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Kwakye E. Agyapong
Kwame Nkrumah University of Science and Technology, Ghana, otsibumensahoo@gmail.com

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Internal Control Activities as a Tool for Financial Management in the Public Sector: A Case Study of Ghana Post Company Limited

Kwakye E. Agyapong*

School of Business, College of Humanities and Social Sciences, Kwame Nkrumah University of Science and Technology, Ghana

ABSTRACT
The case, Ghana Post Company Limited, allows for the observation of internal control activities as a tool for financial management in the public sector. The objective of the research is to examine the control environment of the Ghana Post Company to ensure there is segregation of duties, proper information and communication between employees and management; and monitoring of the policies implemented by management. The sample size of 36 included individuals from all of the departments within the company. The departments are Auditing and Finance, Human Resource, Mail and Parcels, and Financial Services. The work established had continued lapses in the internal control system of public sector organizations which makes it a fertile ground for fraudulent activities. It was discovered that the perpetrators do not face any serious sanctions to prevent others from engaging in such fraudulent activities. The recommendations from the study are that the auditors should be allowed to perform their duties and there should be a continuous review of the audit manual of the public-sector organizations. These recommendations are to ensure the entity is able to achieve its objectives, segregation of duties, effective communication between management and employees and monitoring. It was concluded that internal controls exist at Ghana Post Company Limited, but they are not effective, making it easier for people to commit fraud.

*Corresponding author: otsibumensahoo@gmail.com

1 INTRODUCTION

1.1 Background

Financial resources are the backbone of every business. They are resources in the form of cash, liquid securities and credit lines available to a business for spending and it is used in the administration of a business. For a business to survive and grow, financial resources are considered the lifeline of its business. Financial management is therefore the effective and efficient management of the financial resources for a business to achieve its financial goals.

In recent times, several business giants have collapsed due to misappropriation or mismanagement of financial resources through fraudulent practices. It was for this reason that internal controls were introduced into the management of businesses to aid in the effective and efficient management of financial resources. According to Internal Standard on Auditing (ISA) 315 “internal control is the process designed and effected by those charged with governance, management, and other...
personnel to provide reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.” Internal control activities are those policies and procedures that help ensure that management directives are carried out (ACCA, 2010).

A system of internal control activities is a vital component of an effective internal control in order to have a smooth management of an organization. According to the Office of Financial Management (2015), internal control activities are the policies, procedures, techniques and mechanisms that aid management’s responsiveness to reduce risk identified in their risk assessment process. However, when there is a gap in the effectiveness of the internal control activities in businesses, it leads to ineffective programs and financial losses.

Tyco (2002) is a clear example of a company that collapsed as a result of financial resource misappropriation. The Chief Executive Officer and the Chief Financial Officer of the New Jersey based blue chip Swiss security system stole an amount of $150 million and inflated the company’s income by $500 million. They siphoned money through unauthorized loans and fraudulent stock sales. This money was sneaked out of the company through disguised executive packages. Another, more recent, company in 2015 went under due to fraudulent activity. A newspaper article published by the Daily Yomiuri (Tokyo, Japan) revealed that Toshiba Corporation’s tampering of the books, involving top and senior management, was out of hand and that the company’s internal control failed to function.

The subject of internal controls is not restricted to solely developed countries. Internal control is widely used by businesses in Ghana, Africa. Various sectors of Ghana’s economy have implemented internal control activities in the administration of their businesses. According to Mensah (n.d.), the co-founder of the ABM Attorneys, when appropriate structures are put in place, it will be easy for the country to trace documents dating as far back as the independence era. He further said, “What needs to be done by businesses, (especially state-owned enterprises) is to ensure proper business controls. They need proper internal control so that they can come within the proper legal framework and transact business.”

However, there have been a few cases in Ghana whereby the implementation of these internal controls was not effective enough. Ofori-Mensah (n.d.), a senior research fellow at the Institute of Economic Affairs in Ghana, continues to keep records of identical cases of embezzlement of public funds within the public corporations. He noted that one of the ingrained governance bottlenecks Ghana faces when it comes to internal control, is the lack of effective financial management adding to the weak internal control system in these public corporations. In 2007, the Daily Graphic reported the embezzlement of GH¢5.5 billion of withholding tax by two employees of the Internal Revenue Service due to ineffective internal controls and lack of supervision over the work of the culprits. This report therefore compelled managers to take internal controls seriously in order to detect and prevent such acts.

Despite these resurgent issues, there is a lack of knowledge on internal controls and its effectiveness in Ghana especially in the public sector, hence the need to study internal control as a tool for financial management at Ghana Post Company Limited. Several attempts have been made over the years to reduce financial inaccuracies in the public sector in Ghana. The
establishment of Internal Audit Agency through the passage of the Internal Audit Agency Act, 2003 (658) which requires all MDA’s in Ghana to create an Internal Audit unit in their institutions in order to strengthen internal controls so as to prevent any fraudulent activities in the public sector. However, in spite of all the efforts made to curtail financial inaccuracies in the public sector, it appears that these inaccuracies continue to persist and, for that matter, needs to be investigated to identify the reasons for these inaccuracies.

1.2 Research Problem

Internal control systems have become a contemporary academic and professional argument following international fraudulent financial reporting and accounting scandals in both the developed and developing countries. To this end, researchers have explored the effectiveness and the efficiency of internal controls prescribed by appropriate authorities and agencies used in both private and public places of work. Modern researchers have focused their research on the impact of adherence and non-adherence to the internal control system on businesses.

COSO identified five key components of internal control framework to be control environment, risk assessment, control activities, information and communication; and monitoring. Researchers have to look at how the combination of the components of the internal control system influence the aims, goals and objectives of an entity. The research surrounding internal control systems in organizations are over a decade old. Examples of out-dated research includes articles by U. K. scholars Brewer and List (2004) titled Measuring the Effectiveness of an Internal Control System and research done by Owizy (n.d.) in Nigeria on ‘Assessment of effectiveness of internal controls in government ministries. Research done by Dagbah (2011) on ‘Internal control as a tool for financial management in the public sector, a case study Ghana Education Service, Adaklu-Anyigbe district’.

Considering the fact that issues of internal controls are still pertinent today, continued research is needed to give fresh perspectives on internal control. The society being a changing environment discovers and finds new ways of doing things. Until today, there has not been any research that has looked into specifically the internal control activities. Internal control activities are actually the very base line in the internal control system, hence the interest to look at how the control activities characterized in the internal control system contributes to the financial management in corporations especially in the public sector.

1.3 Research Objectives

The objectives of the research are:
1. To identify the existence and objectives of internal control in the financial management at Ghana Post Company Limited.
2. To measure the effectiveness and efficiency of internal control activities in the financial management at Ghana Post Company Limited.
3. To determine the lapses or weaknesses in internal control activities as a tool for financial management at Ghana Post Company Limited.

1.4 Research Question
The following are questions that guided this study:

1. Are there internal controls in Ghana Post?
2. How efficient and effective are the control activities in Ghana Post Company Limited?
3. What are the lapses in the internal control system?

1.5 Scope

The study examined the internal control systems of Ghana Post Company Limited. The emphasis was on the practices, policies and procedures of internal controls. The study was conducted to identify the company’s compliance to standard control system. The study examined the segregation of duties, authorization, review and approval, verification, reconciliation, education, training and coaching, performance evaluation and physical security over assets as components of internal control activities at Ghana Post Company Limited. The study also identified the role played by the people in charge of administering these internal control activities.

The focus of the study was limited to the regional head office of Ghana Post Company Limited at Kumasi in the Ashanti Region. It centers on internal controls and internal control activities which are put in place to monitor fraud, embezzlement of funds and compliance to financial regulations at Ghana Post. Limitations of Internal control activities usually relates to three broad areas of a business: comprising management, operations and finance. The scope of the study was however concentrated on only the financial aspect.

1.6 Significance of the Study

This study highlighted the benefits of applying internal controls at Ghana post. The recommendations from this study attempted to ensure the effectiveness and improve efficiency in managing financial resources. Findings from the research served as a significant addition to knowledge on the internal controls system in managing financial resources.

The study also looked at an in-depth understanding of control activities and harnessed the importance of control activities to the efficient management of public funds and aligning them with the requirements prescribed by COSO. The study brings to light effective control activities and how they are efficiently incorporated or devised in the system of an entity. This may offer valuable information available to appropriate authorities charged with the internal control system. This research could be vital to agencies and authorities such as the Audit Service, Controller and Accountants General, National Auditing Standards Setters as well as Ministry of Finance when making policies on financial management. Various corporations can also include these findings into their current policies being used.

1.7 Chapter Disposition

This research is categorized into five main chapters. Chapter one introduces the background to the study, statement of the problem, research objectives, research questions, scope, significance of the study, and disposition of the study. Chapter two focuses on the review of literature and the theoretical framework in which the study is based. Chapter three outlines the methodology, including methods of data collection and data analysis. Chapter four describes the results and
discussion of findings and finally, chapter five summarizes the conclusions and gives recommendations.

2 LITERATURE REVIEW

This chapter covers the review of the relevant literature which formed the basis of the research. It discusses the theoretical aspects as well as the findings of previous researchers and scholars who studied internal controls. The review focuses on the history, definition and development of internal control systems and its components and also the types of internal controls.

2.1 Nature of Internal Controls

2.1.1 History and Development of Internal Controls

It is possible that internal control preceded auditing and other elements of the accounting profession. Internal Control emerged as a common-sense, natural product of the profit motive. It is theorized that when the first entrepreneurs found ways of making profit, they also contrived methods of controlling and protecting that profit. As soon as it was determined that profits could be expanded by the employment of others, it was recognized that complete trust was not the most profitable policy and that some form of control should be established. This paper summarizes the findings of some historians who have researched the historical development of internal controls.

Hackett and Mobley (1976) noted that there was concrete evidence that internal control existed in the Mesopotamian civilization as early as 3600 B.C. The researchers found work done by Kenneth Most who identified that the Sumerians use to record daily transactions on stones back in 3600 B.C. and 400 years later on clay (Hackett & Mobley, 1976). It was a custom for scribes to prepare summaries of the list of payments they did not provide themselves. Also, the documents during that period revealed tiny marks, dots, ticks, and circles at the side of the figures, showing that an audit had been performed. Thus, clearly identifying that internal control existed during that time. Stone (3600 BC) noted that internal control and auditing were in use in ancient Egypt at the central finance department where scribes used to prepare records of transactions of items such as silver, corn and other commodities. While one person recorded the number of items brought to the warehouse, another also checked the number of items taken out from the warehouse. An audit was performed by another scribe who compared the records of the previous scribes in order to make sure that they tally. Stone also gives account of internal control in the Persian civilization of 549 to 330 B.C. (Hackett & Mobley, 1976). He reports that Darius (521-486 B.C.) also used a bit of internal control in the administration of his empire. He sectioned his empire into satrapies each with a “satrap” and as the administrator and tax collector (Hackett & Mobley, 1976).

The concept of internal control has varied over time as well as geographically. The concept began in ancient Egypt but spread throughout major parts of the world including countries like the United States of America, Australia, United Kingdom and New Zealand. Public expectations of auditing practices have gone a long way to influence the revolution of internal controls.

The United States was one of the foremost countries to incorporate professional auditing standards into an internal control system and it was in 1988 that the Committee of Sponsoring Organizations (COSO, 1992) was set up and began their work in defining the concept of internal controls this
resulted in the COSO framework on internal controls. Until today, COSO is one of the few frameworks used when internal controls are concerned (COSO, 1992).

2.1.2 Definition and Objectives of Internal Control

Researchers have different opinions about the meaning and objectives of internal controls that exist. Many scholars including Sarbanes-Oxley Act have described the internal control system of businesses as measures taken by an entity to avert any fraudulent activities like expropriation of assets and fictitious presentations of financial statements. Meanwhile other authors have appreciated the relevance of internal control in fraud deterrence and they affirm that internal controls have an equal capacity in guaranteeing controls over manufacturing and other relevant processes, these variations in interpretations are also reflected in professional publications issued by AICPA, IIA and the research foundation of the financial executive institute. Different professional bodies of research in the early 1990’s worked hand in hand to arrive at an agreement on the nature and scope of internal controls. (Whittington & Pany, 2004)

The Committee of Sponsoring Organizations (COSO) of the Treadway Commission in 1992 invented an integrated composition of internal controls widely used in the United States and later embraced in so many countries. COSO (1992) describes internal control as “the process effected by any business’s board of directors, management and other personnel devised to provide reasonable assurance that the effectiveness and efficiency of operations, reliability of financial reporting and complying with the applicable laws and regulations have been achieved and that these objectives are being followed.”

Focuses on the performance, basic business objectives, profitability goals and protection of the company’s resources is the first category of the internal control objectives. The second objective is about preparing, presenting and publishing reliable financial statements of a business. The last objective relates to complying with all the laws, rules and regulations which are subject to fraud. These clear-cut but overlapping classifications address the different needs and give way for a directed focus to satisfy the different needs emphasized. (COSO, 1992)

As per COSO’s (1992) definition, internal control is seen as a continuous activity with no definite end. To COSO (1992), the approach is achieved by the various persons or parties involved and not solely policies, forms and documents. COSO (1992) uses the term “reasonable assurance” which acknowledges that the price an entity pays for internal control must not outweigh the benefits anticipated to be achieved. This means that reasonable assurance cannot give total reassurance that the business’s goals will be accomplished. Finally, the internal control definition is extensive because it tackles the attainment of the goals and aims in the particular parts of operations, reporting of financial statements and complying with applicable laws and regulations (Whittington & Pany, 2009).

Subsequently other definitions were coined in other financial disciplines. “Internal control’s definition according to ISA 315 is the process designed and effected by those charged with governance that is the board of directors, management of an entity, and other personnel to provide reasonable assurance that the achievement of a business objectives with regard to reliability of
financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.” (ACCA, 2010).

Internal controls systems provide reasonable assurance that objectives will be met. Such objectives are safeguarding assets, maintaining records in sufficient detail to report company assets accurately and fairly, providing accurate and reliable information, preparing financial reports in accordance with established criteria, promoting and improving operational efficiency, encouraging adherence to prescribed managerial policies and complying with applicable laws and regulations. (Romney & Steinbart, 2008).

In their opinion, the Office of Financial Management believes that the definition of internal control systems reflects these concepts:

I. Internal control is an on-going activity or a series of operations and not just an event and processes that take place within every business activity and should be an fundamental part of every business other than an add-on structure within the business entity.
II. Individuals make the internal control system work, as the duty and responsibility for effective internal control solely resides with top level management with all other stakeholders playing relevant roles.
III. Internal controls can only provide assurance which is reasonable and not absolute no matter how well designed and implemented internal controls are.

Internal control is a process affected by workflow and authority; organizational structure, people involved and organizational structure as well as management information systems designed to help an organization accomplish targeted objectives or goals. It is the process by which an entity’s available or given resources are utilized, monitored and measured. Importance is placed on the role internal control plays when it comes to detection and prevention of fraud and protecting the entity’s available tangible and intangible resources. An example of tangibles resources can be machinery and property. An intangible resource could be intellectual property including trademarks (Institute of Internal Auditors, 2010).

All of the above definitions of internal control systems highlight the main targets that organizations achieve in order for their objectives to be met. These objectives include reasonable assurance, meaning that the entity’s given resources are put to efficient, effective and economic use.

2.2 Types and Functions of Internal Controls

Internal controls have three important functions: preventive control, detective control and corrective controls.

2.2.1 Detective Controls

These are intended to discover errors or anomalies that may have materialized. Detective controls are designed to detect problems after they have happened. However, in a good internal control system, detection of an independent defiance after the fact is not advisable than prevention in the first place. In their opinion, detective controls are mechanisms put in place to detect any problems
or errors that may have occurred and are designed to identify errors that could be prevented. An example of this, being unauthorized disbursement of funds. Other examples include reconciliations, supervision and internal checks. Detective controls rarely work well as an obstacle in the absence of severe penalties. (Romney & Steinbart, 2009)

2.2.2 **Corrective Controls**

Corrective controls fix control problems that have occurred. These are also designed to rectify irregularities that have been discovered. They establish steps taken to find the cause of a problem, rectifying resulting irregularities and change the system so that future errors are eliminated or minimized. For instance, a company may apply a full restoration of a system from backup files after finding out someone tried to alter it. (Institute of Internal Auditors, 2003)

2.2.3 **Preventive Controls**

These are controls implemented to prevent errors from happening or occurring. Other preventive controls include separating duties among employees, selecting and training the right calibre of people in the organization and having a good control culture in place. Preventive controls present steps taken by a company to stop violation of codes and conducts. They are proactive controls that help to stop an error. For example, a control that ensures separation of duties and responsibilities, proper records and control of company assets. (COSO, 1992). According to Romney and Steinbart (2009), internal controls can be classified into two, general controls and application controls.

A. **General Controls:** General controls are constructed to make sure an entity’s control environment is firm and well managed. They are pertained to all sizes and types of systems in an organization. Examples: control on security management.

B. **Application Controls:** These controls prevent, discover, and rectify transactional errors and fraud. It is concerned with certainty, completeness, validity, and authorization of the data entered into the system, processed, stored, sent to other systems, and reported.

2.3 **Components and Structure of Internal Control System**

Hohler (2005), COSO (1992) and International Standards in Auditing 315 stipulates that there are five elements make up the internal control system: the control environment, the entity’s risk assessment process, the information system, control activities (internal controls), monitoring of controls. Similarly, COSO (1992) also identifies five internal control components.

2.3.1 **Control Environment**

Control Environment addresses the condition of the company, affecting the control consciousness of its people. It is the basis of the other components of internal control. The core of any business is its consumers, their integrity, ethical values, and competence. The control environment is also known as the internal environment and is the most vital component of the internal control system (Romney & Steinbart 2009).
According to the Office of Financial Management, the control environment is considered an intangible resource. It is also the foundation for all other components of internal control, implementing discipline and structure and encompassing both technical competence and ethical commitment. (Office of Financial Management, 2015).

“Control environment means the overall attitude, awareness and actions of director and management regarding the internal control system and its importance. They further state that elements in the control environment include: The organizational structure and methods of assigning authority and responsibility (including separation and supervisory functions), are the functions of the board of directors or the governing body, management’s philosophy and operating style and management’s control system including the internal audit function, personnel policies and procedures.” (Ainapure & Ainapure, 2009)

As stated by COSO (1992) an operative control environment is an environment where qualified people understand their roles and obligations, limits to their authority and are knowledgeable, mindful, and committed to doing what is right and doing it the right way. They are committed to following an organization’s policies and procedures and its ethical and behavioral standards. Whittington and Pany (2009) indicate that the control environment consists of mainly the technical capability and ethical commitment, which are both an intangible resource that is essential for effective control. They further noted that control environment has an impact on the extent to which individuals recognize what they will be held answerable (Whittington & Pany 2009).

### 2.3.2 Risk Assessment

The organization must be prepared to tackle all the risks it encounters. It must set goals for its various activities and formulate mechanisms to identify, analyze, and manage the related risks. Risk assessment is the identification and analysis of relevant risks to achievement of the objectives, forming a basis for determining how the risks should be managed. Mechanisms should be placed to identify and deal with risk since economic, industry, regulatory and operating conditions will continue to change (COSO, 1992).

Within the context of a company’s control environment, managers set goals and objectives at levels that align with the company’s mission and vision. Objectives must be set before management can identify potential risks affecting their performance. Risk assessment is the process of identifying and analyzing risks to achieving a company’s goals, analyzing events that may occur, considering the possibility of it happening and the impact on achieving its objectives and deciding how to react to the risks (Office of Financial Management, 2015).

According to Whittington and Pany (2009), risk assessment is a process done by management in order to identify and respond to business’ risks faced by the organization and the results of that process. They also concluded that identifying the relevant risk, estimating the significance of those risk and deciding on actions to manage them are all part of the risk assessment process.

### 2.3.3 Information and Communication
The Information and Communication component are systems or processes that identify, capture, and exchange information in a form that enables people carry out their responsibilities and roles. A company’s control structure should be such that information can be identified, captured, and exchanged within the company and with external parties. Information communicated should be timely, accurate and reliable.

Communication creates awareness about the existence, nature, severity, or acceptability of risks. Identifying risks or changes in risk is dependent on communication. Communication can be formal through the use of memorandum, minute of meetings, written policy manuals, accounting and financial reporting manuals, etc. Information can also be communicated informally through email, speech, and actions of management and other company personnel (Office of Financial Management, 2017).

Whittington and Pany (2009) stated that a company’s accounting information system consists of the methods and process to record, process, summarize and report an entity’s information to its users and to maintain accountability for the related assets, liabilities and equity. In the work by COSO 1992, they stipulated that two of the important tools for an effective control system is information and communication. Information about the goals, control environment, risks, control activities, and performance of an organization must be communicated within the organization. Thus, appropriate information must be identified, captured and communicated in a way that will enable people to carry out their responsibilities (Whittington and Pany, 2009).

2.3.4 Control Activities

Control Activities are policies and procedures established and executed to ensure that actions identified by management are necessary to mitigate risks. More specifically, control activities are the policies and procedures that help ensure that the management directives are carried properly and in a timely manner. Necessary actions are taken to manage, reduce and to address risks towards the achievement of the entity’s objectives (COSO, 1992).

2.3.5 Monitoring

Monitoring of controls is one of the components of internal control that assess the quality of internal control performance over time. It is necessary to monitor internal control to know whether it is functioning as expected and whether changes are needed. Monitoring can be achieved by ongoing activities such as supervising regularly (Whittington & Pany, 2009)

2.4 Internal Control Activities

Romney and Steinbart (2009) argued that in order to achieve effectiveness and efficiency in the workplace, it is most essential to ensure that control activities are well implemented in the workplace.

“Control activities are the actions or activities formulated through policies and procedures that help ensure that management’s directives to reduce or alleviate risks to the achievement of objectives are carried out. Control activities are performed at all levels of the entity, at various
stages within business processes, and over the technology environment” (Romney & Steinbart, 2009).

Research also shows that control activities are generally contained in one of the following categories: proper authorization of activities and transactions, segregation of duties, adequate documentation of transactions, physical controls to safeguard assets, review, reconciliation and monitoring (Larry & Bradley, 1997) All of these categories can be seen in the workplace. Employees in the organization fit into the organizational framework of internal control, regardless of their duties and job obligations. They are directly linked to the above example activities.

2.4.1 Authorization and Approval

Authorization and Approval is one of the fundamental control concepts that involve procedures to ensure that only transactions will take place by authorized personnel and that unauthorized personnel should have no access, or the ability to alter transactions already recorded. For instance, no organization will want individuals to have access to the computer records that are not needed for the performance of their jobs. Larry and Bradley (1997) further stated that the following authorization guidelines are pertinent for all organizations. Authorization to be involved in a transaction for the organization must be consistent with the responsibilities that come with the nature of the job or job function.

a. The ability to obligate the entity to a long term plan with significant financial impact must be left for high ranking officials in the organization or top level management.

b. Authorization plans or schemes should be vividly spelt out to be documented and sent to all parties affected in the organization.

c. Blanket authorizations such as for purchase orders generated electronically should be continuously reviewed by the appropriate supervisor to ensure compliance with the authorization scheme.

d. Only departmental supervisors should have the ability to authorize transactions for that area.

Similarly, Romney and Steinbart (2009) define authorization as the essential part of the organizations strategy. Entering authorization codes on a transaction a record or document and signing initializing are mostly the authorization often documented. Company transactions must be approved and authorized appropriately to make sure that activity is in line with departmental and organizational objectives and goals. For instance, a department might have policies that allow purchase requisitions and might require invoices to be approved by the director. It is very essential that the personnel in charge of approving transactions have the ultimate power to execute the transaction and the needed knowledge to influence his decisions (Michigan Tech, 2016).

2.4.2 Segregation of Duties

Segregation of duties is the most important or essential control activity. The principle underpinning segregation of duties is that people should not be in a position where they could both perpetuate and hide fraudulent activities through the manipulation of accounting records (Larry & Bradley, 1997). Romney and Steinbart (2009) explain that an effective internal control makes sure that not
a single employee is given ultimate control over any transaction or business process. Efficient segregation of duties highlights the need for at least two people be engaged in the processing of a transaction in that an employee provides independent examination on the others person’s performance.

Larry and Bradley (1997) posit the following functions must be separated in order to prevent fraud.

a. Recording by means of preparing of source documents, entering of data onto an online system, reconciliations preparations, maintenance of journals, ledgers and databases as well as preparation of financial statements.

b. Authorizations by approving transactions and decisions.

c. Managing cash, tools, inventory or fixed assets, receiving customer cheques and disbursement of cash from the entity’s accounts. (Romney and Steinbart 2009)

2.4.3 Reconciliation and Review

Reconciliation and Review are part of control activities because they are drawn or designed to provide reasonable assurance on how accurate financial records are through a continuous consistent comparison of source documents and data recorded in the accounting information system. Larry and Bradley (1997) stipulated that reconciliation controls work by reviewing to ensure that transactions submitted align with transactions processed. Reconciliations can also be very effective in maintaining accountability for functions.

Performance reviews of particular functions usually highlight financial, compliance and operational issues. The main focus of reconciliation is reviewing transactions and financial activities to ensure the accuracy of information that have been presented. For example, source documents of all activities should be cross-checked to ensure that the transactions have been correctly reported in the appropriate books (Larry and Bradley, 1997).

2.4.4 Physical Control to Safeguard Assets.

The presence of physical control is essential in safeguarding the assets from being destructed physically destructed. All tangible assets including cash equipment and machinery should be physically secured. Also, checking inventory periodically ensures that they conform to the control records (Michigan Tech, 2016).

2.4.5 Adequate Documentation

Romney and Steinbart (2009), found that requiring design and the use of documents help to enhance the accuracy and completeness of recording the relevant transaction data. Documentation may be either paper-based or electronic. Principles for establishing a reliable documentation and securing adequate controls are pre-numbered documentation, timely preparation and simplified design (Larry and Bradley, 1997).

2.4.6 Monitoring
Monitoring as a control activity is what managers refer to as a means of ensuring that directives and approved activities are carried out and this is done appropriately and on time. The monitoring activity manages and reduces the risk of passing transactions that are unauthorized and the necessary actions are taken to, make sure risks are addressed to ensure the company reaches its set objectives (COSO, 1992).

2.5 Effectiveness and Efficiency of Internal Controls

An Effective Internal Control serve as a key component of financial management of an organization and the existence of control mechanisms help to increase the overall performance of an organization. An article by Mihills (2015) concentrated on balancing the effectiveness and efficiency of internal controls. His study focused on the importance of developing appropriate internal control to manage the risk of banks. For example, risks such as fraud, system interruptions or failure to meet strategic objectives present considerable exposure and require effective internal controls. Mihills (2015) further argued that in confronting that exposure, the profitability of the banks can be stained due to internal control costs. Hence putting in place effective and efficient controls, the cost for implementing a particular control mechanism should be considered. The following measures can ensure the efficiency and effectiveness of any internal control.

2.5.1 Increasing Reliance on System Controls

A typical bank relies upon combination of system based controls and manual controls. These IT based controls are expensive to implement but they work consistently and continuously and more efficiently as compared to manual controls.

2.5.2 Focusing Attention on Most Crucial Issues

Determining the crucial issues and paying attention to the investment of internal control resources in the issues that are of utmost priority to the organization.

2.5.3 Establish Efficient Segregation of Duties

Separation of activities or duties prevents an employee from performing conflicting duties, meaning that one no one individual can initiate, complete, review and release a particular transaction. This serves as a critical preventive control for fraud and reduces the possibility of an error occurring undetected. For example, one employee should not be entering and releasing electronic fund transfer information, a different person should take the responsibility of transaction review and fund release responsibility.

Separation of duties as a fundamental element for effective control environment, the various business functions will require more than one employee. However, to enable separation of duties to be as efficient as possible, the minimal number of employees should be deployed to retain appropriate segregation. For instance, a bank may properly utilize loan checklists to assure the accuracy of loan information and completeness of loan documentation rather than having two or three employees review different checklist and documentation items, a bank can establish one
checklist for all aspects of the loan cycle and have one independent employee to review the checklist for the second time.

The American Institute of Certified Public Accountants established guidelines which stated an effective internal control should provide reasonable assurance on the achievement of the organization’s objectives relating to, safeguarding organizational assets, checking accountancy reliability of accounting data, promoting and operational efficiency and encouraging the adherence of policies and procedures for financial and accounting controls.

Ofori (2011) in his research on the effectiveness of internal controls in the public sector, using a case study of Ghana Post Company limited concluded that the level of effectiveness in the company were satisfactory. This conclusion was based on using purposive and convenience sampling amid issuing questions aided with interviews. His conclusions postulate that indeed internal controls do exist in the company, but it was unclear as to how effective they were in the financial management of the company. This poses a problem because the mere existence of internal controls is not the end but how far it goes to influence the financial management of a company.

2.6 Internal Control System and the Public Sector

Internal control plays a vital role in an entity’s efforts for the achievement of its goals and objectives, particularly in the public sector. The public sector is made up of non-profit making organizations, ministries, departments and agencies aimed at satisfying and providing the social needs of the people in the country-health, welfare and educations among others.

The powers of the public officials or personnel are therefore confined to the regulatory frameworks of the country; hence no plan can be executed in an appropriate way without the support from the regulatory framework, which outlines the rules and regulations. However, it can be argued on a number of occasions that these rules and codes are ignored with dispensation because of the lack of strict supervision. Therefore, the need to review the efficiency and effectiveness of the operations of public sector agencies in Ghana can construct new ways that will enable a workable internal control structure.

IFAC and CIPFA came out with a framework that has increased the effectiveness of public sector governance. The framework ensures that public sector organizations are well administered through a better decision-making process and judicious use of its resources. Enhancing stakeholder engagement, robust scrutiny and overseeing the work of those charged with primary responsibilities determines an entity’s strategic directions, operations, and accountability which leads to more appropriate interventions and better results for the public at large.

2.7 Compliance with Laws and Regulations

There are various laws and regulations that govern the ways in which public corporations are managed in Ghana. They prescribe ways in which public sector organizations should function in order to enforce compliance and also to ensure the effectiveness of their operations. Internal controls can be seen in the Ghana National Auditing Standards, the Internal Audit Agency Act
2003 (Act 658) and others. Compliance of these standards ensures the effectiveness of the operations of public corporations in Ghana.

The Financial Administration Act 2003 (Act 654), the 1992 constitution and the audit service act of 2000 states that firms should prepare accounts up to date and submit for audit purposes at the end of an accounting year. The auditor is expected to express his opinion on the reports on the financial statement prepared by management and also the assessment of internal controls. For an auditor to express an opinion on internal controls, he or she must obtain an understanding and perform test of controls related to all significant account balances, classes of transactions, disclosures and related assertions in the financial statement. In Ghana, the Internal Audit Agency Act expects all public-sector organizations to implement an internal audit unit in order to strengthen the internal controls and prevent fraud and error, and check inaccuracies.

2.8 Limitations of Internal Control System

Romney and Steinbart (2009), Hudges (2007) and Office of Financial Management (2015) concluded that internal control is important in protecting an organization against fraud and errors and can also ensure the reliability of accounting data. The bottom line is that control activities notwithstanding how suitably designed and implemented, can only provide reasonable assurance with regard to the attainment of an organization’s objectives. Financial mismanagement is as a result of flaws imbedded in the control system.

Some of the limitations could comprise of mistakes made in the implementation of controls resulting from the misunderstanding of an instruction, mistakes in making judgments during the given period which is based on the available information to conduct business under pressure, carelessness, distraction or fatigue. High-ranking personnel or managers will be able to override set policies and procedures for their own personal benefits even in an effectively controlled institution. This should not be conflicted with management intervention, representing management’s action to deviate or bypass set policies and procedures for legitimate reasons. In determining whether a specific control activity must be implemented, the potential impact must be established and considered along with the cost of implementation and the possible risk of failure. Extreme or unrestrained controls are very expensive and detrimental to productivity and less controls poses undue risks to the organization. Automated controls or manual controls, which involves separation of duties by two or more people might be an obstacle of collusion.

Steinhoff and Franzel (2006) noted that the major problems associated with internal controls and the causes of accountability failure include, the need for management to achieve targeted financial reporting results, unseemly and biased compensation for executive members, misunderstanding or skepticism over take charge of internal control, personal interests against the public interest, complying with set rules and regulations over values and principles and rapidly changing business environment.

The scope of control systems used by an entity is limited by cost factors. It is not practical from a cost standpoint to engage in controls which give absolute or total defense from errors, wastage and fraud; reasonable assurance, in this respect, is the most suitable generally achievable. Furthermore, an organization’s achievement of operational and strategic objectives could depend on other
conditions outside the business, like technological advancements or competition, which may either, facilitate or inhibit activities of the organization. These factors in their view fall beyond the range of internal controls, therefore effective internal control systems enhance timeliness of information and response on the progress of the implementation of operation and strategic goals and not guarantee the achievements of the strategic and operational objectives.

3 METHODOLOGY

This chapter reveals the procedures and activities taken to accumulate data for the research. It outlines the research design, population and sample, sampling technique and the sampling procedure used, research instruments as well as data collection and analysis.

3.1 Research Methodology

The research methodology used for the study was descriptive method. This gives an in-depth knowledge into the area of study.

3.2 Methodological Framework for the Study

This research is an exploratory study, which examines the effectiveness of internal control activities as a tool for financial management at Ghana Post Company Limited.

3.2.1 Research Design

Research design can be classified in different ways. According to Bickman and Rog (2009) the research design serves as a blueprint of a project and this links the data collection and activities to the research questions ensuring that the research aim and objectives are achieved. For a research study to be credible, useful and feasible, the design should be implemented. This study is a mixed method research study meaning it combines the use of quantitative and qualitative research as well as observational research designs to confirm previous research and explore new areas as well as to observe the internal control process.

3.2.2 Research Strategy

A research strategy enables the researcher to probe and get to the bottom of the problem of the research. According to Saunders et al. (2003), a research strategy is an overall plan used by researchers to answer their research questions. Saunders et al. further stated that, there are various important research strategies that include case study, experiments, survey, observation and a lot more. Out of these types of research strategies, the case study was chosen for this study to better understand the complex issue of internal control activities and add strength to what is already known through previous research.

3.2.3 Overview of the Targeted Population

The target population of the research consisted of staff and management of Ghana Post Company Limited, Kumasi (the second largest economic city in Ghana). However, not all members of the
company were relevant to the study. “Based on the literature review and understanding what internal controls are, we focused on the employees who are directly related to internal control activities and they were in the departments of Audit, Finance, Mail and Parcels/EMS, Operations as well as Human Resource. The population was composed of both male and female of different levels of education and ages as well as experience.

3.2.4 Population, Sampling Technique and Sample Size

Population of a study refers to a collection of all probable objects and various groups that the research focuses on. The various composition of the organizations structure is also considered. The population of the study was mainly focused on the accounting and internal audit department as well as the administrative staff of the Kumasi regional office of the Ghana Post Company Limited.

Stratified sampling was used in this research, since the parent population is made up of sub-sets of known size. The subsets are the various departments at Ghana Post, which are involved to ensure that the results are proportional, and a representative of the whole. The purposive sampling technique was used for the study. A purposive sample is a non-probability sampling technique used for a research work on the basis of the objective of the study. It is also known as subjective sampling or selective sampling. The purposive sampling was used because of its relevance to the study.

Convenience sampling is made up of people who are easy to reach. This type of sampling was also used. The regional headquarters in the Ashanti Region was chosen because activities of the various post offices in the region are spearheaded by them. Regional headquarters also have all information relating to the various post offices situated in the region.

Due to the difficulty in getting information from all the members within the research population, a target population was selected as representative sample. A sample is a collection of items or people selected from a larger population to represent the population. The sample size, which was used to represent the whole population, was thirty-six (36) and consisted of respondents from the various departments.

3.3 Data Collection and Sources

Data collection is the process of collecting and analyzing information on specified variables in an established systematic fashion, which then enables one to answer relevant questions and evaluate outcomes. The main source of data for the research was primary data. Primary data refers to the original data that is acquired through first-hand investigation. Questionnaires and interviews were used to obtain the data. A questionnaire is a set of printed or written questions with a choice of answers, devised for the purposes of a survey or statistical study. The questionnaires were self-administered. Meaning, the employees were allowed to complete it on their own. Some of the questions in the questionnaire were close-ended questions while some were open-ended questions. An interview conducted with the Regional Head of Internal Audit and Regional Finance Manager at Ghana Post was conducted in order to cover items that could not be discussed or asked in the questionnaire. Therefore, the interview played a very important role in the data collection.
3.4 Data Analyses and Management

We took the data gathered from the questionnaires and used descriptive statistics to analyze the data in order to have clarity and easily explain the study. Frequency distribution tables were also used in the analysis of the questionnaires while the information obtained from the interviews was presented in qualitative form. Questionnaires were administered to help in the quantitative methods which emphasize objective measuring and statistical analysis of the data collected. Interviews were conducted to help explore more and gain an understanding of underlying reasons and opinions that improved the insight of the research. The data was collected and questionnaires run through a software to produce results of the study and interviews transcribed to help in the analysis of the findings.

4 PRESENTATION, ANALYSIS AND DISCUSSION OF RESULTS

This chapter focuses on the presentation and discusses the findings of the research study. It also deals with the interpretation of information gotten through the research study. Analyses were made from questionnaires administered as well as interviews conducted.

4.1 Preliminary Findings

Table 1: Biodata Respondents

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>21</td>
<td>58.3</td>
</tr>
<tr>
<td>Female</td>
<td>15</td>
<td>41.7</td>
</tr>
<tr>
<td>Total</td>
<td>36</td>
<td>100.0</td>
</tr>
<tr>
<td>Age group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21-30</td>
<td>3</td>
<td>8.3</td>
</tr>
<tr>
<td>31-40</td>
<td>15</td>
<td>41.7</td>
</tr>
<tr>
<td>41-50</td>
<td>10</td>
<td>27.8</td>
</tr>
<tr>
<td>51 and above</td>
<td>8</td>
<td>22.2</td>
</tr>
<tr>
<td>Total</td>
<td>36</td>
<td>100.0</td>
</tr>
<tr>
<td>Educational Attainment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SSCE/WASSCE/O'LEVEL</td>
<td>4</td>
<td>11.1</td>
</tr>
<tr>
<td>Diploma/HND</td>
<td>6</td>
<td>16.7</td>
</tr>
<tr>
<td>First Degree</td>
<td>14</td>
<td>38.9</td>
</tr>
<tr>
<td>Masters</td>
<td>9</td>
<td>25.0</td>
</tr>
<tr>
<td>Professional</td>
<td>3</td>
<td>8.3</td>
</tr>
<tr>
<td>Total</td>
<td>36</td>
<td>100.0</td>
</tr>
<tr>
<td>Length of service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2-5 years</td>
<td>5</td>
<td>13.9</td>
</tr>
<tr>
<td>6-10 years</td>
<td>13</td>
<td>36.1</td>
</tr>
<tr>
<td>11-15 years</td>
<td>11</td>
<td>30.6</td>
</tr>
<tr>
<td>above 16 years</td>
<td>7</td>
<td>19.4</td>
</tr>
</tbody>
</table>
The number of respondents for the study was 36 and consisted of employees from Ghana Post Company Limited. 36 employees represent 100% of the research population. 21 of the 36 employees, or 58.3%, were males. 15 of the 36 employees, or 41.7%, were females. The table above depicts that out of the total respondents of the research, 3 people, or 8.3%, were between ages 21 and 30. 41.7%, or 15 out of the 36 respondents, of the total respondents are from 21-30 years, 27.8% of respondents were within the age of 41-50 years and 8 people, or 22.2% of the total respondents, were age 51 and above.

Based on the educational background of the respondents, 4 people representing 11.1% either had SSCE, WASSCE or O’LEVEL certificate. A total of 6 people representing 16.7% are people with Diploma or HND. First degree holders are 14 people representing 38.9% out of the total number of respondents. 9 people of representing 25% of respondents hold a master’s degree while 3 people with a percentage of 8.3% hold a professional degree.

Pertaining to the length of service of the respondents in the company, 5% of them have worked in the company from 2-5 years. 36.1% of the respondents have worked in the institution between 6 and 10 years. 11 people representing 30.6% are people who have worked in the company between 11 and 15 years while 7 people representing 19.4% are people who have worked in the company above 16 years.

One (1) person representing 2.8% of total respondents is from the Human Resource department. Eight (8) people representing 22.2% are from the Finance and the Audit departments. Fifteen (15) people representing 41.7% of the total respondents are from the operations department, 8 people with percentage 22.2% are from the Sales and Marketing department while 4 people with percentage of 11.1% are in the Mail, EMS and Parcel department. Out of the total number of respondents, 13 people representing 36.1% are junior staff, 17 people representing 47.2% are senior staff and 6 people representing 16.7% are part of management.

### 4.2 Findings
To help in the research study work, the five components of internal control system established by COSO (1992) as well as challenges posed by the implementation of control systems were employed. The components of internal control systems are, control environment, risk assessment, internal control activities, information and communication of internal controls and monitoring with much emphasis on the internal control activities. Series of questions were asked under each component to know the extent to which they agree or disagree with the statements.

### 4.2.1 Existence of Control Activities in Ghana Post Company Limited

This is to determine whether or not there are internal controls systems put in place at Ghana Post Company Limited after which further questions are asked and further information sought.

We wanted to know whether the staff at Ghana Post were aware of the existence of internal controls in the company. We had participants indicate the level to which they agree or disagree on the existence of internal controls. The mean of the responses received, the level of whether or not they agree was 4.58. This indicates that the staff at Ghana Post is fully aware that internal controls do exist in the company or workplace. The standard deviation of 0.55 also shows that responses were all surrounded about the mean. Interviews with the Regional Audit Manager and Regional Finance Manager also revealed that there were strict internal control systems implemented in the company.

### 4.2.2 Effectiveness and Efficiency of the Internal Control

To ensure the effectiveness and efficiency of internal control activities, certain procedures and policies must be established and adhered to in an organization. Some of these policies are a sound control environment, assessing risks and so on. For these policies to be effective, there are certain items that that are expected to present in the design of these internal control components and this is what the questionnaires administered were sought the view of respondents.

<table>
<thead>
<tr>
<th>Table 2: Control Environment</th>
<th>Mean</th>
<th>Std dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existence of internal control system</td>
<td>4.58</td>
<td>.55</td>
</tr>
<tr>
<td>Collective decision making by management</td>
<td>3.61</td>
<td>1.23</td>
</tr>
<tr>
<td>Existence of code of conduct or ethics policy</td>
<td>4.08</td>
<td>.60</td>
</tr>
<tr>
<td>Communication of policies regarding the importance of internal control</td>
<td>3.58</td>
<td>.94</td>
</tr>
<tr>
<td>Audit exists to test for compliance with policies</td>
<td>3.75</td>
<td>.94</td>
</tr>
<tr>
<td>Management reviews policies periodically</td>
<td>3.64</td>
<td>.83</td>
</tr>
<tr>
<td>Responsibilities delegated are followed up to get feedback on performance</td>
<td>3.75</td>
<td>.84</td>
</tr>
<tr>
<td>Total</td>
<td>3.86</td>
<td>.60</td>
</tr>
</tbody>
</table>

From the findings, it was concluded that the control environment which is one of the most important components of internal controls is effective at Ghana Post, Kumasi. This is based on the aggregate mean of the questionnaire on effectiveness control environment at Ghana Post; it could be observed that the employees agree that the control environment is really effective as a component of internal controls. On the extent to the agreement of the items under control environment, the respondents agreed that these items exist and ensures effectiveness of internal control. When it comes to collective decision making, respondents actually agree but the responses
were scattered about the means with a standard deviation of 1.23. The Regional Audit head however stated that the were policies regarding internal controls in place, but these policies have not been reviewed for a long time now and the last time it was reviewed was about a decade ago and the staff also have the perception that these policies are frequently reviewed. When asked whether the policies should be reviewed, the Regional Audit Head said, “Yes, it should be reviewed and I have required management to review it, not just for the audit but for the finance aspect as well”

Table 3: Risk Assessment

<table>
<thead>
<tr>
<th>Description</th>
<th>Mean</th>
<th>Std Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clear objectives are communicated to provide effective direction</td>
<td>3.56</td>
<td>.94</td>
</tr>
<tr>
<td>Management evaluates risk in planning for new activity or product</td>
<td>3.17</td>
<td>1.11</td>
</tr>
<tr>
<td>There are sufficient staff who are competent and skilled provides with needed resources</td>
<td>3.75</td>
<td>1.23</td>
</tr>
<tr>
<td>Assessment of internal and external operational, financial, compliance and risk</td>
<td>3.42</td>
<td>.94</td>
</tr>
<tr>
<td>Technology issues are appropriately addressed</td>
<td>3.25</td>
<td>1.03</td>
</tr>
<tr>
<td>Total</td>
<td>3.43</td>
<td>.77</td>
</tr>
</tbody>
</table>

Based on the table, we concluded that staff at Ghana Post is not sure whether the assessment of risk is effective. The aggregate mean for this variable which is 3.43 suggests that employees at Ghana are not sure whether this component of internal control is being managed and responses are close around the mean. From the table, it was seen that employees are not aware whether some financial, operational, compliance and other risks are identified and assessed. With management evaluating risk when it comes to planning for a new activity, a mean of 3.17 signifies that the respondents are not really sure about that assertion and a standard deviation of 1.11 depicts that responses lean far away from the mean and that the choice of options were scattered around the mean.

The Head of Audit at Ghana Post Company stated that when a major risk to internal control is detected, it has to be presented to the national head office in Accra for its evaluation and implementation before it can be implemented in the regional head office, the regional head office does not have sole responsibility of its operations but are given some sort of boundary within which to operate.

He further noted that there were certain Acts and provisions made by Parliament on the company’s operations but were not being adhered to and such was a serious risk to internal controls and should be assessed. Some of the provisions or Acts are the Procurement law. This shows that risk assessment is very low in Ghana Post Company Limited.

Table 4: Internal Control Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>Mean</th>
<th>Std Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policies to ensure approval of decision making exist.</td>
<td>3.69</td>
<td>.92</td>
</tr>
<tr>
<td>Unauthorized transaction can be carried out</td>
<td>2.83</td>
<td>1.56</td>
</tr>
<tr>
<td>Some employees perform more than one duty</td>
<td>4.00</td>
<td>.96</td>
</tr>
</tbody>
</table>
Payments are effected when transactions are taken through proper authorization 3.86 1.15
Verifications of transactions for payments may be sometimes waived 3.08 1.20
Employees perform many duties in a business transaction 2.81 .95
Duties are periodically rotated 3.33 1.07
Documents are sequentially pre-numbered 3.86 .68
The staff have the needed knowledge, skill and tools to support the work 3.22 1.05
Policy overrides are minimal 3.39 .99
Total 3.41 .53

This variable was investigated to check whether control activities are effective at Ghana Post and also whether it is working efficiently. The average mean of 3.41 shows that respondents have no knowledge of certain controls in the company and a standard deviation of 0.53 means that responses were centered around the mean. From the table, it was deduced that the situation was rather different and this was because the highest mean obtained indicated that some employees perform more than one duty. This means segregation of duty is not all that effective at Ghana Post. Also pertaining to approval and authorization, we observed that unauthorized transactions cannot be carried out which means authorization and approval are effective at Ghana Post.

Table 5: Information and Communication of Internal Controls

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existence of key criteria for evaluating performance</td>
<td>3.97</td>
<td>0.85</td>
</tr>
<tr>
<td>Identified key performance indicators are not documented and communicated to staff</td>
<td>3.06</td>
<td>1.12</td>
</tr>
<tr>
<td>Existence of effective reporting procedures in communicating the company’s position and procedure</td>
<td>3.42</td>
<td>1.03</td>
</tr>
<tr>
<td>Established channels of communication for staff to report suspected improprieties</td>
<td>3.58</td>
<td>1</td>
</tr>
<tr>
<td>All staff understand their responsibilities in the control system</td>
<td>3.36</td>
<td>1.05</td>
</tr>
<tr>
<td>Complaints by suppliers and customers are not resolved on time</td>
<td>2.78</td>
<td>1.22</td>
</tr>
<tr>
<td>Total</td>
<td>3.36</td>
<td>0.47</td>
</tr>
</tbody>
</table>

The table shows that aggregate mean was 3.36 which indicate that the employees are not sure whether there are key criteria for evaluating performance, that there are effective reporting procedures in communicating a balanced and understandable account of the company’s position and procedures. However, there are channels of communication which are effective in the
company. Thus, a standard deviation 0.47 of also depicts that truly responses were cantered about the mean.

Table 6: Monitoring

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existence of follow-up procedures to ensure change occurs in response to changes in risk and controls.</td>
<td>3.33</td>
<td>1.10</td>
</tr>
<tr>
<td>Reports on significant failings are reported on timely basis</td>
<td>3.36</td>
<td>1.07</td>
</tr>
<tr>
<td>Regular staff are equally responsible for monitoring</td>
<td>3.22</td>
<td>1.07</td>
</tr>
<tr>
<td>There are no independent process checks of control activities on ongoing basis</td>
<td>2.53</td>
<td>1.08</td>
</tr>
<tr>
<td>Internal review of control activities is frequently carried out</td>
<td>3.58</td>
<td>.84</td>
</tr>
<tr>
<td>Total</td>
<td>3.21</td>
<td>.59</td>
</tr>
</tbody>
</table>

With regards to the efficiency and effectiveness of monitoring as a component of the internal control system, the average mean of 3.2 suggests that staff members do not really have enough knowledge about the monitoring process of the internal controls and a standard deviation of 0.59 enhancing the result of the mean.

4.2.3 Lapses in Internal Control

Table 7: Lapses in Internal Control

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Desire of management to achieve certain reporting results</td>
<td>4.03</td>
<td>1.00</td>
</tr>
<tr>
<td>Inappropriate and unreasonable executive compensation arrangement</td>
<td>2.64</td>
<td>.93</td>
</tr>
<tr>
<td>Confusion over who is responsible for internal control</td>
<td>2.14</td>
<td>1.10</td>
</tr>
<tr>
<td>Indefinite segregation of duties</td>
<td>2.69</td>
<td>.92</td>
</tr>
<tr>
<td>Personal interest over corporate and public interest</td>
<td>2.64</td>
<td>1.25</td>
</tr>
<tr>
<td>Compliance with rules and regulations as against principles and values</td>
<td>2.97</td>
<td>1.08</td>
</tr>
<tr>
<td>Rapidly changing business environment</td>
<td>3.53</td>
<td>1.00</td>
</tr>
<tr>
<td>Total</td>
<td>2.95</td>
<td>.45</td>
</tr>
</tbody>
</table>

The total average mean of 2.95 for the lapses or challenges to internal controls indicates that management and staff do not agree to the unlisted challenges believed to be associated with internal controls in Ghana Post Company Limited. A standard deviation of 0.45 help understand that responses gotten from the study are around the mean which shows that employees actually are not sure of the challenges or weaknesses in the control system of the company.
4.3 Discussion of Findings

This is an in-depth analysis of the data obtained from our study. The information gathered from
the study answered the objectives of the study. The objectives included: how effective and efficient
internal controls are in its contribution to financial management as well as the lapses in the
implementation of the internal controls in Ghana Post Company Limited.

4.3.1 Existence of Internal Control Systems

This is precisely clear that almost all of the respondents strongly agree that internal control systems
exist within the company to aid in the financial management of company. They also acknowledge
the presence of the internal control or are fully aware that internal controls have been put in place
in the company. This is evident by the mean of 4.58, which is an acknowledgement that the staff
strongly agrees to the existence of an internal control system. According to COSO (1992) and the
Internal Audit Agency Act (2003), internal controls are supposed to be established in an
organization to aid in the financial management of the company. These controls are not just
supposed to just exist but be strongly implemented in a manner that all persons in the organization
are fully aware and abide by its policies and procedures. A strong mean of 4.58 makes this assertion
fully operational in Ghana Post Company Limited.

4.3.2 Effectiveness and Efficiency of the Control Environment

The results of the study showed that the control environment in Ghana Post is efficient and
effective evident by a mean of 3.86 which suggests that respondents agree that the control
environment is efficient and effective in contributing to the overall effectiveness of the control
system. The respondents acknowledged that the internal control system in the company had an
efficient and effective control environment as a whole.

While the employees acknowledged internal control systems to be evident in the company, the
general perception regarding management decision-making was that managers are efficient in the
decision-making process. Decisions are usually made collectively and not controlled by one
dominant person, making it efficient. Many of the respondents believe that management decision
is not controlled by one dominant person but does not include everybody concerned. The level at
which they agree to collective management decision is not strong enough with a mean of 3.61.

Certain control environment factors can include codes of conduct and policies that exist within the
company. It is important that these are appropriately communicated to all staff. The respondents
also agree that management periodically reviews policies and procedures to ensure proper controls
are in place and responsibilities delegated are followed up to gain feedback on performance of the
task.

According to COSO (1992), those charged with governance are responsible for the establishment
of internal control systems in an organization and it is their duty to effectively and efficient assess
the company’s control environment to allow for the implementation of the control activities. For
the control environment to be efficient and effective there has to be collective decision-making,
establishment of ethics policies, communication of policies among others and these collectively
when appropriated instituted forms an efficient and effective control environment for the implementation of control activities. Ghana Post meets the requirements set forth by COSO (1992) in the assessment of its control environment. The finding in connection with control environment is corroborative with the procedures designed by COSO (1992).

**4.3.3 Effectiveness and Efficiency of Risk Assessment**

In assessing the overall risk associated with the internal system, the study showed that the level at which management and staff agree to the efficiency and effectiveness of assessing risk is low with a mean of 3.43 means when it comes to risk assessment employees are not sure of its efficiency and effectiveness. With regards to whether the staff and management agree as to the company having clear objectives and these communicated to employees to provide effective directions on control issues, the response did not show a strong agreement to the statement and that alone can influence the overall assessment of risk in the company with a mean of 3.56.

The respondents were not sure as to management appropriately evaluating risk when planning for a new product or activity which was evident with a mean of 3.17. This could be due to that fact the management’s decisions do not involve a collective decision-making but all parties to be affected by the decision.

Another factor affecting the risk assessment of which majority of the staff are not sure about is the identification and assessment of significant internal and external operational, financial, compliance and other risk on an on-going basis. The study also brings to light that staff and management are not sure whether technological issues are considered and appropriately addressed. This could be due to the fact that management has not taken steps to review the audit policies or audit manuals which could take into consideration technological changes. Technological issues advance nearly every day and so reviews to address technology issues make it necessary to review policies regularly.

Dagbah (2011), in his research on a case study of GES, Adaklu-Anyinbe District, through the method of administering questionnaires and conducting interviews found out that 86.7% of the respondents strongly agreed that there are clear objectives set and communicated to all related parties in the district. However, this is in dissonance with the findings revealed in Ghana Post with a mean of 3.56 indicating that the respondents somewhat agreed that the company has clear-cut objectives which are communicated to employees.

This dissonance could be as a result of the different sectors that these entities fall. The research by Dagbah (2011) was conducted in a District office of the Ghana Education Service which is involved in the administration of quality educational materials and services to high schools in the country as opposed to Ghana being a profitable entity with government being the prime shareholder.

**4.3.4 Effectiveness and Efficiency of Control Activities**

These are policies and procedures established and executed to ensure that actions identified by management are necessary to mitigate risks. The result of the study shows a mean of 3.41 which
signifies that the respondents were not really sure to a degree the enlisted control activities provided in the questionnaire administered. The study revealed that the respondents are unsure of the presence of enlisted internal control activities presented in the questionnaire. The total mean of 3.41 means that some respondents are not really sure to an extent the presence of certain basic control activities in the company while many more are unsure of the control activities. This could be as a result all members not involved in internal control decisions and the uncertainty of respondents of risk assessment related to internal control systems. The respondents strongly believed that internal controls exist in the company but are unsure of the various activities that constitute the internal controls.

The study revealed that there are policies and procedures to ensure that critical decisions are made with appropriate approval, however, from management point of view it is possible for unauthorized transactions to be carried out and the Regional Audit Manager sited many ways this could happen and staff of the company disagree with the notion that unauthorized transactions could be carried out. This could be due to the fact that there are policies and the staffs has the perception that these controls are in place to check unauthorized transaction and so believe it is not possible for the unauthorized transactions to be carried out. Staff and management also agree that some employees perform more than one duty and this could also contribute to increasing number of unauthorized transactions taking place in the company and encouraging fraud.

It is clear that most of the respondents are not sure about the waiver when it comes to verification of transactions when there is a need for it urgently. The Regional Finance manager however stated that there are certain times when authorization procedures are suspended and payments are made with the approval of top management during certain urgent situations. Most of the staff are not aware of this because this waiver is effected by the senior staff involved who is in the person of the Regional Finance Manager with the approval of the Regional Director or any the District Managers available.

According to the study, the respondents disagreed that employees are given too much business responsibilities than they can handle.

The study shows that majority of staff affirm that employees who process transactions verify the presence of the appropriate authorization before the transaction is finally executed. This is done because management established policies and empower employees to perform activities within the policy set.

From the study, it was discovered that there is segregation of duties in Ghana Post despite the fact that some employees perform more than one duty but that only happens when there is a need for it and not deliberately done. The Regional Audit Manager and the Regional Finance manager both stated that there are processes to go through before payments or purchases made as well as the process of accounting for revenue.

Payment process begins with the department in question writing a requisition to the Regional Head on the need for a particular item or expenditure for approval and then sent to the Finance Department with the necessary supporting documents such as the purchase invoice and the Regional Head’s approval. The Finance Manager will prepare a payment voucher which is sent back to the Regional Head for final approval and from there sent to the Audit for pre-audit to
determine whether the necessary procedures were followed and approved for final payment. The Finance department will then write a cheque or disburse cash for the intended purpose. With cash cheques, there are measures put in place to ensure that the possibility of committing fraud is reduced, for example, the bank account has five signatories to effect any withdrawal, out of this five (5) signatories at least three (3) should be present including the regional finance manager.

With revenue collection, the managers admitted that the letter boxes were operated based on payment of annual subscription with official receipts issued to customers. The postal service also attracts postal charges and the customers are issued receipts after payments are effected. The company also sells university forms on behalf of the universities of which they are given a commission as well as collection of school fees for some senior high schools in the region. At the end of the day, these receipts are collected and reconciled with quantity of forms sold or physical counts of the money recorded. Physical counts of products are reconciled with receipts issued or cash generated to prevent fraud.

Segregation of duties exists at the company but sometimes more than one person performs two functions which shouldn’t be case because it provides an opportunity for fraud to be committed. The reason was that the company had to pay a lot of people, so they rather add more functions to another person to perform to reduce cost. The finance manager said sometimes verifications are waived because there are matters of urgency, so they have to bend the rules sometimes.

When asked how cash is handled, the finance manager said after the day’s work, those in charge of collecting cash fill a form which requires all receipt numbers issued to be recorded, total cash collected and handed over to the manager responsible for verification and approval before one can close for the day. Less cash is kept in office because the bank brings vans for the cash to be sent to the bank at the end of the day. Cash generated at the out stations or other district post offices also go through this process but the banks go for cash from them at least twice a week and not daily because of the cash they generate. A research by Ntim-Sarpong (2011) on ‘Internal Control System: challenges and effects on management, staff and customers of Agricultural Development Bank, Brong-Ahafo Region’, by administering questionnaires revealed that the entire internal control activities in the bank was weak. 55% of the respondent staff indicated that the controls in the bank were weak while 45% of the respondent staff said they were strong. The general indication of internal controls in Ntim-Sarpong’s research is that control activities are weak as opposed to the mean of 3.41 by respondents in Ghana Post signifying that respondents are not well informed about the internal control activities in the company and are unsure of the effectiveness of these internal control activities in the company. The disparity in the results of these two works could be attributed to the assumption that banks deal with the handling of money and this makes it prone to fraud or embezzlement of funds and could also be due the increasing number of fraud or procedure overrides and the poor communication of performance to employees could also account for the uncertainty of staff of Ghana Post about the effectiveness and efficiency of control activities. In the bank one can have majority of staff handling cash as opposed to few people handling cash operations in Ghana Post Company Limited.

4.3.5 Effectiveness and Efficiency of Information and Communication
The management of Ghana Post communicates with the employees through a number of ways. Some are through memos, news, letters etc. The performance of the employees is evaluated by setting targets and ensuring that these targets are achieved. They are given assessment forms or performance sheet when it gets to the time for performance to be evaluated. Assessments are done on monthly, quarterly and annually. Assessments are also done by the various departments in the company. After assessment, one could be recommended for promotion by the Human Resource department and the regional head, one could also be cautioned if performance is low. There are channels that exist for employees to report any irregularities they discover in the organization; it is the duty of each employee to report any wrong doing to ones department head. Complaints are solved amicably through dialogues and ensuring the responsible party faces the consequences.

After the audit work, the audit report is sent to the head of Audit in the headquarters in Accra and the Regional head is copied. It is from there that recommendations are taken into account and implements after evaluation. The general impression on the effectiveness and efficiency of information and communication of internal controls in Ghana Post was a mean of 3.36 which indicated that respondent staff were not sure of whether they receive information concerning internal controls in the company as opposed to a research by Douglas (2011) by the administering of questionnaires and interviews on ‘Internal control and its contributions to organizational efficiency and effectiveness: A case study of Ecobank Ghana Limited’, revealed that 100% of respondents indicated that they do receive relevant information regarding internal control components in the bank. This could be due to the industries that these institutions belong. There are strict policies established by bodies concerned with the banking system in Ghana and to safeguard the moneys of clients’ banks have a system of communicating improved internal controls to their staff whiles internal controls is only charged to internal auditors and those charged with governance in Ghana Post.

4.3.6 Effectiveness and Efficiency of Monitoring

It is the responsibility of the Audit Department to enforce the internal control policies and procedures implemented by the top-level management. They are to ensure that all the staff follows the control systems put in place. Weaknesses that are discovered by the audit department are reported to the audit head as soon as possible to ensure that drastic measures are taking to curb this weakness. Periodically internal control reviews are carried out, for example to ensure that all the employees on the payroll are still under employment, they conduct a head count. This is done by requesting the certificates; birth certificate, exams certificate etc. To enable know the employees who still work there. This helps to get rid of ghost names in the payroll.

Research by Ofori (2011), on ‘Effectiveness of internal controls: A perception or Reality? The evidence of Ghana Post Company Limited in Ashanti Region’, using questionnaires and interviews revealed that 60% of respondents agree that is it the sole duty of management to monitor the internal control system in the company as compared to mean of 3.22 which revealed that regular staff are not responsible for monitoring controls activities. The two studies are corroborative and suggests that management in most institutions are solely responsible for monitoring controls.

4.3.7 Lapses of Internal Controls
Respondents agreed that a challenge faced by staff of Ghana Post is the desire of management to achieve certain reporting results. Management required achieving certain results and hence staff members feel under pressure to perform to meet these expected results and a mean of 4.03 proved that respondents agreed that management desire to achieve certain reporting results. This corroborates with the research of Ntim-Sarpong (2012), which revealed that 43.3% or respondents strongly agreed that management desire to achieve certain reporting results is a major challenge faced by the staff of the bank.

The respondents also disagreed with the of executive compensation arrangement being inappropriate and unreasonable. They believe that executive compensation matches the level of performance of management which was evidenced by a mean of 2.64, however, the study by Ntim-Sarpong revealed that 37.5% of respondent staff agreed that there were inappropriate and unreasonable executive compensation arrangement, again, this dissonance could be attributed to the differing industries that these institutions belonged.

There is also no confusion of who is responsible for internal control in the company as responsibility rests with all members of the company but particularly top management. One area people are not sure about is the personal interest of staff over corporate and public interest since this is a matter of personal attitude of individuals within the company.

Some of the challenges noted during the study included the unavailability or absence of audit manuals for the audit department for their pre-audit of transactions and periodic departmental audit. Both the Audit and Finance departments all lack revised audit manuals and finance manual respectively. These manuals are supposed to be available to the staff in these departments to aid them in their operations. The employees are supposed to refer to the manuals on how to record or go about a certain transaction to comply with generally set standards or regulations. Employees had adequate training prior to starting their jobs, which made them aware of the general operations but they were never given a manual, either a hard or soft copy manual. It was evident that the employees were used to doing things without change or a manual to refer to in their operations. When employees in these departments are faced with unprecedented challenges, they seek to ask for assistance from their department heads that use their discretion to formulate a procedure mostly outside the required professional standard.

Another issue brought to light was the fact that recommendations made by the internal auditor who are mainly in charge or internal controls are for the most part not implemented. The audit department who are supposed to regulate the internal control system, make certain recommendations after their audit work and top management who are responsible for implementing those recommendations only evaluate the recommendations and implement those ones that suit them or are less costly to implement. Management only set to punish culprits of fraud or misappropriation as against implementing recommendations to prevent people from committing the same kind of fraud.

Teeming and lading or carried forward fraud also seems to be on a rise in the company. It is a bookkeeping fraud which involves the allocations of a customer’s payment to another in order to make the books or receipts balance in order to hide theft. People involved in money collection only present some of the total receipt counterfoils to reduce the total amount of money gotten so as to
use the rest of the money left for their personal use for the purpose of paying back. The next day instead of paying back the money, they use some of the current day’s sales to pay for the arrears of the previous periods and this continues and the debts keep accumulating.

Another challenge noticed was how government restrictions and controls impeded the organization’s growth especially pricing of services and goods. It was revealed that positions in the company are not given based on knowledge, experience, skill or competence but on one’s affiliation to someone in top management and people in these positions when engaged are taught on how to go about their duties or operations by their heads as opposed to one using his expertise or knowledge and this has made innovation low in the company. It was also revealed that some employees were concerned about their future in the company because of the absence of consistent refresher courses for the employees to upgrade their skills to help grow the company.

Others noted that the company’s growth is impeded due to the lack of broader consultation when it comes to decision making at all levels in the company. The major challenge to the audit department is that external auditors are sent from the headquarters in Accra and they (the external auditors) have a limited number of two days to audit the regional office and return back to Accra. Hence these auditors do not do extensive audit but a confirmation of what has been done. This limited number of days is due to the cost involved in auditing and the headquarters in cutting audit cost negotiate for fewer days and so work done on audit is haphazardly done and conclusion is reached. These external auditors do not also use the work of the internal audit department for their audit and this has accounted for the poor level of controls in the company.

5 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter summarizes the observations and findings obtained from the study. It also outlines recommendations for future studies.

5.1 Summary of Research Findings

The research objectives presented certain questions of which answers have been found for in the study. The research revealed that internal controls actually exists in the company to check the activities of the staff of Ghana Post so as to ensure that the company achieves its target. The study also revealed that senior management was tasked with setting up the control system to regulate activities within the company. An internal audit unit existed in the company to ensure that internal control systems function effectively and are charged with all issues affecting the company’s internal controls. However, an interview with the internal auditor of the company revealed that recommendations forwarded to the management are mostly not implemented.

The study again revealed that efficient and effective internal control system is needed to fully utilize resources judiciously. The study revealed that fraud was rampant in the company and a lot of people were asked to proceed on indefinite leave or a committee of enquiry set to prove these cases as and when it happens and the necessary sanctions administered. It revealed that recommendations made by the internal audit unit were not implemented in the company and that is what gives way to the rise in the cases of fraud in the company.
With the issue of monitoring, the internal control department is solely responsible for it but the entire staff of the company are also charged with overseeing to the controls in the whole company but because of oversight and negligence people notice deviations and decide not to report the issue which has caused many people to act fraudulently with impunity.

Communication in the company about the control system is very poor and even control activities implemented in the company is not known by the employees in the company. Feedback on controls is not given to employees who are affected by these controls with the control environment not clearly defined. It was also revealed that in Ghana Post principles and values are used as against compliance with set rules and regulations.

### 5.2 Contributions and Recommendations

Based on the findings of the research, these recommendations are suggested to aid in the making of the internal control system in Ghana Post Company Limited effective and efficient to improve financial management both in the Ashanti Regional head office and the entire company in Ghana as a whole as well as other government enterprises.

#### 5.2.1 Contribution to Literature

The research was done to ascertain the effectiveness and efficiency of the internal control activities in the company as a tool for the company’s financial management. Other areas where researchers could look at or investigate is effectiveness of internal audit in Ghana Post Company Limited, monitoring of internal controls in the company. Other researchers could look at the effect internal audit has on the financial management of the company and the level to which recommendations made by internal and external auditors are implemented when it comes to controls.

#### 5.2.2 Contribution to Policy

The company should endeavor to get an updated Audit manual and Finance manual available in the company for employees to have easy access to. There should be documented laid down policies and procedures where controls are applicable so as to prevent deviations or individual perception of how a transaction should be accounted for to avoid inconsistencies. The management should review control policies regularly taking into account the control environment and risk assessment. These policies should be communicated to all members of the company to keep them informed on reviews. Technology should also be incorporated in their controls as the business world is surrounded by technology.

#### 5.2.3 Contribution of Control Environment to Practice

Management should consider involving employees to some extent for collective decision making in setting policies regarding internal controls in the company. Management should make policies available to employees and ensure compliance to these set policies to make controls in the company effective. Audit and other systems should regularly test for compliance with set policies and procedures.
5.2.4 Contribution of Risk Assessment to Practice

Management should clearly communicate objectives to all employees in the company and appropriately plan for new products or activities taking into account technological factors which will enhance the performance of the company. The company should minimize the employment of family and friends into the company and recruit employees who are knowledgeable enough to manage company resources. This could be done by intensive background checks on the new recruits and periodic seminars and workshops or retreats to enrich the skills of the employees. On the issue of risk assessment, management should communicate acceptable levels of risks to employees in their duties and also training them to achieve the required knowledge and skills together with sufficient resources to aid them in carrying out work efficiently and effectively.

5.2.5 Contribution of Control Activities to Practice

The prescribed procedure for purchasing goods and services should be followed by the department charged with purchasing the goods and services. The company should comply with the procedure set by the procurement law with is set by parliament for all government businesses. Competitive tendering should be used when purchasing goods and services as opposed to sole sourcing which encourages fraud. Sole sourcing should only be used only when there is a dire need for it and approval should be sort from management before being sort to. Decisions about employees performing more than one duty should be evaluated critically so as not to concentrate solely on cutting cost but making provisions for employees not to find it difficult to commit fraud.

5.2.6 Contribution of Monitoring to Practice

There should be intensive monitoring for those handling cash in the company. Physical verification of receipts and cash should be done by the heads of departments whose department is responsible for cash operations and not only accent to recorded amounts by the employees who fill the daily report sheets. Management should also make it a point to implement recommendations made by the audit department to prevent the occurrence of teeming and lading and other forms of improprieties.

5.3 Research Limitations

The limitations of this research lie predominantly in the methodology and scope employed. The study focused extensively on internal control activities which is a component of the internal control system including risk assessment, the control environment, information and communication of internal controls as well as monitoring which were briefly looked at. However, the control system encompasses all these components to create a whole and this together can help in the effective and efficient financial management of the company. The research was also conducted in just the Ashanti regional head office and not included other post offices in the region because all information about district branches are available at the regional head office and controls also stem from the regional head office. Thus, the results of the study cannot be used as a measure of effectiveness and efficiency of the entire company as a whole. However, this is not deemed to considerably affect the finding as the interviews conducted were follow-up or a means of triangulating the data collected from the questionnaires administered.
Also, the data collected was from questionnaires administered and interviews and not from direct observations of proceedings in the various relevant departments of the company. To remedy this to some extent, the head of the department responsible for checking controls in the company and the Finance Manager responsible for the monetary aspect of the company were interviewed to elaborate more on the effectiveness and efficiency of the controls in the workplace.

5.4 Conclusions

The following conclusions could be drawn from the study:

a. Internal controls exist at Ghana Post Company Limited and have been in the company for so many years exceeding twenty (20) years and are evident in all Ghana Post Offices nationwide. Management has the sole responsibility of establishing, evaluating and implementing of internal controls in Ghana Post Company Limited.

b. The internal controls environment is not well or clearly defined. This caused by management not involving majority of employees in the decisions regarding the internal control system and management’s inability to periodically review policies and procedures that ensure the proper implementation of controls as well as feedback not reaching employees on follow-ups of delegated responsibility for results on performance.

c. The level of risk assessment is very low which reduces the efficiency and effectiveness of the entire control system. The company has clear objectives set but not documented for easy reference by employees of the company to provide effective direction to employees on risk assessment and control issues. Management has a satisfactory level of assessment when it comes to evaluating risk when the company is planning for a new product or activity. Technological issues are not factored into the risk assessment because of lack of regular reviews of policies.

d. There are a lot of internal control activities in the company to prevent fraud or misappropriations but most of these controls are ineffective. The controls in the company still make it possible for employees to commit fraud. The high rise of fraud in the company stipulates that the controls in the company are not as effective and efficient as they should be. Transactions are supposed to go through various authorization processes before finally being undertaken but certain waivers by management to cut some of these processes easily attract people to commit fraud. Segregation of duties is evidently noticed in the company, but employees find ways around these controls to embezzle fund from the company.

e. The level of monitoring is very low in the company and this has also contributed to fraud cases in the company. Employees who are in charge of cash collection are not thoroughly monitored and they only present manipulated figures and records to their department heads.

f. Teeming and lading is the most rampant fraudulent activity found in the company as the study was being conducted and as this is recurrent, steps have not been put in place to curb it. External auditors do not audit the company intensively and these external auditors sideline the work of the internal auditors.
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