

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY,
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KNUST
**THE IMPACT OF INTERNAL CONTROL ON THE PERFORMANCE OF THE
GHANA HEALTH SERVICES.**

**BY
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A Thesis Submitted to the Department of Accounting and Finance, Kwame Nkrumah University of Science and Technology (KNUST) in partial fulfilment of the Requirement for an award of MSc Accounting and Finance.

DECEMBER, 2020

DECLARATION

I hereby declare that this submission is my work for the award of MSc. Accounting and Finance. And that, to the best of my knowledge and belief, it contains no material previously published or written by another person nor material which to a substantial extent has been accepted for the award of any other degree or diploma at Kwame Nkrumah University of Science and Technology, Kumasi or any other educational institution, except where due acknowledgement is made in the thesis.

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DEDICATION

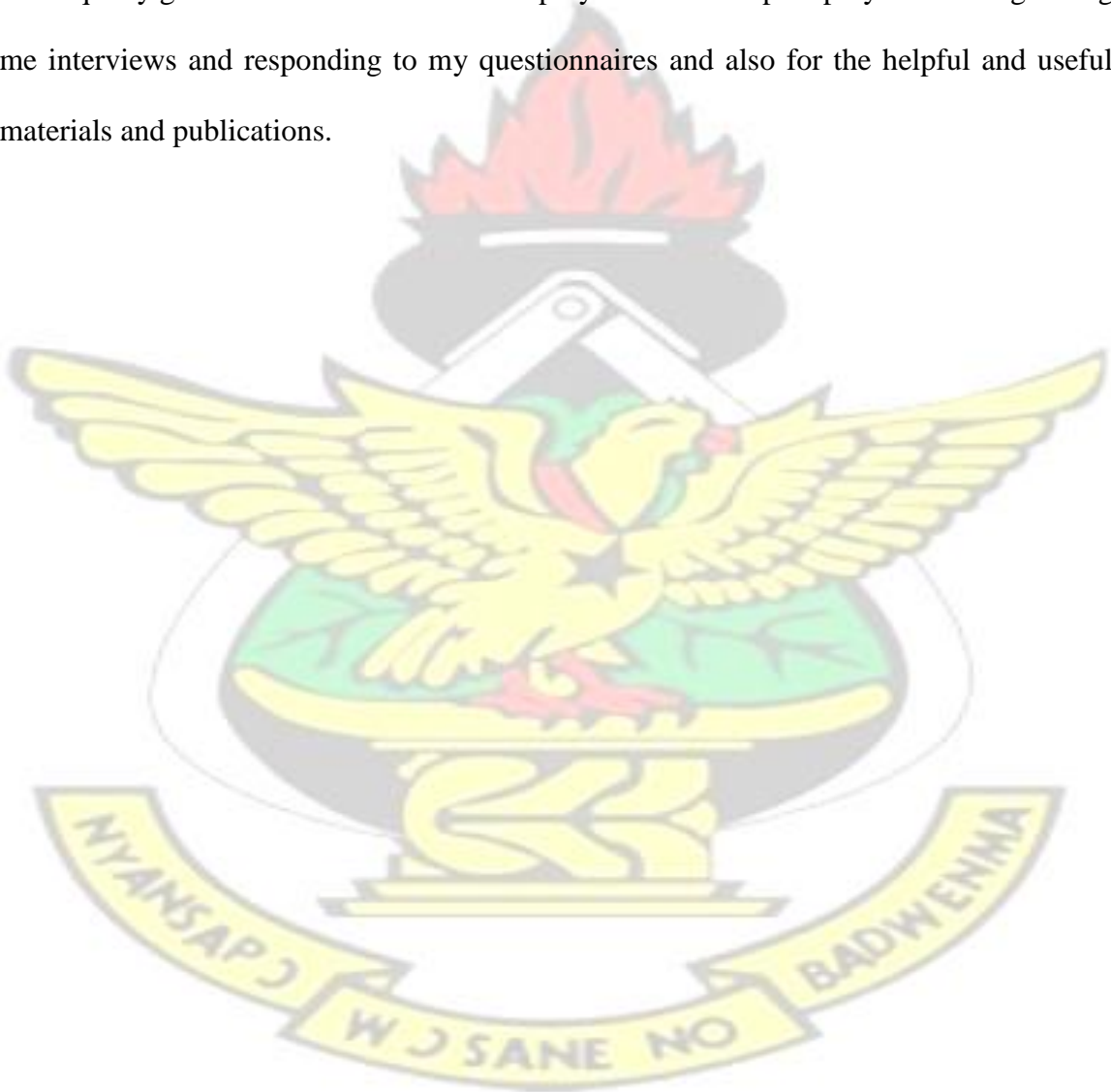
The piece of work is dedicated to Allah for His Mercies and Grace. Also, I dedicate this work to My Husband, Mr. Mohammed Arimiyao, and children; Fuaad Arimiyao, Baraka Arimiyao and Rahma Arimiyao.



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ABSTRACT

The study assessed the impact of internal control on the performance of Korlebu, Kaneshie and Dansoman Polyclinics. The study identified internal Control processes at the polyclinics and assess the impact of internal controls on the efficiency and effectiveness on operations. Further, to determine the relationship between internal audit and organizational growth and examine the challenges of internal audit practices in the Polyclinics. The study adopted a survey research design and the entire staff of the branch as the target population. The simple random sampling and purposive sampling technique were used to sample 170 respondents for the study. The study used a questionnaire and interviews to gather data which was analyzed with SPSS 21 and Microsoft Excel 2013. The results of the study established a positive relationship between the internal audit and organizational growth at the branch. The study found in place an efficient internal audit process which ensures transparency and impacted positively on the effectiveness and efficiency of operations. The study finally suggested the provision of adequate resources to internal audit staff to enable internal auditors perform their responsibility effectively

Table of Contents

DECLARATION	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
ABSTRACT	v
LIST OF TABLES	ix
LIST OF FIGURES	x
CHAPTER ONE	1
INTRODUCTION	1
1.0 Background of the Study	1
1.2 Statement of the Problem.....	3
1.3 Purpose of the Study	4
1.4 Research Objectives.....	4
1.5 Research Questions.....	5
1.6 Significance of the Study	5
1.7 Scope of the Study	6
1.8 Organisation of the Study	6
CHAPTER TWO	7
LITERATURE REVIEW	7
2.0 Introduction.....	7
2.1 Conceptual Literature Review	8
2.1.1 Internal Control.....	8
2.1.2 Determinants of Internal Control System.....	9
2.3.2 Internal Control Classifications.....	12
2.1.6 Effectiveness of Internal Control System.....	14
2.2 Theoretical Review	15
2.2.1 The Agency Theory	15
2.2.2 Institutional Theory	17
2.2.3 The Theory of Performance.....	18
2.2.4 Stakeholders Theory	19

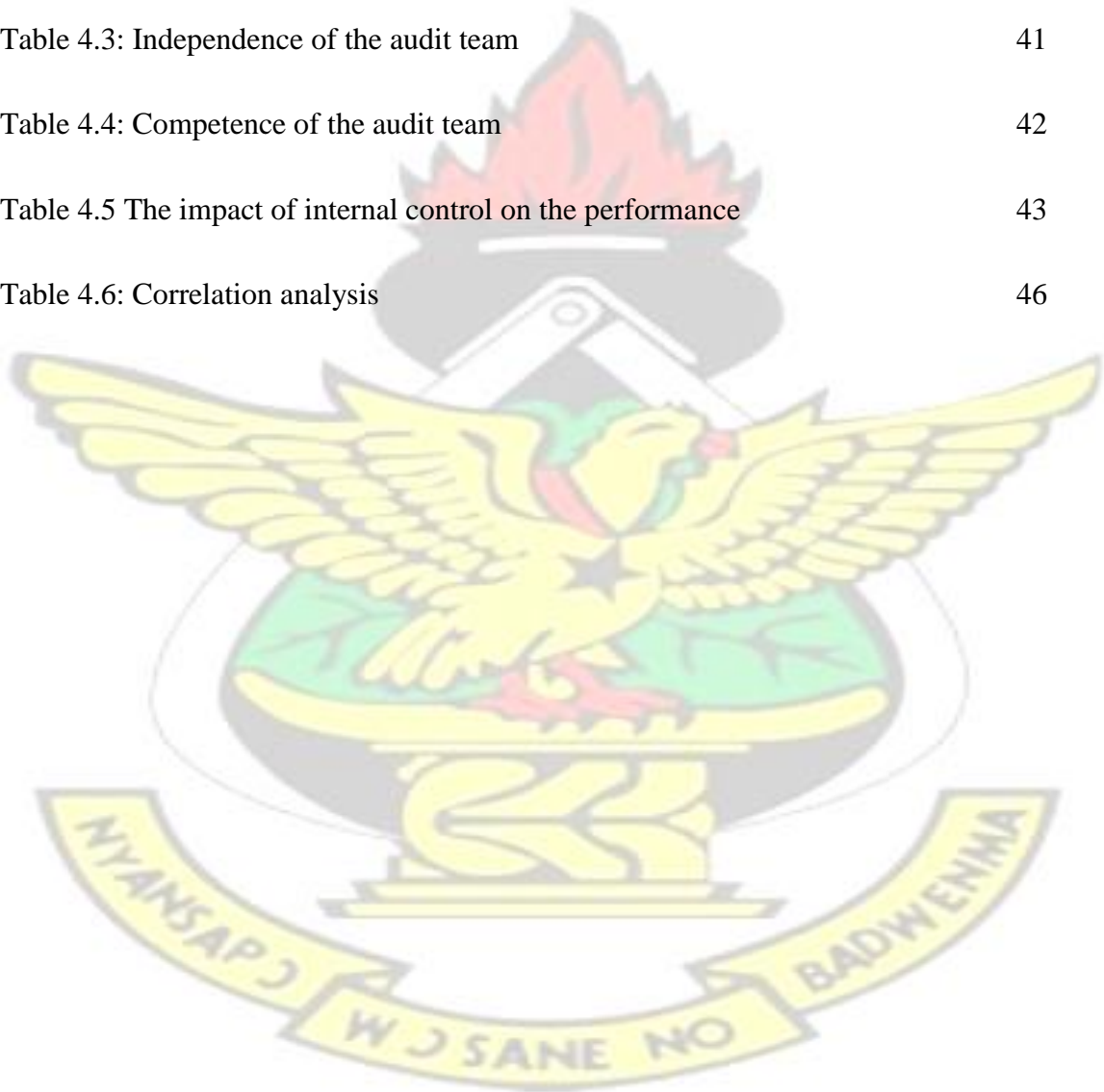
2.3 Empirical Review.....	20
2.3.1 Effectiveness of Decentralization and Internal Control Procedures	20
2.4 Conceptual Framework.....	25
CHAPTER THREE.....	26
RESEARCH METHODOLOGY	26
3.1 Introduction.....	26
3.2 Research Design.....	27
3.3 Study Population.....	27
3.4 Sampling Technique and Sampling Size	28
3.4.1 Sampling Size	28
3.4.2 Sampling Technique.....	29
3.5 Research Instrument.....	30
3.6 Sources of Data	31
3.7 Validity and Reliability.....	32
Questionnaire Reliability Test	33
3.8 Ethical Consideration.....	34
3.9 Data Analysis	34
CHAPTER FOUR	36
RESULTS AND DISCUSSIONS.....	36
4.1 Introduction.....	36
4.2 Demographic Profile of Respondents	37
4.2 Effectiveness of Internal Control Functions	38
4.2.1 Effectiveness of Internal control.....	39
4.2.2 Independence of the internal control function	40
4.2.3 Competence of the audit team.....	42
4.3 The Impact of Internal Control on the Performance of the Health Institutions	43
4.5 Inferential Analysis	46
4.5 Discussion of Findings.....	49
4.5.1 The Effectiveness of Internal Control at The Polyclinics.....	49
4.5.2 The Impact of Internal control on the Performance of the Polyclinics	51
CHAPTER FIVE	53
SUMMARY, CONCLUSION AND RECOMMENDATION	53

5.1 Introduction.....	53
5.2 Summary	53
5.3 Conclusion	55
5.4 Recommendation	56
References.....	57
Appendix: Questionnaire	Error! Bookmark not defined.



LIST OF TABLES

Table	Page
Table 3.1: Breakdown of Sample size based on health facility	30
Table 4.1 Demographic profile of respondents	36
Table 4.2: Effectiveness of internal control function	39
Table 4.3: Independence of the audit team	41
Table 4.4: Competence of the audit team	42
Table 4.5 The impact of internal control on the performance	43
Table 4.6: Correlation analysis	46



LIST OF FIGURES

Figure	Page
Fig 2.1 Conceptual Framework	26
Figure 4.1: Frequency of internal control	38
Fig 4.2 Challenges of Internal Control	44



CHAPTER ONE

INTRODUCTION

1.0 Background of the Study

Internal control is vital to any financial system in every organisation. It is through efficient internal control that we ensure the resources of an organization are efficiently used. Firms must maintain a proper internal control system, to uphold the practice of good corporate governance. This must be done to ensure the success and proficiency of operations and the total survival of the organization. Internal control works to protect the organization from financial shortfalls. The absence of internal control can negatively affect the financial structure of an organisation. (Al Shobaki, Abu-Naser, Salma, AlFerjay, & Amuna, 2018) advice that ineffective internal control can lead to the mismanagement and misallocation of resources. Internal control also helps accuracy in financial reporting (Avika & Hari, 2014). The process of internal control goes in hand with the decentralization, which is also a relevant process for ensuring effective output.

In some structures, functions are performed from a central focus, with delegation to the district level as the only way in which the central government ensures the performance of services at local levels. The distribution of these functions between the two levels of government is guaranteed in the Ghanaian constitution. Job decentralization gives state governments and their agencies the responsibility to perform the operational activities of each job to ensure services are provided in their respective areas (Avika & Hari, 2014). It is their responsibility to ensure that the policies formulated by the national government are implemented as required, to ensure that services are provided for the benefit of its citizens

(Matata, 2015). Thus decentralization and internal control can be considered as basic management tools.

Internal control revolves around the policies and procedures in place to help a business achieve its objective. Internal control plays an important role in detecting fraud, preventing fraud and protecting the organizations' resources (COSO, 2019). It is a means by which an organization's resources are directed, monitored and measured. (Clarke, 2015) observes that strong internal control can increase the profitability of a company. Likewise, the practice of decentralized services by central units can ensure accountability, reduce corruption, and equal service delivery. Accountability is the practice in which service-providing agents declare and are responsible for their actions.

Private and corporate organizations usually enforce proper and strong internal control than state-owned and non-profit organizations (Uddin & Tsamenyi, 2005). In Ghana, public sector financial management of state departments has shown persistent weakness in the management of public resources (Public Financial Management Act, 2016). (Kotoka, 2012) contends that these weaknesses are demonstrated in the poor control over public funds in the MMDAs, weak systems of accountability, inaccurate financial and late reporting and the massive corruption in the public procurement and payment for goods and services. Furthermore, government payrolls are rife with ghost names due to lack of effective internal control system (Financial Administration Act, 2003).

Consequently, there is a need to assess the effectiveness and efficiency in implementing internal financial controls in public sector entities. This study seeks to research into the effectiveness of internal control and decentralization in the Ghana Health Service (GHS),

a state department with the mandate to provide and regulate health care delivery in the country.

1.2 Statement of the Problem

The Ghana Health Service (GHS) was set up under the 1992 Constitution under Act 525 of 1996. It has the responsibility of the government body for enforcing national health policy. It operates as a self-sufficient organization and establishes effective policy and technological guidance for the achievement of national political goals, promotes centrally approved healthcare programs, increases access to high-quality health facilities, and uses prudently accessible resources for healthcare delivery (Ghana Health Service, 2017).

As a public corporation, the Ghana Health Service holds various forms of stakeholder investment to which they owe accountability. This demonstrates the need for a proper system of internal control to facilitate the operations of the service department. Also, GHS through strong internal control can improve accounting and bookkeeping practices (Kotoka, 2012). This is in line with the US Government Accountability Office (GAO) recommendation of the application of internal company controls monitoring to strengthen public sector financial reporting (U. S. Government Accountability Office, 2015). A government organization like the Ghana Health Service must develop and makes operational, proper and effective internal control to avoid losses to the Ghanaian economy. Polyclinics in Accra serve a significant number of people in the Accra Metropolitan Area daily. These major health facilities offer primary health care in their communities. Despite their significance, polyclinics in Ghana are usually under-resourced and they often appeal for government aid and intervention despite the annual budgetary allocation to the Ghana health service to ensure quality health care delivery.

Recent research by the (Ghana Statistical Service, 2018) revealed deplorable working conditions, poor infrastructure, inadequate logistics, low salaries and inadequate reward system within the Ghana Health Service. This is worsened by the fact that the health sector in Ghana has grappled with various reports of fraud and embezzlement in both public and private institution partly due to ineffective internal control systems in operation (Armah, 2012). The World Bank's "Quiet Corruption" report revealed in 2010 that 95% of Ghana's healthcare resources have been transferred to individual ownerships (Arbache, Habyarimana, & Molini, 2010).

The problem to be tackled in this research, therefore, is to assess the effectiveness of internal control in the GHS in order that corrective recommendations are given for future actions . (Armah, 2012).

1.3 Purpose of the Study

The purpose of this study is to assess the effectiveness of internal control systems of the Ghana Health Service, using the Dansoman, Kaneshie and Korle-Bu polyclinics as the research subjects.

1.4 Research Objectives

The specific objectives of the study are to:

- i. Examine the effectiveness of internal control procedures set up by the Ghana Health Service in overseeing the polyclinics' activities.
- ii. Assess the impact of the internal control on the performance of the polyclinics.
- iii. To examine the challenges confronting effective internal control of the polyclinics.

1.5 Research Questions

To achieve the main objectives of this study, the study will find answers to the following questions.

- i. How effective is the internal control procedures set up by the Ghana Health Service in overseeing the polyclinics' activities?
- ii. What is the impact of internal control on the performance of the polyclinics?
- iii. What are the challenges confronting effective internal control of the polyclinics?

1.6 Significance of the Study

Generally, it is hoped that this study will bring about reforms at the polyclinics that could positively contribute towards providing updated data on intentional misrepresentation of financial information. This can be in the form of manipulating accounts, misappropriation of fund and misappropriation of goods. It is of great importance for an internal auditor to verify and detect such abnormalities or frauds, and hence correct them, and prevent their recurrence. Needless to say, errors refer to an unintentional mistake in the financial information usually arising on account of ignorance of accounting principles. This will be especially useful to public organization to significantly curtail mismanagement of public fund for the betterment of the national economy.

The finding of this study is expected to show how an independent internal audit improves the growth of business in public Institutions in general. Results of such findings are necessary and or relevant for policy initiations towards attaining sound, robust and prudent financial accounting system.

The outcome of the study is also expected to be useful to stakeholders such as policy makers, planners, Accountants, and legal expertise, in terms of formulating and implementing better constructive and objective policies to further enhance the performance of the polyclinics and other public institutions in general.

Finally, it will inform policymakers of the need to adopt policies which will facilitate reforms in Ghana Health Care and other public departments' internal control mechanisms.

The study will also help the government to regulate the activities of sub-departments under different ministry mandates.

1.7 Scope of the Study

The population consists of accounts and internal audit staff of the Ghana Health Service (GHS) at the Dansoman, Kaneshie and Korle-Bu Polyclinics. Staff from the Ghana Health Service Head office were also consulted in investigating the monitoring actions of the Health Service towards polyclinics.

1.8 Organisation of the Study

This dissertation was presented in five chapters.

Chapter One covered the introduction which addresses the background to the study, the statement of the problem, research objectives, research questions, significance of the study, the scope of the study, limitations of the study and the organization of the study. Chapter Two provided an insight into the literature reviewed; regarding internal control and its relating variables. The literature included relevant reports, news articles, journals, websites

and other reference sources and theoretical and empirical literature. Chapter Three discussed the research methodology used for the study. Chapter Four focussed on the results and discussions to address the research questions and chapter five was on the summary of major finding, conclusion and recommendations.

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CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

In this chapter, the study reviews literature on internal control and performance. The purpose of this is to provide an in-depth appraisal of the concepts of internal control by particularly focusing on the aspects that pertain to this study, to give the reader an

understanding of the objectives. The review is in three sections: a theoretical review, conceptual review and empirical review.

2.1 Conceptual Literature Review

2.1.1 Internal Control

In a broad sense, the internal control includes inspections covering the organizational plan and the asset protection methods, creating reliability of financial data and records, supporting efficiency and management policy loyalty (Chalmers, Hay, & Khlif, 2019). The independence of the various departments and the lines of vicarious duty and authority shall apply to internal control. It is necessary to check that all transactions with absolute monitoring methods, fines and permits, comparisons, and other data consistency checks are focused on the efficiency and validity of the data (Chalmers, Hay, & Khlif, 2019).

The internal control structure of a company consists of the policies and procedures established to provide reasonable assurance that specific entity objectives will be achieved (Chalmers, Hay, & Khlif, 2019).

According to the new definition of internal control by the Institute of Internal Auditors (Auditors, 2007), controls do not exist in a vacuum. A company's system of internal control plays a major role in managing critical risks to achieve its business objectives (Chalmers, Hay, & Khlif, 2019). Therefore, it is important to note that a proper system of internal control provides a reasonable, but not absolute, assurance that the company will not hinder the achievement of its business objectives due to circumstances that may be reasonably expected (Bosse & Phillips, 2016).

2.1.2 Determinants of Internal Control System

Internal control consists of five interrelated components. These components are based on how management conducts its operations and process. Although the components apply to many organisations, SMEs implement them differently than large ones. (Bosse & Phillips, 2016) observed that SMEs internal control may be less formal and less structured.

Control Environment

The management climate sets the tone of the company under internal regulation by shaping the awareness of the employees (Chalmers, Hay, & Khlif, 2019). All other internal control components are based on the control environment. This requires aspects such as honesty and ethical principles of those who are responsible for designing, implementing and controlling the systems, the engagement and abilities of the individuals who carry out delegated tasks, the management culture and management styles, and the organizational framework. Many aspects of firm management are part of a control system, but the efficiency of the executive team, administration and the organization's audit department are highly important in this aspect (Umar & Dikko, 2018).

Internal auditors are relevant to having an appropriate control environment. Moreover, the impact of these factors largely depends on their interaction with the internal and external auditor. The control environment sets the tone for the organization, affecting the control awareness of its employees' goals (Umar & Dikko, 2018). Also, the control environment is influenced by the history and culture of the organization and has a pernicious influence on the way the activities of the organization are organized. Thus it sets a positive and supportive attitude towards internal control and conscious management.

Risk Assessment

Risk assessment is a tool used by management to decide how the firm handles threats that challenge its targets (Mawanda, 2008). It includes defining and prioritizing targets, recognizing threats and assessing their likelihood and effect. Consequently, to define, assess and handle risks, (Williams, 2010) note that risks may be linked to fraud in financial declarations or misappropriation of assets. This consists of identifying and analyzing the risks that are important to achieving the goals and providing the basis for handling the risks. The component internal control, according to (Williams, 2010), emphasizes the importance of managing through the careful detection and evaluation of factors that prevent them from fulfilling their task. Risk management includes defining and evaluating risks which are important to the objective accomplishment, which provides a framework for deciding how the risks are handled.

However, given the continued change in economic, industrial, regulatory and operational conditions, frameworks to recognize and resolve unique risks associated with changes are required (Crerar, 2007). Risk assessment is a structured method by which professional evaluation of possible adverse circumstances and occurrences may be integrated and the risk of future (financial and non-financial) damages arising from their occurrence assessed. There was a mistake (Muio, 2012). Risk management is another component of risk assessment. Internal control should ensure that the Agency is faced with an internal and external risk evaluation. Upon detecting risks, their potential impact should be assessed

Information and Communication System

(Abu Naser, Al Shobaki, & Ammar, 2017), note that internal control demands that all relevant information be established, gathered and shared, in a time and manner, in order to exercise their financial reporting obligation. Companies must implement internal controls

and information systems to generate organizational, financial and compliance reports to facilitate the management and control of an undertaking. Effective coordination will be applied in all areas of the organization, including knowledge transfer over and over.

Recent literature on the internal control system's structures have raised questions regarding information and communication as part of the internal control system because of its role in shaping the organization's working relations at all levels (Amudo & Inanga , 2009). This knowledge needs therefore to be shared through the whole organisation, to encourage employees to fulfill their duties in achieving their objectives.

Control Activities

These activities are enforced by the monitoring practices, which correspond to policies, procedures and processes developed. Proper and accurate administrative and operational policy documentation helps to determine the implementation of control activities. It also provides the auditors with enough details on the general appropriateness of the implementation of measures about financial reporting activities (Avika & Hari, 2014).

This means that the appropriate steps are taken to resolve threats to meet operational goals. Internal management operations take place within the company. They include a range of activities such as approvals, permits, checks, reconciliations, operational performance reviews, asset security and duties segregation. The majority of these are enabled by the internal control function (Avika & Hari, 2014).

Monitoring

The monitoring can be used to determine the importance of the internal control efficiency of an organization through the recording and monitoring of the internal control system and operational status (Ionescu, 2011). Continuous surveillance and individual evaluation can

be separated into tracking. In general, ongoing monitoring tasks include checking, examining and assessing the efficacy and performance of the development and operations of their respective Departments at various levels, managing departments and each workers during the implementation of internal monitoring systems (Ionescu, 2011). Surveillance is a control form. The higher the norm, the lower the single assessment. An annual review of the organizational management system usually conducted by an independent performance audit is carried out.

2.3.2 Internal Control Classifications

(Dittenhoffer, 2001) and (Di Napoli, 2005) arrange ICs under different groupings.

Internal control is, in the opinion of (Dittenhoffer, 2001), grouped based on separations of responsibilities, asset security, approval and authorisation, monitoring, documentation and financial reporting.

Scholars such as (Di Napoli, 2005), on the other hand, argued that internal inspections should be graded as compensatory reviews. Detective inspections. The (Di Napoli, 2005) classifications are outlined briefly below.

Directive Controls

To ensure compliance with the rules and regulations, the Directive controls of (Di Napoli, 2005) are implemented. He further stated that authorities need to disseminate information within an organization that clearly states that control procedures are very important for promoting compliance with the Directive. It is capable of identifying which Directive control does, that an error has occurred, but does not prevent such mistakes. It is important

to note that some of the operations under Directive Controls include operations including audits, stock taking, evaluation procedures, reconciliation, and examination of variances. Therefore, Directive controls show how effective preventive controls are.

Preventive Control

These are controls established by the organization to prevent people from not complying with the policies and procedures laid down. These are proactive controls that help to prevent losses. Duty separation, appropriate authorisation, sufficient documentation, and physical controls of a property may be included in preventive control (Di Napoli, 2005)

Compensating Controls

Compensation controls are measures designed to account for an inspection that is absent elsewhere in the system. For example, companies with an electronic customer record or database should back up the list of customers on a computer hard copy. This ensures that the hardcopy backup can only be located and used when the electronic system goes down. Therefore the hardcopy compensates the electronic system for any downtime. To add new customers, customer lists should be reimbursed period by period to ensure that the obsolescence associated with the use of hard copy records is mitigated (Di Napoli, 2005)

Detective Controls

These are types of controls that are established for identifying mistakes/errors after they have occurred. It is however important to note that preventive controls are much more critical than those that detect errors that have occurred. Also, detective controls do not function legitimately with the absence of penalties (Di Napoli, 2005)

Corrective Activities

These are activities that are undertaken by management and other key staff of the organization to correct any mistake that has occurred in the system. Examples of these corrective activities may include close supervision and oversight and management review programs such as the reviewing of cost centre reports and personnel expense reports.

2.1.6 Effectiveness of Internal Control System

The effectiveness of internal control has to do with the fluidity of the system's internal interaction and how well and proper the system has been rooted in the entities processes and activities. One of the key factors, according to Ayagre, that ensures the efficacy of internal control and protection relates to creating the so-called effectiveness agents, is (Appiah-Gyamera and Nartey, 2014)). They also stated that these efficiency agents include the dynamic board and an independent internal control office. Despite the procedural nature of internal control systems, the effectiveness of the process is a state of affairs. (Ayagre et al, 2014) therefore argue that the intermittent assessment of the internal control systems is key.

It can be assessed on three levels how efficient an internal control system is. The degree to which the directors understand how the objectives of the organisation are achieved; how sound the financial statements are and how adequate regulations and guidelines are followed. An internal control system that is deficient, as reported in (Amudo & Inanga , 2009), overlooks how internal control elements can be measured but often sets out (COSO, 2019) on the other hand, reports that the proper functioning or effectiveness of the individual components of an internal control system to a large extent determines how effective the whole control system will be. This essentially shows that the efficiency of the five control system elements determines the overall efficiency of the control framework.

The evaluation of the effectiveness of the frameworks must therefore correspond to the various factors.

Also, the efficacy of the monitoring framework depends on the individual components of the entire control system (COSO, 2019). It is also necessary that internal control evaluators understand how the five components of internal control function individually, how they work, how they apply these elements into an organization.

The purpose of any internal control system is to introduce mechanisms to prevent, correct and detect errors and other forms of corporate fraud. In that respect, the study author believes that an effective framework for internal checks can prevent errors, identify errors in the event of them and also correct errors which have been identified

2.2 Theoretical Review

Regarding organisational management, several studies have provided theories to support actions and behaviours. These theories can be used to establish the relationship between internal control and performance. In this paper, the Agency theory, Institutional theory and Stakeholders theory are considered.

2.2.1 The Agency Theory

The development of the theory of agency is credited with Ross and Mitnick, which discusses the dynamics of two units: agent and head (Panda & Leepsa, 2017). Agency is also debated not only as a theory, but also as a fundamental concept (Panda & Leepsa, 2017).

A business is composed, according to the theory of the department, of a number of contracts between capital owner(s) and management (agents) responsible for the use and control of

these resources (Pepper, 2019). The theory suggests that agents have more knowledge than the primary and that this asymmetry affects the ability of managers to control whether agents represent their interests properly. The theory therefore defines companies as the required frameworks for contract maintenance. Regulation that reduces opportunistic behavior of agents can be exercised by businesses. There was a mistake (Pepper, 2019).

The theory points out that a substantive agreement needs to be drafted to harmonize both the interests of the agent and the interests of the principal. A experienced manager and systems (auditors and control systems) to oversee the agency further strengthens the relationship between the two agencies (Bosse & Phillips, 2016).. In addition, the theory recognizes that inadequate knowledge on the relation, desires or results of the mentioned agent can be harmful and can present moral risks. Selection of the agent has two moral hazards and negative effects on performance; the necessary expertise is not needed and the agent isn't exactly what they should do. Therefore, agency theory is expected to behave rationally, with the intention of optimizing its fortunes, through managers and agents (Panda & Leepsa, 2017). The theory thus implies that managers and workers are moral and that contracting services are used to maximize their profits (Panda & Leepsa, 2017).

The theory mainly concerns internal management as one of the ways in which the company can address the business question through a reduction in service costs, which affects overall productivity and the income of the main business (Bosse & Phillips, 2016).

Internal regulation in this regard improves access to the principal with particular information about the act of the agent (management), eliminates knowledge asymmetry and reduces the risk for creditors. Decentralization shifts responsibility even from the main

entity to a sub-agent (central organization). Therefore, in this analysis, the agency theory is appropriate to clarify internal control and decentralization.

2.2.2 Institutional Theory

The Institutional theory originates from the works of (Rowan, 1977) and (Powell, 1991) (Cardinale, 2018) finds institutional theory as an important theoretical perspective in accounting and organizational research. According to this theory, companies are not mostly focused on objective economic cost-benefit analyses but on the need to implement new methods and procedures, to create, and design frameworks, procedures and programs. According to (Rowan, 1977), these mean that organizations, by their rationalized conceptions of corporate function and institutionalization in society, are motivated to incorporate processes and procedures (Cardinale, 2018). The organisations, independent of the immediate efficacy of the acquired practices and procedures, are strengthening their legitimacy and prospects of survival.

The symbolic display of conformity and social accounting in organizational structures, includes different internal control functions, roles, processes and systems. Intensive investigations of their business activities can be avoided by organizations with appropriate structures in place. The value of the institutionalised laws has been illustrated by Meyer and Rowan, based on (Beyer, 1966). These are classifications which have been incorporated into society and are recognized or supported by public opinion or even the law (Cardinale, 2018).

These rules include normative obligations that can be considered facts of (organizational) life that must be taken into account and taken into account by actors in the business community - whether they are risk management officers, compliance officers, managers,

auditors, directors, or other types of professionals inside and outside of the companies (Bosse & Phillips, 2016).

So, the process of institutionalization is how social processes of various kinds take on a rule-like situation in everyday society. Repetitive patterns of procedures become institutions or institutional rules, and thus institutional theory explains organizational phenomena by referring to the system and the formal and informal rules that are imposed on organizational activities (Hutaibat & Alhatabat, 2019). Thus, internal control and decentralization are sometimes required by the environment or the system within which an organization finds itself.

2.2.3 The Theory of Performance

Theory of Performance (ToP) develops and links six core concepts to form a framework that can be used to explain performance and performance improvements. Performance is getting results that are valuable (Elger, 2007). The performance subject can be an individual or a group of people participating in a collaborative effort. The theory assumes that performance development is flight, and that level of performance describes the location in flight.

Performance levels at present depend entirely on the following components: context, level of knowledge, skill levels, identity level, personal factors, and fixed factors. Three axioms have been suggested to improve effective performance. These include the performer mindset, immersion in an enriching environment, and participation in reflective practice (Elger, 2007). ToP emphasizes that the efficiency of a system depends on the components of the structure and the relationships between the elements. Likewise, a person or an

organization's standard of success can vary accordingly. The significance of this theory is helping in understanding the concept of performance especially for an organization like the Ghana Health Service. In this regard, performance cannot be considered as merely financial but inclusive of every indicator that shows and predicts growth.

2.2.4 Stakeholders Theory

A stakeholder is characterized as "any group or individual that can affect, or be affected by, the attainment of organizational goals." (Freeman, Harrison, & Zyglidopoulos, 2018). The ultimate principle of the stakeholder system is a redefinition of the business. Generally speaking, the idea is what the company should be and how it is conceptualized. The organization's own goals, wishes and opinions should be treated as a group of stakeholders by (Andrew L. Friedman, 2002). This management of stakeholders shall be carried out by the executives of a company. Management can on the one hand run the organization for stakeholders to safeguard their interests and involvement in decisions (Freeman, Harrison, & Zyglidopoulos, 2018)

Active business environment management, alliances and shared values are essential for stakeholders to build strategic approaches (Andrew L. Friedman, 2002). A variety of topics may be involved in stakeholder interests, including working conditions, environmental and social responsibility, which some might contradict a company's interests (Andrew L. Friedman, 2002)

In (Freeman, Harrison, & Zyglidopoulos, 2018), the possible conflicts resulting from different interests should be addressed by the stakeholder management. (Andrew L. Friedman, 2002) argues in the linked debate on corporate responsibility and citizenship that

being a successful organization requires defining and achieving ethical operational practices completely incorporated into the company's overall strategy, planning, management and decision-making processes. Internal regulation and decentralization should in this regard be seen as good indicators of what a stakeholder is all about.

2.3 Empirical Review

Various studies have examined decentralization and internal control separately, considering their effect on performance. Some of these studies are discussed in this section: (Aikins, 2011) in considering internal control and performance, examined how state internal controlling in the United States improved financial performance. (Aikins, 2011) noted that although internal control is one area with expertise to assess the effective use of financial resources and help improve financial control and performance, public administration research has not paid much attention to the role of internal control in the financial management process.

2.3.1 Effectiveness of Decentralization and Internal Control Procedures

A 2012 survey by Ewa and Udoayang decides how Nigeria's fraud and employee lifestyles and fraud can be investigated by banks. The study showed that internal control architecture influences employees' mentality in fraud so that a strong internal control structure prevents employee robbery, while a poor one opens the system to robbery and provides employees an opportunity to commit fraud. The study concluded that internal control is a significant and strong internal control mechanism within the banking sector.

In the higher education institution of Uganda, (Mawanda, 2008) carried out work on the effect on financial performance of internal management mechanisms. In his study, he investigated and attempted to relate internal control mechanisms and financial results to Uganda's higher education institution. Compliance evaluations, focused on transparency, accountability and monitoring, were evaluated as financial performance metrics from the viewpoint of environmental security, corporate evaluation and compliance practices. The study also identified a substantial relationship between the internal control and financial performance, recognizing the role of the internal control department in the establishment of internal controls that affect organizational financial performance.

(Onyango, 2014) has carried out a report on the efficiency of Kenya's government by the internal control mechanism. The study showed clearly that governments face a variety of difficulties in performance during internal controls. Financial reports, bribery and abuse of institutional resources are among the revelations of the research.

(Musya, 2014) carried out a report on the effect on revenue generation of domestic controls carried out by county governments in Kenya. This study looked at the role that county governments play in the system of internal control in income collection in Kenya. The job was to collect data from the 47 districts for the report. Internal regulation has been demonstrated to affect the tax recovery in county administrations.

(Musya, 2014) examined the internal control of the Kenya Revenue Authority in order to evaluate the effect of domestic controls on the collection of revenue, to assess whether these national controls yielded significant results for better collected revenues. The studies have shown that the five components of the control environment, monitoring operations, risk evaluation, information, communication and monitoring must be made accessible to

internal control. In this report, poor internal controls facilitated collusion with fraud, loss of revenue and income misappropriation. The study therefore concluded that Kenya has major impacts on internal control and revenue generation.

Studies that have taken internal control as well as decentralization as predictors of organizational success have been minimal. This study is groundbreaking in this area.

In the evaluation of the public water companies that function as a consequence of ICs in Kenya, (Njiru, 2016) showed that this has a direct effect on their financial results for these water companies. In addition, the complements of IC have shown that using a descriptive researcher design and multiple linear retrograde studies, have a significant effect on the financial output of higher schools that sample this research. The report, however, recommended that organizations take action to strengthen their ICS and also adopt accountability mechanisms to protect entities' capital and properties.

2.3.2 Impact of Internal Controls on Organizational Performance

A analysis of the financial results of the sampled institutions, the Upper West, Ibrahim, Diibuzie and Abubakari in northern Ghana found a positive relationship in particular (2017). The study recommended that the right ICS, as proposed by health agencies' auditors, be adopted and ultimately regularly tracked.

The efficiency of Techiman Municipal Assembly mechanisms has been evaluated and (Aduam, 2016) has shown that Techiman Municipal Assembly has been unable to completely incorporate IC processes through the use of a purposeful data collection sampling procedure. In Bechem Provincial and Municipal Hospitals, Sunyani and District Hospitals (Brong Ahafo), in particular, (Effah, 2011) also investigated internal financial

controls in publicly owned hospitals. The technique used to sample it demonstrated that hospitals have FAA, PPA, IAAA and some COSO components controlled by IC. The approach and the analysis were the sampling technology.

Another study was also undertaken with the assistance of Edweso Hospital concerning the role of internal control in the Public Sector, others such as Osei-Boakye in 2015. The information used for the study was obtained using a comfort sampling technology with the goal of the sampling technology in particular for employees and managers. The findings showed that the efficient supervision, duties separation, proper authorisation and approvals of the SCI were successful in the hospital. The research further suggested that there were some issues when implementing the ICS, such as mistakes in decision-making caused by disregard and exhaustion. The study concluded, therefore that ICS had a positive influence on hospital workers' satisfaction.

Furthermore, data from 54 hotels in central Anatolia in Turkey, Çetin and Yet Tasas (2017) assessed the efficacy of the hotel company at ICS, and the results showed ICS is successful within the hotel industry, although this effectiveness of ICS does not indicate major variations in the groups and positioning of hotels.

The research was performed by (Appiah-Gyamera and Narthey, 2014) using quantitative data collecting techniques and a cross-sectional descriptive survey method in order to assess the practice of ICs in Koforidua, an Eastern Regional Hospital. The research findings have shown that the main problems impacting ICS in the hospital were insufficient audit resources, lack of facilities, bullying and resource intervention. Therefore the author of the study proposed that the hospital management should hire more audit workers and make available the logistics required for an efficient internal monitoring procedure.

2.3.3 Challenges of internal Controls

Further studies indicate an effect on efficiency of internal controls. For instance, (Adu-Frimpong, 2015) analyzed the effect of internal control on financial institutions' operations using a descriptive definition as well as a quantitative approach in the case study found that the organization used a hybrid control system in its management processes and developed internal control policies. The study found that ICS policies were drafted by the management and the board and recommended that other workers should involve themselves in drawing up ICS policies and should continue to review the control structure, not business employees, but management members. It also recommends that the organization be active in the implementation of ICS policies.

The study showed that there are positive ties between the 5 ICS components and commercial banks' results, using descriptive research design, Kenya and (Muio, 2012) assessed Kenya's internal control and financial performance. The study therefore recommended that banks ensure that ICs have an appropriate control environment to enhance their efficiency and that banks monitor their operations and policies in order to counter threats on a continuous basis.

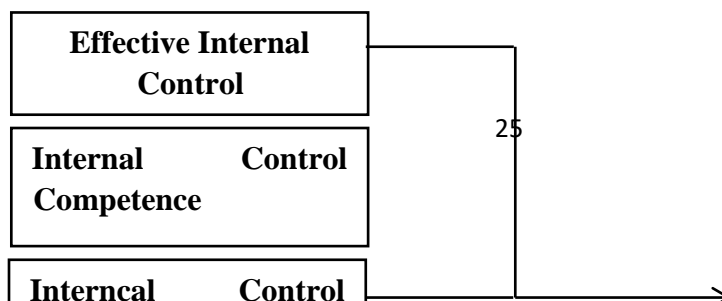
In line with the research conducted in Kenya and (Muthusi, the Mwakimasinde, Odhiambo and Byaruhanga, 2014) studies were intended to evaluate the effect of ICS on the financial output of companies involved in the development of sugarcane, and the ICS had a direct impact on companies' finances. The effects of successful internal control for the management of the Akure Mother and Child Hospital in Ondo State, (Adebiyi, 2017) with 50 respondents and the chi-square test statistics, showed that ICS has a significant impact on government para-statistical management. Consequently, the author suggests that

adequate ICs be retained to ensure that management practices are complied with to meet the goals.

Again, the use of a multiple regression analysis to evaluate data obtained to determine the impact of IC's on financial output for manufacturing firms in Kenya has shown good connections between financial results and ICs. Another study done by (Ricchiute, 2000) indicates that the achievements of every organization, whether private or public or not, is significantly affected by the ICS because it uses its economic capital effectively and efficiently.

The study focused on the ICS output of some selected SMEs in Kisumu, Kenya, and on assessing ICS connection with ROIs, as well as defining the level of ICS awareness of companies and its financial effects. Also performed by writers including (Nyakundi, Nyamita and Tinega , 2014) In the process of collecting data, laminated and single random sampling techniques were used to modify the research design of cross-sectional surveys using qualitative and quantitative research methods. The authors used primary and secondary data in the course of the analysis in which primary data were collected through questionnaires, interviews and secondary data from the financial statements of the analyzed companies. The research was performed with descriptive as well as inferential statistics. Therefore, research results indicate that ICS is correlated with a drastic improvement in financial output in businesses.

2.4 Conceptual Framework



Firm Performance

- *Financial*
- *Non-Financial*

Fig 2.1 Conceptual Framework

Source: Researcher's Construct (2020)

The conceptual framework for this analysis, as drawn up by a taxonomical examination of established literature, is outlined in Figure 2.1 below. The description shows the independent and dependent variables for the analysis and the relationships suggested and hypothesized. Internal systems are the independent variable and are designed as a three-dimensional construction, i.e. effective internal control, internal control independence, and internal control competence. The variable dependent, firm performance, is regarded as a one-dimensional building. The framework presents 3 hypothesis which provide a positive and significant link between ICS and company performance in its five dimensions.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section discussed the techniques and other approaches that were used in the collection and the analysis of data which includes the research design, study population, sampling technique and size, and data collection procedures and method of analyzing data.

3.2 Research Design

According to (Babbie E. , 2002) a research design could be explained as the arrangement and structuring of various components for the collection and the analysis of data in a form that is aimed at combining relevance to the purpose of the study and with economy in the process. The research design adopted by the study is grounded in the descriptive research design. The choice of the descriptive research method is based on the fact that the descriptive method allows for a wider coverage area while allowing respondents to analyze their contributions and identify the different barriers that exist between different subgroups of the population. It also enables the researcher to describe the relationship between internal control performance, with the assumption that internal controls are a causal factor in performance.

The survey design using quantitative approach was therefore used for the study. The descriptive design has to do with the collection of data to answer questions of various subject matters in a particular study. The approach is such that it entails the gathering of data that seeks to describe an event, organizes it, tabulates and also describes the said data. According to (Babbie E. , 2002) and (Cooper and Schindler, 2004), a study that employs the descriptive method portrays the variables by answering who, what and how questions

3.3 Study Population

The research should decide the right place and appropriate participants in the collection of the necessary data, according to (Murphy Perters Wilkes and Jackson, 2016). In order to accomplish this objective, the researcher must recognize institutions and people with the intensity and productivity to interpret the analytical data that are collected. A total population of individuals, cases or articles with unique observable characteristics is defined

as a study area (Asiamah, Mensah, & Oteng-Abayie, . , 2017)). The population of the sample is composed of Dansoman Polyclinic, Kaneshie Polyclinic and Korlebu Polyclinic workers. The population of Dansoman Polyclinic is approximately forty-two, while Kaneshie Polyclinic has 63 (63). It has population strength in relation to the Korlebu Polyclinic for about sixty six (66). This include health staff and administrative personnel.

3.4 Sampling Technique and Sampling Size

3.4.1 Sampling Size

When it comes to researches, it is usually impossible to end up using the entire population for the study. Nonetheless, some researchers can overcome these challenges when the population size is already small and not very scattered and therefore appropriate that the entire population be used. To ensure that there is access to the entire population, representative samples are usually prescribed then adopted in scientific studies. In broad terms, a sample refers to an exact or finite portion of a statistical population which are studied to obtain information concerning the entire population. Looking at it from the dimension of human beings, it is known as a set of individuals/respondents who have been selected from larger population size.

Mason et al define it as a set of individuals or objects that have been chosen from a larger population to represent the larger population. In determining the sample size from the study population, the study relies on DeVaus approach of evaluating a sample size from a given population. Thus, the sample size was therefore calculated with the DeVaus formulae as follows:

$$n = \frac{N}{1 + N(a)^2}$$

Where N= sample frame, n= sample size, α = error margin=.05%, Confidence level = 93%

Total population (Sample Frame) = 171

The statistical sampling method adopted for selecting samples is illustrated as follows:

$$n = \frac{N}{1 + N(\alpha)^2}$$

$$n = \frac{171}{1 + 171(0.05)^2}$$

$$n = \frac{171}{1.4275}$$

$$n = 119.79 \text{ approx. } 120$$

Sample Size (n) = 120

3.4.2 Sampling Technique

Table 3.1: Breakdown of Sample size based on health facility

Health Facility	Population	Percentage	Sample Size
Dansoman Polyclinic	42	24	29
Kaneshie Polyclinic	66	39	47
Korlebu Polyclinic	63	37	44
Total	171	100	120

Source: Researcher's Construct (2020)

The sampling technique offers a variety of approaches to minimize the data obtained by looking at sample data from all population or potential components. The method of sampling used in this study depends on the type of research and analysis that the general population is conducted (Axinn & Pearce.) Two key sampling techniques were applied to

this study: ie for the selection of the health facility and the other for the selection of participants. Initially, the researcher identified every government and virtual government polyclinic in the Metropolitan Area of Accra, a sampling framework listed under the Health Directorate. Three (3) health facilities were selected using a random sample method with a table of random numbers,

Secondly the purposeful sampling process, a technique of non-probability sampling, was used to select participants in the three (3) selected health facility to only resolve typical cases based on the goals of the research. The sampling technique is not likely to be used. This technology has been used to select administrative and clerical personnel who have the requisite knowledge of the study's scope. The reason for using the targeted sampling technique is to find participants with experience and research phenomenon knowledge. This helped me to improve the qualitative element of the mixed method approach (Gentles, Charles, Ploeg, & McKibbon. , 2015). It is ideal to ask people to complete questionnaires before prescribing them. A possible respondent would be prepared to respond to the issues in this situation. This method guaranteed that the respondents had a precise and equal evaluation, which helped to achieve the study goals.

3.5 Research Instrument

The gathering of data is called information from different sources (interviews, findings, audio-visuals, papers, study groups and focus groups) (Willgens, et al., 2016). The data from the analysis were mainly collected through an inquiry. The questionnaire is a simple and realistic way, according to (Cooper and Schindler, 2004) to collect data from large populations, amongst other knowledge resources. The questions of the study were divided into A and B subjects. While the subject A contained elements about the respondents '

demographic properties (e.g. gender, age and marital status), the subject B contained elements that contribute directly to the aims of the study. They include the de-centralisation of the health facilities and internal control processes under consideration, and the effectiveness in the monitoring of health facilities' activities within the region, of the decentralization and internal control procedures laid down by the Ghana Health Services. To direct participants in answering the questions, the scales for responding to the research questionnaires were showed.

While mainly the instrument used for the collection of primary data is the survey questionnaire, the interview guide has also been complementary. The interview schedules (Oso and Onen , 2011) say that researchers should access the knowledge that can not be explicitly controlled. The investigator used the interview guide to collect more vital details from the respondents and more questions.

3.6 Sources of Data

The collection of data for the analysis was conducted using both primary and secondary sources. The use of questionnaires and interviews to generate knowledge from the respondents collected primary sources of information. Questionnaires are important in this research since information is directly collected from the field.

Secondary data helps to better understand a problem and provides the basis for comparisons between data obtained by the investigator, according to (Saunders, Saunders, Lewis, & Thornhill, 2011) Primary data sources, office circulars, policy proposals, archives, textbooks, scholarly journals, general business papers, unpublished theses, research reports and annual reports. The secondary data collection process guarantees the reliability of the study results. The justification for selecting secondary data is that it is easier to procure

secondary data sources. The advance of technology and the Internet search tools to increase the usability of existing data, which saves time, was another cause for selecting such a data source.

3.7 Validity and Reliability

(Saunders, Saunders, Lewis, & Thornhill, 2011) define validity and reliability as a means of obtaining accurate outcomes in data collection/analysis. The researcher assumes that what was to be evaluated should be compatible with the process of gathering data and results. (Denscombe, 2000) further describes the validity of the data and routines as "correct." The Authority clarifies whether the information gathered represents fact and truth and publishes final inquiries as regards research information.

The alpha reliability model from Cronbach assesses to what degree the internal coherence of questionnaires is the same. Thus objects dependent on the variable base were analyzed.

According to (Howitt and Cramer , 2005), alpha reliability tests above 0.8 are satisfactory. Following the above, the National Association of Local Government (NALAG) has conducted a pilot test that did not include the responses in the report. Twenty-five (25) participants from the National Association of Ghana Local Authorities (NALAG) were examined in a pilot study using a sample size of 10% to 20% for the descriptive analysis. To enhance accuracy and thus credibility, elements were established that were inadequate or ambiguous for identifying and modifying the relevant details.

The researchers applied the questionnaire to percentage of the sample and those not included in the sample to ensure that the survey method was accurate to the interviewees to see if the questionnaire was compatible with the respondents' rationale and if they had a

good understanding of the questions. To boost the device's reliability, the researcher used the test. Twice the same community, the same instrument was given. The connection between the values of the two instruments was reliability. The findings are identical if the outcome is constant over time. The expert judgement should review the instrument elements to show the degree of reliability to determine the instrument's reliability. At last, the same result was obtained by experiments and pre-testing.

Questionnaire Reliability Test

Prior to data collection, a reliability test was done to evaluate the questionnaire's ability to measure the study variables consistently. The instruments used in this study were developed from prior research and previously tested for reliability. The results are presented in Table 4.1. The results indicated that the research instruments were reliable and possess high stability and consistency since Cronbach's Alpha was higher than 0.7.

Table 4.1: Reliability test

Variable	No of items	Cronbach's Alpha
Effective Internal Controls	6	0.747
Internal Controls Independence	7	0.823
Internal Controls Competence	5	0.736
Impact of Internal Controls	5	0.786

Source: Survey data, 2020

3.8 Ethical Consideration

The ethical guidelines of the Social Research Association (SRA), which notes that "social researchers should aim to reduce the disturbance to some degree in the same field and related to a person's environment," have received much attention as a social scientist (Connelly, 2016). This helped to pick the methods of analysis. Concerning participant observation, attempts have been made to make sure that the processing of data can not prevent the day-to-day smooth operations of the processing. It also committed itself to show good morality when approaching people and keeping information confidential to build trust in the participants, especially in the collection of data.

The researcher also wanted to follow all the protocols possible. The information collected by the respondents was handled with a high degree of care and privacy. Made anonymous by not requiring respondents to provide sensitive details. It also reassured the respondents that, without their express permission (Grzyb, 2017) the data given was not given to third parties.

3.9 Data Analysis

After data has been obtained for a study, its analysis is key. (Burns and Grove , 2003) explained the concept as means by which data is reduced and organized in a form which will produce results/findings which need to be interpreted by the researcher. Additionally, (Hyndman, (2008)) also reported that the processing of data entails the translation of answers provided on a questionnaire into a more suitable form which can be manipulated for the production of certain relevant statistics. This data processing may entail coding, editing, data entry and the monitoring of the entire data processing processes

Also, data were analyzed using the Statistical Package for Social Sciences (SPSS version 20.0). This is to generate a quantitative analysis of descriptive and inferential statistics. Special descriptive statistics included frequencies and percentages while inferential statistics included correlation and regression analysis. The correlation analysis establishes the correlation between the variables described in the study. Also, a multiple linear regression model was used to test the significance of the independent variables against the dependent variables shown in the study. The multiple regression model is useful in testing the relationship between performance and internal control.

3.10 Analytical Model and Measurement Variables

The following regression analysis was used to determine the impact of independent variables on the dependent variables. The purpose of this model was to observe the correlation involving decentralization and performance of the health sector workers. The relationship equation will be as shown below-

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon:$$

Whereby

Y = the dependent variable and a measure of performance of the health sector organisations under study.

β_0 = the intercept of the equation

$\beta_1 X_1$ = effective internal control

$\beta_2 X_2$ = Internal control Independence

$\beta_3 X_3$ = Internal Control Competence

ϵ = Error term

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CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1 Introduction

This section presents the results and discussions of the study “the impact of internal control and on the performance of the Ghana Health Service” The demographic profile of the respondents were first presented using percentages and frequencies. Secondly, the study used a mean rating of responses and percentages and frequencies to determine the internal control processes at the Dansoman, Kaneshie, and Korle-Bu polyclinics. The study further used descriptive statistical tools to examine the effectiveness of internal control in the Ghana Health Services. The study finally used descriptive statistics and Pearson's correlation analysis to assess the impact of internal control on the performance of the polyclinics. The findings were then discussed based on the reviewed literature.

4.2 Demographic Profile of Respondents

This section presents the results of the demographics of the respondents. The ages, gender, level of experience and education of the respondents were explored using percentages and frequencies as shown below;

Table 4.2 Demographic profile of respondents

	Frequencies	Percentages
Gender		
Female	87	58.0
Male	63	42.0
Age (years)		
18-25	38	25.3
26-35	74	49.3
36-45	35	23.3
46-60	3	2.0
Education		
WASSCE/SSCE	9	6.0
Diploma/HND	86	57.3
Bachelor's degree	46	30.7
Master's degree	9	6.0
Experience (years)		
0-4	38	25.3
5-10	75	50.0
11-15	28	18.7
Above 15	9	6.0

Source: Field data (2020)

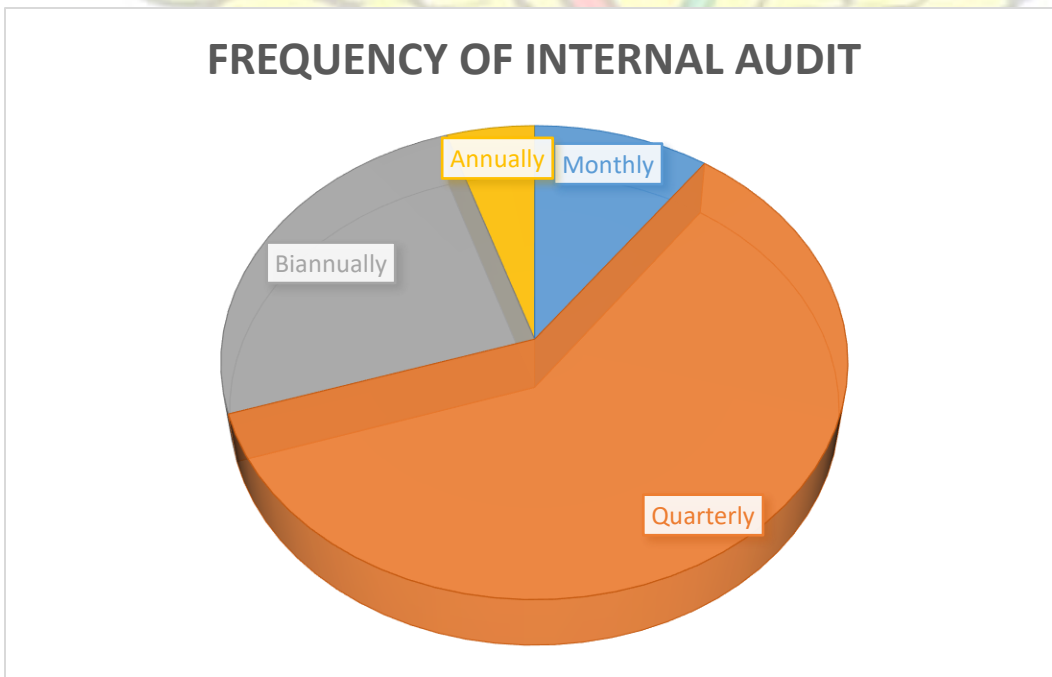
As shown in Table 4.1 a little above half 58.0% of the respondents were females whilst 42.0% were males. For the ages of the respondents, 49.3% were within the age range 26 years to 35 years whilst 25.3% were within the age range 18 years to 25 years, 23.3% were

within the age range 36 years to 45 years and 6.0% were within the age range 46 years to 60 years. For the level of education of the respondents a little above half, 57.3% attained Diploma/HND, 30.7% attained a bachelor's degree and 6.0% attained their master's degree. Finally, half 50.0% of the respondents had within 5 years to 10 years of work experience whilst 25.3% had within 0-4 years of work experience, 18.7% had 11-15 years of work experience and 6.0% had above 15 years of work experience. The demographic profile of the respondents shows respondents had a high level of education and were well experienced in their respective health centres.

4.2 Effectiveness of Internal Control Functions

Frequency of Internal Audits at the Hospitals

Figure 4.1: Frequency of Internal Audit



Source: field data,2020

Respondents were asked if the internal control unit frequented other departments to carry out checks on their work. From the survey conducted, sixty percent (60%) admitted that the internal control unit visited their department quarterly to make routine checks on their work, twenty-five percent (25%) admitted that the audit unit visited them biannually to perform their audit checks on their works.

Ten percent (10%) of the respondents however admitted to monthly audit checks on their works by the internal unit.

The ten percent (10%) of the respondents who confirmed monthly internal audit checks on their works were of the view that, having a change of how frequent their works are audited would be of great help to them. They complained that the monthly routine is too much and sometimes depressing them. They were however of the view that having a quarterly audit checks would be ideal for them.

4.2.1 Effectiveness of Internal control

Table 4.2: Effectiveness of internal control function

Effectiveness	Mean	Std Dev
Internal control activities achieve the purpose of its establishment.	4.02	1.716
Internal control reports are professional.	3.96	1.574
Findings and assessments of internal control unit influence decision-making of management.	4.03	1.598
Internal control produces unambiguous reports.	3.98	1.832

Internal control operations are aligned to the awareness of organizational needs.	3.74	1.532
Internal control function receives positive reviews from external auditors.	4.15	1.522

Source: Field Data, 2020

From table 1 above, majority of the respondents accounting for 73% agreed to the statement that “Internal control activities achieve the purpose for its establishment”. The remaining 27% strongly agreed to the statement as illustrated in table 1 above. Also, 64% of respondents agreed that internal audit is aware of the organization’s needs and operates accordingly; whilst the remaining respondents constituting 36% strongly agreed to the statement. The statement, “Internal control function receives positive reviews from external auditors” was agreed to by 60% of the respondent and 10% strongly agreed to it. At least 45% of the respondents agreed that internal audit reports are clear and well presented.

Internal audit reports in the company are professional, and this statement was agreed to by at least 55%, with 36% strongly agreeing to it. The proportion of respondents that strongly agreed to the statement, “Findings and assessments of internal audit unit influence decision-making of management” was 60%. Those that agreed and are uncertain of the statement were 20% each respectively.

4.2.2 Independence of the internal control function

Table 4.3: Independence of the audit team

Independence of audit function	Mean	Std Dev.
--------------------------------	------	----------

Internal auditors rarely encounter Conflict of interest situations at work.	4.29	1.545
Internal control Unit has direct access to the organization's Board of Directors.	4.35	1.495
The internal control head reports to an organizational level that enables the internal control to conduct its duties.	4.23	1.626
Management authorizes Internal control to execute their mandate professionally and adequately.	3.92	1.575
Recruitment and selection of Internal control head always requires approval from the board.	4.09	1.541
Internal control personnel have unrestricted access to every divisions and employees of the organization.	4.15	1.615
The internal control department has direct contact with senior management other than the finance director	4.12	1.551

Source: Field Data, 2020

Respondents were asked to express their level of agreement with statements related to independence in the execution of internal audit function at the company, as shown in table 2 above. Equal proportions constituting 45% each respectively “agreed strongly”, and “agreed” to the statement; “internal audit staff members are sufficiently allowed by management to perform their professional obligations and duties”. More than half of the respondents constituting 82% strongly agreed to the statement “the head of the internal audit reports to a level within the organization that allows the internal audit to fulfil its responsibilities”, and the remaining 18% agreed to the statement.

Regarding the statement, “the internal audit has direct contact to the Board of the organization”, 45% of the respondents strongly agreed to it. However, 55% of respondents were uncertain of the statement, “the board approves the appointment and replacement of the head of the internal audit department”, and at least 27% of the remaining respondents agreed to the statement.

60% of the respondents agreed that “the internal audit department has direct contact with senior management other than the finance director”. Again, 64% of respondents strongly agreed that “internal audit staff have free access to all departments and employees in the organization”.

4.2.3 Competence of the audit team

Table 4.4: Competence of the audit team

Competence of auditors	Mean	Std Dev
Staff of internal audit are technology savvy and conversant with latest technology	4.12	1.522
The number and the expertise of the internal audit personnel relate to the extent of the internal activities.	4.12	1.472
Audit procedures and proof compilation are performed on time provided the availability or jobs of sufficiently trained internal auditors.	3.98	1.613
It is possible to audit and review each activity on time and cover the planned scope of auditing activities.	3.99	1.624
There are sufficiently trained internal auditors, with requisite qualifications in the internal audit unit.	4.35	1.495

Source: Field Data, 2020

The competence and capabilities of the audit team were assessed based on the level of agreement to some of the statements in Table 3 above. Slightly more than half (55%) of

the respondents agreed to the statement, “The internal audit unit has sufficient skilled internal auditors. Most of them have certification in auditing.”, and 36% were uncertain. Concerning the statement, “the internal audit staff number and their skill match the scope of the office’s/sector’s internal operations”, 36% of respondents strongly agreed to it, whilst 27% each of the respondents agreed or were uncertain respectively.

The proportion of respondents that strongly agreed or agreed to the statement, “The internal audit staff are able to use modern technology (use computerized data tools and specific IA software)” were 36% each respectively; and the remaining 28% were uncertain. A total proportion of respondents accounting for 45% were uncertain about the statement, “The audit procedures and evidence collections are completed on time, since enough and skilled internal auditors are available or employed”, at least 36% agreed to the statement. There was a tie between those who agree, and those who are uncertain about the statement, “It is possible to audit and review each activity on time, and cover the planned scope of auditing activities”, with each constituting 45% respectively.

4.3 The Impact of Internal Control on the Performance of the Health Institutions

Table 4.5 The impact of internal control on the performance of the health institutions

	Mean	Std. Dev
internal control enhances the governance and management of the health institution.	4.1333	.77431
internal control ensure accountability in the functioning of the organization.	3.8667	.62031
internal control ensures the effective allocation of resources and performance to enhance organizational performance.	3.7600	.96711

internal control ensures effective internal controlling and financial management processes enhancing the effective operations of the organization.	3.7533	.66491
It reduces prevents corruption and mismanagement in the organization	3.6267	.70992

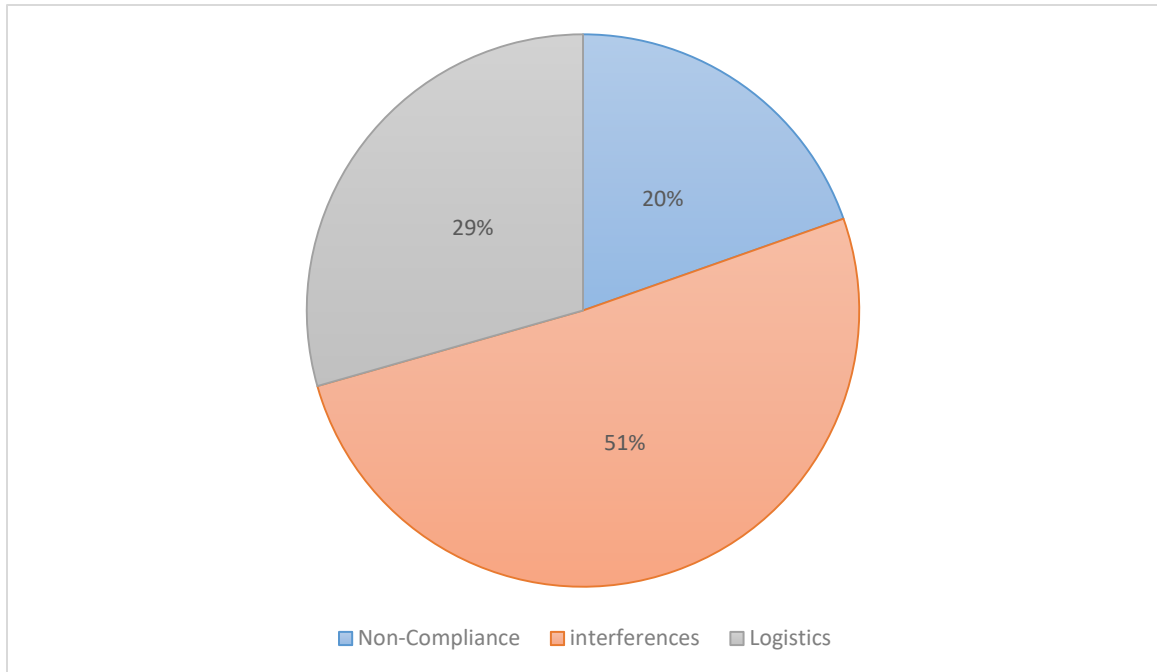
Source: Field data (2020)

Table 4.4 presents the mean rating of responses on the impact of internal control on the performance of the health institutions. The highest identified impact of internal control was that they enhance the governance and management of the health institutions (X=4.1333). This was followed by the impact that internal control ensure accountability in the functioning of the organization (X=3.8667). internal control ensure the effective allocation of resources and performance to enhance organizational performance (X=3.7600). internal control ensure effective internal controlling and financial management processes enhancing the effective operations of the organization (X=3.7533). Finally, internal control prevent corruption and mismanagement of the resources in the health institutions (X-3.6267).

4. 4 Challenges of Internal Control Practice

Fig 4.2 Challenges of Internal Control





Source: Field Data, 2020

Another objective of the study was to examine the challenges of internal control practices in the selected health institutions. In every organization, there are bound to be challenges in the performance of their day to day activities. To determine the challenges faced by internal auditors, questionnaires were drafted and issued out to respondents with variables containing elements that would help achieve this objective.

Data gathered and analyzed showed that, the major challenge encountered by internal auditors of the hospitals had to do with non-compliance with laws, regulations and ethical standards. It was realized that, due to their non-compliance with the laid down laws and standards, there was the failure to establish a sound system of oversight and management of actual potential conflict of interest. Management interferences also posed as challenges to internal auditors in the discharge of their duties. Lack of logistics was also a major challenge showed by our respondents as a stumbling block in their operations. These issues raised conforms to decry of (Ahmad and Taylor (, 2009) who stressed that internal

auditors should not subordinate their decision during an audit to management but cooperate with them and accept boards of director’s judgment about management.

It was gathered from the study that, the factors that impede the smooth operations of the internal auditors had to do managements refusal to consider their views in decision making. It came up that management barely implement recommendations for changes that would lead to improvement in audit performance and the overall growth of the organization.

The challenges encountered by the internal audit of the hospitals hinders the achievement of its target thereby exposing the company to a lot of risks as evidenced in the high level of embezzlement that the institutions have been experiencing in recent times. The independence of the internal auditors is compromised, thus they lack sufficient authority to undertake audit tasks, especially when it affects a member of management. Also, the non-compliance of internal control and the numerous flaws cannot be overlooked.

4.5 Inferential Analysis

Table 4.6: Correlation analysis

		Correlations		
		IC Effectiveness	IC Competence	IC Independence
IC Effectiveness	Pearson Correlation	1	.583**	.765**
	Sig. (2-tailed)		.000	.001
	N	100	100	100
IC Competence	Pearson Correlation	.583**	1	.632**

	Sig. (2-tailed)	.000		.002
	N	100	100	100
IC Independence	Pearson Correlation	.765**	.632**	1
	Sig. (2-tailed)	.001	.002	
	N	100	100	100

Source: field data, 2020

The study used Statistical Packet for the Social Sciences (SPSS) to further test the relationship between the variables of the internal control effectiveness to help ascertain another specific objective of the study which was to determine the relationship between internal control and organizational growth at the selected hospitals. The correlation analysis was preferred to study critically the strength of relationship between the variables that depicts the characteristics of the demographic style.

From the table 4.6 above, on whether auditors had the full cooperation, data analyzed recorded a positive linear relationship of 1. This is testament to the fact that, majority of the respondents strongly agreed to the existence of IA competence and Independence as and when it is needed.

Despite the respondents showed there are provided with the necessary resources to perform their duties as required, it recorded an R of .583 which depicts a not so strong relationship on other variables. This is further evident with the p-value of 0.000 which means the significant level was very low. What this means is that, even though a variable (element) of effective internal control, its influence on the ability of this style to promote performance is not great.

4.5.1 Regression Model

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.803 ^a	.645	.644	.59322

a. Predictors: (Constant), Internal control

The table above revealed that the internal control and firm output are closely related (R=0.803). R square = is also found (0.645). This means that 64.5 percent of the variation in company results is described by internal control.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	205.405	1	205.405	583.694	.000 ^b
	Residual	112.961	321	.352		
	Total	318.366	322			

a. Dependent Variable: organizational Performance

b. Predictors: (Constant), Internal control

The above table illustrates that the mean squared value of the regression (41,464) separated by the remainder of the medium square (102). (583.694). The statistically relevant model of the ANOVA table (sig =0.00). Internal control is therefore a significant indicator of organizational success.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.637	.148		4.306	.000

Internal control	.851	.035	.803	24.160	.000
------------------	------	------	------	--------	------

a. Dependent Variable: firm performance

Table above revealed the degree of influence internal control has on firm performance. The statistical results are presented as follows (internal control; $B=0.862$, $t=24.160$; $p<0.001$). The results show that internal control is a significant predictor of firm performance.

Linear regression model given as

$$Y = a + BX$$

Where Y = Dependent variable

a = constant

BX = coefficient of X

Hence firm performance = $.056 + .710EE$

4.5 Discussion of Findings

4.5.1 The Effectiveness of Internal Control at The Polyclinics.

Internal control performance was analyzed and it was found out that 64.67% of the respondents showed high efficiency in internal inspection processes in health institutions, whereas 25.33% showed moderately successful and only 10.0% did not function and 49.33% of respondents demonstrated that their medical institutions have operated highly internally, while 38.0% have been highly successful.

The monitoring process assesses the importance of a firm's performance of the internal control by tracking and monitoring of the internal control system and operating status (Ionescu, 2011). Continuous monitoring and individual evaluation can divide the monitoring. The ongoing monitoring operations typically include inspecting, analysis and

assessing the efficacy and performance of production and operations by the respective departments at various levels, the management departments and each personnel in the implementation of the internal monitoring system (Ionescu, 2011). Surveillance is a control form. As the norm rises, the less individual assessment must be carried out. Personal assessment is performed every year to determine the system of corporate governance usually undertaken by an unbiased performance audit.

Proper and reliable documentation of administrative and organizational policy helps to decide how control operations are carried out. It also provides the auditors with ample information as to whether the application of financial reporting measures is generally acceptable (Aikins, 2011).

This indicates that sufficient measures have been taken to counter risks to organizational objectives. According to Rezaee et al, internal management is carried out in the business (2001). They involve a variety of operations, including permits, allowances, inspections, reconciliations, organizational analysis of results, asset protection, and the division of duties. Most are supported by the internal control features (Aikins, 2011)

The internal surveillance study for financial reporting risk determinants were conducted by (Doyle, J.; Ge, W.; McVay, S., 2007). In this paper, they discussed the determinants of material deficiencies in the internal regulation of financial reporting. They used a study of organizations with major gaps in internal regulation of financial statements. They found out, that material domestic control vulnerabilities are more common to smaller, less profitable companies, more complex companies and to expand or undergo restructuring. The results were related to companies which handled their financial statements restrictions

due to a lack of financing, complex accounting problems and rapidly changing circumstances. They further documented, depending on the type of material fault revealed, that those determinants differ in intensity.

Ge and McVay published a report on material shortcomings in internal control (2005). They found out that, weak internal control is often related to insufficient management, such as an inefficient distribution of accountable resources. In terms of management, the lack of formation and flaws in last-term reporting and accounting policies tend to attribute material weaknesses.

The determinants of the internal control mechanism in Japan have been investigated by (Okuda , Kiney, 2013) The analysis looked at internal control system determinants and audit efficiency. It turned out first that, companies that develop strong internal controls and risky companies have a negative attitude towards good internal control as regards the impact of internal control. The businesses likely view the negative aspects of good internal management as more than merits. Yet businesses with high growth and effective internal control do not necessarily have a negative outlook, but rather evaluate internal control positively. This shows that by using external pressure, they have strong internal control. Second, the greater pressure from external creditors, the more likely it is that businesses can develop internal control.

4.5.2 The Impact of Internal control on the Performance of the Polyclinics

The study found that the positive relationship between internal control and the performance of health care organizations was statistically important ($P < 0,05$). In the area of internal management, the positive association with success by health institutions was also

statistically important ($P < 0.05$). In addition, 44.67% showed that the internal control had a substantial influence on the performance of their medical establishments, while 32.67% had a moderate impact, 62.67% showed a high degree of internal monitoring, while 24.67% had a moderate effect on the performance of their health facilities. In assessing the efficiency of healthcare institutions internal controls were thus important considerations. Internal regulation, above all, changes the production position and ensures discretion to invest. Internal regulation primarily aims at creating as successful and responsible a government as possible ((White, 2011).

Saavedra (2010) argues that economists typically believe that local government outputs and local preferentialities under internal regulation fit better and thus that local service delivery is prices are more effective unless this situation is overestimated by discharges or other efficiencies in central government provision (for example, economies of scale).

Muriu (2012) argues that the roles of internal control enhances the governance and provision of local public service in many ways; the closeness of the people gives a greater understanding of their needs and thus, improves resource distribution efficiency. Secondly, the provision of information to people encourages transparency. It eliminates government corruption by transferring power over public goods and services to various actors who control each other. He adds that internal control enhances cost recovery by growing service consumers' ability to pay for services in accordance with their expectations and by improving citizens' voice through decision-making processes, internal monitoring will help to ensure the fair delivery of services to disadvantaged and poor communities in particular.

(Aikins, 2011) analyzed how domestic regulation in the United States increased financial efficiency, taking into account internal control and performance. (Aikins, 2011) noted the

lack of consideration of internal controls to the role of internal control in financial management, while internal control is one field that is expert in determining optimal use of financial resources and helps to enhance oversight and financial efficiency. Mezzera et al. (2010) found that internal regulation is one of three big improvements in Pakistan's political structures. Internal control has changed the administrative level of decisions, the nature of responsibility and by transferring various administrative and spending duties to the local level, the nature and the level of the funding given and raised.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This section presents the summary, conclusion, and recommendation of the study "the impact of internal control on the performance of the Ghana Health Service". The summary was first presented, followed by the conclusion, and then the recommendation.

5.2 Summary

The main objective of the study was to assess the effectiveness of internal control at the Ghana Health Service using the Dansoman, Kaneshie and Korle-Bu polyclinics as the research subjects. To achieve this objective, the study first determined the internal control processes at the Dansoman, Kaneshie and Korle-Bu polyclinics. Secondly, the study assessed the effectiveness of internal control Dansoman, Kaneshie, and Korle-Bu

polyclinics. Finally, the study assessed the impact of internal control on the performance of the polyclinics.

The study employed a quantitative research design to address the research objective. The questionnaire was used as the main research instrument to obtain primary data from sampled one hundred and fifty (150) staff at the Dansoman, Kaneshie and Korle-Bu polyclinics. The study used IBM SPSS Statistic 25.0 to manage and analyzed the data to address the research objective. Descriptive statistical tools including percentages, frequencies, mean rating of responses and Pearson's correlation analysis were used to analyze the data to address the research objective.

The following were the main findings of the study;

On the first research objective, it was found that a majority of 52.0% of the respondents showed that there existed a high level of internal control in their health centers whilst 36.0% showed a moderate level of internal control and 12.0% showed a low level. respondents showed that their health centers have the required institutions and persons for effective internal control processes with the highest mean responses ($X=3.8800$).

On the second research objective, it was revealed that most 64.67% of the respondents showed internal control processes of the health institutions are highly effective whilst 25.33% showed moderately effective and only 10.0% showed not effective. Furthermore, 49.33% of the respondents showed that their health institutions have high functioning internal control processes, and 38.0% showed highly functioning. The highest identified indicator on the effectiveness of internal control was that Internal control ensure the effective monitoring of the functions and roles of the organization with the highest mean response ($X=4.2333$).

On the final research objective, it was found that internal control had a statistically significant ($P < 0.05$) positive relationship with the performance of the health institutions. Also, internal control had a statistically significant ($P < 0.05$) positive relationship with the performance of the health institutions. In addition, a majority 44.67% of the respondents showed that internal control had a high impact on the performance of their health institutions whilst 32.67% showed moderate impact, most 62.67% showed internal control had a high impact on the performance of their health institutions whilst 24.67% showed moderate impact.

5.3 Conclusion

Internal control is vital to any financial system in every organization. It is through efficient internal control that we ensure the resources of an organization are efficiently used. Firms must maintain a proper internal control system, to uphold the practice of good corporate governance. Baltaci et al., (2006) advise that ineffective internal control can lead to mismanagement and misallocation of resources. Meanwhile, internal control functions gives state governments and their agencies the responsibility of performing the operational activities of each function to ensure services are delivered in the areas of their jurisdictions (Lubale, 2012).

The study therefore, assessed the effectiveness of internal control in Ghana Health Service using the case of Dansoman, Kaneshie and Korle-Bu polyclinics. The study obtained empirically sustainable findings to address the research objectives. Thus, the study concluded that internal control processes in the Dansoman, Kaneshie and Korle-Bu polyclinics were effective and they enhanced the performance of the health institutions.

5.4 Recommendation

The efficiency of the internal auditors' roles is assumed to enhance their long term freedom and integrity as they carry out their duties. The numerous independence directives on internal control must be adhered to in order to take account of internal control reporting lines.

The internal control role must be separate from the audited activities and therefore independent from the internal processes of daily life. In all branches, services and activities, the Internal Audit department should be able to carry out its assignment on its own initiative.

The internal control should also be free to report and internally publish its findings and evaluations. The Chairman of the Board, or the Chairman and Members of the audit committee should also have a strong power to communicate directly and on their own initiative.

Secondly, the internal checking role should functionally report to the President of the BOD and understand that it should report to the CEO of the company on an administrative basis. It is important to remember that regardless of the reporting relationship selected by the company, key actions ensure that the reports are respectful of the internal control function and enable it to be efficient and autonomous. These key steps would be to have a private meeting of the Board/audit committee without the involvement of management by the head of internal control. The independence and transparent existence of the reporting relationship is improved.

A final revision and approval authority for the annual audit plan and any significant improvements to the plan is recommended for the Board/audit Committee. Furthermore, at least once a year the board of directors should review and approve, the level of compensation for the head of the internal control, the performance of the head of the internal control and the overall internal control function.

Finally the study proposes that the sample framework be expanded to include health institutions in all regions of Ghana, with the objective of raising the value of generalizing the results.

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KNUST



Appendix: Questionnaire

Dear Sir/Madam,

I am a student of Kwame Nkrumah University of Science and Technology who is conducting a study on the impact of internal controls on the performance of the Ghana health services. This study covers some public hospitals in the Greater Accra Region. The aim of this survey is to help collect data for the study which will help in achieving the objectives of the study. The data collected is solely for academic purposes and as such, the researcher promises to treat your input with utmost confidentiality. The researcher appreciates your time and responses. Thank you.

SECTION A: PERSONAL DATA

1. Sex Male [] Female []
2. Age 21-30 years [] 31-40 years [] 41-50 years [] 51-60 years []
 61 and above []

3. What is your highest educational qualification? Diploma/HND [] Bachelor's Degree [] Master's Degree [] Others (specify).....

4. For how long have you been working with the hospital? Less than 1 year [] 1-5 years [] 6-10 years [] 11-15 years [] Above 15 years []

SECTION B: COMPONENTS OF INTERNAL CONTROL SYSTEM.

Please indicate the extent to which you agree or disagree with the following statements. You are to assess that on a likert scale of (1) strongly disagree (2) disagree (3) neutral (4) agree (5) strongly agree.. Kindly tick appropriately.

Internal Control System Components Construct	1	2	3	4	5
The health facility has its philosophy and style of operation explicitly stated in the entity					
The health facility has its policies and procedures for undertaking directives of management explicitly stated in the health facility					
Risk assessments are carried out regularly by the health facility					
Communication and information flows freely among management and other employees of the health facility and among other external parties too					
There exists a monitoring and evaluation system in the health facility which are sound for the monitoring and evaluation of employee activities					
The health facility has put measures and systems in place to ensure that the staff of the hospital have a sense of belonging in the hospital and thus makes them feel that they are part of the hospital's arrangement					
Employees are given regular training and provided with the appropriate resources and tools for them to perform their work in a professional manner					
There has been an adequate provision of IT supports and systems in order to ensure that activities are carried out in an orderly manner and in free flowing manner.					

9. Who at the hospital is responsible for formulating control policies?

Board of Directors Only Management Only Board and Management

Only Board, management and staff

10. How often do you review the control policies of your hospital?

i. Once a year ii. Twice a year iii. Thrice a year iv.
Every quarter

SECTION C: EFFECTIVENESS OF INTERNAL CONTROL SYSTEM

Please indicate the extent to which you agree or disagree with the following statements. You are to assess that on a Likert scale of strongly disagree (1), to strongly agree (5). Kindly tick appropriately.

Control System Effectiveness Constructs	1	2	3	4	5
Financial reports which are reliable are being able to be prepared due to the existence of internal control systems					
The operational goals of the health facility are achieved due to the institution of control systems					
The directives as pertains to management are adhered to because of the regular system of audit controls that are undertaken					
Laws and regulations as pertains to the health industry are adhered to due to the health facility's control systems and activities					
System errors as well as risks are reduced as a result of the institution of control systems					
Errors that are detected in the operational activities of the hospital are corrected by the prevailing control system					
There is an easy detection of system errors as well as risks due to the presence of control systems					
Due to the existence of control systems in the hospital, there are back-ups for the operations, data as well as activities of the health facility					

SECTION D: EFFECTS OF INTERNAL CONTROLS ON OPERATIONS

Please indicate the extent to which you agree or disagree with the following statements. You are to assess that on a Likert scale of strongly disagree (1), to strongly agree (5). Kindly tick appropriately.

Constructs of Internal Control Effects	1	2	3	4	5
1.The accuracy and reliability needed with respect to the records of the health facility has been ensured as a result of the control system of the hospital					
2.The elimination of fraudulent activities has been made possible and easier due to the existence of control systems					
3.Both the financial and nonfinancial aspects of the hospital have been enhanced positively due to the availability of control systems					
4.Due to the control systems, there has been an appropriate separation of duties at the health facility					

5.Please indicate any other effect of the internal control system of your hospital on its activities.

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Thank you