft and misuse of organization resources. It is worth noting that internal controls only provide reasonable but not absolute assurance to an entity's management and board of directors that the organisation's objectives will be achieved. "The likelihood of achievement is affected by limitations inherent in all systems of internal control". Organizations establish internal control systems to enable them achieve performance and organizational goals, prevent loss of resources, enable production of reliable reports and ensure compliance with laws and regulations. Taking into account the various elements of all the definitions, one can clearly see that they all point to the same direction which is

to bring about the assurance that the resources of the entity will be put to good use hence ensuring value for money and the effective and efficient use of resources thereby bringing about optimum results.

Internal control is broadly defined by Njanike and Mutengezanwa (2011) cited in Monisola & Rekiat, (2016) as step by step programmes and processes instituted by management of an organization which helps the organization to achieve its goals and objectives as well as complying with laws and regulations.

According to Zona (2015), internal control is when a business takes measures to protect misappropriation of resources and fraud reporting of financial statements. A bullet in that was submitted by the American Institute of Certified Public Accountants in the year 1936 (AICPA) refers to internal control as the procedures and approaches accepted within the organisation to safeguard the cash and other assets of the company as well as to check the clerical accuracy of the bookkeeping. This is because internal controls may be clerical errors that can allow loss of cash and companies assets.

The AICPA report (2018) for accounting and auditing articulates that internal control includes a strategy of an organisation and all of the harmonized techniques and measures assumed inside the industry to protect its assets and accuracy and consistency of its bookkeeping records. In the view of Yusof et al. (2013) cited in De Cremer et al (2014) internal control that comprises of methods and procedures used by management to control areas such as budgeting and financial performance are termed administrative controls.

With reference made from Ellul and Yerramilli (2013), internal control is about the entire system of controls recognized by the board to carry out the

industry or enterprise in a sound manner. It is also to certify that managers adhere to rules, maintenance of their assets and obtaining accurate facts. There are various ways in which internal controls are published and defined in most groups and organisations. Therefore, internal controls are documented with diverse arguments.

The internal control of a company is the first line of defense to be used in achieving more efficient and effective operation. By the effectiveness of company operation, company performance will increase. Furthermore, by improvement of performance, the company's profit will also be increased. To run the operation of a company, the internal control in every procedure, regulations, and policies must be implemented to achieve company's goals. The self-regulation could increase the performance of the company, otherwise there could be worst scandals for company (Spira& Page, 2010).

Committee of Sponsoring Organisations of the Treadway Commission (COSO)

An effective internal control system is a strong protective and preventive mechanism that discourages enablers, fraudsters, and other criminal activists to embark on their criminal intent. A good internal control system prevents crime-minded employees from taking advantage of their companies (Lansiluoto et al. 2016). This explanation and the functions of internal control systems was based on the publication by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The framework was first publicized in the year 1992 (COSO, 2014). COSO integrated framework defined internal control as business activities that organizational leadership put in place by management to ensure that objectives are accomplished within stipulated time (Fryer 2016).

International Federation of Accountants (IFAC), in their 2012 International Good Practice Guidance (IGPG) described and listed the function of COSO and related internal control functions. Among the functions are (a) ensuring that businesses guide against failure, (b) aiding operational performance, and (c) enhancing the business value creation and preservation. Also, promotion of COSO and making sure those companies take advantage of opportunities by using COSO framework (Chen, 2016). Interestingly, COSO apply to all types of business structures and compositions. Large corporations, as well as medium and small sized companies can benefit from a successful design and implementation of COSO, along with related internal control frameworks (COSO, 2013).

When the organizational internal control system is ineffective, weak, a potential gap exist and this could lead to misstatements such as fraud, theft and exponentially increase in loss of assets, (Ayagre et al., 2014). An examination of the makeup of criminals, and how their actions impact companies shows that the ineffective internal control system could be costly and affect financial performance (Chasen, 2014).

The purpose of COSO group members was to ensure that businesses have the necessary information that will help them operate successfully, and to meet their target objectives set by the organization (COSO, 2013). The purpose of COSO was to develop information that those in charge of management could use in implementing good internal control systems. The framework serves as a model that business managers can use to guide against failure, improve operational performance, and enhance value creation and preservation. In addition, all the components of the model complement or build on each other,

and as a result they improve enterprise effectiveness and capabilities (COSO, 2013). As an internal control strategy, management, auditors, regulators of the industry and companies use the framework to measure performance (COSO, 2013). The function of the structure included (a) risk assessment, (b) compliance with rules and regulations and, (c) operational effectiveness and efficiency practice (Feng, 2015).

Also, some regulatory bodies use the COSO framework as a strategic tool to measure the degree to which their activities comply with rules and regulations. The COSO framework contains information that all supervisory institutions can use when engaging in the audit of company operational activities. The guideline applies to small and large companies alike (Feng, 2015). Authorities who examine corporate activities rely on the COSO for accuracy and compliance. Effective implementation of compliance with rules, policies and regulations, as well as the operational efficiency aspects are important government supervisory role that must support internal control (Gottschalk, 2014). The board of directors and managers are responsible for providing auditors the necessary authentic, error-free information that strongly supports audit reporting. Auditors must ensure that the organizations are efficiently operated and are in compliance with the rules and regulations (Law, 2014).

Types of Internal Control

According to COSO (2013), there are four key types of controls; namely preventive controls, detective controls, corrective control and compensating control. It indicated that preventive controls prevent risks from occurring. For instance authorization controls should prevent fraudulent or erroneous

transactions from taking place. In their opinion other preventive controls include segregation of duties, recruiting and training the right caliber of staff and having an effective control culture.

Detective controls are controls that identify for correction if any material problems occur; and are designed to pick up errors that have not been prevented. These could be exceptions reports that reveal that controls have been circumvented, for instance, large amounts paid without proper authorization. Other examples could include reconciliations, supervision and internal checks. Corrective controls are the controls that address any such problems that occur in order for corrective measures to be taken to rectify it. Examples include follow up procedures and management's action on the follow up.

Compensating controls are intended to make up for lack of the aforementioned controls in the system. For example, firms with an electronic database could maintain a hard copy of the client's list in the office library. Such a list would compensate for failure of electronic systems and difficulties in locating client names from the system. The hard copies would mitigate the problem of printing out the data in the electronic system just to add the details of new clients (COSO, 2013).

In the opinion of COSO (2013) the most powerful type of control is preventive control in that it is more effective to have a control that stops problems from occurring rather than to detect or correct them when they have occurred. In respect of the other controls, it may be too late to correct material misstatements when they occur.

Effectiveness of Internal Controls

The effectiveness of internal controls has to do with the fluidity of the system's internal interaction and how well and proper the system has been rooted in the entity's processes and activities. According to Ayagre et al., (2014) one of the key factors which ensures the effectiveness of internal controls and assurance has to do with the creation of what is known as agents of effectiveness. They further stated that these agents of effectiveness include dynamic board as well as an internal audit office that is autonomous. Despite the fact that internal control systems are procedural, how effective it will be is a state of the process. For this reason, it is key to constantly and consistently assess the internal control systems intermittently. How effective an internal control system is can be evaluated on three levels. This include; the extent to which the directors understand how the organisation's objectives are being achieved, how reliable the financial statements are and how well appropriate rules and guidelines have been complied with.

COSO (2013) on the other hand, reports that the proper functioning or effectiveness of the individual components of an internal control system to a large extent determines how effective the whole control system will be. This essentially suggests that the effectiveness of the five elements of control systems determines the total effectiveness of the controls framework. As such, assessing the frameworks' effectiveness must be in line with the individual elements. It also indicated that, the effectiveness of the control framework is a subjective decision that depends on the individual components of the whole control system. Ayagre, et al., (2014) opine that evaluators responsible for internal controls must understand how the five components of internal controls work

individually, the working philosophies of the elements as well as how these elements are applied in the organization.

The purpose of any internal control system is to put mechanisms in place that will prevent, correct as well as detect errors and other forms of fraud in the business organisation.

The effectiveness of internal controls is emphasized by different authors. One such work is Mensah et al. (2003) cited in Oppong et al (2016) whose study revealed that effective internal controls help in improving good corporate governance practices in Ghana. In the case of Indonesia, Pratolo in (2007) found out that effective internal control had a direct link with corporate governance of State Owned Enterprises. In line with the findings above, additional studies in Indonesia by Viriyanti (2008) cited in Oppong, et al, (2016) revealed that internal controls had positive link with good corporate governance in West Java, Indonesia.

Elements of Internal Controls

Internal controls have five interrelated parts which are employed in devising an internal control system and also for purposes of evaluating the performance of these controls. It is thus worth noting that these various parts work together in forming a strong combination of techniques/methods and procedures and processes which entities adhere to in their operations (Hayes & Baker, 2014). The elements under internal control include control environment, risk assessment, Control Activities, information and communications as well as monitoring. These are briefly explained below;

Control Environment

This refers to the environment in which the controls are applied. It can be referred to as the corporate culture, attitudes and awareness of management. Ashenden (2008) supported this by postulating that the Control Environment is effective when all members of the firm are aware of their roles and responsibilities.

Hilton (2011) cited in Adeniyi, (2012) indicated that the actions of senior management of an organization are important components of the effectiveness of internal controls. Efficient communication between management and employees is likely to make controls stronger or otherwise make them weaker.

The control environment is the general control consciousness of an organization influenced by management through strategies, systems, ethical standards, and monitoring processes. This mirrors the top managerial staff and management's firm choice of the type of controls. The control environment incorporates the management theory found in its vision and mission for the organization. The components of the control environment likewise incorporate the authoritative structures which determine the execution of financial and non-financial duties, management working style, state of mind, moral esteems, the integrity, ability and fitness of faculty (Ashenden, 2008).

It refers to a set of policies and procedures that must be followed in the implementation of internal controls within an institution. The environment creates a frame of mind within which an internal control system can function at all levels in the institution (COSO, 2013). This entails integrity, ethical values, competence and direction of the accounting staff. The senior management

together with the accounting officers (head of department) establish the modus operandi with regards to the role of internal controls.

Control Activities

Control activities are the procedures and strategies that help guarantee that the orders of management of an organization are passed on adequately and in a promising way (Ofori, 2011). This incorporates control activities such as execution reviews, data preparation, physical controls, and confinement of commitments. These activities are completed by management to guarantee accomplishment of progressive objectives and mitigation of hazards. He opined that, control activities are the directions, principles, systems and decisions built up over various activities by management to foresee or reduce dangers that impact negatively on the achievement of organizational goals.

An internal control system contains certain control activities, including policies and procedures regarding approval, authorization, verification, reconciliation, review of operational activities, safeguarding of assets, and segregation of duties, (Visser & Erasmus, 2008). They are the actions established through policies and procedures that help ensure that management's directive to mitigate risks in order to achieve the business objectives are carried out. They are performed at all levels of the entity and at various stages within the business processes, and within the technological environment. They may be preventative or detective in nature and may encompass a range of manual and automated activities such as authorizations and approvals, verifications, reconciliations, and business performance reviews. Segregation of duties is typically built into the selection and development of control activities. Where

segregation of duties is not practical, management selects and develops alternative control activities (COSO, 2013).

Risk Assessment

This involves the identification of risk factors that have the tendency of preventing the organisation from achieving its objectives. It includes risk identification, risk description, risk estimation as well as risk registration. Jonson and Kevans (2012) defined risk as the probability of loss that can be attributed to uncertainty of an occurrence. Risk can also be described as the deviation from actual returns from expected returns. Risk assessment is a continuous process which is aimed at identifying risk and finding ways to reduce its impact on the organisation when they occur.

Risk assessment is the procedure or techniques that the organization goes through to distinguish and analyse the pertinent risks which may influence the organisation's capacity to accomplish its significant targets. Risk appraisal includes utilizing proficient judgment deliberately in distinguishing and assessing factors which can influence the organisation adversely and result in inconceivable misfortunes, both financial and non-financial (Jonson & Kevans, 2012). According to Ofori (2011), this segment of internal control features the significance of management precisely recognizing and assessing factors that can block it from accomplishing its main goals. Risk appraisal is an efficient procedure for coordinating proficient judgment about plausible unfriendly environments and surveying the probability of conceivable misfortunes (financial and non-financial) resulting from this event.

Every entity faces a variety of risks from external and internal sources. Risk is defined as the possibility that an event will occur and adversely affect

the achievement of objectives (COSO, 2013). Risk assessment involves a dynamic and iterative process for identifying and assessing risks to the achievement of objectives. The risks of achieving the objectives from across the entity are considered relative to establishing risk tolerances. Thus, risk assessment forms the basis for determining how risks will be managed. According to COSO (2013) a precondition to risk assessment is the establishment of objectives that are linked to the various managerial levels of the entity. Management specifies objectives to be achieved and relates them to the operations of the organisation with sufficient clarity to be able to identify and analyze risks associated with the objectives set. It also considers the suitability of the objectives for the entity (COSO, 20013).

Information and Communication

Information and communication are the bedrock of every effective business. Organisations that have ineffective information and communication system will effortlessly fall in this 21st century's business environment. Effective communication within an organisation empowers employees to endorse and prescribe internal control bearings with the operations of the firm which is utilized as a piece of the ordinary tasks of a business. He points out that if a firm's workers felt that they had gotten deficient or are not clear about internal control approaches declared by an organisation they may feel generally disappointed. This implies that when imperative information is concealed or withheld from employees, disappointments may arise amongst the employees thereby diminishing trust and efficiency within the organization. To complete the internal control and operational obligations and duties, the information ought to be auspicious and ought to go to the individuals who require it and in

the correct frame. In the light of this, all workforce should comprehend their roles in the control framework, identify how their roles link with that of other employees and know what their responsibilities are in the information and communication framework (COSO, 2013).

Ndungu (2013) argued that documenting pertinent information is not enough but the information should be backed by effective communication within the entire organization. In other words, there should be broad communication channels and mediums that ensure that information flows easily from top to the bottom and across all sections of the entity. There also need to be effective communication with external parties, such as customers, suppliers, regulators and shareholders. According to Theofanis et al, (2011), information and communication is one of the most influenced components of internal control because of its importance and ability to underpin good working relationships at all levels of the organization.

Information and communication are the most effective tools to be used to execute all the relevant internal controls. Information from different sources provide management with data that guide effective decision making. An ongoing communication provides necessary information and gives direction of what is to be done. Institutions use intrinsic communication to share information to all employees within their entity while extrinsic communication meets the expectations of external stakeholders (COSO, 2013).

Monitoring

Monitoring is the appraisal of internal control execution overtime; it is proficient by progressing monitoring activities and by isolated assessments of specific controls, for example, self-evaluations, peer reviews and internal audits.

The reason for monitoring is to decide if internal control is adequately designed, appropriately executed and are successful. Internal control is sufficiently planned and legitimately executed if each of the five internal control segments (Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring) are available and working as composed. Periodic evaluations of internal control is made and personnel, in carrying out their regular duties, obtain evidence as to whether the system of internal control continues to function. Management should implement internal control recommendations made by internal and independent auditors, correct known deficiencies on timely basis, and respond appropriately to reports and recommendations (COSO, 2013).

Monitoring is the assessment of internal control performance over time; it is accomplished by ongoing monitoring activities and by separate evaluations of internal controls such as self-assessments, peer reviews, and internal audits. The purpose of monitoring is to determine whether internal control is adequately designed, properly executed, and are effective. Internal control is adequately designed and properly executed if all five internal control components (Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring) are present and functioning as designed (Sarens & De Beelde, 2006).

All issues pertaining to internal controls must be evaluated and followed up. There must be a continuous monitoring of procedures and systems. It is through the monitoring process that assessment is made on the quality of a system's performance. The process of monitoring entails on-going supervision, including other actions undertaken by personnel in the performance of their

duties. Frequency and scope of evaluation are dependent on risk assessment and procedures of monitoring. Once the challenges in the control system have been identified, they should be brought to the attention of the senior personnel (COSO, 2013). The scope of evaluation that is periodically conducted will vary and depend on the risks that have been assessed.

Organizational Performance

Organizational performance can be measured through financial stability, productivity, efficiency and effectiveness of internal control system, employees motivation, job satisfaction (Collins & Clark, 2015).

According to Bohlander and Snell cited in Adam et al. (2016) indicated that organisational performance comprises; employee recruitment and selection strategies, employee motivation, employee commitment, training and development strategies, employee reward strategies and effective internal control systems.

According to Mahoney and Watson (1993) cited in Bae & Lawler, (2011) performance indicators include: financial (profits), market share, efficiency and effective internal controls, reliability, flexibility among others in an organization.

Internal Control System and Organizational Performance

This section of the review examines the effects of internal control system and organizational performance. Many studies have been conducted in this area at the global, continental and national levels, and some of these studies are discussed below:

Mawanda (2008) cited in GamagLow & Lock Teng, (2018) identify the effect of Internal Control on Financial Performances in the educational sector.

The results of the study revealed that internal control and financial performance have positive relationship.

Amundo and Inanga (2008) cited in Agbejule and Jokipii, (2009) evaluate the internal control system in public sector projects financed by ADB in Uganda. The results of the study revealed absence of sound control mechanisms to safeguard the asset of the organization. It revealed that the current control structure of the organization was inefficient.

Sultana and Haque (2011) evaluate the effectiveness of the developed Internal Control System of banks in Bangladesh. Findings of the study revealed that some banks in the sample lacked some control components.

Douglas (2011) cited in GamageLow & Lock Teng (2018) examined effectiveness of internal control system in Greek banks. The study revealed that there exist internal audit unit in each branch.

William and Kwasi (2013) evaluate the Significance of Internal Control System in the rural banking sector. The study revealed that strong internal controls exist in the rural banks in Ghana.

Achchuthan, and Kajanathan (2013) cited in GamageLow & Lock Teng (2018) evaluate corporate governance practices and firm's performance in Sri Lanka. The result of the study revealed that there is significant difference between the firm's performance and corporate governance. This, he meant that board committees and board leadership structure, were made up of non - executive directors.

Empirical Review

Monisola and Rekiat, (2016) perform a study to evaluate the effectiveness of internal control system in selected small business organizations

in Ekiti States in Nigeria in order to develop appropriate framework to improve the effectiveness of the controls. Purposively sampling method was employed to selected small business organizations in Ekiti states of Nigeria. Data was collected using questionnaires and were analyzed using appropriate statistics. The result of the study showed that there was grossly inadequacy of internal controls in the organization, arithmetic and accounting personnel, and segregation of duties. The study further indicated that there was poor compliance of internal control system in small organizations in the Ekiti State. They recommended that there is the need to improve the effectiveness of internal controls in order to achieve the organizational objectives.

Gyebi and Quain (2013), “Internal Control on Cash Collection, A Case of the Electricity Company of Ghana Ltd, Accra East Region” using inferential statistics concluded that there is direct correlation between Internal Control procedures and cash handling. Hence Internal Control can provide reasonable assurance that significant thefts of cash receipts and significant record-keeping errors will be prevented or detected.

Morehead, (2007) examined internal control principles and components, along with the history of fraud and corruption within U.S.-based non-governmental organizations (NGOs) with field offices in West Africa to determine their effectiveness in deterring, preventing and detecting fraud and corruption while providing the accountability demanded by stakeholders. The study indicates that weaknesses exist in these NGOs’ internal control systems, their operations in international settings need stronger internal controls. Finally, the study was compared with Transparency International’s 2006 Corruption Perceptions Index for validity. This comparison suggests that the findings are

valid and NGOs operating in the most corrupt countries of the world are at greater risk of internal control failures and may become victims of fraud and corruption.

Ofozie (2010) assessed the impact of internal control system on revenue generation control at local government level using data analysis on descriptive and inferential statistical methods. The descriptive analysis involves the use of simple percentage, tabulation and chi-square inferential statistical method. The main finding of the study was that, internal control system plays a major role in prudently managing the resources and funds entrusted to the public sector managers.

Yakubu, (2018) conducted a study to assess the effectiveness of internal control system in the public sector of Ghana in selected Assemblies in the Northern Region of the country using a mixed research design approach. Purposive sampling method was employed to select 57 staff from various departments to participate in the study. The study revealed that internal control systems existed within the public sector in Ghana and are averagely effective. The study also revealed the following as challenges in implementing internal controls: Lack of financial resources, too much politics, unconcerned bosses, employees lacking understanding of the essence of internal controls. The study recommended the provision of the following: financial resources, comprehensive policy framework and guidelines, capacity building programmes for staff as measures for enhancing the effectiveness of internal control within the public sector.

Oladimeji (2016) researched on the Impact of Internal Control System on Revenue Generation in the Public sector on a sample of One Hundred (100)

personnel selected across different levels of the Ogun State's Water Corporation in Nigeria. The study revealed that the internal control system has some impact on service delivery and revenue generation. The study also revealed that an opportunity for collusion, fraud, loss of revenue, embezzlement, assets conversion and corruption arise as a result of weak internal control systems.

Philip et al (2014) evaluated the control environment and monitoring activities components of Internal Control Systems of Ghanaian Banks using COSO's principle to assess its effectiveness. A five point Likert scale data was collected and analysed in the form of means and standard deviations. The result shows strong controls exist in the control environment and monitoring activities of banks in Ghana. They recommended that boards of banks should work hard to ensure continuous ongoing and separate internal control monitoring to ascertain that controls really exist and are functioning properly.

GamageLow & Lock Teng, (2018) examine the impact of internal control components and their effectiveness with the moderating effect of corporate governance of Peoples' Bank in Sri Lanka using five independent variables (Control environment, Risk assessment, Control activities, Information & communication system and Monitoring) taken into account Corporate governance as moderating variable. Effectiveness of internal control was chosen as dependent variable. Questionnaire was used to collect data from 173 middle level bank branch managers and were analysed by descriptive and inferential statistics. The results show significant and positive relationship between the internal control components (such as control environment, risk assessment, control activities, information and communication system and monitoring) and effectiveness of internal control system. The result further

indicated that corporate governance moderates the relationship between internal control mechanisms and usefulness of internal controls.

Frank, (2016) conducted a research to find out internal control practices in the Tema Mutual Health Insurance Programme. Questionnaires were used to collect primary information from key informants in Tema Mutual Health Insurance Scheme, Ghana Health Service Staff. The study revealed that internal control systems exist, it is effective and provides adequate checks and balances in the mutual health insurance scheme. It also revealed that an internal control model has been developed to analyse and calculate risks of operations. It is also acknowledged in the organisation that internal control ensures effective operations, high quality internal and external reporting, together with compliance with related laws, regulations and internal guide.

William et al, (2017) conducted a study to identify the internal control system used at GN Bank's credit department in Ghana. Census sampling technique was used to select a sample of eighty-five (85) managers and officers. Questionnaire was used to collect data and were analysed. The study revealed that internal control systems exist in GN Bank. It was revealed that GN Bank's, in implementing a strong internal control system was able to detect and prevent fraudulent acts and practices. It was recommended that the board of directors should have responsibility for approving and periodically reviewing the overall business strategies and significant policies of the bank; ensuring that senior management takes the steps necessary to identify, measure, monitor and control these risks; approving the organizational structure; and ensuring that senior management monitors the effectiveness of the internal control system.

Francis & Samuel (2013) examined internal control system on cash collection in ECG, the challenges of ensuring prudent cash collection. Multiple sampling methods were adopted for data collection. The study revealed that internal control provides reasonable assurance to management and board of directors regarding achievement of an entity's objectives. It further revealed that likelihood of achievement is affected by limitations inherent in all internal control systems. Again internal control system can be expected to provide reasonable assurance of achieving objectives relating to the reliability of financial reporting and compliance with laws and regulations. They indicated that achievement of those objectives, which are based largely on standards imposed by external parties, depends on how activities within the entity's control are performed.

Kwadwo et al (2015) conducted a study to assess financial Control systems of Polytechnics in Ghana. The study adopts the case study design using Sunyani Polytechnic. A sample size of 50 staff members was selected using the simple random sampling analysis. The study revealed that preventive, directive and detective control systems are in existence. It was discovered that there was application of Committee of Sponsoring Organizations of the Treadway Commission (COSO). The study recommended that pre-audit and audit units need to be strengthened in the Polytechnics.

Moses et al (2016) examines the current level of internal controls operated by seven faith-based NGOs and how that is affecting their performance. Primary data was obtained using self-administered structured questionnaire. The study revealed that internal control system significantly enhances the performance of the faith-based NGOs, in two aspects; economy

and efficiency but does not necessarily make them effective. Again, it was revealed that existing internal control systems functioned satisfactorily in four components of the COSO model except risk assessment where the procedures were found to be very weak. They recommended that Management of faith-based NGOs should have holistic control measures in place to constantly assess its effectiveness and impact on operations. Moreover, management should institute a rigorous risk management framework which will be able to detect all risk inherent in the internal control system to improve efficiency.

Edward, (2018) investigated the internal control system in the Accra Metropolitan Assembly and its effect on revenue mobilization for the Assembly. A sample of 100 staff was purposively selected for the study. The study revealed that risk assessment was poorly complied with but control activities, information and communication and monitoring well practiced. The study again revealed that, there is a significant impact of the internal control system on revenue mobilization in Accra Metropolitan Assembly. The study further enumerated some challenges such as: improper risk assessment, diversion of revenue, lack of education and information on the Assembly's projects, and lack of logistics and administrative support and these tend to reduce the vibrancy of the system and revenue mobilization.

Rae and Subramaniam (2008) carried out a study on the quality of internal control procedures. The main objective of the study was on the antecedents and the moderating effect on organizational justice and employee fraud. The study gathers data from 64 Australian institutions. The study employed both logistic and multiple regression analysis to examine the moderating effect on organizational justice and employee fraud. The result

revealed that the quality of internal control procedures has a moderating effect on the relationship between perceptions of organizational justice and employee fraud.

Ayagre, (2018) investigated the impact of the merger of the three revenue agencies in Ghana and the internal control system of the combined organisation. Data for the study was collected from questionnaires administered to senior officers of the three revenue agencies gauged on a five point scale. The study results revealed that the merger negatively impacted the risk assessment component. The study concluded that the merger had an adverse effect on the internal control system of the merged organization. It was recommended that, internal audit should be engaged to monitor internal controls before, during and after mergers and report material weaknesses to the appropriate authorities.

Muhunyo and Jagongo (2018) examined how elements of internal control affect financial performance of institutions of higher learning employing a descriptive research design as well as a multiple linear regression in the analysis. The results revealed that the elements of internal controls have a significant influence on the financial performance of the institutions of higher studies which were sampled for this research.

William et al., (2017) examined the internal system of controls used at GN Bank's credit department. A census sampling technique was used by the researchers in getting a sample size of eighty-five (85) who consisted primarily of managers and officers of GN Bank's credit and risk departments in the South Eastern zone and was conducted through the administration of questionnaires. The data was analysed using the Scientific Package for Social Scientist (SPSS). The study found that there exists internal control system in the organisation. GN

Bank's board of directors are ultimately responsible for ensuring that an adequate and effective system of internal controls are established and maintained. Together, both the board and senior management are responsible for promoting high ethical and integrity standards, and for establishing an ownership culture within the organization. It was realized that GN Bank's in implementing a strong internal control system was able to detect and prevent fraudulent acts and practices. Although respondents agreed with the GN Bank to provide adequate training for credit personnel on internal control procedures, some substantial disagreements were recorded for this particular question.

GamageLow and Keving, (2018) examined the impact of internal control components and effectiveness of internal control system with the moderating effect of corporate governance of Peoples' Bank in Sri Lanka using five independent variables namely: Control environment, Risk assessment, Control activities, Information & communication system and Monitoring, Corporate governance taken as moderating variable and dependent variable as effectiveness of internal control system. The results revealed that there are significant and positive relationship between the internal control components (such as control environment, risk assessment, control activities, information and communication system and monitoring) and effectiveness of internal control system and corporate governance moderates the relationship between internal control mechanisms and usefulness of the controls.

Siyanbola, (2013) examined "effective internal controls system as antidote for distress in the banking industry in Nigeria", the study revealed that the presence of internal control systems in the majority of the banks studied, had their control system being circumvented due to both knowledge gaps by some

of the operators on the lower scale and deliberate action of management and key staff.

Khanna and Kaveri (2008) scrutinized the execution of risk based internal audit in Indian Banks. To achieve the goals of the investigation, a structured questionnaire was sent to 43 banks in India, both in the public and private sectors to assist in the data collection. Twenty-five banks with six (6) in the public and nineteen (19) in the private sector respectively answered the questionnaire. The study revealed that the banks have made satisfactory development in introducing risk-based internal auditing in their operations.

Annaraud et al. (2014) conducted a study to determine the relevance of internal controls in the protect ions of intellectual capital structures in Iran. The Intellectual capital structure is intellectual and knowledge-based resources. Company resources like intellectual capital generate profit and enable companies to maximize economic advantage. Small companies, as well as large conglomerates directors and managers possess intellectual capitals. Regardless of ownership, the need to protect business and the organisational asset is a primary function and a factor in designing and implementing control systems (Hunt, 2014).

A study by Kabue and Aduda (2017) examined the importance of internal control system, in firms and organisations based on organisational leadership perspective. The study discovered that effective management and internal control systems leads to proper business process and performance (Kabue & Aduda, 2017). They further added that an internal control systems when adequate influence firm financial performance and effectiveness. Internal

control relevance to every organization underscores functionalities including organisational objectives (Kabue & Aduda, 2017).

Saha and Arifuzzaman (2011) cited Kabue and Aduda (2017) examined Management Disclosures on Internal Control in Annual Reports- a Study on Banking Sector: Bangladesh Perspectivel. The study revealed that there are some inherent limitations of internal controls and these limitations are also carefully acknowledged in the respective annual reports. Twenty nine percent (29%) of them pointed out that the systems designs provided only reasonable assurance of meeting stated objectives. Twenty nine percent said the internal controls cost should not exceed anticipated benefits.

Yu and Kang (2015) cited in Kukreja (2016) examined the relationship between weaker internal control systems and opportunistic managerial earnings for mutual savings bank in Korea. They hypothesized mutual savings banks with weak control systems to be more able to exercise managerial discretions which in turn, increase earning. Their findings indicate that firms with weaker internal control systems are associated with higher discretionary loan loss allowance and these firms are also more likely to report false financial statements.

Khan, et al (2015) cited in Kukreja (2016) investigating the functionality of each of the five internal controls components, effectiveness of the control systems and their relationship with performance concluded that internal control effectiveness is strongest in private banks than public banks followed by Islamic banks and that internal control effectiveness has positive relationship with the financial performance of banks. Their study was based on the Indian Financial

Sector and structured on a period of four years. The analysis was based on correlation test on the relationship.

Muraleetharan (2012) cited in Mukhina (2015) studied the impact of internal control on financial performance of selected private and public organisations. The key findings he identified was based on the fact that internal control and financial performance are statistically significant in determining performance and that there is a positive relationship between internal control and financial performance, though there are no statistically significant relationship between control environment and information and communication and financial performance. The study recommended that keen attention should be paid on to adopt efficient management information system and training of staff to understand the principles of internal controls.

The study by Carol (2015) was to determine how employees impact business performance through leadership. Leadership of organisations whether it relates to marketing, growth, and profitability is of great importance. Findings of the study tend to support a known fact that good leadership behaviour whether on an individual level or business level advances business value. Business leaders depend solely on the goodness of their employees to build trust, honesty, transparency, and goodwill. Management and workers who are close relations manage companies well. Such unique make-up leads not only to prosperity but provides critical internal control elements that strengthen and sustains business values. Strong leadership identity would attract greater shareholder, stakeholders, and consumer satisfaction, resulting in positive financial results.

A study on grocery stores crime and efforts to reduce such crime yielded some valuable information (Morf et al., 2013 cited in Moldof, 2014).). In the study, management gauged perceptions of system surveillance as a crime detection and elimination mechanism to improve business strategies. Study findings led to the conclusion that reduction strategy like surveillance requires a continued management monitoring and adjustment. Efforts to improve and strengthen crime prevention system mean replacement of an existing control tool. Installation of new CCTV scan systems and a perpetual monitoring of company control instruments can also help.

The result of the study by Pang and Ali (2013) cited in Novak (2014) concluded that the internet system does include an adequate internal control mechanism to protect companies' operations. Furthermore, difficulty in apprehending on-line criminals tends to encourage behaviours by the criminals (Pang & Ali, 2013). Lack of legal remedies helps cyber criminals. These criminals collect business information and use them at the expense of the companies. The purpose of Novak (2014) study was to determine and develop mitigating strategies companies can use as a risk assessment and management tool. A 2014 study stressed the importance of effective internal control systems (ICS) while cautioning the inherent deficiencies in the control dynamics (Gottschalk, 2014). The study indicated that an effective internal control system constitutes a cornerstone of sound public and corporate governance. Research have shown that most small companies lack the ability to control the rigors, and technical competence demanded in having effective internal control (Gottschalk, 2014).

Study of internal control disclosure in companies provided a detailed description (Carol, 2015). To establish the rationale that internal control involves the examination of 1309 Chinese listed non-financial companies. The result of the study found that three major factors influenced internal control disclosures positively (Carol, 2015). The factors included management actions, truthfulness in reporting, and proper timing. Adherence to these factors was crucial for maintaining effective and efficient internal control system. The problem is that most companies do not have adequate internal controls in place (Carol, 2015).

A study on the relationship between ineffective, weak internal control system, organisational losses, and poor performance helped to develop reliable information on the issue (De Cremer et al., 2014). A correlation exists between weak and ineffective control systems and poor system performance. A study finding supports the argument that strong and efficient internal control used as a risk management and assessment mechanism work (De Cremer et al., 2014). Rural banks could employ this strategy if it is affordable to them because of the potential benefits that may accrue from its use. The benefits can include strengthening internal controls, promoting performance, profitability, and growth.

A study examined quality assurance in audit works, observation, and maintenance of a quality assurance standard by auditors (Santanu et al., 2013 cited in De Cremer et al., 2014). Compliance with quality assurance standard (QAS), when business organization leaders use the standard, the operation becomes efficient and effective. Referencing the laws, such as Sarbanes-Oxley and the Foreign Corrupt Practices Act (FCPA), Santanu et al. (2013) cited in De

Cremer (2014) posited that auditor compliance with quality standards produced quality financial statement and records. When business leaders comply with rules and regulations, they are successful and profitable.

In a study on business practice strategy, Stone (2016) examined how compliance with rules and regulations benefits businesses, and lead to growth and sustainability. Stone (2016) focused the study on auditor attestations. The purpose was to determine whether a big or small company was a filer or non-filers of internal control weakness report.

Ali (2013) cited in Stone (2016) examined the Contribution of Internal Control System to the Financial Performance of Financial Institution in sample of 60 employees of the People's Bank of Zanzibar (PZB) were used. The study's findings indicated that the internal controls used in PBZ were effective and satisfactory.

Etuk (2011) cited in De Cremer et al., (2014) assessed five banks' internal control systems in Nigeria. The study established that the banks' internal control systems have provided reasonable assurance concerning the Banks operational efficiency and effectiveness. He added that the controls have ensured the preparation of reliable financial reports and guarantees and ensures compliance with appropriate laws and regulations. In spite of the general effectiveness of the observed controls, lapses were also discovered. This was evidence by high loan default rate and margin loans collateral slackness. The study also discovered an increase in the level of frauds reported by the regulatory authority. These instances indicate control failure.

Study of the impact of internal control and organisational leadership on the costs of equity in Malaysian public companies during the periods 2003-2007

provided some details (Amba, 2014). Amba (2014) examined the financial crisis of 1997, and 1998, which exposed the vulnerability and structural weakness of firms control elements. The result of the crisis shows some evidence of poor internal control, inadequate board oversight. The crisis also shows a numerous conflict of interest transactions that either ignored the need for strong control oversight or points to the weakness in the control elements effectiveness (Amba, 2014). Weakness in control elements also highlighted how poor internal control and irresponsibility could exacerbate organisational problems. Weak leadership or weakness is the cause of poor performances. An assertion that poor leadership contributes to poor performance tends to support a non-established fact. The general perception is that organisations with strong and efficient internal control system are more profitable than those organisations without (Amba, 2014)

Examination and analysis of how financial institutions in the United Kingdom work with risk assessment and management showed how strategies that worked in this system could work for other companies (Tong et al., 2014). Tong et al. (2014) analyzed and examined the action and role of directors and managers of companies. Directors and managers are the people who occupy positions of power and make difficult decisions that affect the irrespective organisations. Decisions and actions taken by this calibre of leaders determine organisational directions, success, and failures. Effective leadership is a risk assessment and management tool and strategy (Tong et al., 2014). Organisational leadership, whether large or small is capable of acting as a risk assessment and management tools, because of the interactions, reflects business organisations in its entirety (Tong et al., 2014).

Internal control decisions made, and actions taken reflect a firm intent to achieve internal control objectives and operational performance goals. Much internal control information breaches originate from organization workflows (Novak, 2014). Information breaches are of particular concern in organisational work activities because it involves a process that results in the generation of personal or workers' information that facilitates workflows (Novak, 2014).

The result of an examination of the role of forensic accounting in fraud detection and prevention in Nigeria shed some light on business practices that are questionable (Inyang, 2013). The increase in fraud activities prompted an examination to determine how forensic accounting could help in stemming the problem. Forensic accounting is the use of accounting and auditing exam techniques for the accuracy of financial transactions and organisational operation records (Siyanbola, 2013 cited in Stone, 2016). A study in Nigeria revealed some practice of information manipulation and the inaccurate posting of accounting entries. While signatories to accounts are incorrect, there is a complete ignorance of the process sequence process also. Inyang (2013), determined that the use of forensic accounting strengthened the accounting activities of most banks, forensic accounting can reduce financial transactions errors. The findings of the study led to the conclusion that forensic accounting services boost internal control functions. Managers can use forensic accounting system to help businesses to detect and prevent fraud (Inyang, 2013; Siyanbola, 2013). Ayom (2013) cited in Novak, (2014) stated that implementation of internal control systems be reviewed regularly to ensure high level of performance of organisations since it has positive relationship to performance

of such organisations. On the same note, the study found that fraud can be mitigated by effective internal control systems.

Afum (2011) cited in Ayagre et al (2014) in his study on evaluation of internal controls in Papso Ghana Limited discovered that Papso Ghana Limited has effective internal control system and the internal auditor contributes immensely to it, but he is not independent.

The study by Ntim-Sarpong (2012) cited in Tong et al., (2014) investigated the possible challenges of implementing an effective and efficient internal control system and its effects on customers' perception of the service rendered by the Agricultural Development Bank in the Brong-Ahafo Region of Ghana. In general terms the internal control system of the bank in the opinion of the management and staff is weak. On the other hand the customers of the bank gave a somewhat contrasting view to that of the staff. The study asserted that, majority of the customers perceived all the components of internal control frameworks except the information technology component to be strong. However, majority perceived that the information technology component was weak. Thus both the customers and employees generally indicated that, the information technology aspect of the internal control system of the bank is weak.

Ayagre, et al (2014) in a recent study examined the control environment and monitoring activities of internal controls. The study which covered all banks registered in Ghana finds that, there is a strong commitment for promotion of internal control systems from the senior management staff of the banks. They also found that the internal audit departments are the main focus for monitoring

activities and are often independent and objective in carrying out the irresponsibility.

Mensah (2011) cited in Agagre et al (2014) in a study observed the existence of strict supervision, authorization and segregation of duties at Takoradi Polytechnic. The findings revealed that management does not communicate to the staff of new control policies introduced. Again the findings indicated that the control systems at the polytechnic are quite effective and are directed towards the detection and prevention of fraud and error

Ntim-Sarpong (2012) cited in Tong et al., (2014) in his study identified the major challenges that hinder the effective implementation of the internal control system of Agricultural Development Bank in the Brong Ahafo Region. The study indicated the desire of management to accomplish certain reporting results, confusion over who is in charge of internal control, indefinite segregation of duties, and personal interest over corporate and public interest, the problem of choosing the right as against the acceptable. The study also observed that the problem of substance of issues as against their legal form, the problem of concern for both the fact and appearance, inappropriate and unreasonable executive compensation, the issue of selecting loose control activities and rejecting tight control procedures, the issue of compliance with rules and regulations as against principles and values and the changing business environment are challenges inherent in the implementation of the bank.

Conceptual Framework

The conceptual framework of this study is focused on two main variables (Independent and dependent variables). The framework depicts the relationship between elements of internal control as independent variable and

organisational performance as dependent variable. The study seeks to establish the effectiveness/efficiency of internal control system of Tain District assembly, the relationship and effect of internal control system (independent variable) on performance (dependent variable). The framework shows how constructs in the study interrelate, as shown in Figure 1 below.

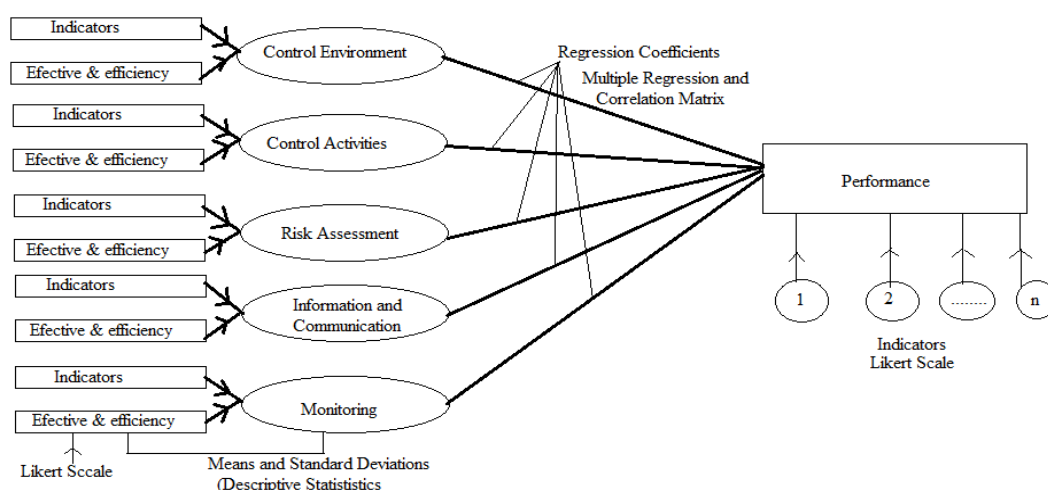


Figure 1: Diagrammatical presentation of conceptual framework

Source: Author's construct (2020)

The general conclusion on the various studies cited on Internal Control System is that there is the need for both private and public sector organizations to embrace and establish a strong and resilient internal control systems. It was also revealed that internal control system provides reasonable assurance but not absolute assurance that objectives of organizations are achieved. This suggests that risk management practices should be adopted by organisations in order to address the gaps in the controls. This is because risk will be identified, assessed, and corrective measures taken to in order to achieve objectives The literature also revealed that there is positive relationship between internal control system and the achievement of general objectives, more specifically on revenue collection, accountability and review. Researchers also agreed that, the

stakeholders of organisations should appreciate and understand the relevance and workings of their internal control systems in order to give it the needed support to achieve their intended objectives.

CHAPTER THREE

RESEARCH METHODS

Introduction

This chapter looks at the research methods that was used to undertake the study. Research methods entail research design, study area, population, sampling and sampling techniques, data collection instrument, data collection procedure, research instrument, validity and reliability, data analysis and ethical issues.

Research Design

Research design is thus a plan or a blue print which specifies how data relating to a given problem should be collected and analysed. It provides a procedural outline for the conduct of any study. The study adopted non experimental research design (Case Study- situational analysis) together with cross sectional survey method for the data collection. It involves investigating an institution or a social unit of a community to determine and report the way things are, in this case, efficiency and effectiveness of internal control system of Tain District Assembly.

Study Area

Tain District was created in June 2004 by LI 2090, in the Bono Region. It lies within latitudes $7^{\circ} 1/2$ and $8^{\circ} 45'$ North and longitudes $2^{\circ} 52'$ West and $0^{\circ} 28'$ East. In terms of land area, Tain District covers 2,700 square kilometers. The district projected population size as at 2017 was 108,692. The District shares common boundaries with Wenchi District to the East, Jaman North to the West, Sunyani West to the South and Berekum Municipal to the South West. It is also bounded by the Banda District to the North, La Cote d'Ivoire to the North

-West. Nsawkaw, the District capital is 18 miles from Wenchi, the capital of Wenchi Municipal Assembly. Agriculture is the main source of income of households in the District. It accounts for about 87.7% of the total employment. However, there are a number of light industries- gari and cashew processing factories (medium and small scale in nature) that provide employment opportunities for the people. The major crops grown are cashew, maize, rice, groundnuts, cassava, pepper, beans and livestock such as cattle, sheep, goats, pigs etc.

The district has four main traditional areas which are the Nsawkaw traditional area, the Badu traditional area, the Seikwa traditional area and the Brodi, Namasa, Debibi and Manji Traditional area. The first three traditional areas are paramountcy and thus have paramount chiefs, whilst the last rotates among the four communities.

Population

The study obviously selects from a group of individuals or employees, termed population to make inferences about the general population. Amedahe, (2002) defines a population as a group of individuals' persons, objects, or items from which samples are taken for measurement or as the entire aggregation of cases that meet a designated set of criteria. The target population of this study covered all relevant departments of the Assembly.

Sampling Procedure

Sampling is the process of selecting a portion of population to represent the entire population. The study used a sample size of 60 out of 140 workers from Tain District Assembly constituting 42.85% of the total population. According to Amadehe and Gyimah (2016) quantitative studies with sample

size of 5% to 20% of the population is sufficient for generalization. Stratified sampling techniques (Probability sampling method) was used to select respondents to make up the sample size. Purposive sampling technique was used to identify respondents to respond to issues of internal control system of Tain District Assembly.

Data Collection Instrument

The study adopted primary sources of data collection techniques. Primary sources are original sources from which the researcher directly collects data that have not been collected previously. Primary data was collected through questionnaires related to the variables in the research objectives. The questionnaires were designed to include: items pertaining to respondents' characteristics, Likert-scale items relating to standard internal control system and items relating to efficiency and effectiveness were used. All items were on a scale rating from 1 to 5. This rating enables respondents to rate their agreement for each item for analysis. The reliability of questionnaires leading to the internal control system's efficiency and effectiveness constructs were tested. The dependent variable for this study was performance and organizational goals and the independent variables were all the elements of the controls.

Data Collection Procedures

Questionnaire was sent personally to the respondents in order to afford the researcher the opportunity to establish rapport with the respondents within the period of data collection. Questionnaires were given to the respondent on the second visit in March 2020 after the researcher had already introduced himself to the authorities of Tain District Assembly. The researcher took advantage to brief the respondents on the objective of the study and also explain

each item on the questionnaire, as well as offer any assistance that was needed by the respondents. A time lapse of five days was allowed to enable respondents to complete the questionnaires. Respondents were assured of the confidentiality of the information they would provide.

Validity and Reliability

Reliability is the degree to which the results obtained by measurement and procedure can be replicated so that the result of test items scores are the same upon several measures. Validity on the other hand is how an instrument measures what it actually seeks to measure. The study adopted face and content validity ways of accessing the questionnaire. The researcher first sought expert advice as to whether the test in the questionnaire would be fit for purpose that is whether the questionnaire could give the intended results. After the validity was achieved, the researcher proceeded to access the content of the questionnaires by again seeking experts advice on the suitability of all the items in the questionnaire in order to conclude on which items to form part of the questionnaire. Reliability of questionnaires items were tested using reliability scale after performing a pilot survey.

Reliability Test

The researcher used fifteen (15) items to assess internal control systems of Tain District Assembly and six items for elements of internal control systems feasible in Tain District Assembly under control environment, risk management, control activities, information and communication and monitoring. Eight (8) items were for assessing effectiveness and efficiency of internal control system of the Assembly and three (3) items for assessing organizational performance in the organization. The reliability Cronbach's

alpha value for all the test items with respect to the construct are shown in table 1 below after pretesting with 12 respondents to assess the reliability of the questionnaires before the main study. The Cronbach's alphas of all items are greater than 0.7, indicating good internal control consistency and reliability.

Table 1: Reliability of Questionnaire

Construct	Number of Items	Cronbach's alpha (α)
Internal Control System's in Tain Assembly	15	0.815
Control Environment	5	0.871
Risk Management	6	0.909
Control Activities	5	0.771
Information and Communication	2	0.868
Monitoring	4	0.851
Effectiveness and Efficiency	8	0.948
Organizational Performance	3	0.823

Source: Field survey (2020)

Data Analysis

The data collected were edited and coded before analysing them. This facilitated easy identification. Data collected were analysed using Statistical Package for Social Sciences (SPSS) version 23. Descriptive statistics method was employed in describing the nature or condition of the data by using means and standard deviations to access elements of internal control systems and performance of organizational goals of Tain District Assembly. Multiple

regression model was employed to establish the relationship between the effect of elements of internal control system as independent variable and organizational performance of the Assembly as dependent variable. The multiple regression model is depicted below:

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \dots + \epsilon_i$$

Y_i = Performance of organizational goals

X_1 = Control environment

X_2 = Risk management

X_3 = Control activities

X_4 = Information and communication

X_5 = Monitoring

Ethical Consideration

The researcher followed ethical standards as expected in research studies. Respondents were first assured that their participation is voluntary and that they can withdraw participation willingly anytime if they wish. To avoid invasion of their privacy, their consent was sought. As respondents were more concerned about the possibility of their privacy being invaded, they were assured of confidentiality of data. Again, respondents were assured that data collected would be limited to academic purposes.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

Introduction

This chapter presents the results of the findings and discusses them in the light of the research questions that guide the study. The specific objectives of the study were to determine the consistency of internal control systems of Tain District Assembly relative to international internal control standards, assess the effectiveness and efficiency of the internal control system of Tain District Assembly and the effects of internal control systems on performance of organizational goals of the Assembly. The data used in the research were obtained through the administration of structured questionnaire, as sixty (60) employees were sampled from the Assembly.

The chapter begins with the Socio-demographic data of the respondents which was followed by the section that answers the research questions of the study. The findings have been presented in frequencies, percentages, descriptive statistics (means and standard deviations), inferential statistics (correlational matrix) and tables.

Socio-Demographic Characteristics

This section discusses the socio-demography characteristics of the respondents captured from the interview. Table 2 below shows the distribution of gender and ages of the respondents.

Table 2 Socio-Demographic Characteristics of Respondents

Variables	Category	Frequency	Percentages
Gender	Male	37	61.7
	Female	23	38.3
Qualification	SSSCE	2	3.3
	Diploma	18	30.0
	Degree	32	53.3
	Masters	8	13.3
	Doctorate	0.00	
Age	20-29	21	35.0
	30-39	24	40.0
	40-49	9	15.0
	50-59	6	10.0
Marital Status	Single	17	28.3
	Married	38	63.3
	Divorced	3	5.0
	Separated	2	3.3
	Widow	0.00	

Source: Field survey (2020)

Gender Distribution

The table 2 above shows the gender distribution of the respondents. The study revealed that 37 (61.7%) of the respondents are males and 23(38.3%) are females. This implies that respondents show the trend that male employees of the District Assembly are higher in number than the female employees.

Qualification of Respondents

Respondent's qualification was expected to influence his/her responses on issues of internal control system in the district. Table 2 above indicates that, majority 32(53.3%) of the respondents were first degree graduates, with 18 (30.0%) having diploma certificates, 8 (13.3%) were master's degree holders, 2 (3.3%) were SSSCE holders and none of the respondents had PHD. The respondent's qualification indicates that about 66.6% of them possess first and master's degrees.

Age Distribution

Table 2 indicates that, majority 24(40.0%) of the respondents were between the ages of 30 – 39 years, 21 (35.0%) falling between the ages 20 – 29 years, 9 (15.0%) falling between the ages 40 – 49 years, 6 (10.0%) were between the ages 50 – 59 years. The age distribution indicates that about 75.0% of the respondents falls below 40 years and are youthful.

Marital Status

Table 2 indicates that, majority, 38(63.3%) of the respondents were married, with 17 (28.3%) being single, 3 (5.0%) of them had divorced their marriages and 2 (3.3%) had separated from their marital homes and none of them was a widow/widower.

Internal Control Systems' Consistency with International Standards

This section examines the extent to which the internal control system put in place by the Assembly are consistent with the international standard of controls. To determine the consistency of internal control system, respondents were asked to rate their levels of agreement and disagreement using a likert scale questions of 5 items, which are strongly agree (SA = 5), agree (A = 4), neutral

(N = 3), disagree (D = 2) and strongly disagree (SD = 1). For analytical purposes the mean and standard deviation of the responses given by respondents were computed and were analyzed with mean scores. The mean score closer to 4 and above were interpreted as agreement, those closer to 2 and below were interpreted as disagreement, The results of this analysis is in table 3.

Table 3: Analysis of Consistency of Tain District Assembly Internal Controls with International Control Standards

Variables	Mean	Standard Deviation
Independent audit section exists in the Assembly	4.105	0.802
Financial Records are prepared to meet standards	3.683	1.359
Internal Audit unit is independent in the conduct of its duties	2.300	1.197
Effective organizational structure that shows line of authority exist	3.900	1.068
Control activities are periodically reviewed by management for efficiency	2.033	1.104
Effective control environment to address internal control activities exist	2.100	1.115
No payments are made without supporting document(s)	3.153	1.033
There is proper authorization for every transaction	2.983	1.016
Internal audit unit tests controls to ascertain their effectiveness	2.133	1.255
There is adequate segregation of staff duties	4.100	0.984
The Assembly bankers are quickly notified of any change of staff	2.116	1.208
Internal control system is ongoing process with no time specification	4.083	0.925
You are comfortable with the internal control system in the Assembly	3.150	0.971
You have sufficient knowledge of control procedures	2.583	1.305
New internal control policies are communicated to staff by management	2.200	1.272
Grand Mean	2.974	1.134

Source: Field survey (2020)

Results from table 3 indicates that independent internal audit section exists in the Assembly and was rated as the most influential item variable on the measured factor. It obtained a mean score of 4.105, indicating that respondents agreed with the existence of independent audit section and a standard deviation value of 0.802, revealed that respondents' opinions were relatively closer to the mean score. By extension, there is homogeneity of views expressed by the respondents with regards to existence of independent audit section of the Assembly.

Adequate segregation of staff duties was rated the second in respect of consistency of internal control system. It recorded a mean score of 4.100 and standard deviation of 0.984, which demonstrated the fact that respondents agree and share similar views on adequate segregation of duties. Internal control system is ongoing process with no time specification was identified as the third variable in assessing the consistency of Tain District Assembly's internal control system with international standards. Rating on the scale shows that it obtained a mean score of 4.083. The standard deviation score of 0.925 shows a minimal divergence views expressed by the respondents and demonstrate the fact that respondents agree with this variable.

Effective organizational structure that shows line of authority exist was the fourth variable measure of consistency of internal control systems with standards. It recorded a mean score of 3.900 indicating that respondent opinions were close to agreeing with the variable and a standard deviation of 1.068, revealed that respondents' opinions were relatively spread around the mean score indicating heterogeneous views.

Also, financial Records are prepared to meet standards were considered the fifth variable measure of the control system. It recorded a mean value of 3.683, which signified that the respondents have close agreement with the variable. The standard deviation mark was 1.359, showing divergence views shared by the respondents on the variables.

No payments are made without supporting document(s) was the sixth variable for internal control system consistency and had a mean score of 3.153 showing midway agreement of respondents and standard deviation of 1.033 indicating a spread of respondent's opinions around the mean. Employee's comfortability with the internal control system of the Assembly was the seventh variable that accesses the internal control system consistency in the organisation, it records a mean value of 3.150 indicating a midway responses and standard deviation of 0.925 showing close variability of respondent's opinions around the mean.

There is proper authorization for every transaction was ranked eighth variable in assessing the consistency of internal control system of Tain District Assembly with standards and had a mean value of 2.983 signifying respondent's opinion close to midway and standard deviation of 1.016 indicating high variability around the mean.

Employees having sufficient knowledge of control procedures was the ninth variable. It attracted a mean value of 2.583 indicating respondent's disagreement of this variable with standard deviation of 1.305 showing heterogeneous views of respondents on the variable. Internal Audit unit is independent in the conduct of its duties was ranked the tenth variable used to assess consistency of internal control system, it recorded a mean value of 2.300

indicating disagreement and had a standard deviation of 1.197 signifying high variability around the mean.

New internal control policies are communicated to staff by management was the eleventh variable and had a mean value of 2.200 and standard deviation of 1.272 indicating disagreement and high variability around the mean showing heterogeneous responses of respondents. Internal audit unit test controls to ascertain their effectiveness was ranked the twelfth variable and had a mean value of 2.133 depicting respondent's disagreement and standard deviation of 1.255 indicating high heterogeneous views of the respondents.

The Assembly bankers are quickly notified of any change of staff was the thirteen variables. It had a mean value of 2.116 signifying respondent's disagreement and had a standard deviation of 1.208 indicating wide spread of respondent views around the mean. Effective control environment to address internal controls activities exist was the fourteen variable used to assess Tain District Assembly's internal control system's consistency with standards. It recorded a mean value of 2.100 and a standard deviation of 1.115, which shows respondents disagreement.

Last but not the least variable was to find out whether control activities are periodically reviewed by management for efficiency. It had a mean mark of 2.033. The rating depicts respondent's disagreement with the variable. The standard deviation value was 1.104, connoting some higher level of divergence on the variable. The grand mean and standard deviation values were 2.974 and 1.134 respectively.

The grand mean value [*grand mean* < 3] shows that the employees of the Assembly do not outrightly agree that internal control system of the

Assembly were consistent with international standard of controls. The results corroborate with the earlier finding on consistency of internal control system by Monisola and Rekiat (2016) who examined internal control system in small business organization in Ekiti State, Nigeria, and concluded that there was grossly inadequacy of internal control in the organization.

The results further indicated that there was inconsistencies with the organization's controls relative to acceptable standards. The results again is consistent with the publication by Moses et al (2016) who examined consistency of internal control system of the faith-based NGOs, and concluded that internal control systems functioned satisfactorily well in four components of the international standard model except risk assessment.

Findings were inconsistent with Yakubu (2018) who assessed internal control systems of selected Assemblies in the Northern Region of Ghana and concluded that internal control systems existed and are averagely effective. Frank (2016) also indicated that internal control system exists in Tema Mutual Health Insurance Scheme and were consistent with international standards.

Effectiveness and Efficiency of Internal Control System of Tain District Assembly

This section assesses the effectiveness and efficiency of internal control system of Tain District Assembly. Respondents were asked to rate their levels of agreement and disagreement using a Likert scale questions of 5 items, from strongly agree (SA = 5) to agree (A = 4), neutral (N = 3), disagree (D = 2) and strongly disagree (SD = 1). For analytical purposes, the mean and standard deviation of the responses were computed. These were analyzed with mean ranks.

The mean score closer to 4 and above were interpreted as agreement, those closer to 2 and below were interpreted as disagreement, whereas those equal to or closer to 3 were interpreted as neutral. The findings have been summarized in table 4 below.

Table 4: Analysis of Effectiveness and Efficiency of Tain District

Assembly Control System

Variables	Mean	S.D
Reliable financial reports are prepared due to internal control systems	3.483	1.467
The operational goals of the Assembly are achieved due to control systems	3.116	1.276
Management directives are adhered due to control systems	4.150	0.898
Laws and regulations are adhered to due to internal control systems	3.566	1.294
Errors and risk are reduced in the Assembly due to internal control systems	3.066	1.587
Errors detected in the operations of the Assembly are corrected due to control systems	3.233	0.732
Control system facilitates easy detection of errors in the governance of the Assembly	2.283	0.845
Control systems facilitates operational back-ups in the Assembly	2.483	1.318
Grand Mean	3.172	1.177

Source: Field survey (2020)

The results in table 4 show that as a result of internal control system of Tain District Assembly, reliable financial reports are prepared. It obtained a mean score of 3.483, depicting mid-way respondent's opinions but the question of whether the variable was properly adhered to needs to be answered. It had a standard deviation value of 1.467 which revealed that respondents' opinions

were relatively dispersed around the mean score. By extension, there was heterogeneous views expressed by the respondents with regards to reliable financial reports.

Operational goals of the Assembly are achieved recorded a mean score of 3.116 and standard deviation of 1.276, which demonstrated the fact that respondents had midway views and had minimal dispersion over reliable financial records. Management directives are adhered to due to control systems obtained a mean score of 4.150 and a standard deviation score of 0.898 showing a close divergence views expressed by the respondents and demonstrating the fact that respondents agree that management directives are adhered to in the organization.

Laws and regulations are adhered to due to internal control systems recorded a mean score of 3.566 indicating respondent opinions close to agreement and a standard deviation of 1.294, which revealed that respondents' opinions were relatively spread around the mean score indicating heterogeneous views. Also, errors and risk are reduced in the Assembly's operations due to internal control systems had a mean value of 3.066, which signified that the respondents have neutral agreement with the variable. The standard deviation mark was 1.587, showing wide divergence views shared by the respondents on the variables. Errors detected in the Assembly are corrected due to control systems had a mean score of 3.233 showing midway agreement of respondents and standard deviation of 0.732 indicating a close spread of respondent's opinions around the mean.

Control system facilitates easy detection of errors in the operation of the Assembly recorded a mean value of 2.283 indicating a disagreement of

responses and standard deviation of 0.845 showing close variability of respondent's opinions around the mean. Control systems facilitate operational back-ups in the Assembly, with a mean value of 2.483 signifies respondents' opinions close to midway and standard deviation of 1.318 indicating high variability around the mean.

The grand mean of 3.172 and standard deviation of 1.177 indicates that the employees of the Assembly have neutral opinions on effectiveness and efficiency of internal control systems. The results did not corroborate with the earlier findings such as William et al, (2017) who examined internal control system used at GN Bank's credit department in Ghana for its effectiveness and revealed that implementation of a strong internal control system was able to detect and prevent fraudulent acts. It also agreed the publication by Edward (2018) who revealed that there was significant effect of controls on revenue mobilization in Accra Metropolitan Assembly. The study is consistence with Ayagre, (2018) who investigated the impact of merger of the three revenue agencies in Ghana on effectiveness of internal control system and revealed that the merger negatively impacted the effectiveness of internal control system of the revenue agencies.

Effects of Internal Control Systems on Organizational Performance of the Assembly

This section first looks at the levels of elements of internal control systems of Tain district Assembly before assessing their effect on organizational performance from the respondent's point of view. Respondents were asked to rate their levels of agreement and disagreement using a Likert scale questions of 5 items, from strongly agree (SA = 5), to agree (A = 4), neutral

(N = 3), disagree (D = 2) and strongly disagree (SD = 1) using the five elements of internal control systems such as control environment, risk management, control activities, information and monitoring in the governance system of the Assembly. The findings have been summarized in the table below.

Table 5: Respondents Opinions on Control Environment

Variables	Mean	S.D
Management decisions are made collectively and not made by few	2.400	0.942
Code of conduct or ethics exist in the Assembly	2.083	1.013
Policies regarding internal controls are communicated to all staff	2.233	1.406
Audit is periodically done and tested for compliance	2.983	1.590
Management reviews policies and procedures periodically	2.066	0.936
Grand Mean	2.353	1.177

Source: Field survey (2020)

Table 5 summarizes average agreement and disagreement of the respondents on control environment. On the issue of whether management decisions are made collectively and not made by few had a variable mean of 2.400 and standard deviation of 0.942 showing homogeneous opinions of respondents. Code of conduct or ethics existing in Tain district Assembly recorded an overall mean of 2.083 and standard deviation of 1.013 indicating minimal closeness of opinions around the mean.

Policies regarding internal controls are communicated to all staff had 2.233 as overall mean of responses and standard deviation of 1.406 showing that respondents have divergence opinions on the variable. is periodically done

and tested for compliance in the Assembly had an overall response mean of 2.983 and standard deviation of 1.590 indicating heterogeneous opinions of respondents. Management reviews policies and procedures periodically recorded an overall mean of 2.066 and standard deviation of 0.936 indicating respondents' homogenous responses. The grand mean of 2.353 and standard deviation of 1.177 indicates that the employees of the Assembly had divergence views on the feasibility of control environment of the organization. This result is in line with Edward, (2018) who investigated the internal control system of the Accra Metropolitan Assembly and its effect on revenue mobilization for the Assembly and revealed that risk assessment and control environment was poorly complied with.

Table 6: Respondents Opinions on Risk Management

Variables	Mean	S.D
The Assembly has adequate risk management policies and practices	2.133	1.065
The objectives of risk management are communicated to staff	2.600	1.044
Risk assessment outcomes are communicated to staff	2.200	1.272
Management evaluates risk when planning for new projects	1.176	1.014
There are sufficient staff members who are competent to manage risk	1.966	0.936
Significant compliance and risk are identified and assessed	2.166	1.250
Grand Mean	2.040	1.096

Source: Field survey (2020)

Table 6 shows result of risk management in Tain District Assembly. The Assembly has adequate risk management policies and practices obtained a mean

score of 2.133, depicting respondent's disagreement and a standard deviation value of 1.065 revealing that respondents' opinions were relatively dispersed around the mean score.

The objectives of risk management are communicated to staff recorded a mean score of 2.600 and standard deviation of 1.044, which demonstrated the fact that respondents disagree with minimal dispersion of views. Risk assessment outcomes are communicated to staff obtained a mean score of 2.200. The standard deviation score of 1.272 showing a divergence of views expressed by respondents.

Management evaluates risk when planning for new projects recorded a mean score of 1.176 indicating that respondent opinions were in disagreement with the variable and a standard deviation of 1.014, revealing respondents' opinions were relatively spread around the mean score indicating heterogeneous views. There is sufficient staff members competent to manage risk recorded a mean value of 1.966 and standard deviation of 0.936 indicating close views of respondents' disagreement with the variable. Significant compliance and risk are identified and assessed recorded a mean value of 2.166 and standard deviation of 1.250 showing dispersal disagreement of respondent's opinions on risk compliance.

The grand mean of 2.040 and standard deviation of 1.096 indicate that the employees of the Assembly disagree on their opinions of the feasibility of risk management. This study corroborated with Moses et al (2016) and Edward (2018) who examined the current level of internal controls operated by Seven Faith-Based NGOs and Accra Metropolitan Assembly and its effect on revenue mobilization for the Assembly respectively and revealed that the control system

functioned satisfactorily, except risk assessment where the procedures were found to be very weak.

Table 7: Respondents' Opinions on Control Activities

Variables	Mean	S.D
Policies and procedures exist to ensure critical decision making	4.266	0.548
Processes exist for independent verification of transactions	3.100	1.003
There is system in place to ensure that duties are rotated periodically	2.367	1.149
Processes are in place to ensure that policies work as expected	2.167	0.867
The Assets of the Assembly are properly safe-guarded	1.817	0.948
Grand Mean	2.743	0.903

Source: Field survey (2020)

Table 7 summarizes average agreement and disagreement of the respondents on control activities. On whether policies and procedures exist to ensure critical decision making, the variable recorded an overall mean of 4.266 and standard deviation of 0.548 showing homogeneous opinions of respondents. Processes exist for independent verification of transaction of the Assembly recorded an overall mean of 3.100 showing midway views of respondents and standard deviation of 1.003 indicating minimal closeness of opinions around the mean.

There is a system in place to ensure that duties are rotated periodically had 2.267 as overall mean of responses and standard deviation of 1.149 showing respondents divergence opinions on the variable measuring the control activities of the assembly. Processes are in place to ensure that policies work as expected

in the Assembly had an overall mean of 2.167 and standard deviation of 1.867 indicating homogeneous opinions of respondents. The Assets of the Assembly are properly safe-guarded recorded an overall mean of 1.817 and standard deviation of 0.948 indicating respondents' homogenous responses.

The grand mean of 2.743 and standard deviation of 0.903 indicates that the employees of the Assembly disagree on the feasibility of control activities. The result of the study is in contrast to Edward, (2018) who investigated the internal control system in the Accra Metropolitan Assembly and revealed that control activities, information and communication and monitoring are well practiced.

Table 8: Respondents Opinions on Information and Communication

Variables	Mean	S.D
There is effective flow of information from top management to bottom	2.383	0.761
There exist clear channels of communication	2.150	1.246
Grand Mean	2.267	1.004

Source: Field survey (2020)

Table 8 depicts result of information and communication in Tain District Assembly. The Assembly has effective flow of information from top management level to the bottom obtained a mean score of 2.383, depicting respondent's disagreement and a standard deviation value of 0.761 which reveals that respondents' opinions were relatively close to the mean score. There exist clear channels of communication for individuals to report their grievances recorded a mean score of 2.150 and standard deviation of 1.246, which

demonstrated the fact that respondents disagree with heterogeneous views on the variable.

The grand mean of 2.267 and standard deviation of 1.004 indicate that the employees of the Assembly disagree with their opinions on the feasibility of information and communication.

Table 9: Respondents Opinions on Monitoring

Variables	Mean	S.D
Senior management monitors policies related to internal control systems	2.117	0.976
There are processes to monitor and re-evaluate risks in response to changes	2.183	0.929
There are effective follow ups in response to changes in risk assessment	2.283	0.738
Significant control weaknesses are reported to management on timely basis	2.050	0.891
Grand Mean	2.158	0.884

Source: Field survey (2020)

Table 9 reveals results of monitoring activities of the Assembly. The Assembly's senior management monitors policies related to internal control systems obtained a mean score of 2.117, depicting respondent's disagreement and a standard deviation value of 0.976 which revealed respondents' opinions were relatively close around the mean. There are processes to monitor and re-evaluate risks in response to changes recorded a mean score of 2.183 and standard deviation of 0.929, which demonstrated the fact that respondents disagree with minimal dispersion.

There are effective follow-ups in response to changes in risk assessment obtained a mean score of 2.283. The standard deviation of 0.738 shows

homogeneous views expressed by respondents. Significant control weaknesses are reported to management on timely basis recorded a mean score of 2.050 indicating respondent's disagreement with the variable and a standard deviation of 0.891, which revealed that respondents' opinions were relatively close to the mean score. The grand mean of 2.158 and standard deviation of 0.884 indicate that the employees of Tain Districts Assembly disagree with the feasibility of monitoring in the assembly.

The study employed multiple regression method to assess the effect of elements of internal control system as independent variables and on organizational performance as dependent variable. Continuous data of elements of internal control system and organizational performance were obtained by averaging the Likert scale responses of the employee's opinions on the questionnaires ranging from 1 (Strongly agree) to 5 (Strongly disagree) of the variables leading to elements of control system and organizational performance. The multiple regression results are shown in table 10 below.

Table 10: Multiple Regression Results

Variables	β	Std.Errt	P> t	[Sig Value]
Control Environment	0.0097	0.0848	0.12	0.909
Risk Management	0.0735	0.0887	0.83	0.411
Control Activities	0.3673	0.1372	2.68	0.010
Information & Com.	0.2174	0.0512	4.24	0.000
Monitoring	0.5450	0.0737	7.39	0.000
Constant	-0.7987	0.2017	-3.96	0.000
F-Statistics	F(5, 54)= 71.63 Prob >F=0.000			
Adjusted R-Square	0.8569			

Source: Field survey (2020)

Coefficients are Significant at 5% level [Dependent Variable: Organizational performance]

Table 10 shows the result of the multiple regression, all variables are statistically significant only if ($p < 0.05$), control environment ($\beta = 0.0097$, $p\text{-value} = 0.909$) have positive non-statistically significant influencing the organizational performance of the Assembly. Risk management ($\beta = 0.0735$, $p\text{-value} = 0.411$) have positive non-statistical significant influencing organizational performance, control activities ($\beta = 0.3673$, $p\text{-value} = 0.010$) have positive statistical significant influencing the organizational performance of the Assembly, information and communication ($\beta = 0.2174$, $p\text{-value} = 0.000$) have positive statistical significant influencing the organizational performance of the Assembly and monitoring ($\beta = 0.5450$, $p\text{-value} = 0.000$) have positive statistical significant influence the organizational performance of the Assembly.

The adjusted R-square value is 0.8569 indicating 85.69% of variation of organizational performance of the Assembly is explained by the control environment, risk management, control activities, information and communication and monitoring while 14.31% of the variation of performance and organizational goals is being explained by other unknown factors. The overall F-statistic $F(5, 54) = 71.63$, $p\text{-value} = 0.000 < 0.05$ indicating overall combined effect, of elements of internal control system on performance and organizational goals of the Assembly are statistically significant. The result do not support the hypothesis hypothesized under research hypothesis, indicating that the study fail to accept the null hypothesis that there is no internal control effect on performance and organisational goals. But accept the alternative that

there is effect of internal control system on performance and organizational goals in the Tain District Assembly.

The result corroborate with GamageLow and Keving, (2018) who examined the impact of internal control components and effectiveness of internal control system with the moderating effect of corporate governance of Peoples' Bank in Sri Lanka, the result revealed that there is positive relationship between internal control components (such as control environment, risk assessment, control activities, information and communication system and monitoring) and effectiveness of internal controls.

The results gathered and presented from respondents revealed that they disagreed with consistency of internal controls system with international standards. In conclusion, the overall grand mean on consistency of internal control system indicates that employees showed that they do not agree with its consistency with international standards. On the effectiveness and efficiency of internal control system, respondent had midway opinions on the variable. The results further indicate that elements of internal control systems have positive relationship with organizational performance.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMENDATIONS

Introduction

This chapter summarizes the main findings of the study in relation to the research questions, conclusions of the study and gives recommendations based on the findings of the study. The recommendations of the study, if carefully implemented have the tendency to enhance existing literature on controls and improve the workings of controls within public and private sector organisations.

Summary of Findings

This study examined the efficiency and effectiveness of internal control systems in MMDAs under the following research questions: how consistent are the internal control systems of Tain District Assembly with international internal control standards?, how effective and efficient are Tain District Assembly internal control systems?, what are the effects of internal control systems on performance and organizational goals of the Assembly?.

The research design employed in this study was the case study approach using cross-sectional survey for data collection. The total population for the study comprised of employees of Tain district Assembly. The population included staff of Central Administration, Finance Department, Works Department, Internal Audit Unit, Environmental Health Unit and The Social Welfare and Community Development Unit. The study included a total sample of 60 respondents' that formed 42.85% of the general population. Data were collected by means of 5-point Likert scale questionnaire as Strongly Agree (5), Agree (4), Neutral (3), Disagree (2), and Strongly Agree (1). Data were

analyzed using statistics package for social science version 21 (SPSS) and by employing mean, standard deviation and multiple regression.

The Data collected and analyzed indicated that most of the respondents were males, married, below the age of 40 years, specifically between ages 30 – 39 and are mostly degree holders.

Research question one was to assess how internal control systems of the Assembly were in line with international internal control standards. The study made use of 15 elements or variables to assess the international standards of internal control systems of the Assembly. It was revealed that respondents agreed with the applicability of only five of them which are; there is independent audit section, adequate segregation of staff duties, internal control system is an ongoing process with no time specification, financial records are prepared to conform to standards and effective organizational structure that shows lines of authority exist while some of other variables were disagreed with and others had midway opinions. The overall grand mean of respondent's opinions shows a weak application of internal control systems of the Assembly depicting inconsistency with international standards.

Research Question two was to evaluate how effective and efficient are Tain District Assembly's internal control systems. The study examined effectiveness and efficiency using eight variables of internal controls. It was revealed that respondents agree that management directives are adhered to, reliable financial reports are prepared and laws and regulations are adhered to due to existence of internal control systems of the Assembly. They either disagreed or had a midway opinions on the effectiveness and efficiency of the other five variables such as; operational goals of the Assembly are achieved,

errors and risk are reduced in the Assembly, errors detected in the Assembly are corrected, control systems facilitates easy detection of errors and control systems facilitates operational back-ups in the Assembly due to internal control systems. The overall grand mean of respondent's opinions shows ineffectiveness and inefficiency of internal control systems of the Assembly.

Research Question three was to determine the effects of elements of internal control systems on performance and organizational goals of the Assembly. The multiple regression output computed from respondents' opinions on the elements of internal control systems to have effect on organizational performance indicated a positive effect of all the elements on performance. The results revealed that control activities, information and communication and monitoring have positive statistical significant influence on organizational performance of the Assembly while control environment and risk management have positive insignificant effects on performance.

Conclusions

Good internal control system is highly relevant for the smooth running of all organizations. This study examined the effectiveness and efficiency of the internal control system of Tain District Assembly under three main objectives: to determine if internal control systems of Tain District Assembly are consistent with internationally acclaimed standards, such as Committee of Sponsoring Organizations (COSO), to assess the effectiveness and efficiency of internal control system of Tain District Assembly, to determine the effect of internal control systems on performance and organisational goals of Tain District Assembly.

The conclusions of the study reveal some deficiencies and defectiveness of the embodiment of controls of the Assembly. It admits that an internal audit unit has been established, however, the unit is not allowed to perform an independent internal auditing that will provide sufficient assurance to management on their operations. The study reveals again that accounting duties segregated among the accounting staff, application of controls is an ongoing process with no time specifications, financial records are prepared to meet with standards and prevalence of organizational structure in the Assembly were agreed with by respondents. Existence of other significant variables were also disagreed with while some had midway opinions of respondents.

The study further concludes that new internal control policies are not properly communicated to staff by management, internal audit unit does not test controls to ascertain their effectiveness, bankers are not quickly notified of any change of staff and effective control environment to address internal control policies are non-existent in the organization.

The study seeks to reveal the effectiveness and efficiency of Tain District Assembly's internal control systems and revealed some deficiencies of controls as indicated above. Other additions of control deficiencies revealed by the study are the inability of the controls to detect and correct errors and systems without operational backups. Other identified positive controls revealed by the study are as follows: the internal control systems of the Assembly assures reliable financial reports, operational goals of the Assembly are achieved due to controls, management directives are adhered to due to controls and laws and regulations are complied with due to internal controls of the Assembly.

The study concludes that there is positive effects of elements of internal control systems on performance and organizational goals of the Assembly. The result indicates a positive relationship between elements of internal control systems and organizational performance with significant elements as control activities, information and communication and monitoring. Overall combined effects of the elements of internal controls of the Assembly are statistically significant.

Recommendations

Policy makers have vital interest in promoting efficiency of public sector organizations for an improved service delivery to benefit the citizenry. Tain District Assembly is one of such public sector institutions that are expected to deliver on their mandate. To achieve this, effective and efficient controls are prerequisite in the operations of the Assembly. One sure way of formulating effective internal control policies depends to a large extent on one's understanding of how to manage the staff of the Assembly. It can be said that it is often the desire of top management of many organizations to remain focused and competitive. The human resource base constitutes an important factor of every organisation without which all other components of the organisation will be idle. To achieve the effectiveness of the human resource, it is imperative for managers to understand how to acquire and maintain a sound workforce and provide a peaceful work environment for the employees. This requires the formulation and application of effective and efficient system of controls in the daily operations of the organisation. Stakeholders should therefore formulate a generic corporate governance structures that will permeate the fabric of society so that managers and policy makers will see it as a duty bound to respond to

corporate governance demands. Again, individuals should be trained to appreciate and understand the distinct roles of the board of directors and that of managers. There should also be punishment for defaulters of corporate governance and incentives for those who uphold it. Organisations need to invest in independent minded people with impeccable integrity who will be trained to embrace accountability in order to satisfy all stakeholders.

For this reason, it is important that the following suggestions are considered by the management of the Tain District Assembly.

The relevant staff and management members of the institution should be involved in the process of formulation and application of controls. This will help to ensure ownership of the controls by all relevant stakeholders. The effectiveness and efficiency of controls is likely to be achieved when this is adequately done.

Again, the essence of the Internal Audit Units in public sector organizations is to provide reasonable assurance to management on their operations. The unit performs this critical role by constantly and consistently monitoring the organization's control systems and to accordingly advice management in order that they may not depart from the achievement of their objectives. Tain District Assembly should therefore facilitate the independence of their internal audit outfit and provide the needed tools and equipment to ensure the effective functioning of the unit.

It is again recommended that the various financial management units and departments of the Assembly are allowed to play their roles to ensure proper authorization and approval of all transactions of the assembly. Payments without the essential supporting documents would be avoided if the various

segments of people in the financial management chain effectively play their roles.

It is also recommended that management should improve on their control efficiency and effectiveness towards the achievement of the goals of the assembly.

Because internal controls provide reasonable but not absolute assurance to management on their operations, it is recommended that management of the Assembly should put in place risk management practices and or policies to deal with the limitations in the embodiment of the controls.

In designing effective internal controls mechanism of public institutions such as Tain District Assembly, care must be taken on how management will ensure implementation of these controls. Professionals and supervisors can be used in the effective implementation of the internal control procedures.

According to Kreitner and Kinicki (2008), people are motivated to correct perceptions by changing attitudes and behaviors. In this regard therefore, employees of Tain District Assembly are likely to agitate if controls are not working in their favor. It is recommended for management to endeavor to motivate its employees by educating them well on the functions of internal controls procedures and also consider granting them incentive packages that will help boost their ego and make them give out their best at all times.

Regular training programs in the form of workshops and seminars need to be organized by management for employees and management staff as well to sharpen their skills and knowledge with regards to implementation of internal controls instituted by management. This will help Tain District Assembly to improve on their performance as staff will be able to carry out their respective

activities more efficiently with professional touch and in line with the established internal controls instituted by management. Management commitment in terms of logistics and other resources are required for the effective implementation of this recommendations. Management should therefore make the conscious effort to get this implemented in the interest of Tain District Assembly.

The government through the Public Accounts Committee of Parliament (PAC) and other development partners and implementation agencies must develop a comprehensive internal control policy for local government services (for that matter public sector institutions), particularly Tain District Assembly with special focus on the control implementation. This will enhance their operations regarding revenue collection, and promote departmental goals of the Assembly and thus relief the central government of some of the burden of the various localities under the jurisdiction of the assemblies.

It is expected that the implementation of these recommendations would provide the requisite policy framework for effective internal control system in organisations in this country and it will also improve cost effectiveness in these organisations.

Recommendations for Future Studies

The findings hold many suggestions for policy-makers on the effectiveness and efficiency of internal controls in the public sector institutions. At the end of it all, the need for future studies that will address the identified challenges are recommended.

In respect of constraints recognized in the limitation of the study, it is recommended for future researchers to take keen interest in assessing the impact

of risk management policies on the performance of MMDAs. This will help unveil the extent to which risk management policies address the inherent limitations in controls of MMDAs.

It is again recommended that future studies should look at effects of various internal control measures on performance in other Districts in the Bono Region of Ghana and assess the relationship between the internal control practices and performances of public sector organizations in Ghana.

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APPENDIX A

Catholic University College of Ghana, Fiapre

Dear respondent,

This questionnaire is designed to collect information about the internal controls that are applied in Tain District Assembly. It is purely an academic exercise and I assure you that all information given will be treated confidentially and solely for the purpose of this study.

SECTION A: PERSONAL DATA

1 .What is your highest qualification?

☐ SSSCE

☐ Diploma

☐ Degree

☐ Masters

☐ Doctorate

2. What is your gender?

☐ Male

☐ Female

3. What is your age?

☐ 10 -19 years

☐ 20 – 29 years

☐ 30- 39years

☐ 40-49years

☐ 50-59years

4. Please what is your marital status?

☐ Single

☐ Married

☐ Divorced

☐ Separated

☐ Widow

5. Please specify your duration of service in the

Assembly.....

Section B: Internal Control System's Consistency to International Standards

6. Please indicate to what extent you agree or disagree with the following internal control systems, using the scale: SA: Strongly Agree, A: Agree, N: Neutral, D: Disagree, SD: Strongly Disagree

Variables	SA	A	N	D	SD
The Assembly has an independent audit section that the internal audit department report to					
Financial records are prepared on consistent basis to meet standards					
The Internal audit department is independent in the conduct of its duties					
There is effective organizational structure that shows lines of authorities					
Management periodically reviews the control activities to ensure perfection.					
There is effective control environment to address control activities.					
No payments are made without Supporting document(s).					
There is proper authorization for every transaction.					
The internal audit department does testing on controls to ascertain perfection.					
There is adequate segregation of staff duties.					
The Assembly bankers are quickly notified of any change of staff					
Internal control system is an ongoing process with no time specification.					
The employees are comfortable with the internal control systems.					
Employees have sufficient knowledge of control procedures					
Management communicates to staff members of new internal control policies.					

Section C: Elements of Internal Control Systems feasible in Tain District Assembly

6. Please indicate your opinion to the extent you agree or disagree with the following as in line with your controls, using the scale: SA: Strongly Agree, A: Agree, N: Neutral, D: Disagree, SD: Strongly Disagree

Please rate the following variables that exist in your workplace

Control Environment	SA	A	N	D	SD
Management decisions are made collectively and not controlled by one					
Codes of conduct, ethics and policies exist in the Assembly					
Policies regarding internal controls are communicated to all staff.					
Audit is periodically done and tested for compliance					
Management periodically reviews policies and procedures at the Assembly					
Risk Assessment					
The objectives and risk assessment are communicated to employees					
Management appropriately evaluates risk when planning for new products					
There are sufficient staff members who are competent to manage activities					
Significant operational, compliance and other risks are identified and assessed					
Control Activities					

Policies and procedures exist to ensure that critical decisions are made					
Processes exist for independent verification of transaction (to ensure integrity)					
There is a system in place to ensure that duties are rotated periodically					
Processes are in place to ensure that policy overrides are minimal					
The Assembly has employed security guards					
Information and Communication					
There are effective reporting procedures in communicating in the Assembly.					
There are firm channels of communication for individuals to report suspects					
Monitoring					
Senior management monitor effective application of policies, processes and activities related to internal control and risk management					
There are processes to monitor the Assembly's ability to re-evaluate risks and adjust controls in response to changes in its objectives					
There are effective follow-ups in response to changes in risks assessments.					
Significant failings or weaknesses are reported to management on time.					

Section D: Effectiveness/Efficiency and Performance of Internal Control Systems

9. Please indicate your opinion to the extent you agree or disagree with the effectiveness/efficiency and performance achievement of internal control systems in the Assembly, using the scale: SA: Strongly Agree, A: Agree, N: Neutral, D: Disagree, SD: Strongly Disagree

Effectiveness/Efficiency Variable	SA	A	N	D	SD
The Assembly is able to prepare reliable financial reports due to the existence of internal control systems					
The operational goals of the Assembly are achieved due to the institution of control systems					
Directives given by management are adhered to because of the regular system of audit controls that are undertaken					
Laws as well as regulations as pertains to the Assembly are adhered to due to the control systems.					
System errors as well as risks are reduced as a result of the institution of control systems					
Errors that are detected in the operational activities of the Assembly are corrected by the prevailing control systems					
There is an easy detection of system errors as well as risks due to the existence of control systems					
Due to the existence of control systems in the Assembly, there are back-ups for the operations.					
Performance Variables					

Internal control systems contributed to the achievement of projects and long-term social conditions of individuals and communities in which the organization operated					
Internal control systems affect the efficient utilization of internally generated funds to achieve desired objectives					
Internal controls ensured value for money during procurements and budgetary control on expenditure leading to proper utilization of funds.					