

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY,  
KUMASI, GHANA**

**KNUST**

**AN ASSESSMENT OF FINANCIAL CONTROL PRACTICES IN ANKAFUL  
PSYCHIATRIC NURSING TRAINING COLLEGE**

By

**Rhoda Dzigbodi Dosu**

**(B commerce)**

**A Thesis Submitted to The Department of Accounting and Finance, College of Humanities  
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Partial Fulfillment of the Requirement for The Degree Of**

**MSc ACCOUNTING AND FINANCE**

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## DECLARATION

I hereby declare, that this submission is my own work towards the degree of Master of Science (MSc) in **Accounting and Finance**. To the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any degree of the university or any other university, except where due acknowledgment has been made in the text.

**RHODA DZIGBODI DOSU** .....

Index Number: PG7231519

Signature

Date

Certified by:

**DR. JOSEPH OSCAR AKOTEY** .....

(Supervisor)

Signature

Date

Certified by:

**DR. DANIEL DOMEHER** .....

(Head of Department)

Signature

Date

## DEDICATION

I dedicate this piece of work to the Almighty God for His loving mercies and protection throughout the year of studies. Again, to my mother, Madam Mary Koomson.



## ACKNOWLEDGEMENT

My heart felt gratitude is to the Almighty God who gave me the strength and knowledge to complete this research work. A special thanks go to my supervisor, Dr. Joseph Oscar Akotey, for his support and immense guidance throughout my research work.

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To all the lecturers of the Department, thank you for your insights



## ABSTRACT

This study investigates the financial control practices in Ankafu Psychiatric Nursing Training College. Essentially, the study focuses on establishing the specific financial controls existing in the APNTC, the challenges to their effective operation, and the strategies or ways to enhance its effective operation. In achieving a robust result, the study employed the use of descriptive research design with a quantitative approach and a case study strategy. The study solicited for information through the use of questionnaire by using the purposive sampling technique from 32 respondents. The study found that there exist financial controls in the institution with 5 key financial controls in the institution including budget control, debt management, expenditure/resource control, financial audit and accounting information systems. The study also found that the dominant challenges affecting the effective operation of financial controls include: inadequate training on financial control system, inadequate supervision, and irregular monitoring of activities. The study also found that the key strategies relevant to enhancing the effective operation of the financial controls comprise regular training of staff on financial control mechanism, strict enforcement of existing control policies by management, and regular monitoring to improve compliance. The study therefore concludes that APNTC has put in place effective financial control practices to take care of their financial activities and transactions in APNTC but there are some significant challenges confronting them which require adequate stringent measure to improve on the level of effectiveness.

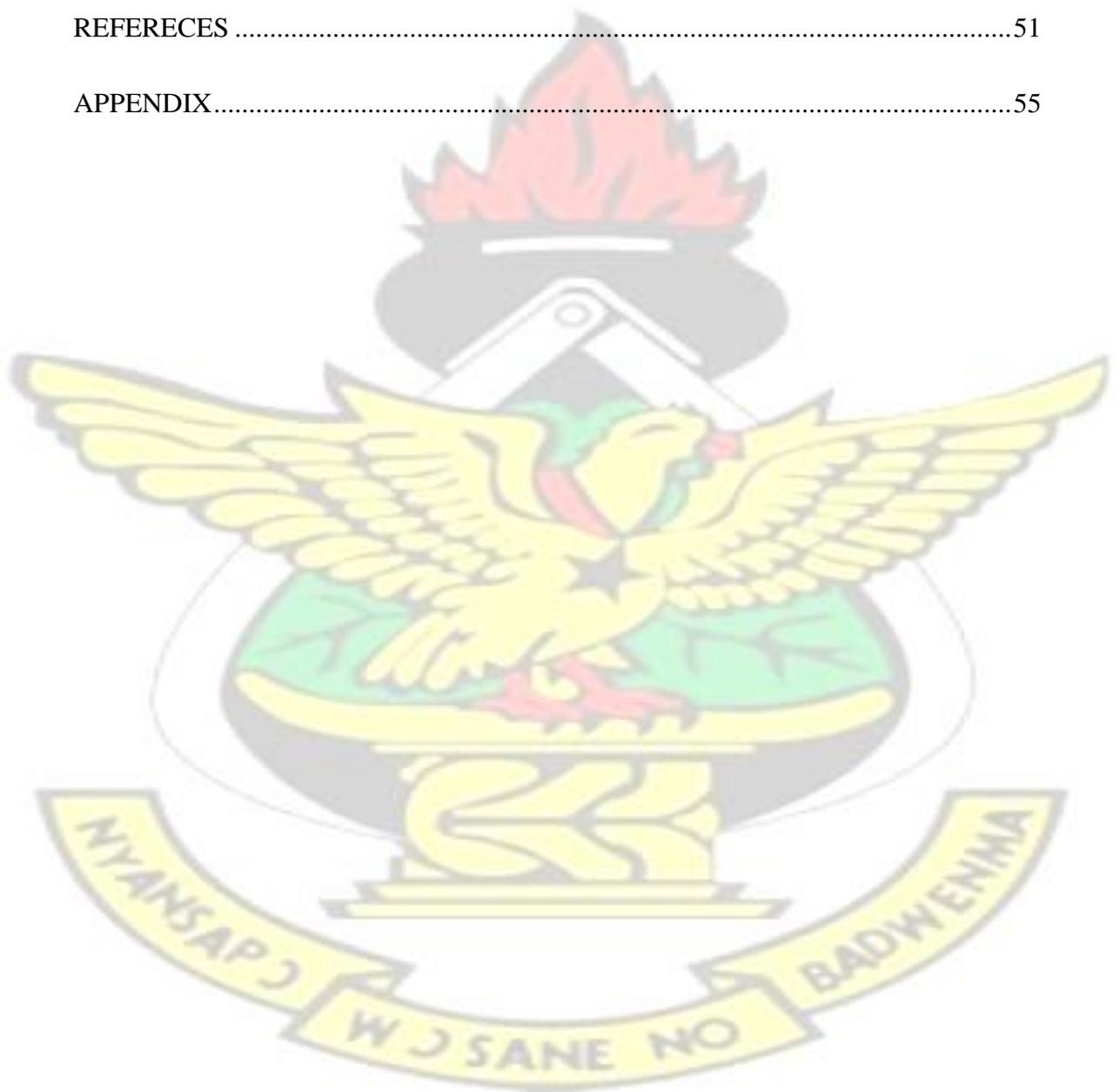
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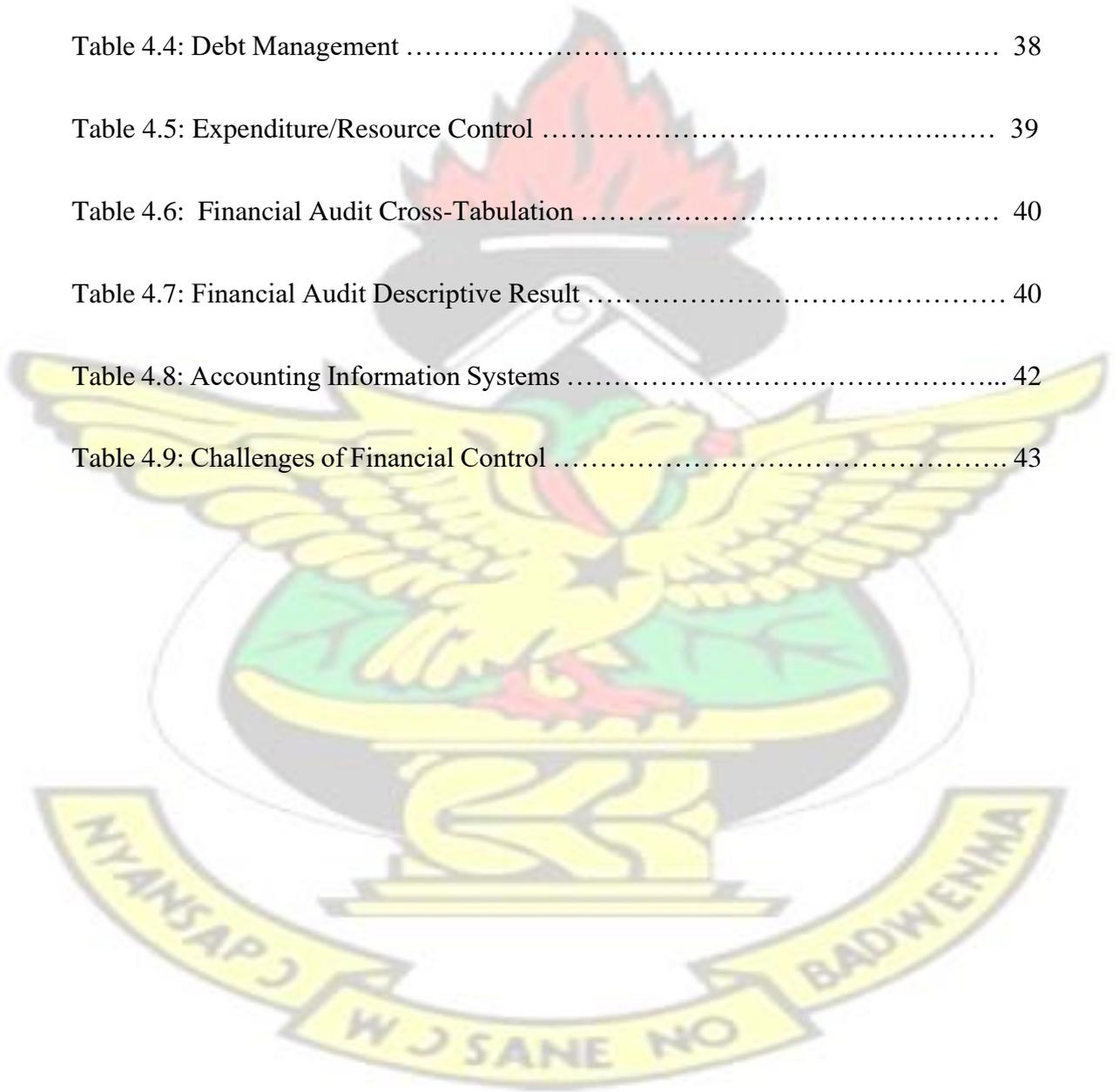
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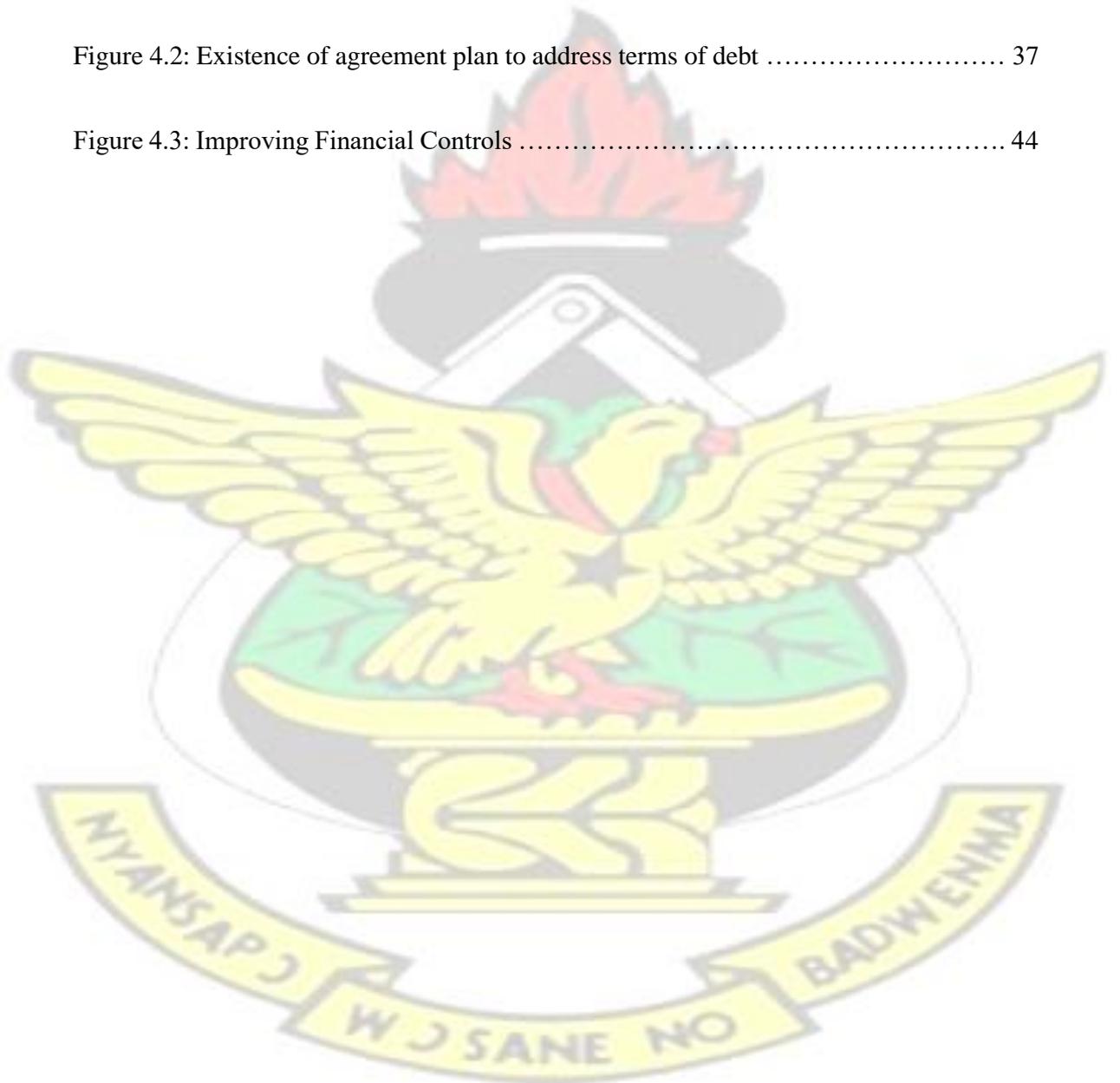
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## CHAPTER ONE

### INTRODUCTION

#### 1.1 BACKGROUND OF THE STUDY

Globally, the business environment has become very competitive and very unstable, making most organizations to consider the resources they possess in making effective decisions. Today, the rapidly changing nature of external surroundings continuously builds a need for business strategy, procedure improvements and organizational change to safeguard their survival in a highly competitive market. As a result, one cannot dispute the very important role financial control is playing in modern management. Allis, et al, (2004) indicated that financial resource is considered as a vital resource to numerous organizations. The main and primary purpose of every organization is to make a profit. Therefore, organizations ought to be efficiently and effectively managed to reveal the desired transformation and results from activities that funding have been made accessible. On the other hand, according to Rosen & Gayer, (2010), this significant resource is misappropriated and mismanaged as well as misallocated by those in charge. Prowle (2010) indicated that "public sector firms deal with large amounts of public funds and operate in a largely political setting, thereby demanding a need for a high degree of confidence in their financial affairs transactions". Block & Geoffrey, (2008) defines financial control as "the processes designed to safeguard assets and ensure that all financial dealings are documented to avoid and reduce fraud and errors". The objective of financial controls is to provide a universal framework for efficient and effective management of resources in all establishments. "Financial controls encourage the effectiveness and effectiveness of operations, thereby

helping to ensure the reliability of internal and external financial reporting and helping to comply with laws and regulations," according to Hayles (2005). Therefore, for the organization not to be exposed to financial risks there is the need to ensure effective and efficient financial control.

Financial control within the public sector in both developed and developing countries have gained recognition over a decade now. Therefore, it is important for the professionals working in the public sector to help improve financial control and budgeting, responding to changes in financial reporting, to ensure better regulation, to strengthen companies and to improve governance and management, and to audit fraud and corruption. Warren (2003) indicated that to control activities involves two constituents Hence a policy that sets out what should be done and the procedures to influence the policy. Most developing countries in general, have inadequate government financial management mechanisms (Gwilliam & El-Nafabi, 2002) in which Ghana is not an exception.

Pride et al. (2002) suggests, however, that financial management requires effective resource preparation and productive utilization. Appropriate financial control will also ensure that financial targets are put per institutional goals and objectives. According to El-Nafali (2008), "the abuse of public resources and financial corruption is a serious deficiency in financial control systems in most developing countries." Controlling public institutions' financial decisions and transfers relating to revenue, expenditure, assets and liabilities would also help to enhance operational efficiency. This research, therefore, seeks to assess the financial control system in Ankaful Psychiatric Nursing Training College.

## 1.2 PROBLEM STATEMENT

Financial controls in an institution are vital to the success of the institution since financial resources are critical for every organization's operations irrespective of whether the organization is found in the public or private sector. McCrindell (2015) emphasize that the absence of sufficient financial control measures exposes the public sector's financial control to threats such as loss of government assets, incorrect financial statements, mismanagement of government vital documents, incorrect and unreliable financial records, all of which can lead to loss of government integrity and significantly affect the overall development of the country. Indeed, Harley and Emery (2016) avert that financial control systems are integral part of the day-to-day operational activities of every organization which contribute significantly to growth and sustainability of every organization. In spite of the indispensable nature of financial controls in organizations, financial control in most public organizations have been difficult because of the comprehensive structure of controls in the public sector (OAG, 2010). Particularly with a public training institution like the Ankafu Psychiatric Nursing Training College, financial controls are very important because of its critical role in churning our human resource for the critical healthcare delivery in the country. Yet, studies which explore the financial controls in the institution are limited and inconclusive. For instance, existing studies on financial controls in the public sector in Ghana such as studies by Inusah and Abdulai (2015), Nkuah, Tanyeh, and Asante (2013), and Yao, Yusheng, and Bah (2017) focused their studies on non-training institutions in the public sector of Ghana. Although other studies such as Prempeh, Twumasi, and Kyeremeh (2015) and Yeboah (2020) have investigated financial controls in trainings institutions in Ghana, their studies focused on non-health training institutions. To the best knowledge of the researcher, review of available literature

shows that there is paucity of research which examines the financial control system in the Ankaful Psychiatric Nursing Training college which is a critical health training institution for training unique healthcare professionals in mental healthcare delivery in the country. Hence, this study attempts to close this gap in research.

### **1.3 OBJECTIVES OF THE STUDY**

The aim of study is to examine the financial control system in Ankaful Psychiatric Nurses Training College (APNTC). Given the main objective of the study, the following specific objectives were pursued to direct the study.

1. To identify the financial controls at APNTC.
2. To ascertain the challenges hampering effective operation of financial controls in APNTC.
3. To ascertain the strategies to strengthen the financial control in APNTC.

### **1.4 RESEARCH QUESTIONS**

1. What financial controls are used APNTC?
2. What are the challenges hampering effective operation of financial controls system in APNTC?
3. What are the strategies to strengthen financial controls in APNTC?

### **1.5 SIGNIFICANCE OF THE STUDY**

The study will be of enormous benefit to several people and institutions. Primarily, the main stakeholders who will benefit from the study include management of higher learning institutions, policy makers and relevant government agencies, as well as researchers and scholars in academia.

It is important to emphasize that the findings of this study would be useful in higher learning institutions in Ghana. The study would provide useful information that will help the management of higher learning institutions in Ghana in addressing the financial control gaps and devise strategies to ensure the sustainability of the institutions. The study would generate greater awareness among public academic institutions on the importance of having a proper and practical strategic financial control framework as a vehicle to organizational effectiveness.

The policy makers and the relevant government bodies would gain knowledge on the state of financial control existing in public training institutions. This will help policy makers to formulate proper policies to enhance financial control system in training institutions across the country. Besides, identifying the state of financial controls will enable relevant stakeholder to enforce existing control in order to realize the maximum benefit from the control by protecting public assets.

Additionally, the outcome of the study would be useful to research institutions and academicians who want to advance the knowledge and literature on financial controls in public institutions. It would also add to literature on the subject as reference material and stimulate further research in the area. The findings would enrich existing academic literature on the model of strategic financial controls in public institutions.

## **1.6 SCOPE AND LIMITATION OF THE STUDY**

The contextual scope of the study was limited to financial control in an organization with emphasis on key issues of financial controls as specified by the research objectives. Since the study adopted the case study strategy, the study was limited to investigating financial controls in the Ankaful Psychiatric Nursing Training College.

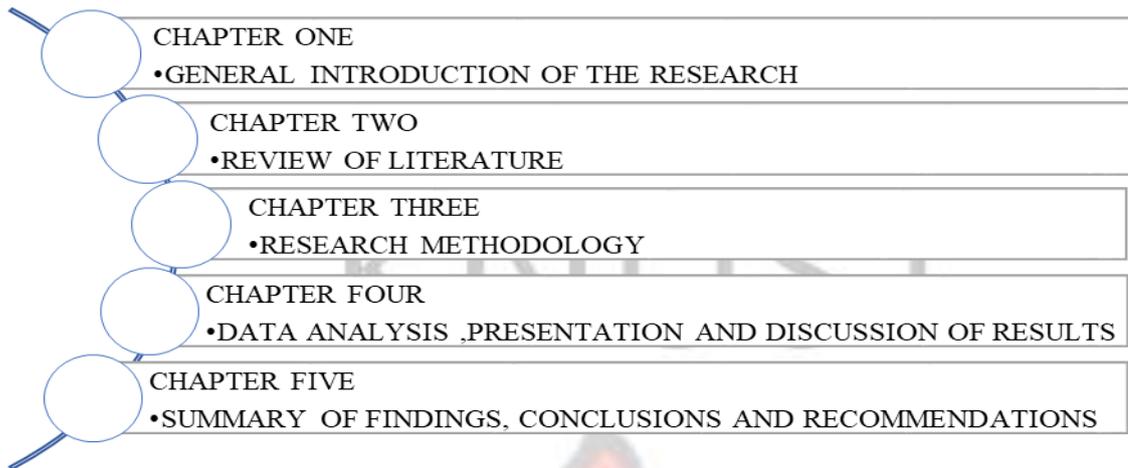
The population was limited to the staff of the institution but a sample of 32 respondents were deemed appropriate for the study.

The major limitation encountered in the conduct of the study was in respect of getting access to data due to issues of Covid-19 protocols which limited accessibility to study participants. Nonetheless, the researcher devised respondent-preference medium approach to get access to the various respondents to fill out the questionnaires.

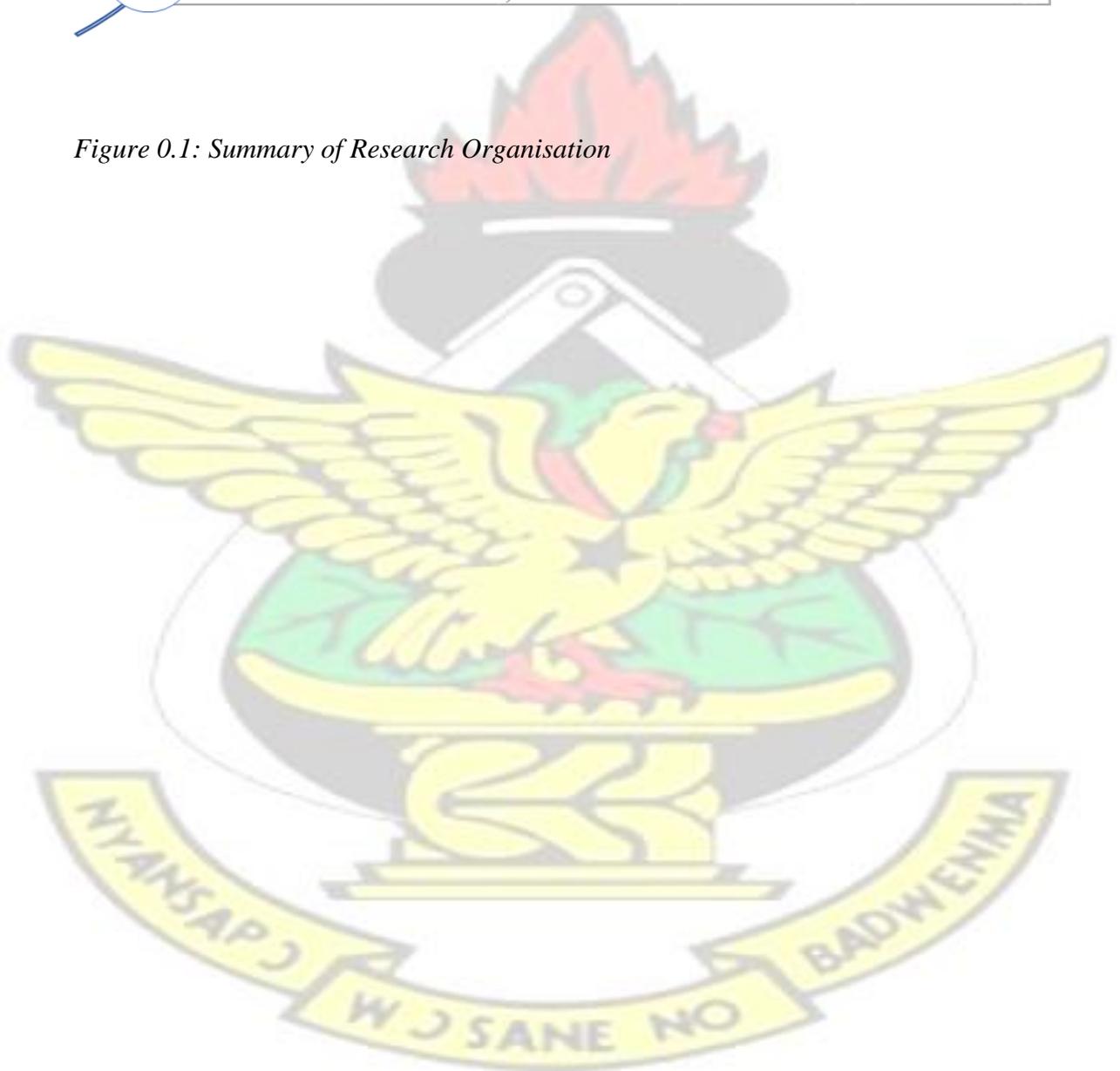
### **1.7 ORGANIZATION OF THE STUDY**

Five chapters will be structured into the study. The introductory chapter will concentrate on the background of the study, the problem statement, the study objectives, research questions, and the significance of the study and the study organization. The literature review on financial control will be set out in chapter two: the concept will be extensively reviewed with the aim of providing the study with a conceptual framework. A description and explanation of the procedures followed in the collection of the data will be given in chapter three. Data analysis and discussion of results from data collection will be part of Chapter four. The summary, conclusion and recommendations arising from the study and the direction of future research are given in the fifth chapter.

Figure 1.1 shows the diagrammatic representation of the structural workflow for this research.



*Figure 0.1: Summary of Research Organisation*



## CHAPTER TWO

### LITERATURE REVIEW

#### 2.0 INTRODUCTION

Evaluation of financial controls is an essential part of the structure and operations of any organization. Therefore, this chapter consists of conceptual literature which provides definition to various concepts of the study, the theoretical review spelt out the theories underpinning financial control as well as organizational performance. Therefore, two theories (agency theory and theory of financial control) seeking to explain the impact of financial controls on the public sector were adopted. The conceptual framework and the overview of the organization and financial systems while the empirical review talked about other related studies.

#### 2.1 CONCEPTUAL REVIEW

##### 2.1.1 Meaning and Overview of Financial Control

Financial controls are explained differently by different schools of thought. One school of thought indicates that financial control is a control mechanism or process used by an organization to ensure that the financial transactions are recorded accurately at all level as part of the organizations overall internal control (Yogendrarajah, 2013). According to Block and Geoffrey (2008), financial control involves all the processes aimed at protecting assets and to make sure that all financial transactions are documented in order to avoid and mitigate mistakes and fraud. The authors avert that financial control in all organizations is to provide an overall governing structure for a sound and productive resource for management. McCrindell (2015) posit that the aim of providing

a robust financial control system is to support the ability of companies to accomplish their targets, to provide accurate financial statistics, to preserve assets and documents, to determine operating performance by budgeting, to control entities and to facilitate compliance with prescribed policies and regulations. The financial control mechanism of an institution plays a crucial role in controlling the risks that are important to the accomplishment of its operating objectives. A stable financial control system leads to safeguarding the investments of investors and the assets of institutions.

Financial controls promote the quality and profitability of activities, help ensure that internal and external monitoring is accurate, and help comply with rules and regulations. They also contribute to asset protection, including fraud prevention and detection. In addition, ACCA (2010) describes financial control as the financial manager's control function relevant to the funding that has been generated. Are the organization's different operations achieving its goals? Are assets being used productively? The financial manager can compare data on actual performance with projected performance to address these questions.

Financial controls are processes and regulations enacted by the directors and managers of all companies to help achieve their goal of ensuring, to the degree possible, the orderly and adequate conduct of their company, including compliance with internal policies, state asset security, fraudulent and error prevention and identification, consistency and completeness of the account (Walters and Dunn, 2001). Controls of the company, methods, procedures and audit are financial decisions set up by the management to ensure that the operations align adequately with the intention of the management as well as defined policies and regulations, maintaining properties and wealth, keeping accounting records in a complete and accurate manner.

Accordingly, the control of public institutions' budgetary decisions and transactions applies to the income, expenditure, assets and liabilities pertaining to their budget compliance, the budget item, the relevant amount available, the programmed expenditure, the administration's financing policy, the provisions of central government budget law and other financial regulations, and in terms of utilization, respectively. The everyday aim of the financial management of the company is to fulfil existing and potential organizational needs. This also covers financial resource management, including budgeting for accounting and financial statements, processing of receivables from accounts, risk management and company insurance.

There several variables used in ensuring control over financial resources of an organization. These are usually referred to as the variable of financial control system. In their studies, Muhunyo, (2018) and Yogendrarajah, (2011) outlined some of the key financial control variables as budgetary controls, financial audit, among others. The discussion below touches on some of the key indicators of financial controls.

#### ***2.1.1.1 Budgetary control***

"The Institute of Cost and Management Accountants (1998) stated that "budgetary control is the creation of budgets concerning the responsibilities of managers to the specifications of a policy and the ongoing comparison of real results with budgeted results, either to secure the objectives of that policy by individual action or to provide a basis for its revision.

Therefore, the fundamental concept of the budget and budgetary control is that they function as cost and income metrics linked to the everyday operating operations of project managers, as a means of supplying data and supporting management decisions

across the year as well as tracking and managing the organisation, particularly in evaluating the discrepancies between the budget and the activity.

### ***2.1.1.2 Financial Audit***

A financial audit is indeed a verification of an organization's financial records. As per Bierman (2017), "an audit is an auditor's opinion that states whether in accordance with financial reporting procedures, the organization is accurately reporting its financial data." Financial audits, though not full assurances, offer fair security. Financial auditors can assess whether controls and procedures are being followed to deliver reliable financial statements through several various audit methods such as observation, interviews, and test work.

### ***2.1.1.3 Debt Management***

A debt management plan (DMP) is an undertaking that fixes the terms of an outstanding debt between a debtor and a creditor. This generally applies to an individual's finance mechanism that tackles high consumer debt. Debt management plans help reduce unpaid debts over periods in order to help the creditor recover financial control. A lower average interest cost, longer maturity periods, or an overall decrease of the debt itself will be secured through the process. The Debt Management Division of the Ministry of Finance (DMV) has stated in Ghana that the primary goal of debt management is to reduce the financial costs of public debt while retaining business and operating risks at a reasonable level, considering the overall fiscal and monetary policy objectives. In order to do this, the Division is called upon to meet the following six (6) general goals rigorously:

- I. Mobilization of resources: raising an adequate amount of financing to satisfy the demands of government funding at reduced costs and reasonable risk levels

- II. Policy: Adopt proactive debt control techniques and initiatives to preserve the viability of public debt.
- III. Analysis and Research: Build and enhance research as an ongoing instrument to investigate contemporary developments in fundraising and to promote the analysis and design of effective policies and techniques for debt management.
- IV. Operating framework: Implement functional systems, processes and controls within the context of a robust business continuity strategy to increase operational performance and reduce risk.
- V. Workforce development: Through a thorough and structured capacity development program to meet the issues of aid and debt management by recruiting, preserving and encouraging the required skill mix of professionals.
- VI. Customer service: Fostering satisfactory and strengthened relationships with consumers.

#### ***2.1.1.4 Expenditure Control and Adequate resources allocation***

In order to maximize income, expenditure control is the process of identifying and lowering company expenditures. A company owner contrasts real results with the projections that are budgeted and management takes action if operating expenses are greater than expected. A firm, for instance, may receive bids from other suppliers who offer the same product or service, which can minimize costs. A significant factor in sustaining and rising performance is cost control.

For example, corporate payroll is frequently outsourced because payroll tax laws are continually changing, and employment turnover needs regular revisions to payroll records. For each job, a payroll firm will measure the net salary and tax withholdings, which saves the employer time and cost. (Abubakari, 2017).

### **2.1.2 Financial Control Mechanism**

It is important that they are systematically reviewed, assessed and monitored during the comprehensive design and execution of policies and plans. Controls are the process of ensuring the implementation of policies and proposals as decided and/or changes are made where appropriate. Control has thus, become a critical management feature. Control may be seen as a 'device' as seen by the system theorist and is similar to a system where feedback information is received, a substantial change made to the system to accomplish its purpose. Control may be a 'management mechanism' which were appropriate, prepares and takes corrective action or a 'process' which ensures that planned outcomes are achieved (Uwuigbe, et al, 2011: and Harley and Emery, 2016). Compared to the short, medium and long-term targets and strategic plans, financial control has been interpreted as the review of the current operations of an organization. In order to ensure the business strategies are adhered to and that they are often modified in the case of any deviations, discrepancies or unavoidable situations, these reviews include adjustment procedures. As Prempeh, Twumasi, and Kyeremeh (2015) claims, the need for control is for companies to exist in an imperfect universe where plans do not always perform as expected, so control becomes inevitable due to environmental dynamism and behavioural influences correlated with the morale of workers. Therefore, it is often critical that control mechanisms are integrated into business plans to achieve scheduled results. Financial control is a management mechanism that enables conditions that are not beneficial to the effective accomplishment of targets to be easily detected and removed.

These methods may be budgetary control, financial reporting improvement, operating cost savings and performance improvement, removal or regulation of excessive market risk (Becker, et al. 2011; & McCrindell, 2015). The definition of profitability has also

been a point of anxiety for business managers; this is attributed to recent results and the uncertainties associated with the future (Agbaje & Funson, 2018). The two terms can also be used interchangeably: profit and profitability. There are variations between the two terms, however in a specific sense. Although the word profit is an absolute expression, it is a comparative term for profitability. Profit refers to the overall revenue/sales earned net of the company's total costs accrued for a given period of time, while profitability is a term that refers to how profitable the company's activities are. That is the company's opportunity to earn from revenue, which is to get a sufficient return on the money, land and labour used in the company's activities.

### **2.1.3 The Legal Framework of Financial Control in Ghana's Public Sector**

#### ***2.1.3.1 Public Financial Management Act, 2016 (Act 921)***

The Act clearly specifies the rights and duties of financial stewards and their particular positions (individual officeholders). It describes the key actors in the country's financial administration, the distribution of duties, their positions and functions. This covers the Controller and Accountant-General responsibilities. The act lays out, the requirements for regulating and handling public revenues, the central structure for controlling public finances, the rules under which funds are raised, maintained and disbursed in the combined budget, and the modalities for raising revenue.

More specifically, financial oversight of public finances relating to income and expenditure and receipts and payments is created, defining the circumstances under which allocations are made. The budget of the government is subject to periodic parliamentary allocation. The Controller and Accountant-General are empowered to ensure that transfers for budgets are made lawfully. Except in the manner given by statute, no payment must be made. For payments such as charged expenditure, clear enactments may grant continuing authority and create principles by which government

accounts are handled and maintained, the planning of government accounts and the reporting of government final accounts.

### ***2.1.3.2 Internal Audit Agency Act, 2003, (Act 658)***

Act 2003 of the Internal Audit Department (Act 658) is structured into three parts. In order to manage, promote and provide quality assurance for internal audit operations within the public sector, section one establishes the internal audit department as an apex oversight body. The Agency shall create, within the public sector, requirements and procedures for internal audit.

The Agency's responsibility is to ensure that the internal and publicly published financial, administrative and operational information is correct, truthful and timely; section two defines internal audit teams within MDA'S and MMDA'S and offers competency and professionalism, reputation and transparency. Issues pertaining to policies, ethics, education, research and other technical and professional concerns are the responsibility of the Agency; Section Three prescribes the presentation to the President of the Agency's annual report with a copy to the Auditor General. It lays down penalties for delivering misleading information and for failing to provide the documentation demanded by the Director-General. Accounting in the public sector: Institute of Chartered Accountants Ghana (ICAG), 2010.

### ***2.1.3.3 Public Procurement Act, 2003 (Act 663)***

The Public Procurement Act 2003, (Act 663) is broken down into nine (9) sections and includes the following:

1. The Act creates the Board of Public Procurement, its exact powers and its system of reporting.

2. Sets forth the procurement mechanisms, their scope of operation, the tendering agencies and their method of evaluation;
3. Establish tendering processes, the provision of tender documents and the clarification and alteration of tender documents;
4. Establish the processes for the submission of tenders, the tendering of shares, the appraisal of tenders and the method of acceptance;
5. It specifies the processes and protocols for employing consultants' services;
6. Establishes a scheme of evaluation covering procurement, management, implementation of regulations and termination of procurement procedures;
7. Establishes processes for the disposal of shops, buildings and facilities;
8. It lays down numerous regulations covering the code of ethics and
9. Board demands for information, constitutional evaluations, assessments of threshold standards for public access to legal texts, and international commitments. Accounting in the public sector: Institute of Chartered Accountants Ghana (ICAG), 2010.

## **2.2 THEORETICAL REVIEW**

### **2.2.1 The Agency Theory**

The theory of the Agency presents organization as essential mechanisms for the preservation of contracts. Thus, regulation can be exerted by companies that mitigate the opportunistic actions of agents. The theory of the Agency accepts the missing knowledge defined as adverse selection and moral hazard about the agent's relationship, ambitions or work performance. There exist two ways in which adverse selection and moral hazard affect the agent's performance so that the agent does not do precisely what the agent is tasked with doing and does not have the basic understanding of what ought

to be done. On the other hand, as part of a general attempt to minimize bribery and preserve confidence in the process of financial reporting, the Sarbanes-Oxley (SOX) Act 2002 allows businesses to report on the efficacy of their internal financial reporting controls. In addition, it is affirmed that software providers that sell Enterprise Resource Planning (ERP) systems have taken advantage of this current emphasis on internal controls by stressing that the use of 'built-in' controls that mimic the infrastructure of an organization is a core feature of ERP systems (Morris, 2011). Researchers have discovered that internal control decreases agency costs, with some others suggesting that companies, even without SOX criteria, have an economic motive for internal control reporting. It is also argued that providing the principal (shareholder) with this additional knowledge about the actions of the agent's (management) data asymmetry and investor risk, can therefore minimize the cost of equity capital. Other studies have shown that internal control deficiencies are correlated with improved levels of management earnings (Chan et al., 2008; Ashbaugh et al., 2008). Earnings management, specifically earnings exploitation by Enron, WorldCom, is the agency dilemma that inspired SOX law in the first place. For several years, financial controls have played a significant role in moderating the issue of agencies in businesses. The establishment of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), formed to redefine internal control and the requirements for evaluating the efficacy of the internal control system, due to many high-profile audit failures during the 1980s (Simmons, 1997). The result of their work is referred to as the COSO Internal Control-Integrated System (Simmons, 1997).

The framework further reveals that controls are more productive where they have been "built into the system of the organization (COSO, 1992) and further notes that "built-in controls promote quality and empowerment initiatives, prevent unnecessary costs and

allow rapid response to changing situations." As Section 404 of the Act allows businesses' annual report to consist of a supplementary report on management on the firm's control over financial reports and an attestation report provided via a licensed public accounting firm, the COSO process plays a vital role in compliance. Morris (2011) distinguishes financial controls from those that are unique (account-level) controls into those that are common (entity-wide) controls. He assumes that if management is overriding control features in terms of managing earnings, then even if the basic (account-level) controls are effective, one would hope to see more financial control vulnerabilities relative to general controls.

During the audit process, this form of behaviour should be detected as this is an area of interest clearly defined in Paragraph 24 of the Auditing Standard No. 5, which notes that "entity controls level include management override controls." On the other hand, a better claim may be made that if general controls are implemented and functioning, then less internal Control will be likely to be found. To support organisations meet their defined targets, internal controls have been integrated into policies, laws and regulations. For this reason, internal controls are designed to aid a company meet its goals. In reaction to a succession of high profile controversies and failed businesses where investors (mainly stakeholders) underwent considerable losses, the COSO commission was partially established.

### **2.2.2 Theory of Financial Control**

The purpose of humans is affirmed to establish the basic point of reference in a financial control theory. Therefore the principle of financial control specifies that the most relevant roles are the actual and future functions of financial instruments for institutions. Similarly, financial instruments, accounting payments, economic calculations, control models, and related considerations both internal and external of the

organization, must be discussed concerning inner characteristics but also possible effects. Ostman, (2009), indicated that "establishing the relationship between various activities and financial processes from a financial control point of view, is a general and basic issue". Financial control theory for institutions focuses naturally on organizations such that they are seen from quite a lot of areas.

The first considers humans' roles of what is achieved through institutions, their activities and productivity. The second is concerns the structure of the institution and activities, and of transactions that different parties have with each other. The third part covers the control systems by recurring methods and procedures that are utilized to relate functions to resources. It is therefore stated that the first tool of the financial controls is viewed to be important from an individual institution's perspective as well as larger economic systems.

### **2.3 EMPIRICAL REVIEW**

According to Warren (2003), control activities more often than not consist of two elements that are establishing policy and processes to implement the policy. Gwilliam & El-Nafabi (2002) indicated that "In developing countries, most public sectors have inadequate government financial management mechanisms that are responsible for misappropriation of government resources and financial corruption. ". For that reason, improper accounting systems and auditing in most African countries are found by ineffective internal check as well as internal control, unreliable as well as untimely accounting information systems, and unqualified auditing as well as an accounting staff. Therefore, this has led to a lack of sufficient protections against fraud, corruption and other improper conduct connected with it. Policies are not properly implemented in the public sector in Nigeria. Research undertaken by Omboga et al. (2016) showed that financial control is necessary for the good performance of the industry; this could be

done by effective revenue control, cash handling and budgeting, but proposed exploring the effects of human actions on the execution of processes of financial control. In addition, Harley and Emery (2016) and Oyebanji (2018) argued that not only the protection of material and financial assets but all of its financial and economic operations are influenced by the method of arranging the financial control system. A well-structured financial management structure facilitates not only early identification of defects but also prompt intervention to tackle them. Also, Prempeh (2015) concluded that the profitability of manufacturing industries is greatly influenced by raw materials and resource management and further proposed that other control variables should be used in further research of these variables.

In addition, Agbaje & Funson (2018) have concluded that proactive policy alternatives in the manufacturing sector should be formulated to efficiently control and discourage companies from registering fictitious sales in order to increase results since there was a substantial negative association between fraud and profitability in financial reporting. Moreover, for the successful functioning of the manufacturing industry in Nigeria, fraud avoidance in financial statements should be properly inculcated in the internal management structure. As per Ajonibadi et al. (2014), in a large company, financial control is often the responsibility of several departments, such as the audit committee, financial controller, managing committee, etc. but in smaller organizations where control is the responsibility of a sole person, this is often not the case.

In addition, Hussaini & Muhammed (2019) have published a report on the impact of internal control on the performance of commercial banks in Nigeria: a proposed method to examine the effect on the performance of commercial banks in Nigeria of internal control mechanisms. The research concluded that internal control has a correlation with the performance of banks. Scott (2018) studied how regulatory frameworks for public

financial management, as practiced in Ghana's District Assemblies (DAs), affect service delivery. The thesis followed hybrid research methodology techniques in which questionnaires, interviews, focus group conversations and paper analysis were used to capture qualitative and quantitative data. Of the 170 district legislatures that remained until 2008, 34 were sampled. The results revealed that residents negatively regarded service delivery, while members of the district assembly rated service delivery as satisfactory. The analysis showed that regulatory system practices for public financial management did not have a substantial impact on the delivery of services. The research did not, on the other hand, suggest the degree of the interactions the research had on the effect of the regulatory framework for public financial management on service delivery in Ghana's District Assemblies,

In furtherance, Avery and Obah (2018) investigated the effect of financial control on public sector accountability in Nigeria. The study population involves all of the workers on the Bayelsa State Board of Internal Revenue Nigeria. Data were based on both primary and secondary. The research used linear regression analysis to analyze data gathered to evaluate the effect on public sector transparency of internal control (Risk Evaluation, Monitoring Measures and the Information Communication System) and the internal audit sector. Although there is a positive and significant relationship between internal audit and accountability in Nigeria, the study showed that there is no significant relationship between internal management and accountability. Therefore, the study proposed that institutions pay greater attention to internal audit than to internal regulation in order to maintain efficient financial control and improve accountability; that management establishes and implement annual internal audit performance assessments in order to ensure optimum quality and value for the organization and to ensure conformity with acceptable requirements and internal controls.

A Study on the influence of internal control devices on financial performance in health organizations in Ghana's Upper West Region was also performed by Ibrahim, et.al. (2017). For a survey of fifty (50) respondents, the study followed the use of an ordered logistic regression model. A good relationship between internal controls and financial performance was seen in the report. But with p- values below 5 %, only three of the control variables remained relevant. They suggested, in accordance with their conclusions, which the regulatory body of the institutions, likely assisted by the Audit Report Implementation Committee (ARIC), ensure daily oversight of the relevant internal control systems recommended by auditors in health institutions.

Again, in Migori County, Kenya, Chelagat & Akama (2016) published a report on the variables affecting financial control procedures in community-based organizations (CBO). The study concluded that shortcomings in CBO financial control policies have led to corruption, embezzlement of CBO officials' assets, and also the possibility of groups withdrawing donor funding. The report used a survey test design that targeted the county's CBOs. The results showed that the CBO officials' professional expertise, auditing, bookkeeping and internal control and budgeting frameworks were significantly associated with financial control practices, respectively. Multiple findings from linear regression research found that technical expertise and auditing are relevant, whereas internal management and budgeting systems and bookkeeping are not important.

In addition, a study conducted by Arowoshegbe et al (2015) examined the impact communication, control activities and effective monitoring have on Nigeria's Transmission, Company. The sample was TCN staff in the Accounts Department in Nigeria's South-South and South-East regions. The study followed the analytical nature of the research using the questionnaire as the data generation analysis tool. The

descriptive statistics and econometric methodology was the analytical tool employed in the analysis. The study revealed that performance monitoring and communication have a solid optimistic impact on Nigeria's TCN's operations. The study, therefore, indicated that the emphasis should be on using less forceful and very indirect methods to gain financial power by the government. Human relations activities is a key factor in performing accounting and financial control functions within the public sector. Communication channels and supervisory activities in the public sector should also be improved.

Wakiriba et al (2014) determined the impact of the control of operations on financial management in the Nyandarua County Mirangine Sub District in Kenya. The study found that the Mirangine Sub County has an efficient internal control structure marked by a clear division of responsibilities, supervision and management engagement. There are however drawbacks in applying financial controls as the internal audit role is not well applied to all departments. On financial management, the study further concludes that the prudential use of financial resources in the County is not sufficient although there is enhanced use of assets and income and expenditure classification.

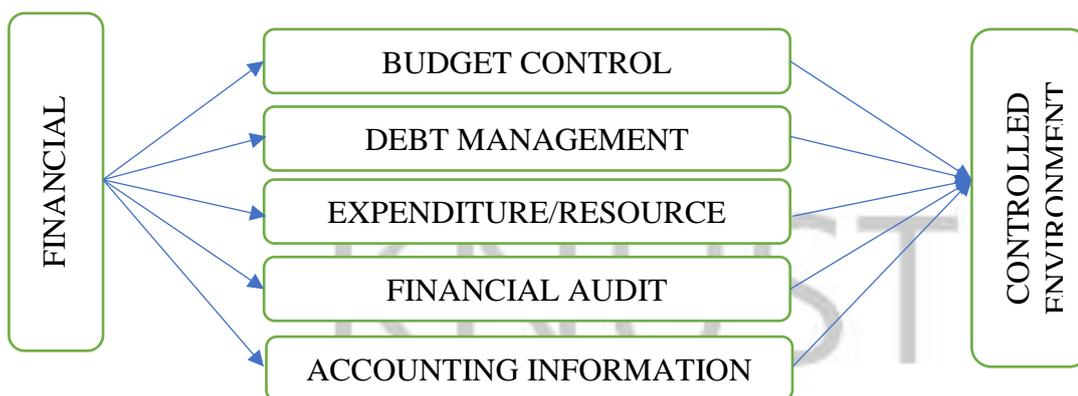
Yogendarajah (2011) examined how the Jaffna municipal council's financial control affects its efficiency in an organization. Data were collected from both primary sources, such as surveys, interviews and conversations with financial officers, and secondary sources from annual reports and statements. The financial information was evaluated using different methods of study. Ratio analysis, percentage analysis, and difference analyzes are used to assess financial control effectiveness. The study revealed the organizational performance's dependent on budgetary control is ineffective and efficient financial control results in better performance of the company. Ultimately, this study has shown that there is a positive relationship between financial control and

organizational efficiency and that there are positive influence and interaction between budget management and organizational performance.

An overview of internal financial controls in public hospitals in Ghana was also undertaken by Effah, (2011). The research gathered data from three (3) hospitals and from twenty-five (25) staff members. Purposeful sampling and techniques of observation were used. In order to collect evidence about internal financial controls in the three public hospitals, questionnaires and formal interview guides were used. The level of compliance with other financial management laws, such as financial administration, contracting and internal audit department acts, was seen to be high. The report further concluded that good compliance with internal financial controls was observed, which significantly decreased the auditor's amount of work.

#### **2.4 CONCEPTUAL FRAMEWORK**

The conceptual model of the study is developed as found in Figure 1. From the conceptual model, it is seen that financial control system has different layers of interrelated control mechanisms which include: Budgetary Control, Financial Audit, Debt Management, Expenditure/Resource Control, and Accounting Information System. With an effective coordination and functioning of these control mechanisms, the overall control environment is created which facilitates proper financial management and performance of the organization.



*Figure 2.1: Conceptual Framework*

Source: Created by Author (2020)

## **2.5 OVERVIEW OF PUBLIC FINANCIAL MANAGEMENT SYSTEM IN GHANA**

Public Financial Management (PFM) is a method of organizing, directing and controlling of financial services for the successful and accurate execution of the goals of the public sector. For productive and effective economic management and public service delivery, good PFM networks are critical.

In seeking to enhance the achievement of aggregate fiscal discipline, strategic resource allocation and efficient service delivery, Ghana embarked on a PFM reforms journey some two decades ago. To this end, with the introduction of the Public Financial Management Reform Programme in 1997-98, the latest wave of Ghanaian PFM reforms started with the (PUFMARP). The initiative, the first major effort by Ghana to establish a more holistic approach to PFM reforms, was aimed at creating an effective budget and public spending control framework (BPEMS). The BPEMS was meant to integrate for the first time Ghana's budget preparation and implementation with its financial accounting and reporting as well as cash management. In addition to BPEMS, the

PUFMARP was also aimed at reforming such, other PFM activities, as revenue management, aid and debt management, auditing, procurement, fiscal decentralization, legal and regulatory framework, as well as the development of integrated personnel and payroll database.

This alignment resulted in the reformulation of the Ghana Project to include an additional component called the GIFMIS. This GIFMIS component, which was a project in its own right, was implemented from July 1, 2010, to December 31, 2014 (World Bank, 2016).

The GIFMIS project aimed at carrying out PFM practices considered essential to "improve the effectiveness and transparency of the functions of government financial management using ICT-based tools" (World Bank, 2016). An independent post-completion performance assessment of the Ghana Project revealed that the GIFMIS component was successful in operationalizing Integrated Financial Management Information System of Ghana in all the 33 Ministries, Departments and Agencies (MDAs) located in Accra, the capital city, and 250 Spending Units (SUs) located across the country, including 10 Regional Treasuries (World Bank, 2016). In this IT-based system, these MDAs and SUs are now able to process their Consolidated Fund transfers, which at the time accounted for almost 66 percent of total public expenditure (World Bank, 2016). The GIFMIS component had also achieved a seamless linkage of Ghana's budget preparation, accounting and reporting modules. These successes were triangulated using the 2009 and 2012 PEFA assessments results. Despite these successes, other public funds such as 'Internally Created Funds (IGFs), Legislative Funds, Extra-Budgetary Funds and Donor Funds' were not able to cover the implementation of the GIFMIS portion (World Bank, 2016).

In comparison, Dener's 'comprehensive PFM Reform Plan' did not underpin the introduction of GIFMIS (2001). This lack of a comprehensive PFM Strategy and the inability of the GIFMIS to cover all the public funds as well as the transactions of sub-national government institutions led to rollover of GIFMIS activities into a new, but a separate, project called the Public Financial Management Reforms Project (PFMRP). The new project, which began in May 2015, was preceded by the development and launching of Ghana's PFM Reforms Strategy in April 2015. The PFM Strategy, which set forth Ghana's PFM Reforms agenda for the next 4- years to December 2018, had six thematic areas. The first of this has to do with achieving budget credibility. The second is that of enhancing comprehensiveness and transparency in PFM. The third is that of improving MDA and sectorial management by developing a PBB system. The fourth is about enhancing budget implementation management, predictability, accounting and monitoring. The fifth was tied to strengthening Treasury/Cash Management by strengthening the TSA's growth. Via improving internal and external audit and legislative oversight, the sixth and final thematic area discussed the enhancement of auditing and risk management.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 INTRODUCTION**

This chapter discusses the methodology employed by the researcher for the study. It discusses the different techniques employed in collecting of data for the study by looking at the research design, area of the study, population, sample size, sampling technique, survey instrument, data collection procedure and the statistical analysis of the study.

#### **3.1 RESEARCH DESIGN**

The study adopted the descriptive research design. The descriptive research design was employed since the study sought to provide accurate situation in respect of the financial controls in the study organization and how the controls impact on performance of the organization. The study further adopted the quantitative research approach because it is formalized and structured with focus on quantitative techniques to pursue the objective. It attempts to offer results that are reflective of the whole population. It is believed that the conclusions from quantitative research are measurable and presentable in statistics. Researchers are very much in charge of quantitative studies, and methodological approaches play a key role in quantitative knowledge processing. In a quantitative approach, a vast number of individuals are studied, but few variables are analyzed (Holme and Solvang (1991)). The study also employed the case study strategy to explore the objectives of the study since it focuses on a specific single institution which makes

the case study approach much more appropriate compare to other strategies like the survey strategy.

### **3.2 POPULATION OF STUDY**

The population refers to a group of persons from which a sample is drawn (Nsawah-Nuamah, 2005). The target population of the study was the employees in Ankaful Psychiatric Nurses Training College at the time of data collection. The estimated number of employees of APNTC in this regard was about 89.

### **3.3 SAMPLE SIZE AND SAMPLING TECHNIQUE**

Ekwonwa (2007) defines sampling as a method of choosing the people to be interviewed or to be offered the questionnaires. The sample size for this study included 32 employees comprising 9 Accounts and Finance key personnel, 3 from Procurement unit, 2 from Stores, 6 from Internal Audit, 7 from Quality Assurance and 5 Core Management at the Ankaful Psychiatric Nurses Training College. This was done following Krejcie and Morgan, (1970) sample size determination formula table, in which a sample of 32 was taken out of the whole population. The purposive sampling technique was adopted for the study. Although other method like the simple random or convenience sampling were far more simple and easy to access respondents, the purposive sampling was adopted to ensure access to key respondents whose work function positions them well to have in-depth knowledge and information on the subject of investigation to be able to provide adequate responses to the research questions.

### **3.4 DATA COLLECTION**

About a month to the data collection period, the researcher made all the necessary contacts and to familiarize herself with a majority of the employees at the Ankafu Psychiatric Nurses Training College. Permission was sought from the authorities governing the institution which were sampled for the study to undertake the study.

Although we are in the coronavirus pandemic era, the researcher was very fortunate in the data collection process since the researcher works with the institution. As a result, the questionnaires were administered to the respondents through the human resource department. The HR department placed the questionnaires at a vantage point and informed all the respondents to pick up themselves because of covid-19. The filled or answered questionnaires were then asked to be placed at the same place for collection.

A period of one week was given to the respondents to use to fill the questionnaire.

The questionnaire was administered to the employees during working hours. Thus, data collected from the respondents were done through the use of structured questionnaires. The respondents were given the opportunity to self-administer the questionnaire. This is because the researcher assumes that all potential respondents can read and write and thus understand the underpinnings of the study.

### **3.5 DATA TYPE AND METHOD OF DATA COLLECTION**

Data for the study were obtained from primary source. A questionnaire was the instrument used for this study which was used to amass data from the samples. The questionnaire was used to solicit for information from the employees of Ankafu Psychiatric Nurses Training College. In fabricating the questionnaires, the closed-ended questions were used. The closed-ended questions came with answer options for

the respondents to choose. This was adopted because the response choices can clarify question meaning for respondents and also easier to code and statistically analyze. On the part of the respondents, it is easier and quicker for respondents to answer.

### **3.6 DATA ANALYSIS**

In order to avoid inconsistencies, data was filtered before analysis and then coded and placed in the database program. Descriptive statistics such as frequency distributions, percent, mean and standard deviations were used to tabulate, define and summarize the results. For the analysis of the data, tables and charts were used. The analysis was done with the aid of the SPSS and Excel software.

### **3.7 RELIABILITY AND VALIDITY OF DATA**

The findings of the study must be valid and reliable. Reliability tests and internal and external validity are an essential aspect of study outcome assessments (Malhotra and Birks 2000). Validity measures whether the study results are actually about what they seem to be about, according to Saunders (2000), and checks the relationship among variables. The quality of this research was improved by the use of existing literature to identify the definitions and to create the questions in the data collection questionnaire.

The researcher further undertook pilot testing of the research instrument which enabled detection of some ambiguous statements which were corrected accordingly to enhance the reliability of the data obtained thereof. Upon statistical testing of data obtained using the Cronbach Alpha technique, an overall alpha value obtained was 0.82, thus indicating a good level of internal consistency in the data.

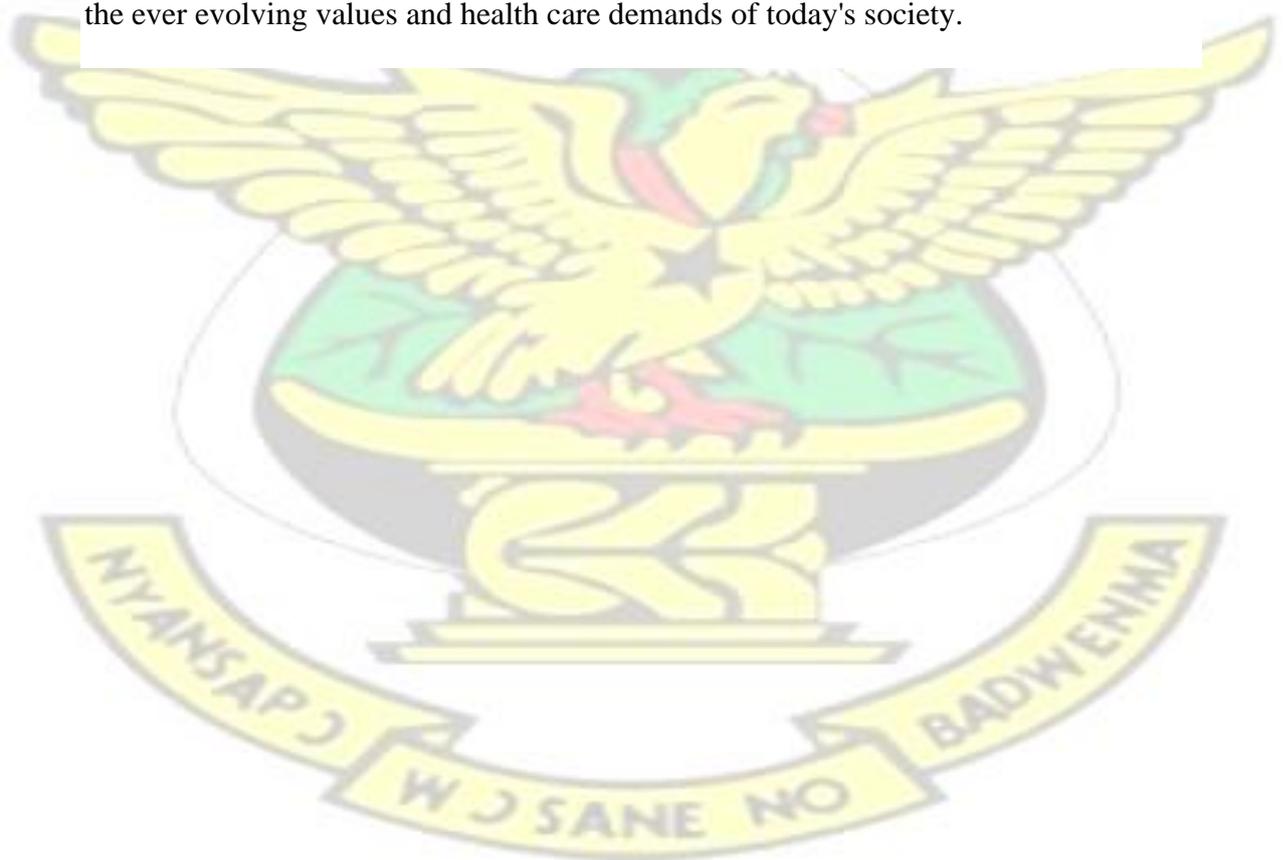
### **3.8 ETHICAL CONSIDERATION**

Universities go to great lengths to safeguard the privacy and wellbeing of research participants, considering the value of ethics in conducting research and the complexities of conducting research (Silverman, 2009). An important part of any study is ethics. In any research, there has to be some underlying ethics to be followed. Ethics is treated by the researcher in the study by keeping the responses received exclusively confidential. In addition, prior to performing the study, the researcher requested a prior consent from the target respondents. As a result of this, the study participants were thoroughly informed of the research's aim and conduct. It was made very clear to them that involvement was voluntary and they could withdraw without penalty at any time from the project. It explained the reasoning behind this report. The collection and interpretation of data were specifically explained to them so that they knew what they were doing.

### **3.9 AN OVERVIEW ANKAFUL PSYCHIATRIC NURSES TRAINING COLLEGE (APNTC)**

Ankaful Psychiatric Nurses Training College is public tertiary health institution established by Government in 1969 with the commencement of qualified Registered Mental Nursing (QRMN) and enrolled mental Nursing. The school is situated in the environs of the Ankaful Psychiatric Hospital in the Municipal Assembly of Komenda, Edina, Eguafo, Abrem (KEEA) in the Central Region of Ghana, although it still retains relations and communications with the Municipality of Cape Coast. It is roughly 12.5 km from Cape Coast and 6 km from Elmina, covering approximately 1.5 square km of land area. It is situated in the town called Ankaful where it derives its name; it shares borders with the south of Ankaful Leprosy/ General Hospital and with the village of Tsikweikrom in the west and north of the Ankaful Prisons. The college has a student

population of six hundred and fifteen (615) and a staff population of eighty-nine (89). The institution's operations are overseen by the Ministry of Health. After successfully completing a three-year nursing training course, a Diploma in nursing degree is awarded to students from the institution. The Nurses and Midwifery Council (NMC) governs the school's procedures, programs and examinations. The mandate of the Council is enshrined in N.R.C.D 117, section 4(1). The college majors in psychiatric nurse training. The main objective of the college is to provide adequate and qualified human resource to the Ministry of Health, Mental Health Authority and Ghana Health Service. The core values of the college are commitment to excellence, Professionalism, Team work and respect and Confidentiality with a vision to be devoted to educating capable and knowledgeable middle and top level mental health practitioners to fulfill the ever evolving values and health care demands of today's society.



## CHAPTER FOUR

### DATA ANALYSIS AND DISCUSSION

#### 4.0 INTRODUCTION

The chapter presents the results of data analysis and discussions. It is composed of four main sections which include the background of the respondents, financial control system at APNTC, challenges of financial controls, and strategies to improve financial controls.

#### 4.1 BACKGROUND INFORMATION OF PARTICIPANTS

The result of some brief background of respondents covering the education level of respondents, level or position of respondents, and years of work with the study institution (APNTC) is presented in Table 4.1. The result shows that significant majority of the respondents hold bachelor's degree representing 53%, followed by those master's degree representing 28% and 19% hold diploma qualification. With regards to the level or position of respondents, the result shows that majority of the respondents representing 44% are middle level officers, followed by junior level officers representing 34%, and 22% being senior management officers. This shows that all the levels of officers are fairly represented in the study with majority being senior officers of at least middle level positions. Regarding the number of years worked with the organization, the result shows that majority of the respondents representing 41% have worked with APNTC for more than 5 years, followed those who have worked between 3-5 years, representing 34%, whilst those who have worked for less than three years represent 25% of the respondents. This shows that significant majority of the

respondents have in-depth knowledge of the state of financial control practices in the organization considering that they have at least 3 years work experience with APNTC. In all, the result of the background information shows that the respondents have appreciable capacity to understand the issues in the study which makes the data provided much more reliable.

Table 4.1: Background information of respondents

Variable		No. of Respondents	Percentage
<b>Educational Level</b>	Diploma	6	19
	Bachelor's Degree	17	53
	Master's Degree	9	28
	<b>Total</b>	<b>32</b>	<b>100</b>
<b>Level/Position of officer</b>	Junior level officer	11	34
	Middle-level officer	14	44
	Senior management officer	7	22
	<b>Total</b>	<b>32</b>	<b>100</b>
<b>Years of Work with institution</b>	Less than 3 years	8	25
	3-5 years	11	34
	Above 5 years	13	41
	<b>Total</b>	<b>32</b>	<b>100</b>

Source: Field data, 2020

## 4.2 FINANCIAL CONTROL SYSTEM AT APNTC

### 4.2.1 Budget Control

In knowing whether APNTC prepares a budget and how often they do, the study indicated that all the respondents agreed to the fact the institution prepares a budget and it is done yearly.

Table 4.2: Cross-tabulation on Budget Control

Variable		Does APNTC prepare a budget		Total
		Yes	No	
How often does APNTC prepare a budget	Monthly	0	0	0
	Quarterly	0	0	0
	Yearly	32	0	32
	When necessary	0	0	0
<b>Total</b>		<b>32</b>	<b>0</b>	<b>32</b>

Source: Field data, 2020

Table 4.3: Budget Control Descriptive Result

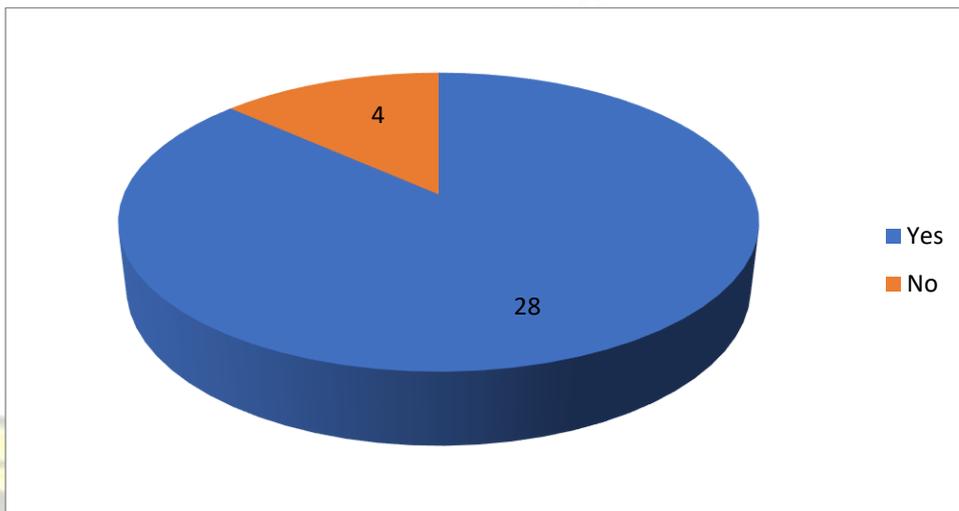
Budget Control	Mean	Standard Deviation
The training school has an effective budget committee	3.81	0.7120
The budget officer/committee is independent enough	3.76	0.6913
The training school has enough funds to support the budget	1.23	0.1621
There are other means to internally generate funds	3.45	0.5329
Projects outside the budget are sometimes considered	3.62	0.5993
Spending outside budget affects other projects	4.14	0.9779
<b>Total responses (N) = 32</b>		

Source: Field data, 2020

In examining the establishment of budgets in the institution, the study indicated that the training school has an effective budget committee and that the committee including the budget officer is independent enough. In addition, the study affirmed that the institution has other means of generating funds internally. In furtherance, the study revealed that the institution considers projects outside their budget. However, the study argued that spending outside their budget really affects other projects of theirs since the training school does not have enough funds to support their budget.

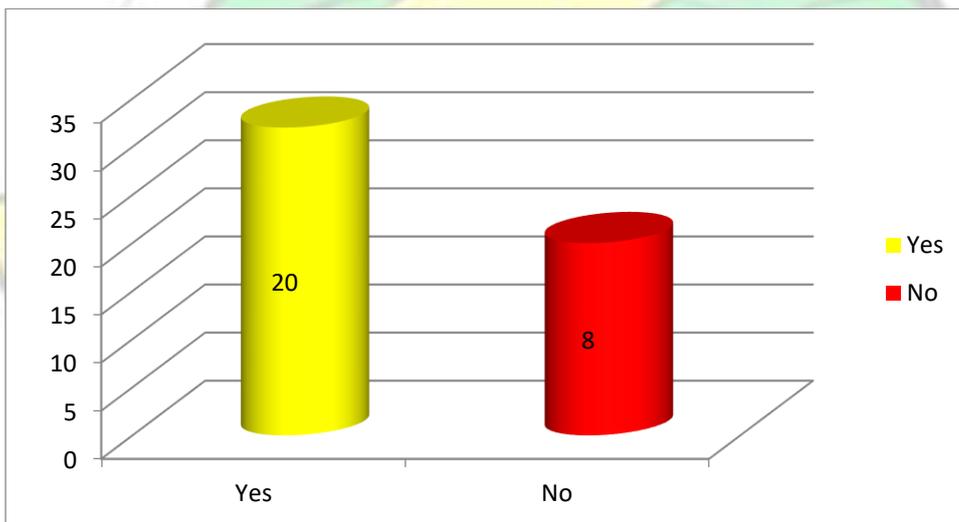
#### 4.2.2 Debt Management

In knowing whether APNTC has creditors, the study revealed that out of the 32 respondents, 28 being the majority of them were of the view that the training school has creditors while the remaining 4 were of the view that the training school does not have creditors. This is of no doubt that the training school has creditors.



*Fig. 4.1: Existence of creditors*

*Source: Field data, 2020.*



*Fig. 4.2: Existence of agreement plan to address terms of debt*

*Source: Field data, 2020.*

In knowing whether APNTC has a plan of an agreement to address the terms of the outstanding debt between itself and the creditors, the study revealed that out of the 28 respondents who said the training school have creditors, 20 said APNTC have a plan of an agreement to address the terms of the outstanding debt between itself and the creditors. On the other hand, the remaining 8 said APNTC do not have a plan of an agreement to address the terms of the outstanding debt between itself and the creditors.

*Table 4.4: Debt Management*

<b>Debt Management</b>	<b>Mean</b>	<b>Standard Deviation</b>
Debt management plans help decrease outstanding debts overtime to help the debtor to regain control of finances	3.44	0.6190
Debt management can secure a lower overall interest rate, longer repayment terms, or an overall reduction in the debt itself	3.87	0.8821
debt management help minimize the financial cost of the institution	4.06	0.9354
<b>Total responses (N) = 32</b>		

*Source: Field data, 2020.*

In examining the agreement between a debtor and a creditor, the study solicited information on debt management. As a result, the study revealed that debt management plans help decrease outstanding debts overtime to help the debtor to regain control of finances in the training school. In addition, the study indicated that dept management can secure a lower overall interest rate, longer repayment terms, or an overall reduction in the debt itself. Last but not the least, debt management help minimizes the financial cost of the institution.

### 4.2.3 Expenditure/Resource Control

Concerning the expenditure/resource control in the training school, the study indicated that respondents agree to the fact that expenditure control is the practice of identifying and reducing business expenses to increase profits. In addition, the study revealed that cost control is an important factor in maintaining and growing profitability. However, the study indicated that sometimes purchases in the institution do not follow the right procurement procedure. Similarly, the study argued there is low independence of procurement since the procurement office/committee sometimes influences the bidding process.

Table 4.5: Expenditure/Resource Control

Expenditure/Resource Control	Mean	Standard Deviation
Expenditure control is the practice of identifying and reducing business expenses to increase profits	4.12	0.9443
Cost control is an important factor in maintaining and growing profitability	4.00	0.8481
The purchase follows the right procurement procedure	2.12	0.3994
There is an effective procurement committee	2.42	0.4123
There is a high independency of the procurement committee	1.97	0.2058
The procurement officer/committee influences bidding process	1.60	0.1424
<b>Total responses (N ) = 32</b>		

Source: Field data, 2020

### 4.2.4 Financial Audit

In knowing whether APNTC audits its account and how often they do, the study indicated that all the respondents agreed to the fact the institution audits its account and it is yearly.

Table 4.6: Financial Audit Cross-Tabulation

Variable		Does APNTC audit its account		Total
		Yes	No	
How often are the accounts audited?	Monthly	0	0	0
	Quarterly	0	0	0
	Half Yearly	0	0	0
	Yearly	32	0	32
	Occasionally	0	0	0
<b>Total</b>		<b>32</b>	<b>0</b>	<b>32</b>

Source: Field data, 2020

Table 4.7: Financial Audit Descriptive Result

Financial Audit	Mean	Standard Deviation
Auditors normally check for documents	4.68	0.8245
Auditors always check for physical verification	3.76	0.4256
Auditors always cross-check with major suppliers	4.56	0.7524
Staff payments/remunerations are always audited	3.72	0.4024
Auditors work is in-depth enough	3.82	0.5487
Auditors recommendations are implemented	4.44	0.6145
Auditors make follow up checks	1.72	0.2546
Auditors are normally motivated/influenced account section	1.46	0.1254
Auditors motivation influences their independency	4.63	0.7925
Auditors are easily influenced by money	2.42	0.3425
<b>Total responses (N) = 32</b>		

Source: Field data, 2020

In analyzing whether the institution accurately reports its financial data in accordance with financial reporting procedures, the study solicited for information on the training schools financial audit. Due to this, the study indicated that the auditors in the school check for documents, physical verification before any transaction goes on. In relation to the suppliers, the study revealed that auditors always cross-check with major suppliers. In addition, the study affirmed that staff payments/remunerations are always audited. Furthermore, the study confirmed that auditor's recommendations are always implemented and motivation really influences their independency. Last but not the least; the study indicated that the auditors are not easily influenced by money. However, the study revealed that auditors in the institution do not really make follow up checks.

#### **4.2.5 Accounting Information Systems**

In relation to the accounting information systems being implemented in the training school, the study indicated that the institution keeps proper accounting records on cash received, records on all disbursement. It was further indicated that the institution conducts periodic account reconciliation with students' records as well as the bank statement. Again, it was revealed that although there is an effective and efficient financial committee, the accounts department is in charge of all monetary transactions. In addition, the study confirmed that there is a proper technology (ICT) for processing all records and that all department budgets are properly scrutinized. Also, the study indicated that all purchases are done by the procurement unit and documented. However, the school does not open all contract for bidding. On the issue of how government grants channeled, the study indicated that the employees were neutral on the assertion.

Table 4.8: Accounting Information Systems

Accounting Information Systems	Mean	Standard Deviation
Proper accounting records on cash received	3.76	0.3024
Regular deposit of cash received	1.02	0.0568
Periodic account reconciliation with student records	4.45	0.7584
Records on all disbursements	4.36	0.6587
Periodic account reconciliation with the bank statement	4.66	0.8452
Daily statement from the bank on students' payments	3.89	0.3258
Accounts department is in charge of all monetary transactions	4.33	0.6012
There is an effective and efficient finance committee	4.87	0.9452
There is proper technology (ICT) for processing all records	3.98	0.3487
All department budgets are properly scrutinized	4.11	0.5458
All purchases are done by the procurement unit and documented	4.05	0.4935
The school opens all contracts for bidding	2.01	0.1034
Government grants are well channeled	3.00	0.2457
<b>Total responses (N) = 32</b>		

Source: Field data, 2020

#### 4.3 CHALLENGES HAMPERING FINANCIAL CONTROL SYSTEM

This section presents the second objective of the study which is to identify the challenges hampering the effective operation of financial control in APNTC. To do this, the study utilized a five-point Likert Scale ranging from 1 through to 5, where 1 means strongly disagree and 5 means strongly agree to test the extent to which some identified challenges hamper financial controls. The result in respect of the challenges which hamper effective financial controls in APNTC are shown in Table factors that constitute the challenges of the AC is shown in Table 4.8. From the table, the overall mean value shows the level of significance or otherwise underlining how conclusions should be drawn. An item or statement with a mean score greater than or equal to overall means

score ( $>$  or  $=$  overall mean) is an acceptable statement and indicates the item is a challenge hampering financial controls whilst an item or statement with mean score less than the overall mean value ( $<$  overall mean) is regarded as a disagreed item and indicates the item represents less of a challenge. The items found to have mean scores greater or equal to the overall mean value are ranked based on their mean scores to show the intensity of the challenge to the effective operation of financial controls in the organization.

Table 4.9: Challenges of Financial Control

Item	Mean	Std. Dev.	Rank
Inadequate training on financial control system	4.57*	1.08	1st
Inadequate supervision	4.51*	.89	2nd
Irregular monitoring of activities	3.29*	1.14	3rd
Weak accountability institutions	3.22	1.58	4th
Frequent IT system breakdown	3.20	1.35	5th
Weak enforcement of policies	3.12	1.45	6th
<b>Overall mean</b>	<b>3.12</b>		
<b>Total responses(N)=32</b>			

Source: Field data (2020)

From Table 4.8, all the factors emerged as dominant challenges hampering the effective operation of financial control system. However, the most dominant ones include *inadequate training on financial control system*, *inadequate supervision*, and *irregular monitoring of activities*. Aside the challenges identified above, other dominant challenges which respondents mentioned to be mitigating against the effectiveness of

financial controls systems include weak accountability institutions and frequent IT system breakdown.

#### 4.4 STRATEGIES TO IMPROVE FINANCIAL CONTROL SYSTEM

In order to enhance the financial control system in APNTC, the study investigated appropriate ways through which financial controls can be improved. This underscored the third study objective. The result is presented as follows;

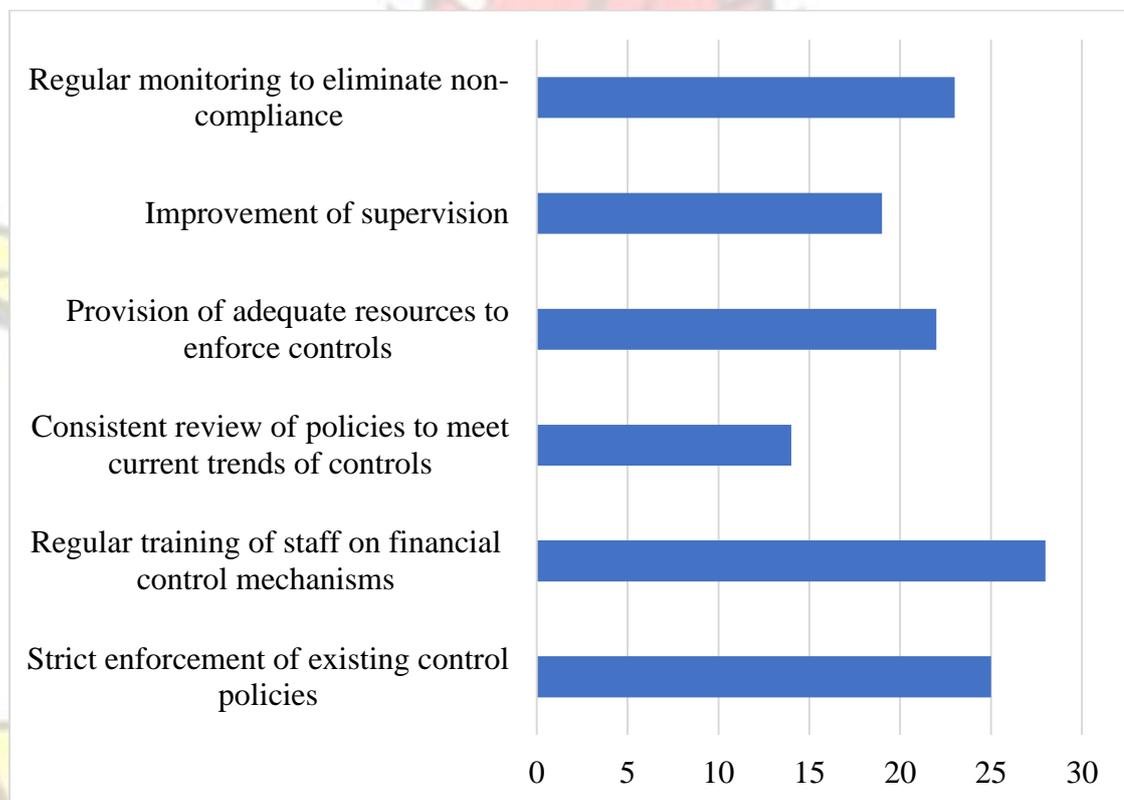


Figure 4.3: Improving Financial Control System

(Source: Field Data, 2020)

The rank result from the information provided by respondents' shows significant number of financial control system improvement indicators. From figure 4.3, the ways required to improve financial control system include regular training of staff on

financial control mechanism, strict enforcement of existing control policies by management, and regular monitoring to improve compliance. Other strategies identified to improve the effective operation of financial controls include provision of adequate resources to enforce financial controls, improvement in supervision, and consistent review of policies to meet current trends of financial controls. It is seen from the rank orders result that the three most dominant ways to improve financial controls in APNTC comprise *regular training of staff on financial control mechanism, strict enforcement of existing control policies by management, and regular monitoring to improve compliance*. This outcome suggests that working on these strategic measures to enhance them is very key if the financial controls system in APNTC would work effectively if all things being equal.

#### **4.5 DISCUSSION OF RESULTS**

The life blood of every organization is attributed to its finances and its efficient effective control as well as management cannot be underestimated. Financial control includes financial planning and financial decision-making and relies on well-planned, enforced and managed financial control mechanisms for these two goals to be successfully carried out. As a result of this, the study sought to examine the extent to which financial control activities affect Ankafu Psychiatric Nurses Training College (APNTC). The study specifically addressed three issues by first identifying the financial controls systems at APNTC. Second, comparing the financial controls of APNTC against best practices in financial controls and lastly, evaluating the effect of financial controls on APNTC's performance.

Considering objective 1 which sought to identify the financial controls systems at APNTC, the study revealed that there are financial control systems in APNTC. The

institution has put control systems in place to ensure effective and efficient use of its finances. The study considered five control systems, thus budget control, debt management, expenditure/resource control, financial audit and accounting information systems which confirms the studies by (CoSO, 2012; Mwakimasinde, et., al., 2014; Yogendrarajah, 2011). They argued that when these variables are efficiently and effectively combined, a controlled environment is created which consequently improve the performance of the organization. The study revealed that all the control measures adopted by the study turnout to be effectively implemented. However, the study argued that spending outside their budget really affects other projects; purchases in the institution do not follow the right procurement procedure; not all contracts the school opens for bidding. Therefore, to set the record straight, McCrindell (2015) inferred that the target of any financial management and control system is to promote and define boundary lines for resource planning, usage and accounting that will influence any organization's profitability.

In respect of objective 2 of the study, it sought to ascertain the challenges hampering the effective operation of financial controls of APNTC. It is emerged from the study that the three most dominants challenges affecting the effective operation of financial control system include: *inadequate training on financial control system, inadequate supervision, and irregular monitoring of activities*. The study further found other dominant challenges affecting the effectiveness of financial controls to include weak accountability institutions and frequent IT system breakdown. This study therefore in consistent with the outcome of a study conducted by Omboga et al., (2016) which revealed that financial control is essential for the firm performance but mostly affected by challenges which include insufficient of staff together with limited supervision and monitoring. The result of the study is also similar to the finding of a study by Gwilliam

& El-Nafabi (2002) which identified weak accountability actors as key challenge to effective functioning of financial controls in public sector in developing countries.

In relation to objective 3, the study evaluated the measures or strategies to enhance the effective operation of financial controls in the APNTC. The study found that although there are several strategies to enhance the effective function financial controls in the APNTC, the three most dominant ones comprise *regular training of staff on financial control mechanism, strict enforcement of existing control policies by management, and regular monitoring to improve compliance*. This outcome suggests that working on these strategic measures to enhance them is very key if the financial controls system in APNTC would work effectively if all things being equal. This finding is similar to the result of a study done by Avery and Obah (2018) which investigated financial controls and public sector accountability in Nigeria. The authors reported in their study that in as much as there are several significant mechanisms to improve financial controls in the public sector institutions, the most critical is the provision of regular training to the staff who are the core implementor of the controls. The authors further indicated in their findings that ensuring strict compliance with available financial controls measures coupled with regular proper and regular monitoring mechanism are non-negotiable if there should be an effective operation of financial control system in public sector institutions.

## CHAPTER FIVE

### SUMMARY OF FINDINGS CONCLUSION AND RECOMMENDATIONS

#### 5.0 INTRODUCTION

The overview, conclusions and recommendations of the analysis taken from the results and roadmap for future studies are presented in this chapter. Whereas the review offers a brief outline of the research problem, aim, method and results, in the light of the research questions, the conclusions capture the general results about the analysis of the collected data and recommend specific remedy to be implemented by specific bodies

#### 5.1 SUMMARY OF FINDINGS

This main aim of this study is to examine the financial control practices in the Ankaful Psychiatric Nurses Training College (APNTC). Specifically, the study tried to look in three objectives which include: to ascertain the financial controls at APNTC, to ascertain the challenges hampering effective operation of financial controls in APNTC, and to ascertain the strategies to strengthen the financial control in APNTC. Following systematic examination of these objectives, the following outcomes emerged.

For the first objective of the study which was to ascertain the financial controls at the APNTC, the study found that there are financial control systems in APNTC. The institution has put control systems in place to ensure effective and efficient use of its financial resources. The study revealed that there exist 5 key financial controls in the institution which include budget control, debt management, expenditure/resource control, financial audit and accounting information systems which are working well in the organization.

With regards to the second objective of the study which sought to ascertain the challenges hampering the effective operation of financial controls of APNTC, the study found that the three most dominant challenges affecting the effective operation of financial control system include: *inadequate training on financial control system, inadequate supervision, and irregular monitoring of activities.*

For the third and last objective of the study which is to determine the measures or strategies to enhance the effective operation of financial controls in the APNTC, the study found that although there are several strategies to enhance the effective function financial controls in the APNTC, the three most dominant ones comprise *regular training of staff on financial control mechanism, strict enforcement of existing control policies by management, and regular monitoring to improve compliance.*

## **5.2 CONCLUSION**

This study investigates the financial control system in Ankaful Psychiatric Nursing Training College. Essentially, the study focuses on establishing the specific financial controls existing in the APNTC, the challenges to their effective operation, and the strategies or ways to enhance its effective operation. In achieving a robust result, the study employed the use of descriptive research design with a quantitative approach and a case study strategy. The study solicited for information through the use of questionnaire by using the purposive sampling technique from 32 respondents. In conclusion, the study indicated that APNTC has put in place effective financial control practices to take care of their financial activities and transactions in APNTC. However, the study established that there are significant challenges hampering the effective operation of the financial controls.

### **5.3 RECOMMENDATIONS FOR MANAGEMENT**

Based on the findings, the study recommends that:

1. It is recommended that staff at all level of the organization must be trained regularly to enhance their level of understanding in the field of financial control practices and as well help them to improve their financial control competence.
2. Management of APNTC must formulate appropriate policies and regulations to facilitate the implementation of financial control practices in order to enhance efficiency and effectiveness in managing the institution as well as foster consistency in the implementation of financial control practices.
3. Management must make sure that they move their finances in accordance with their budget.

### **5.4 DIRECTION FOR FUTURE RESEARCH**

Despite the objectives of the study have been achieved, there are certain areas which are still demanding and therefore requires further research. To start with, it is suggested that further studies can explore a comparison of the financial controls in public and private sector institutions in Ghana. It is further recommended that future studies look at the impact of financial controls on organizational efficiency public sector institutions in Ghana.

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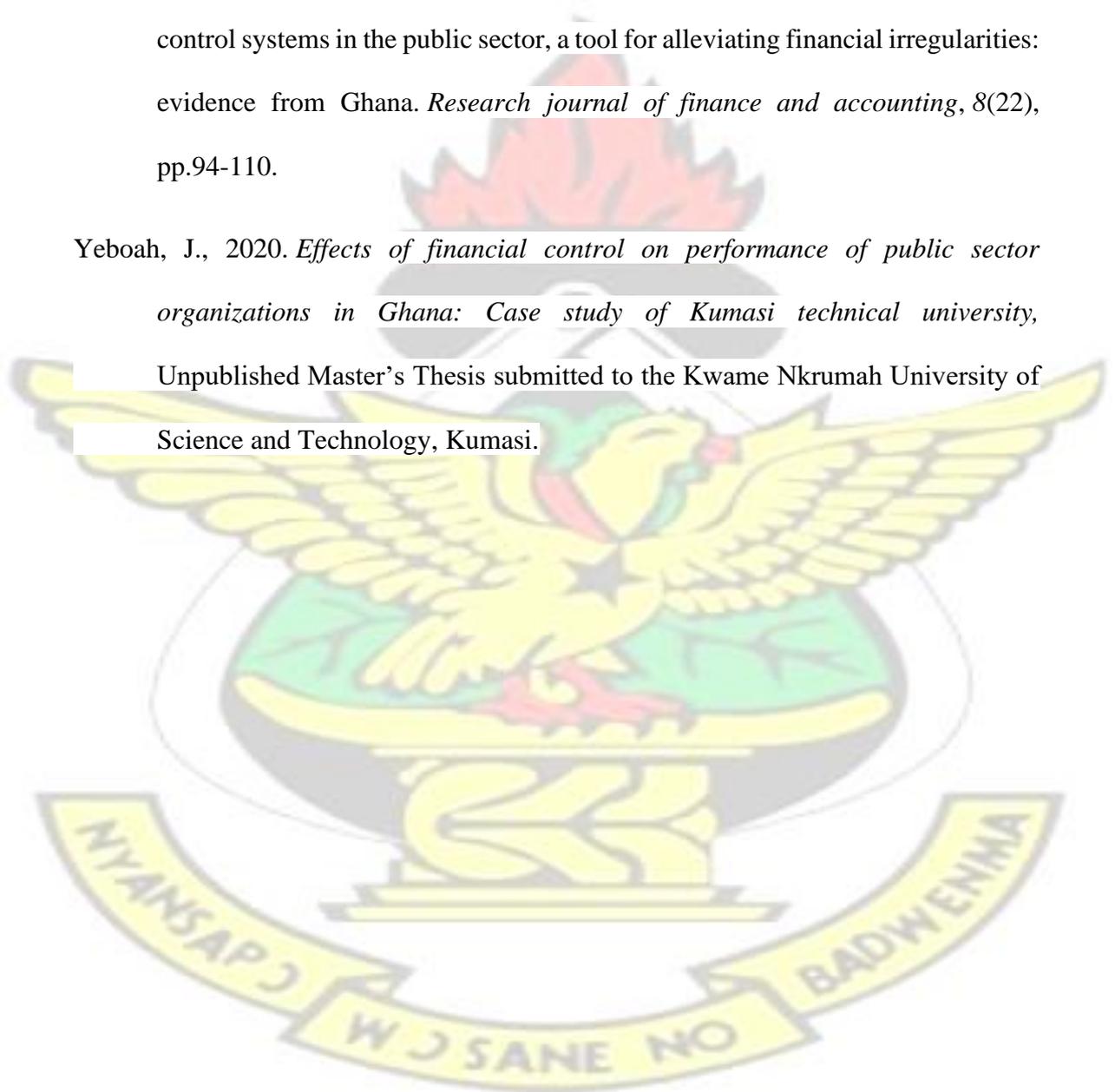
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## APPENDIX

### SURVEY QUESTIONNAIRE

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**COLLEGE OF HUMANITIES AND SOCIAL SCIENCES**

**DEPARTMENT OF ACCOUNTING AND FINANCE**

This questionnaire solicits information for the writing of project work on the topic:

**THE EFFECT OF FINANCIAL CONTROL OF THE PERFORMANCE OF ANKAFUL PSYCHIATRIC NURSES TRAINING COLLEGE (APNTC).**

You are assured that the information you provide would be accorded the utmost confidentiality, and would be used only for the writing of the project, which is a partial requirement for a Master's degree in **Accounting and Finance**

**Instruction: Please tick (write) the correct answer in the box (space) as applicable**

#### **SECTION A: BACKGROUND INFORMATION OF PARTICIPANTS**

- 1 Educational Background: a. Diploma [ ] b. Bachelor's Degree [ ] c. Master's Degree [ ] d. Others.....
- 2 Level/position of officer: a. Junior Level officer [ ] b. Middle management officer [ ] c. Senior Management officer [ ]
- 3 Years of working with institution (APNTC): a. Less than 3 years [ ] b. 3-5 years [ ] c. Above 5 years [ ]

#### **SECTION B: BUDGET CONTROL**

- 4 Does your institution prepare budget? Yes [ ] No [ ]
- 5 How often does the institution prepare budget?
  - a) Monthly [ ]
  - b) Quarterly [ ]
  - c) Yearly [ ]

d) When necessary  [ ]

6 To what extent do you agree to each of the following budget control indicators? Please indicate your level of agreement by ticking in the applicable box where: 1 – Strongly disagree (SD) 2 – Disagree (D) 3 – Neutral (N) 4 – Agree (A) 5 – Strongly agree (SA)

N	Statement	1	2	3	4	5
o.						
A	The training school has effective budget committee					
B	The budget officer/committee is independent enough					
C	The training school has enough funds to support the budget					
D	There are other means to internally generate funds					
E	Projects outside the budget are sometimes considered					
F	Spending outside budget affects other projects					

### SECTION C: DEBT MANAGEMENT

7 Does your organization have creditors Yes  [ ] No  [ ]

8 Does your institution have a plan of agreement to addresses the terms of the outstanding debt between itself and the creditors Yes  [ ] No  [ ]

9 To what extent do you agree to each of the following debt management indicators? Please indicate your level of agreement by ticking in the applicable box where: 1 – Strongly disagree (SD) 2 – Disagree (D) 3 – Neutral (N) 4 – Agree (A) 5 – Strongly agree (SA)

N o.	Statement	1	2	3	4	5
A	Debt management plans help decrease outstanding debts over time to help the debtor to regain control of finances					
B	Debt management can secure a lower overall interest rate, longer repayment terms, or an overall reduction in the debt itself					
C	debt management help minimize the financial cost of the institution					

#### SECTION D: EXPENDITURE/RESOURCE CONTROL

10 To what extent do you agree with the following expenditure/resource control indicators? Please indicate your level of agreement by ticking in the applicable box where: 1 – Strongly disagree (SD) 2 – Disagree (D) 3 – Neutral (N) 4 – Agree (A) 5 – Strongly agree (SA)

N o.	Statement	1	2	3	4	5
A	Expenditure control is the practice of identifying and reducing business expenses to increase profits					
B	Cost control is an important factor in maintaining and growing profitability					
C	Purchase follows the right procurement procedure					
D	There is an effective procurement committee					
E	There is a high independency of procurement committee					

F	The procurement officer/committee influences bidding process						
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**SECTION E: FINANCIAL AUDIT**

11 Does your institution audit its account? Yes [ ] No [ ]

12 How often are the accounts audited? a. Quarterly [ ] b. Six months [ ] c. Yearly [ ] d. Occasionally [ ] e. Other .....

13 Who audits the accounts? a. Internal auditors [ ] b. District auditors [ ] c. Regional Auditors [ ] d. National auditors [ ] e. Other.....

14 To what extent to you agree with the following financial audit indicators? Please indicate your level of agreement by ticking in the applicable box where: 1 – Strongly disagree (SD) 2 – Disagree (D) 3 – Neutral (N) 4 – Agree (A) 5 – Strongly agree (SA)

N	Statement	1	2	3	4	5
o.						
A	Auditors normally check for documents					
B	Auditors always check for physical verification					
C	Auditors always cross check with major suppliers					
D	Staff payments/remunerations are always audited					
E	Auditors work is in-depth enough					
F	Auditors recommendations are implemented					
G	Auditors make follow up checks					
H	Auditors are normally motivated/influenced by account section					
I	Auditors“ motivation influences their independency					

J	Auditors are easily influenced by money					
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**SECTION F: ACCOUNTING INFORMATION SYSTEMS**

15 To what extent do you agree with the following information system indicators?  
 Please indicate your level of agreement by ticking in the applicable box where:  
 1 – Strongly disagree (SD) 2 – Disagree (D) 3 – Neutral (N) 4 – Agree (A) 5 – Strongly agree (SA).

N	Statement	1	2	3	4	5
o						
A	Proper accounting records on cash received					
B	Regular deposit of cash received					
C	Periodic account reconciliation with student records					
D	Records on all disbursements					
E	Periodic account reconciliation with the bank statement					
F	Daily statement from bank on students payments					
G	Accounts department is in charge of all monetary transactions					
H	There is an effective and efficient finance committee					
I	There is proper technology (ICT) for processing all records					
J	All department budgets are properly scrutinized					

K	All purchases are done by the procurement unit and documented					
L	The school opens all contracts for bidding					
M	Government grants are well channeled					

**SECTION G: CHALLENGES HAMPERING THE EFFECTIVE OPERATION  
OF FINANCIAL CONTROLS**

16 What are the challenges hampering the effective operation of financial control system in your institution? Please indicate the extent to which the following challenges hamper financial control system in your institution by ticking in the applicable box where: 1 – Strongly disagree (SD) 2 – Disagree (D) 3 – Neutral (N) 4 – Agree (A) 5 – Strongly agree (SA).

		1	2	3	4	5
<b>No</b>	<b>Challenges of Audit Committee (AC)</b>					
A	Inadequate supervision of work processes by senior officials					
B	Irregular monitoring of activities					
C	Frequent IT system breakdown					
D	Inadequate training on financial control system					
E	Weak accountability institutions					
F	Compliance challenges					
G						
	<b>Others (please specify) .....</b>					

17 What are some of the strategies that can be put in place to help improve the financial control system in your institution?

.....  
.....  
.....

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