

**UNIVERSITY OF EDUCATION, WINNEBA**

**THE IMPACT OF INTERNAL CONTROL ON ORGANIZATIONAL  
PERFORMANCE IN GOMOA EAST DISTRICT ASSEMBLY.**



**MASTER OF BUSINESS ADMINISTRATION  
(FINANCE)**

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**UNIVERSITY OF EDUCATION, WINNEBA**

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PERFORMANCE IN GOMOA EAST DISTRICT ASSEMBLY.**



**A Dissertation in the Department of Applied Finance and Policy Management,  
School of Business, Submitted to the School of  
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of the requirements for the award of the degree of  
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## DECLARATION

### Student's Declaration

I, **Hawa Seidu**, declare that this work except quotations and references contained in published works which have all been identified and duly acknowledged, is entirely my original work, and it has not been submitted either in part or whole for another degree anywhere.

Signature:.....

Date:.....

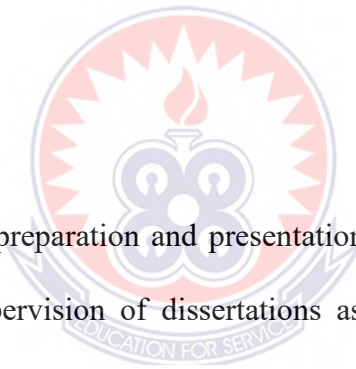
### Supervisor's Declaration

I, hereby declare that the preparation and presentation of this work were supervised by the guidelines for the supervision of dissertations as laid down by the University of Education, Winneba.

**Supervisor's Name : Dr Emmanuel Okofo-Dartey**

Signature:.....

Date:.....



## **DEDICATION**

I dedicate this work to my creator in heaven who gave me the strength to complete this research. I also dedicate it to my dearest husband Mashood Saaka and my first daughter Bayan.



## ACKNOWLEDGMENT

My profound gratitude to the Almighty God for His never-ending grace and mercy on me. My special thanks to my supervisor Dr Emmanuel Okofo-Dartey, who has read the manuscript assiduously and made helpful suggestions and constructive criticisms. My heartfelt thanks go to the Assembly who have voluntarily allowed their employees to take part in this report. I also acknowledge Dr. Ramatu Ussif and Dr. ACP Dinam Zoiku for coaching me on various phases of my research and Uncle Atto for tolerating me and to the whole graduate school of applied finance. My sincere appreciation also goes to my dear husband Mr Mashood Saaka, for his guidance, motivation and support during the entire process.



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## LIST OF ABBREVIATIONS AND ACRONYMS

ERP	Enterprise Resource Planning
CE	Control Environment
IC	Information and Communication
ICSs	Internal Control Systems
MMDCEs	Metropolitan, Municipal and District Chief Executives
MoC	Monitoring of Controls
OE	Organizational Effectiveness
RA	Risk Assessment
SPSS	Statistical Package for Social Sciences



## ABSTRACT

Internal Control Systems (ICS) are implemented to steer an organization toward profitability goals and the achievement of its mission while minimizing surprises. ICSs empower management to navigate a rapidly changing economic and competitive environment, address shifting, customer demands, and priorities, and restructure for future growth. This study examines the impact of internal control systems on organizational performance in the Gomoa East District Assembly in the Central Region of Ghana. The study employed convenience sampling techniques to select employees of the Gomoa East District Assembly as respondents. Correlation and simple regression analyses were used to derive the findings which were based on responses from one hundred and twenty (120) employees. The study concludes that ICSs significantly and positively influence organizational performance and It recommends that management should maintain their level of internal control systems by effectively monitoring and separating evaluations of the control systems.



## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.0 Overview**

Successful organizational performance is an ongoing challenge (Nwachukwu & Emoh, 2011). Organizations face internal and external forces that call for a strategy to help them continue to be relevant and competitive in the business environment (Strickland, 2007). The organization's ability to meet their objectives with respect to remaining competitive and relevant rests largely on the policies and strategies as well as the effectiveness of procedures established to safeguard their operations (Kaplan, 2007). Originating from the agency theory and buttressed by the contingency theory are internal control performance which ensure effective management of resources in addition to effective and efficient operations (Jokipii, 2009). Owing to the changing competitive surroundings, the extent to which internal control performance of organization's must be extensively structured to safeguard continuous increase in returns has become obvious (Ndungu, 2013). Many organisations embody numerous dreams, yet they deliver many frustrations (Andersen; 2014). Performance of many organisations has been a disappointment to stakeholders and beneficiaries (Amponsah & Darmoe, 2014). Given the growing demand for information from internal and external stakeholders, the Internal Control Systems acts as a type of assurance for ensuring accurate reporting and the accomplishment of a firm's goals. Moreover, the most successful businesses place a high priority on security, privacy, and effective information management. This study seeks to investigate the role of internal control performance at the Gomoa East District Assembly. This first chapter of the study

covered the background, statement of the problem, study purpose, objectives, research questions, hypotheses, significance, justification, and scope.

## **1.1 Background to the Study**

### **1.1.1 Historical Background**

Internal controls and organizational performance have existed since the emergency of organized systems. When the Israelites were in the desert during their exodus, Moses their leader recognized the importance of keeping accurate records as a control activity. In Exodus 38:21 -31, it is indicated “These are the accounts of the Tabernacle...” (Gellis, Giladi & Friedman, 2002). Tallies provided the earliest form of internal control as control activities until they were officially abolished in 1826. Internal control was implemented by splitting the tally stick lengthwise through the notches and each party to a transaction keeping one half of each tally stick which was audited by fitting the two pieces together to determine if they were tallying (Oseifuah & Gyekye, 2013). However, internal control was first described in 1949, by the American Institute of Accountants as measures that provide reasonable assurance that transactions are executed as authorized, recorded and access to assets is as only as authorised (Rikhardsson, Best & Juhl-Christensen, 2006). Following the illegal payments made by U.S. corporations, as seen in the Watergate and Lockheed scandals in the 1970s, Foreign Corrupt Practices Act of 1977 (FCPA) was enacted in 1977. It clarified mandatory establishment of the internal control mechanisms for the first time for publicly owned corporations (Nakano, 2009). Internal control has gained prominence over the years because of a number of undeniable corporate scandals that have cost organizations huge sums of their finances leading to the collapse of some corporate businesses (Meintjes, 2013). Internal control includes a number of methods and

measures, which are exercised by the management to ensure smooth and economic functioning of business entity. It assists the management in the performance of various functions (Shanmugam, Haat & Ali, 2012). A system of internal control is put in place to keep the organisation on course toward profitability goals and achievement of its mission and to minimize surprises along the way. Internal control promotes efficiency, reduces risks of asset loss, and helps ensure the reliability of financial statements and compliance with laws and regulations (Ratcliffe & Landes, 2009). Essential components of an effective internal control system as: control environment, risk assessment, control activities, procedures and practices that ensure that management objectives are achieved and risk mitigation strategies implemented, information and communication, and monitoring. These elements must be present and functioning effectively for any internal control system to achieve organization's objectives (Amudo & Inanga, 2009). Several scholars such as (Dineshkumar and Kogulacumar, 2013); (Muraleetharan, 2011); (Nyakundi, Nyamita and Tinega, 2014) relating internal controls and organizational performance can be cited by (Muraleetharan, 2011) as related internal control and impact of financial performance of the organisations in public and private organisations. using regression analysis, the study revealed that a positive significant relationship between risk assessment, control activities, procedures and practices and monitoring internal controls performance but the relationship was insignificant for control environment and information and communication internal controls.

### **1.1.2 Theoretical Background**

This study was informed by the Agency Theory by (Alchian and Demsetz, 1972) and further developed by (Eisenhardt, 1985, 1989) and (Jensen and Mekling, 1976). This

theory deals with agency problems resulting from conflicts of interest that may emerge in contractual relationships. The Agency Theory explains how contracting parties design contracts to minimise the costs associated with such problems. The typical case of agency relationship is the one that exists between an employer (the principal) and his employee (the agent). In an agency relationship, the principal wants the agent to act in the principal's interest. The theory suggests that this calls for oversight. The goal of oversight mechanisms in an agency relationship is to constrain the agent from acting improperly and provide it with incentives to act appropriately. The theory expounds that the company (the firm) is a “nexus of contracts” between shareholders (principal) and management (agents for the principal). Management are contractually bound to work for shareholders’ best interests but if management know that they will not be monitored and potentially punished, management may exert less effort than possible (shirking) or take advantage of company’s resources for their own personal benefit (Musalem & Palacios, 2004). Agency loss is minimized when the principal and agent share common interests (Niskanen 1971). This theory pointed out that managers of organisations may not act in the interests of other shareholders. This therefore called for mechanisms that would reduce fraudulent intentions of agents.

### **1.1.3 Conceptual Background**

Internal controls refer to a process designed and effected by those charged with governance, management and other personnel to provide reasonable assurance about the achievement of the entity’s objectives with regard to reliability of financial reporting, effectiveness and efficiency of operation and compliances with applicable laws and regulations (Shanmugam, Haat & Ali, 2012). Internal control and performance include

control environment, risk assessment, control activities, procedures and practices that ensure that management objectives are achieved and risk mitigation strategies implemented, information and communication, and monitoring (Amudo & Inanga, 2009). In this study, the role of internal control performance referred to control environment, monitoring and control activities. Control environment is the attitude toward internal control and control consciousness established and maintained by the management and employees of an organization (Unerman & O'Dwyer, 2006). Control environment in this study refers to appropriate policies, management tone, mission and objectives and sufficient supervision. Concerning monitoring of activities refers to the process of assessing the quality of controls through ongoing and periodical evaluations of the external supervision of internal controls by management or other parties outside the process (Agbejule & Jokipii, 2009). In this study, monitoring is the internal control activity that involves evaluation, audit, inspection, supervision. Regarding control activities refer to the policies and procedures that help ensure management directives are carried out (Ratcliffe & Landes, 2009). In this study control activities referred to physical controls, appropriate staffing and stakeholder involvement.

Again, organisational performance refers to ability of an enterprise to achieve such objectives as high profit, quality product, large market share, good financial results, and survival at pre-determined time using relevant strategy for action (Obiwuru, Okwu, Akpa & Nwankwere, 2011). In this study, organizational performance was defined as effectiveness, efficiency, development, innovation and quality. Effectiveness refers to the ability of the organisation to meets its objectives. Efficiency is the ability of the organisation to use the least possible resources to meet its objectives. Development is the



organisation's ability to develop its capacity to meet future opportunities and challenges. Innovation is the capacity of the organization to introduce new products and processes. Quality is the producing of products of very high standard (Katou, 2009).

## **1.2 Statement of the Problem**

Internal controls are usually instituted by an organisation to provide reasonable assurance about the achievement of an entity's objectives with regard to reliability of the financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations (Ejoh & Ejom, 2014). In this regard, the Gomoa East District Assembly, the assembly base operates a robust accountability system which rests on internal controls and oversight mechanisms, and tools to promote transparency and integrity as stipulated by the Ministry of Finance. Office of the external auditors oversees the use of resources and staff of the Organisation through the provision of audit, investigation, inspection, and evaluation services. The assembly promotes responsible administration of resources, a culture of accountability and transparency, and improved programme performance (Abbas & Iqbal, 2012). However, despite implementation of internal controls, the Gomoa East District Assembly has often been criticized for being a failure and mismanaged of funds. This study thus seeks to establish the role of internal control performance of the Gomoa East District Assembly looking at control environment, monitoring and control activities.

## **1.3 Purpose of the Study**

The purpose of the study is to examine how effective internal controls impact the organization of the Gomoa East District Assembly's overall performance.

#### **1.4 Specific objectives**

The specific objectives of the study are:

1. To assess the condition of Internal controls and organizational performance in Gomoa East District Assembly.
2. To investigate whether there are significant differences in the internal control systems in Gomoa East District Assembly.
3. To examine the effect of internal control systems on organizational performance in Gomoa East District Assembly.

#### **1.5 Research Question**

1. What are the conditions of Internal controls and organizational performance in managing the Gomoa East District Assembly?
2. What are the ways to detect the significant differences in the internal control systems in Gomoa East District Assembly?
3. What are the ways to examine the effect of internal control systems on organizational performance in Gomoa East District Assembly?

#### **1.6 Significance of the Study**

This work is significant since it makes both a knowledge and a policy contribution to aid internal control systems in the Gomoa East District. The study seeks to play a vital role in adding to the body of scholarly literature on internal controls in the Gomoa East District Assembly. Also, it will provide intuitions to support future research regarding internal control systems for organizations in this sector. This is because to the best of the

researcher's knowledge there has not been much prior study on the effect of internal control systems on organizational performance. The other significance of the study is in relation to the internal audit function. One of the management tools for strong and effective internal control is strengthening the internal audit function but in most of construction projects the role and contribution of the internal audit is limited. The reason behind is that the role of internal audit in projects are not considered as important. Accordingly, this study was magnifying the role of internal audit on strengthening the internal control in their duty of providing timely and independent report to decision makers.

The findings of this study will also provide new avenues for discussion for young professionals or academics in the academic and professional fields of accounting. By serving as a source of pertinent literature, this study will also be a beneficial guide and source of information for other students who will pursue their studies in the future. Again, the research will help policy makers in the ministries to formulate appropriate policies that will enhance growth of MMDCEs in the country. Finally, the findings made from the study would also improve organizational performance in Ghanaian financial industries.

### **1.7 Scope of the Study**

The study looked at the role of internal control on organizational performance. Internal controls were studied in terms of control environment, monitoring and control activities. Control environment covered appropriate policies, management tone, mission and objectives and sufficient supervision. Monitoring looked at evaluation, audit, inspection, supervision. Control activities included physical controls, appropriate staffing and

stakeholder involvement. On the other hand, organisational performance was studied in terms of effectiveness, efficiency, development, innovation and quality.

### **1.8 Definition of key terms**

**Control:** Any action taken by management, the board, and other parties to manage risk and increase the likelihood that established objectives and goals was achieved. Management plans, organizes, and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals was achieved. Institute of Internal Auditors (IIA) and International Organization of Supreme Audit Institutions (INTOSAI GOV 9100)

**Internal Control:** Internal control can be simply defined as, the process by which an organization governs its activities to effectively and efficiently accomplish its mission. (INTOSAI, 9120). Internal control is also defined as “the process by which managers assure that resources are obtained and used effectively and efficiently in the accomplishment of the organization objectives, (Adewale, 2014). Internal Audit: Internal audit is an independent management function, which involves a continuous and critical appraisal of the functioning of an entity with a view to suggest improvements there to and add value to and strengthen the overall governance mechanism of the entity, including the entity's strategic risk management and internal control system.” (Standard on Internal Audit (SIA, 17).

**Internal Auditor:** Internal auditor is an independent, objective assurance and consulting function established by the Proclamation 648/2001 to conduct an internal audit. (FDRE Proclamation 648/2001).

**Control Activities:** Control activities are the actions established through policies and procedures that help ensure that management's directives to mitigate risks to the achievement of project objectives are carried out. Control activities are performed at all levels of the project, at various stages within the project, and over the technology and project environment. (COSO Framework).

**Project:** A project is a one-time, multitask job with a definite starting point, definite ending point, a clearly defined scope of work, a budget, and usually a temporary team. Or a project is a problem scheduled for solution. Or it is a sequence of unique, complex, and connected activities having one goal or purpose and that must be completed by a specific time, within budget, and according to specification.

**Success:** can be defined as having achieved objectives: Within time, within cost, at the desired performance/technology level, while utilizing the assigned resources effectively and efficiently, (Haroldkerzener, 2009).

### **1.9 Organization of the Study**

The study was organized in five chapters; the chapter one deals with the introduction, the background of the study, statement of the research problem, the aim and objectives of the study, research questions and hypotheses, significance and the scope of the study and end with the organization of the study. The chapter two of the study contains review of relevant literature to the study and the establishment of the theoretical, empirical and conceptual review or framework for the study. The chapter three established the methodology used in carrying out the study and the statistical tools used in the analysis of data. The results and discussion of both primary and secondary data is carried out in the

fourth Chapter. The fifth chapter concludes the study where the findings, summary, recommendations, conclusions and limitations of the research are established.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This section of the research study focuses on the review of related journals, articles, and documents in the context of the research study. Literature review provides a framework for establishing the importance of the study as a benchmark for comparing the results with other findings (Creswell, 2009). The literature covers theories that will be the basis for relating internal control and organizational performance. The various models, the theoretical framework guiding this research study, the various empirical studies, and the conceptual framework for the study were all revealed in the study.

#### **2.1 Theoretical Review**

In order to complete the research and literature review, there is a need to evaluate the various theories that guide this study. This is critical since it gives much scholarly backing to the interrelationship between the various variables that have been adopted for the research study. This study was based on the Agency Theory developed by Alchian and Demsetz (1972), Eisenhardt (1985, 1989), Jensen and Mekling (1976). The theory explains the relationship in which the employer (the principal) engages another person (the agent) to undertake services on his or her behalf which involves delegating part of its decision-making authority to the agent (Goel & Vashishtha, 2014). In the context of an agency relationship, a fundamental dynamic emerges: the principal's paramount objective is to ensure the agent's actions align with the principal's interests. However, it's important to acknowledge that the agent possesses personal motivations, which can diverge from those of the principal. Consequently, there exists the potential for instances where the

agent's actions might not be entirely aligned with the optimal interests of the principal. Then, the principal's problem is consequently to design an incentive contract that induces the agent to undertake actions that will maximize the principal's welfare. However, both the principal and agent are confronted with uncertainty. This uncertainty may appear in various ways. First, the principal is uncertain about actions undertaken by the agent and/or information held by the agent. The mainstream-economic theory terms the principal's uncertainty state asymmetric information. There is a state of asymmetric information because the agent holds information that the principal does not. Also, uncertainty bears on the outcomes of the agent's actions. An agent is uncertain about the outcomes of his actions. For the principal, this latter phenomenon manifests itself more precisely with the fact that the principal is uncertain about the causality between the agent's actions and the outcomes. This state of uncertainty and the resulting state of asymmetric information that exists between the principal and his agent impose certain constraints which complicate the forming of the contract. These constraints create two kinds of problems: a moral hazard and/or an adverse selection problem (Padilla, 2002). Padilla (2002) explains that the moral hazard problem arises when the principal cannot observe agent's actions because there is a positive cost of monitoring agent's actions and he is not even able to perfectly infer agent's actions by observing the outcome because the agent's actions do not completely determine the outcome. On the other hand, an adverse-selection problem appears when the agent possesses information that may prove useful to his decision-making and the principal does not know it. Therefore, the principal cannot determine if the agent has made the most appropriate decision in light of the information possessed by the agent precisely because the principal does not have this



information. Strictly speaking, the principal confronts a situation characterized by an information asymmetry. Due to the moral hazard and the adverse selection problem, there is the need for oversight. Musalem and Palacios (2004) indicate that the goal of oversight mechanisms in an agency relationship is to constrain the agent from acting improperly and provide it with incentives to act appropriately. The theory outlines that the firm is a “nexus of contracts” between shareholders (principal) and management (agents for the principal). Management is legally obligated to operate in the best interests of shareholders through contractual commitments. However, when management perceives a lack of oversight and 0 potential consequences, they might reduce their level of dedication or exploit company resources for personal gain. As a result of information asymmetries and self-interest, principals’ lack reasons to trust their agents and will seek to resolve these concerns by putting in place mechanisms to align the interests of agents with principals and to reduce the scope for information asymmetries and opportunistic behaviour. Various mechanisms may be used to try to align the interests of the agent with those of the principal, such as piece rates or commissions, profit sharing, efficiency wages, the agent posting a bond, or fear of firing (Musalem & Palacios, 2004). This theory pointed out that managers of organisations may not act in the interests of other shareholders. This therefore called for mechanisms that would reduce fraudulent intentions of agents. However, the problem with the theory was that it overlooked considerations like employees’ commitment, responsibility to the organisation and intrinsic motivation among others. However, of greater significance was the theory’s emphasis on the pivotal role of internal controls. Consequently, this theory served as the foundational framework for establishing a connection between internal controls namely,

control environment, monitoring, and control activities and their potential impact on organizational performance.

## **2.2 Empirical Review**

### **2.2.1 Internal Controls Performance on Organisation**

Control environment is the attitude toward internal control and control consciousness established and maintained by the management and employees of an organisation. It is a product of management's governance that is its philosophy, style and supportive attitude, as well as the competence, ethical values, integrity and morale of the people of the organization. The control environment encompasses the attitudes and actions regarding control (Appiah, 2012). Elements of the control environment include the organizational structure of the institution, management's philosophy and operating style, the integrity, ethics, and competence of personnel, the external influences that effect the organisation's operations and risk management practices, the attention and direction provided by the board of directors and its committees and the effectiveness of human resources policies and procedures (Ndamenu, 2011). Mihaela and Lulian (2012) in a study on internal control of Romanian listed companies established that improving internal control led to improvement in performance. An environment that promotes implementation of internal controls should ensure that employees know about the generally accepted acts governing the ethical behaviours with the special attention paid to the rules on avoidance of the conflict of interest, prevention of fraud and reporting on suspected corruption, fraud and other illegal deeds. The head of the entity adopts internal procedure that every new employee with the signing the work contract receives the legal document and is given respective training. It is important that every case of infringement is taken in procedure as

a demonstration of the decisive attitude of the management (Katnic, 2011). Flowing from the above, the board of directors should show concern for integrity and ethical values. There also must be a code of conduct and/or ethical policy and this must be adequately communicated to all levels of organization (Ndamenenu, 2011). Davis and Rothstein (2006) studied the effects of the perceived behavioural integrity of managers on employee attitudes. The outcomes of the meta-analysis unveiled a noteworthy correlation: there exists a positive and statistically significant association between managers perceived behavioural integrity and employee attitudes, notably impacting job performance. Moreover, an environment characterized by exemplary managerial conduct and ethical guidance concerning financial matters contributes to the enhancement of internal control implementation. Therefore, executive management should set a tone that emphasizes the importance of internal control. Such a tone is characterized by minimal and guarded use of control overrides; support for conducting control self-assessments and internal and external audits; responsiveness to issues raised as the result of the evaluations and audits; and ongoing education to ensure everyone understands the system of internal control and their role in it (Katnic, 2011). This environment sets the organisational tone, influences control consciousness, and provides a foundation for an effective system of internal control (Appiah, 2012). Resick, Hanges, Dickson and Mitchelson (2006) carried out a cross-cultural examination of the endorsement of ethical leadership. The findings of their study revealed that ethical leadership was associated with a significant positive influence on employee performance. Within an atmosphere where employees value the company's mission and handle resources in alignment with this mission, the process of implementing internal controls will encounter facilitation.

Appreciating the mission is important because it provides a sense of direction and purpose to all members of the organization, regardless of their position, and provides a guide when making critical decisions (DiNapoli, 2007). Without a clearly defined and communicated mission, an organisation may drift aimlessly and accomplish little. Therefore, management should tell employees about the organization's mission and explain how their jobs contribute to accomplishing the mission. The mission statement will be most effective if all employees perceive they have a personal stake in it (DiNapoli, 2010). Sotunde (2013) studied the Influence of Vision and Mission Statement on Organizational Effectiveness. Descriptive results of the study revealed that vision and mission statement were essential if any organization is to survive. This means that visions and missions of organizations influenced their performance. When the structure of the company is well defined in terms of lines of authority and responsibility, there will be effective implementation of internal controls. This is because the structure is the framework in which the organization's plans are carried out. However, The arrangement should encompass operational sub-units along with the interconnections that bind them together. The organizational chart provides a clear picture of the authority and accountability relationships among functions. When the chart is provided to all employees, it helps them understand the organization, the relationships among its various components and where they fit into the organization (Katnic, 2011). Bohte and Meier (2001) studied structure and the performance of public organization. The findings of the study revealed that structure significantly positively influence especially with task difficulty. In all forms of organisations, management delegates authority and responsibility to its staff. However, it is the responsibility of management to organise the

entity „s authority and accountability relationships among various functions to provide reasonable assurance that work activities are aligned with organisational objectives. Therefore, with increased delegation of authority and responsibility, there is a need to provide qualified and continuous supervision, and to monitor results (DiNapoli, 2007). Apenteng (2012) explains that supervision is the control mechanism which has the task of correcting the activities of individuals and groups to ensure that their performance is in accordance with plans. Supervision throughout the organization helps ensure that employees are aware of their duties and responsibilities and know the extent to which they are accountable for activities. Azman (2009) in a study, the relationship between supervisor’s role and job performance found out that supervisors identify the daily routine and short-term employee deficiencies for correction, and this enhances organizational performance. Implementation of internal controls requires an environment in which appropriate remedial actions are taken in response to departures from approved policies and procedures or the code of conduct. However, the level of management with whom it is appropriate to discuss the findings should be that which is familiar with the internal control area concerned and that has the authority to take remedial action on any identified deficiencies in internal control. Departures from approved policies and procedures or the code of conduct should first be communicated to those charged with governance to assist them in taking timely remedial action to minimize the risks of material misstatement (HKSA, 2013). Akinbowale, Lourens and Jinabhai (2013) investigated the role of performance appraisal policy and its effects on performance in a critical review. The findings of the study showed that performance appraisal results improved employee performance. Accordingly, feedback, particularly on interpersonal

(supervisor-subordinate) basis was useful and highly effective in motivating employees to improve their performance. In the studies above, the different scholars attempted to relate control environment and performance.

### **2.2.2 Monitoring and Organizational Performance**

Monitoring is the systematic collection and analysis of information as a project progresses. It is aimed at improving the efficiency and effectiveness of a project or organization. It is based on targets set and activities planned during the planning phases of work. It helps to keep the work on track and can let management know when things are going wrong. If done properly, it is an invaluable tool for good management, and it provides a useful base for evaluation. It enables you to determine whether the resources you have are sufficient and are being well used, whether the capacity you have is sufficient and appropriate, and whether you are doing what you planned to do (Shapiro, 2001). Saleem and Abideen (2011) studied risk management and organizational performance. Their correlation results revealed a significant positive relationship between monitoring and organizational performance. Monitoring more highly correlated with organizational performance among the other variables, which indicate its strong effect on the dependent variable, mean of monitoring. Monitoring involves continuous or ongoing monitoring which occurs in the course of operations. This includes regular management and supervisory activities, and other actions personnel take in performing their duties. The scope and frequency of separate evaluations will depend primarily on an assessment of risks and the effectiveness of ongoing monitoring procedures. Internal control deficiencies should be reported upstream, with serious matters reported to top management and the board (Bukonya & Kinatta, 2012). Gavrea, Ilieş and Stegorean

(2011) studied determinants of organizational on employees of manufacturing firms performance in Romania. Using the canonical correlation, they established a strong relationship between a continuous performance monitoring process and performance. Many organizations conduct employee performance reviews to analyses problems or suggest ways to improve performance. Management reviews staff performance according to the defined standards of the organization. The review is a process that uses dialogue and constructive feedback to help staff or entire organizations improve their performance in pursuit of the organization's mission, while also setting goals for growth and development (Tepper, 2000). Mwema and Gachunga (2014) carried out a study on employee productivity in Kenya. In a regression analysis, they found a significant positive relationship between performance measure purposes and increased employee's performance. Monitoring requires a team for monitoring or supervisors. Supervisors are the first level of management where they are given major duties and responsibilities to form and lead work groups in organizations. They play an important role as an intermediary between management and operational employees. Supervisors monitor the organisational policies, procedures and plans. Supervisors identify the daily routine and short-term employee deficiencies, as well as report such deficiencies to the top management for further action (Azman, 2009). Ssebakumba (2013) studied performance management and employee effectiveness. Chi-square results revealed a positive significant relationship between monitoring by teams and organizational performance. Monitoring is a continuous function that uses the systematic collection of data on specified indicators to provide management and the main stakeholders of an ongoing development intervention with indications of the extent of progress and achievement of

objectives and progress. Monitoring can and should be evident throughout the life cycle of a project, program, or policy, as well as after completion (Kusek & Rist, 2004). Dean (2002) studied performance monitoring and quality outcomes in contracted services. The results of the critical review revealed that organisations rely on inspections to improve performance.

### **2.2.3 Effect of Internal Control Performance**

Control activities are activities that help to eliminate the risk that would bring about the expected continuity of business. Therefore, organizations are expected to impose reasonable control activities for early detection and correction of errors (Tunji, 2013). The role of internal controls performance includes physical control of assets. Tunji (2013) suggests that physical access to assets and important records, documents, blank cheques, vouchers, inventory and securities should be restricted to only those who handle them. Accordingly, physical security of computer equipment and limited access to computer program files and other peripheral computer details should be enforced. Organizations should establish information processing controls, manual information processing control procedures as well as computerized information processing control procedures in form of usage of passwords and access logs, all in a bid to eradicate malpractices that can lead to total extinction of the organization. Relatedly, Bukenya and Kinatta, (2012) explain that in an agency must establish internal control performance to secure and safeguard vulnerable assets. Examples of access controls to assets are as follows: lock systems, badge system, biometric system and data encryption. Chiezey and Agbo (2013) investigated the impact of fraud and fraudulent practices on the performance. Their findings revealed that if organizations strengthen their internal



control systems and their supervisory role, they are able to check and curtail the incidence of fraudulent activities. Control activities also include segregation of duties. Segregation of duties involves allocating work to different persons in such a way that either the work of one is complementary to the work of another person or another person independently checks the accuracy or correctness of work performed by one person as it helps employees know what to do and what others are to do. This is done to minimize errors and fraud and detect them in a timely manner when they take place. Key duties and responsibilities need to be divided or segregated among different people to reduce the risk of error or fraud. This should include separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets (Bukonya & Kinatta, 2012). Tunji (2013) found out that functional segregation of responsibilities (authorization, recording, custody and reconciliation) to different individuals helps the assembly to check abuses that can derail the assembly. On their part, Cédelle et al. (2007) indicate that accounting is an important activity of internal control. They explain that accounting is the system a company uses to measure its financial performance by noting and classifying all the transactions like sales, purchases, assets, and liabilities in a manner that adheres to certain accepted standard formats. It helps to evaluate an organization's past performance, present condition, and future prospects. Natad (2008) further explains that accounting processes are at the heart of internal control of accounting and financial information. Accounting systems are the methods and records that identify, assemble, analyze, classify, record, and report transactions. Tunji (2013) reveals that accounting helps to establish a workable bookkeeping and accounting system that ensures all transactions are recorded and

accurately processed in the appropriate books of account. Internal audit is also one of internal control mechanisms employed by organizations such as banks. Internal audit is a managerial control, which functions by measuring and assessing the effectiveness of other controls. The internal auditors are part of the organisation and are typically responsible to the top management of the organisation. Internal audit units primarily perform a continuing assessment of the control systems and are a source of recommendations for improving the effectiveness of those systems (Havens, 2000). Katnic (2011) indicates that internal audits help in unearthing irregularities. Sarens and De Belde (2008) established that internal control systems contribute to managerial effectiveness hence performance. Authorization is also an important control activity. Natovich (2009) explains that authorization restricts employees and allows them to perform only predetermined activities according to their roles. In event-based systems, authorization control is based on activity types. Each user or group is granted access only to certain activity types. In business process management systems, authorizations are not separate from the process, but are derived directly from the roles of the employees and their authority as defined in the process. Authorization is not granted per activity type, but at the single incident level. In other words, the system grants a one-time authorization for the execution of a specific activity. The authorization is granted on the basis of the organisation's business process rules. In principle, authorization for an identical activity type may be granted in each incident to a different employee. Staff of integrity is an important control tool. Thus, each organization needs to institute procedures for ensuring quality recruitment, selection and placement of competent and honest personnel that would discharge various duties and tasks effectively, with minimum supervision. It is

when this control is in place that we can be sure of existence of trustworthy employees that would not collude with customers to defraud the organization and cause its imminent death (Tunji, 2013). Tabassum (2011) indicates that the goal of a recruitment program should be to attract highly qualified candidates and ensure person-job fit. Mismatch between the candidate and job can cost an organization a great deal of money, time and energy. Edwards and Billsberry (2010) in a study testing the multidimensional theory of person-environment fit in a regression analysis found out that person organization fit, person-people and person job fit positively significantly predicted organizational performance.

### **2.3 Summary of the Chapter**

The literature above showed internal control performance play a major role in the development of the Gomoa East District Assembly. The literature showed that include control environment, monitoring, and control activities. Control environment was indicated to include appropriate policies, management tone, mission and objectives and sufficient supervision. Monitoring included evaluation, audit, inspection, supervision and control activities included physical controls, appropriate staffing and stakeholder involvement. This literature was the basis for discussion of the findings made by this study. Feedback on the implication of significant change. Finally, according to World Health Organization, once the potential significance of the risk has been assessed, management considers how the risk should be managed and this is the risk response dimension. An effective design and implementation of risk assessment process would enhance corporate performance. The consequence of an effective risk assessment process on performance is obvious because risk assessment forms the basis for determining where

internal control performance is needed. Risk assessment enables an organization to focus on those risks that will impact on the overall success of the firm. This connotes that an effective risk assessment process in the District Assembly will aid stakeholders in their risk identification and assessment to respond to risks to the achievement of performance target through the design and implementation of a risk management programme. This will minimize uncertainty and ultimately improve the performance of the Gomoa East District Assembly.



## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Introduction**

This study was undertaken within the various departments of the Gomoa East District Assembly. Research design plays a crucial role in shaping the approach taken to meet the study's objectives. For this research, a descriptive research design was chosen as it allows for an assessment of how internal control performance influences the development of the District Assembly. It helps determine whether internal controls are effective or ineffective and which departments within the District Assembly are affected by these internal controls. Additionally, it enables the examination of the existence of a relationship between these factors. This study was structured as descriptive research, which involves gathering pertinent information on the role of internal control in the performance of the Gomoa East District Assembly. The research methodology employed in this investigation included interactions with individuals through face-to-face interviews and questionnaires, as well as engagement with various departments to acquire personal, professional, organizational, or sector-specific information. This section of the thesis will delve into specific aspects of the chapter, such as the research design and methodology applied to this study. It encompasses the research design strategy, the target population, determination of sample size and selection method, data collection techniques, ethical considerations, and the approach to data analysis.

#### **3.1 Research Design**

This study employs a descriptive research design that encompasses both qualitative and quantitative elements, although it predominantly leans towards qualitative research

strategies. The primary objective of this research is to evaluate the implementation of internal control performance within the Gomoa East District Assembly. Furthermore, it aims to compare and contrast the responses of management and line staff members. Descriptive research design is well-suited for this investigation as it focuses on characterizing the attributes of specific individuals or groups. In descriptive studies, it is essential for the researcher to precisely define what they intend to measure and establish suitable methods for measurement, along with a clear delineation of the target population (Kothari, 2004). The overarching goal is to obtain comprehensive and accurate information. In light of these considerations, the researcher has chosen a descriptive qualitative research design, which allows for a thorough assessment of the design and execution of internal control mechanisms and their impact on performance. This approach involves the collection of diverse forms of data, including interviews, observations, and document analysis. The rationale for selecting a qualitative approach is rooted in the research's central focus on evaluating the practice of internal control within a government institution, specifically the District Assembly. Consequently, the data to be collected predominantly consist of qualitative information derived from interviews and questionnaires. The research process will entail various steps, such as coding interview responses, customizing observations, tabulating data, and conducting several statistical analyses to gain a comprehensive understanding of the subject matter.

### **3.2 Population**

The primary objective of this study is to comprehensively evaluate the effectiveness of the internal control system implemented in government construction projects. To ensure that the study's recommendations are well-founded and actionable, data must be collected

from relevant stakeholders. In this context, the following target groups were identified for data collection:

Employees of the selected Departments in the District Assembly: This includes personnel from various departments crucial to construction projects, such as the Works Department, Human Resource Department, Physical Planning Department, Procurement Department, and Finance Department. The study intends to collect data from eight respondents representing each of these departments. These individuals have direct involvement in the implementation and oversight of construction projects carried out by the four selected organizations. Data was gathered through the administration of questionnaires, with a total of 150 respondents were selected for this purpose.

### **3.3 Sample Size**

Based on the information provided in the Population/Target Group section, the research examined a total of 150 respondents as the sample sizes. The sample of 150 is fit and appropriate and as such statistical interpretation can be drawn from it.

### **3.4 Questionnaire Survey**

A total of 150 respondents participated in the questionnaire administration. These individuals were provided valuable insights and data regarding the internal control system's effectiveness in government construction projects.

The choice of these sample sizes is grounded in the belief that the data and insights collected through these methods will be sufficient to draw meaningful conclusions and formulate actionable recommendations. The combination of questionnaire responses

contributed to a comprehensive understanding of the internal control system's impact on government construction projects.

### **3.5 Sampling Technique**

A sample design serves as a well-thought-out strategy for selecting a subset of items from a larger population. It outlines the methodology or procedure that a researcher intends to use when choosing sample elements (Kothari, 1990). The selection of an appropriate sampling method is a critical aspect of research. In this particular study, where the goal is to gather pertinent and well-supported data and insights from a target group possessing substantial experience, familiarity, and expertise in the research topic, the researcher has opted for a purposive sampling method. Purposive sampling, also known as judgmental or selective sampling, involves selecting a non-probability sample based on specific characteristics of the population that align with the study's objectives. This sampling method is particularly suitable when there is a limited number of individuals with expertise in the research area or when the research focus is on a specific niche or a smaller group.

The selected groups are individuals who have a direct association with the subject matter and possess either direct or indirect familiarity with the efficient operation of their respective departments. Additionally, auditors engaged in the audit of these departments, conducted by the organizations in question, have been included in the sample. These groups are considered integral to providing firsthand and relevant information necessary for conducting a thorough assessment. The ultimate aim is to arrive at well-founded conclusions and offer valuable, evidence-based recommendations based on the data collected through this purposive sampling approach.



### **3.6 Data Sources**

In conducting this qualitative descriptive research, it is essential to recognize that qualitative researchers typically rely on a variety of data sources to build a comprehensive understanding of the research topic. Rather than depending solely on a single data source, they seek to triangulate their findings through multiple means, such as interviews, observations, and document analysis (Kothari, 2004).

This study utilizes both primary and secondary data sources. Primary data holds a central role in this research as it provides fresh and firsthand information collected directly by the researcher. These primary data are gathered through methods such as interviews, questionnaires, inspections, and observations, with the data collection process being self-administered. This approach ensures that the data obtained are specific to the research objectives and reflect the current state of affairs.

In addition to primary data, secondary data sources will also be incorporated into the study. These secondary data sources will be carefully selected and aligned with the primary data focus. By merging and integrating secondary data with the primary dataset, this research aims to provide a more comprehensive and well-rounded perspective on the research topic.

### **3.7 Method of Data Collection**

In pursuit of the research objectives, this study employs a multi-faceted approach to data collection. The primary methods utilized include questionnaires, interviews, and physical observation and inspection. In the questionnaire component, close-ended questions have been strategically chosen by the researcher. This choice serves several purposes within

the context of contemporary research. First, close-ended questions facilitate quicker and more straightforward responses from the participants, streamlining the data collection process. Second, they enhance the comparability of responses across different participants, thereby facilitating more effective analysis. Third, close-ended questions simplify the coding process and allow for rigorous statistical analysis of the collected data. Finally, they aid in ensuring that response choices are unambiguous, thus helping respondents better understand the questions posed. To bolster the overall assessment, in-depth interviews will be conducted with the management personnel of the selected departments. These interviews will focus on key points deemed critical to the research. Additionally, the researcher will engage in physical observation and inspection of working practices within the relevant contexts. This multifaceted approach to data collection is designed to provide a robust and comprehensive foundation for the research, enabling a thorough examination of the research topic from various angles and perspectives.

### **3.8 Data Collection Instrument**

The data collection tool was mainly questionnaires and interview as primary data and reports as secondary data. The questionnaire will be carefully designed to cover relevant issues related to the study. To ensure the reliability and credibility of the questionnaire, it will be distributed to senior staff members who possess extensive knowledge and expertise related to the selected department. Following discussions with senior staff members, the initial set of 26 questionnaires will undergo a meticulous review and editing process to assess their relevance in gathering the expected information. The questionnaires will be designed in both open-ended and close-ended formats based on the

specific information requirements. It is important to note that all data and information collected will be focused exclusively on evaluating the impact of internal control performance on the success of the Gomoa East District Assembly. Both the interviews and the questionnaires will aim to delve deeply into the essential data needed for the study.

In terms of distribution, the questionnaires will be randomly disseminated among the identified target groups. It is anticipated that the entire questionnaire set will be collected within one week after distribution. Concurrently, interviews will be conducted with the relevant stakeholders as per the research plan.

### **3.9 Data Collection Procedure**

To achieve its objectives and address the research questions, data collection was carried out within the selected government organization. This process involved the utilization of a structured and pre-tested questionnaire, which was adapted from established project management and internal control procedures.

The primary data, crucial for examining the impact of internal control on government construction projects, was originally obtained through direct efforts made by the researcher. This involved conducting interviews and engaging in direct observations. This approach allowed the researcher to maintain control over the quality of the data being collected.

During the data collection phase, the researcher initiated formal contact with the respondents. Prior to commencing and distributing questionnaires, the concerned parties were informed and prepared to provide reliable and accurate information essential for

drawing valid conclusions. The researcher took the time to clarify the purpose behind both the questionnaire and the interview to each participant. Furthermore, a window of five to eight working days was allocated to respondents to ensure they had ample time to thoroughly review and complete the questionnaire. This consideration was especially important, given their other work responsibilities, as it allowed respondents to comprehensively understand each item in the questionnaire and provide accurate and truthful responses.

This questionnaire consists of three (3) sections: section A; deals with multi-dimensional variables measuring internal control systems and section B was adapted to measure organizational performance. The final section deals with the demographic variables in which the respondents were asked to provide some basic background information. The questionnaire was adopted from combination of sources and modified to meet the need of this study.

Likert scale type was used to elicit responses for every question in the questionnaire, and this covers extremes of „strongly agree to strongly disagree“. This scale is expected to increase the reliability of the responses; and also, to gain more effective screening power (Sin & Tse, 2012). The Likert scale also helps to increase the spread of variance of feedback, which also strengthens the measures of association (Aaker et al., 2000). Table 3.1 presents the constructs and their corresponding measurement sources used for the questionnaire.

**Table 3.1: Summary of the Questionnaire**

Section	Variables	Source of Adaptation
	Risk assessment	GamageLow & Keving, 2018; Vu & Nga, 2022
Section A: Internal Control Systems	Control environment Monitoring of controls Information and communications	Chalmers et al., 2019; Kinyua et al., 2015; Vu & Nga, 2022 Chen et al., 2020; Vu & Nga, 2022 Hermanson et al., 2012; Hoai et al., 2022; Vu & Nga, 2022
Section B	Organizational Performance	Cameron, 1980; Gal & Akisik, 2020

### 3.10 Data Quality Control

By carefully planning and pre-testing the standard questionnaires, the quality of the data will be ensured. Experts in the field will do the pretesting, and the language, subject, and feedback they provide will be incorporated into the final questionnaires. The questionnaire was completed by study participants in their own perspective institutions. The researcher went over the surveys and made sure they were all filled out.

### 3.11 Method of Data Analysis

Data will be evaluated based on the responses from the distributed questionnaire and interviews conducted and each response were administered by applying simple frequency arrangement using appropriate software application like SPSS (Statistical Packages for Social Science) and was deeply analysed using various statistical tools. The research was

give proper attention on the questionnaires and interviews content validity, proper scoring, order of questions and a selection of a representative sample.

### **3.12 Data Management and Analysis**

All the questionnaires were checked manually for any inconsistencies and incompleteness in the data set. Coded and entered into Microsoft Excel 2016 and transferred to IBM SPSS Statistics 26 software packages and Microsoft excel for analysis. For the demographic and dependent variable frequency and descriptive statistics were applied to analyse the data. The results were presented in the form of tables, figures and text using frequencies and summary statistics such as mean, standard deviation and percentage.

### **3.13 Reliability and Validity**

Useful and valuable research are often those that were both valid and reliable. However, a reliable instrument does not suggest or provide enough evidence for validity. Reliability refers to the repeatability of the findings in varying environments and contexts to obtain similar results (Creswell, 2013). It requires that when the study is repeated a second time the same or closer results should be obtained. The study instrument, the questionnaire was scripted and pretested to ensure that questions were not ambiguous and understood by the respondents. Close-ended questions provided in the questionnaire ensured that the responses given by the respondents were uniform and reliable. The reliability of the study was determined using Cronbach's alpha scores for the items under each section of the questionnaire. The validity of the study refers to the credibility or believability of the research that was carried out. It sets out to determine whether the questions measured what they were structured to measure and whether the findings were genuine. The validity of the current study was done using Pearson Product Moment Correlations using

SPSS. Item-item questions that significantly correlated with the total score under each section or scale of the questionnaire indicated that the individual items were valid (Creswell, 2013).

### **3.14 Ethical Consideration**

Creswell (2013) has indicated that getting access to the research area and respondents to respond to a researcher's instrument is difficult. The researcher to minimize the challenge presented an introductory letter from his department to the Administrator in charge respondents willingly participated in the study. The introductory letter assured respondents of the purpose of the study and enabled easy access to respondents. The voluntary participation of respondents was sought.

To ensure privacy and confidentiality, the respondents were allowed to withhold information about themselves that they did not feel comfortable about and were assured that the data were used for academic purposes. Anonymity was observed by ensuring that the respondents do not disclose their identity. Appropriate methodology and research reporting were used to ensure that study the result of the study to a greater extent was unbiased.

## **CHAPTER FOUR**

### **RESULTS AND DISCUSSION**

#### **4.0 Introduction**

The chapter presents analysis of data gathered from the respondents. In other words, this chapter presents the data as gathered from respondents and also covers the analyses of the data as gathered.

The chapter has five main sections. The first looked at the demographic information of the respondents whilst the other four covered data on the variables (Internal control systems and organizational performance measures) based on the objectives of the study. In interpreting the gathered data, descriptive statistics, OLS regression analysis and Pearson's product-moment correlation analysis of SPSS v.21 are conducted. The reliability of the data collection tool is tested in this chapter using Cronbach's Alpha. The analyses and the findings in this chapter are based on the objectives of the study. The study administered 150 questionnaires over a four weeks interval. Out of this figure, 120 questionnaires were retrieved and used for the analysis, representing 80% response rate.

#### **4.1 Demographic Information**

This information is important to the study as it has been noted that these characteristics go a long way to impact the perceptions or opinions of people on issues. The study also sought to collect from the respondent's other demographic variables that it deemed essential. This section presents brief information about the characteristics of respondents in healthcare organizations that were surveyed in the study and the representatives in the organization that responded to the questionnaire. For a fair understanding of the questions



arising from the problem, collecting demographic information was deemed an important part of this study. This information included the respondent's gender, age, position, the number of years the individual has been working in the organization and the level of education.

**Table 4.1 Demographic Variables**

	Frequency	Percentages
<b><i>Gender</i></b>		
Male	66	55.0
Female	54	45.1
Total	120	100.0
<b><i>Age</i></b>		
21-30years	12	10.0
31-40 years	52	43.3
41-50 years	38	31.7
51-60 years	18	15.0
Total	120	100.0
<b><i>Years Worked With AMA</i></b>		
Less than 5 years	27	22.5
6-10 years	44	26.1
11-15 years	36	36.7
Over 16 years	13	10.8
Total	120	100.0
<b><i>Designation of Respondents</i></b>		
SHS Certificate/Equivalent	4	3.4
Diploma or Equivalent	33	27.5
Degree or Equivalent	55	45.8
Master's Degree	28	23.3
Total	120	100.0

Source: Field work, 2023.

It is essential for the study to gather such data because these demographic variables have an effect or determine the strategies that can be adopted to manage any of the variables under study (Saunders, 2011). For instance, the years a respondent has been with the organization come along with a vast amount of experience in what strategies for the application and adoption of internal control systems. Table 4.1 below, shows in detail the findings from the field.

The study ascertained the number of respondents in the examined in the Gomoa East District Assembly in the Central Region based on gender because the gender of a person according to sociologist influence their decision-making process. Hence, gender in this study is likely to affect the respondent's experience in relation to the variables. As shown in Table 4.1, revealed that 55% (66) of the respondents in the study are males whereas the females represent 45% (54) of the sampled respondents. The finding in Table 4.1 indicates that the Gomoa East District Assembly are largely male-dominated fields with only a sizeable number of females working there. This result could be as a result of different factors such as the long hours of work expected in the organization, making such jobs more suitable for the male population.

The study examined the age of the respondents. The findings in Table 4.1, reveals that 43.3% of the respondent were between the age bracket of 30 - 40 years, 31.7.0% of the respondents were also between the age of 41 – 50 years, 15% of the respondent are between the ages of 51 – 60 years and 10% of the respondents were between the ages of 21 - 30 years. This result thus shows that most of the respondents from the healthcare sector are in their youthful age. The finding also confirms the fact that the country and especially the Central Region has a youthful population according to the Ghana Statistical

Service Population and Housing Census in 2021. The purpose is to capture the various age groups that are represented in the population and also to determine the dominant age group in the MMDCEs in the Central Region. Furthermore, the findings agreed with the Ghana Living Standard Survey (2014) which noted that most of the working population in Ghana are young people with ages between 25 - 44 years which represent 87.5% of the working population.

The study further examined the number of years in which individual has been working in Gomoa East District Assembly. The study brought to light that most representing 36.7% of these respondents have been working in the organization for 11 – 15 years. Also, 26.1% have worked in Gomoa East District Assembly between 6 – 10 years, while 22.5% have worked in their organization for less than 5 years. Furthermore, 10.8% have worked in the organization for over 16 years. This finding is an indication that most of the respondents have had enough working years of experience in operation and are thus in a good position to indicate the relationship that exists between internal control systems and organizational effectiveness.

Finally, the distribution of respondents based on their level or extent of education is presented in the Table 4.1. It shows that 45.8% currently holds a first degree certificate. Also, 27.5% of the respondents holds a diploma or its equivalent, 23.3% presently holds a Master's Degree certificate and the final 3.4% of the respondent holds a SHS certificate or its equivalents in the Gomoa East District Assembly. This indicates that most of the examined respondent are in a good position to respond to the questionnaires since they have enough education to adequately address the questionnaires. That is, they having a fair knowledge or deeper insight into internal control systems influences organizational

effectiveness in the operations of Gomoa East District Assembly in the Central Region of Ghana.

#### **4.2 Reliability of Variables**

To test reliability, this study used Cronbach's alpha as a diagnostic measure. The study used this because it assesses the consistency of the entire scale, and also since it has been the most widely used measure. Reliability of an instrument refers to the ability of the instrument to produce consistent and stable measurements. It estimates how accurately the data obtained in the study represents a given variable or construct in the study Mugenda & Mugenda (2019), and its goal is to minimize the errors and biases in a study (Yin, 2014). Comparing the reliability values in Table 4.2 with the standard value alpha of over 0.70 advocated by Cronbach (1951), Nunnally (2019) and DeVellis (2012), the reliabilities of the measurement instruments are considered adequate as it is above the threshold of 0.70, which is considered acceptable.

The content validity of the instrument was checked through consultations with expert researchers in this field. In reviewing the content, they judged the face and content validity of the questionnaires as adequate. Based on their comments and advice, some content and word construction were revised, rephrased, deleted and added to make the meaning clear. Hence, experts consented to the content and construct validity.

**Table 4.2: Reliability analysis**

	No. of items	Cronbach's Alpha
Control environment	6	.794
Risk assessment	4	.850
Monitoring of control	4	.756
Information and communication	4	.726
Organizational effectiveness	9	.709

Source: Field work, 2023.

From Table 4.2, it is evident that the variables examined in this study obtained more than the acceptable threshold of 0.7. The reliability analysis presented in Table 4.2, showed that control environment obtained 0.794, the risk assessment obtained 0.850, the monitoring of controls obtained 0.756 and the information and communication obtained 0.726 whereas organizational effectiveness obtained 0.709

### 4.3 Descriptive Statistics of Variables

The study sought to examine the impact of internal control systems and organizational effectiveness in MMDCEs in the Central Region. The study adopted internal control systems as the independent variable and organizational effectiveness as the dependent variable. The below sub-headings present the descriptive statistics of the variables examined in the study.

#### 4.3.1 Adoption of Internal Control Systems Measures

The study aimed at examining the current internal control systems deployed within the operations of Gomoa East District Assembly in the Central Region., the researcher

provided twenty-two (22) statements that draw out the extent of adoption of internal control system measures (control environment, risk assessment, monitoring of control and information and communication) being implemented by the respondents' organization. The respondents were requested to indicate their opinion that which best represents their organization using a 5-point Likert Scale, where 1=strongly, 2=disagree, 3=neutral, 4=agree and 5=strongly. The study now takes a look at some of the statements with further details on this objective in Table 4.3.

**Table 4.3 Descriptive Statistics of Internal Control Systems**

	Min	Max	M	SD
<b>Control environment Measures</b>				
Our organization communicate and reinforce standards of conduct at several levels	1	5	4.21	.605
There are procedures in place to assess employee performance against expected norms of conduct in our organization	1	5	3.99	.721
Our s organizational structure is suitable for its size and complexity	1	5	3.83	.734
Employee assessments are documented and presented on a regular basis	1	5	3.89	.782
Relevant business processes requiring control activities are determined	1	5	3.79	.822
Policies and procedures are reviewed on a regular basis to ensure its relevance	1	5	3.56	.941
<b>Risk assessment Measures</b>				
Our organization assesses its exposure to fraudulent conduct and how it might affect operations on a regular basis	1	5	4.08	.741
Our organization establishes objectives in a way that allows for the detection and assessment of risks that could jeopardize the attainment of those goals	2	5	4.15	.679
Management ensures that risk identification takes into account both internal and external elements, as well as their impact on achieving goals	1	5	3.91	.874

Our organization manages risks to the organization efficiently and has implemented internal controls to mitigate the identified hazards	1	5	3.67	.864
<b>Monitoring of control Measures</b>				
Monitoring aids in determining the organization's overall performance quality over time	1	5	4.02	.648
On a continuous basis, our organization has an independent methodology, checks and evaluations of control activities	1	5	3.92	.637
Internal reviews of the implementation of internal controls in all units are conducted by my organization on a regular basis	1	5	3.88	.7*9
Our organization acknowledges the importance and budgeting of monitoring controls	1	5	3.66	.879
<b>Information and communication Measures</b>				
Our organization has procedures in place to ensure that relevant and timely information is communicated to external parties	1	5	4.11	.607
Our organization ensures each transaction is identified separately by my organizations accounting system	1	5	4.01	.685
The code of conduct, or other policies, expressly prohibit override of internal controls by management	1	5	3.88	.702
Rules or regulations are reviewed with one or more of the following: governing board, audit, finance or another committee	1	5	3.54	.818

Source: Field work, 2023.

The study adopted a multi-dimensional variables to measure internal control systems. The respondents were asked to respond to questions on the adoption of internal control systems (control environment, risk assessment, monitoring of control and information and communication) in the study. The descriptive statistics obtained with respect to internal control systems are presented in Table 4.3.

On the matter of control environment, the respondents were asked to indicate their opinions on statement that were presented to them on a Likert scoring device. However, the item or statement that obtained the highest mean score among the list is **‘Our organization communicate and reinforce standards of conduct at several levels’** with a mean score of 4.21 and a standard deviation of 0.605. The least scored item in the list is **„Relevant business processes requiring control activities are determined’** with a mean score is 3.79 and a standard deviation of 0.822. The examined items with respect to control environment obtained a higher performance rating above the mid-point of 3.0.

The second variable adopted in the study to measure risk assessment. Four (4) statement sought to measure risk assessment in this study. The statement that obtained the highest mean score is **„Our organization assesses its exposure to fraudulent conduct and how it might affect operations on a regular basis’** with a mean score of 4.08 and a standard deviation of 0.741. Also, the least score statements among the list is **‘Our organization manages risks to the organization efficiently and has implemented internal controls to mitigate the identified hazards’** with a mean score of 3.67 and a standard deviation of 0.864. The finding is an indication that the majority of the respondents either strongly agreed or agreed with the items measuring risk assessment in the operations of Gomoa East District Assembly in the Greater Accra of Ghana.

The third variable examined subcontract measuring internal control systems is monitoring of control. Statements or items were used in measuring employee performance in the healthcare sector. The item statement that obtained the highest mean score is **„Monitoring aids in determining the organization’s overall performance quality over time’** with a mean score of 4.02 and a standard deviation of 0.648. The least



scored item among the list is „**Our organization acknowledges the importance and budgeting of monitoring controls**” with a mean score of 3.66 and a standard deviation of 0.869. The examined variables with respect to monitoring of control obtained higher performance ratings with either agreeing or strongly agreeing to the examined statements.

The final variable examined with respect to internal control systems is information and communication. Four (4) statements were presented to information and communication in the Healthcare sector. The Table 4.3 revealed that the statement that obtained that highest mean score is ‘**Our organization has procedures in place to ensure that relevant and timely information is communicated to external parties**’ with a mean score of 4.11 and a standard deviation of 0.687. However, the statement that obtained the least score is ‘**Rules or regulations are reviewed with one or more of the following: governing board, audit, finance or another committee**’ with a mean score of 3.54 and a standard deviation of 0.818. The findings obtained here is an indication that the respondents in the Gomoa East District Assembly agreed or strongly agreed to the statements that sought to measure involvement and participation and for that matter internal control systems.

#### **4.3.2 Descriptive Statistics of Organizational Performance**

In addressing the objective of the study, (which is to assess the organizational performance of Gomoa East District Assembly organizations in the Central Region. The researcher presented nine (9) statements to the respondents to indicate in their opinion the best which represents the organization using a five-point Likert Scale. Concerning the five-point Likert scale, a mean value between 3-5 shows that the factor under consideration in terms of performance is high and a mean value between 1-3, shows that

the factor under consideration in terms of performance is low. Table 4.4 below shows the descriptive analysis of organizational effectiveness variables in the study.

**Table 4.4: Descriptive Statistics of Organizational Performance**

	Min	Max	M	SD
Our organization anticipate surprises and crises	1	5	3.89	.631
Our organization decrease market response times	1	5	3.78	.635
Our organization is able to identify new business opportunities	2	5	4.01	.705
Our organization quickly adapt to unanticipated developments	2	5	4.13	.621
Our organization organize and coordinate the development efforts of various units	2	5	3.86	.750
Our organization ensure that the development of company initiatives does not overlap	2	5	3.80	.829
Our organization anticipate prospective new product/service market opportunities	1	5	3.84	.985
Our organization adapt goals and objectives quickly to changes in the industry or market.	1	5	3.58	.845
Our organization rapidly commercialize new innovations	1	5	3.52	.893

Source: Field work, 2023.

The descriptive statistics obtained with respect to organizational performance is presented in Table 4.4. The study adopted nine (9) statements that sought to unravel the extent of organizational performance as examined in the Gomoa East District Assembly.

The statement that obtained that highest mean score is „**Our organization quickly adapt to unanticipated developments**” with a mean score of 4.13 and a standard deviation of 0.621. The least scored statement measuring organizational performance is „**Our organization rapidly commercialize new innovations**” with a mean score of 3.52 and a standard deviation of 0.893. The responses obtained with respect to organizational performance indicate that the respondents agreed or strongly agreed to the statements. It

is evident from the various mean values that all the statements under consideration have a higher performance ratings to a large extent within Gomoa East District Assembly in the Central Region.

#### 4.4 Internal Control Systems and Organizational Performance

The second objective of the study is to examine the link between the adoption of internal control systems and organizational performance measures within the Gomoa East District Assembly. Pearson's correlation analysis was employed to help establish the relationship between the internal control systems and organisational performance. The result is shown in table 4.5 below.

**Table 4.5 Correlations Analysis**

		1	2	3	4	5
Organizational performance	Pearson Correlation	.258** .000	1			
Control environment						
Risk assessment	Pearson Correlation	.329** .002	.259** .000	1		
Monitoring of control	Pearson Correlation	.425** .000	.478** .000	.518** .000	1	
Information and communication	Pearson Correlation	.411**	.324**	.544**	.324**	1

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: Field work, 2023.

The result shows that there is positive relation among all the variables including internal control systems (control environment, risk assessment, monitoring of control and information and communication) and organizational performance. The correlation between control environment risk assessment, monitoring of control and information and communication and the organizational performance is positive and significant with correlation coefficients of 0.258, 0.329, 0.425 and 0.411 respectively and  $p < 0.01$  level of significance.

The study reveals that control environment shows a positive moderate and significant relationship with organizational performance ( $r = .258$ ;  $P < 0.01$ ). This result means that as control environment is optimized, organizational effectiveness would equally increase within Gomoa East District Assembly in the Central Region.

Similarly, risk assessment shows a positive moderate and significant relationship with organizational effective ( $r = .329$ ;  $P < 0.01$ ). This result means that as risk assessment is optimized, organizational performance would increase within the operations of MMDCE's.

Furthermore, there is a positive moderate significant relationship between monitoring of control and organizational performance ( $r = .425$ ;  $P < 0.001$ ). The positive ( $r = 4.25$ ) indicates that as monitoring of control increases by a unit, organizational performance will also increase. Finally, the correlation results further showed that there is a moderate positive relationship between information and communication and organizational effectiveness ( $r = .411$ ;  $P < 0.001$ ). This result implies that as information and communication is optimized within the Gomoa East District Assembly, organizational performance would also increase accordingly.

The results from this Pearson's Correlation Analysis imply that if MMDCEs in the Central Region optimize their internal control systems effectively, then they would realize better organizational performance as these variables are positively correlated.

#### 4.5 Hypothesis Testing

To achieve the objective of this study, simple regression was used. The primary objective was to examine the impact of internal control systems (control environment, risk assessment, monitoring of control and information and communication) on organizational performance in Gomoa East District Assembly on the Central Region of Ghana. The research model is indicated as shown as follows:

$$Y_i = f(X_i)$$

$X_i$  = Independent Variable

Where:  $Y_i$  = Organizational Effectiveness systems

$$X_i = (X_1, X_2, X_3, X_4)$$

$X_1$  = control environment

$X_2$  = Risk assessment

$X_3$  = Monitoring of control

$X_4$  = Information and communication

$Y_i$  = Dependent Variable

Where:  $X_i$  = Internal Control



The model formulated for each of the hypotheses is shown below:

#### 4.5.1 Impact of Control Environment on Organizational Performance

The study sought to establish the impact of control environment on organizational performance within the context of Gomoa East District Assembly in the Central Region, the simple regression model was used:

$$Y_1 = \alpha_0 + \beta_1 X_1 + \varepsilon \text{ ----- (1)}$$

Where  $Y_1$  is organizational performance,  $\alpha_0$  is the constant term,  $\beta_1$  is the regression coefficient of control environment,  $X_1$  is Control environment and  $\varepsilon$  is the error term to be minimized. The other independent variables are held constant. Table 4.6 present the regression results.

**Table 4.6 Summary of Simple Regression Analysis for Effect Adoption of Control environment on Organizational Performance (N= 120)**

<b>Model Summary</b>						
<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. The error of the Estimate</b>		
1	.338 <sup>a</sup>	.114	.113	4.269		
<b>a. Predictors: (Constant), control environment</b>						
<b>Coefficients</b>						
<b>Model</b>		<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>	<b>t</b>	<b>Sig.</b>
		<b>B</b>	<b>Std. Error</b>	<b>Beta</b>		
1	(Constant)	22.054	.431		51.168	.000
	Control environment	.134	.015	.338	9.066	.000
$F(1,91) = 82.196, p < 0.05$						
<b>a. Dependent Variable: Organizational performance</b>						

Source: Field work, 2023.

Table 4.6 presents a summary of the results of regression analysis on the effect of Control environment on organizational effectiveness of Gomoa East District Assembly in the Central Region. The findings in Table 4.6 shows that Control environment has a significant positive influence on organizational performance ( $\beta = -0.134$ ,  $t = 9.066$ ,  $p < 0.05$ ). The result of this analysis is consistent with the apriori expectation of positive influence of Control environment on the organizational performance.

This finding is supported by an F-statistic of 82.196 and a p-value of 0.000 which is less than the adopted level of significance of 0.05. The model  $R^2$  (that is, goodness of fit for the regression between control environment and organizational performance) was 0.114, which indicates that 11.4% of the variations in organizational performance are explained by control environment. 88.6% variations of organizational performance cannot be explained by Control environment in this study necessitating interrogations through research on other variables influencing organizational performance within Gomoa East District Assembly. The p-value equals to 0.000 indicates that control environment significantly affect organizational performance.

According to the simple regression equation established, taking all factors constant at zero, the organizational performance of Gomoa East District Assembly in the Central Region was 22.054. The regression coefficient was 0.134. This implies that organizational performance is improved when the level of control environment rises. That is, for every unit increase in the incidence of control environment, organizational performance will increase by 0.134. Therefore, the hypothesis one ( $H_1$ ) which states that control environment has significant effect on organizational performance at Gomoa East District Assembly in the Central Region is hereby accepted.

#### 4.5.2 Impact of Risk Assessment on Organizational performance

The study sought to examine the impact of risk assessment on organizational performance within Gomoa East District Assembly in the Central Region of Ghana. The regression model below was used:

$$Y_1 = \alpha_0 + \beta_2 X_2 + \varepsilon \text{ ----- (2)}$$

Where  $Y_1$  is organizational performance,  $\alpha_0$  is constant term,  $\beta_2$  is the regression coefficient of Risk assessment,  $X_2$  is Risk assessment and  $\varepsilon$  is the error term to be minimized. The other independent variables are held constant. The results of the regression are presented in Table 4.7

**Table 4.7 Summary of Simple Regression Analysis for effect of Risk Assessment on Organizational performance (N= 120)**

<b>Model Summary</b>						
<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. The error of the Estimate</b>		
1	.723 <sup>a</sup>	.522	.508	4.789		
a. Predictors: (Constant), Risk assessment						
<b>Coefficients</b>						
<b>Model</b>		<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>	<b>T</b>	<b>Sig.</b>
		<b>B</b>	<b>Std. Error</b>	<b>Beta</b>		
1	(Constant)	30.782	1.490		20.664	.000
	Risk assessment	.590	.061	.723	9.672	.002
$F(1,90) = 9.754, p < 0.05$						

a. Dependent Variable: Organizational performance

Source: Field work, 2023.



Table 4.7 presents the results of the linear regression analysis generated on the influence of risk assessment on the organizational performance of Gomoa East District Assembly in the Central Region. The results as displayed in Table 4.7 shows Risk assessment have a significant positive influence on organizational performance ( $\beta = .590$ ,  $t= 9.672$ ,  $p<0.05$ ). The result of this analysis is consistent with the apriori expectation of positive influence of risk assessment on organizational performance. The t-value of 2.547 and p-value of 0.002, implying that the coefficient of the model parameter is statistically significant at  $p<0.05$ .

The finding shows that the risk assessment influences organizational performance with F-statistics of 9.754 and p-values of 0.002 which is less than the significance level of 0.05 adopted for this work. This means that risk assessment statistically and significantly predict organizational performance. Furthermore, Table 4.7 indicates that risk assessment is responsible for a 52.2% variance in organizational performance.

The regression equation formulated shows that taking all factors constant at zero, the organizational performance of Gomoa East District Assembly in the Central Region in Ghana was 30.782. The data analyzed also showed that taking all other independent variables at zero, a unit increase in risk assessment will lead to a 0.590 increase in the organizational effectiveness. Therefore, hypothesis two ( $H_2$ ) which states that risk assessment have a significant influence on organizational performance hereby accepted.

#### **4.5.3 Impact of Monitoring of Controls on Organizational Performance**

The study sought to examine the relationship between monitoring of control and organizational performance of Gomoa East District Assembly in the Central Region, the following functional relationship model was specified:

$$Y_1 = f(X_3) \text{-----} (3)$$

Where  $Y_1$  is on organizational performance and  $X_3$  is monitoring of control. The other independent variables are held constant.

**Table 4.8 Summary of Simple Regression Analysis for Effect of Monitoring of Control on Organizational Performance (N= 120)**

<b>Model Summary</b>					
<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted Square</b>	<b>R</b>	<b>Std. The error of the Estimate</b>
1	.604 <sup>a</sup>	.364	.360		2.590

a. Predictors: (Constant), Monitoring of control

<b>Coefficients</b>						
<b>Model</b>		<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>	<b>t</b>	<b>Sig.</b>
		<b>B</b>	<b>Std. Error</b>	<b>Beta</b>		
1	(Constant)	30.133	1.657		18.186	.000
	Monitoring of control	.339	.053	.604	6.396	.001

$F(1,90) = 6.948, p < 0.05$

a. Dependent Variable: Organizational performance

Source: Field work, 2023.

To test the third hypothesis, a simple linear regression analysis was conducted. The data for monitoring of control and organizational performance was created by summing responses of all items for each of the variables. The results of the regression are presented in Tables 4.8

The regression analysis of monitoring of control and organizational performance is presented in Table 4.8. The result of the regression analysis indicated that the monitoring of control has a positive and significant effect on the organizational performance of Gomoa East District Assembly in the Central Region with  $\beta = .339$ , F ratio of 6.948, t value of 6.396 and P-value of 0.000 which is less than the level of significance 0.05 adopted for the study ( $\beta = .339$ ,  $F = 6.948$ ,  $t = 6.396$   $p < 0.05$ ). The F-statistics implies that the regression of monitoring of control on organizational performance is statistically significant at  $p < 0.05$ . The t-value implies that the coefficient of the model parameter is statistically significant. In addition, the results further show that 36.4 percent of the variation in organizational performance is explained by monitoring of control ( $R^2 = 0.364$ ,  $p < 0.05$ ), which is significant.

The regression equation established shows that taking all factors constant at zero, the organizational performance of Gomoa East District Assembly was 30.133. The data analyzed also reveals that taking all other independent variables at zero, a unit increase in monitoring of control will lead to a 0.339 increase in organizational performance. This result implies that monitoring of control has a significant and positive effect on the organizational performance of Gomoa East District Assembly.

Based on the findings, the hypothesis ( $H_3$ ) which states that monitoring of control has significant effect on organizational performance is therefore accepted, and we conclude that monitoring of control has a significant effect on the organizational effectiveness of Gomoa East District Assembly in the Central Region of Ghana.

#### 4.5.4 Impact of Information and Communication on Organizational Performance

There is a significant relationship between involvement and participation and the organizational performance of selected healthcare organizations in the Central Region, the following functional relationship model was specified:

$$Y_1 = f(X_4) \text{ ----- (4)}$$

To test the hypothesis, simple regression analysis was performed. The data for information and communication and organizational performance were created by summing responses of all items for each of the variable. The results of the regression are presented in Tables 4.9.

**Table 4.9: Summary of Simple Regression Analysis for Influence of Information and Communication on Organizational Performance (N=120)**

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.691 <sup>a</sup>	.477	.329	.601316		
a. Predictors: (Constant), information and communication						
Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	47.483	1.465		32.412	.000
	Information and communication	.614	.241	.691	2.547	.001
<i>F</i> (1,639) = 62.805, <i>p</i> <0.05						

a. Dependent Variable: Organizational performance

Source: Field work, 2023.

The regression analysis of information and communication and organizational effectiveness is presented in Table 4.9. The results show that information and communication has a significant influence on organizational performance ( $\beta = .614$ ,  $p < 0.05$ ). The result of this analysis conformed to the apriori expectation of positive influence of information and communication on organizational performance. The t value of 2.547 and p-value of 0.001, implies that the coefficient of the model parameter is statistically significant at  $p = 0.001$  which is less than 0.05 adopted for the study. Further, F-statistic = 62.805 with p-value of 0.001, implies that the regression model was statistically significant in explaining the influence of information and communication on organizational performance. In addition, the Table shows that 48 percent of the variation in organizational performance is attributable to information and communication ( $R^2 = .477$ ,  $p < 0.05$ ). However, the model does not explain 56.3 percent of the variation in organizational performance, suggesting that there are other factors associated with information and communication, which were not captured in the regression model. Overall, regression results indicate that information and communication has positive influence on organizational performance. The regression model that explains the influence of information and communication on organizational performance.

The regression equation shows that taking all factors constant at zero, the organizational effectiveness of Gomoa East District Assembly was 47.483. The Beta value, coefficient of involvement and participation is 0.614, which implies that for one unit increase in the use of information and communication by employees in the Greater Accra Region, organizational performance increases by 0.614, other predictors held constant. This result implies that information and communication has a significant and positive influence on

organizational performance of Gomoa East District Assembly. Therefore, the hypothesis four (H<sub>4</sub>) which states information and communication has significant influence on organizational performance of Gomoa East District Assembly in the Central Region of Ghana is hereby accepted, and we conclude that information and communication has a significant influence on organizational performance.

**Table 4.10 Testing of Hypothesis and Findings**

Hypothesis	Relationship	T value	P value	Decision
H <sub>1</sub>	CE ---> OP	9.066	0.000	Supported
H <sub>2</sub>	RA ---> OP	2.547	0.002	Supported
H <sub>3</sub>	MoC ---> OP	6.396	0.000	Supported
H <sub>4</sub>	IC ---> OP	2.547	0.001	Supported

Source: Field work, 2023.

CE	-	Control Environment
RA	-	Risk Assessment
MoC	-	Monitoring of Controls
IC	-	Information and communication
OE	-	Organizational Performance

It is evident that variables adopted in measuring internal control systems examined in relation to the organizational performance was positive and significant. The outcome of the study indicates that these study factors (control environment, risk assessment, monitoring of controls and information and communication) will likely influence organizational performance in MMDCEs in the Central Region of Ghana.

#### 4.6 Discussions of Results

The study provides relevant insights into the impact of internal control systems on organizational performance in the context of Ghana. The results show a significant impact of control environment on organizational performance. Control. The outcome revealed that there is a significant impact of risk assessment on organizational performance. Further, the study revealed that monitoring of controls had a significant impact on organizational performance and a significant impact of information and communication on organizational effectiveness. Internal control mechanism does improve financial performance, operational effectiveness and efficiency and adherence to established norms and rules according to previous studies (Mary et al., 2014; Nanzala & Ingabo, 2021; Francis & Imiete, 2018). Different authors argued that internal control systems ensure that there is effectiveness and efficient use of organizational assets, which is the lifeblood of organizations (Asiligwa, 2017; Crosman, 2018; Vulley, 2022). Taiwo (2016) and Nyakundi (2014) posited that internal control systems improve organizational performance by reducing fraud, mistakes and minimizing wastage. This study is further in conformance with the study by Otoo (2019a, b) which echoed that internal control mechanisms promote operational efficiency, effectiveness and competitive advantage. Otoo (2019a, b) revealed that there a significant impact of control environment on organizational performance. Organizational competencies, morale, integrity and ethical values are associated with organization's style, supporting attitude and philosophy (Chen et al., 2020). Therefore, one of the most pressing concerns for the MMDCEs is to (re)consider a internal control systems where standards of conduct are reinforced and communicated as well as the suitability of the assembly's organizational structure. The

outcome of the study is reliable with previous studies (Schroy, 2010; Hamdan, 2019; Taiwo et al., 2016; Chiu & Wang, 2019; Ngari, 2017) that internal control systems (control environment, control activities, monitoring, information flow and risk assessment) impact different performance indicators (organizational performance, organizational compliance, financial performance etc) in different industries (banking industries, government institutions etc.).





## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

#### 5.0 Introduction

This chapter presents the summary of the study findings, conclusions drawn from the study findings and recommendations for improved performance. The chapter is based on the study objectives. The findings of the study as noted in Chapter Four are then elaborated under the discussion of the findings section. Conclusions drawn from the findings are thereafter outlined in the conclusions section. The study also made several recommendations to the stakeholders closely related to the study. Finally, the chapter ends with suggested areas of further study.

#### 5.1 Summary of Findings

The study was undertaken with the main objective of analyzing the impact of internal control systems on the organizational performance of Gomoa East District Assembly in the Greater Accra of Ghana. The study was based on responses of one hundred and twenty, respondents drawn from the various offices of Gomoa East District Assembly in the Central Region of Ghana. The reliabilities of the measurement instruments were tested and the results show adequate reliability with respect to the 0.7 thresholds set by (Cronbach, 1951).

The findings of the analysis show that there were more male respondents than their female counterparts. The study observed that most of the respondents who participated in the study are the youthful population. The study also showed that a greater number of the respondents have been working in Gomoa East District Assembly for over a decade indicating the extent of experience of the examined respondents.

Several measures aimed to examine internal control systems in organizations in the Central Region. Nineteen (19) statements were used to ascertain the data on internal control systems. Table 4.3, brought to light that respondents either agreed or strongly agreed to the 19 statements that sought to indicate in their opinion which best represents Gomoa East District Assembly using a 5-point Likert. The respondents scored high values above the mid-point of 3.0, suggesting agreement by respondents to the measure of internal control systems. The outcome suggests that MMDCEs in the Central Region greatly embrace internal control systems based on descriptive responses.

Furthermore, the study found that the organizational performance at Gomoa East District Assembly is performing well. In other words, organizational performance in the Greater Accra Region. It is important to point out that organizational performance is doing well with higher scoring mean values.

A simple regression was performed to determine the relationship between the Internal control systems and organizational performance. The findings of the study brought to light that Internal control systems and organizational performance move in the same direction.

The result of the study indicates that control environment significantly affects the organizational performance in Gomoa East District Assembly in the Central Region of Ghana. The result implies that an increase in the optimization of control environment positively and significantly influences organizational performance. That is, for every unit increase in the incidence of control environment, organizational performance increases.

The study brought to light that there is a significant positive relationship was discovered between risk assessment and organizational performance. In light of this, the study discovered a positive linkage between adoption of risk assessment and organizational

performance in the context of Gomoa East District Assembly in the Central Region of Ghana.

The findings also revealed that there is a significant positive relationship between the monitoring of control and organizational performance. In light of this, the study discovered a positive linkage between monitoring of control and organizational performance in Gomoa East District Assembly of the Central Region of Ghana.

Finally, the study also revealed a positive relationship between information and communication and organizational performance. In effect, the result shows that information and communication exerts a positive significant impact on organizational performance within Gomoa East District Assembly in the Central Region of Ghana.

## **5.2 Conclusions**

The study concludes that respondents are male dominated with many years of experience in the Gomoa East District Assembly in the Central Region. The study showed that the Gomoa East District Assembly in the Central Region are to a large extent exploiting tactical opportunities crucial to adopting internal control systems to deliver better and improved performance. That is, the Gomoa East District Assembly have adopted measures that are aimed at optimizing internal control systems and as a matter of fact are also having their organizational performance improved by default. From the mean values obtained in the study with respect to the 5-point Likert scale from the study, it is concluded that measures directed at the adoption of internal control systems are keenly practiced by MMDCEs in the country and the Gomoa East District Assembly in particular. This, therefore, means that MMDCEs in Ghana are familiar with the measures

directed to the adoption of internal control systems. Also, the study concludes that the organizational performance of Gomoa East District Assembly in the Central Region is encouraging.

The study concludes that, the positive correlation or significant impact that has been seen from the study to be existing between adoption of internal control systems (control environment, risk assessment, monitoring of control and information and communication) and organizational performance measures. It must, however, be noted that there are other factors that predict organizational effectiveness other than the internal control systems which has a chance of predicting organizational performance. The study also indicated that there are other factors aside internal control systems that impact organizational performance.

The study concludes that internal control systems influence organizational performance in the MMDCEs and for that matter Gomoa East District Assembly. The result shows that internal control systems (control environment, risk assessment, monitoring of control and information and communication) and organizational performance moves in the same direction.

### **5.3 Recommendations**

Based on the conclusion that MMDCEs in the Central Region optimize their internal control systems and thus performs well in terms of their organizational effectiveness. Thereofre the following recommendations are offered for considderation.

Management of should make effort to strengthen their control environment by providing strong mechanisms including commitment to integrity, ethical values and competence.

Control environment will be crucial to effectiveness of organizations and helpful to improved organizational performance.

Secondly, management should consider strengthening their information and communication structures through the generation of quality information to support the different components of internal control systems. Thus, it will render the other components of internal control systems effective and improve performance.

Finally, management should consider maintaining their level of internal control systems by effectively monitoring and separating evaluations of the systems of control. This will help enhance or maintain the current level of their internal control systems and improve performance.

#### **5.4 Suggestions for Further Research**

The scope of this study was limited to MMDCEs in the Central Region and for that matter Gomoa East District Assembly implying that generalization of the result to cover the other MMDCEs in the other regions cannot be made. Those not captured might have other experiences or measures that will make them differ from those captured in this study. Therefore, it is recommended that the study is replicated to encompass all MMDCEs in the country.

Secondly, the study recommend that future study investigate whether internal control systems has a positive and significant correction with other performance indicators aside from organizational performance measures which was used in the study.

Thirdly, as observed from the study, internal control systems has an impact on the organizational effectiveness of Gomoa East District Assembly in the Central Region.

Therefore, it is recommended that a study is conducted in other industries where internal control systems plays an integral role. This will be helpful to confirm or otherwise, the relationship between the internal control systems and organizational performance, and whether it is applicable in other industries as well.

Finally, the study used primarily quantitative approach, therefore, it is recommended that the study replicated in future using either qualitative or mixed method approach to access if the change in approach would yield the same results and also provide deeper insight into the industry.

### **5.5 Limitation to the Study**

Although the study achieved its objectives, there were some unavoidable limitations.

The first is the generalization limitation that is caused by the study's adoption of a purposive sampling techniques in selecting the sample. Not all elements or subjects in the population had equal opportunity to participate in the study. Thus, the sample is not representative of the population. Even though, this presented a challenge, it did not have any impact on the study, since the attributes or of the organization that was surveyed meant that the depth and quality of data derived, in a long way reflected happenings in the industry.

The second concerns the difficulty in accessing information from the respondents. Most of the respondents were not willing to give out information that they considered trade or business secrets since they could not trust the extent to which that information would be used and protected. Also, they felt overworked and not ready to spare time to complete the survey. However, with several visits to their offices, persuasions and further assurance of strict confidentiality with regards to the information provided, they willingly

shared this information and participated in the study. Hence, this limitation's impact on the study is eliminated.

Finally, despite the fact that the study used quantitative tool in data collection, the over reliance on the quantitative instrument may have introduced some level of biases into the study. This may have limited the study on the bases of validity and reliability of the information provided by the respondents. The study overcame this challenge through an extensive literature review on the variables. Hence, the conclusions on the variables and how they relate with each other in the study is drawn on a rich collection of secondary data.

### **5.6 Suggestions for Further Research**

The scope of this study was limited to MMDCEs in the Central Region and for that matter Gomoa East District Assembly implying that generalization of the result to cover the other MMDCEs in the other regions cannot be made. Those not captured might have other experiences or measures that will make them differ from those captured in this study. Therefore, it is recommended that the study is replicated to encompass all MMDCEs in the country.

Secondly, the study recommend that future study investigate whether internal control systems has a positive and significant correction with other performance indicators aside from organizational performance measures which was used in the study.

Thirdly, as observed from the study, internal control systems has an impact on the organizational effectiveness of Gomoa East District Assembly in the Central Region. Therefore, it is recommended that a study is conducted in other industries where internal

control systems plays an integral role. This will be helpful to confirm or otherwise, the relationship between the internal control systems and organizational performance, and whether it is applicable in other industries as well.

Finally, the study used primarily quantitative approach, therefore, it is recommended that the study replicated in future using either qualitative or mixed method approach to access if the change in approach would yield the same results and also provide deeper insight into the industry.





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## PART B: INTERNAL CONTROL SYSTEMS

The following are statements about internal control systems. You are requested to kindly indicate the opinion that best represents your institution using the 5-point Likert Scale where: **1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly Agree.** Please circle only one option that best describes your opinion in each of the statements.

Control Environment Measures	Scale				
Our organization communicate and reinforce standards of conduct at several levels	1	2	3	4	5
There are procedures in place to assess employee performance against expected norms of conduct in our organization					
Our s organizational structure is suitable for its size and complexity	1	2	3	4	5
Employee assessments are documented and presented on a regular basis	1	2	3	4	5
Relevant business processes requiring control activities are determined					
Policies and procedures are reviewed on a regular basis to ensure its relevance	1	2	3	4	5
Risk Assessment Measures	Scale				
Our organization assesses its exposure to fraudulent conduct and how it might affect operations on a regular basis	1	2	3	4	5
Our organization establishes objectives in a way that allows for the detection and assessment of risks that could jeopardize the attainment of those goals	1	2	3	4	5
Management ensures that risk identification takes into account both internal and external elements, as well as their impact on achieving goals	1	2	3	4	5
Our organization manages risks to the organization efficiently and has implemented internal controls to mitigate the identified hazards					

<b>Monitoring of Control Measures</b>	<b>Scale</b>				
Monitoring aids in determining the organization's overall performance quality over time	1	2	3	4	5
On a continuous basis, our organization has an independent methodology, checks and evaluations of control activities	1	2	3	4	5
Internal reviews of the implementation of internal controls in all units are conducted by my organization on a regular basis	1	2	3	4	5
Our organization acknowledges the importance and budgeting of monitoring controls	1	2	3	4	5
<b>Information and Communication Measures</b>	<b>Scale</b>				
Our organization has procedures in place to ensure that relevant and timely information is communicated to external parties	1	2	3	4	5
Each transaction is identified separately by my organizations accounting system	1	2	3	4	5
The code of conduct, or other policies, expressly prohibit override of internal controls by management	1	2	3	4	5
Rules or regulations are reviewed with one or more of the following: governing board, audit, finance or another committee	1	2	3	4	5

### PART C: ORGANIZATIONAL EFFECTIVENESS

The following are statements about organizational effectiveness. You are requested to kindly indicate the opinion that best represents your institution using the 5-point Likert Scale where: **1= Strongly Disagree**, **2= Disagree**, **3= Neutral**, **4= Agree**, **5= Strongly Agree**. Please circle only one option that best describes your opinion in each of the statements

Organizational Effectiveness Measures	Scale				
Our organization anticipate surprises and crises	1	2	3	4	5
Our organization decrease market response times					
Our organization is able to identify new business opportunities	1	2	3	4	5
Our organization quickly adapt to unanticipated developments	1	2	3	4	5
Our organization organize and coordinate the development efforts of various units	1	2	3	4	5
Our organization ensure that the development of company initiatives does not overlap	1	2	3	4	5
Our organization anticipate prospective new product/service market opportunities	1	2	3	4	5
Our organization adapt goals and objectives quickly to changes in the industry or market.	1	2	3	4	5
Our organization rapidly commercialize new innovations					

**THANK YOU**