



INTERNATIONAL EXPERIENCE OF PUBLIC ADMINISTRATION МЕЖДУНАРОДНЫЙ ОПЫТ ГОСУДАРСТВЕННОГО УПРАВЛЕНИЯ

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Research article

Study on the Effectiveness of Internal Control Systems in Ghana Public Sector: A Look into the District Assemblies. Part 2

E. Owusu-Ansah

Kuban State University
Stravropolskaya Street 149, Krasnodar, Russian Federation, 350040

Abstract. Assessing the effectiveness of the internal control system in the public sector is one of the surest way to identify if public institutions are working effectively to achieve corporate objectives. The objective of the study is to assess the effectiveness of the internal control systems in the MMDA'S. The study made use of convenience and purposive sampling method to sample data. It was observed that there is an existence of internal control system in the Adenta. Municipal Assembly and it is very effective in the achievement of the Assembly's objectives. The Writer recommended that the government should employ more personnel who are members of the professional bodies such as the ICA Ghana, ACCA, and CIMA into the unit, this is because with their knowledge and in-depth study of their profession it will help to reduce the problems of internal control as highlighted in this work.

Keywords: internal control systems, effectiveness, public sector, ADMA, Adenta municipal assembly, Ghana

Form and Structure of Decentralization System in Ghana

Decentralization of the machinery of government has been espoused in the 4th Republican Constitution of 1992. Article 35 (6) (d) [1] of the Constitution provides for making “democracy a reality by decentralizing the administrative and financial machinery of government to the regions and districts”. To give form and meaning to the constitutional provisions relating to decentralization, the government enacted the Local Government Act, 1993 (Act 463) [2]. Other subsidiary legislations have also been enacted to deepen the range, scope and process of decentralization, notably Local Government (Urban, Zonal and Town Councils and Unit Committees) Establishment Instrument of 1994 (L.I. 1589), Civil Service Law of 1993 (PNDC Law 327), (Act 455) [3], National Development Planning (System) Act of 1994 (Act 480)[4] and the Local Government Service Act

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of 2003 (Act 656) [5]. From a review of these legal documents and commentaries on Ghana's decentralization policy and programme, the objectives of the decentralized system can be stated as follows:

- To restructure the allocation of resources and reassign functions and responsibilities into three levels of government (national, regional and district).
- To promote efficiency of management; integrate central and local government units and functions at the district level into the District Assembly system; and
- To improve resource allocation, utilisation and management as well as administrative efficiency by providing for flexible adaptation of local conditions and circumstances that may affect development efforts and outcomes [6].

Generally, the local government structure that emerged under the decentralised system of planning and public administration has four levels: national, regional, district and sub district level institutions.

At the national level, the ministries have been restructured into four-line directorates to deal with broad sector policy formulation, planning, budgeting and monitoring and evaluation. At the regional level, the Regional Coordinating Councils coordinate, harmonize, monitor and evaluate the activities of metropolitan, municipal and district assemblies within their respective areas of jurisdiction. At the district level, the metropolitan, municipal and district assemblies are the highest political administrative, legislative, development, planning including implementation and rating authority. At the sub district level, the sub metro district councils, urban councils, zonal councils, town councils, area councils and unit committees have been established to perform community and grassroots planning and management functions in support of the district assemblies within which they are located. Also operating concurrently at the national, regional and district levels are the parastatals (public companies), statutory bodies, non-governmental organizations and private sector firms that do not directly form part of the decentralisation programme. The structure of the local government system is depicted in Figure 1 below.

Ghana's local government structure, roles and procedures, in practice entails elements of the five forms of decentralization. These are depicted as: deconcentration where governmental functions are assigned to regional and district offices of sector MDAs e.g. Department of Feeder Roads, Department of Urban Roads etc.; delegation where responsibilities and authority for specific public sector activities are assigned to parastatals or other semi-autonomous central government organisation e.g. ECG, GWCL and CWSA; devolution where local government units are given the decision making, resource generation and allocation authority to perform specific public sector development functions; principal agency where local government units are allowed to perform specific public sector functions at the local level on behalf of central government under the latter's supervision and direction; and privatisation where certain public sector functions i.e. provision and management of services and facilities such as markets and refuse collection and disposal are transferred to private sector firms, individuals and NGOs [6]. Given the experience of Ghana's decentralisation system over

time, there is an apparent emphasis and direction towards decentralisation by devolution. The essence of devolution is discretionary authority. This implies that MMDAs must have the discretion to raise, allocate and utilize financial resources to promote the overall development of their respective areas of jurisdiction. This makes fiscal decentralization, an essential component of Ghana's decentralization programme.

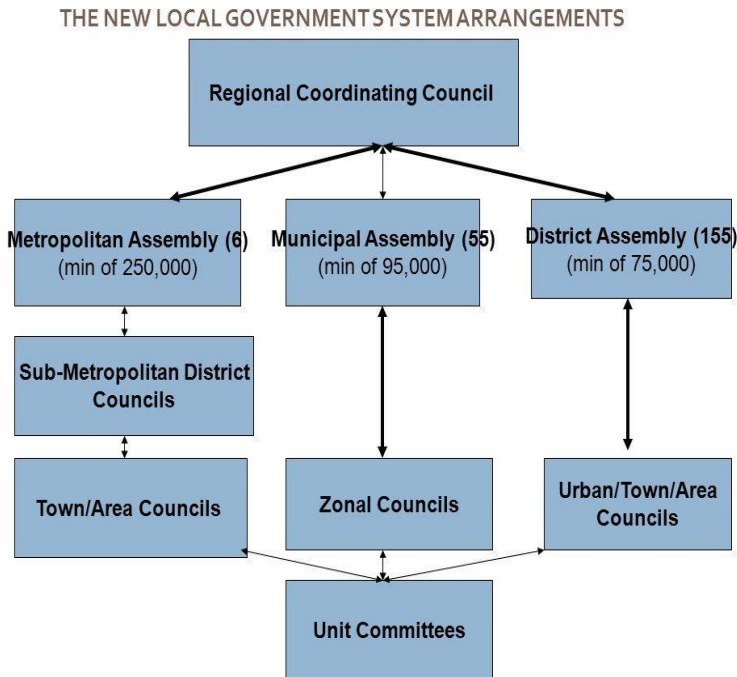


Fig. 1. Structure of the Local Government System.

Source: MLGRD, 1996

Fiscal Decentralization in Ghana

Fiscal decentralisation entails entrusting local government units with the authority and capacity to generate, allocate and utilize financial resources to promote socio economic development. According to Kokor and Kroes, the objectives of Ghana's decentralisation programme are to increase local revenue mobilization, restructure allocation of resources to meet local needs and empower MMDAs to make allocation decisions at the local level over both locally generated funds and those transferred from the central government [6].

In furtherance of these objectives, the District Assemblies Common Fund was established and has been in operation for over a decade. The allocations to each MMDA are based on a formula approved by Parliament. Disbursements are made on a quarterly basis and a quarter in arrears.

The DACF is available to MMDAs only for investment expenditure. In 2008, the proportion of total government revenue allocated to the DACF was reviewed from 5% to 7.5%. All MMDAs can only receive their allocations upon

the submission of their Annual Action Plans (AAP) and Annual Budgets to the Administrator of the DACF. MMDAs have also been mandated under section 245 of the 1992 Constitution and Act 462 to collect fees, fines, rates, tolls and licenses in order to support socio economic development in their areas. Further to this, several legal instruments have been enacted to ensure transparency and accountability in the use of financial resources at the local level. These include:

- Financial Administration Act, 2003 (Act 654, amendment to FAD, 1979, SMCD 221)
- Financial Administration Regulations, 2004 (L.I. 1802, revoking the Financial Administration Regulations, 1979, L.I. 1234)
- Public Procurement Act, 2003 (Act 663)
- Ghana Audit Service Act, 2000, (Act 658)
- Internal Audit Agency Act, 2004 (Act 656),

It has to be acknowledged that some modest gains have been achieved since the process of fiscal

decentralisation was set in motion in Ghana. According to Kunfaa, despite th many negative stories about misappropriation of funds in MMDAs, a significant number of development projects have been carried out on the initiative of almost every MMDA throughout the country, which would not have been the case if development was initiated from only the central government.

A number of bottlenecks towards fully institutionalizing fiscal decentralisation in Ghana however still remain. These include the following:

- Substantial authority had been given to MMDAs without accompanying resources to fulfil the mandates;
- Composite budget system has not been fully operationalised;
- MDAs continue to prepare budget estimates and account for expenditure on sectorial basis at the district and regional levels;
- Limited discretionary authority of MMDAs over funds from DACF;
- Weak local revenue generation and mobilisation capacity of MMDAs
- Untimely disbursement of funds from DACF; and
- Substantial deduction in the quarterly DACF allocation to the MMDAs to finance national level programme e.g. National Youth Employment Programme, Fumigation etc.

• Variances in the amounts allocated, disbursed and actually received by MMDAs from the DACF. The variations were as a result of the fact that certain expenditures were incurred on behalf of MMDAs and the cost deducted at source.

To address these and other related challenges with fiscal decentralisation in Ghana, a number of initiatives are being implemented. An inter-governmental fiscal framework that clearly assigns service responsibilities between the central government and the sub-national level has been developed and is being implemented. A Municipal Finance Bill to assist local governments to source funds from the open capital market is being considered by Parliament. In a bid to further strengthen the fiscal capacity of MMDAs, the Ghana

government and Development Partners (DPs) have introduced the District Development Facility (DDF). This facility exists to provide additional financial resources to MMDAs through an annual performance assessment to enable them implement programmes and projects in their MTDPs. The Ministry of Local Government and Rural Development also intends to introduce the concept and practice of “municipal contracts” whereby Metropolitan and Municipal Assemblies would be assessed at the technical/urban, financial and organizational levels with a view to granting them additional financial assistance to implement projects identified in a Priority Investment Programme prepared after the assessment.

District Assembly’s Compliance to Internal Controls and Prescribed Procedures

According to Kwamena Ahowi one time Local Government Minister, there is an evidence to suggest that the proceeds have been embezzled by the district assembly officials and in award of contracts for development projects, some district chief executives have colluded with contractors to inflate the cost of projects. In April 1997, twenty DCE’s were dismissed for rent – seeking practice. In August 1997, the Ashanti Regional Minister refused to commission a clinic in one of the districts because the cost was inflated. All these problems noted were due to non – compliance of the officials to the internal controls and procedures.’’[7]

Again according to Vice President Atta Mills in 1997 monitoring teams of the regional coordinating council and the report of the auditor general 1995, 1996, and 1997 indicated that most district assemblies had invested in idle funds, which were usually proceeds from the district assembly common funds (DACF) in treasury bills. The Central Government directed the District Assemblies to refrain from the practice because it amounted to the government paying for the interest on its own money and this fueled inflation.

The district assembly over rely on the on the proceeds of the district assembly common fund (DACF). For example, only the Accra Metropolitan Assembly was able to generate about 45% of their projected revenue from their traditional source since the introduction of DACF. It was also established that most of the assemblies use the proceeds from DACF on their recurrent expenditure as against the DACF laws and guidelines which prescribe the use of DACF for only capital projects and it related expenditure.

Former minister of the ministry of local government and rural development states that the key challenges facing the local government system is the putting in place a sound financial management in the district assembly. That, to most critics to the decentralization process, the local government sector is not well equipped to manage the huge resources entrusted to them. This was based on the forensic audit report on the Local Government Ministry (Assemblies) from 1992 – 2000, that showed a gross malfeasance of large sums of money at the assemblies like the payment of non-existing projects, awards of projects not going through the tender-

ing process, expenditure not having a budget line, records in financial statements not reconcilable, expenditures not authorized and among others.

Revenue collection and administration in Kumasi leaves much to be desired. Some of the reasons for such poor performance were, on -participation of rate payers in fixing rate, failure of the assemblies to account to the public the disbursement of revenues, poor public education on taxation, poor human resource management, failure of the assemblies to provide adequate facilities in the markets, the parallel procedures – with different intermediaries – for payment of revenues into the treasury, the usage of the receipts books without carbon copies and the general counterfoil receipts(GCR) booklets for the collections of all public revenues in Ghana, among others.

According to public expenditure tracking survey (PETS) report [8], the expenditure reports from the district assemblies are inconsistent with those of the DACF office. The report showed a total of 3 billion were transferred from the DACF office whereas the district assemblies reported receiving 400 billion cedi. However, these inconsistencies could not be explained by any of the units. The report also stated that the study of projects undertaken by the assemblies showed that about 30% of the projects were completed on schedule and the authorities could not assign reasons for this situation. Perhaps, this was the result of non-adherence to control procedures in the assemblies.

According to the Auditors General Report [9] on the financial statements of the assemblies for the period 1996 – 2000, the following findings were made:

- Payments were made without proper authorization processes followed contrary to the provisions of the financial administration regulations.

- Payments for mobilization to contractors ranging from 25% and above of the contract sums as against part IX section 69 of the financial memoranda of district assemblies, which provide a limit to 15% of the contract sum.

- That, section 1522 of the store's regulations 1984, requires a work order form to be supported by a written estimate of the cost repairs or other work required by clients which must be signed by a manager or supervisor of the workshop. However, contrary to this provision, most assemblies sent their vehicles and equipment to garages or workshops for servicing or repairs without formal works order or authorization.

- Contrary to section 17(1) of the procurement act 2003, acts 663, and the tender board regulations, it was observed that most assemblies executed various projects without going through the tendering process.

- Contrary to parts IX, section 74 of the financial memoranda most assemblies were not keeping contract registers on projects.

- That chapter V section 70 of the stores regulations states that, 'all stores received will be taken on charge in the stores ledger, store cost book at the time of receipts and entries will be supported by the prescribed vouchers''. However, contrary to these provisions, most assemblies did not follow these procedures.

- Part 1, section 22 (1) of the financial administration regulations states that 'all public monies collected shall be paid gross into the public funds accounts and

no disbursement shall be made from the monies collected except as provided by an enactment’’. Contrary to these provisions, the audit revealed that the assembly staff (revenue collectors) could not account for a total of 5.86 billion cedi being part revenues collected from taxpayers. This was attributed to poor supervision of revenue collectors by management.

Methodology

Research Design

The research design used is survey design where data was gathered from respondents. Survey design describes the process of collecting data from members of a population in order to determine their current status in that population with respect to one or more variables [10]. This type of research design is best appropriate since it provided the researcher the opportunity to collect primary data. Furthermore, the researcher engaged the respondents which made it possible to understand the dynamic factors of the research by having a direct experience. The advantage with the survey design is that the researcher had the likelihood to experience how the internal control system of the assembly is practiced rather than getting it through the secondary sources.

Population

The general staff of Adenta Municipal Assembly (ADMA) was considered for population of the research study. An assessment from the assembly indicates that the total number of employees at the assembly was seventy.

Sample Size

The sample size refers to the number of elements to be included in the study. For this research work, the researcher selected a sample size of forty-five from the research population which includes both staff and management of Adenta Municipal Assembly (ADMA).

Sampling Technique

To enable valid references to be made about population characteristics, the convenience and purposive sampling methods was used in choosing the sample for the study.

Convenience Sampling

It was non-random sampling technique in which the researcher decided the selection of sampling units based on their convenience.

Purposive Sampling

This implied deliberate selection of sample unit from whole purpose. This sample technique was used because they were easy, less costly and convenient to use because they seek to target respondents who can provide relevant information that would address the issue under consideration. In this type of sampling, respondents were selected on the basis of their accessibility and convenient to the researcher.

Research Instruments

The researcher used questionnaire to obtained information relevant to the study. The questionnaires were structured with both open-ended and closed-

ended questions which provided possible alternatives to choose from. The questionnaires formed the bases on the research questions and objectives of the study. The study was brief and respondents were assured of confidentiality of any information that they provided. The use of questionnaires provided the researcher the opportunity to accumulate data of the selected themes outlined in by the questionnaires and objectives of the study. In all, fifty questionnaires were administered to the staff at the various departments of the assembly. The use of questionnaires permitted wide coverage for a minimum expense for both in money and efforts. Also, it reached out to individuals who were normally difficult to contact.

Source of Data

The researcher made use of primary and secondary data collection. The primary data is the data collected directly by the researcher from the respondent under the study. The researcher used questionnaires to collect primary data for the study.

The secondary data consisted of literatures materials by well-known writer and authors in the field of organizational internal control systems and other related topics. Information was gathered from published sources, (books, articles and course literature with useful information for the study), the internet and some information from the assembly.

Administration Procedure

At the onset, the researcher sought the help of the management of the assembly, followed by an official letter to conduct the research. Administration of the questionnaires was done by the researcher by hand. The assembly was served with fifty copies for ten working days in which respondents were expected to finish answering the questionnaires. In some cases, the items completed instantly for collection while others were collected later by the researcher.

Validation of research instrument

The extent to which a particular measure is free from both systematic and random error indicates the validity of the measure. The research instrument validated both internally and externally. Internal validity can be viewed from a number of different perspectives, being face validity, content validity; criterion validity and construct validity.

The following internal validities were ensured:

1. For *face validity*, the researcher thought that it was logical to assess the respondents' knowledge on the internal control system of the Assembly using questionnaires.

2. To achieve *content validity*, the questionnaires for this study given to the research supervisor for review.

3. On *criterion validity*, the questionnaire was matched up with similarly validated questionnaire used in related studies.

4. With respect to *construct validity*, the items in the questionnaire were taken from the review.

Data Analysis

In order to draw a meaningful, valid and relevant recommendation a combination of qualitative and quantitative procedures was used. The researcher examined all questionnaires individually to ensure that answers elicited from the respondents address the research objectives stated in the study. The responses to the questions were rated and analyzed using Microsoft Excel 2010 and descriptive statistical tools such as frequency tables and percentages. The analyzed data was discussed within the context of the research objectives.

Table 1

Findings and Discussions of Data Table 1.1: Sex Distribution of Respondents

Response	Frequency	Percentage %
Male	28	62
Female	17	38
Total	45	100

Source: field data 2018.

The gender of the respondents was discussed to indicate the age disposition of respondents. From the data collected, it was observed that the assembly has more male employees than female employees, 62% of respondents constituting male and the remaining 38% constituting female. This indicates how the activities of the various MMDA's in the country are dominated by males.

Age Distribution of Employees

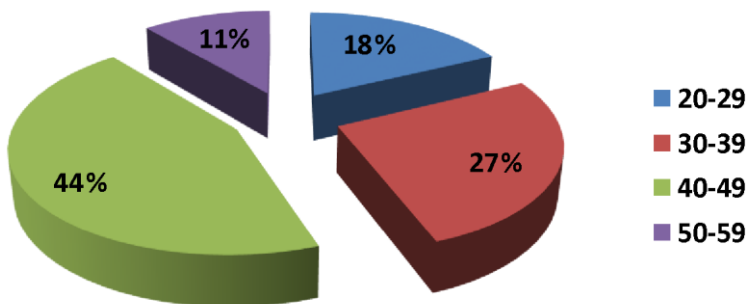


Fig. 2.1. Age Distribution of Employees.

Source: field data 2018

Figure 2.1 above shows that most of the respondents (20) were between the ages of 40–49 years, representing 44%, followed by 30–39 years representing 27%. 18% and 11% range between 20–29 years and 50–59 years respectively. This pre-supposes that, the demographic characteristics of the Assembly in terms of age were young and active and are able to take part in internal control activities.

Table 1.2

Educational Attainment of Respondent

Response	Frequency	Percentage %
Degree	28	62
Masters	8	18
Others	9	20
Total	45	100

Source: field data 2018.

In table 1.2, is the educational qualification of the respondents. It was found that 62% of the respondents are degree holders, 18% Masters and 20% are professional certificate holders. This shows that the organization has much more qualified employees who are likely to have much information and knowledge about internal controls of the Assembly. The educational background will make them understand and assist to keep effective controls of the assembly’s transactions.

Ranks of Respondents

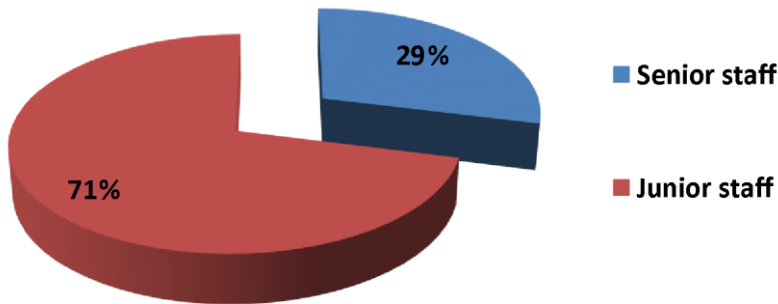


Fig. 2.2. Ranks of Respondents.

Source: field data 2018

Figure 2.2 shows that, a greater percentage of staff members of Adentan Municipal Assembly are junior staff recording a percentage of 71%. Senior staffs recorded a percentage of 29%. It was however discovered that the few senior staff were mostly heads of departments (The Town and Country Planning, Budgeting, Auditing, Feeder Roads, The Coordinating Director etc). This group of people constitutes the management of the Assembly. It was therefore the responsibility of the management to communicate the internal control system to their subordinates for effective and efficient running of the Assembly.

Table 1.3 indicates number of years the respondents have associated themselves with the organization. Most of them 33%, had been with the organization for 16 – 20 years, 31% had been with the organization for 11 – 15 years. Also, 22% had been working with the Assembly for 6 – 10 years and only 13% had spent 1 – 5 years in the organization. It could be seen that most of the respondents

had associated with the organization for a considerable period of time and are familiar with the internal control issues.

Table 1.3

Years of Association with ADMA

Year	Frequency	Percentage %
1–5	6	13
6–10	10	22
11–15	14	31
16–20	15	33
Total	45	100

Source: field data 2018.

Analysis of the Internal Control System of the Assembly

The level of understanding of workers about the mission and objectives of the assembly was positive since all the respondents were familiar with the organization’s mission and objectives. This indicates that management have done well and trained workers to know about the core mandate of the Assembly. This to a larger extent will help improve internal controls in the organization.

It was also noted that the employees did not only know about the mission and objectives of the assembly, but also about the code of conduct especially aspect regarding effective internal controls, positively all employees interviewed agreed that they have knowledge about the code of conduct of the assembly. The implication is that combining their full knowledge on mission and objectives with that of the code of conduct, the employees being well versed with internal control systems in an organization depends on the effectiveness of information flow in the organization. If information is not well communicated and received, internal controls cannot be effective. The study revealed that information flow in the Adentan District Assembly, (ADMA) is effective and that the employees understand all instruction and information given to them and they abide by them also.

Another important element of internal control is effective supervision and control. Employees are likely to make several errors that could cost the organization. There is therefore a greater need for management to exert control of workers and monitor their activities effectively. Per oral interview, it was evident that 96% of the respondents agreed that they are well supervised by management to become more effective while only 4% thought otherwise. This implies that majority of the respondents are enthused about the supervision and control levels in the assembly and this opinion of theirs has improved controls in the organization.

Record keeping is a major problem affecting internal control. If records are not well kept and transactions not recorded well, errors can negatively affect the effectiveness of internal controls.

Respondents agreed that the organization have an internal audit function responsible for checking and ensuring that transactions are recorded accurately, also, errors are identified and corrections made.

As a result of keeping abreast with current issues of the nitty – gritty of the practice of internal controls, it becomes so expedient for the staff of the accounts and internal audit department to subject themselves to periodic training sessions and refresher courses so as to beef them to squarely match the inherent challenges embedded in the practice of internal audit. The higher authority in the assembly like the management team including the District coordinating director (DCD), District Finance Officer (DFO), the District Budget Officer (DBO) and the District Chief Executive (DCE) expects the final report of the internal audit department to be presented with accuracy and dexterity. However, this could be only possible if the periodic training of staff is materialized. Periodic training of account and audit staff does not only make them effective and efficient in their duties but also provide the staff of being internationally oriented in the practice of internal controls and audit, as such makes their circle of performance in the geographical sense wider. However, from the data analyses from the questionnaires represented and received, 85% agreed to being given the chance to embark on periodic training, and 15% disagreed to that fact. The few minorities who disagreed were found to be junior staff who may perhaps have minor issues with management.

Table 1.4

Knowledge in Internal Control System

Response	Frequency	Percentage %
Agreed	45	100
Disagreed	–	–
Total	45	100

Source: field data 2018.

Table 1.4 indicated that 100% of the respondents expressed their view that they have knowledge in internal control system and have taken course in internal control system. Most of them pointed periodic training from the Local Government Authority both at the district and regional level has broadened their knowledge on internal activities of the Assembly.

Table 1.5

Participation in Workshop Organized for Internal Purposes

Response	Frequency	Percentage %
Agree	37	82
Disagree	8	18
Total	45	100

Source: field data 2018.

Table 1.5: 37 of the respondents, representing 82% claimed that they had ever participated in the workshop for staff concerning internal control issues. This could be attributed to their interest and level of awareness of the benefits of internal control system in the public sector. They answered that, at regular intervals they are called for training programs at both district and regional level. When asked about their interested in the workshops, most of the respondents expressed their key interest in the workshop. The reason behind this was that every participant was financially rewarded at the end of every workshop. This creates a true picture that, for internal control system to be effective, there is the need to create awareness through workshop or training programs. In creating awareness, employees must also be motivated to develop interest.

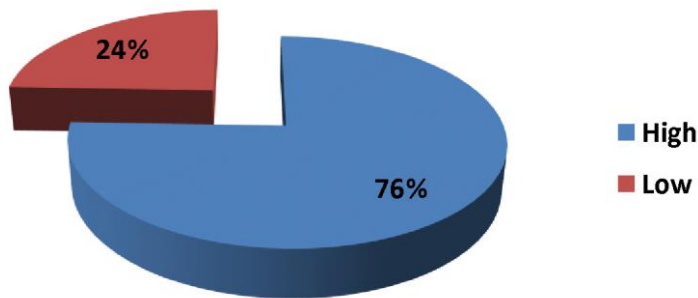


Fig. 2.3. Awareness of the Benefits of Internal Control Systems.

Source: field data 2018.

Figure 2.3 indicates that out of 45 respondents who answered in the affirmative to the question as to whether they were aware of the benefits of internal control activities, 76% claimed that they had high level of awareness of the benefits of internal control systems and only 24% claimed to have a low level of awareness of the benefits of internal control system. This means that, the execution of internal control measures is strictly adhered to.

Table 1.6

Communication of Internal Control Systems

Response	Frequency	Percentage %
Agree	36	80
Disagree	9	20
Total	45	100

Source: field data 2018.

Table 1.6 questioned if internal control issues should be communicated to other personnel, there was an overwhelming view in favour of this claim. 80% of the respondents suggested this view as they believe that it was going to promote transparency and accountability. On the other hand, those who thought otherwise constituted only 20% of the sample collected; they claim that internal control issues must be handled by specialist.

Table 1.7

Ways of communicating Internal Control Issues

Response	Frequency	Percentage %
Memos	–	–
Staff Meeting	39	87
Verbal	–	–
Not communicated	6	13
Total	45	100

Source: field data 2018.

From table 1.7, 87% of the sample indicated that internal control issues are communicated during meetings as they believed that it would enable the staff to understand the internal control system. On the other hand, 13% said internal control issues are not communicated. According to them, this creates friction and suspicion between management and staff.

Table 1.8

Types of Internal Control Systems

Response	Frequency	Percentage %
Corrective Control	13	29
Preventive Control	23	51
Detective Control	9	20
Total	45	100

Source: field data 2018.

Table 1.8 depicts that the majority 51% of the respondents agreed that the existence of internal control is preventive, 29% corrective and 20% detective control. Some of the respondents gave examples of some of the internal controls measures used in the organization to ensure the safety of records, and prevention of fraud. The control measures used are peer review, segregation of duties, internal control initiatives, control procedures, audit control, and system security.

From the data presentation and analysis it has been shown that there are internal control systems in existence in the local government sector. The people in charge of this function are well qualified people who have extensive experience in the field. The internal control systems identified include cash and cheque control, inventory control and fixed asset control. However, computer-based system control and a few others were a challenge to the Assembly.

Majority of the respondents said the controls are preventive. The organizational structure of Adentan Municipal assembly is formal and bureaucratic; consistent and properly structured. It is effectively organized starting from the head of the District Chief Executive to the line managers/ heads of departments and then to the junior staff. Relevant information regarding legislation, regulatory devel-

opment, political changes in leadership and other external factors that may affect the organization are explained to staff members during meetings.

Table 1.9

Effectiveness and Efficiency of Internal Audit

Responses	Frequency	Percentage %
Strongly Agree	14	31
Agree	26	58
Disagree	4	9
Strongly Disagree	1	2
Total	45	100

Source: field data 2018.

Table 1.9 shows that majority of respondents agreed that an audit team exist and effectively function to ensure accuracy of records. This means that internal control in the organization is taken serious. Approximately, almost all the population believes there is efficient and effective internal audit unit to oversee the internal control system of the assembly.

It has also been established that the control systems in Adentan Municipal Assembly is very effective in the achievement of the assembly's objectives. There are systems put in place to check fraudulent deals in the organization such as segregation of duties, reconciliations and others. Receiving of cash for transaction is discouraged as it is a public service organization with the motive of serving its people within its geographical jurisdiction and where even it is done monies are expected to be banked at the earliest time which ranges between one to three days. The research also showed the nature and the extent of control mechanism in the assembly vary from one to another. The control mechanism used by the assembly depends mainly on:

- The nature, size and volume of transaction that is processed daily, weekly, monthly or yearly
- The number of administrative staff available
- The importance placed on internal controls by the head of the various departments. The measures put in place to ensure the safety of records and the preventive of fraud.

Table 1.10 represent the responses received concerning who approves and authenticates cheques and other document received from the assembly. From the table, it can be seen that the District Chief Executive (DCE) is responsible for the authorization of cheques and other documents as compared to the other authorities specified in the table above. Twenty three others added that it depends on the type of document as it can be approved by either the DCD or the DFO. An interview shows how the decisions of the assembly are influenced with political ideologies as the DCE's of the various MMDA's are political appointees.

Table 1.10

Approval and Authorization of Cheque and Other Documents

Responses	Frequency	Percentage
The District Finance Officer (DFO)	4	16
The Chief Internal Auditor	–	–
The District Budget Officer	–	–
The District Coordinating Director (DCD)	8	18
The District Chief Executive (DCE)	22	49
Depends on the type of document	11	24
Total	45	100

Source: field data 2018.

Proper authorization procedures of inventory requisition

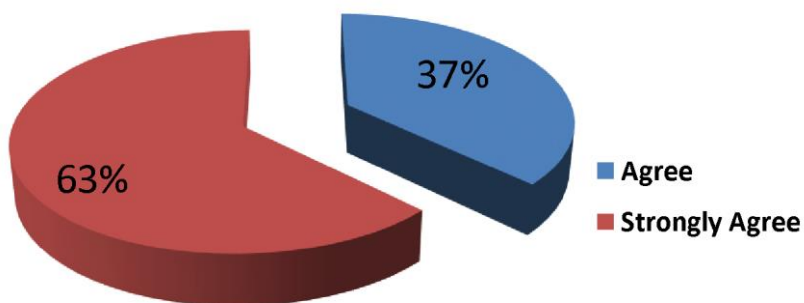


Fig. 2.4. Inventory Control.

Source: field data 2018.

In figure 2.4 respondents were asked to indicate, if inventory requisition are subject to proper authorization procedures, in absolute terms the entire respondent indicated that, inventory requisition are subject to proper authorization procedures. As evident from the table above, 29 agreed and 71 strongly agreed representing 37% and 63% respectively. All also indicated that transfers and movement of inventory are recorded and reconciled regularly with actual physical inventory balances. Finally, on inventory controls, it has been agreed unanimously by the entire respondents that goods and materials removed from stores are done only by a properly authorized stores employee.

Table 1.11 shows that 60% of respondents strongly agree that assets of the organization are being recorded and checked against the assets register. This further explains that when assets are acquired and taken out of the organization, it is being recorded to ensure that they are safe.

Table 1.11

Records on Assets of the Assembly

Responses	Frequency	Percentage %
Agree	18	40
Strongly agree	27	60
Total	45	100

Source: field data 2018.

Summary of findings

The study revealed that staff of Adentan Municipal Assembly (ADMA) have knowledge in internal control activities and have taken courses in internal control activities which is in line with internal control act.

The study shows that internal control activities are communicated to staff. This would enable staff members to understand the activities of the organization and most of them are aware of the benefits of internal control systems. The study also showed that the internal control system adopted by ADMA is efficient and effective as management regular workshop for its staff both the district and regional level.

The respondents were asked to mention two constraints for each controls; that is cash and cheque controls, inventory control; computer based system control and fixed assets controls. Under the cash and cheque controls, most of the respondents indicated lack of accurate accountability from the revenue collectors/mobilizers who go to the field to mobilize revenue for the assembly. Under the inventory control, it was stated that, the determination of re-order level and maximum stock level were cited as constraints faced in the inventory control. Also under computer based system control, all respondents did mention the assembly does not have effective and efficient computer base system. Under the fixed assets controls, they made mention quantity of all the assets are not known. Also the Assembly has problems with determining revaluation process of the assets.

Conclusions and Recommendations**Conclusions**

The management should exercise and discharge their duty of care by: adhering to the strict code of conducts of the MMDAs of the Republic of Ghana, monitoring compliance and taking actions against breaches, strengthening the internal audit unit, and making the audit committee powerful as well.

Strong effective and efficient internal control in the MMDAs is very important and essential element towards their growth, survival and achievement of goals, objectives or targets set.

The management and employees at all level in the assembly have a major responsibility for the organization success in internal control mechanism. If they do not insist on accurate and adequate documentation, compliance of accounting standards and principles, separation of duties, authorization, timely recording of

information ,effective and efficient internal audit unit, competent and reliable personnel and so on as recommended by Larson [11] and Vatter [12], then, the organizations troubles becomes extensive and inevitable.

The study however concluded that, the staff of Adentan Municipal Assembly (ADMA) has knowledge in internal control system. They had taken and participated in workshops organized for staff in relation to internal control system issues. Issues of internal control systems are also communicated to staff members making it efficient and effective.

Recommendations

From the findings of the research the researcher recommends the following;
To Policy Makers;

The government should employ more personnel who are members of the professional bodies such as the ICA Ghana, ACCA, and CIMA into the unit; this is because with their knowledge and in-depth study of their profession it will help to reduce the problems of internal control as highlighted in this work.

It can also be inferred from the above reviews that for every entity to succeed in achieving its goals and objectives it should not only have an evidence of effective internal control systems, and an effective and efficient internal Auditor but all parties should be committed to the process and periodically have a mechanism to test the system to find out whether they are working well. Thus, the objectives of a company are in away embodied in that of internal control and internal audit unit. Therefore, the objective of internal control and internal audit unit and for that matter, a company will be defeated if there exist weak and inadequate internal control systems and ineffective internal Auditor as a result of challenges or limitations. Hence, it will be of great importance to policy make makers to ensure that there are some acceptable degrees of perfection in internal control systems and internal auditing unit which will periodically test the systems to find out whether they exist and are working.

To Local Government Practitioners;

Furthermore, the management of the assemblies should strengthen their training programs, refresher courses and seminars for their employees on regular basis. This will help them to upgrade their skills and knowledge in their field of work. All staff and employees under the Local Government Authority should be encouraged to learn and keep to date with technical matters and new technologies.

Also, management of the district assemblies in the Republic of Ghana should ensure that there is proper division of work and responsibilities as well as rotation of duties.

The control mechanism used in the organization should be reliable and checked often to ensure that assets of the organization are secured.

To Scholars and Researchers:

This research work is limited to the District Assemblies under the Ghana Local Government system. The researcher wishes to recommend to future researchers to broaden the area of study to other public organization on the effectiveness of the

internal control system since it is generally accepted that state funds are being embezzled and misappropriate by most public servant practitioners.

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Научная статья

Исследование эффективности систем внутреннего контроля в государственном секторе Ганы: взгляд на окружные собрания. Часть 2

Э. Овусу-Анса

Кубанский государственный университет
Стравропольская улица, 149, Краснодар, Россия, 350040

Аннотация. Оценка эффективности системы внутреннего контроля в государственном секторе является одним из самых надежных способов определения того, работают ли государственные учреждения эффективно для достижения корпоративных целей. Задачей исследования является оценка эффективности систем внутреннего контроля в столичных и муниципальных собраниях. В исследовании использовался целе-

направленный метод отбора для выборки данных. В Муниципальном собрании г. Адента отмечается наличие системы внутреннего контроля, позволяющей эффективно достигать реализации целей Ассамблеи. В статье присутствуют авторские рекомендации правительству по привлечению большего числа сотрудников, являющихся членами профессиональных органов, таких как Институт дипломированных бухгалтеров Ганы, Ассоциация дипломированных присяжных бухгалтеров и Чартерный институт управленческого учета, в соответствующие подразделения и по использованию их знаний и опыта в сокращении проблемы внутреннего контроля, о которых в том числе пойдет речь в данной работе.

Ключевые слова: системы внутреннего контроля, эффективность, государственный сектор, муниципальное собрание Адента, Гана

Информация об авторе:

Owusu-Ansah Emmanuel – магистр экономического факультета Кубанского государственного университета (ORCID ID: 0000-0001-7854-1278) (e-mail: oansah163@gmail.com).

Information about the author:

Owusu-Ansah Emmanuel – Master Student of the Faculty of Economics, Kuban State University (Russian Federation) (ORCID ID: 0000-0001-7854-1278) (e-mail: oansah163@gmail.com).

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