

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY,
KUMASI
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DEPARTMENT OF ACCOUNTING AND FINANCE

**AN ASSESSMENT OF THE EFFECTIVENESS OF INTERNAL CONTROL
SYSTEMS
AT OYOKO METHODIST SENIOR HIGH SCHOOL**

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MSC. ACCOUNTING AND FINANCE

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DECLARATION

I do hereby declare that this research work is as a result of my own independent work and has not been offered to any institution or university by anyone for academic award. All references used in the work have been duly and appropriately acknowledged. I bear sole responsibility for any limitations.

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DEDICATION

I dedicate this work to God Almighty for making it possible for me to complete my academic work successfully. Without God, nothing would have been possible. This work is also dedicated to my family especially my lovely husband for his support and love



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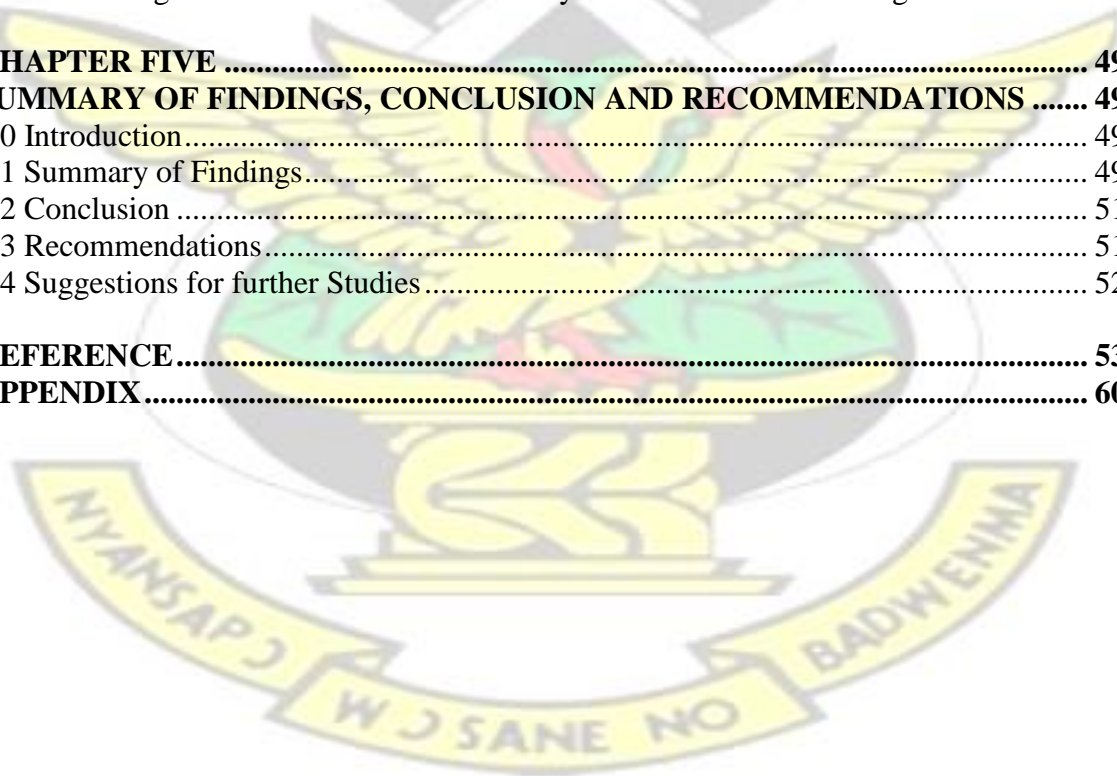
ABSTRACT

This study analyses the assessment of the effectiveness of internal control systems at Oyoko Methodist Senior High School in the New Juaben Municipality in the Eastern region of Ghana. Five research questions were raised to facilitate theoretical conclusion using the descriptive survey method. The principal object of this analysis was to test the efficacy of the internal control systems at Oyoko Methodist Senior High School. Specifically, the study was designed to find out; how effective the existing risk assessment procedures are, in Oyoko Methodist Senior High School? Whether there are established control environments in the Oyoko Methodist Senior High School? How adequate are the established control activities required to prevent and detect errors and inappropriate actions in Oyoko Methodist Senior High School? Whether the information on control activity and control environment are timely and effectively communicated to the staff of Oyoko Methodist Senior High School? How effective and efficient the monitoring procedures over the internal control systems are in Oyoko Methodist Senior High School? This study employed a qualitative approach to gather relevant data from the respondents through the use of interviews and focus group discussions. A purposive sampling method was adopted to select a sample size of 12 based on their relevant knowledge and involvement in internal control activities in the institution. Data were analyzed by transcription of information basing on the research used in data collection on the field. The study established that the internal control systems had a great influence on the performance of any institution that aspires for greatness. The study further concluded that certain factors such as poor monitoring and control of the internal activities of the school had led to the poor performance of the internal control systems of the school.

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LIST OF ABBREVIATIONS

COSO- Committee of Sponsoring Organizations of Treadway Commission.

MDAs-Municipal and District Assemblies.

CoCo - Criteria of Control

ICS - Internal Control Systems

SACCOs - Savings and Credit Corporative Societies.

OMESS -Oyoko Methodist Secondary School.



CHAPTER ONE

INTRODUCTION

1.0 BACKGROUND OF THE STUDY

In recent years, several institutions and organizations are bedeviled with the issues of fraud and financial mismanagement which had resulted in the collapse and bankruptcy of these institutions. Irrespective of the size of your institution or company, an efficient internal handling system is vital for all citizens who want to preserve good corporate governance (Bazmi, Rehman & Rehman, 2016; Augusto, 2017). According to Augusto (2017), Inner Control involves the rules, strategies, projects, activities and other factors of an organization that have taken collective action to promote its successful and efficient activity by enabling it to respond as it should to a giant commercial enterprise, economic, financial, enforcement, and the different risks associated with the organization's goals.

It involves the security of assets from unfair treatment or damages and illegal dishonesty and the awareness and control of liabilities. An effective control system is a corporate governance aspect and a cornerstone of sound and supportive company operations (Kaplan 2013; Njeri 2014). However, inadequate internal controls result in obsolete projects and billions of losses in public institutions, which are no exception in the second cycle. In the face of scarce capital, internal controls remain key strategies for strengthening corporate governance and financial management in all organizations.

According to Kaplan (2013), internal controls are crucial elements to safeguard that appropriate processes are monitored to attain the goals of the company and also to ensure transparency. The introduction of internal control systems is important to both profit-

making and non-profit organizations. However, the basic principles of internal control are similar for profit-making and non-profit - making organizations (Eikenhout 2015).

The internal control structures of the COSO framework include five major stages: the control climate, risk evaluation, control operations, information and communication and internal control surveillance. Kaplan (2013) reiterates that these elements must be incorporated and aligned. Also, the internal control structure must be connected to the operational activities of the company if the company is to be effective (August 2017).

Theoretically, organizational theory underpins the relationship between the variables of internal structure manipulation and overall efficiency. According to Ejoh and Ejom (2014), the business theory is built on the principle of ownership and management division in which administrators are self-sufficient and would definitely benefit from shareholders. Also, Eikenhout (2015) argues that the Agency's concept highlights the value of an in-house management gadget in aligning managers' practices with those of a business enterprise.

On the other hand, Bazmi et al., (2016) regretted the fact that the first-rate way to structure a firm is dependent on its surroundings. They also established that an organization is likely to achieve its objectives if it is structured based on the context in which it relates. Furthermore, to achieve distinct goals while also understanding the organizational environment, the contingency principle reiterates that different types of controls need to be applied to reach overall production targets (Bazmi, Rehman & Rehman 2016; Augusto 2017).

The internal handling of overall performance data is guided by several variables, but not all, of internal control systems, as reported by the Tread Way Commission Sponsorship

Organization Committee (1994), in Augusto (2017) and El-Mahdy and Park (2013). Similarly, El-Mahdy and Park (2013) argues that risk assessment, the manipulation of sport, in addition to monitoring the COSO system for internal control variables, have an impact on the fantastic connection, while the relationship between environmental management and record and verbal communication does not promote a forecast. In comparison to Njeri's (2014) observations, it has been found that each of the variables, in addition to the information and communication.

From the above discussion, it is also important to remember that the internal control structures of each public and private sector are central to the company's success. Therefore, in achieving the employer's efficiency, an internal deceptive mechanism cannot be ignored if you want to make sure that the finite resources are handled in a green manner at the disposal of the company of the COSO system for internal control systems, expects high-quality courting.

1.1 STATEMENT OF THE PROBLEM

Internal mechanisms of control have been an integral part of the second cycle institutions' administrative structure in Ghana. As a public sector agency, all institutions of the national second cycle receive central government subsidies to promote the execution of their duties. Now, with the implementation in September 2017 of the Free Senior High School Policy, the Quantity of Government. This demands that the administration of these organizations follow best management practices.

In this process, the internal control systems of the various second-cycle institutions play a crucial role in warranting effective compliance with the control systems in those institutions to ensure good governance. Internal control systems are obligatory for every

ministry, department as well as agencies (MDAs) to exercise their roles as expected for effective management. The auditor's general report (2018) on Public Sector Institutions in the Eastern region where "Managements of four institutions paid GH88,917.65 on 28 separate vouchers without the necessary supporting documents such as receipts and invoices for the authentication of transactions." These occurrences in the public sector particularly our Senior High Schools make it difficult to believe if public institutions are indeed guided by internal control mechanisms. However, one of the key problems associated with the internal control systems in our Senior High Schools boarded with control activities which COSO (2013) highlighted under the control environment. The structure of the COSO has reiterated that control practices ensure that the steps required for achieving the goals of the company are taken to mitigate the risks. The COSO system illustrates the presence of control operations in the enterprise at all levels. The organization's management tasks include several activities such as licenses, permits, verifications, reconciliations, organizational performance assessments, asset protection and task segregations. It should be noted that Oyoko Methodist Senior High School has not entirely understood the role of internal controls as a way of ensuring the institution's resources are used effectively.

The Oyoko Methodist SHS is one of Ghana's public institutions that faces internal control issues such as approvals, authorizations, verifications, reconciliation property protection and the division of duties. At Oyoko Methodist SHS, it is considered that effective data collection, analysis, settlement, and management monitoring systems are problematic. For the efficient functioning of an organization, the presence of these information and communication systems is crucial. An independent monitoring role for operations, providing senior administration with an awareness of the management risks, validating

outcomes and reviewing compliance with existing policies should be part of the organization's framework for the Oyoko Methodist SHS. Accordingly, the researchers agreed to analyze the Oyoko Methodist Senior High School's operations to determine the efficacy of their internal control mechanisms in achieving institutional goals.

1.2 RESEARCH OBJECTIVES

The principal object of this analysis is to test the efficacy of Oyoko Methodist Senior High School's Internal control systems. This research is aimed directly at attaining the following set.

Objectives:

- i. To examine the effectiveness of the risk assessment procedures in the Oyoko Methodist Senior High School.
- ii. To review the effectiveness of the established control environment in the Oyoko Methodist Senior High School.
- iii. To assess the adequacy of the established control activities in Oyoko Methodist Senior High School.
- iv. To examine the efficacy of the information flow and communication on the control activities in Oyoko Methodist Senior High School.
- v. To ascertain the effectiveness of the monitoring procedures on the internal control activities in Oyoko Methodist Senior High School.

1.3 RESEARCH QUESTION

This thesis aims to address the following questions, based on its research objectives:

- i. Are the existing risk assessment procedures in Oyoko Methodist Senior High School effective?
- ii. Is there any established control environment in Oyoko Methodist Senior High School?
- iii. How adequate are the established control activities required to avert and detect errors and inappropriate actions in Oyoko Methodist Senior High School?
- iv. Is information on control activity and control environment timely and effectively communicated in Oyoko Methodist Senior High School?
- v. Do the monitoring procedures over the internal controls work effectively in Oyoko Methodist Senior High School?

1.4 SIGNIFICANCE OF THE STUDY

Two main approaches demonstrate the relevance of this analysis. First, the results of this study will be beneficial in particular to the school authorities and management of Oyoko Methodist Senior High School, since they illustrate the degree of internal control structures in the school. This will allow management to improve their internal control systems and use the school's resources effectively.

It will also provide a guideline to policymakers as to how to formulate internal control policies to promote an effective management system. Secondly, the analysis will contribute towards the current public sector internal control systems literature and act as a reference point for other researchers in the field of internal control systems.

1.5 METHODOLOGY

The descriptive research approach was employed for this work. The staff of the Oyoko Methodist Senior High School constituted the population of the study. The sample size used was 12 administrative staff of Oyoko Methodist Senior High School. The sampling procedure used was a purposive selection for administrative staff. Interview Guide and focused group discussions were used as a data collection tool.

1.6 SCOPE AND LIMITATION OF THE STUDY

There are several public institutions in the Eastern region of Ghana but the researcher selected Oyoko Methodist Senior High School because of proximity. Among the challenges faced by the researcher was time constraint and limited financial resources to undertake as well as the unwillingness of some of the respondents to provide information that they deemed private and delicate to put out. Despite all these limitations, the researcher was able to collect data adequately enough to help make helpful suggestions and valid conclusions

1.7 ORGANIZATION OF THE STUDY

This research was arranged into five chapters. Chapter one will examine the background of the study, objectives of the study, research questions, significance of the study, scope, and limitation of the study as well as the organization of the study. Chapter two reviews scholarly work relating to internal controls to attain a detailed understanding of the theme. Chapter three examined the methodology which involves research design, population, sampling size, sampling technique, and data analysis. Chapter four presents the analysis of data and demonstration of facts; finally, chapter five also presents the summary, conclusion, and recommendations for the study.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

This section of the thesis discusses literature concerning the efficacy of internal control systems in Ghana. Besides, the various theories that buttress the concept of internal control systems are discussed. Furthermore, the following are sub-headings, concept and issues of internal control, importance, types, components, and effectiveness of internal controls.

2.1 CONCEPTUAL REVIEW

This piece reviews the concepts and views of researchers on the study. Hence, components of internal control, the effectiveness of internal control, and internal control assessment were reviewed.

2.1.1 Internal Control System

Conferring to the American Institutes of certified accounting, the strategy of an organization and all of the harmonize methods and measures embraced within a trade to safeguard its assets, check the exactness and dependability of its accounting data, endorse operational efficacy and reassure observance to conserved supervisory guidelines is termed as an internal control system (Abbas, 2012). Moreover, to the Institute of Internal auditors, internal control refers to a set of procedures, functions, activities, sub-systems, and people who are convened together or deliberately segregated to warrant the effective attainment of an objective. Lately, the requirements enforced on companies by shareholders, executive management, regulatory bodies and other stakeholders have significantly mounted and continue to rise (Klettner, 2014). As a result, more and more companies sight the formation

of an internal control system as a top priority, which assists in empowering the company to reach its purposes.

2.1.2 Concept and issues of Internal Controls

During the years, several academies have developed internal controls differently because of their dynamic nature (Hughes, 2007). Gupta (1991) traced back the concept of internal control to refined societies that existed around 5000 B.C. The Government has established an elaborate mechanism for checks and balances to ensure proper accountability of those taxes collected. According to Gupta (1991), these early internal control systems have been placed in place to minimize the incidence of accounting errors and to protect the public purse from incompetent and dishonest tax officials. He also noticed that Mesopotamian cultures, which existed around 3000 B.C., have implemented powerful and efficient systems of internal control.

Kenneman (2004) defines internal control as the processes that are in place to maintain checks and balances and maintain that all protocols are implemented and avoid and detect errors. He further reiterates that internal controls are the procedures that management count on to make sure things don't get blundered. The Committee of Sponsoring Organizations of the Tread way Commission (COSO) framework explains internal control as a procedure, effected by the entity's board of directors, management and other workers, intended to offer judicious assurance concerning the attainment of objectives such as; Effectiveness and efficiency of operations, Reliability of financial reporting, and Compliance with applicable laws and guidelines.

According to COSO (2013), people at any level of the company affect internal control. To some extent, internal control is a concern for all. Departmental administrative staff is largely responsible within the organization for internal control within their divisions. Effective internal control permits a firm to attain its business objects, financial reporting and compliance goals. Effective internal control is an integral part of the managing process (i.e., planning, establishing, directing and controlling). Inner monitoring ensures that an organization keeps its goals and its mission on track and minimizes surprises along the way (COSO, 2013).

Also, internal control improves the quality and profitability of the activities, reduces the risk of asset losses and enables legislation and regulations to be complied with. Internal control also warrants financial reporting transparency (i.e. all transactions have a proper and correct recording, classification and reporting, and all documented transactions). COSO (2013) reiterates that internal control cannot assure an organization with absolute control but can only provide realistic assurance concerning the attainment of an organization's goals. It further explained that, effective internal control only aids an organization to realize its goals and not necessary to ensure the success of the organization. Cost and benefits realism, complicity among staff, and external proceedings beyond an organization's control are among other factors. Coombs and Gilley (2005) posit that internal control represents measures and plans put in place by organizations to attain its set goals and target and also provide a defense mechanism in safeguarding assets and preventing and detecting errors, fraud, waste, abuse, and mismanagement. Shariman, Nawawi and Puteh Salin (2017) posits that, in order for firms to attain its goals and objectives, the first requirement needed is effective and efficient internal control systems. These assumptions made by Shariman et al. (2017) justify the reasons organizations must

take internal control systems seriously particularly those depending on the public funds for survival. Instituting effective and efficient internal control systems that match the goals and objectives, as well as the mission and vision, are therefore paramount to the growth and development of institutions that depend on the public purse as their source of funding. Hence, internal control systems have become one device backing organizations in realizing their aims and to undertake its fundamental tasks effectively in their operations.

2.1.3 Internal Control Components

Rittenberg et al. (2007) and COSO (2013) believe that internal control comprises five interlinked elements, which are seen as fundamental principles to support organizational planning, evaluation and improvement of controls. These are the following components:

- Control (or operating) Environment
- Risk Assessment
- Control Activities
- Information and Communication systems.
- Monitoring.

This study is underpinned by the COSO framework of the effective system of internal controls.

2.1.3.1 Control Environment

The control environment is the milieu in which people perform and control their activities. It is therefore seen as the basis of internal control systems which influences the control awareness of all staff of an organization (Ramos, 2004). Jokipii (2006) orated that control environment is the elegance, philosophy and supportive attitude. This is in accumulation

to the ethical standards, competence, morale and honesty of persons concerned with the organization. Timothy and Rainey (2015) explained that an effective control environment exists when there are individual responsibilities, knowing the restrictions to their authority, and are always devoted to doing what is precise at the right time in an exact way. The Control System ensures that individuals are committed and comply with ethics, ethical standards, and professional competence, as well as management philosophy and operating style.

According to COSO (2013), the professional governing board, combined with dedicated management, improves the control climate of the company. The board defines and effectively communicates written policies and procedures, the Code of Ethics and values of conduct.

Management is accountable for setting the tone for their organization. Top hierarchy ought to foster a controlled setting that inspires:

- The uppermost level of honesty, personal and expert standards
- A leadership philosophy and working style which encourage internal control all over the establishment.
- The obligation of authority and duty.

In controlling the setting, there is the need to see a positive attitude, vigilance, and work-zeal of directors, managers and shareholders towards work (Rahman, 2019). Taking a constructive attitude to work can aid you get a promotion, success on projects, meet goals, and generally relish your job. Though, numerous persons brawl to this, specifically those

who don't love their careers and take internal control systems for granted. How can one keep a constructive attitude, even if he does not enjoy the work he is doing?

In the quest to control the environment, workers end up being stressed up, however, stress is normal. Every person feels stress related to work, family, decisions, the future, and more. Stress is both physical and psychological. It is instigated by main life proceedings such as illness, the death of a loved one, a change in tasks or expectations at work, and job promotions, loss, or changes. Major workplace and personal stress are inevitable (Maslach, 2013).

Smaller, regular proceedings also cause stress and such is not as apparent to you the worker, but the constant and collective bearing of the small stressors adds up to a big impact which affects workers physical and mental sense of well-being. If workers permit the negative impact of the large and small stressors to take their toll, then their physical and mental well-being will suffer (Demerouti, 2014). The control environment is the foundation of other rudiments of all other components of the internal control system. Ethical standards, managerial skills, the honesty of staff and managerial direction, etc. are encompassed in the controlling environment.

2.1.3.2 Risk Assessment

Basically, risk can be said to be the probability that an odd event can happen or the thought possibility of loss or injury. Internal controls and risk assessment are well-out to be integral parts of a company that contributes to the achievement of the organization. Risks can merely be definite as the chance of a negative outcome while internal controls are the policies and procedures put in place to lessen associated risks. After setting up the objective

of business, external and internal risks are to be evaluated. The management regulates risk controlling means after examining the risks associated with each objective (Alhawari, 2012).

Ibrahim, Diibuzie & Abubakari. 2017) describes risk assessment as risk recognition, measurement and analysis, internal and external, controllable and uncontrollable, at individual business levels and for the company as a whole. The report also mentioned the need for management to assess all risks faced by the establishment, as uncontrollable risk-taking prevents the organization from meeting its objectives or could jeopardize its operations. Therefore, successful risk evaluations help define which risks are needed and what safeguards can be managed.

The key justification for internal control is to recognize possible threats to the accomplishment of the goals of the company and how such threats can be handled. The Company's objectives for using derivatives should be compatible with the objectives of risk management, as set out in the COSO framework (2013). It is necessary to establish mechanisms to detect and evaluate business risks related to a company's specific circumstances. Management will develop employee understanding, management operating processes, evaluation methods, expectations and documentation to define and evaluate risk exposure related to customer operations. The project is based on project management.

Management should also establish basic evaluation parameters for the achievement of derivative activities and objectives such as the value of the risk. Risk analysis procedures for derivative activities would include the definition of threats, the calculation of their importance and the evaluation of the probability of their occurrence (COSO, 2013).

According to Kumuthinidevi (2016), risks are not static process but arise and change as a result of several factors such as a variation in the organization's operating environment, a change in staffing i.e. either through reassignments or new employees, a new or a revised data scheme, a change in organization's growth pattern and/or rate, an outline of new technology, an overview of new or extended business lines, products or activities, a merger or other corporate reform, and a change in accounting requirements.

A method for finding and examining the core dangers concerning the organization's goals in addition to making sure that measures exist for handling those dangers (Kumuthinidevi, 2016). She further reiterates that, due to the change in environment and regulatory framework, organizations arrange for methods to detect, scrutinize and reduce the dangers that are likely to affect the objectives of the organization.

2.1.3.3 Control Activities

The Control Activities denote strategies, measures, and apparatuses put in place to safeguard those directives of the management and controls over financial reporting are appropriately carried out (Aikins, 2011). It is also to safeguard all essential activities that are engaged to address menaces for the achievement of organizational objectives. Horngren et al. (2012) believes that vital functions within the control environment comprise the Safekeeping of Assets, Segregation of Duties, Authorization of Activities, Approval, Verification and Reconciliation, Comprehensive Documentation, Integrity in Effective Evaluation.

In the quest to strengthening the internal control systems of every organization, there is always the need to have activities in line with the control systems put in place. Below are

a few of the activities that can be found in a well-organized working environment (Vincenzo & Castellini, 2019).

2.1.3.4 Information and Communication

It stresses the existence and consistency of information required to manage the information used by the systems to process such information efficiently and to report it effectively. Communications should ensure that the roles and monitoring obligations of a company's operations are known throughout the company. Suitable processes for data collection, analytics, settlement and reporting on management should be put in place to ensure proper and effective transactions are carried out. Mechanisms for collecting and communicating relevant information on the company's activities should be in place. Appropriate and timely information should be provided to directors and senior management to monitor the achievement of goals and plans (COSO 1992).

Information systems generate reports, containing information related to operations, finance and compliance, which make it possible to manage and monitor a company.

They deal with internally produced data, as well as external activities, factors and events required for well-versed business decision-making and external reporting.

Moreover, how messages are disseminated in the organization is very important. Without proper communication in an organization, there will be less understanding of information which could lead to non-conformity of internal control systems. Information and Communication are essential for any organization to transmit out inner control responsibilities to support the attainment of its goals (Shankar, 2017). Management obtains, generates and uses relevant and excellent information from both internal and

external sources to support the functioning of other components of internal control. Pertinent information for making a decision is to be gathered and conveyed at the right time. The actions that yield data may originate from internal or external sources. Communication is very significant for attaining management goals. The workforces are to realize what is expected of them and how their responsibilities are linked to the activities of others. Communication of the owners with outside parties' like's suppliers is also very important.

2.1.3.5 Monitoring

Monitoring in an organization is the act of checking or keeping an eye on workers to make sure that everything they do conform to the internal control policies (Light, 2011). Ongoing assessments, distinct evaluations, or a blend of the two are used to determine whether each of the five components of internal control, as well as controls to affect the principles behind each component is present and functioning. Continuing assessments constructed into business processes at different levels of the entity offer appropriate information (Koliev & Lebovic, 2018). Discrete assessments, steered periodically will differ in scope and frequency depending on the valuation of risks effectiveness of continuing evaluations and other management deliberations (Smith, Hayamizu, Finger, Bello, McCright, Xu, & Ringwald, 2019). Findings are evaluated in contradiction of criteria established by regulators, recognized standard-setting bodies or management and the board of directors and deficiencies are communicated to management and the board of directors.

This surveillance is the constituent of the COSO framework (2013) that measures the eminence and effectiveness of the performance of a system over time. To ensure the integrity of the system, control systems regarding the operations of a company should be

monitored. In the normal course of operations, ongoing monitoring occurs. It consists of regular management and supervision activities and other measures taken by the staff. Upstream deficiencies in internal control should be reported with the top management reporting serious issues. The scope and frequency of individual assessments will depend on the risk assessment (COSO, 1992). Tetteh (2008) stresses that "monitoring and evaluation does not exist to spy on you but to reflect your developmental trials" to support the arguments of monitoring by organizations

2.2 THEORETICAL REVIEWS

Organization, resource dependency and contingency theories are the theoretical basis for this thesis.

2.2.1 Agency Theory

Agency theory describes the relationship between two parties namely principal and agent. In this business relationship, the agent represents the principal in a mutual agreement to perform a task in the best interests of the principal without regards to personal interest (Connelly, Hoskisson, Tihanyi, & Certo, 2010). This indicates that the Agency theory's conclusions are based on the inclinations and motivations behind human actions (Sarens & Abdolmohammadi, 2011).

Jensen and Meckling (1976) as well as Muhunyo (2018) further posit that, the Agency theory is underpinned by the concept of principal-agent relationship. They posit that the principal authorizes his agent to act on the utmost good faith in the interest of the principal. Muhunyo & Jagongo, (2018) reiterate that, the principal as a matter of trust delegate decision-making powers to the agent as well as the control of assets as a steward and

caretaker for the principal. In light of this principal-agent relationship, those agents delegated by the principal eventually commit the institution assets to worth expansion on behalf of the principal. The representatives are mandated to be meticulous and careful in taking commercial decisions and make sure the benefits of the principal are protected and maintained at all times.

Njiru (2016) argue that the probability of conflicts ensuing between agent and principal as a result of the separation of ownership from management cannot be underestimated. Sharma (1997) further advances that the agents are likely to regard their self-interest at the expense of principals since they are independent. This implies that the various agents have various goals and make every attempt to accomplish the same (Koch, Ostner, Peisker & Schulke 2009). Likewise, Jensen and Meckling (1976) postulate that, both the agent and the principal are motivated by their interest and thus, may not act in agreement with each other. Furthermore, Moeller (2013) consider the question of the asymmetry of information between the agent and the principal because of ownership sharing is a problem. Asymmetry of knowledge is happening if one side has higher details in a deal than the other (Lang, 2006). Generally speaking, the agents are more conscious of the day-to-day activities of the organization than the managers (Eilifsen, Messier, Glover & Prawitt, 2006).

Muhunyo et al (2018) further reiterate that, Agency theory is founded on the premise that, the stewards are knowledgeable in terms of customer profile statistics than principals and that information asymmetry negatively marks the principal's ability to monitor and predict accurately whether the agent is serving in the best interest of his principal. Conflict of interest usually ensue amongst the principal and the agent as a result of the information

asymmetry where the agent makes decisions that are beneficial to himself or herself regardless of the consequences that decisions (Muhunyo et al., 2017).

The theories therefore point out that the principal lacks grounds to assume agents are consistent with their best interests, owing to the intelligence asymmetry and the self-interest of actors (Bonazzi & Islam, 2007; Lan & Heracleous, 2010). Where an agreement such as this between the action of the agent and the interests of the principal does not meet, a loss of agency takes place which in turn decreases organizational efficiency. Ayagre, Appiah-Gyamerah, & Nartey, 2014). The effectiveness of Internal Control asserts in support, that the key tasks for governance are designing and implementing internal controls for specific organizational purposes in order to avoid potential organizational failure.

Furthermore, Zimmerman (2011) notes that the introduction of management controls should be compatible with these monitoring systems and internal controls in order to minimize the expense of the agency. Moreover, El-Mahdy and Park (2013) maintain that efficient internal procedures that fit the needs of agents to the leaders and reduce their capacity for asymmetries in information and opportunist conduct should be held in place to increase the efficiency of the organization. This indicates that efficient internal management definitely improves efficiency if managers are motivated to take on initiatives that boost shareholder interest.

Even though Arwinge (2013) advocates the role of internal controls in the reduction of agency fee and improvement of efficiency, he emphasized, however. He also claims that the main factor is the willingness of the responsible people to enforce it. Similarly, COSO (2013) and Gyasi (2013) suggest that improving overall efficiency is the successful design

and execution of internal control systems. Therefore, only effective internal control mechanisms help companies meet their goals for organizational, financial reporting and enforcement. In the same way, empirically validated theoretical evaluations of the Agency's theory and assumptions. Cao Thi Thanh and Cheung (2010) for instance reliance on the Agency's theory in order to assess the level of internal monitoring reporting and accounting performance. They found that internal controls on quality eliminate asymmetry by reporting eminence. Internal Quality Controls improve reporting accountability and minimize costs for the Department.

2.2.2 Agency

Theory was employed by Njeri (2014) as solitary of the models used to examine the impact of internal control on manufacturing company presentation in Kenya.

In addition, opponents of the theory of the Agency claim that it does not reflect upon the role an entity plays in competitive environments, their evolving circumstances and the need for continuing to build resources within a corporation (Foss, 1999). Lubatkin (2015) argues similarly that agency theory does not reveal real-world businesses' problems. Real businesses broaden from shareholder interest to the stakeholder idea in clear terms, and how business and the idea influence each other.

2.2.3 Contingency Theory

Osei-Boakye (2016), suggests that the best way to structure an organization depends on the essence of its environment. The contingency theory sects stress that two assumptions form the foundation of the theory. Next, it means that no approach is "generally better" and that there's no right way to structure an organization (Donaldson, 2001). (Bergeron, Raymond & Rivard, 2001). Secondly, the choice of method or system of control is dictated

by factors like the environment, risk profile, policy, scale, organizational structure and the best possible activities (Chenhall 2003; Donaldson 2006; Richard 2013). With respect to the second statement, Pfister (2016) claims that, in order for an organization to be efficient and to reach its organizational objectives, the framework as well as the context of the organization must be compatible or compatible. Jokipii (2017) pointed to the necessity for differing organizations to partake dissimilar internal control systems based on their contingency features in a number of frameworks, namely the COSO and the Control Criteria (CoCo). This is analogous to the concept of contingency, which allows each entity to choose the most appropriate contingency control method (Fisher, 1995; Luft & Shields, 2013; Jokipii, 2017).

There is also no doubt of the above as no two organizations would have the same internal control systems if the product or service line is the same or similar. Internal control systems can therefore differ in organizational contexts. Moreover, some elements of contingency theory apply to internal control systems components. Donaldson (2016) argues that a correlation exists amid the internal control system structure and the contingency features characterizing the internal control process. As a result, improvements in contingency factors lead to changes in the structure of internal control structures in order to maximize flexibility and boost organizational performance (Dropulic, 2013). Jokipii (2017) reaffirms that organizations cannot be structured without environmental characteristics and closed systems. He also clarified that, in order to enhance and sustain efficiency, organizations should periodically evaluate the risk of environmental impact, tracking processes and the organization's commitment to these contingencies. In the organizational structure or design the rules and standards are not static. In addition, Eriksson-Zetterquist, Mullern, and Styhre (2011) claim that the theory aids to ease the notion that the lone possible means to manage

an organization is for owners to follow the objectives set out in the Agency's Theory. Likewise, the impact of appropriate and oddity amid the layout and the exigency variables on occupational results allows managers to gain intuition as to why constant improvements in organizational design should be made as the contingency features tend to shift (Gerdin & Greve, 2004). Donaldson (2006) supplementary points out that as businesses either step up the complexity of the internal control execution or revisit the controls, they tend to reduce the inadequacy of the quasi-misfit and eventually increase performance. While contingency theory is well articulated in connecting internal performance control (Donaldson, 2001; Islam & Hu, 2012; Pock, 2007), opponents of this model argue that the person has no responsibility for reacting to outside conditions (Hodges & Gill, 2014). They argue that it is not always wise for organizations to adhere to their contingencies, because the contingencies still tend to change if the business adapts to the structure to meet existing contingencies and the adaptation in the structure will not provide the optimal fit. This may not make a whole organization fit; it may be fit only partially and not entirely matches the contingencies. The following chapter will focus on philosophical issues.

2.2.4 Resource Dependency Theory

This theory places much attention and premium on critical task of governing members who serve as managers and administrators in ensuring that the organization they represent have access to adequate resources needed for the successful operation and growth of the organization (Hillman, Canella & Paetzold, 2010). They reiterate that, the quantum of resources available to an organization determine the overall performance, functionality as well as its existence. It is observed that, stakeholders like suppliers, buyers, public policymakers, social groups bring different assets to the organization to enhance the operations of the organization (Hillman et al., 2010). According to Hillman et al., (2010),

the Managements of organization is put into four groups namely insiders, professionals or experts, support specialists and community influential. They explained that, the insiders are the present employees as well as past executives of the organization that provide special technical know-how and strategies in specific areas for the enhancement of the organization. They further reiterate that; the business experts are those present and past high- ranking directors of the organization that offer strategic business solutions and ideas. Additionally, the support specialists are those personalities with specialized expertise in their field of work that offer special support to the organization. Finally, the politicians, opinion leaders, religious leaders and people in academia are those classified as the community influential (Hillman et al., 2010).

The resource dependency theory supports how organizations are able to secure resources through their linkages to external environment (Hillman et al., 2000). They opined that, the progress of organizations rest on the quantum of resources accessible to the organization. The theory is guided by some direct ethics. According to Hillman et al., (2000), Organizations requires resources to pursue its aims of development and progress. Again, the organization can obtain the needed resources from the environment or from other organization for its developmental projects. This theory offers organizations the opportunity to compare strategies with respect to uninterrupted growth of the organization (Hillman et al., 2000).

Conversely, Fadare (2013) noted that, organizations will find it extremely difficult to expand if it cannot supply the needed resources. With a prognostic model of resource dependency, Sheppard (1995) noted essential, reliable constructive interpersonal

connection among organization growth and the current level of organization's properties, influence with critical resource providers, and the steadiness of the organization setting.

In view of this, vital exertions are made to warrant the accessibility of resources essential for the progress of and growth of the organization. Resources dependency theory offers valuable direction for managers in taking prudent choices. The monetary scenery is varying and continues to contest public managers (Malatesta & Smith, 2014). Since public sector institutions are funded from the central source of government funds, managers of such institution must make prudent decisions that will affect the organization positively.

2.3 EMPIRICAL REVIEW

This segment examines the present situation of the theme. It offers proof of past research. In this section, the results of the current study contrast with established literature. Kenya and Muthusi (2017) in their study examined the internal controls and monetary performance of Commercial Banks in Kenya. The study hired the descriptive research design and the main objective was to ascertain the effect of internal controls on the performance of commercial banks. It was discovered that, there is a constructive connection amid the five components of Internal Control Systems (ICS) and the performance of the commercial banks. The study therefore concluded that the banks should make sure they have an appropriate control environment in which ICs are reinforced in order to bring about enhanced performance and that the banks should continually check their activities and policies so as to be in a position to deal with threats. The main objective of the study was to assess the influence of ICS on the economic performance of companies engaged in sugarcane outgrowing. The study concluded that ICS has a direct effect on the financial performance of the companies. Adebisi (2017), studied on the topic "impact of effective internal control in the management of Mother and Child Hospital Akure, Ondo

State”. The study employed a quantitative research approach, a sample size of 50 respondents and the chi-square test statistics was used. The study concluded that ICS had a substantial outcome on the management of government parastatals. The study therefore recommended that sufficient internal control structures ought to be observed so as to guarantee that there is observance to management polices so as to achieve organizational goals. Furthermore, Njeri (2014) researched on the topic “Effect of ICs in the financial performance of manufacturing firms in Kenya”. The main aim of the study was to ascertain the effectiveness of ICs in the financial performance of manufacturing companies. Quantitative study approach was employed, and a multiple regression analysis was used for analyzing data obtained. The study decided that there existed a significant connection amid ICs and financial performance.

A study also conducted by Ricchiute (2000) entitled "Internal control system and procedures”. The core aim of the study was to ascertain the effectiveness of internal control activities and procedures in tertiary education. Purposive sampling technique was used to select five tertiary institutions in both private and public segment. The study concluded that irrespective of whether private or public or those meant for profit making or not, internal control structures and measures are significant in the performance of the institution. Opong et al., (2016) used faith-based NGOs in Ghana to conduct additional investigation on the effects of internal controls on outcomes. Internal controls based on the COSO system were calculated, while output captured productivity, economy and efficiency. The main aim of the study was to scrutinize the impact of internal control structures of Faith-Based NGOs in Ghana. The purposive sampling method was adopted for the study, qualitative and quantitative research approaches were used. The authors used both primary data and secondary data in carrying out the study where primary data was obtained by means of

administering questionnaires and conducting interviews and subordinate data was derived from the financial intelligences of the NGOs that were sampled for the study. The study analysis was undertaken using descriptive statistics as well as inferential statistics. Internal inspections have shown major changes in the efficiency of Ghana's faith-based NGOs.

Furthermore, the study showed that in four aspects of the COSO model the internal control systems worked well, except in the risk evaluation where the procedures proved to be extremely bad. The results recommend that systematic mechanisms be placed in place for the management of faith-based NGOs to consistently evaluate their efficacy and effects on operations. In addition, management should set up a robust risk management process that will be able to identify all risks integral in the internal control structure in order to maximize performance. Osei-Boakye (2016), researched on the topic "The Role of Internal Control in The Public Sector: A Case Study of Ejisu Government Hospital". The core purpose of the study was to examine the internal control operations at Ejisu Government Hospital. The authors hired both primary data and secondary data in carrying out the study where primary data was obtained by means of administering questionnaires and conducting interviews.

The purposive sampling technique was adopted so as to establish whether ICs have had any meaningful impact on the revenue collection level of the Authority. The study employed the five components of an internal control system namely control environment, risk assessment, control activities, information and communication and monitoring as the variables under consideration. The research employed the descriptive case study, utilizing the casual and explanatory research design. The analysis of data was carried out using both statistical and narrative techniques and correlation was employed in a bid to assess the effect of internal controls and the performance of public sector. The study concluded that,

for ICS to work, the five components of internal controls must be present or available. The study further posited that, weak ICs and particularly poor ethical values in entities have to a large extent to affect the performance of the public sector.

Magara (2013) researched on the topic "the effects of ICs on the financial performance of deposit taking, Savings and Credit Cooperative Societies (SACCOs) in Kenya". The study adopted control environment, risk assessment, control activities as well as monitoring as the variables that were independent and the dependent variable was financial performance. The study used both primary and secondary data and this statistics was obtained from the financial reports of these institutions which were 122 in number. In order to establish the connection that existed between the variables, a multiple regression was embraced. Regression analysis which was carried out exposed the independent variables namely control environment, risk assessment, control activities and monitoring had a strong direct association with the dependent variable. Which means that ICs in these institutions contribute positively to their financial performance? Taking into account the findings therefore shows that without the availability of strong ICs within these entities, they would have been performing below par which could have led to their folding up as a result of poor financial performance.

In Nigeria, Ejoh and Ejom (2014) steered a comparative research to evaluate the effect of internal control systems on the performance of Nigerian tertiary institutions. The main aim of the research was to scrutinize the connection amid internal control activities and financial results. The study adopted the quantitative research approach. Main data collections were carried out using organized questionnaires, while subordinate data were obtained from journals and other written papers. The study revealed that all the operations

of the Cross-River State College have been initiated by senior management. With regard to control activities, Ejoh and Ejom (2014) revealed that in attendance is a strong division of roles within the financial division of the establishment. The writers have found that the financial reports of the establishment are inspected regularly by external auditors. However, it was possible that a solitary employee would have been able to access all the respected financial details without other workers being aware of it. As far as budgetary control is concerned, the study found that the establishment strictly tracks the requirements of the annual departmental budget and that controls are in a place to permit incurring expenditure over allocated funds. In addition, the study result showed that there was no substantial connection amid the activities of internal control and the financial performance of the establishment.

Widyaningsih (2015) scrutinized the influence of internal control on transparency in an Elementary School study in Bandung, Indonesia. The COSO's accepted approach was used to test internal control. The exploratory method was used to explain the relationship between variables by means of hypotheses testing. All primary schools in Bandung were the target population. In order to obtain a sample size 168 from the whole population, a simple sample procedure was used. Primary data was acquired by surveys. The system for collecting data has been developed with Likert scale. There is a thorough analysis of knowledge gathered by the respondents. A route regression methodology was predominantly employed. On the basis of the analysis, the improvement in output was found to be affected or predicted significantly by the method of internal control. However, the estimation of the openness variance was not statistically important for risk management and for information and communication. It was also found out that, in Bandung, with the exception of information and communication, internal controls were quite comprehensive.

An interview conducted by Widyaningsih (2015) shows that the right analytical instrument has been employed to evaluate the research subject. Besides, since Widyaningsih did not disclose the size of the population, it is very tough to authenticate the robustness of the sample size.

2.4 CONCEPTUAL FRAMEWORK

Figure 2.1 below depicts the conceptual framework of the study.

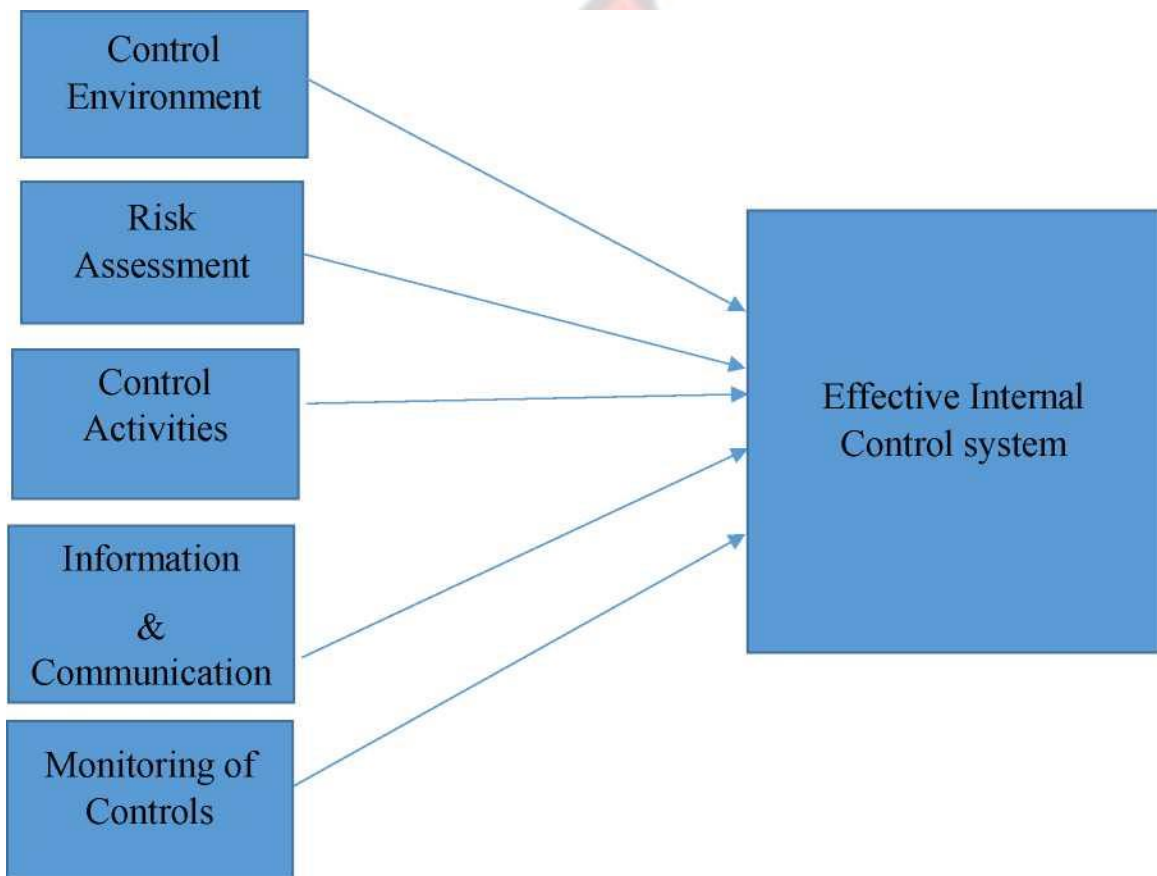


Figure 2.1 Internal Control Systems

Source: Author's construct (2020)

The conceptual framework of this study as shown in figure 1 above was formulated from existing literature based on the main aim of this present survey. The research adopts internal control variables for the COSO internal control system, namely the control

environment, the risk assessment mechanism, control operations, knowledge and communication and monitoring of controls. These factors are interlinked and represent external variables that contribute to the efficacy of the internal control mechanism of the organization.

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CHAPTER THREE

RESEARCH METHODOLOGY

3.0 INTRODUCTION

The analytical methods used in this report are discussed in this section. It explains the nature of research, research methodology, data source, sample design (sample population, sample size and sample technique), types of data used, and ethical considerations. It also includes the sampling process, data collection process, and instruments for data collection, data analysis, and finally how data is presented in the study.

3.1 RESEARCH DESIGN

According to Creswell and Clark (2007), the design of the research is the arrangement and structuring of the different components for the collection as well as the analysis of the data in a manner that seeks to incorporate relevance of the study. They further posit that research designs are useful because they guide the methods and decisions made by researchers when conducting studies. As per (Gachoka, Aduba, Kai, Jage & Okiro (2018), there are three types of research design, namely: exploratory, explanatory and descriptive. The explanatory study method is used to justify the generalization of empiricism. According to Yin (1994), the study explains when the emphasis is on cause-and-effect relationships, which explains what causes the results. Descriptive analysis is mostly used when a problem is well established and there is no plan to explore the relationship between cause and effect (Yin, 1994). The exploratory study enables the investigator to look around on a phenomenon, with the goal of developing an in-depth understanding of the phenomenon under study through the expression of opinions and expectations of the participants (Saunders, Lewis & Thornhill 2009). The goal is to collect as much information as possible

on a particular phenomenon. This analysis uses a qualitative approach to the design of descriptive studies. The descriptive nature has to do with the collection of data to answer questions on different subjects in a specific study. The approach is such that it involves the gathering of data that seeks to describe an event, organizes it, tabulates, and also describes the said data.

3.2 POPULATION OF THE STUDY

According to Mason et al. (1997), the population of the sample is the set of all potential persons, artifacts or measures of interest. Population is the totality of participants that are of interest to the researcher and wish to assess the size of the main sample (Cooper & Schindler, 2004). The study aimed at investigating the effectiveness of internal control systems using Oyoko Methodist Senior High School as a case study. The population was identified to represent the GES Staff in the Senior High Schools in the Eastern region of Ghana.

3.3 SAMPLE FRAME AND SAMPLING TECHNIQUE

Polit et al., (2009) explained sampling as a process by which sample size is chosen from a population. Many scholars argued that in any scientific research, examining the entire membership of a target population mostly becomes difficult unless the size of the population is relatively small (Cetin & Yetis, 2017). Per the qualitative nature of the study, the researcher chose nonprobability sampling techniques. Non-probability sampling techniques were used because the researcher did not seek to draw statistical inferences from the population. Specifically, purposive and convenience sampling techniques were used. The purposive sampling technique was used in the selection of some key officials from some of the departments by their positions in the institution to respond to the questionnaire

for data collection. This was because the researcher had to ensure that only personnel with the relevant information were included in the study. A sample size of 12 was drawn from the following department: accounts (4), stores (3), and administration (5) based on their relevant knowledge and involvement in internal controls activities in the institution as shown in table 1 below.

Table 3.1 Sample Frame

Department	Total Number of staffs	Sampled of staff s	Percentage (%)	Sample size
Administration	8	5	41.7	5
Accounts	7	4	33.3	4
Stores	5	3	25.0	3
Total	20	12	100%	12

Source: Field data (2020)

3.4 DATA COLLECTION

The method employed for the primary data collection for this study will be gathered through the administering of interview guide and focused group discussions.

3.5 SOURCE OF DATA

Any research depends on two types of data, thus primary data and secondary data. The primary source of data is considered as first-hand data obtained mainly through the researcher's own effort (Saunders et al 2007). In this study, primary data was gathered from the staff of the accounts department, stores, and administration using a questionnaire. The

adoption of structured questionnaires allowed for more flexibility in the sense that it gave room for respondents to tick in most cases appropriate responses to question asked and where necessary provide their response based on the question posed.

3.6 DATA GATHERING PROCEDURE

The study began with initial contacts at the data sources before proceeding with data collection. As a usual practice, an introductory letter was submitted to formally seek permission to undertake the study. Though this formality was followed, data collection was not that smooth sailing. It was extremely difficult to seek clearance before interview appointments were booked. As the case with most public institutions in Ghana, information including even the most obvious ones is largely classified. The persistence of the researcher in soliciting data for academic purposes through frequent visits perhaps cleared doubts in the minds of the school's authorities of the perceived intentions of the study thus paving the way for the interviews to be conducted. The data collection lasted four weeks due to bureaucratic procedures required to seek clearance.

3.7 DATA ANALYSIS

Burns and Grove (2003) assert that data analysis is a way of reducing data and structuring it in a suitable way which leads to desirable results or findings which need to be interpreted by the researcher. Hyndman (2008) further reiterates that the processing of data entails the translation of answers provided in the interview guide into a more suitable form that can be manipulated for the production of certain relevant statistics.

Data collected from the field through interviews and focus group discussions were made ready for analysis via transcription of information basing on the research instruments used

in data collection in the field. All recorded interviews were dated, copied out and labeled according to where and when it was collected. All information and data addressing a particular objective were grouped and interpretation of each was done in line with the research objectives.

3.8 PILOT TESTING OF DATA COLLECTION INSTRUMENT

The study directed a pilot test to check the competence of the data collection instruments to collect the essential data. Cooper and Schindler (2004) assert pilot testing permits for the early detection of flaws in the arrangement and wording of data collection instruments. In agreement, Britton and Ljubisavljević, & Jovanović (2011) posit that pilot testing permits the researcher to test the data collection instruments on a segment of the targeted population in order to effect necessary corrections and alterations to ensure clarity.

The study tested the interview guide on 5 randomly selected staff of Oyoko Methodist Senior High School. Yin (2005) that sampling techniques are not of ample value in a pre-test. The study required the carefully chosen pre-test respondents to answer the questions contained in the interview guide. This empowered the researcher to determine the level of understanding and perceptions which ensured the enhancement of the interview guide by improving the wording, formatting brevity. The feedback obtained from the pilot testing exercise enabled effective revision of the interview guide to allow for easy understanding by all categories and demographics of respondents.

3.9 RELIABILITY AND VALIDITY

To safeguard content validity and reliability, the research grabbed specific measures as follows: the researcher conducted all interviews personally, employing the same techniques, routines and tactics to permit consistency and eliminate data collection bias.

The questions on the interview guide were constructed in simple English to enable greater understanding from respondents. Questions were categorized under individual research questions to achieve comprehensive relatedness of questions to objectives. All respondents were encouraged to respond freely without suggesting or supplying any possible answers to respondents. Interviews were conducted in the offices or other places that respondents considered comfortable and convenient to them. Confidentiality was ensured by instructing respondents NOT to mention their names or include any feature of identification during recording of the interviews.

3.10 ETHICAL CONSIDERATIONS

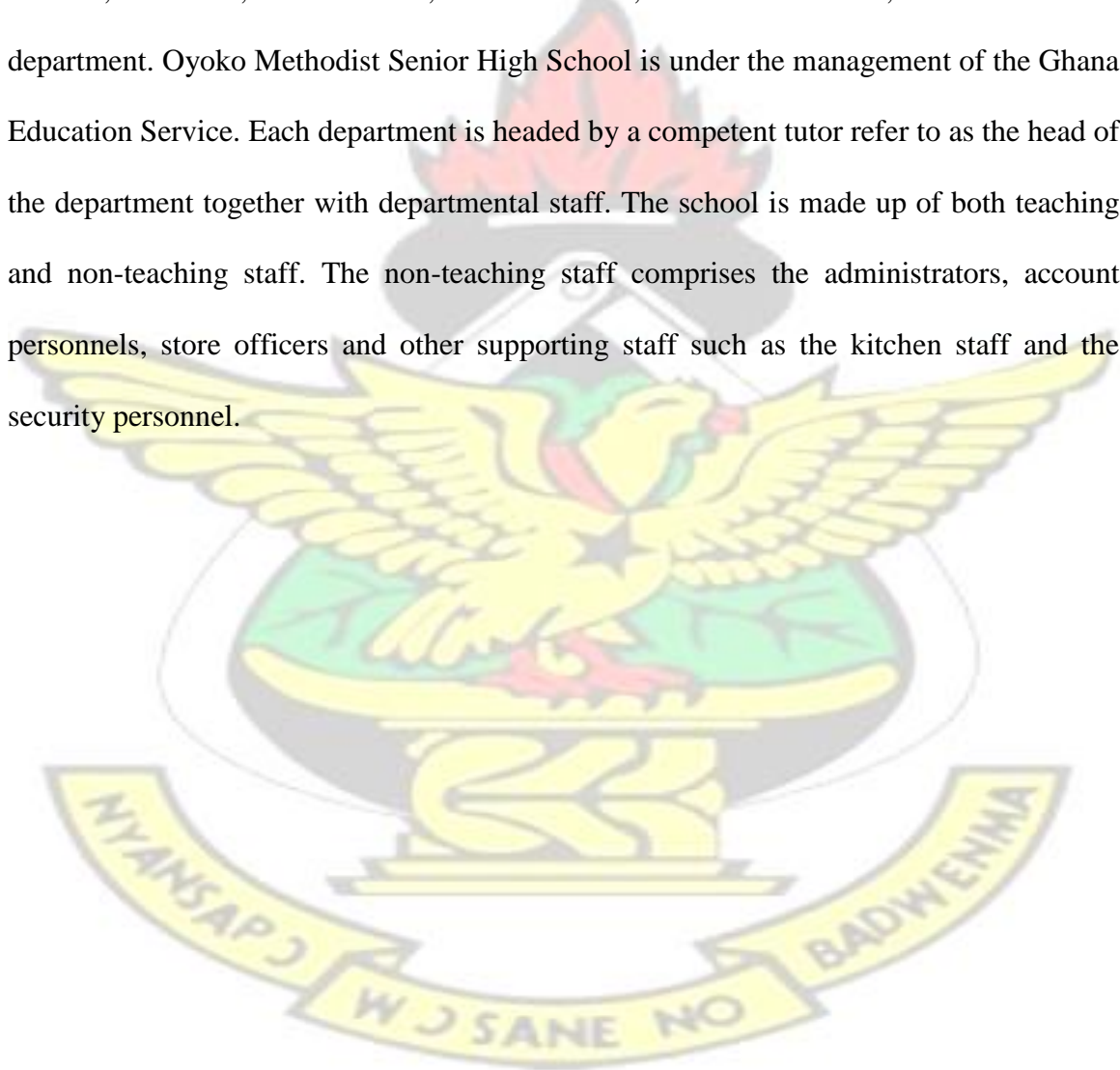
Ethical problems that were commonly discussed in this study included anonymity, informed privacy and confidentiality. With respect to anonymity, the researcher ensured that the respondents remained anonymous so far as the study was concerned. The researcher accomplished this by ensuring that the interview did not include details that required the identification of the respondents, such as name, date of birth, photos, National I.D cards, etc.

Informal consent was obtained in the sense that the respondents were properly advised of the intent of the study and could only participate in the study if they were prepared to do so.

Confidentiality is also a primary ethical concern considered by the researcher. Respondents were told that all the information they have given would be used exclusively for research purposes.

3.11 ORGANIZATIONAL PROFILE

The study was conducted at Oyoko Methodist Senior High School in the New Juaben North municipality. Oyoko Methodist Senior High School (Abbreviated OMESS) is a high school located in Oyoko, Koforidua, and Eastern Ghana. It was founded in 1989 as a successor to the Oyoko Methodist Agricultural Secondary School (OMASS) and was part of the public education system in 1993. The School is made up of six departments namely: Agricultural Science, Business, General arts, Pure sciences, Home economics, and Visual arts department. Oyoko Methodist Senior High School is under the management of the Ghana Education Service. Each department is headed by a competent tutor refer to as the head of the department together with departmental staff. The school is made up of both teaching and non-teaching staff. The non-teaching staff comprises the administrators, account personnels, store officers and other supporting staff such as the kitchen staff and the security personnel.



CHAPTER FOUR

DATA PRESENTATION AND DISCUSSION OF FINDINGS

4.0 INTRODUCTION

The results of the research study are discussed in this chapter. In the first place, demographic data is introduced to all participants, bringing attention to areas of interest within this detail. This is accompanied by an examination of the data obtained at the site of the research relating to the objectives of the study. All the responses of the participants were evaluated on the basis of the core themes. These include reviewing the effectiveness of risk assessment procedures at Oyoko Methodist Senior High School, reviewing the effectiveness of the control system developed at Oyoko Methodist Senior High School, evaluate the adequacy of control activities developed at Oyoko Methodist Senior High School, analyze the effectiveness of information flow and communication on control activities at Oyoko Methodist Senior High School and, finally, decide the effectiveness of monitoring procedures for internal control activities at Oyoko Methodist Senior High School. In the main, qualitative research was performed in the form of focus group discussions and in-depth interviews were conducted using the interview guide. In all situations, open-ended questions were asked to the participants in accordance with the five core themes.

4.1 CHARACTERISTICS OF THE RESPONDENTS

Gender

Table 4.1: Sex of Respondent

Sex	Frequency (N=12)	Percent (%)
Male	07	58.3
Female	05	41.7
Total	12	100

Source: Field survey, 2020

The Table 4.1 shows the number of respondents with respect to their sex. It was shown that the majority of respondents 8(58.3%) were males and the remaining 5(41.7%) were females. This infers that fairly composed representative samples of all the known elements of the population were considered. The 41.7 percent dominance of females, further, emphasizing the assertion that there is a fair gender balance in the public sector involved in ensuring the effectiveness of internal control systems.

4.2 ANALYSES FROM THE RESPONSES OF PARTICIPANTS

Respondents Age

Table 4.2: Age of Respondent

Age Range (Years)	Frequency (N = 12)	Percent (%)
21 – 30	2	16.7
31 – 40	6	50.0
41 – 50	4	33.3
51 – 60	-	-
Total	12	100

Source: Field survey, 2020

The ages of all the respondents are within the range of 21 to 60 years. The age group 31 - 40 years was the modal age with 50 percent representation, followed by 41-50 years having

a percentage of whilst 16.7 percent were within the age of 21-30 years. Surprisingly, there was no age group within 51-60 years. This indicates that the staff of the institution was made up of very young, energetic and intelligent individuals who are hunger for success and excellence.

4.3 RESPONDENTS' EDUCATIONAL BACKGROUND

Table 4.3: Educational Level

Staff	Frequency(N =12)	Percent (%)
Master's	0 2	16.7
1st Degree	0 9	75.0
Diploma	-	-
Professional	01	8.3
Total	12	100

Source: Field survey, 2020

The study showed that majority of the respondents had attained first degree. This consist of 75 percent of the respondents who are degree holders, followed by 16.7 percent master's degree holder whilst 8.3 percent hold professional certificate. However, none of the staff was a diploma holder. This indicates that the staff of the school was made up of well-educated and knowledgeable personnel who presumably known what to do at any given time and are in the position to undertake prudent, intelligent and coherent decisions on their respective role.

4.3 RISK ASSESSMENT PROCEDURES IN THE OYOKO METHODIST SENIOR HIGH SCHOOL

This section examines the extent to which risk assessment procedures are adhered by the Oyoko Methodist Senior High school. Respondents in a focus group discussion expressed their views about the risk assessment procedures in the school. For instance, one of the participants with initials (S.K) is quoted by saying “management of this institution has clearly spell out a clear risk assessment objective to guide personnel in carrying out their da -to-day activities” This assertion was further supported by another participant by saying “not only has the institution spell out risk objectives but had also communicated it to members and had it been captured in the school’s handbook”. In line with a question on information about whether audit personnel or internal control experts get involve in designing new policy or programme for staffs, majority of the participants seem to agree with this assertion.

For instance, one of the participants (B.K) in the focus group discussion lamented that “frankly, the institution does not have a standing audit committee but rather depends on the internal auditors from the municipal education directorate”. He further reiterates that “these internal auditors are involved anytime the school wants to come out with new policy or programme for staff”. However, another participant (AB) seems to be undecided as to whether the institution involved internal control expert when designing new policy or programme for staff. For instance, one participant had this to say “the fact that our school doesn't have well-constituted audit committee, he doubts if management involve internal control expert when designing new policy or programme for staff”.

In answering a question on whether the institution has sufficient staff members with the requisite knowledge, competency and resources to perform their activities, majority of the participant in a focus group discussion strongly agreed to this assertion. For instance, one participant was quoted saying “I believe all the department within the school has the full complement of staff capable of carrying out their duties as expected of them”. Another participant (OBK) reiterated that “the accounts department is fully equipped with personnel with whom some hold master’s degree and are able to perform with or without supervision”. From the responses gathered, it can be summarized that the institution was endowed with personnel who are capable of taking intelligent decision and have the requisite skills to undertake their assigned duties.

On the issue of whether there is any ongoing risk identification and assessment in the institution, majority of the participants were undecided and remained neutral because they cannot really pinpoint any such activity. For instance (OBK) had this to say “over past few months I cannot say for sure if there is any risk assessment on going in the institution”. Furthermore, another respondent (OB) also reiterated that “I think maybe management has been undertaking risk assessment at top management level without communicating it to the other staffs”. In summary, majority is of the believed that the Risk Assessment procedures at Oyoko Methodist Senior High School are very effective and adhered to.

4.4 CONTROL ENVIRONMENT IN THE OYOKO METHODIST SENIOR HIGH SCHOOL

When it comes to issues of control environment, respondents had a diverse view. For instance, on the issue of whether management decisions are collectively made and not controlled by one dominant individual, respondent (KK) had this to say “well in my candid

opinion I think decisions are collectively made by management”. Another respondent (OT) shared a different view. She reiterates that “she perceived the headmaster to be dictatorial and therefore would want his decision to be supreme”. Other respondents remained undecided as they were not able to agree or disagree with that notion. On the issue about whether management communicates to all staff about policies concerning the importance of internal controls, the respondent (WW) had this to say “most at times management communicate to staff the relevance of observing internal control measures in the school”.

She further reiterates that “this communication is often done during departmental meetings and staff meetings”. With regards to whether management has control systems in place to periodically test for compliance with codes of conduct or policies, AB had this to say “the heads of department are normally put in charge to periodically test for compliance with codes of conduct and report to management”. In summary, majority of the respondent agreed that there are control systems in place to check the compliance level of staff.

On the issue of whether there is always leadership by example by senior management with regards to internal controls activities, respondents unanimously agreed to this notion. For instance, respondent (AT) was quoted saying “indeed it’s quite refreshing seeing management complying with internal control measures and setting the pace for others to emulate”. This implies that the leadership of the institution abides by the institutional measures with regards to internal controls.

4.5 CONTROL ACTIVITIES IN OYOKO METHODIST SENIOR HIGH SCHOOL

On issues of control activities, respondents were of the view that there was some level of control measures in place to check on the internal control activities. For instance, in answering a question on whether policies and procedures exist to ensure that critical decisions are made with appropriate approvals, one respondent was quoted by saying “there are procedures to following for example in the accounts department before funds are disbursed or payment are done ”. Another respondent was quoted saying “in fact, before awarding contract to suppliers, it goes through several processes before finally the contract is awarded”. Furthermore, another respondent from the stores’ department had this to say “due processes are undertaken before goods or items are received or issued out to the end-user”. Significantly, respondents across all the focus group believed that policies and procedures exist in the institution.

On the issue whether management performs independent verification of transaction, it came out that majority of the respondents were undecided. For instance, one respondent was quoted saying “well management may do some form of independent verification of transaction since auditors write to management on the findings of their audit”. Some of the respondent was of the view that management may not be undertaking independent verification as the evidence on the ground doesn’t support that. For instance, respondent (AB) was quoted saying “if management has been carrying out independent verification, auditors report wouldn’t have cited the institution for double payment to suppliers”.

On the issue of whether management has a system in place to ensure that duties are periodically rotated, the study revealed that there weren’t any such measures in place.

Significantly, all the respondents across the focus group agreed that such mechanism is put in place to rotate duties among staff. For instance, one respondent was quoted saying “I have been doing the same task for the past four years in the school”.

In answering a question about whether management communicates to its staff what is expected of them and the scope of freedom to act, majority of the respondent indicated sometimes management tells you what is expected of you when special duties are assigned to you to carry out. For instance, one of the respondents was quoted “it really difficult sometimes to know the scope and freedom to work since in many cases management does not spell it out for you”. She further reiterated that this situation put limitation to the extent one can perform.

On the issue of whether staffs have knowledge, skills and tools to perform their duties so as to manage risk, respondents were of the strong view that staffs have the requisite knowledge and skills to perform their duties as expected. For instance, in an interview with one of the head of department of the institution, he was quoted by saying "my department has well qualified personnel who are capable of identifying and managing risk". In summary, the institution lacks effective control systems to ensure that duties and another task are periodically checked.

4.6 INFORMATION FLOW AND COMMUNICATION ON THE CONTROL ACTIVITIES IN OYOKO METHODIST SENIOR HIGH SCHOOL.

In assessing the effectiveness of information flow and communication on the activities in Oyoko Methodist Senior High School, several questions were asked respondents soliciting for their views and opinions. In answering a question on whether there was effective reporting procedures and communication in the school, majority of respondents across the

focus group believed and agreed to this notion. For instance, in a focus group discussion one respondent with initials (OBK) had this to say “staff followed procedure in channeling their grievances to management”.

On the issue of whether there is established channels of communication to report suspected activities, respondent across the focus group were not sure. For instance, one respondent was quoted saying “if you suspect of any wrong doing, you don’t really know who to report to”. He further reiterated that “even those suspected regularities reported to the department heads, responses or outcome of those cases were not published on the school’s notice and hence management did not get to know what was prevailing in the various department”. In the literature view, Simmons (2010) posited that pertinent information must be identified, captured and communicated in a simple and timely manner that enables personnel execute their responsibilities. He further reiterates that, effective communication must flow down, up and across the organization coupled with a clear message from top management to all personnel that control responsibilities in an institution. This is not the case on the basis of the results of this report. As to whether management also organizes activities for workers to make them aware of their positions in the control system, the majority of respondents in the focus group were not sure of that notion.

For instance, one of the respondents said “indeed management really are not doing well in terms of organizing programs and seminars for staffs to sensitize us on internal control activities”. This revelation confirmed that management of the school failed to provide orientation for staff to know their roles in the internal control systems. Generally, respondents were not too impressive about the effectiveness of information and communications system in the school

4.7 MONITORING ON THE CONTROL ACTIVITIES IN OYOKO METHODIST SENIOR HIGH SCHOOL

In probing into the effectiveness of monitoring on the control activities, respondents were of different views. In answering a question whether there is an ongoing management monitoring process over operational activities, the result showed that majority of the respondents were not sure. For instance, one respondent had this to say “I have never seen any actions suggesting any move by management to monitor any operational activity of the school”.

Again, on the issue of whether there is process to monitor the school’s ability to re-evaluate risks and adjust controls in response to changes, the empirical evidence indicated that respondent across the focus group strongly disagree with this notion. During the focus group discussion respondent with initial (AB) was quoted “I don’t believe management have any monitoring team in place to do that kind of task”.

In probing into whether there are timely reports on significant failings to management for appropriate action, empirical evidence indicated that management of the school do not receive timely report hence proper actions are not taken on time. This is confirmed by a respondent in a focus group discussion as one respondent was quoted “I think the delay by departmental heads to communicate to top management on suspected irregularities by some staff makes it difficult for management to take decisive actions”. These findings are not in line with what the COSO 1992 discussed in the literature reviewed. In the normal course of operations, continuous monitoring takes place. It requires regular administration and supervision and other employees' activities.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 INTRODUCTION

An overview of the analysis is provided in this chapter. It also presents the conclusion to the results of the study. It also makes recommendations to fix deficiencies in internal control mechanisms and to provide guidelines for some more studies.

5.1 SUMMARY OF FINDINGS

The first objective of the study was to establish the effectiveness of risk assessment procedures in Oyoko Methodist Senior High School. Conceptual findings from this study suggested that the risk management protocols at Oyoko Methodist Senior High School were adhered to and were very successful, as shown by the majority of respondents who agreed. However, a small section of the respondents was not sure that there are effective Risk Assessment Procedures in the school.

The second objective of the study was to establish the effectiveness of the control environment in Oyoko Methodist Senior High School. The study established that, the control environment was identified to be very effective as indicated by majority of the respondents. Controls systems were in place to check the compliance level of staff. However, a section of the respondents were of the view that the control environment ought to be improved.

The third objective was to assess the effectiveness of the established control activity. Empirical evidence from the study indicated that the level of control measures in place to check on the internal control activities were not fully effective. The study revealed that management of the school does not perform independent verification of transactions made by the stores and accounts department. The findings of the study further indicated that management do not spell out the scope and freedom to work and this situation put a limitation to the extent one could perform at work. The study further indicated that an effective control system was not in place to ensure that duties and other task are periodically checked.

The fourth objective was to assess the effectiveness of information flow and communication on the control activities in Oyoko Methodist Senior High School. The results of the findings indicated that there is no established channel of communication to report suspected activity. The findings also revealed that staff followed procedure in reporting their grievances to management. The study further indicated that management does not released timely information to staff.

The last but not the least objective was to ascertain the effectiveness of the monitoring on the internal control activities. The study indicated that the management ability to monitor ongoing projects in the school was nothing to write home. The empirical evidence from the study indicated that management does not have a monitoring team in place to carry out routine monitoring on the internal control activities.

5.2 CONCLUSION

The study concluded that the internal control systems had a great influence on the performance of any institution that aspires for greatness. Effective internal control systems would lead to the attainment of the overall institutional objectives. Hence, the internal control systems need to be a process that assesses the quality of the entire system's performance over time and that management of Oyoko Methodist Senior High School should ensure that all the components of the internal control structure occur in the normal course of operations. The study further concluded that certain factors such as poor monitoring and control of the internal activities of the school had led to the poor performance of the internal control systems of the school.

5.3 RECOMMENDATIONS

The study recommends that first; management should formulate and implement a clear risk assessment objective that provides effective direction to employees. This is essential since performance can only be measured against a clear set of objectives. Secondly, there should be clear guidelines and understanding by staff with regards to the degree and types of risk acceptable by management. The study further recommends to management to communicate to all staff on policies regarding the importance of internal controls and appropriate conduct. Furthermore, the study recommends that management put in place proper systems to ensure that there is job rotation to allow transparency in some department in the school since some staff overstayed on one job for far too long. Management should institute an audit committee to help detect ongoing errors and inefficiencies that may be hidden and expose weakness in the internal control process.

Again, it is recommended that management should put in place reporting procedures to allow staff reports illegalities and other wrongdoing. Suggestions and other findings must be published to enable other departments to know what prevails in the school as a whole. Reward systems should be in place for those who volunteer useful information to detect serious fraud. However, care must be taken to protect individuals from being victimized. Finally, the study recommends that, management should be proactive in monitoring the internal control activities. In addition, a management and supervisory committee should be set up to oversee all internal control operations and other acts taken by workers in the performance of their duties.

5.4 SUGGESTIONS FOR FURTHER STUDIES

The current study employed a qualitative research approach in conducting this research. However, future studies should consider using the survey method to provide a large sample to assess the severity of the issue and generalize the results of the study. Again, further study should consider more than two or more school across the municipality for a longitudinal study to generalize the research findings.

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APPENDIX

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

DEPARTMENT OF ACCOUNTING AND FINANCE

INTERVIEW GUIDE ON ASSESSMENT OF THE EFFECTIVENESS OF

INTERNAL

CONTROL SYSTEMS AT OYOKO METHODIST SENIOR HIGH SCHOOL

Dear Sir / Madam I am a Master of Science student at the Kwame Nkrumah University of Science and Technology with a specialization in Accounting and Finance. In partial fulfillment for the award of my degree, I am conducting a study on an assessment of the effectiveness of internal control systems at Oyoko Methodist senior high school.

To sufficiently address the specific objectives of the study, interviewing respondents has become quite relevant. Your highly esteemed institution has been selected in soliciting for the data. I would, therefore, be pleased if your staff could respond to this interview based on the internal control systems in this institution. Your responses will be used solely for this academic purpose. I also assure you that the responses from your company will also be treated with the utmost confidentiality.

Thank you.

SECTION A: DEMOGRAPHIC VARIABLES

Please indicate your response by ticking (V) in the applicable box for each question.

1. Please indicate your gender.
2. Can you please tell your age range?
3. What is your position in the institution?
4. What is your highest educational qualification?
5. For how long have you been working with the institution?

SECTION B: COMPONENTS OF INTERNAL CONTROL SYSTEM.

Interview guide for the selected respondents on Risk Assessment (Focus group)

1. Do you think the management of this institution has a clear risk assessment objective? If YES, has it been communicated to all staff?
2. Does audit personnel or other internal control experts get involved when designing a new policy or program for staff? How do you rate their participation?
3. In your opinion, do the institution have sufficient staff members with the requisite knowledge, competency, and resources to perform their activities? If YES how do you rate their knowledge and competencies with regards to work performance?
4. Is there any ongoing risk identification and assessment in the institution? If YES, what type of risk is it?
5. Is risk assessment being done regularly by the school's management? If YES, how often do they carry risk assessment?

Control Environment

1. Do you think management decisions are collectively made and not controlled by one dominant individual? If YES, how do you assess that?
2. Does management communicate to all staff about policies concerning the importance of internal controls? If YES, through what medium do they communicate to staff?
3. Does management communicate to all staff with regards to the appropriate conduct of internal controls?
4. Does management have control systems in place to periodically test for compliance with codes of conduct or policies?

5. In your opinion is there always leadership by example by senior management with regards to internal controls activities?

Control Activities construct

1. Do policies and procedures exist to ensure that critical decisions are made with appropriate approvals?
2. Do management perform independent verification of transactions?
3. Does management has a system in place to ensure that duties are periodically rotated?
4. Do you think management communicates to its staff what is expected of them and the scope of freedom to act?
5. Do you think the staff has knowledge, skills, and tools to perform their duties to manage risk?

Information and communication

1. Does information easily from the management of the institution to other staff members?
2. Do you think management communicates simply and unambiguously?
3. Are there any established channels to report suspected activities to management? If YES, can you mention some of the channels?
4. Do management frequently organize programs for staff to sensitize them on the understanding of their roles in the control system?
5. In your opinion, does management get timely information for decision-making?

Monitoring procedures

1. Do you think management embark on programs that encourage all staff to report suspected and other illegal acts?
2. Do you think there is a process to monitor the institution's ability to re-evaluate risks and adjust controls in response to changes?
3. Do you think there is a significant timely report that management is failing to take appropriate action?
4. Do you think management communicates appropriately on the effectiveness of ongoing processes on risks and control matters?
5. Do you think management conducts a follow-up procedure to ensure that appropriate actions

