

**EFFECTIVENESS OF INTERNAL CONTROLS: A PERCEPTION OR REALITY?
THE EVIDENCE OF GHANA POST COMPANY LIMITED IN ASHANTI REGION.**

By

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DEDICATION

I dedicate this work to my parents, children and wife for their unflinching love and support

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This thesis is written as the concluding part of the Commonwealth Master of Business Administration programme at the Institute of Distance Learning, Kwame Nkrumah University of Science and Technology, Kumasi.

To start with, I thank the Almighty God for his abundance grace and mercies for granting me a good health without which this study cannot be done. Further, I would like to express my thanks to everyone, who in diverse ways made this thesis possible.

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ABSTRACT

Current business trends have made it imperative for almost all large organisations to maintain effective internal control systems. Internal control has attracted intense debate and scholarly attention across industries in accountancy and auditing literature over the past decades. The regulatory and institutional framework has improved significantly over the years yet still the Ghana Postal Company LIMITED (GPCC). in particular is faced with lots of challenges including extensive corruption and malpractices. It is against this background that this study was conducted into the effectiveness of the internal controls of GPCL. The main objective of the study is to appraise the internal control systems of GPCL. The specific objectives included; to review the control environment of the company; to examine the effectiveness of the risk assessment procedure; to assess the adequacy of the established control activities; to review the information and communication system etc.

Related literature was reviewed. The study adopted the explanatory research design since the study was a case study type. The study population was staff of Ghana Postal Company Ltd . A sample size of fifty respondents was used for the study. The purposive sampling technique was adopted. Data was collected through interview and questionnaire. The data collected were analysed using tables and graphs and some finds were made as a result of that. Some of the findings made included: It was revealed from the study that, the control environment at Ghana Postal service in Ashanti Region is very effective as majority of the respondents agree to that assertion with a few not being sure of the effectiveness of Control environment.

In reviewing the risk assessment component of the internal control system at Ghana Post, the study found that, the risk assessment is also effective. Again the empirical evidence from the study indicated that, majority of the respondents agree to the assertion that there is an effective control activity functioning at Ghana Post. With regard to assessing the information and communication system of internal control, there was evident from the studies that, about many of the respondents are satisfied with that construct and therefore perceive it to be effective.

The last element of internal control considered by the study was monitoring and this happened to be the most effective in the company with nearly all respondents showing that, they perceive monitoring to be effective.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the study

A system of effective internal controls is a critical component of company management and a foundation for the safe and sound operation of organisations. However, ineffective internal controls result in ineffective programs and losses (Financial Management Manual, 2005).

That is why the Retired Executive Vice President of American Savings Bank, Mary Locatelli in September, 2003, made it known that, the recent rash of corporate failures and accounting frauds are mostly preceded by a failure in a company's internal control structures. (Directorship Journal, 2003)

A framework for internal control systems in Banking Organisations issued by the Bank of International Settlement (Basle Committee) on Banking Supervision in 1998 stated that, the heightened interest in internal controls is, in part, a result of significant losses incurred by several organisations. It explained that, an analysis of the problems related to these losses indicates that they could probably have been avoided had the organisations maintained effective internal control systems. Such systems would have prevented or enabled earlier detection of the problems that led to the losses, thereby limiting damage to the organisation.

This same idea is reflected in Kaplan (2007), that, poor standards of corporate governance had led to insufficient controls being in place to prevent wrong doing in the United States (US) in the 1990s, as demonstrated by the collapse of Enron and WorldCom. These in fact were described as a high-profile collapse by the Association of Certified Chartered Accountants – ACCA, (Student Accountant, 2008).

Re-emphasising this point, the Daily Graphic (2007) reported the embezzlement of €5.5bn of withholding tax belonging to the Internal Revenue Service (IRS) by two officials of the service due to ineffective internal controls and supervision over the work of the culprits. The report therefore urged managers to be more serious about effective internal controls in order to detect and prevent such acts to avoid losses to organisations.

Drawing on the above, Mr. Alhasan Andani, the Managing Director (MD) of Stanbic Bank Ghana Limited, in a recent television programme (Metro, 2008) asserted that, there is an increasing fraud in the Ghanaian business circles, therefore vigilance is needed to prevent it through good internal controls. He expanded on the point saying, 10% of employees will steal, and 10% will not steal, 80% are not decided but when given the opportunity, they will steal hence lack of effective controls is the cause of fraud in Ghanaian business circles and the world at large

Due to the important role that effective internal control systems play in the achievement of corporate objectives, the Director General of Ghana Broadcasting Corporation (GBC), Mr. William Ampem Darko, said on Thursday April 24, 2008 that “plans are under way to upgrade the Internal Control (Audit) unit to help achieve the objectives of the GBC”.

(GBC, 2008)

At the second annual internal audit forum organised by the Internal Audit Agency (IAA), in Accra, under the theme: “Mitigating corporate fraud, abuse and waste: the role of the internal auditor”, the President of Ghana at the time, His Excellency, J.A. Kuffour urged all public sector Chief Executives to develop and make operational effective internal controls in a speech read on his behalf by the Minister of Finance and Economic Planning, Mr. Kwadwo Baah-Wiredu. He added that domestically and internationally, fraud and economic crime

pose a threat and has a link with terrorism, poverty and drugs. (Business and Financial Times, 2007)

From the above, it is therefore imperative to say that, Internal Controls play a significant role in helping managers to achieve their goals hence the need for this study to investigate the effectiveness of internal controls at Ghana Post Limited.

1.2 The Problem Statement

There have been many incidences of fraud and embezzlement in recent times partly due to ineffective internal control systems in operation. For instance, the Daily Graphic (2010) reported the embezzlement of GH¢3.4bn of Western Union funds at Suame Post Office by only one officer. John Sey, the chairman of the Board of Directors, ordered the Acting Managing Director of the company to proceed on leave due to fraudulent deals in Ghana Post Company.

Re-emphasizing this point, the New Crusading Guide (2010) reported a whistleblower to GHRAJ over complaint of conflict of interest, abuse of office, financial loss and fraud in Ghana post, directed by the Attorney-General and Minister for Justice requested BNI to probe Ghana Post.

Hon. Haruna Iddrisu, Minister of communication in Accra, under the theme “Shake-up Ghana post: workers demand of government”, reported that has bedeviled the company to the extent of completely losing very lucrative businesses to small and weak currier competitors. (The Informer, 2009). It is against this background that, this study was conducted to determine the effectiveness of the internal control systems in Ghana Post Company.

1.3 Research Objectives

1.3.1 General Objectives

Generally, the research aims at evaluating the internal control systems of Ghana Post Company Limited with the following set of objectives.

1.3.2 Specific Objectives

- To determine whether internal controls exist in Ghana Post Company Limited
- To identify the types of internal controls in Ghana Post Company Limited;
- To review the effectiveness of the internal control systems;
- To examine the measures put in place to enhance the effectiveness of internal controls;
- To recommend appropriate ways that will improve the effectiveness of internal controls;

1.4 Research Questions

The research seeks to address the following questions related to the problem.

- i. Do internal controls exist at Ghana Post Company Limited?
- ii. What are the types of internal control systems at Ghana Post Company Limited?
- iii. How effective are the internal control systems at Ghana Post Company Limited?
- iv. What measures need to be put in place to enhance effectiveness of internal control systems in the Ghana Post Company Limited?

1.5 Significance of the Research

The rationale of this project work is to assess the effectiveness of the internal control systems and how the audit teams and monitoring units perceive their role in sustaining the Ghana Post Company Limited. The results of this study will help the Ghana Post Company Limited to put in place measures for their day to day management of safeguarding assets, prevention and

detection of frauds, errors and irregularities. Also, it is hoped that findings from this research will confirm or refute the existing perception about the effectiveness of internal control in Ghana Post Company Limited. This will enable the company to redefine policies that would facilitate the achievement of Ghana Post Limited objectives.

1.6 Scope of the Study

The study evaluated the internal control systems of Ghana Post Company Limited and the focus was on selected Post Offices in Ashanti. The emphasis was on the practices and procedures of internal controls. The reason for chosen selected Post Office in Ashanti was that the researcher can have access to information and reaching those who matter most in Ghana Post as far as the regional level was concerned.

1.7 Limitation of the Study

The challenges faced in the study included resource constraints in terms of finance, time, and logistics as well as difficulty in accessing information. However, various measures was put in place to minimize the problems which emerged in order to reach the goal of this thesis. Therefore the research results cannot be taken to be absolute. Notwithstanding that, the researcher was of the view that the results were still adequate and useful for the purpose for which it was undertaken.

1.8 Organization of the Study

The study is organized into five chapters, Chapter one dealt with the introduction, background of the study, the problem statement, research questions, research objectives, significance and scope of the study.

Chapter two dealt with review of related literature on internal controls.

Chapter three considered the methodology used while chapter four dealt with the analysis of the data, and finally chapter five dealt on the findings, conclusion and recommendations.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter seeks to unfold the important terms that were used in this research in addition to a detailed review of related literature of researchers, other authors and authorities.

2.1.1 Internal Control

Internal control means different things to different people. This causes confusion among business people, legislators and others. The definition of Internal Control has evolved over recent years as different internal control models have been developed. According to statement of Auditing standards (SAS,300); Internal Control is defined as all the policies and procedures adopted by the directors and management of an entity to assist in achieving their objective of ensuring, as far as practicable, the orderly and efficient conduct of its business, including adherence to internal policies, the safeguarding of assets, the prevention and detection of frauds and errors, the accuracy and completeness of accounting records, and the timely preparation of reliable financial information.

However, the Committee of Sponsoring Organization (COSO) 1992, also known as Treadway Commission defined Internal Control as a process effected by an entity's board of directors, management and other personnel designed to provide reasonable assurance regarding the achievement of objectives in three categories:

- i. Effectiveness and efficiency of operations
- ii. Reliability of financial reporting
- iii. Compliance with applicable laws and regulation.

Zabihollah R (1995), Canadian Institute of Chartered Accountants issued a report, guidance on control, referred to as Criteria of Control (CoCo). CoCo describes internal control as actions that foster best result for an organization. These actions, which contribute to the achievement of the organization's objectives, centred around:

- i. Effectiveness and efficiency of operations.
- ii. Reliability of internal and external reporting
- iii. Compliance with applicable laws and regulations and internal policies.

Whittington. O.R and Pany K. (2004), *Systems of Auditability and Control* defines internal control as a set of processes, functions, activities, sub-systems, and people who are grouped together or consciously segregated to ensure the effective achievement of objective and goals.

All the above definitions of internal control systems have identified the main objectives of internal controls to be the assurance that organizational resources will be put to economic, efficient and effective use in order to achieve the objectives for which the organization was set up.

2.2 Brief History of Internal Controls

2.2.1 Early times

In an undated work Brink contends that, internal control (audit) as a concept has existed as early as there have been substantive relationships. He adds, its origin can be documented and traced back to civilized communities that existed around 5000 B.C. The governments of these empires imposed a number of taxes on individuals and business. For the proper accounting and collection of these taxes, an elaborate system of checks and counterchecks was

established. Such early internal control systems were designed primarily to minimise errors and safeguard state property from dishonest tax collectors. (Cited in Gupta 2003)

He continued that, the Mesopotamian civilizations, which existed about 3000 B.C., also utilized elaborate systems of internal controls. Summaries of the transactions were prepared by scribes who did not provide the original list of receipts and payments. Documents of that period contained ticks, dots, and check-marks indicating the existence of the auditing function during those times.

2.2.2 Modern Times

A Reference Guide for Managing University Business Practices (undated) gives a brief history of internal controls as follows:

1985: Organizations sponsored the National Commission on Fraudulent Financial Reporting □ Tradeway Commission.

1987: Tradeway Commission suggested committee be formed to study internal controls.

1992: Committee of Sponsoring Organizations (COSO) issued “internal Control □ Integrated Framework”

Then the Real Finance Journal, (2005), concludes with the history of internal controls in the United Kingdom (UK) as follows:

1992: The **Cadbury Code**, the UK’s first corporate governance code, includes Principle 4.5 on “reporting the effectiveness of the company’s system of internal controls”. It talks about how Internal controls can work effectively but the weakness of the Internal Control were not given.

1994: The **Rutteman Report** on Internal Control on Financial Reporting expands on Principle 4.5 specifying minimum disclosures. But it admits a system of control can provide only “reasonable and not absolute” assurance against misstatement.

The Rutteman’s report only looks at the financial aspect of Internal control. But internal control is both financial and non financial activities management and the entire workforce to observe in order for the organisation to achieve its purpose and business resources are safeguarded and used for the benefit of the organisation.

1998: The first Combined Code broadens the debate from internal financial control to internal control.

1999 The Turnbull Report says boards should adopt a risk-based approach to establishing a sound system of internal control and conduct an ongoing review of its effectiveness. Turnbull did not show what is risk-based approach and also Internal Control is not the sole responsibility of the management or Board but everyone.

2002 The Sarbanes-Oxley Act is passed in the United States (US). Section 404 requires directors to make statements on the effectiveness of internal controls. Foreign companies with US-listed debt or equity will have to be section 404-compliant from 2006.

2003 The Smith Report advises on the roles and responsibilities of audit committees. The Combined Code is revised to reflect both this and the Higgs Report. Smith talks about audit committee. Establishment of Audit Committee is one aspect of Internal Control and therefore Smith could not tell us a lot about the Internal Controls.

Jan 2005 The statutory OFR covers current and prospective performance and strategy. It must include information on the principal risks and uncertainties that may affect a company’s long-term value.

Milichamp A.H (2002) The Turnbull Guidance is reviewed by a group led by Douglas Flint, FD of HSBC. “The overwhelming view was that the Turnbull Guidance continues to provide an appropriate framework for risk management and internal control. Its relative lack of prescription is considered to have been a major factor contributing to the successful way it has been implemented,” says Flint. “Only limited changes have been made to the guidance itself, while a new preface has been added to emphasize the need [for firms] to keep [it] under review and to provide meaningful information in their annual report,” says the FRC.

2.3 Importance of Internal Controls

Adu-Gyamfi (2007), points out the following as the reasons why enterprises need internal controls

Stops things such as assets, documents and records from going missing but benefiting individuals either within or outside an organisation.

Makes sense of how the business is doing.

Prevents or at least minimizes business risks.

Improves the efficiency and effectiveness of managers of the enterprise.

Ensures assets are protected and safeguarded.

Ensures discipline in the transactions entered into by an enterprise. Adu-Gyamfi in his book published 2007 also talks about the importance of Internal Control but what is Internal control and how it can work effectively in an organisation was not highlighted.

2.4 Purpose of Internal Control

According to Hevesi (2005), while the overall purpose of internal control is to help an organization achieve its mission, internal control also helps an organization to:

- i. Promote orderly, economical, efficient and effective operations, and produce quality products and services consistent with the organization' mission.
- ii. Safeguard resources against loss due to waste, abuse, mismanagement, errors and fraud.
- iii. Promote adherence to laws, regulations, contracts and management directives.
- iv. Develop and maintain reliable financial and management data, and accurately present that data in timely reports.

2.5 Classification of Internal Controls

Hohler A. (2005) Internal controls are classified mainly into control environment and control procedures or activities, Statement of Auditing Standards (SAS, 30). However, Larry E. et al 2007 has stated five components of CoCo's control framework as;

- i. Control Environment;
- ii. Risk Assessment;
- iii. Control Activities
- iv. Information and Communication
- v. Monitoring

The components could be viewed as both the fundamental principles and aid planning evaluating and updating controls in any organisation.

2.5.1 Control Environment

The control environment is the overall control consciousness of an organization effected by management through policies, procedures, ethical standards, and monitoring processes. This reflects the board of director's and management' firm decision to internal control. The control environment includes management philosophy seen in its vision and mission for the

organization. The elements of the control environment also encompass the organizational structures which specify responsibility in the performance of financial and non-financial duties, management operating style, attitude, ethical values, the integrity, skill and competence of personnel. The control environment includes awareness values, decisions, attitude and actions regarding control. Hevesi (2005), considered the control environment to be the attitude toward internal control and control consciousness established and maintained by the management and employee of an organization.

2.5.2 Control Procedures/Activities

There are the policies and procedures that help ensure that management directives are carried correctly and in a timely fashion. Lamoye (2005) These involve control activities such as performance reviews, information processing, physical controls, and segregation of duties, these activities are implemented by management to ensure accomplishment of organizational objectives and the mitigations of risk.

DiNapoli T.P. (1999) the control activities are the instructions, rules, methods and decisions established over various activities by management to prevent or reduce risks that affect the organization in achieving its objectives. According to Walker (1999) control activities occur at all levels and functions of the entity. They include a wide range of activities such as approvals, authorizations, verifications, reconciliation, performing reviews, maintenance of security and the creation and maintenance of related records which provide evidence of execution of these activities as well as appropriate documentation. Walker provided control activities as follows;

- i. Reviews by management of the functional or activity level,
- ii. Management of human capital,
- iii. Controls over information processing,

- iv. Physical control over vulnerable assets,
- v. Establishment and review of performance measures and indicators,
- vi. Segregation of duties,
- vii. Proper execution of transaction and events,
- viii. Accurate and timely recording of transactions and events,
- ix. Access restriction to and accountability for resources and records and
- x. Appropriate documentation of transactions.

2.5.3 Risk Assessment

This is the process or procedures the organization goes through to identify and analyze the relevant risks which may affect the organization's ability to achieve its major objectives. Risk assessment involves using professional judgement carefully in identifying and evaluating factors which can affect the organization adversely and result in possible losses both financially and non-financially.

2.5.4 Information and Communication

This is one of the internal control systems that involves the procedure of identifying, capturing and exchanging information on a timely basis to enable the organization to accomplish its stated objectives. The information system, including the accounting enables the organization to make appropriate decisions in managing and controlling the activities.

Lamoye (2005) For the control system to be effective and efficient, there should be relevant and reliable information which should be recorded and communicated to management and other personnel within the organization. To carry out the internal control and operational duties and responsibilities, the information should be timely and should go to those who need

it and in the right form. All personnel do understand their roles in the control system, how their roles relate to others and their accountability through the information and communication systems.

2.5.5 Monitoring

Monitoring is the process that assesses the quality of internal controls over time. It involves assessment by appropriate personnel of the design and operations of controls on a timely basis and taking necessary actions.

Simmons M.R (1995) Monitoring can be done through on going activities or separate evaluations. Ongoing monitoring procedures are built into normal recurring activities of an organization.

The monitoring is intended to ensure that the internal control design is adequate, effective and appropriately executed. If all the five internal control elements, control environment, control procedures, risk assessment, information and communication are present and functioning properly then one can say that the internal control is adequately designed and effectively executed.

2.6 Internal Control Evaluation

DiNapoli (2009) stated precisely the meaning of evaluation is the process management uses to assess whether an organization's operations are effective in achieving its mission. The purposes of evaluation are to provide management with a reasonable assurance that, the organization's system of internal control are functioning effectively, and they can identify both risks to the organization and opportunities for improvement.

2.7 Effectiveness of Internal Control

The extent to which the components are present and operating effectively will serve as a base to judge whether the internal control is effective. Effective functioning of all the components provides reasonable assurance as to achievement of one or more of the three categories of objectives.

Internal control may be judged effective for each of the three categories of internal control objectives if the board of directors and management have reasonable assurance that:

- i. They understand the extent to which the entity's operations objectives are being achieved.
- ii. Published financial statements are being prepared reliably,
- iii. Applicable laws and regulations are being complied with.

Effectiveness of internal control depends on the presence of all the components of internal control working together. No two entities are likely to have the same internal control system.

2.8 Types of Internal Control Systems

Internal controls are of different types and are grouped into preventive, detective and corrective control. However, different writers have come out with different types of Internal Control Systems. Milichamp (2002) indicates that the types of Internal Controls are safeguarding of assets, separation of duties, supervision, verification, approval and authorization, documentation and reporting.

Other authors such as Lousteau (2006), the State University of New York and DiNapoli (2005) have agreed that the types of internal controls includes directive controls, preventive controls, compensating controls, detective controls, and corrective actions. These types of internal controls are explained below.

2.8.1 Preventive Controls

Lacotelli M. (2009) Preventive controls are measures put in place by management to deter and prevent noncompliance with directives, policies and procedures. These preventive controls are intended to prevent risk of error, frauds and irregularities from occurring in transactions and prevention of loss.

These preventive controls are in the form of segregation of duties, proper authorization and approval, establishment of organizational chart to allocate jobs to responsible officers, adequate documentation, physical control over assets and constant training of staff.

2.8.2 Detective Controls

These are controls which are aimed at detecting and uncovering problems such as fraud, irregularities and errors after they have been committed. Although, detection is necessary prevention is more desirable.

These controls are in the form of post-audits, exception reports and validation. They provide evidence that a loss has occurred but do not prevent a loss from occurring. Examples of detective controls are reviews, analyses, variance analyses, reconciliation, physical inventories and audits. However, detective controls play critical role in providing evidence that the preventive controls are functioning and preventing losses. Wells J. (2006).

2.8.3 Corrective Controls

Simmons M.R (1995) The corrective controls are put in place to address anything which is foreign and every problem that has occurred in the system. Examples of corrective control are system re-design, follow-ups, post audits and application of punishments by management for wrong doing.

2.8.4 Directive Controls

Directive Controls refers to policies and procedures put in place by top management to promote compliance with independence rules. The policies and procedures from management that are important must pervade the organization and must be clear and consistent in order to ensure compliance. Rittenberg et al (2007).

2.8.5 Compensating Controls

Compensating controls are put in place for lack of controls elsewhere in the system. For example, firms with an electronic database could maintain a hard copy of the client list in the office library. Such a list would compensate for downtime in electronic systems and difficulties in locating client names in an electronic system.

2.9 Limitation of Internal Controls

Internal control systems cannot guarantee that an organization will meet its objectives. Instead, internal control can only be expected to provide reasonable assurance that a company's objectives will be met. (Hughes G, 2007).

The effectiveness of internal controls depends on the competency and dependability of the organization's people. Limitations of internal control include faulty human judgment, misunderstanding of instructions, errors, management override of controls, and collusion. (Loustea, 2006); Further, because of cost-benefit considerations, not all possible controls will be implemented. Because of these inherent limitations, internal controls cannot guarantee that an organization will meet its objectives.

2.10 Cost- Benefit Analysis

The design of the internal control system is a function of the functions of the resources available, meaning there must be a cost-benefit analysis in the design of the system. The cost of internal control must not exceed benefits to be obtained, (Lannoye, 2009). The precise measurement of cost is generally not possible. Even though the relationship between cost and benefit is a basic criterion to be considered in designing internal control system.

The challenge is to find a balance between excessive control which is costly and counterproductive and too little control which exposes the organization to increased and unnecessary risk. Management is responsible for maintaining effective internal control and has the final decision regarding the cost versus benefits on internal control (Lannoye, 2009).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter focused on the activities and processes for undertaking the study. It presents accounts on data collection and processed into a research document. The methodology for a research must therefore be scientific. That is, the process must be systematic, rigorous and unbiased. In order to guard against potential statistical errors, relevant and appropriate data collection instruments and models was applied to arrive at accurate results. This discussion was mainly centered on research design, population under study, the sampling technique and sample size, case study strategy, types of data and method of data analysis.

3.2 Research Design

Research design is the framework or blueprint for conducting a meaningful research. It set the outline for collection, measurement and analysis of data.

Research design provides the glue that holds the research project together. A design is used to structure the research, to show how all of the major parts of the research project - the samples or groups, measures, treatments or programs, and methods of assignment work together to try to address the central research questions.

The research is intended to successfully elicit facts on how effective internal control systems in the Ghana Post Company Limited in Ashanti are reducing risks and ensuring effectiveness and efficiency of operations, reliability of claims management and compliance with applicable laws. A case study is used and as such the survey method of data collection was

employed to collect data of qualitative nature. A structured questionnaire was prepared for respondents to give appropriate answers. The researcher in this study adopted the causal/explanatory research design since the study is a case study.

3.3 Population under Study

According to Mason et al. (2007), the population of a study is the collection of all possible individuals, objects or measurements of interest. The target population of the study is the administrative, accounting, internal auditing staff of Ghana Post Company Limited. According to the Regional Finance Manager of Ashanti Region there are several cases of embezzlement against some officers in the region.

3.4 Sampling Frame

In selecting the respondents, both purposive and convenience sampling techniques were used to select from the different categories of personnel. In the case of the purposive sampling also known as judgmental sampling, the researcher picks the sample that will deliver the best information in order to satisfy the research objectives in question or with a purpose in mind. For instance staff at the internal audit, claims and finance departments was used for the study. Convenience sampling (sometimes known as grab or opportunity sampling) is a type of non-probability sampling which involves the sample being drawn from that part of the population which is close to hand. The researchers used convenience sampling because respondents that the researchers could easily reached out to were used for the study.

3.5 Sample Size

In research it is often impossible to study every member of the population involved. However, some researchers do overcome this difficulty in situations where the study

population itself is small and also not very scattered. To address the challenge of access to the complete population, representative samples are thus prescribed and accepted in any scientific study. A sample is a finite part of a statistical population whose properties are studied to gain information about the whole, When dealing with people, it can be defined as a set of respondents (people) selected from a larger population for the purpose of a survey.

A sample can refer to a set of people or objects chosen from a larger population in order to represent that population to a greater extent (Mason et al, 1997). Therefore, the size of the study sample and the way in which it is chosen will certainly have implications for the confidence in the results and the extent to which generalizations can be made.

A sample size of 50 was drawn from a target population of Ghana Post Company Limited Ashanti Kumasi.

3.6 Types of Data

The work was largely based on primary and secondary data. Primary data was sourced from the staff (Administration, Accounting and Internal Audit) of Ghana Post Company Limited in the Kumasi Metropolis.

The other source of information was secondary data which was collected from textbooks, particularly in Auditing and Assurance Services, journals and other publications on internal controls, internal auditing and risk management.

3.7 DATA COLLECTION

The data collection format will depend on the kind of data to be collected. However, in this particular study both primary and secondary data were used. The data collections methods used were as follows:

3.7.1 Questionnaire

Questionnaire is a series of questions asked to individuals to obtain statistically useful information about a given topic. When properly constructed and responsibly administered, questionnaires become a vital instrument by which statements can be made about specific groups or people or entire populations.

Questionnaires are frequently used in social research. They are a valuable method of collecting a wide range of information from a large number of individuals, often referred to as respondents. Adequate questionnaire construction is critical to the success of a survey. Inappropriate questions, incorrect ordering of questions, incorrect scaling, or bad questionnaire format can make the survey valueless, as it may not accurately reflect the views and opinions of the participants. A useful method for checking a questionnaire and making sure it is accurately capturing the intended information is to pre-test among a smaller subset of target respondents. So therefore the researcher pre-tested the questionnaire at Ghana Post Company Limited.

In fact, the questionnaires were self-administered to individuals involved. The questionnaire contained both closed-ended and open-ended questions. The open-ended questions sought to encourage respondents to share as much information as possible in an unconstrained manner. The closed-ended questions, on the other hand, involved “questions” that were answered by

simply checking a box or circling the proper response from a set of options that was provided. While the closed-ended questions allow for easier analysis of the data due to standardized questions, their main limitation is that they allow the researcher to determine only what the respondents are doing and not how or why they are doing it.

3.7.2 Interviews

An interview is a conversation in which the interviewer questions the interviewee in order to gain information. Interviews can be formal or informal, structured or unstructured. They can be conducted one-to-one or in groups, face to face or by telephone.

Interviews are a very common research tool in the social sciences, and as such, attract a great deal of commentary and discussion.

Interviews were held with the farmers instead of administering questionnaires to them since most of them could not read and right. Interview guide was used as a tool to collect the data.

3.8 Data collection Instrument

In collecting primary data, close-ended questionnaires were designed and sent to the sampled workers at Ghana Post. The questionnaire for the present study was adapted from a combination of instruments developed by the Institute of Chartered Accountants (Internal Control) Guidance for Directors on the combined code published in 1999 and the Internal Control Guide for Directors published in 2002. From these questionnaires, a twenty seven (27) item questionnaire was developed and administered to assess respondents' evaluation of the effectiveness of internal control structures in Ghana Posts. The questionnaire had a

section for the biographical data and five (5) other sections for the effectiveness of internal controls.

The biographical data had four (4) items on the following: respondents' sex, age, department or section they belong and staff category

The five (5) components defining the effectiveness of internal controls include: **Control Environment** with five (5) items; **Risk Assessment** with five (5) items; **Control Activity** with six (6) defining items; **Information and Communication Systems** with five(5) defining items and **Monitoring** with six (6) defining items as the last construct.

3.9 DATA COLLECTION AND INTERPRETATION

Data obtained from respondents was analyzed using the Statistical Package for the Social Sciences (SPSS) software programme. The result was presented using statistical tools such tables and charts. Descriptive statistics were used to analyse the data.

3.10 SCORING

Responses for the research questionnaire were made on a five-point Likert scale as follows:

- Strongly Agree = 5
- Agree = 4
- Not sure = 3
- Disagree = 2
- Strongly Disagree = 1

With the *Control Environment* sub-scale, the highest possible score was 45 whilst the least was 9. The *Risk Assessment* construct had 40 as the highest score whilst 8 was the lowest.

Control Activity as a construct had 50 scores as the highest score with 10 being the lowest. *Information and Communication Systems* had 30 as the highest score with 6 as the lowest score. The last construct – *Monitoring* with 9 items had 45 as the highest score and 9 as the lowest. In all the constructs, high scores imply that the variables being measured are effective. However, ineffective internal control systems and structures would be characterized by low scores

3.11 Ethical Considerations

The principal researcher formally sought the consent of all respondents and observed all the necessary protocol. A formal letter was sent to Ghana Post by the researcher from the Institute of Distance Learning, KNUST to inform the authorities of the company about the researcher's interest to conduct a study in their institution.

The researcher ensured that information received from respondents was treated with a high level of care and confidentiality.

The identities of key informants were not disclosed in the report since the research is to appraise what pertains and not to use personal opinions of individuals.

3.12 PROFILE OF GHANA POST

Postal Services in the then Gold Coast started in 1854. This followed a representation made to the Secretary of State for the Colonies by the then Governor of the Gold Coast Colony, Major Stephen Hills, for the British Postmaster General in London to establish a separate postal service for the Gold Coast.

Before this time, receiving or dispatching of mails was confined to exchanges between the British Secretary of State for the colonies in London, the Governor based at Cape Coast, and his representative in Accra.

The first significant development in an effort to introduce in this country a truly national postal service to incorporate both internal and external services occurred in 1860. In that year, the Legislative Council of the Gold Coast Colony enacted legislation for the pre-payment of postage on certain classes of letters passing through the post.

In 1873 the first post office was opened at Cape Coast with one Rowland Cole, a Sierra Leonean as the first Postmaster. Another significant landmark occurred in the postal service. The first Gold Coast stamps in three denominations of 1d; 4d; and 6d were issued.

In 1874, the General Post Office was moved to Accra with the transfer of the capital from Cape Coast to Accra.

In 1879 Gold Coast became a member of the Universal Postal Union (UPU) which was set up in Berne, Switzerland in 1874.

This was followed with the creation of the Colonial Postmaster. He was responsible for coordinating postal services on a country-wide basis. Later, the post was re-designated as Postmaster-General.

The first private letter boxes were established in 1888 in Accra soon after the enactment of the Post Office ordinance that year.

In 1912, a Postal School to provide training in all aspects of postal duties including morse and teleprinter operations was opened in Accra.

DEVELOPMENT OF GHANA POST

Development of the Postal Services took off after World War II. Until then the P & T Corporation which Postal forms a part was a department of the Ghana Civil Service.

The P & T Department became a corporation in November 1974 with the promulgation of NRC decree 311 of January 1974 which has gone through the following changes:-

- NRC Decree Amendment 336, June 1975 SMC Decree 70, January 1977
- PNDC Law 202, January 1988
- Act 505, August, 1995

The Decree of Incorporation enjoined the Corporation among other objectives:

- to operate postal services internally and externally
- to operate National and International telecommunication services
- to operate on sound commercial lines.

SPLIT OF THE P & T CORPORATION

As part of the Second Telecommunication Projects, Government accepted a proposal to separate the Post from the Telecoms and to restructure both entities with the view to:

- i) Stimulating foreign investment in both divisions
- ii) Expanding and improving their network to provide viable commercial ventures
- iii) Improving the managerial capacities to ensure effective and efficient operations and maintenance of their facilities and services.

On December 13, 1993 the Telecommunication division of the corporation was established as a telecommunication entity under the company's Code by Act 401 of Parliament.

On August 31, 1995 the Ghana Postal Services Corporation was established with the enactment of Act 505 to operate as a separate and independent entity and provide postal and allied Services.

OBJECTS AND FUNCTIONS

The objects of Ghana Post is to provide postal services by operating a postal system in Ghana in accordance with the laws and international obligations of Ghana.

1. For the purpose of attaining its object, Ghana Post shall have the following objects:
 - a) Provide Postal Services
 - b) Provide Courier Services
 - c) Provide service for which money may be remitted by means of Money Order, Postal Order or otherwise
 - d) Provide Philately Services
 - e) Undertake agency services on behalf of the Government or any other body
 - f) Provide in the parts of Post Offices that are open to the public (whether for the transaction of Postal business or otherwise) such other services as may conveniently be provided there and
 - g) Appoint agents for the purpose of giving effect to any or all of the functions of Ghana Post.

THE UNIVERSAL POSTAL UNION (UPU)

The Universal Postal Union (UPU) was founded in 1874 following the signing by fifteen nations of the Berne Treaty to that effect. The UPU is a specialized agency of the UN in the field of Postal Communications. The membership of the UPU stands at one hundred and eighty-eight (188) as at August 1996 as a result of accessions to the Acts of the Union by United Nations member Countries by right.

The UPU has its headquarters at Berne, Switzerland.

OBJECTIVE:

- a) Creation of a single postal territory for reciprocal exchange of letter items.
- b) Guaranteed freedom of transit throughout the entire territory of the union by all member countries of the Union.
- c) Ensure the organization and improvement of postal services there by promoting in this sphere the development of international collaboration.
- d) Promote postal technical assistance sought by its member countries.

STRUCTURE OF THE UNION

The Organs of the Union include the Congress, the Council of Administration (C.A.), Postal Operations Council (P.O.C.) and the International Bureau (I. B.)

The congress is the highest Organ of the Union and meets every five years. The Council of Administration acts on behalf of Congress in between Congresses while the Postal Operations Council conducts studies into various aspects of postal business with a view to finding solutions to problems related thereto. The International Bureau (LB) is the permanent Secretariat of the Union.

GHANA'S MEMBERSHIP OF THE UNIVERSAL POSTAL UNION

Ghana became an ordinary member of the Universal Postal Union in 1879. However, it obtained its full status on October 10, 1957 and was elected as a member of the Council of Administration during the 1994 Congress at Seoul.

Ghana Postal Administration has over the years benefited from several opportunities including fellowships, training equipment, publications and enjoys the negotiated tariffs of the UPU/ATA Contact Committees.

MISSION STATEMENT

The mission of the postal service is "to provide its domestic and foreign customers in the communication and financial market with prompt, efficient, reliable and secure service. The service is to undertake its activities through the physical conveyance of all types of mail items as well as cash remittances agency and other services at economic but competitive rates with the view to contributing towards the country's vision of realising an accelerated growth".

VISION OF THE POST

Since Ghana Post was established in 1854, it has provided a readily accessible means of communication and has become an indispensable part of the lives of the people.

Despite some problems, efforts have been made to maintain a high standard of service. The Postal Service will continue to stand by its commitment to serving all members of the public and providing innovative and quality services in response to a new era of economic and social change:

Furthermore, the Corporation will strive to expand its network and provide services that meet the demands of the time and needs of our customers.

It will also work to upgrade the efficiency and reliability of its operations to better serve its valued customers.

The postal Service in its determination to fulfill its mission places emphasis on:

- a. Prompt delivery by reducing waiting time drastically; improve its transmission time, update equipment and facilities constantly, train staff regularly to put the customer first and-sanction those who provide poor services.
- b. Competitive rates to ensure reasonable satisfaction to customers and at the same time ensure cost effective delivery.
- c. Ensure Security of both local and foreign mails.
- d. Emphasis will be placed on upholding Post Office values and continuous improvements in performance, and finally, displaying high personal levels of competence, accountability and integrity.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.0 Introduction

This chapter provides information on the findings and analysis of the data collected for the study. The responses from the respondents use described, analyses and inferences made to establish relationships.

4.1 Background Information on Respondents

The main research tool to gather data from the respondents was a questionnaire and the first section was intended to gather data on the background of the respondents. Frequency tables were used in analyzing the data gathered from the respondents.

4.2 Age Distribution of Respondents

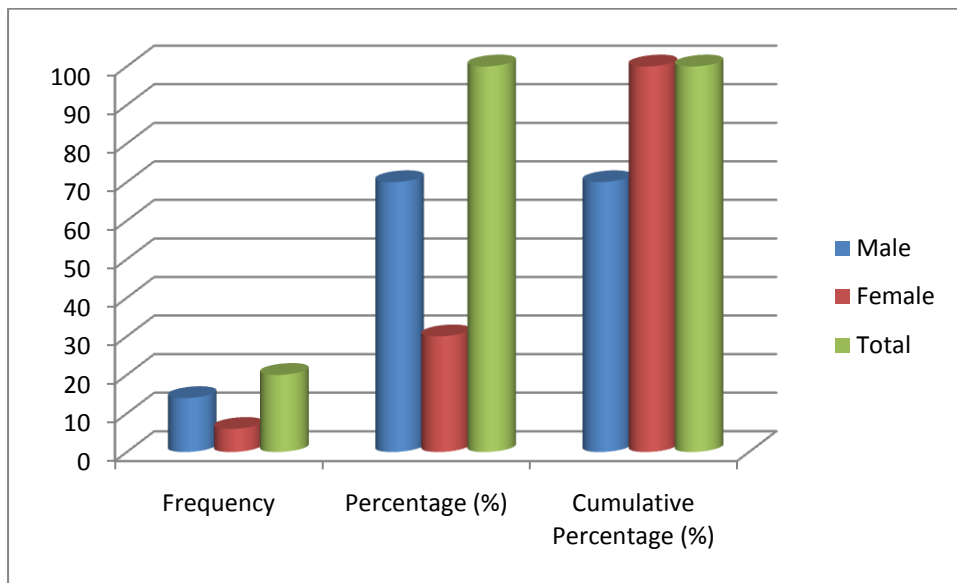
Table 4.1 Age Distribution of Respondents

Category	Frequency	Percentage (%)	Cumulative Percentage (%)
21 – 30	20	40	40
31 – 40	30	60	100
41 – 50	0	-	100
51 – 60	0	-	100
Total	50	100	100

Source of data: From the field, Febuary,2011.

Of the age groups 31-40 years were the most represented in the study with 60% and 21-30 years group had 40%. From the table above both age groups 21-30 and 31-40 years of the respondents still have long years to work with Ghana Post Company Limited

Figure 4.1 Sex Distribution of Respondents

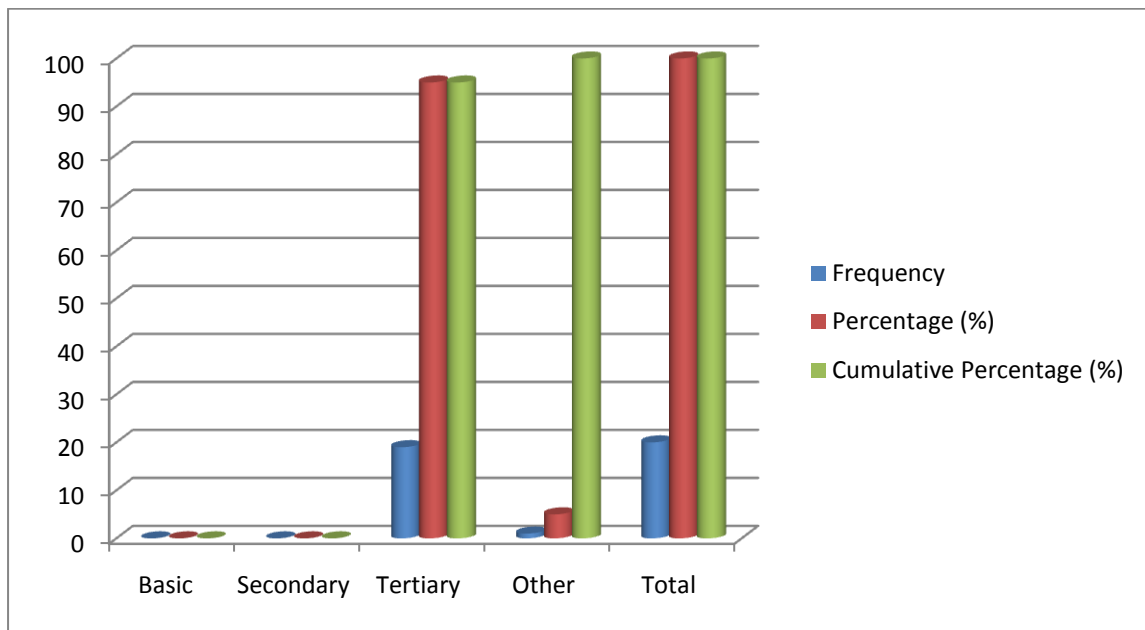


Source of data: Field study March, 2011

The sex distribution showed that both male and female were represented in the study and out of fifty (50) respondents interviewed 70% were male and 30% female as indicated on table 4.2. This is an indication that, in terms of gender, majority of the respondents were males.

Although the national gender distribution is skewed towards females, this finding demonstrates otherwise. This can be attributed to the few opportunities that exist for women in the region such as educational development.

Figure 4.2 Educational Level of Respondents



Source of data: From the field, April 2011

The analysis of this variable revealed that the majority of respondents (95%) have had tertiary education, 5% had other forms of education that is Masters degree. This implies that respondents have appreciably high level of education.

4.5 Job Types of Respondents

Table 4.2 Types of Job Performed by Respondents

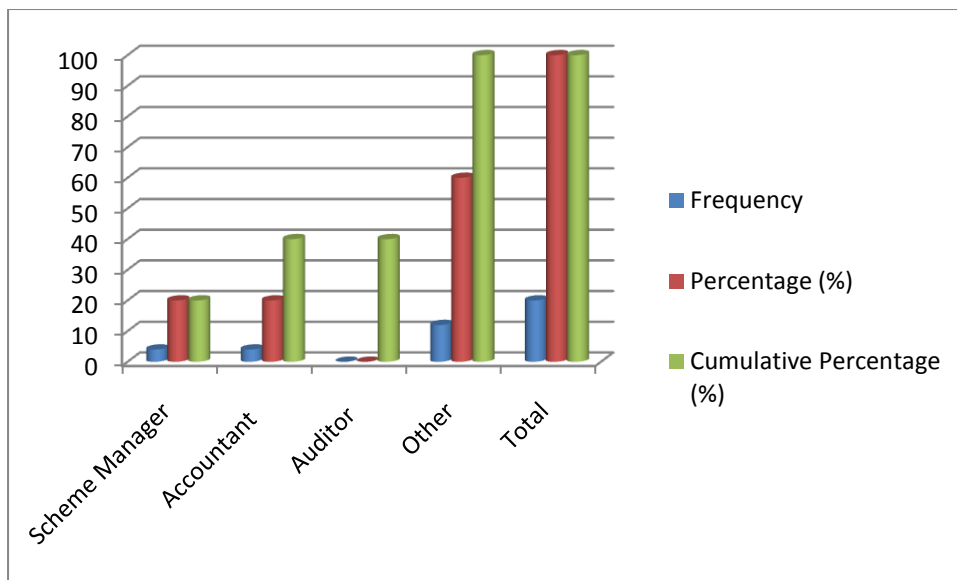
Category	Frequency	Percentage (%)	Cumulative Percentage (%)
Administration	40	80	75
Accounting	6	12	100
Auditing	4	8	100
Other	0	0	100
Total	50	100	100

Source of data: From the field, March, 2011.

This variable seeks to identify the types of jobs performed by the respondents. In terms of type of jobs performed majority of the respondents (80%) are performing administration duties, 20% perform accounting duties and none perform auditing tasks. This is shown below in table 4.4.

This implies that among the groups that were interviewed the administration personnel constitute the largest.

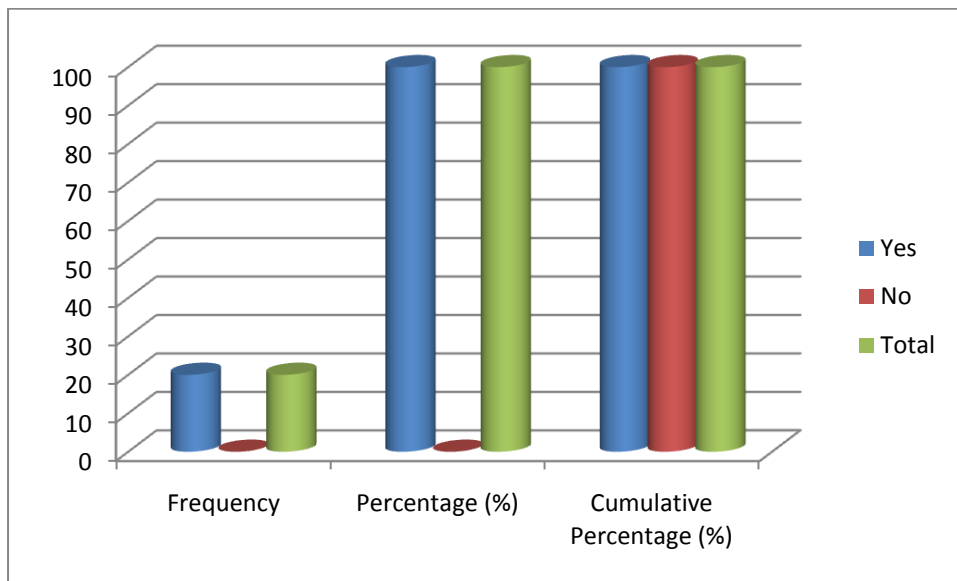
Figure 4.3 Grade/Position of Respondents



Source of data: From the field, March 2011

This variable was analyzed to reveal the positions being held by the respondents in the various schemes. It revealed that most of the respondents (60%) constituted others such as claims managers, Public Relations Officers and information communication technology officers, 20% were scheme managers and 20% were accountants as shown above.

4.4 Existence of Internal control System



Source of data: From the field, March 2011

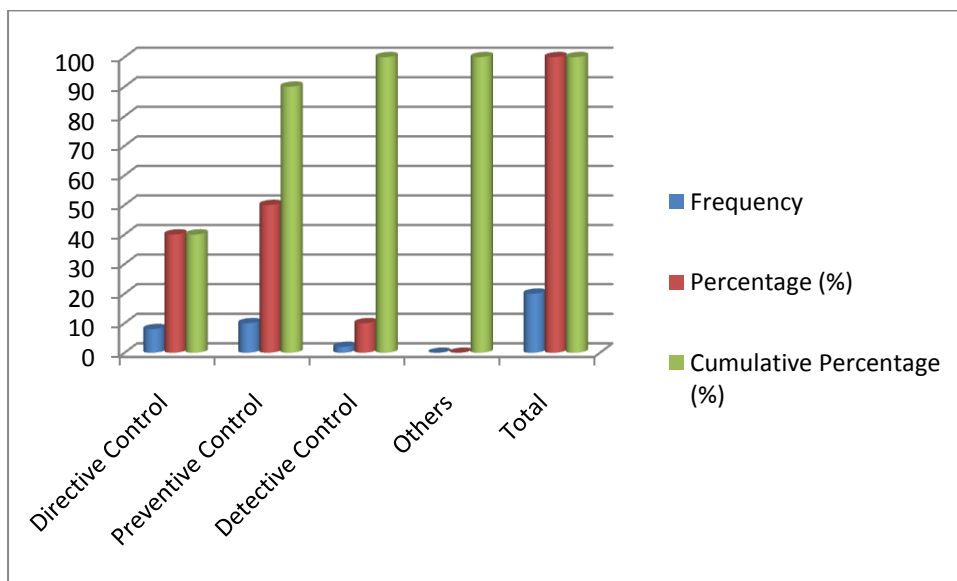
This variable was to test the respondent's knowledge of the existence of internal control system in Ghana Post Company Limited. All the respondents to the questionnaire acknowledged there were internal control systems. This implies that information about the existence of internal control has been well communicated by management.

4.8 Types of Internal Controls

The analysis of the questionnaire shows that 50% of the respondents identified preventive controls as the type of internal control that exists in the Ghana Post Company Limited, 40% of respondents identified directive controls and 10% said there were detective controls. Majority of the respondents ranked preventive control as the most dominant type of internal control. However, it must be noted that an internal control system can be created to prevent and as well detect. Preventive controls attempts to deter or prevent undesirable events from occurring. These include separation of duties, proper authorization, adequate documentation and physical control over assets. Detective controls also attempts to detect errors or

irregularities which have already occurred. Examples are reviews, analyses, reconciliations, periodic inventory counts and audits. Both of these controls are essential to an effective internal control system (New York State University, 2005). In Ghana Post Company Limited, the monitoring unit can be described as preventive type of control and Ghana Post Company Limited and Regional Managers responsible for detective control.

4.5 Types of Internal Controls



Source of data: From the field, March 2011

4.9 Responsibility for Setting up Internal Control

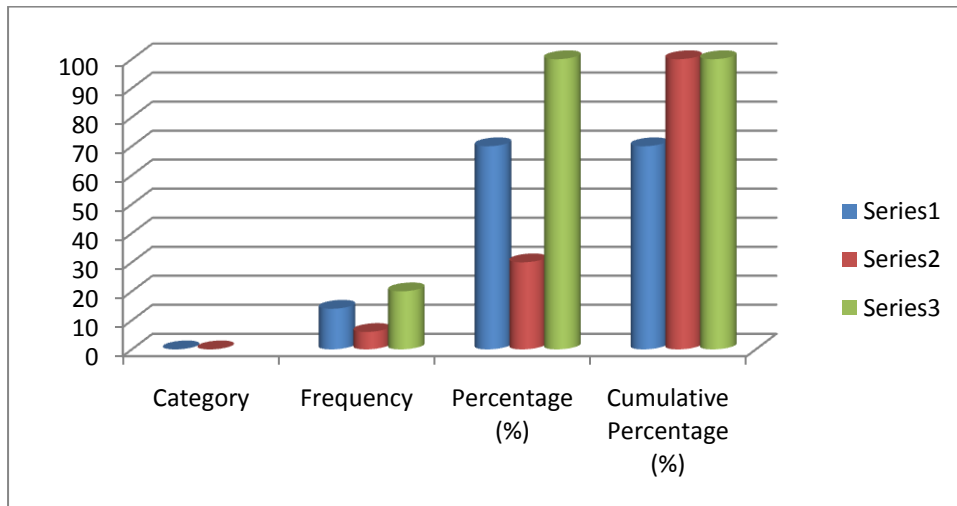
It is realized from table 4.6 that 70% of the respondents said management including Board of Directors are responsible for setting up internal control systems.

However, 30% of respondents identified the Ghana Post Company Limited as being responsible for setting up internal controls.

The findings confirmed the assertion of the Treadway commission of the committee of sponsoring organizations (COSO), that it is management responsibility to set up the internal

control system and that the internal auditor's role is to evaluate the effectiveness or otherwise of the system. Therefore the internal auditor often plays a significant monitoring role.

Figure 4.6 Responsibility for setting up Internal Control



Source of data: From the field, March 2011

4.10 Influence over Internal Controls

This variable was investigated to find out if anyone individual had significant influence over internal control activities. Out of the total respondents 80% said no one individual had control over internal control activities and 20% said someone had controls over decisions or internal control activities of the schemes. For a control system to be described as effective, control policies and procedures must not be under the influence of one person. When such a thing happens that individual can easily override the controls. The objective of the study was to determine whether one individual could influence control activities.

It came out that no one individual has influence over control activities/decisions in the Ghana Post Company Limited and this confirmed the assertion of the COSO that it is management's responsibility to set up the internal control system and that the internal auditor's role is only to advice.

Table 4.3 Influence Over Internal Control Activities

Category	Frequency	Percentage (%)	Cumulative Percentage (%)
Yes	10	20	20
No	40	80	100
Total	50	100	100

Source of data: From the field, March, 2011.

4.11 Effectiveness of Internal Controls

This variable was investigated to see how respondents would rate the effectiveness of the Internal Controls of the Ghana Post Company Limited, 75% of the respondents said the internal control effectiveness was satisfactory, and 25% of the respondents rated the internal controls as being strong as indicated in table 4.10 below. The presentation of findings revealed that the internal control systems in Ghana Post Company Limited were satisfactorily effective.

This is true because according to Lannoye (2009) an internal control provides reasonable assurance not absolute assurance. Therefore, regardless of how well designed and operated an internal control system is, it cannot provide absolute assurance that all objectives will be met.

Table 4.4 Effectiveness of Internal controls

Category	Frequency	Percentage (%)	Cumulative Percentage (%)
Strong	12	25	25
Satisfactory	38	75	100
Weak	0	0	100
Total	50	100	100

Source of data: From the field, March, 2011

This variable was investigated to determine how frequent reconciliations are prepared and differences (if any) are resolved with healthcare providers by Ghana Post Company Limited. Of the total population, 55% respondents said they prepared monthly reconciliation, 45% of the respondents said monthly reconciliation was not prepared as shown in the table below.

Table 4.5 Frequency of Reconciliation

Category	Frequency	Percentage (%)	Cumulative Percentage (%)
Yes	28	55	55
No	22	45	100
Total	50	100	100

Source of data: From the field, October, 2010

4.12 Existence of Internal Audit Unit

This variable sought to identify whether there is an internal audit unit in the Ghana Post Company Limited. All the twenty (20) respondents, that is 100% said there is no internal audit unit. This is shown in the table 4.12 below. The findings presented indicated that, there was no existence of the internal audit unit to monitor compliance of internal control policies on regular bases.

Table 4.6 Existence of Internal Audit Unit

Category	Frequency	Percentage (%)	Cumulative Percentage (%)
Yes	0	0	0
No	50	100	100
Total	50	100	100

Source of data: From the field, March, 2011

4.13 Measures put in place for internal control

Of the total respondents interviewed, 75% of the respondents choose management oversight as the measure put in place by management, and 25% said internal control review is the measure put in place by Ghana Post Company Limited to ensure that internal control objectives are achieved.

4.7 Measures put in place for internal control

Category	Frequency	Percentage (%)	Cumulative Percentage (%)
Management over sight	38	75	75
Ghana Post Company Limited	12	25	25
Total	50	100	100

Source of data: From the field, February, 2011

4.14 Responsibility for ensuring that Internal Control Measures are adhered to

This variable seeks to inquire into the body or person that is responsible for ensuring that internal Control Measures are adhered to. 70% of the total number of respondents said Management and Board of Directors are responsible for ensuring that Internal Control Measures are adhered to while 30% were of the view that it is the responsibility of the Director General and General Managers Ghana Post Company Limited.

4.8 Responsibility for ensuring that Internal Control Measures are adhered to

Category	Frequency	Percentage (%)	Cumulative Percentage (%)
Management and Board of Directors	35	70	70
Director General and General Managers	15	30	100
Other	0	0	100
Total	50	100	100

Source of data: From the field, February, 2011

4.15 Monitoring of Internal control Policy Compliance

From table 4.15, 13 respondents representing 65% of the total population identified management as being responsible for monitoring the internal control policy, compliance while forty (40) respondents representing 20% of the total population said external auditors are responsible and thirty (30) respondents representing 15% of the total population identified others such as Ghana Post Company Limited Directors as well as the Regional Managers to monitor internal control policy compliance.

4.9 Monitoring of Internal Control Policy compliance

Category	Frequency	Percentage (%)	Cumulative Percentage (%)
Management	33	65	65
External Auditors	10	20	85
Others	7	15	100
Total	50	100	100

Source of data: From the field, March, 2011

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter gives a summary of the findings, conclusions and recommendations.

5.1 Summary of findings

The research revealed that majority of accounting and administration personnel are males, the age group of 31-40 years constitutes the majority of accounting and administration staff in the Ghana Post Company Limited and many of the respondents had acquired tertiary education. Among the groups covered by the research administration was the dominant profession and therefore majority were administrative staff. Also, all the respondents indicated that there are internal controls in the Ghana Post Company Limited. However, many of them indicated that the type of internal control system in existence is preventive.

It was revealed by the study that management was seen as being solely responsible for setting up internal control and that no one particular person was in control of decisions or activities. Furthermore, respondents indicated that there was no internal audit unit in existence. Majority of the respondents did indicate that management oversight responsibility for internal control was the measure to enhance compliance, and that it was the responsibility of management to ensure that control policies and procedures are adhered to. Most of the respondents saw the management as the one responsible for monitoring internal control policy compliance.

5.2 Conclusion

The results of the study revealed that there are internal control systems in Ghana Post Company Limited. However, the effectiveness of the internal control could not be described as very strong but rather satisfactory.

The study revealed that there was no internal audit unit to independently monitor compliance of internal control policies and procedures.

5.3 Recommendations

Based on the findings of the study, the following recommendations are offered to assist in improving on the effectiveness of internal control systems in Ghana Post Company Limited in Ashanti Region in particular and Ghana as a whole.

Government should ensure that the Ghana Post Company Limited establish Internal Audit units to give them the necessary manpower to be able to carry out regular visits to Ghana Post Company Limited to monitor compliance of internal control policies. Even though, management is chiefly responsible for setting up internal control systems, the internal audit unit must be involved in an advisory capacity.

Also, the researcher wishes to recommend that the Ghana Post Company Limited should ensure that they do monthly reconciliation of claims submitted by providers to resolve any differences which may occur.

The Regional Offices of Ghana Post Company Limited should ensure the regular monitoring of the internal control activities at the schemes level in order to unearth potential lapses, abuse and wrongdoing and also ensure that schemes prudently manage resources under their control.

5.3.1 Recommendations for Management

In spite of the fact that, the study found the internal control structures to be effective, some weaknesses were however revealed which must be brought to the attention of management for the necessary corrective actions to be taken. These are discussed under their respective sub-headings below.

5.3.2 Control environment

A closer look at the individual questions however can help improve the situation especially if management implements the following recommendations.

It was found out from the study that the company's culture, code of conduct, human resource policies and performance reward systems are not very effective. Management therefore must ensure that there are clear rewards (incentives) for doing the right things and consequences (disincentives) for doing the wrong things. In that respect if a serious problem occurs because of a breakdown in internal control and it is found that management did not play its part to establish a proper internal control environment, or did not act expeditiously to fix a known problem, then those responsible need to be held accountable and face the consequences.

It is also recommended that management must not only do what is right in the company but also must be perceived to be doing what is right so that their good examples might motivate others also to imitate them since they set the tone at the top.

Also to ensure that, the right thing is done, management should establish an anonymous fraud tip hotline and enact a whistleblowers protection policy (where a suspicion of fraud and waste is reported)

5.3.3 Risk assessment

Management should evaluate, discuss and appropriately consider control issues when planning for new products or activities since these are sometimes risky. This discussion must include audit personnel and other internal control experts. It is also recommended that management considers and appropriately addresses technology issues.

Still on risk assessment, management must communicate acceptable risks levels to all staff in their duties as well as train them to get the needed knowledge and skills coupled with adequate resources to enable them carry on work effectively and efficiently.

5.3.4 Control activity

In ensuring effective control activity management must enforce job rotation and vacation policies in order to improve upon transparency and bring benefits to the company. This not only ensures that the company only has someone who can step into a job in the event of an emergency, but it also deters fraud when potential perpetrators know that someone else will do their job for a period of time. If fraud is occurring, another person reviewing the work is likely to expose that fraud. Most fraud requires a great deal of attention and rarely stands up to scrutiny by outsiders, particularly during a week or more of vacation. This is very essential because even in medical practices where there is no fraud, this policy helps detect ongoing errors and inefficiencies. Job rotation and enforced vacation are inexpensive yet can reveal any hidden weakness in the internal control process.

5.3.5 Information and Communication systems

Concerning information and communication system, it is recommended that, management should see to it that, there are effective reporting procedures in communicating a balanced and understandable account of the company's position and procedures. Again, management must also be very serious with organizing programs for employees to sensitise them on the understanding of their roles in the control system.

5.3.6 Monitoring

Though monitoring appears to be the most effective construct with about 90% of the respondents agreeing there is an effective monitoring, there are some few things which must be brought to the attention of management.

Firstly, management must encourage all staff to report significant failings and weakness promptly in order to ensure internal controls are working effectively.

Secondly, management should embark on prompt effective follow-up procedures to ensure that, appropriate change or action occurs in response to changes in risk and control assessment.

5.4 Direction for future research.

Future researchers should explore other factors that influence the motivation of staff at Ghana Post. The current evidence is that most of the staff of the company are not motivated and for that matter engaged in corrupt practices.

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APPENDIX

QUESTIONNAIRE:

INSTITUTE OF DISTANCE LEARNING

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

TOPIC: EFFECTIVENESS OF INTERNAL CONTROLS: A PERCEPTION OF REALITY; THE EVIDENCE OF GHANA POST COMPANY LIMITED

This study is purely academic and respondents are assured that whatever information is provided will be highly confidential.

Instructions: Please kindly tick the box that clearly expresses your view about a question.

A. PERSONAL DATA

1. Sex: Male [] Female []

2. Age: 19 or less [] 20–29 [] 30–39 [] 40–49 [] 50 or more []

3. Which Department do you belong?

Sales and Marketing [] Finance and Admin. [] Technical [] Internal Control []

Supply Chain []

4. Which staff category do you belong?

Junior staff [] senior staff [] Management []

B. CONTROL ENVIRONMENT

5. Management decisions are made collectively and not controlled by one dominant individual.

Strongly agree [] Agree [] Not Sure [] Disagree [] Strongly Disagree []

6. Codes of conduct or ethics policies exist in the company

Strongly agree [] Agree [] Not Sure [] Disagree [] Strongly Disagree []

7. Policies regarding the importance of internal controls and appropriate conduct are communicated to all staff.

Strongly agree [] Agree [] Not Sure [] Disagree [] Strongly Disagree []

8. Audit or other control systems exist to periodically test for compliance with codes of conduct or policies.

Strongly agree [] Agree [] Not Sure [] Disagree [] Strongly Disagree []

9. Management periodically reviews policies and procedures to ensure that proper controls are in place.

Strongly agree [] Agree [] Not Sure [] Disagree [] Strongly Disagree []

C. RISK ASSESSMENT

10. The company has clear objectives and these have been communicated so as to provide effective direction to employees on risk assessment and control issues.

Strongly agree [] Agree [] Not Sure [] Disagree [] Strongly Disagree []

11. Management appropriately evaluates risk when planning for new product or activity.

Strongly agree [] Agree [] Not Sure [] Disagree [] Strongly Disagree []

12. There are sufficient staff members who are competent and knowledgeable to manage company activities and these have been provided with adequate resources.

Strongly agree [] Agree [] Not Sure [] Disagree [] Strongly Disagree []

13. Technology issues are considered and appropriately addressed.

Strongly agree [] Agree [] Not Sure [] Disagree [] Strongly Disagree []

14. Significant internal and external operational, financial, compliance and other risks are identified and assessed on an ongoing basis.

Strongly agree [] Agree [] Not Sure [] Disagree [] Strongly Disagree []

D. CONTROL ACTIVITY

15. Policies and procedures exist to ensure critical decisions are made with appropriate approval.

Strongly agree [] Agree [] Not Sure [] Disagree [] Strongly Disagree []

16. Processes exist for independent verification of transaction (to ensure integrity)

Strongly agree [] Agree [] Not Sure [] Disagree [] Strongly Disagree []

17. There is a system in place to ensure that duties are rotated periodically.

Strongly agree [] Agree [] Not Sure [] Disagree [] Strongly Disagree []

18. Processes are in place to ensure that policy overrides are minimal and exceptions are reported to management

Strongly agree [] Agree [] Not Sure [] Disagree [] Strongly Disagree []

19. People in the Company have the knowledge, skill and tools to support them in their duties in order to effectively manage risk and achieve company objectives.

Strongly agree [] Agree [] Not Sure [] Disagree [] Strongly Disagree []

30. The company has employed security guards.

Strongly agree [] Agree [] Not Sure [] Disagree [] Strongly Disagree []

E. INFORMATION AND COMMUNICATION SYSTEMS

32. There are effective reporting procedures in communicating a balanced and understandable account of the company's position and procedures.

Strongly agree [] Agree [] Not Sure [] Disagree [] Strongly Disagree []

33. There are established channels of communication for individuals to report suspected breaches of laws or regulation or other improprieties.

Strongly agree [] Agree [] Not Sure [] Disagree [] Strongly Disagree []

34. All staff understand their role in the control system.

Strongly agree [] Agree [] Not Sure [] Disagree [] Strongly Disagree []

F. MONITORING

35. There are ongoing processes within the company's overall business operations and these are addressed by senior management to monitor the effective application of the policies, processes and activities related to internal control and risk management

Strongly agree [] Agree [] Not Sure [] Disagree [] Strongly Disagree []

36. There are processes to monitor the company's ability to re-evaluate risks and adjust controls in response to changes in its objectives, business, and external environment.

Strongly agree [] Agree [] Not Sure [] Disagree [] Strongly Disagree []

37. There are effective follow-up procedures to ensure that appropriate change or action occurs in response to changes in risks and control assessments.

Strongly agree [] Agree [] Not Sure [] Disagree [] Strongly Disagree []

38. Reports on significant failings or weaknesses are reported to management on a timely basis.

Strongly agree [] Agree [] Not Sure [] Disagree [] Strongly Disagree []