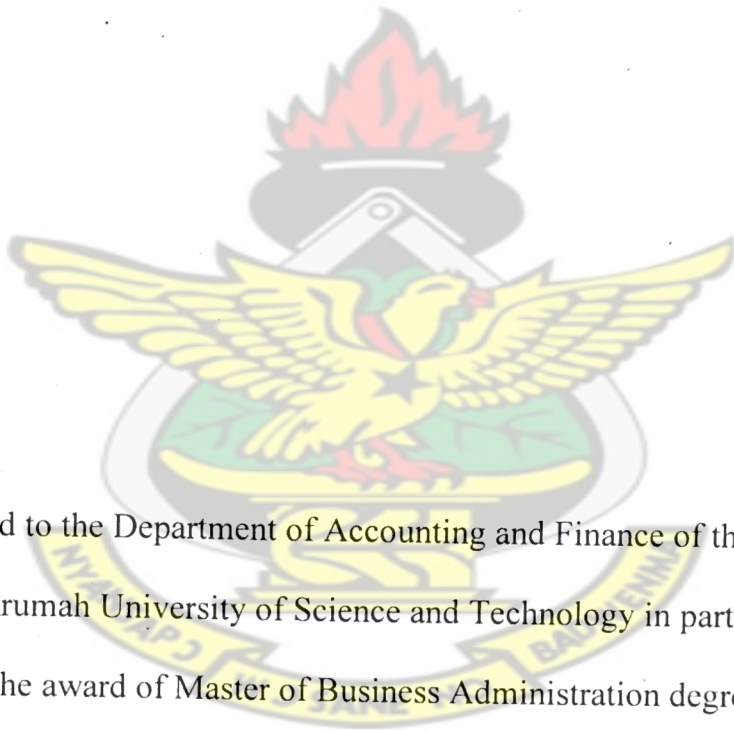


KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

ASSESSMENT OF THE FINANCIAL CONTROLS IN UNIVERSITY OF EDUCATION,  
WINNEBA

BY

GREGORY KOJO ASANKOMAH



Dissertation submitted to the Department of Accounting and Finance of the School of Business, Kwame Nkrumah University of Science and Technology in partial fulfilment of the requirements for the award of Master of Business Administration degree in Finance

AUGUST, 2009

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## DECLARATION

### Candidate's Declaration

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

Gregory Kojo Asantuah

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20-10-09

(Date)

## DEDICATION

This work is dedicated to my wife, Mrs. Alberta Asankomah, my daughter Josephine Asankomah and in memory of my Mum, Madam Araba Sibreku (1932 – 2008).

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## ACKNOWLEDGEMENT

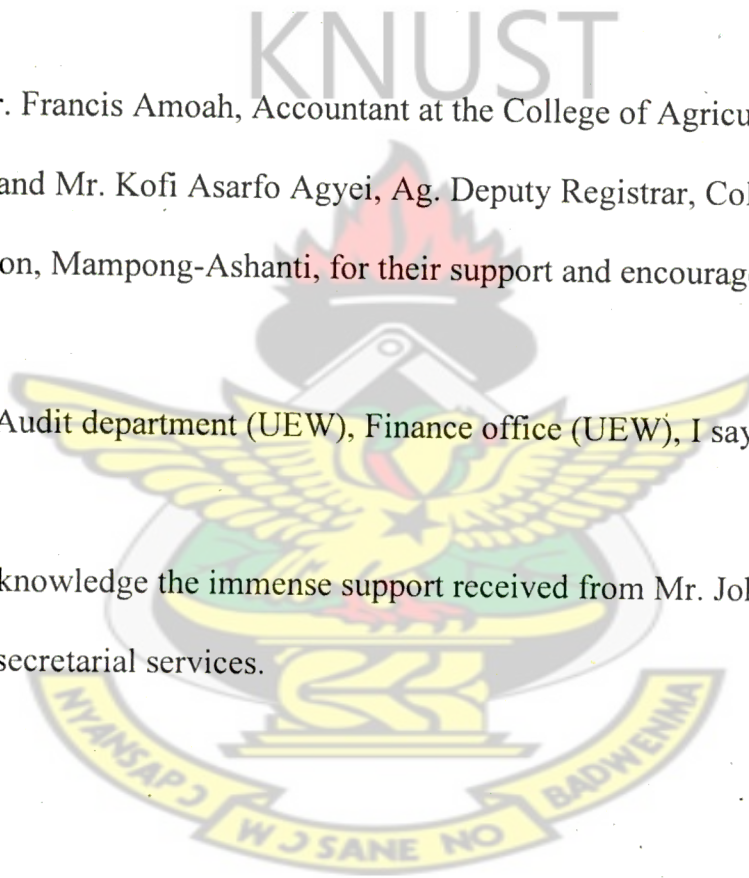
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To staff of Internal Audit department (UEW), Finance office (UEW), I say thank you.

Finally, I wish to acknowledge the immense support received from Mr. John Kingsley Obed Biney for the secretarial services.





## ABSTRACT

Financial Controls assist management in ensuring that there is proper utilization of the organization resources and that the operations of the organizations are carried out efficiently, and economically and effectively.

The Financial controls of the UEW have been reviewed and have undergone dramatic changes that have expanded its scope in a way that allows it to make greater contribution it deserves.

Management of organization would therefore expect the financial controls to work to a level that conforms with the Internal Audit Charter which is therefore an indication of the effectiveness of financial controls.

In this regard, the researcher decided to assess the financial controls at the University of Education Winneba as presented by the Internal Audit Charter of the University. The study assess the financial controls in terms of evaluation of budgetary controls, accounting controls in the areas of revenue expenditure and assets and problems encountered in the implementation of financial controls.

A sample size of one hundred spending officers of the University including staff of finance section and Internal Audit Department were selected as well as some heads of department for the study through convenient and purposive techniques. Questionnaires and interview guide were used to elicit responses from the respondents. The data obtained were analysed and presented in percentages.

It was recommended that staff should be involved in the budget so that they will not request for things the department has not budgeted



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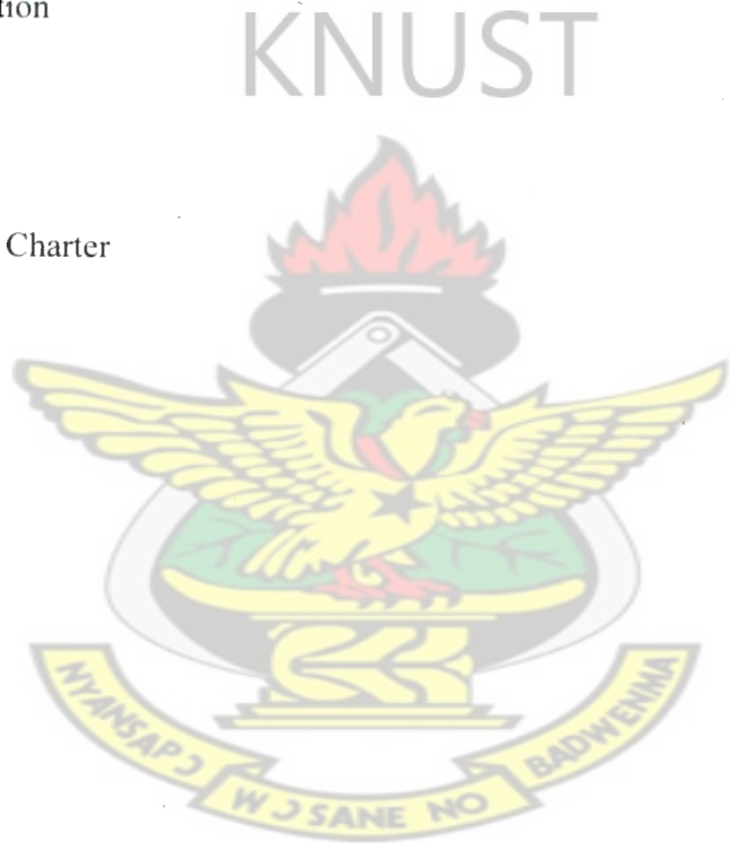
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# CHAPTER ONE

## ASSESSMENT OF FINANCIAL CONTROLS IN UNIVERSITY OF EDUCATION

### WINNEBA

#### 1.1 Introduction to the study

The demand for good corporate governance now equally applies to institutions of higher education as well as the corporate sector. The Cadbury report highlighted the critical nature of financial controls and asserted that, the failures of quoted companies in the past have all been failures of financial controls (Ernst and Young, 1995). The principal mechanism used by board of directors to monitor quality of financial controls is the internal audit function. The Cadbury report further suggests that, it is good practice for companies to establish internal audit functions to undertake regular monitoring of key financial controls and procedures.

Accordingly, University management must give equal attention to the process and governance mechanisms of their institutions (Balderston, 1974). Internal auditing was identified as one of the key elements to promote good governance in the corporate sector (Kadir, 2000); hence, the management of institutions of higher education should realize the importance of the internal audit functions in their institution. Chamberlain and Plankett (1993) stated that similar to their counterparts in industry, colleges and universities are facing increasing demand for accountability. Students, for example, demand a strong institutional commitment to quality teaching, politicians and oversight agencies want assurance that educational institutions are contributing to some definition of public good (e.g. economic development), as well as complying with laws and



procedural regulation; donor and grant providers ask for proof that their contributions and investments have been well spent in terms of their own agenda and priorities; and alumni want an assurance that the reputation of their alma mater is being advanced so that the value of their degree continues to grow.

In the view of government as well as the university's deep concern and involvement, to provide efficient and effective service to the society, there is the need to ensure that institutional finances as well as budgetary allocation, are applied properly, hence the need for financial controls. Weeks (1982), is of the view that the general function of the university in modern society is to assist in the quality of education of the people and perhaps to increase the knowledge of student.

Lokko (1978) concedes that the financial and administrative problems of the university will increase in the near future. In view of the belief that grants and subvention may be less plentiful in the future, one expects an increasing attention to better organize and administer financial operations. It is in recognition of these facts that universities, though handful are organizing courses in financial administration to help alleviate the loopholes in the system.

It is therefore important to ensure that all transactions find their ways into the financial records and are organized into data, reports and statements. The use of such plan by management will enable them become accustomed to relating its decisions to their financial effect. It is to be stressed that though the basic financial accounting concepts have been developed primarily for use by profit making enterprises they are also equally applicable to education institutions and for that matter university accounting. Omane-Antwi (1972), observed that the principle of sound business management such as accrual

concept as well as accounting conventions such as materiality, consistency, conservatism,' etc are just as applicable to universities as they are to commercial enterprises.

## **1.2 Statement of problem**

In recent years, corporate governance has received increased attention in the accounting and auditing literature, for example, the panel on Audit Effectiveness Report and Recommendations (Panel on Audit effectiveness of Public Oversight Board, 2000) and the report and recommendations of the Blue Ribbon Committee on improving the effectiveness of Corporate Audit Committee (Ribbon Committee 1999) both highlighted financial controls and importance of corporate governance. While these reports and others address in varying degrees, corporate governance, internal audit and external audit issues, very little, if anything has been written which specifically focus on public corporations offering services to the society. These have resulted in weak financial management of most of them, of which our public universities are of no exception. The study wishes to address the problems public universities face in their attempt to implement the financial controls in the university as enshrined in internal audit charter and also draw the attention of management to the benefits they may derive from its effective implementation.

## **1.3 Broad Objective**

This study aims at critically assessing the effectiveness of financial controls in University of Education Winneba against the internal audit charter of the university, and also to

know the problems encountered in its implementation of the financial controls with the view of making recommendations for improvement.

### **Specific objectives**

1. To evaluate budgetary controls.
2. To evaluate Accounting Controls in areas of income, expenditure and assets.
3. To identify problems encountered in implementing the financial controls.
4. To make recommendations for improving the financial controls in the Universities.

### **1.4 Research Questions;**

1. Does the University have the effective financial controls in place?
2. Does the staff encounter problems in implementing the financial controls?

### **1.5 Significance of the Study**

Having gone through this research work, solutions will be found for issues raised. The significance of the study will be as follows:

Unearth the causes of financial mal-administration including ineffectiveness of employees of accounting sector. It will assist other organizations with similar problems with the opportunity to decrease their cost through the recommendations.

The personnel of the sector would become aware of the problems and armed with the recommendations, be in a better position to solve them.

Findings from the study are expected to help managers to have insight into financial controls in place and the ideal controls that can be applied to achieve results.

This study can be used as reference for further research.

## **1.6 Scope of the Study**

As a public university which does not depend solely on government for subventions for achieving its objectives, university of education Winneba must be viewed as revenue generating organization rather than a spending organization. This study is therefore limited to the procedures and controls put in place to ensure efficiency, and effectiveness of the economic use of resources in the university. However, University of Education Winneba is chosen due to time constraints and financial resources available for the study.

## **1.7 Limitation of the Study**

The major limitations associated with the study are:

Ideally, the study should have covered all the Public Universities in Ghana based upon problems associated with generalization of findings. However University of Education Winneba is chosen due to time constraints and financial resources available for the study. There was also delays in response to information requested. This problem was resolved by making telephone calls and also making frequent visit to the respondent.

The educational level of the accounting personnel also affects the quality of response.

This problem was also resolved by making the questionnaires as closed as possible so as to take away any doubt concerning its understanding.



# CHAPTER TWO

## LITERATURE REVIEW AND THE THEORETICAL FRAME WORK

### 2.1 Introduction

This chapter focuses on a review of relevant literature on financial controls that might establish the rationale behind the existence of such controls. An attempt is also made to examine carefully some time tested controls and the conditions under which they may be implemented effectively.

### 2.2 Definition of Financial Controls

According to Woof (1994), financial controls are the monetary policies established by management in order to carry on the business of the enterprise in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible the competences and accuracy of the records.

The committee on Terminology of the American institute of Certified Public Accountant (CPA) (1993) also defines financial controls as, the plan of an organization, and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records that are concerned with the safeguarding of assets and the reliability of financial records consequently designed to provide reasonable assurance that:

1. Transactions are executed in accordance with management's general or specific authorization.
2. Transactions are recorded as necessary to permit preparation of financial statements in conformity with general accepted accounting principles and to maintain accountability for assets.
3. Access to assets, for example, cash is permitted only in accordance with management's authorization.

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The above two definitions was also collaborated by SAS (300) Accounting and internal control systems and audit risk assessments (1997), financial controls are the monetary policies and procedures adopted by the directors and management of an entity to assist in their objective of achieving as far as practicable, the orderly and efficient conduct of the business (entity) including the adherence to policies, the safeguarding of assets, the prevention and detection of fraud and error, the accuracy and completeness of the financial records and the timely preparation of reliable financial information. The standard indicated that the control comprises control environment and control procedures.

### 2.2.1 The Control Environment

Woof (1994), describes the control environment as the overall attitude, awareness and actions of management regarding internal controls and their importance in the entity. He indicates that it involves management style, corporate culture, values philosophy and operating style, organizational structure, personnel policies and procedures. The standard



emphasizes that control procedures provides a background to detailed control procedures. The control environment in itself does not ensure the effectiveness of the internal control system as a whole. Whittington and Pany (2004), assert that the control environment sets the tone of an organization by influencing the control consciousness of people. They viewed it as the foundation for the other components of internal control. They recognized that control environment factors include integrity and ethical values, commitment to competence, board of directors or audit committee, management's philosophy and operating style, organizational structure, assignment of authority and responsibility, and human resource policies and practices. According, Messier (2000), states that the control environment is the foundation for all other components of internal controls, providing discipline and structure.

### **2.2.2 Control Procedures**

Control procedures are those procedures established to achieve the entity's specific objectives. These objectives in the financial context include the proper authorization, the correct period of the safeguarding of assets and ensuring the existence of assets recorded. They include particular procedures to prevent, detect and correct errors. According to Statement of Auditing Standards (SAS) (300), the operation and internal controls ensure the completeness and accuracy of the financial records.

### 2.2.3 Internal Control System

According to American Universities Association (1970), and Auditing Practice Committee, the whole system of financial controls and otherwise established by the management in order to carry on the business of the enterprise in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the records.

According to Messier (2000), internal controls are designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

1. Effectiveness and efficiency of operations,
2. Reliability of financial reporting, and
3. Compliance with applicable laws and regulations.

Woof (1994) was of the view that all commercial transactions in practice entail three fundamental elements:

1. Authorization - the initiation of contractual obligations on the company's behalf
2. Custody - the handling of assets involved in the transaction
3. Recording - the creation of documentary evidence of the transaction and its entry in the accounting records.

Whittington and Pany (2004), also assert that internal auditors assist members of an organisation in performing their responsibilities by furnishing them with analyses, appraisals, recommendations, and counsel. In performing these functions internal auditors can be thought of as part of the organisation internal control. They represent a high level control that functions by measuring and evaluating the effectiveness of other controls. Internal auditors are not merely concerned with the organisation financial controls. Their work encompasses all of the organization's internal control. They evaluate and test the effectiveness of controls designed to help the organisation meet all its objectives.

The auditor is watchdog and not a bloodhound. This comment from the Kingston Cotton Mill case is as relevant to the internal auditor as it is to the external auditors. The internal auditor is not a bloodhound, guard dog or sheepdog; the internal auditor works on the same side as management. However, Whittington and Pany (2004) was of the view that many fellow employees feel that the internal auditor takes a very negative attitude toward the company – that everyone must be treated with suspicion and that all employees are guilty until proved otherwise.

Some commentators have compared the internal auditor's role with that of a guard dog. The main problem with metaphor is that it presupposes that management is blind and that the internal auditors simply provide the information to improve management decision making.

### 2.3 Financial Controls in some Universities

As part of global effort to instill discipline in the procedures and processes of higher education functions and activities, Universities all over the world have established Internal Audit departments or units in their organizations. Stewardship of private enterprises has long been recognized as an important concept by investors and standards setter (Chamberlain, Gordon and Plankett, 1993). Colleges and Universities, like other not-for-profit entities, are facing increased demands to become more accountable to their constituencies by achieving more efficient and effective utilization of existing resources and improving their quality. Internal Auditors are in the best position to assist administration at all levels of a University accomplish the stewardship function objectively (Chamberlain et al., 1993).

Unlike private universities, public universities do not have the profit objective in mind, but are dedicated to quality education.

Appropriate action should be taken at all levels in accordance with the responsibility delegated to that particular level. In situations whereby very sensitive information is hidden by management from their subordinates, it is a forgone conclusion that lapses in the financial management cannot be gotten rid of unless the trend is reversed.

According to Reinke (1972), finance is a vital tool for financial control system because it is a source of information, a device for increasing the efficiency of resource allocation and a mechanism for controlling productive operations. Inefficiency or competency in the education sector accounting therefore explore all avenues and channels that are as



efficient as possible to put them to use. Corruption in public sector and for that matter; the public education sector is a major cause of social unrest, which often stands in the way of development process. Though an effective financial management cannot stamp out all corruption associated with lapses within the financial controls, thoughtfully conceived and good administration can be a strong deterrent against it.

Efficient university financial system should be simple, workable, and practicable and should be well integrated in order that data could flow from a sector of the university to another in an unbroken fashion with no chance for manipulation. Kim (1987), observed that quality education has been neglected and that the sector has not been properly financed. It is perhaps this that prompted Abel-Smith (1992), to point out that there is the need for efficiency in education management.

For a public institution like a university to be able to provide for the education needs of the populace, it behooves the financial system of the institution to ensure that fees and other monies channeled to it are used judiciously to accomplish the objectives for which they were set up. One of the essential qualities of a financial control system is that maximum internal control can be achieved.

One of the duties of the university management is to safeguard the resources of the university. It is only through the efficient use of a financial system can the administration be assured that the resources are being safeguarded. There is therefore the need for effective measurement of resources (Lokko, 1978). The financial system should divide the duties among individuals so that no one person has complete control over financial transactions.

Messier (2000), indicates that segregation of duties in the revenue cycle is particularly important because of the potential for theft and fraud

Writing on the key duties in the purchasing cycle, Messier (2000), indicates that because of the potential for theft and fraud in the purchasing cycle, individuals responsible for requisitioning, purchasing, and receiving should be segregated from the invoice processing, accounts payable, and general ledger functions. Therefore, individuals involved in the inventory management and inventory stores functions should not have access to the inventory records, the cost accounting records, or the general ledger (Messier 2000)

Whittington and Pany (2004) indicated that most important of all controls over payroll is the division of payroll work among several departments of the company. Payroll activities they said include the functions of (1) employment (human resources), (2) timekeeping, (3) payroll preparation and recordkeeping, and (4) distribution of pay to employees. They contend that, for effective internal control, a separate department of the company should handle each of these custodial and record-keeping functions.

Woof (1994) was of the view that internal control has been neglected by most business organizations. He observed that controls for purchases, sales, cash, fixed assets, debtors, creditors must be well monitored and controlled. He is of the view that, financial controls which seek to utilize transactions to express the various aspects of the business



organization and the administrative control whose specific purpose is to check the accuracy of the clerical work must be given an eagle eye at the top level of management.

According to Duncan, Ginter & Swayne (1995), little has been done by way of development of education sector financial theory rising from the controversy and confusion which have arisen as to whether accounting principles, followed by profit making enterprises apply to education sector or whether a separate body of accounting principles should be developed for non-profit organizations. Omane-Antwi (1972), observed that inconsistency is the best single description of university accounting. To ensure that there is proper control over cash receipts, management must see to it that no one person has control over a complete cash transaction.

Better control procedures should be employed for cash payments and cash receipts. The university management team should review the cash paying system to guarantee that cash is going where it is supposed. It is advisable to make all cash payments by cheque. It is also important to ensure that before any payment is made, the responsible officer must be satisfied that the particular item being paid for is a legitimate claim against the university and that the payment is being made to discharge that claim.

On presenting a cheque for signing, objective evidence should be attached to the payment voucher to explain the nature of the payment, the account to be debited and who has approved the payment. In a large university, it may not be possible for the finance officer or accounts clerk to physically verify the existence of the claim but this is possible in a small university. This presents an argument for the use of the voucher system to handle cash disbursement. In order to meet small expenditures during the routine operations of a

university it is advisable to use an imprest petty cash system. The petty cash fund is reimbursed periodically to make payment out of the fund. The bank balance on the bank statement should be reconciled to the cash balance appearing in the books of the university. It is advisable to ensure that the bank reconciliation is not prepared by the individual who handles cash; Millichamp (2002).

#### **2.4 Problems encountered in implementation of financial controls**

According to Whittington and Pany (2004) when there is problem with the communication and enforcement of integrity and ethical values of the personnel who are responsible for creating, administering, monitoring controls the financial control will be difficult to implement.

Also, when employees do not possess requisite skills and knowledge essential to the performance of their job, they may be ineffective in performing their assigned jobs. This issue is very critical when the employees' concerned are involved in performing controls.

Also, when the management philosophy and operating style does not support the implantation of the financial controls, it implementation becomes very difficult.

Another impediment to the implementation of financial controls is also organization structure. A well defined organization structure provides a basis for planning, directing and controlling operation. When the organization structure is not well defined, in terms of assigning of duties responsibility etc, the implementation becomes very difficult.

Fees and Warren (1982) also asserted that financial controls are difficult to implement when people are not sufficiently competent to perform the duties to which they are assigned. Secondly, when the responsibility of the employees is not well defined it also affects the smooth implementation of the financial controls especially when there is overlap or undefined areas of responsibility. Example if a particular cash register is to be used by two or more sales clerks the implementation becomes difficult.

Also the financial controls becomes difficult to implement when the responsibility for maintaining the accounting records are not separated from the responsibility for engaging in business transactions and custody of the firms assets because the accounting records serve as an independent check on the business operations. For example, the employees entrusted with remittances from credit customer should not have access to the journals or ledgers.

Lastly, there is implementation difficulty with regards to financial controls if there is lack of independent review of the financial controls. The system should be periodically reviewed and evaluated by internal auditors who are independent of the employees responsible for operations. The auditors should report any weakness and recommend changes to correct them.

Needles and Powers (2004) also collaborated with the above writers by saying that there will be problems with regards to implantation of financial controls if personnel handling the control activities are not qualified to handle responsibilities.

According to Drury (1995) in countries with unchecked inflation it is to be expected that actual results will deviate significantly from the planned. Also effect of good communication in the budget preparation has also been a drawback to effective implementation of the budgetary control.

Lucy (1988) also asserted that poor forecasting will not permit realistic basis for estimation and this will make budgetary control very difficult to implement.





## CHAPTER THREE

### THE RESEARCH METHODOLOGY AND PROFILE OF UNIVERSITY OF EDUCATION WINNEBA

#### 3.1 Introduction

This chapter discusses the methodology employed for the study. It involves the research design, the population, sample and sampling techniques. It also covers the kind of instrument used for data collection and procedure for data analysis.

#### 3.2 Research Design

The study is a descriptive survey. Such a study attempts to describe some aspects of a population or an existing phenomenon by selecting unbiased sample of individuals to complete questionnaire and take part in interviews (Borg and Gall 1996). According to Doyle (2004) surveys are good for asking people about their perceptions, opinions and ideas though they are reliable for finding out how people actually behave. A descriptive survey also offers a researcher accurate description of what people in some target population do, think and perhaps allows the researcher to represent them with frequencies.

This view is upheld by Glass and Stanley (1997) who stated that descriptive studies are used when the researcher's purpose is to actually depict the state of one or more variables or to describe a specific phenomenon of human experience. The study sought to examine the situation as it was and did not seek to change or modify the situation under investigation. A descriptive survey was considered appropriate for the study because it

allowed the use of questionnaire and interview schedule to seek for in-depth information from Spending Officers, Finance office staff, and Internal Audit staff in the University of Education, Winneba to make generalizations. It was also considered appropriate as the approach helped the researcher to investigate the issues critically in the study.

### **3.3 Population & Sampling**

The target population for the study consisted of all Spending Officers of the University ranging from Vice-Chancellor, Pro Vice-Chancellor, principals, Registrar, Deans, Directors, Head of Department, Unit Heads, Finance office Staff, Internal Audit Department staff and Co-coordinators from Winneba, Kumasi and Mampong campuses of the University. All the spending Officers numbered one hundred and thirty out of which one hundred (100) were used for the study.

Purposive and convenient sampling techniques were used to select the key spending Officers like the Vice-Chancellor, Pro Vice-Chancellor, the Registrar and the Finance Officer.

These Officers were selected because of the key positions they occupy in the management of University Finances so their responses would provide better assessment of the financial controls.

The staffs of the Internal Audit Department and Finance Office were also selected as their opinions and insight were considered valuable to the study. Table 1 below shows the breakdown of the sample.



**Table 1      Sample used for the study**

CATEGORIES	TARGET
Spending Officers (Vice Chancellor/Pro-Vice Chancellor /Principals/Deans/Dir/Heads of Department)	58
Internal Audit Department Staff	20
Finance Staff (Senior Members/Senior Staff)	22
<b>Total</b>	<b>100</b>

### 3.4      Data collection

The instruments used for data collection comprised questionnaire (see appendix A) and interview guide (see appendix B). A combination of these methods according to Tows and Tilford (1994) is very useful as they complement each other's strengths and weaknesses. The choice of these instruments is also informed by the fact that a descriptive survey lends itself to questionnaire and interview (Bong and Gall 1996).

### 3.5      Questionnaire

The questionnaire consisted of both close and open-ended questions containing forty one items grouped around five sections, namely evaluation of budgetary controls, evaluation of accounting controls in the areas of income and expenditure, problems encountered in the implementation of financial controls, and awareness of internal audit charter in the university.

The open-ended items were to allow participants to freely express their views and opinions without any biases, thus making it possible to obtain reliable information for the

study. In addition, the close-ended items allowed limited responses and saved time and also made data processing and analysis easy.

The choice of the questionnaire was to aid in the generation of data and the calculation of percentages to draw frequency tables.

### **3.6 Interview Guide**

An interview guide parallel to the questionnaire was designed to gather first hand information from key spending officers by virtue of the administrative position they occupy in the University.

The interview as a research method in survey research is unique in that it involves collection of data through direct verbal interaction between individuals Borg and Gall (1996). The interview situation usually permits much greater depth than other methods of collecting research data. A semi-structured interview was used to enable respondents express themselves freely but not to deviate so much from the focus of the study. An interview guide was used to direct the course of the interview. The interview commenced with an introduction that explained the purpose, ground rules, duration and also conveyed the expectation that everyone will contribute. Respondents were also assured of confidentiality. A tape recorder was used to record the discussion and the interactions.

### **3.7 Pre-testing**

A pre-tested questionnaire was distributed to selected Spending Officers of the University who did not form part of the actual study. These respondents were asked to complete the questionnaire and return it to the researcher by the deadline of two weeks.

The results obtained from the pre-test led to modifications of some items for the actual research.

### **3.8 Administration of Instrument**

The questionnaire and interview were personally administered and collected respectively between the months of July and August, 2009.

Out of the fifty-eight spending Officers, five were interviewed and the rest were served with questionnaires. The five interviewed were the key Principal Officers of the University because of the key positions they occupy in the management of University finances to provide in-depth assessment of the Internal Audit function in the University staff from the Internal Audit Department and Finance Section were also served with questionnaire.

### **3.9 Method of Data Analysis**

Data analysis defined by Montgomery (1991) is a careful examination of collected information in an organised form in order to understand the growing trend in any situation. Creswell (2005) defined data analysis as a process which involves drawing conclusions and explaining findings in words about a study.

Consequently, the data from the questionnaire were presented in frequency tables and percentages. Data from the interview were recorded and transcribed. Emphasis was on the interpretation and description of what was actually said. The tape recordings were categorised and organised under topical headings, and discussed alongside those from the questionnaire.

### 3.10 Profile of University of Education, Winneba

The University of Education, Winneba was established in September, 1992 as a University College under PNDC Law 322 but the first batch of 481 students was enrolled in November 1992. UEW brought together seven diploma awarding colleges located in different towns under one umbrella institution viz the Advanced Teacher Training College, the Specialist Training College and the National Academy of Music, all at Winneba; the School of Ghana Languages, Ajumako; College of Special Education, Akwapim-Mampong; the Advanced Technical Training College, Kumasi; and the St. Andrews Agricultural Training College, Mampong-Ashanti. The Winneba campus is the seat of the Vice-Chancellor with satellite campuses at Kumasi and Mampong. The total staffing position is 1464 while the student population is 24,982.

On 14<sup>th</sup> May, 2004 the University of Education Act, Act 2004 was enacted to upgrade the status of the University College of Education of Winneba to the status of a full University and to provide for related matters.

#### 3.10.1 Mission

The University shall serve as a centre of excellence which will inculcate in its products the requisite academic ability and professional competencies, and imbue them with humanistic values for teaching at the pre-tertiary level. Conduct research, disseminate relevant knowledge and skills, and influence educational policy.



### **3.10.2 Vision**

The University shall become a pre-eminent teacher education university in Ghana, one of the best in Africa, and a higher institution of learning, recognized world-wide.

### **3.10.3 Programmes**

The University offers both undergraduate and postgraduate programmes under 8 Faculties and 30 Departments.

### **3.10.4 Some undergraduate programmes include:**

B.Ed. programmes are offered in the following fields; Accounting Studies, Agriculture, Art, Basic Education, Dagbani, English, Ewe, Fante, French, Ga-dangme, Gonja, Guidance and Counselling, Early Childhood Development, Gurene, Home Economics, HPERS, Information Technology, Kasem Mathematics, Music, Secretarial and Management Studies, Science, Special Education, Technology, and Twi.

### **3.10.5 Some postgraduate programmes include;**

These include MA (English), MA (Human Rights Education), M.Ed (Teaching of English as a second language) (TESOL), M.Ed. (Special Education), M.Ed. (Educational Administration and Management), M.Ed. (Science), M.Ed. (Home Economics), MSc. (Marketing and E-Commerce), and Postgraduate Diploma in Education. Others include M. Phil. Programmes in French Education, English Education, Applied Linguistics, Social Studies Education, Music Education, Human Rights Education, Guidance and Counselling and Special Education.

The MA programmes are offered on Sandwich basis. There are also PhD programmes in Science Education, Special Education and Applied Linguistics on full time basis.



## CHAPTER FOUR

### ANALYSIS AND DISCUSSION OF RESULTS

#### 4.1 Introduction

This chapter discusses the results of the study. It focuses on the following areas: assessing the effectiveness of financial controls of UEW in terms of evaluation of budgetary controls, accounting controls in the areas of income, expenditure and fixed assets, and problems encountered in the implementation of financial controls.

Out of target sample of one hundred, eighty responded. The responded were all aware of the existence of financial controls in UEW.

#### 4.2 Research Question One.

Does the University have the effective financial controls in terms of budgetary controls and accounting controls in areas of income, expenditure and assets?

According to SAS (300), the effectiveness of financial controls can mainly be obtained through the following two areas, budgetary controls and accounting controls.

##### 4.2.1 Evaluation of Budgetary Control

One objective of the study was to assess the financial controls in terms of budgetary controls in the University. Since one of the major purposes of budget is to provide a benchmark for controlling performance of managers and their subordinates.

The question was asked whether departments prepares annual budget. In reaction to the question all the respondents stated that they are aware of the existence of annual departmental budget.

The findings are consistent with the financial and stores regulation of the University, that annual budget should be prepared by every department of the University so that controls can be achieved by comparing and taking an action to correct the budget variance.

On the follow up question of whether the heads of departments brings people on board in the budget preparation, 75% of the respondent said YES and 20% said NO and 5% said they have no idea on that question. On further response to those who says NO, 90% said bringing every body on board in budget preparation delays them in budget preparation.. The remaining 10% of the respondents did not state their reason.

The above result shows that since people are brought on board they accept the budget and it acts as a motivation.

Because people are motivated by their personal target and aspirations, the imposition of a budget will not readily gain acceptance by the other staff at the department. So since the result shows some degree of meaningful participation in the budget preparation, it will also help in its smooth implementation so that other staff will not view budget as an unimportant activity.

The question was also asked on whether the University has budget officer who is responsible for effective operation of budget. 90% of the respondent said YES and 10% said NO. On those who say no 80% of the respondents says they have been seeing

accounts staff who prepares normal accounting duties working on the budget. And 20% says they are not familiar with any budget unit under Finance Officer.

The result shows that there is budget office which is one individual between the budgeted performance figures and actual performance results. He receives performance reports on the budget from all departmental heads, compares the budget / standard with actual performance, analyse the deviation between actual and budgeted and initiate action to bring actual performance in line with budget and standards.

As a result of the above task of budget officer, a follow up question was asked whether the budget office ensures that variances are brought for the attention of management for necessary action to be taken, 80% of the respondent said YES and 10 % said NO and 10% said they have no idea. On those who say NO, 70% of the respondent said management does not communicate any feedback to them and 30% says management does not care of what happens next.

The result shows that budget office has given necessary feedback in a report to inform management about deviations from budget (plans).

The researcher wanted to know from responded the type of procedures the University follows when it wanted to review its yearly budget or plans to make room for any contingencies since in public sector accounting regulation it is irregular to spend on items you have not budgeted for.

52% of the responded said that variance analyses are done so that review can be done later, 30% of the respondents also answered by saying that the head of department

concern meet the budget office to explain the reason for the review and 10% says that concerned department has to explain it to the management before they are made to review and the rest of the 10% said that they don not have any idea of the review procedures. In response to know why they are not aware of the review procedures, 90% of them say, they have little education of the review procedures and 10% did not state anything at all.

The result gives indication that people are not aware of what to do when unexpected issues arise and it is needed to be included in the budget since budget is not something in straight jacket and is not something which can not be reviewed to take into consideration the new unfolding events.

The question was asked to know the type of budget, since there are types of budget which are prepared by various organizations, and researcher wanted to know from the respondent if they are aware of the particular type, the University uses. Whiles 55% said it is rolling budget, 25% said its incremental budget and 10% said it is zero-based budgeting and 10% said they do not have any idea at all. The reason for the various answers was that the University was using rolling budget previously but it was changed to incremental budget by the National Council for Tertiary Education. Unfortunately the spending officers were not educated on.

The result gives indication that the budget officer should do more to educate the people about the budget type they prepare.

On the question of whether management takes swift action towards the variance reported.

Here the researcher wanted to know if appropriate actions are initiated by management to



ensure that future performance is in accordance with budget (plans). Actions may involve motivating people to implement policies, modifying certain policies, retraining employees or changing the method of operation. The budget (plan) will have to be revised if the deviation is due to incorrectly set budget (plan). 75% of the respondents said management investigate the variance and take corrective action and 20% of the respondents said management does nothing at all and 5% said management first advice spending officers to spend within their means.

The above result shows that management constantly reviews and evaluate budget against the actual resulting in corrective action where necessary.

The researcher wanted to know the type of actions the management normally takes when unfavourable variance are recorded, to the question of type of action the management normally undertakes when unfavourable variances are reported was asked. 60% of the respondent said actuals are analysed and discussed with the prevailing department for possible change in departmental policy, 20% said that budget (plan) of the particular department are carried forward to the following year and the 20% of the respondents did not respond at all. The result is consistent with financial regulations of the University since management have to ensure that budgets are brought in line with actual to ensure that annual objectives of the University is attained.



The question of whether the various departments' managers are brought to management to explain their inability to follow the budget set, 70% of the respondent said NO and 20% of the respondents said they have no idea and the remaining 10% did not state anything at all.

This result shows that weakness exist on the part of management to see to it that budget is implemented smoothly since the department concerned are not brought to explain their actions for that unfavourable results. But mostly heads of respective department should understand the activities they carry out so that they do not set unrealistic standards which will let them report unfavourable or unduly lax standards which will also affect performance.

Also since the budget officers are there to coordinate and monitor the daily spending of the respective departments, the question was asked whether the budget officer monitors day-today spending of the various departments. 80% of the respondents said YES and 20% said NO.

The result shows that the monitoring function of the budget has been ensured that will pave way for easy implementation of budgetary controls for evaluation purposes.

The researcher wanted to know if the respondents are motivated in any way when they able to achieve the target set in the budget for the University annually. 60% of the respondent said YES and 20% said NO and 20% said they do not have any idea. In response to the type of motivation they receive when they are able to achieve their target set, almost all respondents said management praise at meetings for being able to meet

their annual budget. On those who said no almost all of them said they were expecting management to give them something in form of bonus. This result shows that management has been encouraging people to operate within their budget so it means operating within the limited resources of the University.

#### **4.2.2 Evaluation of Accounting Controls in the areas of Income, Expenditure and Assets.**

In reaction to the above objectives, a question was asked on how the daily revenue of the University is kept, whether is consistent with the financial regulations of the University which states that incomes of the University should be deposited at the bank daily to avoid making payment from the monies collected and possible pilferage.

In response to the question all the respondent answered to the effect that incomes are deposited at the bank. The result shows that there is a strong accounting control with respect to deposit of incomes at bank.

On follow up question on whether its incomes are deposited at bank daily, weekly or monthly, 90% of the respondents said it's done daily while 10% said weekly. In further response by these who said ones in a week, almost all of them said they mostly see the cashier going to the bank ones in a week. This result also gives strong indication of daily deposit of incomes at bank daily which is stated by the financial regulations of the University. The above result gives indication that there is strong accounting control on treasury or revenue of the University.

Since one of the detective accounting controls in the areas of revenue is the reconciliation at all sections of the University where money changes hands and moreover the financial regulations of the University enforces the preparation of the monthly reconciliation as a control measure, the question of whether reconciliation are done at the various levels where money changes hands had the following responses, 55% of the respondents said YES while 45% of said they are not aware. In further response, those who said NO said that they have not been preview to those reconciliation information. This result shows that reconciliation is enforced at various collection centres and it is very good especially in these times where fees of the University are done through banks. Also the researcher wanted to know how often reconciliations prepared at various revenue centres are. 90% of the respondents said its monthly whereas 10% said they have no idea. In further response to the no idea, almost all of them said that they have no access to such financial information.

The above result shows that reconciliations are prepared every month which is good for revenue control of the University.

The second follow up question was asked by the researcher to know whether senior officers review the monthly reconciliation statement prepared, since the reconciliation of cash and bank balances is important control measure which should be review by the senior officer monthly, 75% of the respondent said YES and 20% said NO and 5% says they don't have any idea. On further response, almost all those who said NO said that they don't have access to such document. The above result shows that senior officers see

it that reconciliations are done monthly and they are done well so as to forestall any breach of financial controls.

On the issue of expenditure controls the procurement has been recognized one of the largest expenditure items so the researcher wanted to know how procurement procedures are followed, so the question of whether the spending officers are aware about the Procurement Act 663 which is currently in force is in operation.

In reaction to the above question, all the 100% of the respondents said that they are aware of the procurement law.

The above result shows that the spending officers have been educated on the use of Procurement Act and necessary controls which go with it will be achieved in its implementation. The University will also save funds from the implementation of the above expenditure control.

The follow up question was asked by the researcher to know whether the University has in place the necessary structures which are the functioning Procurement Evaluation Committee in place for the effective operation of the Procurement Act 663. 70% of the respondents said YES whiles 20% said NO and 10% said they are not aware. In further response those who said NO said that there is no structure in the Act to follow.

The above results shows that there is functioning Procurement Evaluation Committee in place but all necessary provisions in the Act should be followed to the latter. Since the Procurement Act 663 has also put in place the necessary monitoring and control procedures in place which will ensure that necessary expenditure controls are achieved.



Another question was asked by the researcher to know whether there has been strict enforcement of the provision in the Procurement Act 663 by the University.

The above question is necessary to the effect that there can be a function committee but the provisions in the Act can be relaxed to make rooms such controls to be abused. 60% of the respondents said YES, 20% said they are not aware and 20% did not respond at all.

In further response to why they are not aware almost all of them said that they lack necessary education on the provisions in the Act. The result indicated that since the committee is functioning, necessary controls will be enforced to ensure that the procurement procedures have been followed since segregation of the function has been found to be one of the effective control measures in the expenditure control, a question was asked by the researcher to know the number of people who have been signing the official cheques of the University, 75% of the respondents said two (2) while 20% of the respondents said three (3) while 15% of the respondents did not respond. In further response to why its three (3) people, who sign the cheque, almost all of them said that when the Vice Chancellor is not around the Pro Vice Chancellor doubles up for him.

The above result also support the assertion by Messier (2000) that function in accounting duties should be clearly segregated to prevent theft and fraud. As a result this strengthens the financial controls at the University and it also helps to correct unnecessary errors in the process before it is too late. Because since two people are signing the cheques, that will serve as a check and balance.

The second follow up question was asked by the researcher to know from the respondents if the provisions in the Act has not been followed or adhered to by the University, 60% of the respondents said that the University has been adhering to the provisions in the Procurement Act 663 and 20% said they are not aware and the result of the 20% did not state anything at all. In further response, almost all the respondents who said they are not aware said that lack of education of the Procurement Act has been their problem. This result also shows that the procurement controls are in full operation and the University has been following the necessary procurement procedures and hence achieving the necessary financial controls.

The researcher wanted to know how controls on fixed assets are enforced in the University as the financial regulations stipulates. So the question of whether the University maintains asset register when assets procured was asked. In reaction to the above 80% of the respondents answered YES and 20% did not state anything at all.

The above result shows that University has been following their regulations in financial and stores regulation which requests all departmental and sectional head to maintain assets register.

A follow up question was asked by the researcher why the people failed to maintain the asset register, and whether they have any implementation problem. 55% of the respondent stated that there is no implementation problem and 45% of the respondents did not state anything at all. On further response as to why some people do not keep asset register, almost all of the m said that the head of stores at the University is responsible for keeping of assets register but not the respective heads of departments.

Another question was asked by the researcher to know whether the University insures its assets. 55% of the respondents said YES and 35% said NO and 10% did not respond at all. On further response by those who said NO, almost all of them said they have not yet seen any insurance package of the University.

The above result shows that the University has been taking every necessary step to ensure that its fixed assets are insured to mitigate any future loss. The follow up question was asked by the researcher to know the type of insurance package the University keeps. In reaction to the question 70% of the respondents stated that the University keeps only the motor insurance and the rest of the 30% of the respondents did not state anything at all. In further response those who did not state anything at all, it was realized almost all the respondents did not know the type of insurance the University buys.

The above result shows that only motor insurance is being used by the University which is very unfortunate since the university has large lecture theatres and laboratories where something can happen on them in future which should be also insured to avoid future loss of property.

The researcher wanted to know how the procedure for initiating and approving capital assets is followed, so the question was asked if one individual is responsible for initiating and approving capital assets.

In reaction to the above question, 80% of the respondents said NO and 20% did not state anything at all. In further response by respondents who said NO, all of them said that the user departments have to initiate it and it will pass through the various approving



initiatives before the said item can be purchased. The above result shows that no one person is responsible for initiating and approving capital assets which also supports the segregation function of financial controls.

On follow up question to know whether somebody can acquire fixed asset without approval from Vice-Chancellor. In reaction to the above question 65% of the respondents said NO and 30% said YES, 5% did not state anything at all. In further response by those who said NO, their reason was that administratively Vice Chancellor is the head of the institution and nothing can be purchased without him, and those who said yes also said that faculties have been decentralised to approve purchases of capital assets up to some limits.

The above result shows that decentralization in procurement in the University is low, that will be major problem in the Implementation of procurement procedures of the University since every fixed asset purchased has to pass through Vice-Chancellor.

The researcher also wanted to know how the fixed assets of the University are secured after taking them into stores. So the question of whether fixed asset are embossed after taking delivery was asked. In reaction to the above question 80 % of the respondents said YES whiles 15% said NO and 5% said they are not aware of any embossment. In response by those who said NO, they said that they sometimes see furniture and some fixed assets of the University which are not embossed.



The above result shows that fixed assets are embossed to ensure that people do not steal them for their personal needs, thereby causing financial loss to the University. This also ensures that scanty resources off the University are protected.

On the follow up question by the researcher to know how the asset verification exercise has been carried out by the Internal Audit to check the physical existence of the assets in the assets register to know the state of the assets. 40% of the respondents said monthly, 30% said quarterly, 15% said daily and 15% said they have no idea. In further response those who said assets are checked in monthly all of them said they normally see Internal Audit at the department monthly and those who said quarterly also said that they normally see that the fixed assets are checked quarterly as part of their quarterly programmes.

The result shows that the verification exercise has been going on monthly which gives strong indication that the asset register has been updated to take into effects any necessary adjustment, also to ensure that assets register records are updated daily.

The researcher also wanted to know how the unserviceable items of the University are disposed off. In reaction almost all the respondent mentioned auctioning as the only means the University uses to dispose off its unserviceable items.

The above result also shows that proper controls have been followed in the disposal of fixed asset of the University.

The segregation of accounting duties have been found to be one of the controls measures in accounting duties, so the question was asked by the researcher on whether accounts

duties are segregated at various levels, 75% of the respondents said YES and 20% said NO, 55% said they are not aware.

This result confirms what Messier (2000) asserted that functions in accounting duties should be clearly segregated to prevent fraud.

On follow up question to know the strength of the segregation duties, so the question was asked whether an individual can initiate a transaction from the beginning to the end. 90% of the respondents said NO and 10% did not state anything at all. In further response, those who did not state anything do not know what segregation in finance office is all about.

The above result shows that segregation as a control function is in full force and that will prevent any means by any individual to circumvent the system.

The researcher wanted to know whether the receipt books for the collection of incomes to the University are serialized. Here too all the respondents said that University serialize its receipt books. This result shows that financial controls in the revenue collection are on track any money collected at the revenue collection point can be tracked to forestall any possible loss of funds.

#### **4.2.3 Problems Encountered in the Implementation of Financial Controls.**

The researcher wanted to know what problems staffs mostly encounter in the quest to implement the necessary controls of University. So the question of what problem do staff encounter in the implementation of the budgetary controls was asked.

In reaction 53% of the respondents said that lack of funds has been the major problem in their budget implementation, that is when the funds from the government are not forthcoming the department mostly failed to achieve their set target in the budget because of lack of funds, 30% of the respondent said that the inflation has been their problem that when prices fluctuate up and down, it frustrates the plans set in the budget and goes on to affect their budgets set. 20% said that the current Procurement Act 663 has not been helpful in their budgetary control implementation since the procedure is too cumbersome. They further explain that since the Procurement procedures are cumbersome it delays the procurement and it affects their budget set before the financial year ends.

This result shows that if the budget controls of the University cannot be fully implemented the subvention from the government. With the current inflation in the country which has become a problem, the actuals will be definitely different from the budget so procurement procedures should be fastened to avoid unfavourable variances.

The result also shows that the procurement department should do more to educate the spending officers about its usage.

On the follow up to know whether management at least takes steps to solve the above implementation problems mentioned above. In reaction, 55% said No and 45% did not state anything at all.

The above result is not very good response since management should try to constantly review some of the control procedures to ensure its full impacts. Also on the issue of accounting problems, the question was asked by the researcher on whether the staff



encounter problem in their quest to implement the reconciliation of cash and bank balances. In response 60% said No and 35% said YES and 5% of the respondent said they are not aware. In further response by those who said YES, they said statements from banks are not easily to come by and that prevents them from implementing the bank reconciliation.

This result shows that staffs in charge of implementation the reconciliation of the bank and cash balance have little to worry about in their implementation problem.

The researcher wanted to know whether the staffing has been the problem by the University in their quest to implement the necessary controls, so the question of whether the University has enough staff at Finance Office and Internal Audit to ensure smooth implementation of the controls without problems.

In reaction 75% of the respondents said YES whiles 25% said they are not aware. In further response by those who said YES, they said that finance office has got adequate staff who has been preparing the reconciliation statement monthly. On those who said they are not aware, they said that they are not aware if the finance office has necessary staff to carry on that task

The above result shows that staffing has not been problem; there are adequate staffs to ensure that necessary controls are followed to the later.

The follow up question was asked by the researcher whether Internal Audit department checks on the reconciliation as often as possible.



In reaction 55% of the respondents said it is checked yearly and 30% of the respondents said it is checked quarterly and 25% said they are not aware. In further response, those who said the internal audit checks reconciliation yearly they said audit verify them once yearly as part of their programmes but those who said quarterly also said that internal audit check them quarterly in order to inform management.

The above result shows that the Internal Audit department had not been enforcing the preparation of the reconciliation monthly as stipulated in the financial regulations which also goes on to weaken the control procedures because reconciliation is one of the most powerful detection controls.

The researcher wanted to know if the Internal Audit reports are acted upon by management so that any problems in the financial controls are corrected before it is too late.

In reaction, 60% of the respondents said YES while 20% did not respond at all. In further response by those who said YES, almost all of them said that management has been communicating to those whom the findings of the internal audit affect. Those who did not respond could not give any further response. The result shows that the management has been acting promptly on recommendations of Internal Audit and that also gives hope that there have been constant reviews of the controls by the management upon the recommendations of the Internal Audit.

Also a question of whether the Internal Audit has been receiving full co-operation from management was asked by the researcher. In reaction 65% of the respondent said YES and 20% said NO and 15% did not respond at all. In response to that almost all those who said YES says management has been acting swiftly on the report of internal audit and also necessary resources has been provided to facilitates their work. On those who said NO, they said management can do more than what they are doing at the moment by acting more on their report than what they are doing at the moment.

This result also shows that management has been offering their full support for Internal Audit for the necessary checks and balances on financial controls, because for the financial controls to work effectively there should be effective Internal Audit to see to its constant review with full management support or backing.

Lastly, the researcher wanted to know what have been main problems with the spending officers with regards to effective implementation of financial controls by spending officers. In reaction 45% of the respondents said attitude of some staff and 40% said bureaucratic tendencies of the University has been the problem , and 15% stated that management style is their main problem.

This result gives evidence to what Powers and Needles (2004) said that attitude of some staff is the problem of inability of most financial controls to function effectively. Also Whittington and Pony (2004) collaborated that management philosophy and operating style, which does not support the implementation of financial controls affects its smooth implementation.

# CHAPTER FIVE

## SUMMARY, CONCLUSION AND RECOMMENDATIONS

### 5.1 Introduction

This chapter summarizes the information obtained from the study. The chapter is in three parts. The first part summarizes the entire research findings; the second part outlines the conclusions drawn from the research, while the third section makes recommendations on how best the financial controls can be improved to add value to the University.

### 5.2 Summary

The objective of the study was to assess the financial controls of the University of Education Winneba as presented by internal audit charter. The following research questions were then formulated to guide the study.

1. Does the University have the effective financial controls in place?
2. Does the staff encounter problems in implementing the financial controls?

The evidence from the study suggests that the University has effective financial control in term of budgetary control, accounting controls in terms of revenue, expenditure and fixed assets. The budgetary controls are being complied with.

The result from the study further suggests that accounting controls in the areas of income and expenditure are complied as well as with the fixed assets of the University. It also



became obvious from the study that even though there was generally low understanding of the Procurement Act and its application in UEW, majority of the respondent stated that the University applies it on their normal procurement.

The evidence from the study suggests that University's financial controls are effective in terms of budgetary control. The result from the study suggests that the staffs are aware of the existence of annual budget and its implementation process. The staffs also appreciate the role the budget plays in the operations of departmental resources. The study also revealed that most of the people blame the current procurement Act 663 as very cumbersome and which has been their problem in their implementation of their budget. But what is obvious from the study is that management does not have any policy to deal with those spending officers who deviates from the budgeted targets.

The study further revealed that the University has been using correct procedures to review their annual budget, which has strengthened the financial controls of the University.

The study also suggests that the Procurement Act 633 is fully being complied with by the University but the problem is implementation of procurement procedures which from the study impedes the implementation of budgetary control and financial control as well.

The study also revealed that there is strong Procurement and Evaluation Committee in place.



The issue of safeguarding assets were also not left out in the study because most of the assets are taken delivery at stores and embossed to avoid possible loss. The evidence from the study also suggests that there has been segregation of duties from the various sections of accounts. No one person initiates the accounts to the end.

The evidence from the study suggests that people have been encountering the following problems in their bid to implement the financial controls mentioned above. The problems are mostly attitude of some staff, bureaucratic tendencies of University and also the management style / philosophy which does not allow for free flowing of financial control.

### **5.3 Conclusion**

Financial controls can be mechanized to assist the management in exercising better controls of the institution's resources and provision of quality of education. The Internal Audit Charter has outlined criteria by which the operations of financial controls are to be evaluated. The evidence from the study suggest that budgetary controls are being enforced in the University which goes to strengthen the financial controls and also makes sure that scarce resources of the University are put to good use.

Finally, from the study it became evidence that financial controls are not mostly reviewed from time to time and also attitude of some staff and bureaucratic tendencies of the University were found to be the major problem in financial controls implementation.

## 5.4 Recommendation

To ensure that financial controls add more value to the University, the following recommendations are made:

### 1. Strengthening of Budgetary Controls

The Financial Administration Decree Act (654) requires that MDA's and MMDA's prepare annual budget which will be sent to the Minister of education for the preparation of the education budget. Therefore the budgetary allocation of the departments and faculties should be controlled by planning the activity levels of the departments and faculties of the University so that activities under the academic year and what the department wants to spend on those activities can be clearly spelt out.

The budget preparation helps the University to operate within their means and also to ensure that quality education is also achieved, so it behoves on the management to ensure that procedures are followed to the letter, any procedures for its review are also put in place. This will enable the financial controls to be strengthened in the University.

As much as possible, almost all the staff should be included in the planning for the year's activities. The cost implication of these planned activities should be attached to the activities so that what the department or faculty intend to spend for that particular academic year can be ascertained. The department and faculties should not forget what they intend to generate internally and what they expect externally e.g. Ghana Subvention and grants from other donor agencies. When these are done the faculties should try as

much as possible to match their estimated income with the budgeted expenditure in order to ensure that the University attains such targets.

The researcher recommends that for these budgetary controls to be achieved, workshops should be organised by the budget officer prior to next academic year to educate the spending officer about the above budgetary control procedures.

The heads of departments and deans of faculties should as much as possible organize workshops to sensitise their staff and the budget control and the need by them to plan their activities of the department so that they attach cost to it and add it to the main departmental budget for the academic year's activities. When staffs are involved in the budget preparation of the departments, it is able to achieve its set target for that academic year and rather does not see budget as an imposition from the head of department or the dean or from the budget officers.

## **2. Safeguarding of Assets**

The researcher recommends to management that the estate officer of the University should be resourced to emboss any fixed asset of the University with the initial of the University and identified numbers that will prevent theft of university fixed assets. Also the management should ensure that almost all the fixed assets are properly insured comprehensively against fire, theft, accidents and disaster. This will prevent potential loss of property if there is any future unfortunate eventuality.



### **3. Employee Attitude**

The researcher is recommending that human resource department of the University should annually organise workshops by collaborating with integrity initiatives, an NGO, to talk to some of the staff who work are concerned with the financial controls and also emphasises of work ethics of the internal audit department and finance office, as well as the security officers of the University, these should be explained well to the staff so that failure to abide by it concerned staff should be dismissed to serve as a deterrent to others.

### **4. Automation of Finance Office**

The researcher recommends that the finance office should be resource with computers and the necessary accounting software by the management and also the staff of the unit should be trained by organising workshops on the software so that full reconciliation and necessary financial information can be collected with ease for necessary decision making by management.

### **5. Procurement Procedures**

It is the recommendation of the researcher that procurement department of the University should organize regular workshops in collaboration with public procurement board on education of the procurement with spending officers on the Procurement Act (Act 663).

These workshops should be regularly organised so that spending officers will be enlightened about the procedures of the Procurement Act 663. Also procurement manuals and necessary guidelines on procurement should be distributed to the spending officers by the procurement department so that spending officers can work within the procurement law.



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## APPENDIX A

### QUESTIONNAIRE TO THE MANAGEMENT AND STAFF OF UNIVERSITY OF EDUCATION WINNEBA

This questionnaire is intended for the collection of data that will help the researcher to assess the financial controls at the University of Education Winneba which is chosen as the case study. The exercise is for academic purpose only.

Whatever information you give will be kept confidential. Please, complete this questionnaire with appropriate answers with brief reasons or tick where necessary.

#### SECTION A

1. Gender:      Male (    )      Female (    )
2. Department: .....
3. Does the department prepare annual budget?  
a. Yes      b. No
4. Do the Heads of department bring everybody at the department in budget preparations?  
a. Yes      b. No.
5. Does the University have budget officer who is responsible for compiling budget and making sure that department operates within budget?  
a. Yes      b. No

6. What procedure does the University follow when it wants to review its yearly budget?

.....

.....

.....

7. Does the budget officer ensure that variances are brought to the attention of the management for proper action to be taken?

- a. Yes                      b. No.

8. Can you please tick the type(s) of budget prepared by the University at departmental level?

- a.      Zero-based budgeting
- b.      Rolling budget
- c.      Incremental budget

9. Does management take swift action towards variance reported?

- a. Yes                      b. No

10. When unfavourable variances are reported, what actions does management take?

.....

.....

.....



11. Are the various departmental managers brought to the management to explain their cases of their unfavourable variances?
- a. Yes                      b. No
12. Does the budget officer ensure that day to day spending of the various department are enshrined in the budget?
- a. Yes                      b. No
13. What problem do the departments mostly encounter during implementation which makes the actual figures different from the budgeted?
- .....
- .....
- .....
14. Does management take corrective measures to address your problems encountered in implementing the budget?
- a. Yes                      b. No
15. Does management motivate those who operate within their budget?
- a. Yes                      b. No
16. a. How is the daily revenue banked?
- .....
- .....
- .....

b. When is the daily revenue banked?

- a. Daily ( )    b. Weekly ( )    c. Monthly ( )

17. Are reconciliations done at the various levels where money changes hands?

- a. Yes ( )    b. No ( )

18. How often is the reconciliation of cash and Bank balance done?

- a. Daily ( )    b. Weekly ( )    c. Monthly ( )

19. Is the reconciliation reviewed by any senior officer?

- a. Yes ( )    b. No ( )

20. Does the University have a functioning Procurement Evaluation committee in place?

- a. Yes ( )    b. No ( )

21. a. Are you aware of the Procurement Act?

- a. Yes ( )    b. No ( )

b. Has the University been adhering strictly to the provisions in the Procurement Act?

- a. Yes ( )    b. No ( )

c. If No, why have they not been adhered to?

.....

.....

.....

22. How many signatories are to a cheque?
- a. Three ( )    b. Two ( )    c. Four ( )
23. a. Does the University maintain fixed assets register?
- a. Yes ( )    b. No ( )
- b. If no, why is fixed assets register not maintained?
- .....
- .....
24. a. Are the assets of the University insured?
- a. Yes ( )    b. No ( )
- b. If yes, what type of insurance?
- .....
- c. If no, why not
- .....
25. Is one individual responsible for initiating and approving capital assets?
- a. Yes ( )    b. No ( )
26. Can a fixed asset be acquired without proper authorization and approval from the Vice-Chancellor?
- a. Yes ( )    b. No ( )
27. Does the University emboss the assets after taking delivery for stores?
- a. Yes    b. No

28. How often does the Audit section carry out asset verification exercise?  
.....
29. How does the University dispose the unserviceable items?  
.....
30. Are the Accounts staff duties segregated at levels?  
a. Yes                      b. No
31. Does somebody initiate transaction from the beginning to the end?  
a. Yes                      b. No
32. Are receipt books of the University serialised?  
a. Yes                      b. No
33. Does the staff encounter problems in trying to implement the reconciliation statement?  
a. Yes                      b. No
34. How often does Internal Audit unit check reconciliation statement?  
a. Monthly ( )              b. Every six months ( )              c. Yearly ( )
35. Has the University got appropriate staff to ensure that various controls are adhered to?  
a. Yes                      b. No
36. Does management take urgent steps to take necessary action to correct any Internal Audit unit report comments?  
a. Yes                      b. No



37. Does management give the Internal Audit Unit full cooperation it is needed to perform its work?

- a. Yes                      b. No

38. Which of the following has been a problem in your controls?

- a. bureaucratic tendencies of the University.  
b. Management style / philosophy.  
c. Attitude of some staff.



# UNIVERSITY OF EDUCATION, WINNEBA

## INTERNAL AUDITING CHARTER

### I. A. INTRODUCTION

This Internal Audit Charter sets out the broad policy of the Internal Auditing of University of Education, Winneba. The Internal Audit Charter outlines the objectives, structure, authority and the responsibilities of Management and the Internal Audit Department in the University of Education, Winneba.

### B. VISION OF UNIVERSITY OF EDUCATION, WINNEBA

The vision of University of Education, Winneba is:

'The University shall become a pre-eminent teacher education university in Ghana, one of the best in Africa, and a higher institution of learning, recognized world-wide'.

### C. MISSION STATEMENT OF UNIVERSITY OF EDUCATION, WINNEBA

It is the aim of the University of Education, Winneba to serve as a centre of excellence which will inculcate in its products the requisite academic ability and professional competencies, and imbue them with humanistic values for teaching at the pre-tertiary level, conduct research, disseminate relevant knowledge and skills, and influence educational policy.

### D. OBJECTIVES OF UNIVERSITY OF EDUCATION, WINNEBA

From the strategic plan of the University of Education, Winneba, its purpose has been grouped as follows:

- i. Improving Academic Excellence
- ii. Improving Infrastructure
- iii. Initiating Innovative Programmes
- iv. Establishing Partnerships
- v. Addressing imbalances in educational provision and
- vi. Ensuring financial self-sufficiency

## **II. POLICY STATEMENT**

It is a requirement under the Internal Audit Agency Act, 2003 (Act 658) and the policy of the University of Education, Winneba to maintain an Internal Auditing function as an overall control measure to provide an invaluable quality assurance and independent service to all levels of management in achieving the objectives of the University of Education, Winneba. This policy therefore places the objectives of the University of Education, Winneba and the requirements to meet those objectives above those which may be specific to any division or unit within the University of Education, Winneba.

## **III. MISSION AND SCOPE OF INTERNAL AUDIT DEPARTMENT**

The mission of the Internal Auditing Department therefore is to provide independent, objective assurance and consulting services designed to add value and improve the University's operations. The scope of work of the Internal Audit Department is to determine whether the organisation's network of risk management, control and governance processes as designed and represented by management, is adequate and functioning in a manner to help the University accomplish its objectives.

## **IV. OBJECTIVES OF THE INTERNAL AUDIT DEPARTMENT**

1. From the strategic plan of the University of Education, Winneba, the objectives of the Internal Audit include:

- i. To attract and retain qualified staff
- ii. To improve the competencies of staff
- iii. To assist management in measuring and assessing risk, responsibility, performance and operations
- iv. To prevent the loss of University resources as a result of improper actions

2. The primary purpose of the Internal Auditing Function however, is to carry out audits and professional evaluations of the activities of the University of Education, Winneba and to ensure that the system of internal controls applicable to financial, programme and project areas provide

- a. Plans, goals and objectives of University of Education, Winneba are achieved;
- b. Significant, financial managerial and operating information reported internally and externally is accurate, reliable and timely.
- c. The financial activities of University of Education, Winneba are in compliance with laws, policies, plans, standards and procedures;
- d. National resources are acquired economically, used efficiently, and adequately protected or safeguarded
- e. Facilitate the prevention and detection of fraud, abuse and waste
- f. Risks are appropriately identified and adequately managed in the University of Education, Winneba.
- g. Provide a means for keeping the University of Education, Winneba fully and currently informed about problems and deficiencies related to the administration of its programmes and operations and the necessity for appropriate corrective action.

## V. STRUCTURE AND AUTHORITY

- 3. Section 16 (1) of the Internal Audit Agency Act, 2003 (Act 658) states that "there shall be established in each MDA and MMDA an internal audit unit which shall constitute a part of the MDA and MMDA". Organizationally, the Head of the Internal Audit Department shall report to the Vice Chancellor, the highest executive authority within the University of Education, Winneba and shall hold office on such terms and condition as his/her letter of appointment stipulates.
- 4. Additionally, in order to maximize the independence of the Internal Auditing Function, and ensure compliance with the mandate set forth in this Charter, the Head of the Internal Audit Department shall, as the primary focal point for accountability, oversight and control on behalf of the Government, maintain a direct line of communication with the Audit Report Implementation Committee (ARIC) of University of Education, Winneba in the following manner:
  - a. Inform the Committee of the annual audit plan, and staffing configuration submitted for approval to the Internal Audit Agency to ensure that these are consistent with, and support



- the committee's plans and objectives;
- b. Attend, present reports, and otherwise participate actively in all meetings of the committee as may be held from time –to –time;
  - c. Meet with the Committee, as and when necessary, but not less than once annually to discuss, inter alia, matters affecting management performance;
  - d. Inform the Committee of any significant findings, concerns, or deficiencies encountered during the course of the year whether or not these have been resolved satisfactorily;
  - e. Review with the Committee and the Auditor-General or his representative to ascertain and coordinate the detailed working arrangements and involvement of the Internal Audit Department in the conduct of the external audit;
  - f. Respond to specific requests made, or investigations called for, by the committee from time –to time; and
  - g. Periodically review with Committee the continued relevance of the mandate set forth in this Charter.
5. At the Head Office of the University of Education, Winneba, all staff recruited for the Internal Audit Department in accordance with the prescribed guidelines for recruitment shall report to the Head of the Internal Audit Department both functionally and organisationally. Within University of Education, Winneba, Internal Audit Co-ordinators shall be placed in charge of carrying out the audit and evaluation activities. Organizationally, Co-ordinators shall report to the Head of Internal Audit Department.
6. In the conduct of their internal audit and evaluation activities, Co-ordinators and their respective staff shall, upon giving reasonable notice, be allowed unrestricted access to any and all personnel, books records (manual or electronic), reports, or property of the organisation. The scope of such activities shall be equally unrestricted and subject to adjustment by the Internal Auditor where, in his/her opinion circumstances warrants.
7. The Internal Auditor and staff of the Internal Audit Department are not authorised to:

- Perform any operational duties for the University or its affiliates
- Initiate or approve accounting transactions external to the Internal Audit Department
- Direct the activities of any organisation employee not employed by the internal audit department except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the Internal Auditors.

## RESPONSIBILITIES

- A. UNIVERSITY OF EDUCATION, WINNEBA MANAGEMENT
8. The management of University of Education, Winneba has the overall responsibility of ensuring that adequate budgetary resources and other logistics are provided and allocated to the internal audit unit of the University of Education, Winneba to enable it function effectively.

It is also the responsibilities of Management of University of Education, Winneba to

- Define organization objectives
- Formulate policies, set procedures and design appropriate and effective internal controls.
- Monitor effectiveness of controls in achieving objectives
- Continuously assess the risks inherent in the operations/ activities of University of Education, Winneba

## INTERNAL AUDIT DEPARTMENT

Consistent with the overall objectives and authority conveyed above, the Internal Audit Department shall be responsible for the following:

Drafting and updating procedures to guide audit staff in the approach and methods to be used to conduct audits, assess controls, verify assets, inspect records, ascertain compliance, and evaluate performance and follow-up on recommendations all in accordance with the *Standards for the Professional Practice of Internal Auditing*, and as applied to the University of Education, Winneba;

Developing staffing norms and criteria for academic and professional qualifications and experience in line with the Statute of the University and the Unified Scheme of Service.

Determining the adequacy of audit coverage and the optimal use of human, physical and financial resources to achieve the desired level of assurance, and fulfil the above stated objectives;

d. Maintaining a system of quality assurance within the internal audit units to ensure that staff is adequately supervised and that work is adequately planned, coordinated, carried out, and reviewed in accordance with established procedures.

e. The system of quality assurance shall also make provisions for the continuing professional education of internal audit staff and include formal internal and external reviews of auditing quality and proficiency;

f. Bringing to the attention of higher levels of management, opinion or suggestions of staff that seem to warrant serious consideration.

g. Maintaining the results of audits in and evaluations in the strictest confidence, subject only to legal requirement for disclosure.

h. Providing a detailed quarterly report of all internal auditing activities, including a comparison of actual work performed as against work planned, to Management, ARIC and the Director-General of the Internal Audit Agency.

i. Coordinating the total auditing effort, both internal and external, in the interest of minimizing duplicate efforts. Contributing as far as professionally permissible, to the work the external auditor(s).

j. Communicating with the external auditor(s) on all significant matters which will be brought to the committee attentions.

### C. OTHER DIVISIONS

10. In order to enhance the level of assurance provided to the committee, the Directors of all Divisions of the University of Education, Winneba shall cooperate fully with the Internal Audit Unit and, in particular, shall:

a. Provide, or instruct their staff to provide access to whatever personnel, records and facilities deemed necessary by the Internal Audit Unit to fulfil its responsibilities; and

b. Act, or instruct their staff to act, as directed by the Vice Chancellor to remedy deficiencies noted by the internal or external auditors, and to report on the actions taken in a timely manner

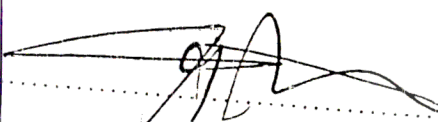



**VI. Conflicts and Disputes**

11. Notwithstanding any conflict resolution mechanism of the MDA or MMDA this charter shall form the basis for the authority and actions of the internal audit unit as far as auditing matters are concern. Any irresolvable conflicts or disputes which arise during the course of performing this function which, in the opinion of the audit unit, would present a significant limitation in scope, shall be brought to the attention of the ARIC or the Director-General of the Internal Audit Agency for ultimate resolution.

**VII. Affirmation, Effectiveness, and Amendments**

12. This Charter is hereby approved by the Head of Institution and affirmed by the University Council thereby providing for immediate effectiveness. Any amendments hereto must be approved by the Vice Chancellor and re-affirmed by the University Council.

  
.....  
Professor Jophus Anamuah-Mensah  
Vice Chancellor,  
University of Education, Winneba

  
.....

Sena Dake (Ms)  
Ag. Internal Auditor  
University of Education, Winneba

26/9/2007  
.....  
Date

26/9/07  
.....

Date