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Assessment of financial control practices in Polytechnics in Ghana. A case study of Sunyani Polytechnic

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Abstract

The study sought to assess the financial Control systems of Polytechnics in Ghana and suggest ways of improving them. Financial control systems exist to help organizations meet their goals and objectives, promote efficiency, reduce the risk of loss, and help ensure financial statement reliability and compliance with laws and regulations. The study adopts the case study design using Sunyani Polytechnic in the Brong Ahafo region, Ghana. A sample size of 50 staff members was selected for the study using the convenience sampling. The sources of data for the study were both primary and secondary data. The study found out that three (3) major financial control systems, namely, preventive, directive and detective control systems are in existence in the Sunyani Polytechnic. Effectively, realistic budgets are established and results are actively monitored. It was discovered from the findings that there was existence of internal financial controls regulated by Financial Administration, Procurement, Internal Audit Agency Acts and indirect application of Committee of Sponsoring Organizations of the Treadway Commission (COSO). It was revealed that the level of compliance was high and this is very commendable and must be encouraged. It was also discovered there was a fair amount of compliance but sanctions are rarely given to a person who does not comply with the laws and conventions of internal financial control. It was recommended that pre-audit should be done for all transactions and seriousness need to be attached to it. It was recommended that audit units need to be strengthened in the Polytechnics. It was recommended that review of internal control needs to be done from time to time, so that new standards can be embraced for performance and improvement. Regular training programmes should be organized for workers on the financial management and control of the Polytechnic activities for its sustainability and growth. There should be in-depth investigations into the accounting system to eliminate all identified weaknesses.

Keywords: Financial Control, internal control, control procedures, internal audit

Introduction

Internal financial controls are systems within a company that design methods and procedures to produce effective operations, establish reliable financial reporting, avoid fraud and maintain compliance with regulations and laws. Internal financial controls evaluation is meant to help institution review and assess the structure of accountability within the organization. An effective system of internal financial controls gives assurance regarding the integrity of financial reporting and safeguarding of assets. Fraud can easily be detected through internal controls. Such controls also help accuracy in financial reporting (Asare, 2006).

The finances of every organisation are seen as the life blood of that organisation and its effective and efficient management cannot be underestimated. Financial management involves financial planning and financial decision making and for these two objectives to be effectively performed depends on a well-planned, implemented and maintained financial control systems.

Committee of Sponsoring Organization (1994) defined internal control as “a chain of activities designed to offer suitable promise in relation to the attainment of targets, a decision largely influenced by an organization’s board of directors, top management and personnels in influential positions along the under listed categories:

1. Usefulness and efficiency of operations
2. Dependability of financial reporting
3. Compliance with applicable laws and regulations
4. Protection of organizations assets

The above objectives indicate that adherence to financial controls have influence on productivity and value in the management of financial resources of an entity. This suggests that disregarding internal controls by operatives of an entity will lead to mismanagement and waste of scarce resources that becomes available to the entity in pursuit of its objectives. On the basis of these effects, this study explores the controls that exist in administration of Polytechnics finances and the extent of compliance by operatives in the conduct of polytechnics business.

Financial controls form a very vital part of any financial system. They require that resources of Polytechnic institutions and other institutions or organizations are used effectively and properly in order to have accurate reports of activities. However, poor or ineffective controls put resources at risk where there are inefficiencies or theft, abuse or fraud. It is therefore the responsibility of the Polytechnic Council to ensure proper and effective financial controls are in existence. The responsibility also lays on management to ensure that these controls are effectively operated. It is very prudent to consider risk factors when establishing and implementing any financial control. These controls should be embedded in the operations and culture of the Polytechnics, be able to evolve if the type of risks the Polytechnic faces are changing and include procedures which enable immediate reporting to the relevant area of management should a problem occur.”

Polytechnics in Ghana face a lot of challenges in the supervision of its funds and as such require effective internal control systems to provide some level of assurance of efficiency and effectiveness in the use of its financial assets even though collusion of staff can limit the effectiveness of internal controls. Polytechnics in Ghana are tertiary institutions established by Act of Parliament of the Republic of Ghana according to Act 754 of The Polytechnic Act (2007). There are ten (10) Polytechnics in Ghana. The polytechnics are governed by the Polytechnic Act (2007), Act 754; the respective Polytechnics Statutes, the constitution of the Republic of Ghana in the conduct of business. As public sector institutions, it is mandatory for the Polytechnics to comply with the provisions, various laws and regulations such as Financial Administration Act, 2003 (Act 654), Financial Administration Regulation, 2004 (L. I. 1802), Public Procurement Act, 2003 (Act 663), Internal Audit Agency Act, 2003 (Act 658), Audit service Act, 2000 (Act 584), Labour Act, 2003 (Act 651).

Financial control plays an indispensable part in ensuring the accurate reports, safeguarding resources (tangibles and intangible) of an organization and elimination of fraud. Iddrisu and Anang (2010) advised that judicious financial management do not apply to only governmental institution or the financial institutions, but also applies to every area of the economy which includes the education sector.

At the second annual internal audit forum organized by the Internal Audit Agency (IAA), in Accra, under the theme: “Mitigating corporate fraud, abuse and waste: the role of the internal auditor”, the President of Ghana in the year 2007, urged all public sector Chief Executives to develop and make operational effective internal controls in a speech read on his behalf by the Minister of Finance and Economic Planning. He added that domestically and internationally, fraud and economic crime pose a threat and has a link with terrorism, poverty and drugs, (Business and Financial Times, 2007). From the above, it is therefore imperative to say that, Internal Controls play a significant role in helping managers to achieve their goals hence the need for this study to investigate the effectiveness of internal controls.

Review of Relevant Literature

Definitions and Concepts of Financial Control

Financial Management is an essential part of both economic and non-economic activities leading to efficient procurement and utilization of finance in a profitable manner. According to Watson and Head (2010) financial management is managing an organization’s finances efficiently and effectively geared towards the achievement of organizational objectives. In their point of view, financial management entails planning and controlling provision of resources then allocation of the resources and lastly controlling the resources. The basic objective of financial management is optimum allocation and use of available scarce resources, which to Watson and Head, the scarcest resource is money.

ACCA (2008) defined financial management as “the management of the finances of an organization in order to achieve the financial objectives of the organization”. The normal guess in financial management for the private sector is that, “the objective of the company is to maximize shareholders wealth” (ACCA, 2008). It also looks closely to investment decisions, financing decisions and shares more light on dividend decision and risk management.

According to Tetteh (1996), financial management is “the process of making optimal financial resources for the purposes of maximizing the value of the firm.” This process involves planning, investment and financing decision. He stressed that, the management of resources within the local organization is rapidly becoming one of the more significant challenges facing organization leaders today. The only problem is that, strategic planning has been seen as a hindrance to how the organization must be run. In his view, if proper planning is not undertaken the probability that the organization can manage its resources efficiently would be slim and that the leaders themselves may find ways in spending such idle resources when they appear so.

The Finance and Economic Planning Ministry of Ghana describes Public Sector Financial Management to include activities relating government’s available financial resources including; funds allocation, accounting and reporting, cash flow management, asset management, debt management, internal controls, procurement and financial statements.

In their book “Fundamentals of Financial Management”, Van Horne and Wachowicz (2005) wrote that “financial management is concerned with the acquisition, financing and management of assets with some overall goal in mind. Thus the decision function of financial management can be broken down into three major areas: the investment, financing and asset management decisions”. To them, the most important in decision making is on investment which starts with determining total amount of assets a company needs to hold. Financing decision is concerned with whether a certain mix of financing can be thought of as best-equity and debt financing. In this regard the question raised is does the type of financing employed make a difference? If so why? They viewed dividend policy as an integral part of the firm’s financing decision. The third decision of the firm is the asset management decision. Once assets have been acquired and appropriate financing provided, these

assets must still be managed efficiently. All these are the tasks to be performed by the financial manager.

Financial Management Decisions

For the purpose of the work we shall divide financial management into three main decision areas. These areas are:

a. *Financial planning*

Management need to ensure that enough funding is available at the right time to meet the needs of the business. In the short term, funding may be needed to invest in equipment and stocks, pay employees and fund sales made on credit. In the medium and long term, funding may be required for significant additions to the productive capacity of the business or to make acquisitions.

b. *Financial control*

Financial control is an indispensable activity that aids business to ensure that the business meets its set objectives. Financial control addresses questions such as: i. Are assets being used efficiently? ii. Are the businesses assets secure? iii. Does management act in the best interest of shareholders and in accordance with business rules?

c. *Financial Decision-making*

The key aspects of financial decision-making relate to investment, financing and dividends:

i. Investments must be financed in some way – however there are always financing alternatives that can be considered. For example it is possible to raise finance from selling new shares, borrowing from banks or taking credit from suppliers ii. A key financing decision is whether profits earned by the business should be ploughed-back rather than distributed to shareholders as dividends. If dividends are too high, the business may be starved of funding to reinvest in growing revenues and profits further.

Control

Control is clearly understood to relate to operational performance, reporting (financial and nonfinancial) and compliance, and is fully integrated with the organization's culture, structure and business processes. Kirsch (2002) defines control as “a set of mechanisms designed in order to motivate individuals to attain desired objectives.” Cardinal *et al.* (2004), describe control as consistent, broad, sometimes proactive and fairly pervasive. According to them, control must be timely, pervasive and anticipatory, and should be the responsibility of everyone in the organization.

Snell (1992) adds that “control is basic and likely to be adequate during periods of stability and for operational routines that relate to a limited set of objectives (largely those for external financial reporting): and in this limited context, might be consistent with the ‘prudent person concept.’” In his estimation, Scott *et al* (2001) believe that responsibility for internal control rests primarily on line managers although internal audit provides considerable support.

Financial Controls

Woolf (1994) defines financial controls as “the monetary policies established by management in order to carry on the business of the enterprise in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of records.” The Committee on Terminology of the American Institute of Certified Public Accountant (CPA) defines financial controls as “the plan of an organization and the procedures and records that are concerned with the safeguarding of assets and reliability of financial records consequently designed to provide assurance which are:

i. Businesses are executed in accord with management's general or precise authorization.

- ii. Transactions are documented as necessary to permit preparation of financial statements in conformity with general accepted accounting principles and to maintain accountability for assets.
- iii. Access to assets, for example, cash is permitted only in agreement with management's authorization."

Internal Controls

Evaluating internal controls is one of the prime duties of internal auditing. The Committee of Sponsoring Organizations of the Tread way Commission (COSO) in 1992 defined internal control as "a process effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objective in the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations." This organizational method offers both profit and not-forprofit organizations a mutual, accepted and recommended point of reference to evaluate the quality of its internal financial controls (COSO, 2006).

A company's set goals; its internal organization as well as environment within which it operates is repeatedly developing and as a result, the risks the company faces are also changing continually. A sound operation of internal control however depends on a thorough and frequent evaluation of the nature and extent of risks the company is exposed. The main objective of internal control is to help manage and control risk appropriately and meticulously rather than eliminate it as Doyle (2006) put it, as profits is reward for successful risk-taking.

Objectives of Internal Controls

In 1984, Howard wrote that "increasing attention are been paid to the methods of internal control in recent years." He further argues that not only on how complex modern business techniques are, also increasing in size of businesses units had encouraged the acceptance of the method whiles businesses' increase in efficiency also act as defense devoid fraud and any error. The objectives of internal control ought to prevent errors and ensure efficiency. The reasonable assurance that internal controls provide are:

- Transactions recorded are valid. Internal control system do not permit inclusion of fictitious or non-existence transactions in accounting records.
- Transactions are appropriately authorized. Internal control system also ensures properly authorized transactions.
- Transactions are recorded. Internal control does not give room for transactions that are omitted in records keeping.
- Transactions are properly valued. Effective implementation of internal control system avoids errors in calculating and recording transactions at various stages of the recording process.
- Classifications of transactions are done properly. Internal control system requires accounts are appropriately classified and recorded under their suitable categories or divisions.
- Transactions are recorded at the appropriate time. Recording of transactions either before or after the time those transactions took place increases the possibility of failing to record transactions or recording with a wrong amount. Hence, effective internal control system ensures timely recording of transactions.

Components of Internal Control

In a study on "causes of fraudulent financial reporting in the early ninety's in USA", COSO (1992; 1994) concluded that, internal controls consist of five (5) components. These components are derived from the running of businesses by managements, and as well integrated with the management process. These components are:

The control environment: The control environment is involves of the entire attitude, awareness creation and management's actions with regards to internal controls and their impact on the

business entity. Control environment consists of corporate culture, management style, philosophy, values and style of operation, organizational structure, personnel policies and procedures. Woolf (1994) claims that, these components of internal control do not ensure the effective internal control system. Whittington and Pany (2004) were of the view that control environment sets the tone of the organization by way of influencing the control consciousness of people. They viewed control environment as the foundation for the other four components of internal control. Whittington and Pany acknowledged that control environment factors included integrity and ethical values, commitment to competence, board of directors or audit committee, managements' philosophy and style of operation, organizational structure, assignment of authority and responsibility, human resource policies and practices.

- *Risk Assessment*: This is the careful examination of features that draw back the achievement of organizational goals and objectives. As in the definition of internal control, management has the onus to design internal controls in order to ensure effectiveness and efficiency, reliability of financial reporting and compliance with applicable laws and regulations. As it is the internal auditor's function to ensure that these objectives of internal control are achieved, the conduct of the internal auditor performance is to review and evaluate the adequacy and effectiveness of the designed control.
- *Information and communication system*: Information ought be identified, captured and communicated in a manner and period that enable employees to carry out their duties. Information systems produce reports including operational, financial and compliance related information that enables the running and controlling of businesses.
- *Control Activities*: This component of internal control is policies and procedures that ensure management's directives are carried out. Control activities occur throughout the organization at every level of all functions. These include range of activities such as approvals, verifications, authorizations, reconciliations, reviews of operating performance, security of asset and segregation of duties. It is the function of the internal audit to make these activities possible.\
- *Monitoring*: This internal control component is a systematic process that deals with having an internal control structure that is quality. This is due to the fact that, internal controls are processes and thus, may need to be modified over period of time. The achievement of this could be made possible via frequently supervising as well as activities of management such as monitoring customers' dissatisfaction or concerns as well as periodic auditing by internal auditors. Internal auditors investigate to appraise internal control structure and efficiency with which the various functions are executing their respective duties. Internal controls offers systematic and discipline approach according to the Institute of Internal Auditors (IIA), thus to evaluate and improve risk management activities and governance process through assessment of internal controls and evaluation of adequacy and effectiveness of the controls. It could then be said that, internal controls are as effective as its components and these components are also as effective as the internal auditors.

Types of internal controls

Internal controls are broadly grouped under three (3) types, namely: preventive, detective and directive internal controls.

1. The Preventive internal controls prevent events from happening via authorization and separation of responsibilities.
2. Detective internal controls use vigorous analysis, reconciliation and auditing to expose and correct unwanted situation that had been recognized.
3. Directive internal controls also encourage expected situations or event to happen. To assist the achievements of organizational goals and aims, directive internal controls system is put in place

Benefits of effective internal controls

Price (2005) in his study asserts that corporate governance and accountability processes are seeks to enhance finding and protecting of interests of shareholders, which had become the major priority of numerous organizations. Price suggested that “effective internal controls are indispensable since they ensure management’s stewardship responsibility is carried out effectively and efficiently by:

- Protecting resources against fraud, waste and inefficiency
- Ensuring accuracy and reliability in accounting and data operation
- Securing compliance with organizational policies and
- Evaluating level of performances in all units of the organization in order to achieve set objectives as planned.”

The checks and balances of organizations offer authority functions that reduce fraud, potential waste, misuse and malpractice. That is, internal controls act as a “watchdog” for management. The implication is that, any organization (profit or non-profit) without any effective internal control system is prone to irregularities and errors including fraud, waste, inefficiencies and fine (disincentive) for not complying with the laid down regulations.

Cost- benefit analysis

The strategy of the internal control system is a function of the resources available, meaning there must be a cost-benefit analysis in the design of the system. The cost involved with internal control must not be more than expected benefits (Lannoye, 2009). The precise measurement of cost is generally not possible, even though the relationship between cost and benefit is a basic criterion to be considered in designing internal control system. Lannoye adds that, the most challenging is to find a balance between excessive control which is costly and counters productiveness and too little control which exposes the organization to increase in unnecessary risk. Management therefore is responsible for maintaining effective internal control and has the final decision regarding the cost versus benefits on internal control.

Limitations of internal control

Despite all the strong points of the internal controls discussed above, there are some limitations, which must be kept in view. These include what has been discussed by the following authors; Eun and Resnick (2008), Meigs et al (2005), and Millichamp (2002), all conclude that an entity’s system of internal control is largely developed to offer reasonable assurance that assets are properly protected and that there are reliable records keeping. The concept of reasonable assurance rests on the premise that the cost of establishing control procedures would not exceed their expected benefits. The human factor is another significant element in any internal control system. A good structure is possible to become ineffective due to employees tiredness, negligence or indifference or any human error caused by work-load stress, alcohol, destruction and judgmental mistakes, cussedness and misunderstanding of instructions. On some occasions, some people may work together to get round a designed controls or evade the controls either alone or as parties within or outside the business entity. Such cases could gravely affect the effectiveness of a system since it eliminates the defense expected from the segregation of responsibilities. Scenarios that could cause limitations to internal controls are overuse of responsibilities, override of controls by management and fraud. Size of business could also be an impediment to internal control. In small entity, for example, it may be difficult to apply the principles of segregation of duties and independent internal verifications. A sound system of internal control therefore provides reasonable, but not absolute, assurance that an organization will not be hindered in achieving its business objectives or in orderly and legitimate conduct of its business, by circumstances which may reasonably be foreseen.

A system of internal control cannot, however, provide protection with certainty against an institutions or organization failing to meet its business objectives or all materials errors, losses, fraud or breaches of laws or regulations. Nonetheless, operative and adherence to internal control measures ought to be in existence to help facilitate effective and efficient operation by assisting

organizations to appropriately respond significant business, financial operations, compliance and other risk geared towards achievement of company's objectives which includes the protection of asset from inappropriate use or loss as well as fraud. This therefore requires the establishment of Internal Audit Units which should be manned by internal auditors in every organization depending on the needs to monitor daily transactions in a broader spectrum and evaluating the measures of the internal control system in order to minimize incidence of fraud and rather improve efficiency.

Quoting Millichamp (2002), SAS 300 requires that auditors should always perform some fundamental tests on material items as well as rely on internal controls. The inherent limitations of internal controls are the reason. Services of an external auditor would be required to assess the work of the internal auditor purposely to ensure complete compliance to laid-down procedures, rules and regulations.

Management of any entity on their part should be the center on implementing control procedures, make revisions regularly based on reports and recommendation made by internal and external auditors. This is to help block all possible loopholes that might sprout any moment as a result of advancement of technology in business practices.

Control Procedures

Control procedures are established procedures that aid to achieve the objectives of an organization. In the financial context, these objectives include proper authorization, right period for protecting assets and ensuring the assets are recorded. These procedures particularly include: to prevent, detect and correction of errors. The Statement of Auditing Standards (SAS 300) suggests that "operation of internal controls ensure entirety and accuracy of financial records. Some of the specific controls are:

- Approval and control of documents
- Control over computerized applications and information technology
- Verifying arithmetical of records made
- The maintenance of control accounts and trial balances.
- Reconciliations
- Comparing the results of cash, security and inventory with accounting records.
- Comparison with external source of information.
- Comparison of results with budget.
- Limiting direct physical access to assets and records."

Internal Control System

According to the Auditing Practice Committee, the whole system of financial controls and otherwise was established by management in order to carry on the business of the enterprise in an orderly and efficient manner, ensure adherence to management policies, safeguarding the assets and secure as far as possible the completeness and accuracy of the records. Messir (2000) also defines internal controls as "a process effected by an entity's board of directors, management and other personnel, that is design to provide reasonable assurance regarding the achievement of objectives in the following categories:

- (1) effectiveness and efficiency of operations
- (2) reliability of financial reporting and
- (3) compliance with applicable and regulations."

Woolf (1994) noted that all commercial transactions in practice entail three fundamental elements, which are:

- i. Authorization- this is initiating contractual obligations on behalf of the company.
- ii. Custody- this is managing and handling assets involved in the transaction.
- iii. Recording – this is documenting evidence of transaction and the entry in the accounting records.

Internal audit as a control factor

The Institute of Internal Auditors (IIA) defines internal auditing as “an independent objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic discipline approach to evaluate and improve the effectiveness of risk management, control, and governance processes.”

According to Whittington and Pany (2004), internal auditors assist members of an organization in performing their responsibilities by furnishing them with analyses, appraisals, recommendations, and counsel”. In performing these functions internal auditors can be taught of as part of the organization’s internal control. Whittington and Pany wrote that, “Internal auditing represents a high level control that functions by measuring and evaluating the effectiveness of other controls. Internal auditing is not only concerned with organization’s financial controls. It also evaluates and test the effectiveness of controls designed to help the organization meet all its objectives.

“The auditor is a watchdog and not a bloodhound.” This comment extracted from the “Kingston Cotton Mill” case is as relevant to the internal auditor as it is to the external auditing. He commented that, “the internal auditor is not a bloodhound, guard dog or sheepdog; the internal auditor works on the same side as management. However, many fellow employees feel that the internal auditor takes a very negative attitude towards the company – that everyone must be treated with suspicion and that all employees are guilty until proven otherwise” (FTMS Online).

Internal auditing is an activity mainly for helping in the achievement of an organization’s set goals and aims. This is achieved through a systematic method for the analysis of business processes and activities and procedures with the aim of pinpointing weakness of an organization and suggestion solutions to those problems or weaknesses. Internal auditors are professionals that organizations employ to execute the activity of internal auditing.

Financial Controls in the Polytechnics

The Polytechnics, without compromising must operate on a sound financial footing so as to ensure integrity and accountability to all its stakeholders. The existing duty and delegation of authority are important for a proficient system. Financial controls must be tied with the organization of the Polytechnics and the financial data must flow from one level to the other in the same manner as authority is passed down from level to level on organizational charts.

According to Reinke (1972), “finance is a vital tool for financial control system because it is a source of information, a device for increasing the efficiency of resource allocation and a mechanism for controlling productive operations.” Inefficiency or competency in the public sector accounting therefore explore all avenues and channels that are as efficient as possible to put them to use. Corruption in public sector and for that matter; the public local government is a major cause of social unrest, which often stands in the way of developmental process. Though an effective financial management cannot eradicate all corruption associated with lapses within the financial controls, thoughtfully considered and good administration can be a strong deterrent against it.

Control of Receivables

Messier (2000), pointed that segregation of duties in the revenue cycle is particularly important because of the potential for theft and fraud. He is of the view that functions within the revenue cycle should be segregated as follows:

- i. The credit function should be segregated from the billing function.
- ii. The shipping function should be segregated from the billing function.
- iii. The Accounts receivable function should be segregated from the general ledger function.
- iv. The cash receipt function should be segregated from the Accounts receivable function.

- v. The purchasing function should be segregated from the requisitioning and receiving functions.
- vi. The invoicing processing function should be segregated from the Accounts payable function.
- vii. The disbursement function should be segregated from the Accounts payable function.

The Account payable function should be segregated from the general ledger function. Messier continues that, the segregation of duties is particularly an important control in the inventory cycle because of the potential for theft and fraud. Therefore, individuals involved in the inventory management and inventory stores functions should not have access to the inventory records, the cost accounting records, or the general ledger.

Effective Payroll Control

Whittington and Pany (2004), indicate that “most essential of all controls over payroll is the division of payroll work among numerous departments of the company. Payroll activities they said include the functions of: 1) employment (human resources), 2) timekeeping, 3) payroll preparation and recordkeeping, and 4) distribution of remuneration to employees.” They contend that, for effective internal control, a separate department of the company should handle each of these functions. According to Messier (2000), “functions within the payroll cycle should be segregated as follows:

- i. The supervision function should be segregated from the personnel records and payrollprocessing functions
- ii. The disbursement function should be segregated from the personnel records, supervision and payroll processing functions.
- iii. The payroll-processing function should be segregated from the general ledger function.”

Messier (2000), again observed that “functions for cash and investment should be segregated as follows:

- i. The initiation function should be separated from the financial approval functions. ii. The valuation-monitoring function should be separated from the acquisition function.
- iii. Responsibility for custody of the securities should be separated from that of accounting for the securities.”

Internal Audit

The Institute of Internal Auditors define Internal Audit as “an independent, objective assurance and consulting activity designed to add value and improve an organization’ operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.” Internal auditors are those individuals who perform the activities of the internal audit function. Internal auditors may belong to an internal audit department or equivalent function.

The role of internal auditors in an organization includes the following;

Assurance Services

Internal audit provides assurance services in 3 basic areas:

- I. Risk management processes, both the design and the function of the risk management framework.
- II. Management of key risks including the effectiveness of the controls and other responses to the risks; and
- III. Reliable and appropriate assessment of risks and reporting of risks and control status

Consulting Services

Consulting Services which the internal audit may undertake include:

Making available to management tools and techniques used by internal audit to analyze risks and controls;

- I. Assist the organization in identifying, evaluating, and implementing risk management methodologies and controls to address those risks
- II. Providing advice, facilitating workshops, coaching the organization on risk and control and promoting the development of a common language, framework and understanding or risk exposures to the organizations;
- III. Acting as the central point for coordinating, monitoring and reporting on risks; and IV. Supporting managers as they work to identify best ways to mitigate a risk.

Laws and Regulations of Public Organizations

The laws and regulations aims to make sure that public organizations manage their finances in ways that are efficient, effective and economical in satisfaction of the principles of probity, accountability, and transparency; to achieve value for money. Sunyani Polytechnic, like any other public institution is governed by laws or acts by parliament that controls their activities. Most importantly, these laws control the manner in which funds are spent and how funds are received. These laws also prescribe the roles and authority of those in charge of managing these funds.

Ghana Public Expenditure and Financial Accountability

This Public Expenditure and Financial Accountability (PEFA) assessment was initiated through a coordinated effort between the Government of Ghana (GoG) and its Development Partners (DP). Various organization, enactments and procedural measures had been initiated to ensure financial accountability, (Ghana Public Expenditure and Financial Accountability 210 (PEFA) 2009, Volume I). “The regulations include the following:

- i. Parliament and its subcommittees on public accounts and finance.
- ii. The Controller and Accountant General’s Department.
- iii. The Audit service headed by Auditor-General.
- iv. The Commission on Human Rights and Administration Justice (CHRAJ) v. Economic and Organized Crime Office. vi. The Constitution of the Republic of Ghana
- vii. The Financial Administration Act, 2004 (Act 654) viii. The Financial Administration Regulation 2004 (LI 1802) ix. The Public Procurement Act, 2003 (Act 663) x. The Internal Audit Agency Act 2003 (658) xi. The Audit Service Act 2000 (Act 584)

In this work the following laws will be considered; Public Procurement Act (2003) Act 663, The Financial Administration Act (2003) Act 654, The Internal Audit Agency Act 2003 (658) and The Polytechnic Act (PNDC Law 321).”

Public Procurement Act (2003) Act 663

The Public Procurement act (PPA) was also enacted to streamline public procurements to secure judicious, economic and efficient use of state resources in public procurement and to ensure that public procurement is carried out in a fair, transparent and non-discriminatory manner towards accruing maximum benefit. The Public Procurement Act 2003, (Act 663) covers the following:

- I. “The Act establishes the Public Procurement Board, its precise powers, and its reporting system; and also provides for Procurement Structures, their scope of application, Tender Entities and their evaluation system;
- II. It establishes Tendering Procedures; provision of Tender Documents, and Clarification and Modification of Tender Documents; as well as establishing the procedures for the Submission of Tenders, Tenders Securities, evaluation of Tenders and Acceptance system;

- III. It establishes the Methods and Procedures to engage the services of Consultants; as well as a Review system involving Procurement, administration, application of rules and Suspension of Procurement Proceedings;
- IV. It establishes the procedures for disposal of stores, plant and equipment.”

The Financial Administration Act (2003) Act 654

This Act defines clearly the powers and responsibilities of financial stewards (individual office holders) and their precise roles. It defines the central players in the financial administration of the country, the assignment of responsibilities, their functions and roles.

- I) It establishes the conditions for the control and management of public funds and also establishes the Consolidated Fund, the central mechanism for the control of public finances, outlining the principles by which funds are collected into the consolidated fund, kept and disbursed.
- II) It describes principles for financial control of statutory boards and corporation and the modalities for the collection of revenue.
- III) It establishes budgetary control over public finances related to revenue and expenditure, and to receipts and payments. For example, it outlines government borrowing and lending, transactions in trust monies and any other transactions occurring within the Consolidated Fund.
- IV) It describes the conditions under which appropriations are made. Government expenditure is subject to annual legislative appropriation and the mechanism by which the Controller and Accountant-General ensures that payments from appropriations are lawfully made. No payment must be made except in a manner provided by law. Specific enactments may give continuing authority for payments such as charged expenditure.
- V) It describes the management and accountability of Government stores and the establishment and operations of revolving fund.

The Internal Audit Agency ACT, 2003

An Act to establish an Internal Audit Agency as a central agency to co-ordinate, facilitate, monitor and supervise internal audit activities within Ministries, Departments and Agencies and Metropolitan, Municipal and District Assemblies in order to secure quality assurance of internal audit within these institutions of State; to provide for the Board of the Internal Audit Agency and to provide for connected purposes.

“Functions of the Agency”

- 1) The Agency shall set standards and procedures for the conduct of internal audit activities in the MDAs and MMDAs.
- 2) The Agency shall ensure that: financial, managerial and operating information reported internally and externally is accurate, reliable and timely;
 - (b) The financial activities of MDAs and MMDAs are in compliance with laws, policies, plans, standards and procedures;
 - (c) National resources are adequately safeguarded;
 - (d) National resources are used economically, effectively and efficiently;
 - (e) Plans, goals and objectives of MDAs and MMDAs are achieved; And (f) risks are adequately managed in the MDAs and MMDAs.
- 3) Without limiting subsections (1) and (2), the Agency shall
 - (a) Promote economy, efficiency and effectiveness in the administration of government programmes and operations;
 - (b) Prepare plans to be approved by the Board for the development and maintenance of an efficient internal audit for the MDAs and MMDAs; (c) Facilitate the prevention and detection of fraud; and

(d) Provide a means for keeping the MDAs and MMDAs fully and currently informed about problems and deficiencies related to the administration of their programmes and operations and the necessity for appropriate corrective action.

4) The Agency shall monitor, undertake inspections and evaluate the internal auditing of the MDAs and MMDAs.”

Polytechnic Act (PNDC Law 321)

In January 1997, Government upgraded the Technical Institutes to its present Polytechnic status by the Polytechnic Law of 1992 (PNDC Law 321) and tasked to provide tertiary education through full-time courses in the field of manufacturing, commerce, science, technology, applied science, applied arts and such other areas as may be determined by the authority responsible for higher education. The PNDC Law 321 was repealed by an act of Parliament, Polytechnics Act, 2007 (Act.745). The Act expanded the operational realm of the Polytechnic to include the introduction of degree and higher degree programmes and provide opportunities for skills development, applied research and publication of research findings.

Methodology

Research Design

This research adopted the case study strategy approach. Among the various research designs, case studies are frequently regarded as using both quantitative and qualitative research and a combination of both approaches (Bryman, 2004). This study is both descriptive and exploratory since it seeks to find out what is happening, gain insights and ask questions about final control systems in the Sunyani Polytechnic. The study also describes events, situations and draw conclusions on data collected. As Anderson and Svenson (1999) postulated, research starts with exploratory phase to find what the study is about and continues to descriptive and explanatory phases depending on the objectives of the study.

Sources of Data

The study collected data from both secondary and primary sources. The primary data was sourced from the field of study through the use of structured questionnaires with heads of Finance and Administration unit, Internal Audit unit, Planning unit, Procurement Unit and Quality Assurance Unit. Informal interviews were also made with some personnel of these units in order to get a comprehensive position on what goes on in that unit. The secondary sources include but not limited to, financial documents, internal audit reports and relevant journals.

Sampling Method

A list of staff working at Sunyani Polytechnic was obtained from the Registrar’s office, and a stratified sampling method was initially used to categorize the staff members. They were grouped in terms of Accounts, Finance, Administration, Teaching and Others. This was followed by the application of a convenience sampling technique. Convenience sampling is a form of non-random sampling where respondents are selected for a study due to some characteristics, expertise or information they possess (Beins & McCarthy, 2012). In this case, respondents chosen for this research are knowledgeable and well informed when it comes to the history and developmental issues of Sunyani Polytechnic.

Population and sample size

The entire Polytechnic staff constituted the population of this study. Sunyani Polytechnic has a total working force of 549 made up of 185 teaching staff and 364 being non-teaching staff as at May, 2015. However a representative sample of fifty (50) participants, across all the various departments (i.e. accounts, finance, administration and others.), was selected using convenience sampling for the study.

Data Collection Instrument

The main data collection instrument used for the study was a structured questionnaire. The questionnaire was designed to meet the stated objectives of the research. The questionnaire contained questions spanning the demographic data of respondents to issues relating to financial controls. Data on the responses to all the questions were presented and appropriately discussed.

Analytical Tools

Merriam (1998) suggests three steps to analyzing data. Firstly, the data is sorted, organized and presented in a descriptive way. Secondly, the data is categorized into groups. Thirdly, inferences are made and models developed. To this end, both quantitative and qualitative methods of data analysis were employed by the researchers. The results were subsequently computed into percentages. Percentage values which were not round figures were approximated to the nearest whole numbers, for ease or simplicity of interpretation.

Diagrammatic representations of the statistical summaries of results were then presented in the form of pie charts, bar graphs and tables. The data collected and compiled at the end of the study was edited, and the questionnaires were serially coded. Since the researchers used a descriptive research design, descriptive statistical analysis was used. Computer data analysis software such as SPSS and Microsoft Excel were the main tools for data analysis.

Profile of Sunyani Polytechnic

Sunyani Polytechnic began as a Technical Institute in November 1967 to train middle school leavers in technical courses. In January 1997, Government upgraded the Technical Institute to a Polytechnic with statutory objectives and functions to provide career-focused training at the tertiary level.

The Polytechnic Act 2007 (Act 745) repealed the Polytechnic Law 1992 (PNDCL 321). The Act grants the polytechnic autonomy to award Higher National Diplomas (HNDs). Diplomas and other certificates accredited by the National Accreditation Board (NAB) and award Degrees subject to the conditions that the Council of the Polytechnic may determine. Sunyani Polytechnic at the moment offers two (2) degree programmes and thirteen (13) HND programmes. As a tertiary institution, Sunyani Polytechnic is governed by a Council established under the Polytechnic Act 2007.

By the provisions of the polytechnic Act 2007, (Act 745) the polytechnic is mandated to: Provide tertiary education in the fields of manufacturing, commerce, science, technology, applied social science, applied arts and any other field approved of by the Minister of Education; and provide opportunities for skills development, applied research and publication of research findings.

Analysis and Discussion

A sample size of fifty (50), comprising twenty (20) Accountants, nineteen (19) Administrators, one (1) Finance Officer, six (6) Lecturers and the 'Others' covering the remaining four (4) which is basically made up of Accounts Officers.

This research sought to identify duties performed by respondents at Sunyani Polytechnic. With regard to type of jobs performed, majority of the respondents are Accountants, others are Administrators, lecturers and Accounts Clarke in that order respectively. This implies that among the groups that were interviewed the Finance unit (accountants) constitutes the largest. The breakdown is shown in Table 1.

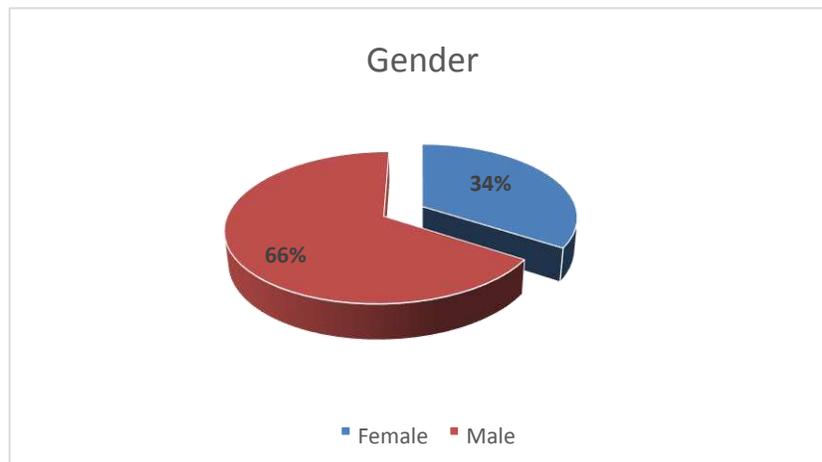
Table 1: Distribution of Respondents

JOB TYPE	MALE		FEMALE		TOTAL	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
		(%)		(%)		(%)
ACCOUNTANTS	12	24	8	16	20	40
ADMINISTRATOR	15	30	4	8	19	38
FINANCE OFFICER	1	2	0	0	1	2
LECTURERS	2	4	4	8	6	12
OTHERS	3	6	1	2	4	8
TOTAL	33	66	17	34	50	100

As shown in table 1 above, 40% of the respondents were Accountants, Administrators constituted 38% while the Finance Officer registered 2%, Lecturers attained 12% and the final class, 'Others', registered 8% (accounts clerks). The research also revealed the positions being held by some of the respondents in the various departments of the institution. It revealed that some of the respondents were Head of departments.

The research further revealed that the questionnaires received, exhibited a ratio of 33:17 regarding male and female distribution respectively. This is an indication that, in terms of gender, majority of the respondents were males. Although the national gender distribution is skewed towards females, this finding demonstrates otherwise. The ratio is an indication of enough evidence of fair gender balance of the study sample and also the study is not male or female bias as both of them were given the opportunity to express their opinions on the various questions asked on financial controls, as illustrated in Figure 1.

Figure 1: Distribution of gender of respondents

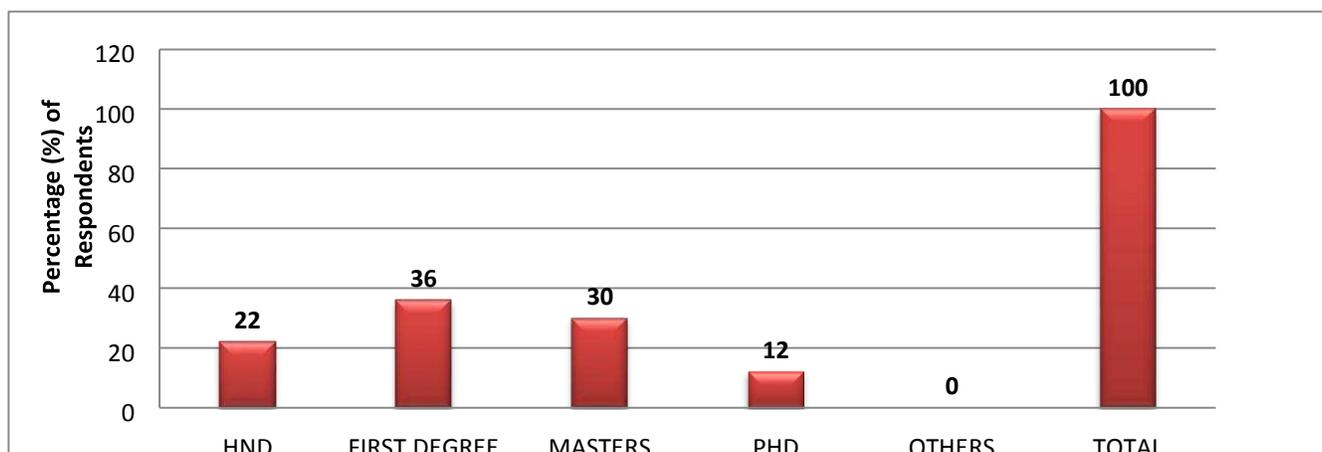


The ages of (staff) respondents are within the range of 21 to 59 years. The respondents' ages had a skew distribution towards 31 – 50 years with the modal age group being 31 - 40 years which represents 44% of respondents; this is followed by the 41 - 50 years, representing 26% of the respondents and the 51 – 60 years recording 18%. The 21 – 30 years attained 12% of the respondents. This group of respondents used for the research implies that the study was not skewed or bias towards any class of ages as shown in Table 2.

Table 2: Age grouping of Respondents

AGE	NO. OF RESPONDENTS	PERCENTAGE (%)
21-30	6	12
31-40	22	44
41-50	13	26
51-60	9	18
TOTAL	50	100

Figure 2: Educational level of Respondents



The respondents are tertiary institution certificate holders, specifically as illustrated in Figure 4.2 below, 22% being holders of High National Diplomas from the various Polytechnics and 36% from the University with First degrees, 30% Masters' Degree Holders and 12% are PHD holders and no other certificates.

The implication of this result is that the respondents are dominated by persons who have higher qualification therefore the expected results will be reliable.

The aim of the research was to obtain information that is relevant to the study from the key stakeholders involved in the management of resources in Sunyani Polytechnic. Information on the financial report i.e. budget and financial statements, audited accounts, for the past three (3) years was obtained from the Finance Department of Sunyani Polytechnic which was used to analyze the extent of variances in respect of cost estimates and actual cost items, revenue estimates and actual revenue items. The study indicated that Sunyani Polytechnic has in place financial control systems as evidenced in Table 3, 90% respondents agreeing to the question, 6% disagreeing and 4% decided to remain neutral. The reasons why some of the respondents chose not to agree was due to the fact that in spite of the presence of the control system, its efficiency to them is questionable and to them they see it non-existent.

Table 3: Existence of Financial Control

LEVEL OF AGREEMENT	NO. OF RESPONDENTS	PERCENTAGE (%)
STRONGLY AGREE	17	34%
AGREED	28	56%
NEUTRAL	2	4%
NOT AGREE	2	4%
STRONGLY DISAGREE	1	2%
TOTAL	50	100%

The result derived on existence of financial control is in conformity with the assertion of the Tread way Commission of the Committee of Sponsoring Organization (COSO), which is, it is the responsibility of management to establish the internal control system, and also it is the role of the internal auditors to evaluate effectiveness of the system.

The research sought to find the various financial control tools used in the institution. Budget and budgetary controls were identified to be in use. Therefore, an interview was conducted by the researcher with the head of the budget unit to explore the processes budgets go through, if any. The researchers were furnished with the information below:

Sunyani Polytechnic has a governing board in operation and they are responsible for approval of budget and they adopt the bottom up approach for obtaining budget estimates that is, sectional heads submit their estimates to a budget committee for discussion and recommendations made to the governing board responsible for the financial approval of the master budget. The master budget is given to the budget unit of National Commission for Tertiary Education (NCTE) for the final approval. It became clear that 50% of the time, polytechnic budget was approved during the mid-budget year due to certain challenges such as:

- Sectional heads don't provide budget inputs on time.
- Central government allocated budget ceiling which constitutes 70% of budget estimates do not come on time.
- Stages involve especially the committee system in tertiary education management causes some of the delays.

The researcher sought to identify some of the budgetary control tools used by the polytechnic and variance analysis is one of these tools. Variance is the difference between budgeted amounts and the actual results. Variance figures are prepared by the budget unit by comparing actual revenue and expenditure figures to budgeted figures. The budget officer will then give reasons for the variances and appropriate measures taken to address the difference. The final figures are then consolidated into one variance analysis sheet by the Budget and Expenditure Control Unit. Table 4 and 5 shows the variance analysis for revenue and expenditure over the three year period respectively.

Table 4: Variance Analysis for Revenue

	Budget	Actual	Variance
Year	GH¢	GH¢	GH¢
2012	22,105,238.17	21,829,348.49	(275,889.68)

2013	22,108,185.25	21,385,768.73	(722,416.52)
2014	22,202,523.63	21,945,108.85	(257,414.78)

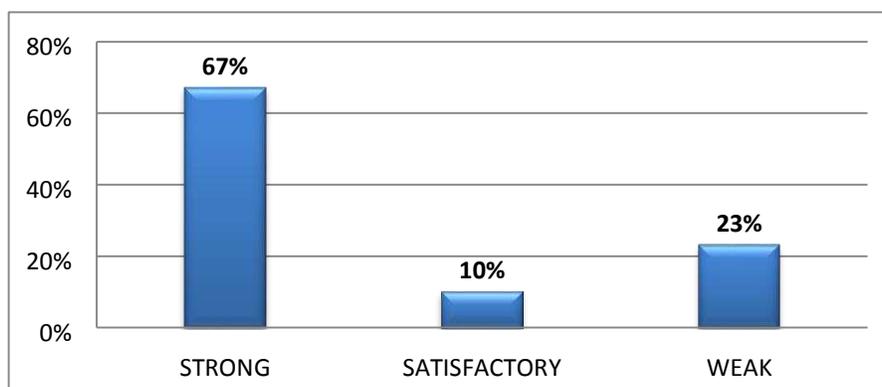
Table 5: Variance Analysis for Expenditure

Year	Budget GH¢	Actual GH¢	Variance GH¢
2012	20,985,665.82	21,342,850.75	(357,184.93)
2013	21,845,752.32	21,010,169.79	835,582.53
2014	22,032,152.26	21,707,033.01	325,119.25

It was revealed that the revenue of Sunyani Polytechnic is made up of Government of Ghana funds (GOG Funds), GET fund and Internal Generated Funds (IGF). The expenditure also consisted of Compensation to employees, Goods and Services. It was ascertained that the polytechnic is well familiar with legitimate revenue sources as provided by the Polytechnic Act, i.e. subvention approved by Parliament, fees paid by students, charges and dues for services rendered by or through the polytechnics, interest from investment, gifts, endowments, grants and monies from any other source approved by the Council of Sunyani polytechnic but there are challenges in an attempt to optimize revenue: The government makes a political assessment of what it can raise in taxation and borrowings and this becomes the total that it can afford to spend, choices have to be made and confrontation is inevitable between spending Ministries Departments Agencies (MDAs) and also entities within the MDAs. The ‘rule’ is that, the best strategist gets more.

From the analysis above (Table 4 and 5), it showed that Sunyani Polytechnic prepares a budgeted income and expenditure accounts annually. 56 % respondents revealed that it is prepared promptly while the rest were not in favor. On the issue of rating of the performance of budget preparation as a financial control and monitoring procedure the following came to light 67% was recorded Strong, 10% for Satisfactory and 23% believed that they are weak as demonstrated in Figure 3.

Figure 3: Performance of Budget Preparation



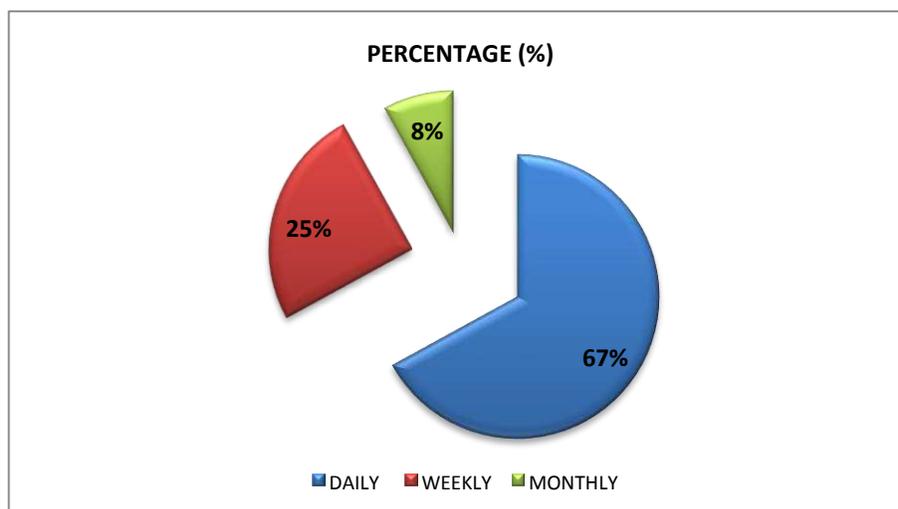
The study by this results have shown that all is well with the preparation of budgets at Sunyani Polytechnic which was undoubtedly made known by the respondents showing as much as 67% ‘strong’ level.

According to Iddrisu and Anang (2010), accuracy and reliability of financial data means that control measures should be put in place by management to ensure that transaction are recorded completely and accurately. From the interview conducted, management of Sunyani Polytechnic prepares financial statements for the following reasons:

- a) Maintain total account, to provide an independent overall control over ledgers to which they relate. This technique brings about completeness and arithmetical accuracy of posting to detailed ledgers.
- b) Detailed checking of one document or accounting records again by another.
- c) Holding files, examples, a list of transactions of originating accounting record is maintain and items are detected from the list of files as processing is completed and this result incompleteness in controls.
- d) Authorization of documents for examination and checking by a responsible person before any further processing takes place. This technique ensures the validity of transaction and the accuracy of the records.
- e) Verifying records with evidence from outside sources such as the regular comparison of the cash book statement.
- f) And taking out periodic trail balance to check the arithmetical accuracy of the book keeping which provides accuracy in control. The respondents revealed that Sunyani polytechnic prepares yearly financial statements. Samples of the financial statements of the Institution are shown at the Appendices.

The General Ledger unit of the finance unit of Sunyani polytechnic is responsible for the final reconciling of cash and bank balances of books of the institution. The research revealed that 66% respondents affirmed that reconciliation is done at every point where money changes hands, 24% of respondents disagreed. From the percentage that agreed as indicated in Figure 4, 67% indicated that cash and bank reconciliation is done on daily basis, 25% for weekly and 8% for monthly basis. The varying responses in relation to the period of reconciliation is an indication of the non-uniformity of the control practices which mainly are undertaken by the instruction of the various sectional heads as they deem fit. The General ledger unit confirmed that reconciling of the cash book was done daily by the revenue office and the sectional heads but reconciling of bank balances are done monthly by the General Ledger unit as shown in the Appendices.

Figure 4: Frequency of reconciling cash and bank balances



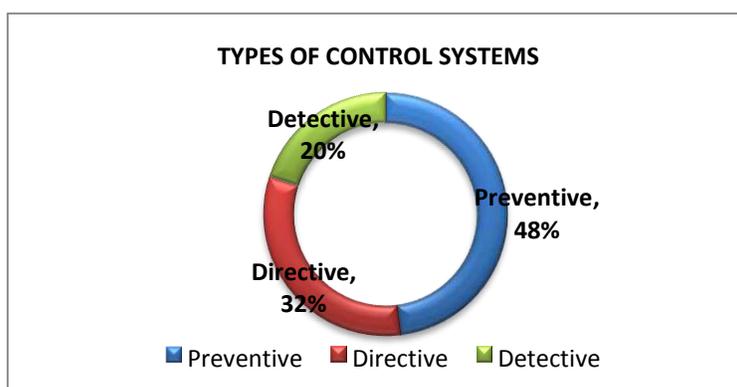
The study also revealed that, 98% of the respondents affirmed that reconciliation is reviewed by finance committee members periodically and 2% of them responded that it is reviewed by management. The study affirms that the finance committee which some of the management members are included reviews the cash and bank balances periodically.

There are three (3) main financial control systems in existence, namely; Directive, Preventive and Detective control systems, these systems were confirmed by the research. Preventive controls

attempts to deter or prevent undesirable events from occurring. These include separation of duties as duties are apportioned to employees of Sunyani polytechnic, proper authorization is done by the Rector and Finance Officer, adequate documentation and physical control over assets is also checked by the internal audit unit. Directive control system also suggests that necessary setting corporate policies, department policy/procedures; Setting spending limits: Setting IT configuration standards; documents must be attached to payment vouchers before cheques are issued. Objective evidence ought to be attached to payment voucher when presenting cheques for endorsements. There are always two signatories to cheques and one person cannot at any time sign for withdrawing. All the respondents (100%) affirmed to the notion.

In addition to the above control systems, detective controls also attempts to detect errors or irregularities which have already occurred. Examples are reviews, analyses, reconciliations, periodic inventory counts and audits. It was discovered that out of the three systems mentioned, the preventive control featured about 48%, followed by the directive with 32% and remaining 20% for detective type of system. This is illustrated in Figure 5, showing the responses.

Figure .5: Financial control systems



This analysis implies that the respondents are conversant with the preventive type of financial control system that management has put in place.

The study delved into securing answers pertaining to signing of time book to check the presence and punctuality of staff at work, regular training programs and workshops are coded as Question 13, 12 and 15. In the quest of Question 13, 96% of the respondents indicated that employees of the Sunyani Polytechnic sign the daily time book and 4% said otherwise; while 46% intimated that regular training programs are organized for workers on the financial management and control of the Polytechnic activities for sustainability and growth but 54% were not in agreement with it. The research findings depict that, 24% response were in favor of the frequent workshops on financial controls while 76% were not in favor of it. The results are demonstrated in Table 6.

Table 6: Frequency of signing of time book and Training Programs/Workshops

ITEM	TOTAL RESPONSE		TOTAL RESPONSE	PERCENTAGE (%)	
	FREQUENCY OF RESPONSE			Yes	No
	Yes	No		Yes	No
Signing of time book	48	2	50	96%	4%
Regular training					

Programmes	23	27	50	46%	54%
Workshop on controls	12	38	50	24%	76%

The study revealed that all the departments have a signing book placed at the office of the secretaries of the head of departments. Every employee is supposed to write his or her name and sign against it as the person gets to the office and sign against the name when work closes. Work start exactly 8:30 a.m. and ends at 5:00 p.m. at Sunyani Polytechnic. It is the responsibility of the head of departments to check the signings daily and make comment about individual staff to the quality assurance unit monthly. This implies that punctuality is very crucial to get the desired productivity.

Workshops help the staff to hands on experience, to discover share experiences to achieve the institution's goals and aspirations. Workshops also encourage the learning, thinking and creativity of the staff in the institution. Training is to train people to perform in the desired direction as the mission and vision of the institution directs. The research revealed that for the past two years management has not organized workshops for the staff on financial controls. According to management, it is the responsibility of the various head of departments to organize these programs for their members and the Head of departments think otherwise. This revelation implies that there is a communication gap between management and the head of departments in terms of organizing workshops for the employees of Sunyani polytechnic.

The internal generated funds (IGF) of the institution is very critical to the sustainability of its activities. The revenue office is in charge of receiving cash for the payment of admission forms, bank pay in slips (school fees payment) from students and cash receipt of other services rendered by Sunyani polytechnic. It could be deduced that majority of the respondents are of the view that, Sunyani Polytechnic keep their revenue in the institution's bank accounts. This method also increase revenue generation to the institution since it attracts interest. Its implication to the economy is that, financial institutions can use the savings to support small and medium term businesses in a form of loans in other to grow the economy. It is also a tool of financial control in the sense that, it prevents or reduces the tendency of embezzlement in the Polytechnic's funds. For instance, if revenues are kept in the office safe, the tendency of individual taking funds without the knowledge of management is high unlike in the bank where there is the need for approval by authorities.

The study also revealed that the Revenue Officer receives the daily revenue for Sunyani Polytechnic. the delivery of service and collection of money from the general public/students is done by three personnel at the revenue unit; and the daily revenue banked by the accountant as per the policy that the collected revenue are banked on daily basis by a different person who should not be at the collection point.

Fixed assets are defined as any "permanent" object that a business uses internally including but not limited to computers, tools, software, or office equipment. While employees may use a specific tool or tools, the asset ultimately belongs to the company and must be returned. And therefore without an accurate method of keeping track of these assets it would be very easy for a company to lose control of them. The management of Sunyani Polytechnic track its fixed assets by using serial numbered asset tags, which are labels often with bar codes for easy and accurate reading, the vehicles are identified by the name of the institution and all equipment are numbered by codes.

The study indicated that 92% response was of the view that an asset register is kept by the Sunyani Polytechnic and 8% thought otherwise. The study again showed 62% of respondents who are of the view that no one individual is responsible for initiating and approving a capital expenditure, while 38% believed otherwise. The dissenting respondents explained that there have been several

instances whereby accountants and sometimes management have undertaken capital expenditure without recourse to the procurement act. Also, 87% indicated that fixed assets could not be acquired without proper authorization and approval from the Polytechnic Rector or the Finance Officer, while 13% think otherwise. This lays credence to the earlier issue raised whereby the Rector and Finance Officer engaging purchases without following the Procurement Act. Woolf (1994) also observed that most business organizations had neglected the internal control system. He therefore advised that purchases, sales, fixed assets, debtors, creditors and cash must be controlled and monitored closely.

The research revealed that Sunyani Polytechnic has an Internal Control Unit which is commonly referred to as the Internal Audit Unit which is made up of six staff and the internal auditor is head of the unit. The researchers identified that, as part of their good corporate governance mechanisms, the internal audit department on regular basis carries out routine audit and look at the high risk areas and gives proper recommendations to management. These reviews are normally done to check the overall efficiency and the effectiveness of the internal control and the accounting systems in Sunyani Polytechnic. It was discovered that it takes one month for the polytechnic to pay its creditors and suppliers. Again, it came out that the bills forwarded to the polytechnic for payments are not overstated and are thoroughly vetted by the internal audit unit before payment is made and laid down laws governing payment are followed to the latter. It was also revealed that management interferes in the activities of the internal audit unit and this is a challenge to financial practices in the institution.

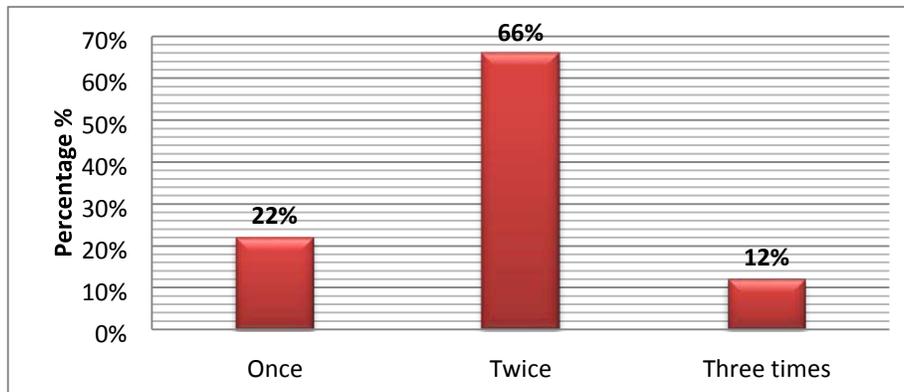
Table 7: Existence of Internal Audit Unit

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

The analysis above shows that all the fifty (50) respondents, that is, 100% said there is an internal audit unit. This is shown in the Table 7. The findings presented indicated that, there is existence of the internal audit to monitor compliance of internal control policies on regular bases.

The Auditor general Department is responsible for appointing external auditors to audit the various accounts of public institutions. From the study, it was revealed by management that commercial auditors from the Audit service visits Sunyani Polytechnic once a year to audit the institution's account. Concerning the number of times the external audit unit visits the premises of respondents' every year, it was observed that 22% recorded 'once', 66% for 'twice', 11% for 'thrice' and 8% for 'several'. The diverse response is due to lack of proper communication between management and the other staff who are not at either the finance unit or the internal audit unit. Management normally think the work of the external auditors affect only the finance and audit unit only so the other units are not aware of when the external auditors come to audit the institution as illustrated by Figure 6.

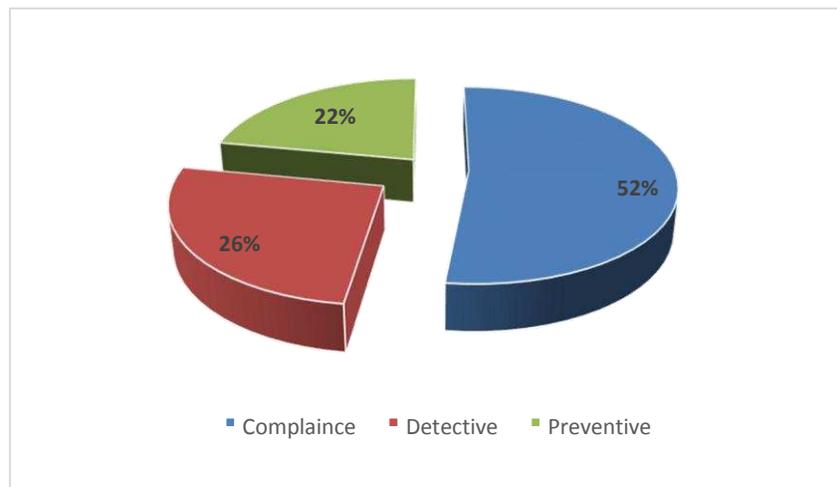
Figure 6: Frequency of audit service visits



This survey implies most of the respondents were not aware of the number of times the external auditors visited the institution.

Another area of research which considered was the kind of report audit issues in relation to the financial control system, showing 62% for Compliance, 26% for Detective, 22% for Preventive. These controls are essential to an effective internal control system. The results are demonstrated in Figure 7.

Figure 7: Compliance to Audit Report



Furthermore it was detected that the reports are issued by 58% response to Management, 42% to Audit Report Implementation Committee. The study indicated that the measures put in place for internal control the following was noted as Rotation of Duties registering 14%, Management oversight 32% and Internal Control Reviews for 54%. Table 8 shows the results.

Table 8: Measures Available to Enhance Effectiveness of Financial Controls

Category	Frequency	Percentage (%)	Category	Frequency	Percentage (%)
Management	29	58	Rotation of Duties	7	14
Audit Report Implementation Committee	21	42	Management Oversight	16	32
Others	0	0	Internal Control Reviews	27	54

Total	50	100	50	100
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The study revealed that audit reports are submitted to management to give their response and internal control reviews are measures put in place by management to enhance effective and efficient controls in the institution.

From Table 9, the study observed that the sole responsibility for ensuring that the internal controls are adhered to by Management team which registered 78%, 18% by Rector and 4% for the Finance Officer; and compliance and internal control policies monitoring is by 88% response the responsibility of the Internal Audit Unit and 12% for the Finance Officer.

Table 9: Monitoring of Internal Control Policy Compliance

Category	Frequency	Percentage (%)	Category	Frequency	Percentage (%)
Management Team	39	78	Internal Audit Unit	44	88
Rector	9	18	Finance Officer	6	12
Finance Officer	2	4	Others	0	0
TOTAL	50	100	TOTAL	50	100

Control procedures are procedures that are established to achieve specific objectives of an entity. These include specific procedures to prevent, detect and correct errors. With reference to Statement of Auditing Standards (SAS 300), "operations of the procedures and internal control ensure completeness as well as accuracy of financial records."

The research findings depict that, in building competence, Sunyani polytechnic is faced with some key challenge in terms of financial controls as expressed by some of the respondents. Some of these challenges are shown in Table 10.

Table 10: Challenges with Financial Control

Item	Frequency of Response		Total Response	Percentage (%)	
	Yes	No		Yes	No
Lack of Workshops	38	12	50	76	24
Interference by Management	48	2	50	96	4

I. Lack of financial control workshops for employees

The research depicts 38 response indicated that management did not create avenue for regular training and workshops on financial control for staff of Sunyani polytechnic. The respondents gave instances that over two years there has not been any workshop for staff to upgrade their knowledge on financial controls.

II. Interference by Management

Forty-eight (48) of the respondents indicated that management normally intervenes in most of the activities of the procurement and the audit units which are supposed to be autonomous units respectively.

The study depicts that 100% response showed that Sunyani Polytechnic need to improve the financial control system to an appreciable level to block leakages. Some of the recommendations are shown in Table 11.

Table 11: Recommendations to improve financial Controls

Item	Frequency of Re sponse		Total Response	Percentage (%)	
	Yes	No		Yes	No
Periodic Workshops	50	0	50	100	0
Proper Monitoring	50	0	50	100	0
Motivation for the Staff	50	0	50	100	0

The need for regular workshops and training on financial controls were recommended by all the 50 respondents. These programs help the employees to upgrade their knowledge and enhance their skills in the daily activities. Resourceful security should be in place in order to protect and maintain the assets of the institution. This helps to prevent theft, fraud and misappropriation of funds and assets of Sunyani Polytechnic. It was also recommended that Procurement Unit and Internal Audit Unit should have a complete autonomy, such that management would not interfere in their activities. The Audit Recommendation Implementation Committee should be empowered and encouraged to perform their duty as aligned in the Polytechnic's status to ensure compliance

SUMMARY OF FINDINGS

The results of the study revealed that there are financial control systems in polytechnics in Ghana. The government has put control systems in place to ensure efficient, effective and economy in the use of public funds. The study revealed that polytechnics adhere to the effectiveness of these laws but the argument was that strict adherence to these Acts and regulation slows down implementation of financial decisions and activities.

The effectiveness of the financial control practices in Polytechnics could not be described as very strong but rather strong. Findings on control measures show that polytechnics businesses are conducted in line with internal controls. The study revealed that procurement laws are adhered to at the polytechnics with regards to acquisition of goods. The study confirmed that, serial-numbered receipts are issued to individuals when they make payments. It was also revealed that both internal and external auditors are engaged by the polytechnics to audit accounts. The set back of the effectiveness of financial control was that though most of the respondents are aware of the existence of some laws, they seem not to care about their enforcement because of management's inability to inform them well on the need to function in accordance with the laws. This confirms COSO (1992) explanation on the information and communication component of internal control that employees are able to do their work in the best manner possible if well-informed.

Management and staff of Sunyani Polytechnic are faced by some challenges that impede the smooth delivery of financial controls in the institution. There is not much commitment on the part of management and staff to strengthen the controls and to allow them to work. A very fundamental element of internal control environment, an internal audit unit, is not equipped well for its operations. This explains why some of the existing controls are weak. Another setback linked to the internal audit unit relates to approving authority at the polytechnic and supporting documents to back expenditure. The study has revealed that there is little respect for authority because those in charge are not abreast with the relevant information regarding who has the authority to sanction expenditure. Due to this ignorance, financial control practice in relation to approval limits is negatively affected. Control officers are wrongly accused of making the environment very hostile and suspicious for others. The lack of knowledge on the need to acknowledge receipt and expenditure of funds makes matters worse. This makes the accounts unit especially, very unpopular at the polytechnic because of its pursuit to ensure sound financial management of attaching appropriate receipts to expenditure incurred.

The study showed that financial controls are implemented in Sunyani Polytechnic and there is the need for the institution to work with them. The setback was that management is task-oriented and mostly use their positions to get work done without following the laid down rules and procedures. This results in management overriding controls, which comes with its attendant challenges. In the whole there have been substantial evidence that Sunyani Polytechnic has in place internal controls; the study concludes that, although there are financial control systems in place at the Polytechnics in Ghana, it needs to be improved.

Conclusion

This study indicates that adherence to financial controls have effect on efficiency and effectiveness in the management of financial resources of an entity. Financial controls involve human action, which is introduction of possible errors in processing or judgments. Internal control can also be overridden by conspiracy among employees or compulsion from superiors or management. Therefore, management must ensure that the Tread way commission of the committee of sponsoring organizations (COSO) framework which consists of five inter-related components that is control environment, risk assessment, control activities, information and communication, and monitoring are well grounded in the organization.

This study is not without limitations. The main limitation of this study was the inability to cover a wider area; which will inadvertently be impracticable to embark on due to time and cost constraints. Also internal controls apply in three broad areas, namely managerial, operational and financial aspects of an entity. However, the study is limited to the financial aspect only since undertaking a study in these broad areas at a time will involve so much work and effort. These limitations notwithstanding, the findings of this study are expected to spur on the management and staff of Polytechnics to view the establishment, application and compliance with internal control systems as essential in ensuring effective and efficient management of financial resources allocated to them.

Recommendations

Based on the findings of the study, the following recommendations were made to assist in improving on the effectiveness of financial control systems in Sunyani Polytechnic particularly and Polytechnics in Ghana as a whole.

1. Management of Sunyani Polytechnic should ensure that the internal audit unit is empowered and resourced well to enable them carry out regular checks and monitor compliance of internal control policies. Even though, management is chiefly responsible for setting up internal control systems, the internal Audit unit must be involved in an advisory capacity.
2. The researcher wishes to recommend that Sunyani Polytechnic should ensure that they do monthly reconciliation of claims submitted by both its account payables and account receivables to resolve any differences which may occur.
3. Management should ensure the regular monitoring of the Internal Control activities at the various departments of the institution in order to unearth potential lapses, abuse of office by any staff and wrong doing. Also they should ensure that the various head of departments prudently manage resources under their control.
4. Management must ensure that there are desired reward (incentives) for employees for great satisfaction and consequences (disincentives) for unsatisfactory work.
5. Management must communicate possible and acceptable risk level to staff in their discharging of duties as well as train them to acquire the requisite knowledge and skills

coupled with provision of adequate resources to enable them carry out work effectively and efficiently.

6. Lastly, a detailed analysis could be conducted in the assessment of financial control practices in other higher educational sectors or other sectors of the economy like the health sector. There should be in-depth investigations into the accounting system to eliminate all identified weaknesses.

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