

UNIVERSITY OF GHANA

**EVALUATING THE EFFECTIVENESS OF INTERNAL CONTROLS BETWEEN
PUBLIC AND PRIVATE HOSPITALS**

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**THIS LONG ESSAY IS SUBMITTED TO THE UNIVERSITY OF GHANA, LEGON IN
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INTEGRI PROCEDAMUS

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DECLARATION

I do hereby declare that this work is the result of my own research and has not been presented by anyone for academic award in this or any other university. All references used in the work have been fully acknowledged.

I bear sole responsibility for any shortcomings.

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CERTIFICATION

I hereby certify that this long essay was supervised in accordance with procedures laid down by the University of Ghana.

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.....

DATE

DEDICATION

This work is dedicated to the LORD GOD Almighty for His gift of life, wisdom and grace He has provided me to go through this study successfully.

This work is also dedicated to my family Mr. and Mrs. Adom-Frimpong, Samuel Asare, Maxwell Nyarko Asare and Rosina Ampah whose effort has brought me this far.

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LIST OF ABBREVIATIONS

ICs-Internal Controls

ICS-Internal Control Systems

IPSASB-International Public Sector Accounting Standards Board

COSO- Committee of Sponsoring Organizations of the Tread way Commission

ABSTRACT

In the current economic environment, the trend of business activities and an ever-changing business has made it imperative for all forms of entities be it public or private to maintain and ensure internal control systems that are effective and can achieve optimum results for the entity in question. The main objective of the study was to evaluate the effectiveness of internal control systems between private and public hospitals. Descriptive research design was employed for the study, largely using primary data from a total of thirty-five (35) respondents from 27 hospitals of which eleven (11) were public hospitals and the remaining sixteen (16) were private hospitals. For sampling purposes, the purposive and the convenience sampling techniques were employed to achieve the objectives of the study.

From the study, it was revealed that both public and private hospitals attested to the existence of some policies and procedures which ultimately ensure internal controls in the hospitals. In addition, it was found that control systems are largely effective in both private and public hospitals, taking into account the percentage of persons who were in agreement that these systems have been effective tremendously except for the fact that when it comes to the private hospitals, the percentage of agreement is higher than that of public hospitals. This means that the private hospitals have been more effective as a result of the internal control systems. Furthermore, it is revealed that internal controls have had positive impact on both private and public hospitals. However, the positive impact in the case of private hospitals was found to be higher. It was also found that when it comes to challenges, private hospitals are better managers of the challenges possibly because they have ICS that function properly as compared to that of the public hospitals. It is thus recommended that to ensure the achievement of optimum effectiveness through the institution of ICS, the management of the hospitals must ensure that they provide their employees

with the needed training as well as developmental programs prior to and after implementation of internal control systems to ensure their efficiency hence ensuring their effectiveness.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Public as well as private entities exist to achieve certain goals and objectives. The main goal of a private entity is to primarily maximize returns for its stock/shareholders whereas that of a public sector entity is primarily to seek and ensure the welfare of its citizens (IPSASB, 2010). Both private sector entity and public sector entity exist in the same economy and also compete for the same scarce resources just to mention a few. These resources will have to be safeguarded in order to derive maximum benefit from them and to do this, control measures will have to be instituted.

Irrespective of the form or type of business nowadays, internal control issues have become an important subject matter for both private sector and public sector entities mainly as a result of issues such as efficiency, effectiveness, economy and in totality, value for money (Augusto, 2017; Jovanović & Ljubisavljević, 2011). Accountability in the private as well as public sector can only be achieved if there are proper mechanisms in place to hold persons accountable (Bazmi, Rehman & Rehman, 2016; Augusto, 2017).

Generally speaking, Internal control is explained to be the processes for assuring achievement of an organisation's objectives or targets in an atmosphere of effective and efficient operations, reliable financial reports as well as strict compliance with rules, regulations and policies. As posited by COSO (2013), a business or organization requires internal control system so as to ensure that they achieve their financial, operational and compliance objectives; that is, helping the entity to achieve its mission. Due to an ever-changing economic environment, shift in customer demand

and priorities, and restructuring for sustainable development and future growth, issues of internal control have become very important irrespective of whether an entity belongs to the private sector or public sector.

Just like any private entity, private hospitals exist with the prime aim of providing health related services at a cost-plus profit so as to maximize its shareholders' wealth. Also, just like any public sector, Public hospitals also exist in order to provide health services to all citizens at a subsidized cost thereby ensuring the welfare of the citizenry.

That governments exist to serve the interest of its people, it is important that they are held accountable to the latter (Bello, 2001) and one such way of holding them accountable is by putting internal control measures in place to check their activities.

Due to inadequate internal control systems large sums of monies are lost through fraud which to a large extent drains the state of its insufficient and meagre resources (Bello, 2001). Private businesses and in this particular instance private hospitals are also confronted with a myriad of problems as a result of poor internal control systems.

In conclusion therefore, internal control systems are the several measures instituted by organizations in order to ensure that the mission, objectives, as well as goals are achieved (Ogneva et al, 2007). Also, internal control systems may be measures to avoid wastages, theft and mismanagement of an organisations' assets and these are very important to both private and public hospitals.

Currently in Ghana most entities, be it public or private have internal control measures in place and what this study is seeking to reveal is to evaluate the effects of these internal control systems between public and private hospitals.

1.2 Statement of Problem

Private and public entities alike have certain objectives to achieve in order to remain in existence. Resources for both private and public entities alike are virtually scarce hence the need to put measures in place to safeguard and obtain the optimum results from the available ones.

Private hospitals just like any private business exists to provide health services to its clients but at a profit, so as to create and maximize wealth for its shareholder(s) as such there needs to be systems in place that will ensure that, for every one cedi that the hospital incurs, there is value for money and systems to also ensure that theft as well as other forms of mismanagement is reduced to the barest minimum.

In today's competitive business world, private businesses for that matter private hospitals need profit in order to grow and survive. Nonetheless, while the desire to make huge profits should be the primary focus of any private entity, internal control systems that are weak may result in the failure of the entity not achieving its objectives. Internal control systems thus ensure that all assets are properly safeguarded since it is these assets that help in generating profits for the firm. To corroborate these assertions, Kirsty (2008) revealed that internal control systems in businesses helps in ensuring confidence in its ability to perform a specific activity/task and also ensures that losses and other forms of business errors are reduced by means of monitoring activities as well as improving organizational and financial statement reporting processes and above all making sure that there is compliance with relevant rules, laws and regulations. Additionally, Muio (2012) performed a study on the impact of internal control on the financial performance of private hospitals in Nairobi and it was revealed that there exists a significant relationship between internal control systems and financial performance.

On the other hand, public entities are governmental entities established with resources from the tax payer as well as other donor sources. Since these resources are scarce in relation to the existing needs of the nation, there is the need to put measures in place to ensure that value is obtained from every penny that is spent. In spite of the efforts being made by governments, state funds meant for developmental purposes amounting to millions go into the pockets of individuals as a result of fraudulent acts by some individuals mainly attributable to ineffective internal control measures. Some public servants end up spending monies meant for the state on themselves on their personal projects which goes a long way to disadvantage the state as a whole (Ricchiute, 2000). A study was carried out by Csazer (2000) and it was observed that lots of fraudulent acts take place in the public sector as a result of internal control systems and mechanisms that are weak. Again, a study was undertaken by Njui (2012) to investigate the effectiveness of internal control and audit in enhancing corporate governance in the public sector in Kenya and it was observed from this study that internal control has the greatest influence on corporate governance within Kenya government ministries followed by risk management while compliance and consulting were revealed to have the least effect. Other studies have also been conducted to test how strong internal control systems are in both private and public companies and an example of this study was that of Ngugi (2011) who conducted a survey of internal control systems among listed private companies and the public sector companies in Kenya and the result of this study showed that when it comes to strong internal control systems, the private sector as compared to the public sector was far ahead with stronger internal control systems.

Private hospitals and public hospitals need strong internal systems in place to ensure the meeting of objectives. There are a number of studies on internal control systems and their impact on

performance on businesses both private and public as well as other subject matters (Csazer, 2000; Crawford, 2011; Doyle et al, 2007 and Njeri, 2014).

Although the concept of Internal controls is an essential one when it comes to the operations and success of an organisation, little have been the empirical studies to show how it helps to achieve the objectives of the entity and more importantly, there exist few studies particularly with regards to comparative studies to ascertain the effectiveness between private health facilities and public health facilities specifically taking into account the context of Ghana. For instance, a study was conducted by Ibrahim, Diibuzie and Abubakari (2017) in some health facilities in the Upper West area of Ghana and from the study it was revealed that the correlation between internal controls and financial performance is positive and further findings showed it was three of the elements of the internal control that were significant having p-values which were less than 5%.

In addition, Effah (2011) conducted a research in Brong Ahafo area of Ghana on two key health facilities in the jurisdiction and it was observed that there exist control systems in these hospitals which are guided by legislations such as the Financial Administration Act as well as the Internal Audit Agency Acts among others such as COSO. Further, a research on ICs was conducted by Osei-Boakye (2016) a health facility called Edweso Government Hospital. Most of these studies did not seek to do a comparison between private health facilities and public ones. There is therefore a gap as far as a comparative study is concerned considering the existing studies. The study will therefore address this issue accordingly by selecting a number of public and private hospitals in the country and then evaluate the effect of internal controls on them.

1.3 Research Objectives

The main objective of the study is to evaluate the effectiveness of internal controls between public and private hospitals. Specifically, the study seeks to;

- i. To evaluate the effectiveness of internal control measures between public and private hospitals.
- ii. To ascertain the impact of internal control measures on the performance of private hospitals.

1.4 Research Questions

Based on the objectives of the study the following questions are posed;

- i. What is the degree of effectiveness of internal control systems between public and private hospitals?
- ii. What are the impacts of internal control systems on the performance of private hospitals?

1.5 Scope of study

The purpose of this study is to evaluate the effectiveness of internal control systems between public and private hospitals. The study expects to use primary data in arriving at the objectives of the study. The primary data will be obtained through well-structured questionnaires that will be administered to both selected public and private hospitals to obtain the needed data for the study. For data analysis purposes, SPSS software will be employed and the qualitative method of analysis will be used in analyzing the data.

1.6 Significance of Study

Both public and private hospitals exist in an economy where there are scarce resources and so there is the need for systems to be in place to protect these resources which are scarce. This study will therefore bring to bear the effectiveness of internal controls on public and private hospitals and hence inform management of both private and public hospitals on measures to put in place so as to ensure stronger control systems for better performance.

This study will help both private and public hospitals on the formulation of policies as well as procedures so as to increase productivity irrespective of the business.

Last but not least, recommendations will also help governments in coming up with innovative internal control measures that will go a long way in helping public hospitals in getting value for money in every transaction that is carried out in public hospitals.

1.7 Limitations

Financial resources as well as time resource are crucial elements if any research work is to be undertaken properly and objectively. However due to constraints with respect to time and financial resources the study may not cover private and public sector hospitals in other regions which may affect the completeness of the study. Also, it is expected that getting information on the effect of internal controls from public hospitals and private ones might be a little difficulty hence has the potential of affecting the outcome of the study.

1.8 Organisation of Study

The entire study will be divided into five (5) chapters. Chapter one (1) touches on issues like the background of the study, problem statement, study questions and objectives, scope and significance of study as well as the organization. Chapter two (2) will be on the literature review (both theoretical and empirical) and will also see the definition of certain key concepts and terms. Chapter three (3) will be on the data and the methodologies and will comprise of such things as research design, sampling technique, sample size, population of etc. Chapter four (4) will be on the interpretation and the analysis of data, which will be carried out to meet the objectives of the study. Lastly, chapter five (5) will present the summary, conclusions and recommendations of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter contains the relevant literature on Internal Controls which includes related theoretical reviews as well as concepts and terms relevant to the topic. It will also capture empirical review as relates to the subject.

Internal control systems are important in the life of business whether public or private mainly because the institutions of internal control systems ensures proper management of resources and results in optimum performance of the entity. For both private entities and public entities, economic resources are scarce hence the need to put measures in place to ensure value for money as well as other resources in a world that is ever changing in terms of technology and behavior of markets which result from the interaction of demand and supply hence increasing competition. The private entity employs resources from its shareholders and has the primary objective of maximizing the wealth of these shareholders hence the need to have systems and measures in place which will facilitate the achievement of this objective and the way to go is through internal control systems. Also, public entities although do not exist to make or maximize profit (especially public hospitals), they have a mandate for maximizing the social welfare of citizens by utilizing resources mobilized from the citizens which comes in the form of taxes paid to state through its authorities. To ensure value for money and also make sure the right thing is done in terms of management of these public entities, it is imperative for ICSs to be in instituted as it is known to have an impact on their performance especially by reducing the resources that goes into individual pockets through corruption which should have been channeled into other infrastructural projects.

As far as the study is concerned, certain theories are relevant for discussion as they will give insight into the relevance of internal control systems. For purposes of achieving the objectives of the study, the agency theory, stakeholder theory, stewardship theory and the Institutional theory will be discussed.

2.2 Effectiveness of Internal Controls

The effectiveness of internal controls has to do with the fluidity of the system's internal interaction and how well and proper the system has been rooted in the entities processes and activities. According to Ayagre, Appiah-Gyamerah and Nartey (2014) one of the key factors which ensures the effectiveness of internal controls and assurance has to do with the creation of what is known as agents of effectiveness. They further stated that these agents of effectiveness include dynamic board as well as an internal audit office that is autonomous. Despite the fact that internal control systems are procedural, how effective it will be is a state of the process. For this reason, Ayagre et al. (2014) posit that it is key to constantly and consistently assess the internal control systems intermittently.

How effective an internal control system is can be evaluated on three levels. This include; the extent to which the directors understand how the organisation's objectives are being achieved, how reliable the financial statements are and how well appropriate rules and guidelines have been complied with.

As reported in Amudo and Inanga (2009) also, an internal control system that is deficient is one that ignores how internal control elements can be measured but often stresses on an elaborate control system/framework.

COSO (2011) on the other hand, reports that the proper functioning or effectiveness of the individual components of an internal control system to a large extent determines how effective the

whole control system will be. This essentially suggests that the effectiveness of the five elements of control systems determines the total effectiveness of the controls framework. As such, the assessing of the frameworks' effectiveness must be in line with the individual elements.

Also, the effectiveness of control framework is a subjective decision that depends on the individual components of the whole control system (COSO, 2011). It is also required that evaluators responsible for internal controls must understand how the five components of internal controls work individually, the working philosophies of the elements as well as how these elements are applied in the organization (Agyare, et al., 2014).

The purpose of any internal control system is to put mechanisms in place that will prevent, correct as well as detect errors and other forms of fraud in the business organization.

In this regard, the author of the study believes that an effective internal control framework is one that has the potential for preventing errors from taking place, identifying errors when they occurred and also corrects identified errors.

The effectiveness of internal controls is emphasized by different authors. One such work is Mensah et al. (2003) whose study revealed that effective internal controls help in improving good corporate governance practices in Ghana. In the case of Indonesia, Pratolo (2007) found that effective internal control had a direct link with corporate governance at State Owned Enterprises. In line with the findings above, additional studies in Indonesia by Viriyanti (2008) found that internal control had a positive link with good corporate governance in SOEs in West, Java, Indonesia.

The effectiveness of controls are subjective decisions on whether there is a sound assertion that the aims of internal control are being met.

2.3 Explanation of Concepts, Terms and Relevant Issues

Internal controls involve a number of things hence the need to define and explain relevant concepts that relates to the topic.

2.3.1 Internal Controls

The concept of internal control has had reforms over the period and therefore means different things to different section of people all over the world. The term as defined by the Statement of Auditing Standards (SAS, 300) are all the policies and other procedures employed by the directors and management of an entity to aid in the achievement of their goals and objectives by ensuring as far as possible the orderly and efficient operation of its business, and also strictly obeying and adhering to internal policies, ensuring assets are safeguarded, the prevention and detection of activities of fraud and errors, ensuring that accounting records are accurate and complete as well as the prompt preparation of financial information that can be relied on.

On the other hand however, the Committee of Sponsoring Organisation popularly known as COSO (1992) and also called the Treadway Commission explained the term to be a process carried out by an organisation's board of directors as well as management and other staff which is created to make available reasonable assurance pertaining to the achievement of objectives captioned under three categories namely: effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

In addition, as reported in Zabihollah (1995) a report was issued by the Canadian Institute of Chartered Accountants which was known as guidance on control and was referred to as Criteria of Control (CoCo). According to the CoCo, internal controls are said to be actions that ensure optimum results for the entity. Per the report, the actions which contribute to organisations' achievement of its objectives hover around the following elements namely; effectiveness and

efficiency of operations, reliability of internal and external financial reporting as well as complying with laws and regulations which are relevant and can be applied and also going strictly by internal policies.

A different definition was offered by Whittington and Pany (2004) which points to the same direction and according to them, internal controls refers to a collection of processes, functions activities, sub-systems as well as persons who have deliberately come together or intentionally segregated in order to ensure the effective achievement of goals and objectives.

Taking into account the various elements of all the definitions, one can clearly see that they all point to the same direction which is to bring about the assurance that the resources of the entity will be put to good use hence ensuring value for money and the effective and efficient use of resources thereby bringing about optimum results.

2.3.2 Elements of Internal Controls

Internal controls have five interrelated parts which are employed devising an internal control system and also for purposes of evaluating the performance of these internal control systems. It is thus worth noting that these various parts work together in forming a strong combination of techniques/methods and procedures and processes which entities adhere to in their operations (COSO internal control-integrated framework (1992)). The elements under internal control include control environment, risk assessment, Control Activities, information and communications as well as monitoring. These are briefly explained below;



Source: www.coso.org

Control Environment

Control environment is the first element of any internal control system and has been given different meanings by different authors. As far as ICS is concerned, control environment stands for a collection of standards, procedures, structures as well as processes that provides the tone for the carrying out of internal control systems in the business entity. As explained by the Institute of Internal Auditors (IIA), it is the foundation on which an appropriate and effective ICS is developed and carried out in the entity and this control environment seeks to achieve the strategic objectives of the entity, making available the financial reports to both external and internal stakeholders, and ensuring that business activities are carried out more effectively to ensure compliance with all relevant and applicable regulations and laws and ultimately to safeguard the assets of the business entity.

It commences from the top management and also influences the control consciousness of the employees of an entity. Others such as Jokipii (2006) also explain the term as the style, philosophy and also includes the supportive attitude, value system, the competence, the self-esteem and the

integrity of those engaged with the entity. Also, Whittington and Pany (2006) explain the concept to be that part of internal control systems which ensures that the right mechanisms and systems are put in place in order to achieve the goals for which the internal control systems was instituted and also create the atmosphere and climate which finally impacts the quality of internal control systems.

Inferring from the above explanations, it can be said that the control environment pertains to the management as well as key staff who are into the decision-making process of the entity, which reflects their style and philosophy. In addition, control environment to a large extent is influenced by the culture of the entity and can have a bearing on the way the entity structures its activities (Hannah, 2013). This therefore stands to mean that if an entity wants to meet its objectives, the board of directors as well as management and other important staff must work with integrity and demonstrate good ethical values (Kaplan, 2013).

According to COSO (2013) the dimensions of a control environment are oversight of board, integrity and ethical values, structure, authorities and responsibility, human resource policies and practices as well as accountability.

Risk Assessment

Risk assessment is another element of internal control system. Risk assessment is explained by Sudsomboon and Ussahawanitchakit (2009) as the identification and analysis of relevant management risk as pertains to the preparation of financial statements. Others such as Theofanis, Drogalas and Giovanis (2011) explain the component to be the process of discovery as well as the evaluation of risks for the achievement of the organisations' objectives. Risk assessment in internal controls cannot be overlooked and to corroborated this view, Kaplan (2013) states that risk

assessment has to be systematic and then incorporated into the entity's procedures and systems. Organisations on daily basis are faced with risks which can either be controlled or not controllable and according to Woolf (2013), for entities to discover and assess risks which can be controlled or cannot be controlled, the assessment of risks as pertains to internal control systems must be carried out on daily basis.

Controllable risks are the risks than can be minimized by instituting internal control systems while the uncontrollable risks are the ones that affect the organization as a result of the environment in which they operate and therefore cannot be minimised (Davies & Aston, 2010). The risk assessment process just like the control environment, is made up of certain dimensions (COSO, 2013; Kaplan, 2008 and WHO, 2013). It is important to state that if the risk assessment process is effectively designed and implemented, corporate performance has the potential to be enhanced (Kaplan, 2008).

Control Activities

As posited by Edward (2011), control activities connote those policies, processes as well as procedures that provides assistance in ensuring the implementation of those management policies and directives as well as taking actions that seeks to mitigate or reduce risks in the business all with the aim of achieving the objectives that have been established by the business entity.

Schandl and Foster (2019) in addition explained the concept of control activities as those actions which are widely connote the policies, plans, procedures as well as standards which assist the management of the entity in mitigating the risks inherent in the business so as to ensure and facilitate the achievement of the organisations' objectives and goals when it comes to the bigger picture. Controlling activities are undertaken at all levels of the organisation and these may be in

the form of preventive and detective controls. Control activities is another component of an internal control system. According to Lamoye (2005) these are policies and systems that makes sure that directives of management are executed rightly and also in a timely manner. The control activities involve such issues like review of performances, processing of information, physical controls as well as duty segregation which are executed by management for the achievement of the entity's objective and as well ensure risk mitigation. Other working paper like that of the state of New York and DiNapoli (2007) also refer to the component as the set of instructions, rules, methods as well as decisions that have been arrived at which relates to various management activities in order to ensure that the entity achieves its objectives and as well ensure risk reduction. Walker (1999) reports that control activities take place at every level of the organization. Controlling activities consist of functions such as authorizations, verifications, approvals, performing of reviews, reconciliations, security maintenance as well as creating and maintaining related records which makes available evidence of those activities that have been executed as well as appropriate documentation.

Furthermore, Walker (1999) reported from a study carried out that some of the activities that are undertaken in control activities include the management of human capital, reviewing of functional or output level by management, putting measures in place to control the processing of information, ensuring physical control measures as regards assets that are vulnerable as well as the reviewing of performance measures and systems and other events, ensuring the accuracy as well as events and transaction recordings on a timely basis, putting measures in place to ensure accessibility for duly authorized processes, making sure there is resource accountability as well as properly executed documentations.

Information and Communications

As reported by Asiligwa (2017), systems of information generate data as well as reports that is made up of information which is operational in nature as well as both financial and non-financial and compliance centered information which makes the running and controlling of business operations possible.

This is also a component of internal control systems and in its widest usage, it refers to the processes that consists of the identification, the capturing as well as the dissemination/exchange of data and information for the attainment of objectives. This system of information, which also involves accounting systems, allows the entity to arrive at decisions which are appropriate in the management and controlling of activities.

According to Lamoye (2005) in order for control systems to function well and bring the expected results, there has to be information that is relevant and reliable for the use of management and other workers in the organization. For internal control systems to deliver results, information that comes in the right form and is timely is imperative. The availability of information and its communication therefore ensures that workers within the organization understand what they are supposed to do and makes them accountable for tasks and duties undertaken.

Monitoring

In its widest usage, monitoring is a function of internal control systems that tries to evaluate the quality of internal control systems or assessing whether the internal control systems have been able to achieve stated objectives or not. As reported by Simmons (1995) monitoring can be carried out on activities that are ongoing or as a separate evaluation where the ongoing type of monitoring is takes place on those activities that recur normally in the business entity. It is important to state that

the aim of monitoring is to make sure that ICSs are designed very well so as to ensure effective and appropriate execution.

In conclusion, if the five elements of ICSs are available and working properly in businesses, it is then that one can clearly state that the ICS have been designed with all adequacy and effectively executed.

2.3.3 Internal Control Classifications

ICs are arranged under different groupings as noted by Dittenhofer (2001) and Di Napoli (2005). Per the view of Dittenhofer (2001) internal controls are grouped based on duty separations, asset safeguarding, approval and authorization, verification, documentation as well as financial reporting.

On the other hand, researchers like Di Napoli (2005) argued that internal controls can be classified into compensating controls, detective controls, preventive controls, directive controls and corrective activities. The classifications according to Di Napoli (2005) are briefly explained below.

Directive Controls

As indicated by Di Napoli (1999) directive controls are instituted in order to guarantee compliance with rules and regulations. He further indicated that authorities must disseminate information within the organization stating in clear terms that procedures of control are very essential in the promotion of directive controls compliance. What directive control does is that, it is able to identify that a mistake has taken place but does not prevent such errors from occurring. It is important to state that activities like audits, stock taking, reviews, reconciliations as well as variance analysis are some of the activities that take place under directive controls. Directive controls thus provides evidence concerning how effective preventive controls are.

Preventive Control

These are controls that are instituted by the organization in order to deter persons from not complying with established policies and procedures. These are controls which are proactive that assist in the prevention of losses. Preventive controls may include duty separation, proper authorization, sufficient documentation as well as physical controls over assets (Di Napoli, 1999).

Compensating Controls

Compensating controls are those controls that are meant to make up for a control that lacks elsewhere in the system. For instance, organisations with an electronic record or database of clients may have a hardcopy backup of the list of clients in a safe. This will ensure that when the electronic system goes down, the hardcopy backup can just be located and used. Having the hardcopy therefore compensates for any downtime in the electronic system. The list of clients would have to be reprinted from period to period in order to add new clients and would ensure the mitigation of some of the obsolescence that is inherent in using hard copy records (Di Napoli, 1999).

Detective Controls

These are types of controls that are established for identifying mistakes/errors after they have occurred. It is however important to note that controls that are preventive in nature are much more critical than those that detect errors that have occurred. In addition, detective controls do not function legitimately with the absence of penalties (Di Napoli, 1999).

Corrective Activities

These are activities that are undertaken by management and other key staff of the organization in order to correct any mistake that has occurred in the system. Examples of these corrective activities

may include close supervision and oversight as well as management review programs such as the reviewing of cost center reports and personnel expense reports.

2.4 Theoretical Literature Review

Agency Theory

The agency theory posits that a business entity's key objective is to maximise the wealth of its stockholders. According to the theory, business entities are made up of principals who own the economic resources and Agents are those who manage the resources of the principals. Amazingly these Agents do not always share in the objectives of the principals and hence end up pursuing their objectives at the expense of that of shareholders (principals). This situation is even aggravated by the separation of ownership and decision-making authority; the latter which is vested in Agents. The pursuing of personal interests by managers (agents) at the expense of that of stockholders is referred to as Agency Problem (Adams, 1994). In order to remedy this situation, the stockholders institute initiatives like internal control systems, the implementation of which results in the safeguarding of the organization's assets, confirm and verify accounting records and above all make sure that the interest of stockholders are pursued. Other means by which stockholders try to align their interests with that of the managers is by instituting internal audits and external audits. The internal audit which forms part of the internal control systems serves as a feedback system for remedying weaknesses inherent in the system before they have any negative impact on the performance of the organization (Freeman, 2004).

Stakeholders Theory

The stakeholder theory posits that an entity is in existence to create value for its stakeholders. Stakeholders are simply individuals or any group that has an interest in the activities of a business

entity and is affected by the success or failure of the organization. The theory was propounded on the basis that a modern organization is influenced by a large section of stakeholders which could either be primary or secondary stakeholder (Freeman, 2004).

Taking into account the stakeholder theory, the primary stakeholders of a business organisation include equity holders staff or workers of the organisation, those who patronize the goods of the entity known as customers or consumers, management as well as the government and suppliers or creditors and the secondary players or stakeholders consist of the media (both print and electronic), financial analysts as well as the public as a whole. A system that ensures that each of these stakeholders' issues are addressed accordingly is the process of corporate governance which ensures the direction, governing as well as the controlling of the business entity. The key purpose of instituting corporate governance is to ensure that a balance is struck between social and economic goals and policies as well as goals that are individual in nature and those that are communal in nature. Its main target is to ensure that there is an alignment as far as the interests of individuals, business organisations and the society as a whole is concerned. That is ensuring that the various stakeholders are given the attention that they deserve from the entity depending on the part they play in the life of the organisation. As reported in the study by Hoffman (2002), the concept of corporate governance has other wings which include shareholder-related theories of governance as well as stakeholder-related theories on governance.

The author of this study therefore believes that the stakeholder theory is one key factor that is looked at in an organisation and is one for the fundamental reasons for the institution of internal control systems so as to ensure that the varied stakeholders obtain what is due them and thus achieve optimum outcomes for the organisation.

Institutional Theory

The propounders of the institutional theory Fogarty et al. (1997) posits that organisations are designed and functions to satisfy social expectations as far as their operations are open to the public. It is important to state that organizational internal operations which are normally very complex and difficult may come after the issue of external legitimacy. Fogarty et al. (1997) also posits that the contribution of institutional theory is situated in the insight that real achievements of an entity and what its system suggests should achieve are most of the time varied.

Entities function with internal processes and procedures which are usually not made known to those that are external to it, while it is important to state that systems and structures meant for outsiders do not immensely add to productivity. Also, according to Fogarty (1996) scrutiny and monitoring of external parties could be prevented if the appropriate systems and structures are put in place by the entity. In a situation where there is loose technological coupling, it allows entities to demonstrate success in external challenges while permitting flexibility in operational processes. It is therefore in this light that entities and organisations should be willing and able to bear the high cost of instituting different technologies and structures in the internal audit department to ensure that internal controls are strengthened to achieve optimum results. Institutional theory therefore plays a key role in understanding the establishment of internal control systems in an organisation.

Stewardship theory

The Stewardship theory is a theory that states that managers are stewards of the business and thus hold the assets of owners in trust. The stewardship theory in addition to the Agency theory plays a significant part in comprehending the dynamics of organizational behavior. The stewardship theory primarily entails the analysis of reasons responsible for the co-existence of non-economic,

trust-based relationships which comes alongside agency relationships in entities which come about as a result of principal-agent interest convergence (Corbetta & Salvato, 2004). The stewardship attitude as a concept entails trust and commitment to a set of shared values that are demonstrated by the principals as well as agents (Albanese, Dacin & Harris, 1997; Davis, Schoorman & Donaldson, 1997) and serves as the foundation for this interest alignment.

It is important to state that the stewardship attitude of players in an entity caters for some problems and other challenges inherent in the theory of agency but tends to have its own set of problems and challenges when applied in the organizational settings of certain businesses. As stewards of an organisation, there are times when the interests of owners or principals may not be pursued but rather overridden by the interests of these stewards. This therefore calls for systems to be put in place to ensure adherence to stated objectives and one way of doing this is by instituting internal control systems in the organisation to control activities and operations in the entity so as to ensure value for money hence optimum results.

The above theories as briefly explained help to understand why internal control systems are important in the operations of an organisation. They are therefore relevant in understanding issues pertaining to the performance of organisations as far as internal controls are concerned.

2.5 Review of Empirical Studies

To begin with, employing a purposive sampling method, Ofori (2011) carried out a study on Ghana Post Company and found that the components/elements of IC to be effective in the company, where monitoring which is one of the elements stood out tall as the most effective element.

Assessing the performance of public water companies as a result of ICs in Kenya, Njiru (2016) showed there was a direct impact of ICs on the financial performance of these water companies.

In addition, employing a descriptive research design as well as a multiple linear regression in analysis, Muhunyo and Jagongo (2018) it was revealed that the elements of ICs have a significant influence on the financial performance of the institutions of higher studies which were sample for this research. The study however made a recommendation that the institutions must institute measures so as to improve their ICS and also put accountability systems in place to ensure a safeguarding of the entities resources and assets.

Furthermore, carrying out a study in the northern part of Ghana specifically, Upper West Region, Ibrahim, Diibuzie and Abubakari (2017) found a positive relationship between ICs and financial performance of the institutions that were sample. The study thus recommended that the right ICS as proposed by auditors in the health organisations should be implemented and ultimately monitored periodically.

Aduam (2015) evaluating the effectiveness of ICs mechanisms of the Techiman Municipal Assembly and using the purposive sampling method in data collection revealed that IC processes are not adhered to fully by the Techiman Municipal Assembly. Effah (2011) also evaluated the internal financial controls in hospitals which had public ownership and this was specifically the case study of Regional and Municipal Hospitals, Sunyani and District Hospital Bechem (Brong-Ahafo). The sampling technique which was employed was the purposive sampling technique and the study revealed that the hospitals practice ICs which is regulated by Acts such as the FAA, PPA, IAAA and the application of some components of COSO.

Other authors such as Osei-Boakye (2016) also carried out a study to ascertain the role of internal control in the public sector and this was specifically done using the Edweso Hospital. Data for the study was collected by employing a convenience sampling technique particularly for employees and for management members, the purposive sampling method was employed. The findings of the

study showed that ICS had been effective at the Hospital which came about as a result of effective supervision, duty separation, right authorisations and approvals. The study further reported that there were some challenges that the ICS encounters in the process of implementing like poor judgement into the decision-making process committing mistakes as a result of carelessness as well as tiredness among other things. The study thus concluded that ICS in the hospital had a positive impact on the satisfaction of employees.

Additionally, employing data from 54 hotels in Central Anatolia Region in Turkey, Çetin and Yetiş (2017) evaluated the effectiveness of the ICS in hotel business and the results revealed that ICS in the hotel enterprise is operated effectively but this effectiveness of the ICS does not depict any meaningful differences based on the classes and positioning of the hotel enterprises.

Appiah (2012) performed a study to assess the ICs practices in the regional hospital of Eastern Region specifically located in Koforidua and a cross-sectional descriptive survey approach using a quantitative technique of data collection was utilized. From the findings of the research, it was revealed that the main challenges affecting ICS at the hospital were insufficient audit staff, insufficient logistics and intimidation as well as interference from staff. The author of the study therefore recommended that management must employ more audit staff and as well make available the required logistics for an effective internal control practice in the hospital. Other studies that show that internal controls have a bearing on performance exist. For instance, Adu-Frimpong (2015) evaluated the effects of internal controls in the operations of financial entities and was specifically a case study of bond savings and loans and the study employed a descriptive design as well as quantitative approach and it was revealed that the entity employed a hybrid control framework in its IC processes and that the formulation of internal control policies was done by the board and management of the company. Since it was observed from the study that it was only

management and the board that were responsible for the formulation of ICS policies, the author recommended that other staff who are not part of management but part of the company must be part in the formulation of ICS policies and that the entity should also undertake constant control system reviews.

Kenya and Muthusi (2017) using the descriptive research design, evaluated the internal controls and financial performance of commercial banks in Kenya and from the study, it was revealed that there is a positive relationship between the five components of ICS and the performance of the commercial banks. The study therefore made some interesting recommendations that the banks should make sure they have a suitable control environment in which ICs are supported in order to bring about improved performance and that the banks should constantly check their activities and policies so as to be in a position to deal with threats.

Consistent with the study of Kenya and Muthusi is that of Mwakimasinde, Odhiambo and Byaruhanga (2014) which sought to ascertain the impact of ICS on the financial performance of companies engaged in sugarcane outgrowing and showed that ICS has a direct effect on the financial performance of the companies. Performing a study on the topic “impact of effective internal control in the management of Mother and Child Hospital Akure, Ondo State” and employing a sample size of 50 respondents and the chi-square test statistics, Adebisi (2017) found that ICS had a significant effect on the management of government parastatals. The author therefore recommended that sufficient ICs ought to be preserved so as to ensure that there is observance to management policies so as to achieve objectives.

Again, Njeri (2014) using a multiple regression analysis for analyzing data obtained in ascertaining the effect of ICs in the financial performance of manufacturing firms in Kenya, it was found that there existed a significant relationship between ICs and financial performance. A study also

performed by Ricchiute (2000), argues that the success of any entity whether private or public or those meant for profit making or not, is impacted by the ICS as it goes a long way in making efficient and effective use of economic resources in the organization.

Authors such as Nyakundi, Nyamita and Tinega (2014) also performed a study to examine the outcome of ICS on the financial performance of some selected SMEs in Kisumu city, Kenya precisely evaluating the correlation between ICS and ROI and also identifying the level of knowledge of entrepreneurs as pertains to ICS and its effect on financial performance. The stratified as well as simple random sampling methods were employed in the data collection process and both the qualitative and quantitative research approaches were used specifically adapting the cross-sectional survey research design. The authors employed both primary data and secondary data in carrying out the study where primary data was obtained by means of administering questionnaires and conducting interviews and secondary data was derived from the financial reports of the enterprises that were sampled for the study. In the study analysis was undertaken using descriptive statistics as well as inferential statistics. Findings from the study thus showed that ICS are linked to a significant change in the financial performance of the enterprises.

Authors like Mwachiro (2013) investigated the ICs in operation at the Kenya Revenue Authority so as to establish whether ICs have had any meaningful impact on the revenue collection level of the Authority. The study employed the five components of an internal control system namely control environment, risk assessment, control activities, information & communication and monitoring as the variables under consideration. The research employed the descriptive case study, utilizing the casual and explanatory research design. The analysis of data was carried out using both statistical and narrative techniques and correlation was employed in a bid to assess the effect of internal controls and the collection of revenue. Revelations from the study was that, for ICS to

work, the five components of internal controls must be present/available. The study further posited that, weak ICs and particularly poor ethical values in entities have to a large extent encouraged collusion to fraud, revenue losses as well as revenue embezzlement. Finally, it was concluded that ICs work in the Authority but not without problems and that there is a significant impact of internal controls on the collection of revenue in Kenya Revenue Authority.

Again, researchers like Magara (2013) undertook a study to ascertain the effects of ICs on the financial performance of deposit taking, Savings and Credit Cooperative Societies (SACCOs) in Kenya. The study adopted control environment, risk assessment, control activities as well as monitoring as the variables that were independent and the dependent variable was financial performance. The study employed both primary and secondary data and this data was obtained from the financial reports of these institutions which were 122 in number. In order to ascertain the relationship that existed between the variables, a multiple regression was adopted. Regression analysis which was carried out revealed that the independent variables namely control environment, risk assessment, control activities and monitoring had a strong direct association with the dependent variable. Which means that ICs in these institutions contribute positively to their financial performance. Taking into account the findings therefore shows that without the availability of strong ICs within these entities, they would have been performing badly which could have led to their folding up as a result of poor financial performance.

Using primary data and SPSS for data analysis, Oppong, Owiredu, Abedana and Asante (2016) also did a research to ascertain the effect of ICS on some seven faith-based NGOs and from the findings, it was revealed that ICS greatly improve the performance of faith-based NGOs in two dimensions namely economy and efficiency but revealed that this does not necessarily result in effectiveness.

Last but not least, Muio (2012) undertook a study to examine the effect of ICS on the financial performance of private hospitals in Kenya where the variables that represented the ICS included risk assessment, monitoring, control activities, controls environment and information & communication. The targeted population was made up of all the private hospitals that have been given accreditation to operate by their National Hospital Insurance Fund to operate in the county of Nairobi and a descriptive research design was employed for the study. Linear regression analysis was employed in order to ascertain the relationship between the five components as stated above and financial performance in the hospitals. Findings from the study conducted revealed that the five elements of ICS as stated above must be present if an ICS is to be seen as effective. From the study, it was also observed that of the five elements of ICS, monitoring came first as having the highest impact on financial performance then followed by control environment, information & communication, risk assessment as well as control activities in that order.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This section discussed the techniques and other approaches that were used in the collection and the analysis of data which includes the research design, study population, sampling technique and size, as well as data collection procedures and method of analyzing data.

3.2 Research Design

According to Babbie (2002), a research design could be explained as the arrangement and structuring of various components for the collection as well as the analysis of data in a form that is aimed at combining relevance to the purpose of the study and with economy in the process. The descriptive design using qualitative approach will therefore be used for the study. The descriptive design has to do with the collection of data so as to answer questions pertaining to various subject matters in a particular study. The approach is such that it entails the gathering of data that seeks to describe an event, organizes it, tabulates, and also describes the said data. According to Babbie (2002) and Cooper and Schindler (2004) a study that employs the descriptive method portrays the variables by answering who, what and how questions.

3.3 Population of the Study

The targeted population to be considered for the study will be a number of private and public hospitals in the Greater Accra Region of Ghana. According to Mason et al. (2007) the population of a given study refers to the collection of data of all possible objects, persons or even measurements of interest. Others such as Sekaran (2008) also defined a population to be the aggregate of collection of items or elements concerning which inferences are made and therefore

refers to all the possible elements that are of interest to the researcher. Specifically, the study seeks to obtain data from the management of these hospitals. The study therefore expects the total respondents (population) for the study to be about 50 comprising of both private and public hospitals.

3.4 Sampling Technique and Size

When it comes to researches, it is usually impossible to end up using the entire population for the study. Nonetheless, some researchers are able to overcome these challenges when the population size is already small and not very scattered and therefore appropriate that the entire population be used. In order to ensure that there is access to the entire population, representative samples are usually prescribed then adopted in scientific studies. In broad terms a sample refers to an exact or finite portion of a statistical population which are studied so as to obtain information concerning the entire population. Looking at it from the dimension of human beings, it is known as a set of individuals/respondents which have been selected from a larger population size.

Mason et al. (1997) defines it as a set of individuals or objects that have been chosen from a larger population to represent the larger population. The study was able to obtain data from 27 hospitals made up of eleven (11) public ones and sixteen (16) private ones.

3.5 Sampling Technique

For the study to achieve its objectives, both the purposive and convenience sampling methods will be employed to obtain information from different groups of personnel. The purposive sampling is also referred to as the judgmental sampling method and this is a method that selects the sample that will give the best data which will aid in the achievement of the study objectives/purpose.

Convenience sampling technique also referred to as grab or opportunity sampling is a kind of non-probability sampling which has to do with samples being obtained from that side of the population which is close to hand. The study therefore expects to use this technique in addition to the purposive because only respondents that are easily reached will be used for the study.

3.6 Data Collection Procedure

The data for this study will be primary and will be collected through the administering of questionnaires and an interview guide. Questionnaires refers to a series of questions which a researcher asks respondents so as to get information that is useful to a specific subject matter while interviews are conversations in which an interviewer poses questions to an interviewee which are relevant to a particular topic. This could be either formal and informal.

3.7 Method of Data Analysis

After data has been obtained for a study, its analysis is key. Burns and grove (2003) explained the concept to be a way by which data is reduced and organized in a form which will produce results/findings which need to be interpreted by the researcher. Additionally, Hyndman (2008) also reported that the processing of data entails the translation of answers provided on a questionnaire into a more suitable form which can be manipulated for the production of certain relevant statistics. This data processing may entail coding, editing, data entry as well as the monitoring of the entire data processing processes. The study expects to obtain qualitative data from the field and this data after being collected will be made ready for analysis via editing, attending to questionnaires with blank responses, coding as well as categorizing and then keying this into Statistical Package for Social Sciences which is popularly known as SPSS for analysis after which the researcher will interpret the result of the analysis that is generated from SPSS. Microsoft excel will be used to complement SPSS especially in production of charts and tables.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the findings as obtained from the field and also interprets them in accordance with the methodology that was proposed for the study. The study sought to evaluate the effectiveness of internal controls between private and public hospitals and for that matter the presentation of findings on the basis of public hospitals as well as private hospitals. Also, the findings will be presented based on the arrangement on the questionnaire. In order to ensure the objectivity of the study, the various respondents were encouraged and persuaded to attend to the questions objectively so as to make the findings valid and reliable.

4.2 Response Rate

A total of 50 respondents from 30 hospitals were expected to take part in the study but out of the 50 respondents there were only 35 completed questionnaires were obtained which implies a 70% response rate while out of the 30 hospitals that were expected to take part in the study, data was sampled from 27 of them of which 16 were private hospitals while 11 were public hospitals.

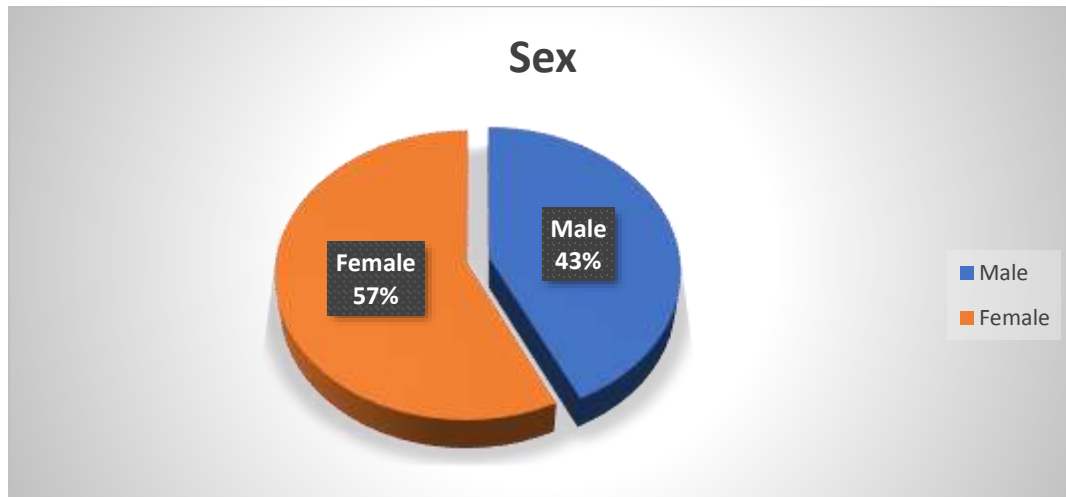
4.3 Public Hospitals Findings

Sex

The sex distribution in the diagram below shows that both genders partook in the study and out of the total respondents from the public hospitals that were sampled, 57% of them were female and the remaining 43% were males. From the diagram it is evident that majority of the respondents were females. This is largely in line with the skewedness towards females as available in the national gender distribution. In this regard, the high number of females can be attributed to the

attention that is given to females these days in terms of employment particularly when the government is trying to ensure gender equality.

Figure 4.1 Sex



Source: Research Findings, 2019

Age of Respondents

From table 4.1 below, it is evident that out of the 14 respondents, there was one (1) respondent who was between the age of 21 to 30 years, nine (9) were between the age of 31 to 40 years and the remaining four (4) respondents were between the age of 41 to 50 years.

Table 4.1 Age of Respondents

Age Group of Respondents	Frequency	Percentage%
21 to 30 years	1	7.1
31 to 40 years	9	64.3
41 to 50 years	4	28.6
Total	14	100

Source: Research Findings, 2019

As is expected, the age of the respondents to an extent has a bearing on their understanding as pertains to the issues under discussion.

Names of Public Hospitals

As is seen from the table below, the highest number of respondents was from Korle-Bu Teaching Hospital, followed by 37 Military Hospital while the remaining health facilities had one (1) respondent each. In total, data was obtained from nine (9) health facilities made up of hospitals and clinics as shown in table 4.2.

Table 4.2 Public Hospital Names

Name of Hospital	Number of Respondents	Percentage
1.Korle-Bu Teaching Hospital	3	21.4
2.37 Military Hospital	2	14.3
3.Ashaiman Government Hospital	1	7.1
4.Ashaiman Poly Clinic	1	7.1
5.Tema General Hospital	1	7.1
6.Adabraka Poly Clinic	1	7.1
7.Dansoman Poly Clinic	1	7.1
8.Nima Government Clinic	1	7.1
9.Achimota Hospital	1	7.1
10.Mamobi General Hospital	1	7.1
11.La General Hospital	1	7.1
Total	14	100

Source: Research Findings, 2019

Position Held in Hospital

This variable was introduced in order to know the positions occupied by the respondents since the various jobs performed by them determines their understanding of the issues that are included in the questionnaire as pertains to internal control issues. Of the 14 respondents, 35.7 % of them were performing accounting duties while another 35.7% also performed auditing functions while one (1) was an administrative assistant. Amongst them was one (1) chief financial officer, one (1) finance manager and one (1) budget account officer which accounted for 7.1% each. Taking into account the various positions and jobs performed by the respondents it is highly possible that the responses given were understood by them since they all have a stake in the internal control system of an organisation. It is also important to state that the position and jobs carried out by these individual also determines the kind of internal control systems that each of the organisation will institute.

Table 4.3 Position in Hospital

Position	Number of Respondents	Percentage%
Account Officer/Accountant	5	35.7
Internal Audit/Auditor	5	35.7
Administrative Assistant	1	7.1
Chief Financial Officer	1	7.1
Finance Manager	1	7.1
Budget Account Officer	1	7.1
Total	14	100

Source: Research Findings, 2019

Level of Education

In addition, this variable also sought to ascertain the educational level of the respondents. This is because the level of education of these respondents has a bearing on the understanding of the subject matter as far as the filling of the questionnaires was concerned. Twelve (12) respondents accounting for 85.8% had a Master’s degree while one (1) had a Diploma/HND and the remaining one (1) also had a Bachelor’s degree. From the statistics above, it is evident that all respondents have had one form of tertiary education or the other. This first of means that they all appreciably have obtained a high level of education. Secondly, it largely means that the respondents this also means that they are knowledgeable and well positioned as far as the implementation of different internal control systems in the firm are concerned.

Table 4.4 Level of Education

Level of Education	Frequency	Percentage%
Diploma/HND	1	7.1
Bachelor’s Degree	1	7.1
Master’s Degree	12	85.8
Total	14	100

Source: Research Findings, 2019

Working Experience

Further, the study also ascertained the number of years each respondent had worked for the firm so as to predict their experience level. Of the total respondents, eight (57.14%) of them had between 6 to 10 years working experience, followed by three (21.43%) respondents who also had between 1 to 5 years of working experience. In addition, two (14.29%) respondents had a working

experience above 15 years and the remaining one (7.10%) respondent had a working experience below 1 year.

Generally speaking, the experience of a worker has a bearing on the performance of that worker and therefore taking into account the statistics above, it is evident that most of the respondents have had working experience from 1 year and above. It is therefore believed that their experience has an impact in helping the health facility in the assessment of the internal controls of the organisation for efficiency.

Table 4.5 Working Experience

Range of Years Worked	Frequency	Percentage%
Less than 1 year	1	7.10
Between 1 to 5 years	3	21.43
Between 6 to 10 years	8	57.14
Above 15 years	2	14.29
Total	14	100

Source: Research Findings, 2019

Policies and Procedures

This variable sought to ascertain whether the policies and procedures in table 4.6 below were followed by the public hospitals that took part in the study. To each of the questions or variables the entire respondents which were fourteen (14) answered Yes to the variables which clearly signifies that each of the hospitals and clinics follow these policies and procedures which are all part of the internal control systems of an organisation. Considering the working experience and the positions held by the respondents, these responses are believed to true reflection of the situation in the organisation.

Table 4.6 Policies and Procedures

Question	Response	Number of respondents
As far as the health facility is concerned, are lines of authority as well as responsibility well defined taking into account the organizational chart of the health facility?	Yes	14
Is there an accounting policy as well as procedure guidebook which is current or up-to-date in the health facility?	Yes	14
Is there periodic or annual authorization by the health facility's board with respect to any bank account operated check signers?	Yes	14
Is it normally the case that the bank where the health facility transacts business is immediately notified of any change in those who can sign checks on behalf of the hospital?	Yes	14
Does the health facility maintain and distribute personnel policies to workers?	Yes	14
Does any control measure exist in the health facility that ensures that expenses do not exceed funds that have been allocated for a specific work?	Yes	14
Does independent checks as well as assessment of control functions take place on an ongoing basis?	Yes	14

Source: Research Findings, 2019

Components of Internal Control Systems

Furthermore, the research sought to know the components of the internal control system of the hospitals by requiring of respondents to strongly disagree (SD), disagree (D), be neutral (N), agree (A) or strongly agree (SA) to some internal control system component constructs. Inferring from table above, all respondents being 14 (100%) agreed that the health facility has its philosophy as well as style of operation explicitly stated in the entity. More so, 7.1% of the respondents disagreed that the health facility has its policies as well as procedures for undertaking directives of management explicitly stated in the health facility while the remaining 92.9% of the respondents agreed. Also, 64.3% of the respondents agreed that risk assessments are carried out regularly by

the health facility while 7.1% of them disagreed with the remainder of 28.6% being neutral with respect to the above view.

Furthermore, 50% of the respondents agreed that communication and information flows freely among management and other employees of the health facility and among other external parties also, while 35.7% were neutral with the remaining 14.3% disagreeing. Additionally, 50% of the respondents agreed that there exists a monitoring and evaluation system in the health facility which are sound for the monitoring and evaluation of employee activities while 28.6% were neutral and 7.1% disagreed. In addition, the respondents that agreed that the health facility has put measures and systems in place to ensure that the staff of the hospital have a sense of belonging in the hospital and thus makes them feel that they are part of the hospital's arrangement was 35.7% while 42.9% were neutral and 21.4% disagreed.

Further, 42.9% of the respondents agreed that employees are given regular training and provided with the appropriate resources and tools for them to perform their work in a professional manner while the remaining 57.1% were neutral with regards to the statement. Last but not least, 14.3% strongly agreed that there has been an adequate provision of IT supporting infrastructure and systems in order to ensure that activities are carried out in an orderly manner and in free-flowing manner, while 35.7% agreed, 7.1% disagreed and 42.9% being the highest were neutral.

In overall terms, considering the statistics above and as discussed earlier in the literature review in chapter two of the study, it is highly evident that the elements of an internal control system are available in this section of hospitals where this data was obtained. These elements or components of the internal control system include the control environment (which is evident in the philosophy of the organisation), risk assessment activities, control activities, information and communication systems as well as the monitoring element.

Table 4.7 Components of Internal Control System

Construct for ICS components	(D)%	(N)%	(A)%	(SA)%
The health facility has its philosophy as well as style of operation explicitly stated in the entity	-	-	100	-
The health facility has its policies as well as procedures for undertaking directives of management explicitly stated in the health facility	7.1	-	92.9	-
Risk assessments are carried out regularly by the health facility	7.1	28.6	64.3	-
Communication and information flows freely among management and other employees of the health facility and among other external parties too	14.3	35.7	50	-
There exists a monitoring and evaluation system in the health facility which are sound for the monitoring and evaluation of employee activities	7.1	28.6	50	-
The health facility has put measures and systems in place to ensure that the staff of the hospital have a sense of belonging in the hospital and thus makes them feel that they are part of the hospital's arrangement	21.4	42.9	35.7	-
Employees are given regular training and provided with the appropriate resources and tools for them to perform their work in a professional manner	-	57.1	42.9	-
There has been an adequate provision of IT supports and systems in order to ensure that activities are carried out in an orderly manner and in free-flowing manner.	7.1	42.9	35.7	14.3

Source: Research Findings, 2019

Body Responsible for Formulation & Implementing ICS

This variable was introduced to ascertain whether the internal control policy formulation process is concentrated in the hands of some few management members or the process is diffused or decentralized. From the statistics above, it is evident that the internal control policy formulation is highly centralized since it is largely the board and the management that is involved in the process. From the table, 64.3% of the respondents stated that the internal control policy formulation is done

by the board and the management only while 28.6% said only management undertakes the process and 7.1% stated that it is only the board of directors that are engaged in the internal control policy formulation process.

It is however important to state that in situations where other staff are included in the decision-making process, it has the potential to bring to bear great ideas/inputs and suggestions to the policy formulation process which may not be obtained if other staff are excluded from the process.

Table 4.8 Who at the hospital is responsible for formulating control policies

Control Policy Formulation	Frequency	Percentage%
Board of Directors Only	1	7.1
Management Only	4	28.6
Board and Management Only	9	64.3
Total	14	100

Source: Research Findings, 2019

Frequency in Review of Internal Control Policies

Furthermore, the research sought to determine the frequency at which the hospitals review their internal control policies. Out of the total respondents from the public hospitals, it is indicated that 24.4% of them said it is reviewed once a year, 64.3% of them stated that it is reviewed twice a year while the remaining 14.3% indicated that the review is done every quarter.

Table 4.9 Frequency in the review of control policies

Number of Times Reviewed	Frequency	Percentage%
Once a year	3	24.4
Twice a year	9	64.3
Every quarter	2	14.3
Total	14	100

Source: Research Findings, 2019

Control System Effectiveness Constructs

Table 4.10 is on the effectiveness of internal control systems as pertains to the responses that was obtained from the public hospitals. From the table, 50% of the respondents agreed that financial reports which are reliable are being able to be prepared due to the existence of internal control systems while the remaining 50% were also neutral. In addition, 92.90% of the respondents agreed that the operational goals of the health facility are achieved due to the institution of control systems while 7.10% was neutral as far as the statement on the effectiveness of internal control system was concerned.

Also, 86% of the respondents agreed that the directives as pertains to management are adhered to because of the regular system of audit controls that are undertaken while 7% disagreed and the remaining 7% was neutral. Additionally, 64.3% agreed that laws as well as regulations as pertains to the health industry are adhered to due to the health facility’s control systems as well as activities while 21.4% strongly agreed and 14.3% were neutral.

Furthermore, 64.3% of those who participated in the study agreed that system errors as well as risks are reduced as a result of the institution of control systems and the rest accounting for 35.7% were neutral. In addition, 64.3% of the respondents agreed that errors that are detected in the operational

activities of the hospital are corrected by the prevailing control system and 35.7% of them were also neutral with respect to the statement. Again, 50% of the respondents also agreed that there is an easy detection of system errors as well as risks due to the presence of control systems while the rest being 50% were neutral.

Lastly, 21.4% of the respondents strongly agreed that due to the existence of control systems in the hospital, there are back-ups for the operations, data as well as activities of the health facility while 28.6% agreed and the remaining 50% were neutral as far as the statement was concerned.

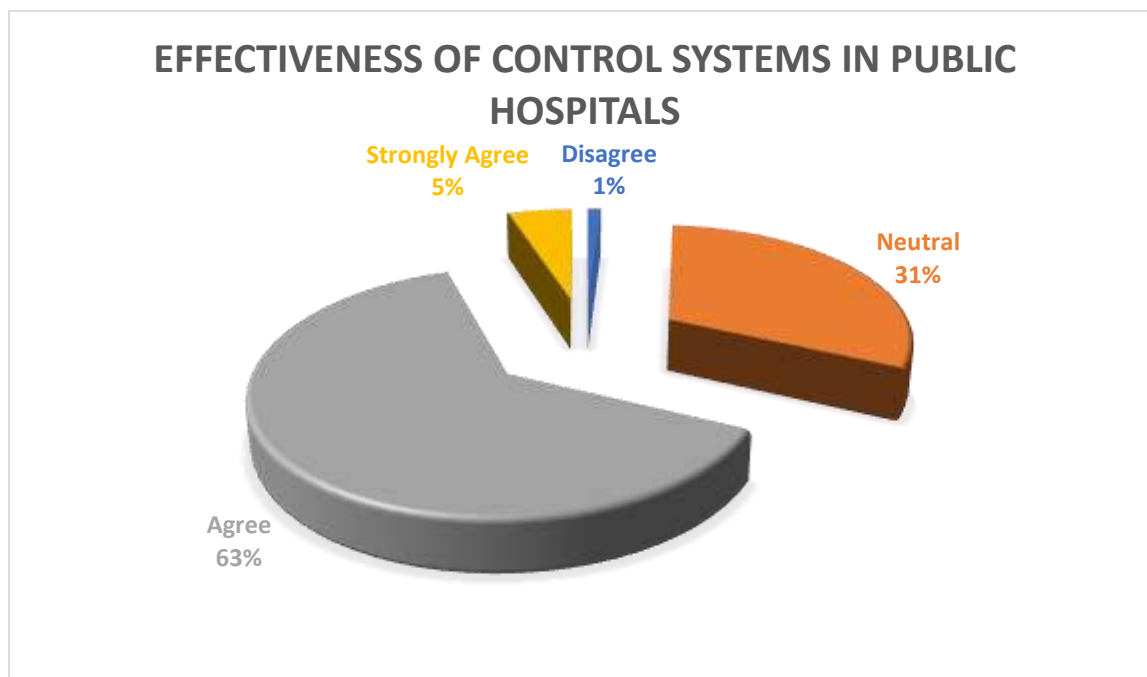
Table 4.10 Effectiveness of Internal Control System

Effectiveness of Control Systems statements	(D)%	(N)%	(A)%	(SA)%	Total%
Financial reports which are reliable are being able to be prepared due to the existence of internal control systems	-	50	50	-	100
The operational goals of the health facility are achieved due to the institution of control systems	-	7.10	92.90	-	100
The directives as pertains to management are adhered to because of the regular system of audit controls that are undertaken	7.00	7.00	86.00	-	100
Laws as well as regulations as pertains to the health industry are adhered to due to the health facility's control systems as well as activities	-	14.30	64.30	21.40	100
System errors as well as risks are reduced as a result of the institution of control systems	-	35.70	64.30	-	100
Errors that are detected in the operational activities of the hospital are	-	35.70	64.30	-	100

corrected by the prevailing control system					
There is an easy detection of system errors as well as risks due to the presence of control systems	-	50.00	50.00	-	100
Due to the existence of control systems in the hospital, there are back-ups for the operations, data as well as activities of the health facility	-	50.00	28.60	21.40	100
Total	7	249.8	500.4	42.8	800

Source: Research Findings, 2019

Figure 4.2 Effectiveness of Internal Controls on Public Hospitals



Source: Research Findings, 2019

Effects of Internal Control on Operations

Table 4.11 shows the effects of internal controls on operations of the hospitals as pertains to the public hospitals. From the statistics above, 35.7% of the respondents agreed that the accuracy and reliability needed with respect to the records of the health facility has been ensured as a result of the control system of the hospital with 57.1% being neutral and the remaining 7.2% disagreed with the view. Also, 14.3% of the respondents agreed that the elimination of fraudulent activities has been made possible and easier due to the existence of control systems while 28.6% were neutral and 57.1% disagreed. Furthermore, 21.4% of the respondents agreed that both the financial and nonfinancial aspects of the hospital have been enhanced positively due to the availability of control systems while 78.6% were neutral. Finally, 57.1% of the respondents agreed that due to the control systems, there has been an appropriate separation or segregation of duties at the health facility but 42.9% were however neutral.

Table 4.11 Effects of Internal Controls on Operations

Statements as relates to the effects of internal controls	(D)%	(N)%	(A)%
The accuracy and reliability needed with respect to the records of the health facility has been ensured as a result of the control system of the hospital	7.2	57.1	35.7
The elimination of fraudulent activities has been made possible and easier due to the existence of control systems	57.1	28.6	14.3
Both the financial and nonfinancial aspects of the hospital have been enhanced positively due to the availability of control systems	-	78.6	21.4
Due to the control systems, there has been an appropriate separation of duties at the health facility	-	42.9	57.1

Source: Research Findings, 2019

Challenges of Internal Controls

Table 4.12 shows some of the expected challenges that expected in internal control systems. From the table, 64.3% of the respondents agreed that decisions as relates to employees are usually carried out under serious pressure while 28.6% disagreed and 7.1% strongly disagreed. Also, 50% of the respondents agreed that often, the facility experiences break-down in control systems while 21.4% were neutral and 28.6% disagreed.

Furthermore, 35.7% of the respondents strongly agreed that a times, management fails to adhere to prescribed and laid down policies as well as procedures while 42.9% agreed and 21.4% disagreed with the statement. In addition, 7.1% respondents strongly agreed that sometimes there is collusion of some employees with the intention of circumventing policies as well as procedures that have been prescribed while 14.3% agreed, 21.4% disagreed and the remaining 57.1% were neutral. Additionally, 14.3% of the total respondents agreed that there is failure on the part of management in ensuring that duties are separated or segregated definitely while 28.6% were neutral and 57.1% disagreed. Furthermore, 86% of the respondents also disagreed that there are challenges with respect to who is in charge of control systems of the health organisation while 7% were neutral and the remaining 7% also strongly disagreed with no respondent agreeing or strongly agreeing with the statement. Also, 64.3% of the respondents agreed that in some instances, activities as relates to controlling activities tend to be loose while 7.2% strongly agreed, 14.3% were neutral and the remaining 14.3% disagreed. Lastly, 71.4% of the respondents agreed that there is no flexibility with regards to the rules and the regulations that seek to govern operational activities while 7.2% strongly agreed and 7.1% were neutral and 14.3% also disagreed.

Table 4.12 Challenges of the Internal Control System

Constructs as pertains to challenges in internal control systems	(SD)%	(D)%	(N)%	(A)%	(SA)%
Decisions as relates to employees are usually carried out under serious pressure	7.10	28.60	-	64.30	-
Often, the facility experiences break-down in control systems	-	28.60	21.40	50.0	-
A times, management fails to adhere to prescribed and laid down policies as well as procedures	-	21.40	-	42.90	35.70
Sometimes there is collusion of some employees with the intention of circumventing policies as well as procedures that have been prescribed	-	21.40	57.10	14.30	7.10
There is failure on the part of management in ensuring that duties are separated or segregated definitely	-	57.10	28.60	14.30	-
There are challenges with respect to who is in charge of control systems of the health organisation	7.00	86.00	7.00	-	-
In some instances, activities as relates to controlling activities tend to be loose	-	14.30	14.30	64.30	7.20
There is no flexibility with regards to the rules and the regulations that seek to govern operational activities.	-	14.30	7.10	71.40	7.20

Source: Research Findings, 2019

4.4 Private Hospitals Findings

This section of the chapter presents the findings as pertains to private hospitals and captures the details as shown in the questionnaires.

Sex

The sex distribution in the table below showed that both genders participated in the study and out of the total respondents from the public hospitals that were sampled, 61.9% of them were male and the remaining 38.1% were females. From the statistics it clear that majority of the respondents were males. However, even though the national gender distribution is largely skewed towards females, the data demonstrates the opposite.

Table 4.13 Sex

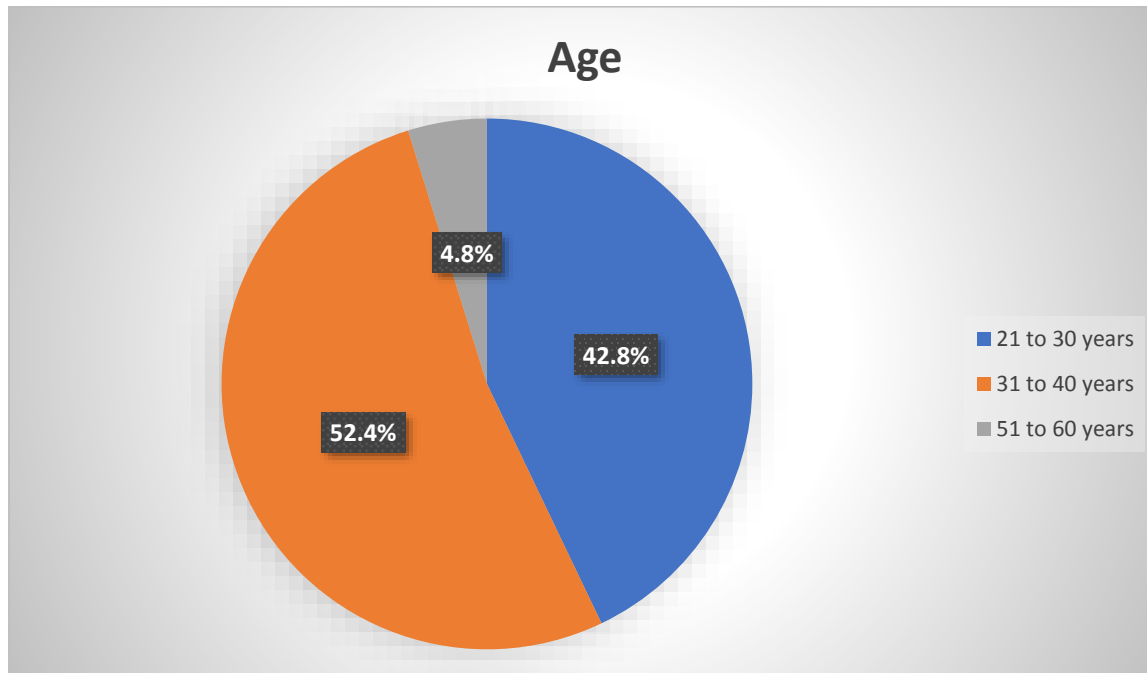
Sex	Frequency	Percentage%
Male	13	61.9
Female	8	38.1
Total	21	100

Source: Research Findings,2019

Age, Private Hospitals

From the figure below, it is evident that out of the 14 respondents, 42.8 % of them were between the age of 21 to 30 years, 52.4 % were between the age of 31 to 40 years and the remaining 4.8% were between the age of 41 to 50 years. As is expected, the age of the respondents to an extent has a bearing on their understanding as pertains to the issues under discussion. From the data, it is observed that most of the respondents are still in their youthful period and hence can be more productive on the work and also have several years ahead of them in the hospital as long as they want to remain there.

Figure 4.3 Age, Private Hospital Respondents



Source: Research Findings, 2019

Names of Private Hospitals

As is seen from the table below, the highest number of respondents was from Mother of God, followed by The Trust Hospital Company, C and J Medicare Hospital and Airport Women's Hospital with two (2) respondents each with the remaining health facilities having one (1) respondent each. In total, data was obtained from sixteen (16) health facilities made up of hospitals, clinics and centers as shown in table 4.14 below.

Table 4.14 Names of Private Hospitals

Name of hospital	Number of Respondents	Percentage%
1.Jubel Hospital	1	4.8
2.The Trust Hospital Company	2	9.5
3.C and J Medicare Hospital	2	9.5
4.Greater Grace Hospital	1	4.8
5.Midway Clinic	1	4.8
6.Airport Women's Hospital	2	9.5
7.Mother of God	3	14.3
8.Lapaz Community Hospital	1	4.8
9.Cocoa Clinic	1	4.8
10.Family Hospital	1	4.8
11.Herbal Technology	1	4.8
12.Inkoom Hospital	1	4.8
13.Nyaho Medical Center	1	4.8
14.Advance Medical Center	1	4.8
15.Cristal Hospital	1	4.8
16.Lister Hospital	1	4.8
Total	21	100

Source: Research Findings, 2019

Position in Hospital

This variable was introduced in order to know the positions occupied by the respondents since the various jobs performed by them determines their understanding of the issues that are included in the questionnaire as pertains to internal control issues. Of the 21 respondents, 47.6 % of them were performing accounting duties while another 23.8% also performed auditing functions while 4.8% was an administrative manager. In addition, there (3) were finance managers which accounted

14.3% of the respondents and two (2) were also payroll officers which was 9.5% of the respondents. Taking into account the various positions and jobs performed by the respondents it is highly possible that the responses given were understood by them since they all have a stake in the internal control system of an organisation. It is also important to state that the position and jobs carried out by these individual also determines the kind of internal control systems that each of the organisation will institute.

Table 4.15 Position in Hospital

Position	Frequency	Percentage%
Administrative Manager	1	4.8
Audit/Internal Audit	5	23.8
Finance Manager	3	14.3
Accountant/Accounts Related	10	47.6
Payroll Officer	2	9.5
Total	21	100

Source: Research Findings, 2019

Level of Education

Furthermore, this variable also sought to ascertain the educational level of the respondents. This is because the level of education of these respondents speaks volume with respect to the understanding of the subject matter as far as the filling of the questionnaires was concerned. Eleven (11) respondents accounting for 52% had a Master’s degree while two (2) had a Diploma/HND and the remaining eight (8) also had a Bachelor’s degree. From the statistics above, it is evident that all respondents have had one form of tertiary education or the other. Firstly, it means that they all appreciably have obtained a high level of education. Secondly, it largely means that the respondents this also means that they are knowledgeable and well positioned as far as the implementation of different internal control systems in the firm are concerned.

Table 4.16 Level of Education

Educational Qualification	Frequency	Percentage%
Diploma/HND	2	10
Bachelor's Degree	8	38
Master's Degree	11	52
Total	21	100

Source: Research Findings, 2019

Working Experience

Further, the study also ascertained the number of years each respondent had worked for the firm so as to predict their experience level. Of the total respondents, fourteen (66.6%) of them had between 1 to 5 years working experience, followed by six (28.6%) respondents who also had between 6 to 10 years of working experience. In addition, the remaining one (4.8%) had less than 1 year working experience.

Generally speaking, the experience of a worker has a bearing on the performance of that worker and therefore taking into account the statistics above, it is evident that most of the respondents have had working experience from 1 year and above. It is therefore believed that their experience has an impact in helping the health facility in the assessment of the internal controls of the organisation for efficiency.

Table 4.17 Working Experience

Range of Years	Frequency	Percentage%
Less than 1 year	1	4.8
Between 1 to 5 years	14	66.6
Between 6 to 10 years	6	28.6
Total	21	100

Source: Research Findings, 2019

Policies and Procedures

This variable sought to ascertain whether the policies and procedures in table 4.18 above were followed by the private hospitals that took part in the study. To each of the questions or variables the entire respondents which were twenty-one (21) answered Yes to the variables which clearly signifies that each of the hospitals and clinics follow these policies and procedures which are all part of the internal control systems of an organisation. Considering the working experience and the positions held by the respondents, these responses are believed to true reflection of the situation in the health facility.

Table 4.18 Policies and Procedures

Question	Response	Number of respondents
As far as the health facility is concerned, are lines of authority as well as responsibility well defined taking into account the organizational chart of the health facility?	Yes	21
Is there an accounting policy as well as procedure guidebook which is current or up-to-date in the health facility?	Yes	21
Is there periodic or annual authorization by the health facility's board with respect to any bank account operated check signers?	Yes	21
Is it normally the case that the bank where the health facility transacts business is immediately notified of any change in those who can sign checks on behalf of the hospital?	Yes	21
Does the health facility maintain and distribute personnel policies to workers?	Yes	21
Does any control measure exist in the health facility that ensures that expenses do not exceed funds that have been allocated for a specific work?	Yes	21
Does independent checks as well as assessment of control functions take place on an ongoing basis?	Yes	21

Source: Research Findings, 2019

Internal Control System Components

Furthermore, the research sought to know the components of the internal control system of the hospitals (private hospitals) by requiring of respondents to strongly disagree, disagree, be neutral, agree or strongly agree to some internal control system component constructs. From the table, 85.7% of the respondents agreed that the health facility has its philosophy as well as style of operation explicitly stated in the entity while 14.3% strongly agreed. More so, 81% of the respondents agreed that the health facility has its policies as well as procedures for undertaking directives of management explicitly stated in the health facility while the remaining 19% of the respondents strongly agreed. Also, 62% of the respondents agreed that risk assessments are carried out regularly by the health facility while 19% of them strongly agreed with the remainder of 19% were neutral with respect to the above view.

Furthermore, 61.9% of the respondents agreed that Communication and information flows freely among management and other employees of the health facility and among other external parties also while 28.6% strongly agreed, with the remaining 9.5% being neutral. Additionally, 57.1% of the respondents agreed that there exists a monitoring and evaluation system in the health facility which are sound for the monitoring and evaluation of employee activities while 19.1% strongly agreed and 23.8% were neutral. In addition, 52.4% of the respondents agreed that the health facility has put measures and systems in place to ensure that the staff of the hospital have a sense of belonging in the hospital and thus makes them feel that they are part of the hospital's arrangement, 14.3% strongly agreed, 28.5% were neutral and 4.8% disagreed.

Further, 66.7% of the respondents agreed that employees are given regular training and provided with the appropriate resources and tools for them to perform their work in a professional manner while 14.3% strongly agreed and 19% were neutral. Finally, 66.7% strongly agreed that there has

been an adequate provision of IT supporting infrastructure and systems in order to ensure that activities are carried out in an orderly manner and in free-flowing manner with 23.8% strongly agreeing and the rest being 9.5% were neutral.

Table 4.19 Components of Internal Control System

Construct for ICS components	(D)%	(N)%	(A)%	(SA)%
The health facility has its philosophy as well as style of operation explicitly stated in the entity	-	-	85.7	14.3
The health facility has its policies as well as procedures for undertaking directives of management explicitly stated in the health facility	-	-	81	19
Risk assessments are carried out regularly by the health facility	-	19	62	19
Communication and information flows freely among management and other employees of the health facility and among other external parties too	-	9.5	61.9	28.6
There exists a monitoring and evaluation system in the health facility which are sound for the monitoring and evaluation of employee activities		23.8	57.1	19.1
The health facility has put measures and systems in place to ensure that the staff of the hospital have a sense of belonging in the hospital and thus makes them feel that they are part of the hospital's arrangement	4.8	28.5	52.4	14.3
Employees are given regular training and provided with the appropriate resources and tools for them to perform their work in a professional manner	-	19	66.7	14.3
There has been an adequate provision of IT supports and systems in order to ensure that activities are carried out in an orderly manner and in free-flowing manner.	-	9.5	66.7	23.8

Source: Research Findings, 2019

In overall terms, considering the statistics above and as discussed in the literature review, it is highly evidenced that the components of an internal control system are available in the private hospitals as well, where this data was obtained. These elements or components of the internal

control system include the control environment (which is evident in the philosophy of the organisation), risk assessment activities, control activities, information and communication systems as well as the monitoring element.

Body Responsible for Formulation of Control Policies

For private hospitals too, this variable was introduced to ascertain whether the internal control policy formulation process is concentrated in the hands of some few management members or the process is diffused or decentralized. From the statistics above, it is evident that the internal control policy formulation is highly centralized since it is largely the board and the management that is involved in the process. From Table 4.20, 85.7% of the respondents stated that the internal control policy formulation is done by the management only while 14.3% said both the board and management only undertakes the process.

The inclusion of other staff in the policy process is however key since it affords the hospital quality inputs and ideas which could make the control process more efficient. Not including them is therefore not the best-case scenario.

Table 4.20 Who at the hospital is responsible for formulating control policies

Control Policy Formulation	Frequency	Percentage%
Management Only	18	85.7
Board and Management Only	3	14.3
Total	21	100

Source: Research Findings, 2019

Frequency in Review of Control Policies

Furthermore, the research sought to determine the frequency at which the hospitals review their internal control policies. Out of the total respondents from the private hospitals, it is revealed that 9.5% of them said it is reviewed once a year, 14.3% of them stated that it is reviewed twice a year while the remaining 76.2% indicated that the review is done every quarter.

Table 4.21 Frequency in the review of control policies

Number of Times Reviewed	Frequency	Percentage%
Once a year	2	9.5
Twice a year	3	14.3
Every quarter	16	76.2
Total	21	100

Source: Research Findings,2019

Effectiveness of ICS in Private Hospitals

Table 4.22 is on the effectiveness of internal control systems as pertains to the responses that was obtained from the private hospitals. From the table, 57.2% of the respondents agreed that financial reports which are reliable are being able to be prepared due to the existence of internal control systems, 9.5% strongly agreed while 33.3% were neutral. In addition, 76.2% of the respondents agreed that the operational goals of the health facility are achieved due to the institution of control systems, 14.3% strongly agreed while 9.5% were neutral as far as the statement was concerned. Also, 76.2% of the respondents agreed that the directives as pertains to management are adhered to because of the regular system of audit controls that are undertaken, 14.3% strongly agreed and 9.5% were neutral. Additionally, 61.9% agreed that laws as well as regulations as pertains to the

health industry are adhered to due to the health facility’s control systems as well as activities while 33.3% strongly agreed and 4.8% were neutral. Furthermore, 52.4% of those who participated in the study agreed that system errors as well as risks are reduced as a result of the institution of control systems, 23.8% strongly agreed and 23.8% were neutral. In addition, 47.6% of the respondents agreed that errors that are detected in the operational activities of the hospital are corrected by the prevailing control system while 9.5% strongly agreed and 42.9% were neutral. Again, 42.9% of the respondents also agreed that there is an easy detection of system errors as well as risks due to the presence of control systems while 23.8% strongly agreed and 33.3% were neutral with regards to the statement. Lastly, 33.3% of the respondents agreed that Due to the existence of control systems in the hospital, there are back-ups for the operations, data as well as activities of the health facility 57.1% strongly agreed and 4.8% were neutral with 4.8% also disagreeing with the statement.

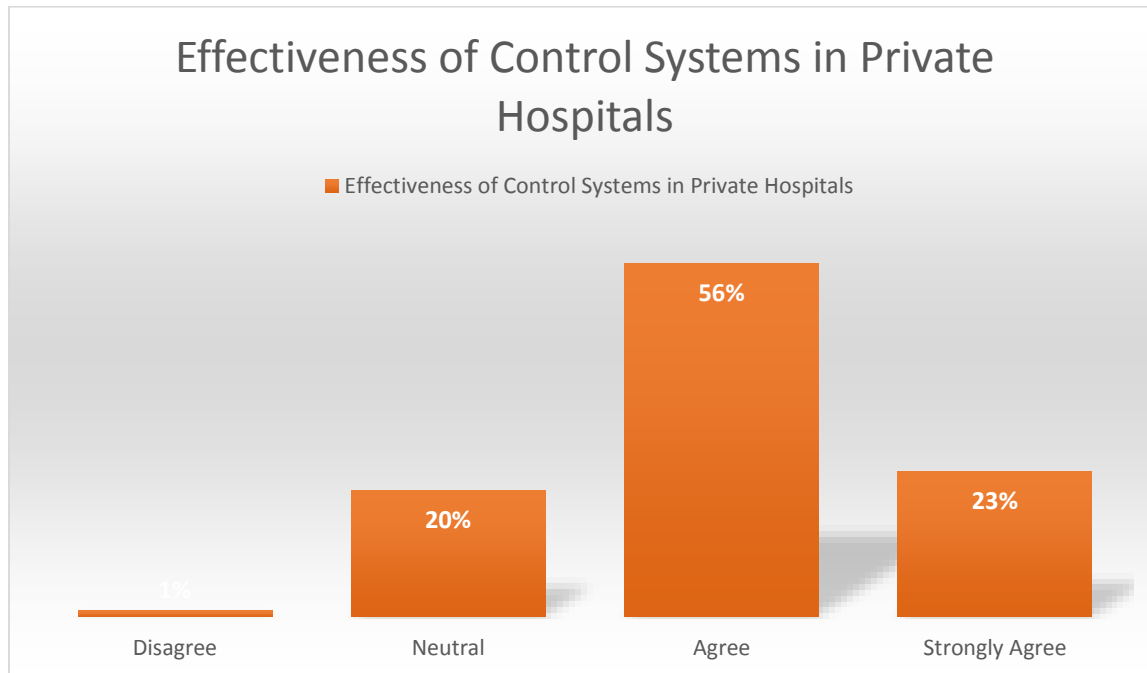
Table 4.22 Effectiveness of Internal Control System

Effectiveness of Control Systems statements	(D)%	(N)%	(A)%	(SA)%	Total%
Financial reports which are reliable are being able to be prepared due to the existence of internal control systems	-	33.3	57.2	9.5	100
The operational goals of the health facility are achieved due to the institution of control systems	-	9.5	76.2	14.3	100
The directives as pertains to management are adhered to because of the regular system of audit controls that are undertaken	-	9.5	76.2	14.3	100
	-	4.8	61.9	33.3	100

Laws as well as regulations as pertains to the health industry are adhered to due to the health facility's control systems as well as activities					
System errors as well as risks are reduced as a result of the institution of control systems	-	23.8	52.4	23.8	100
Errors that are detected in the operational activities of the hospital are corrected by the prevailing control system	-	42.9	47.6	9.5	100
There is an easy detection of system errors as well as risks due to the presence of control systems	-	33.3	42.9	23.8	100
Due to the existence of control systems in the hospital, there are back-ups for the operations, data as well as activities of the health facility	4.8	4.8	33.3	57.1	100
Total %	4.8	161.9	447.7	185.6	800

Source: Research Findings, 2019

Figure 4.4 Effectiveness of Internal Control Systems in Private Hospitals



Source: Research Findings, 2019

Effects of Internal Controls on Operations

Table 4.23 shows the effects of internal controls on operations of the hospitals as pertains to the private hospitals. From the statistics above, 81% of the respondents agreed that the accuracy and reliability needed with respect to the records of the health facility has been ensured as a result of the control system of the hospital with 9.5% strongly agreeing, 4.7% being neutral and 4.8% disagreeing. Also, 52.4% of the respondents agreed that the elimination of fraudulent activities has been made possible and easier due to the existence of control systems while 9.5% strongly agreed, 23.8% were neutral and 14.3% disagreed.

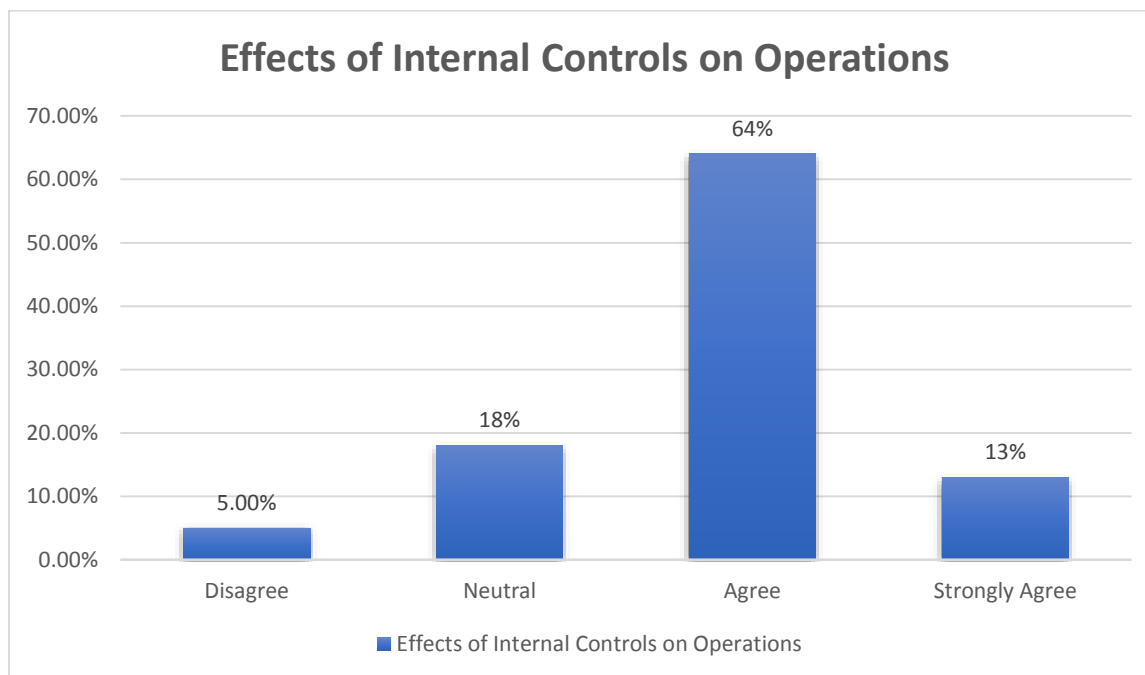
Table 4.23 Effects of Internal Controls on Operations

Statements as relates to the effects of internal controls	D%	N%	A%	SA%	Total%
The accuracy and reliability needed with respect to the records of the health facility has been ensured as a result of the control system of the hospital	4.8	4.7	81.0	9.5	100
The elimination of fraudulent activities has been made possible and easier due to the existence of control systems	14.3	23.8	52.4	9.5	100
Both the financial and nonfinancial aspects of the hospital have been enhanced positively due to the availability of control systems	-	38.1	47.6	14.3	100
Due to the control systems, there has been an appropriate separation of duties at the health facility	-	4.8	76.2	19.0	100
Total%	19.1	71.4	257.2	52.3	400

Source: Research Findings, 2019

Furthermore, 47.6% of the respondents agreed that both the financial and nonfinancial aspects of the hospital have been enhanced positively due to the availability of control systems, 14.3% strongly agreed and the remaining 38.1% were neutral. Lastly, 76.2% of the respondents agreed that due to the control systems, there has been an appropriate separation of duties at the health facility while 19% strongly agreed and 4.8% were neutral.

Figure 4.5 Effects of Internal Control on Operations of Private Hospitals



Source: Research Findings, 2019

Challenges in Internal Control Systems (Private Hospitals)

Table 4.24 shows some of the expected challenges that expected in internal control systems. From the table, 23.8% of the respondents agreed that decisions as relates to employees are usually carried out under serious pressure, 14.3% being neutral, 57.1% disagreeing and 4.8% strongly disagreeing. Also, 23.8% of the respondents agreed that often, the health facility experiences break-down in control systems, 4.7% were neutral, 66.7% disagreeing and 4.8% strongly disagreeing.

Furthermore, 14.3 % of the respondents agreed that a times, management fails to adhere to prescribed and laid down policies as well as procedures and 4.8% strongly agreed, 4.8% were also neutral while 57.1% disagreed and 19% strongly disagreed. In addition, 9.5% agreed that sometimes there is collusion of some employees with the intention of circumventing policies as

well as procedures that have been prescribed while 4.8% strongly agreed, 4.7% being neutral, 66.7% disagreed and 14.3% strongly disagreed.

Additionally, 14.3% of the total respondents agreed that there is failure on the part of management in ensuring that duties are separated or segregated definitely while 81% disagreed and 4.7% strongly agreed. Furthermore, 9.5% of the respondents also disagreed that there are challenges with respect to who is in charge of control systems of the health organisation while 90.5% disagreed. Also, 23.8% of the respondents agreed that in some instances, activities as relates to controlling activities tend to be loose while 9.6% were neutral, 57.1% disagreed and 9.5% strongly disagreed. Lastly, 14.3% of the respondents agreed that there is no flexibility with regards to the rules and the regulations that seek to govern operational activities. While 14.3% were also neutral, 66.7% disagreed and 4.7% strongly disagreed.

Table 4.24 Challenges of the Internal Control System

Constructs as pertains to challenges in internal control systems	(SD)%	(D)%	(N)%	(A)%	(SA)%
Decisions as relates to employees are usually carried out under serious pressure	4.8	57.1	14.3	23.8	-
Often, the facility experiences break-down in control systems	4.8	66.7	4.7	23.8	-
A times, management fails to adhere to prescribed and laid down policies as well as procedures	19.0	57.1	4.8	14.3	4.8
Sometimes there is collusion of some employees with the intention of circumventing policies as well as procedures that have been prescribed	14.3	66.7	4.7	9.5	4.8

There is failure on the part of management in ensuring that duties are separated or segregated definitely	4.7	81.0	-	14.3	-
There are challenges with respect to who is in charge of control systems of the health organisation	-	90.5	-	9.5	-
In some instances, activities as relates to controlling activities tend to be loose	9.5	57.1	9.6	23.8	-
There is no flexibility with regards to the rules and the regulations that seek to govern operational activities.	4.7	66.7	14.3	14.3	-

Source: Research Findings, 2019

4.5 Discussion of Research Findings

The study was undertaken with the sole aim of achieving certain objectives. This section discusses the findings of the research as obtained from the field so as to ascertain the objectives of the study were met or not.

Objective One: To evaluate the effectiveness of internal control measures between public and private hospitals

Taking into account the statistics as shown in table 4.10 as relates to the effectiveness of internal controls on public hospitals, it is clear that the public hospitals have achieved effectiveness from the use of internal control system. From the authors perspective, this position is attributed to the total percentage of respondents that either agreed or strongly agreed to the statements that were posed as far as effectiveness of the internal control system was concerned. In each case (in the case of public and private hospitals), the combination of the percentage of respondents that agreed and

strongly agreed exceeded 50%. It is important to state that internal control systems are not perfect systems and so they are most of the time expected to achieve reasonable efficiency and not perfect efficiency. The presentation of the findings has to a large extent revealed that internal control systems in the public hospitals were satisfactorily effective. As is argued out by Lannoye (1999), internal control systems provide reasonable assurance and not absolute assurance. In this regard, it is important to establish that no matter how well the internal control system and how efficiently it operates, it is highly impossible to achieve absolute assurance with respect to the objectives that the health facility seeks to achieve. That is, inferring from the figure 4.2, it is evident to state that the public hospitals have been highly effective since those who agreed and those who strongly agree summed to 68% of the total respondents while the remaining 31% were neutral with 1% percent disagreeing. On the other hand, as shown in table 4.22 and figure 4.4, which pertains to the effectiveness of internal control systems in private hospitals, it was also revealed that the internal control systems have largely been effective. This can be assigned to the results which clearly shows that in each case, the number of respondents who agreed and strongly agreed when summed exceeded 50% of the total responses from the respondents. For the private hospitals too, this result shows that internal control systems have achieved satisfactory results but in terms of percentage, the findings suggest that the internal control systems were more effective. This is attributable to the fact that irrespective of how well the system has been designed, it may not be able to achieve complete or absolute efficiency. From the statistics, those who in overall terms agreed that internal control systems have been effective in the private hospitals was 56% and those who strongly agreed were 23% which when summed gives a total percentage of 79% while 20% were neutral with 1% disagreeing. With this data, the effectiveness of ICS appears to be more prominent in the private health facilities.

In conclusion, comparing the percentage of respondents in the public hospitals who agreed and strongly agreed on the effectiveness of the internal control systems which is 68% to that of the private hospital hospitals respondents which is 79%, there is a clear evidence that those in the private hospitals far more believe that their internal control systems have been more effective. Aside that taking into account the percentage of respondents that were neutral, more respondents in the public hospitals appeared to be ignorant of the effectiveness of these control systems with a percentage of 31% compared to a lower percentage of 20% of respondents who were neutral in the private hospitals. From this angle, it can also be posited that the control systems have been more effective in the private hospitals taking into account the factor of neutrality since the positions occupied by these individuals is supposed to a large extent afford them the ability to understand whether systems have been effective or not. Finally, it is argued by the author after the evaluation that the more effectiveness has been achieved in the private hospitals as compared to the public ones hence the need for the public hospitals to up their game as far as the internal control system of the hospital is concerned.

Objective Two: To ascertain the impact of internal control measures on the performance of private hospitals

This objective was introduced to also know the effects of internal control measures on the performance of private hospitals. Per the findings, it is revealed that the internal control measures have had positive impact on the performance of the hospitals first of all taking into account the effectiveness of the internal control systems as discussed earlier.

Secondly, as depicted in table 4.23, majority of the respondents being 81% agreed that the hospital's control system has provided the accuracy and reliability of records, 9.5% strongly agreed, 4.7% were neutral and 4.8% disagreed. Generally speaking, once an organisation has an

accurate and reliable set of records, it largely means that the performance of the business has improved taking into account that some systems which have been instituted is the reason for this accuracy and reliability. Also, 52.4% of the respondents also agreed that the control system has helped to eliminate fraud in the hospital, 9.5% strongly agreed, 23.8% were neutral and 14.3% disagreed. Taking into account this finding too, it is argued that the performance of the private hospitals is enhanced positively through the institution of control systems which eventually has the potential to make their operations better. This view is because the sum of respondents that agreed and strongly agreed to the statement was 61.9% which is more than 50% of the respondents. Furthermore, 47.6% of the respondents agreed that the control system has led to positive financial and non-financial performance while 14.3% strongly agreed and 38.1% were neutral. Considering the total percentage of respondents that agreed and strongly agreed (61.9%), it is concluded that the performance in terms of financial and non-financial is improved as a result of the establishment of internal control systems which eventually enhances their total performance.

Finally, 76.2% of the respondents agreed that the control system has ensured the proper segregation of duties at the hospital, with 19% strongly agreeing and 4.8% being neutral. From this statistics, it is evident per the responses that the performance of the hospitals' performance have been enhanced since the sum of respondents that agreed and strongly agreed that the control system has ensured the proper segregation of duties in the hospital was 95.2% which massively shows that ICS has had a positive impact on the performance of the hospitals since the segregation of duties will ensure that persons and staff are able to accomplish individual tasks and objectives thereby ensuring that both financial and non-financial objectives are achieved appropriately. In conclusion, inferring from figure 4.5 which depicts the effects of control systems on operations on private hospitals, the respondents through the percentage of responses that agreed and strongly

agreed (77%) by all standards suggests that the institution of the internal control systems has positively impacted the hospitals, while 5% were in disagreement and 18% being neutral. Although it was not part of the objectives to ascertain the challenges inherent in the two types of hospitals under study, the study went further to ascertain the challenges and these challenges are shown appropriately in table. 4.12 (for public hospitals) and table 4.24 (for private hospitals).From the findings it was revealed that these challenges were highly existent in the public hospitals considering the total percentage of respondents who either agreed or strongly agreed with the challenges that were posed by the author while for the private hospitals, the findings were opposite as far as the public hospitals were concerned and this finding showed that majority of the respondents were in disagreement that the challenges existed in the hospitals. This finding thus suggests that when it comes to internal control systems, the private hospitals are far ahead of the public hospitals as far as implementation and monitoring and elements were concerned.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This part of the study covers the summary of the findings as well as the conclusion and recommendations for policy makers and the presentation of possible areas of further study. The main purpose of this research was to evaluate the effectiveness of internal control systems between private and public hospitals.

5.2 Summary

The main objective of the study was to evaluate the effectiveness of internal control systems between public and private hospitals. The study thus adopted the descriptive research in its research design. The study employed both primary data (as obtained from the field and discussed in chapter four) and secondary data (as pertains to the literature review) and in total, responses were obtained from 27 health facilities or hospitals. Also, Statistical Package for Social Sciences (SPSS v.20) was employed as far as the quantitative presentation as depicted in the tables was concerned. Pertaining to the level of education of respondents, it was revealed that all respondents have had one form of tertiary education or the other.

For the public hospitals it was observed that most of the respondents were females while for the private health facilities majority of the respondents were males. In terms of the policies and procedures followed as far as the internal control system of both types of hospitals was concerned, it was revealed that the key procedures and policies as pertains to internal controls as posed by the author were attested to as being followed by the hospitals which was evident from the 100% Yes answer from all respondents in both cases (private and public hospitals).

Furthermore, it was revealed from the study that as far as control policy formulation was concerned, there was a concentration at the management and board level and in both cases, no staff was involved in the internal policy formulation process. For the public hospitals, it was revealed that review of internal control policies is largely done twice a year with nine (9) respondents stating so and in the case of private hospitals, it was revealed that most of its review of internal control policies takes place quarterly with sixteen (16) respondents attesting to this position.

Additionally, it was revealed per the findings that the effectiveness of internal controls in private hospitals far outweighed that of public hospitals where the total percentage of respondents who in total agreed that the ICS has been effective was 68% while that of private hospitals was 79% agreement. In essence, the effectiveness of internal control systems is more pronounced in private hospitals as compared to public hospitals as evidenced by the percentage agreement in both scenarios. Also, the study found that there has been positive impact of the internal control systems on the operations of both hospitals. This is attributable to the agreement percentage of the respondents with regards to the statements that were posed by the author.

Finally, the study also came up with some challenges that are possible in any internal control system and from the study it was revealed that respondents from the private hospitals largely disagreed that these challenges were existing in the hospital but for the public hospitals, the research revealed that these challenges were highly existent in the hospitals' operations taking into account the percentage of respondents that agreed and strongly agreed that these challenges were prevailing in the public hospitals. Generally speaking, however, it is established by the author that internal control systems have been beneficial to both private and public hospitals because as far as the effectiveness of the internal control system was concerned taking into consideration the level of agreement in both cases which was more than 50%.

5.3 Conclusions

The key reason/objective for undertaking this study was to evaluate the effectiveness of internal control systems between private and public hospitals. Based on the findings of the study, it is concluded that in both private and public hospitals, internal control procedures and policies are in place and adhered to accordingly and are done taking into account the policies set up by the hospital. Also, it is concluded that these policies are not static and that reviews are usually done. With regards to the private hospitals, it is done more frequently, specifically every quarter while for the public ones, it is mostly done twice in a year. This to a large extent may have an impact on how effective systems will be since risks, business and economic environment are ever changing. In addition, it is concluded that the effectiveness of internal control systems has been more pronounced in the private hospitals as compared with the public hospitals and this can be attributed to the focus of private entities which is profit maximization hence the attention paid to ensure that the objective of profit maximization is attained. Last but not least, the study sought to know the challenges the hospitals encounter in carrying out internal control systems. It was concluded that the private hospitals do not face most of these challenges based on the findings while the public hospitals were found to encounter such challenges based on the responses that were provided. As stated by Messier et al. (2008), the effectiveness of internal control system is subject to certain inherent challenges which makes its implementation a bit difficult and some of these challenges may come in the form of poor record keeping, high illiteracy rate, insufficient funding, lack of laid down procedures, ignorance as well as poor supervision. It is therefore important that for both private and public hospitals there must be an assumption of responsibility by management in order to curb and address these challenges so as to operate effectively. From the findings, it is concluded that both private and public banks can do better in terms of their internal control systems to ensure

enhanced positive results and increase the effectiveness of internal control systems to the optimum level.

5.4 Recommendations

In light of the above findings, the author makes the following recommendations;

- Management and board must engage other staff in the internal control policy formulation process since it has the potential to enhance the quality of inputs hence a well-designed internal control system that embraces current systems and mechanisms. In addition, the hospitals must put in place training and development programs for employees of the various hospitals prior to the implementation of internal control system and after its implementation to ensure that efficiency is achieved.
- Management of the hospitals be it private or public should also ensure that the supervision as well as instructions that are given to employees are very clear as well as concise so as to prevent confusion in the minds of employees and also prevent a situation where poor decisions will be made and also avoid committing unnecessary mistakes or errors. In this way, the effectiveness of internal control systems in both types of hospitals can be assured.
- As far as the public hospitals are concerned, it is recommended that the public hospitals' management should embark on prompt effective follow-up procedures and learn from the private hospitals with respect to what is making their system more effective as per the responses, in order to ensure that appropriate change and action plans are carried out to ensure timely response in with regards to changes in risk as well as control assessment. This actions and process have the potential to reduce the challenges and its impact on the performance of the hospitals thereby ensuring optimum effectiveness.

5.5 Recommendations on Further Studies

As far as future study is concerned, it is recommended that subsequent studies should be on the same topic but a quantitative method should be adopted with the usage of the elements of internal control systems in a regression model to ascertain the performance of the hospitals which in effect can depict the effectiveness of the health facility. Also, since the results show that the challenges are more pronounced in the public hospitals a further study can be carried out to ascertain the factors that account for challenges in internal control systems in public hospitals only.

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APPENDIX I

QUESTIONNAIRE

UNIVERSITY OF GHANA BUSINESS SCHOOL

**EVALUATING THE EFFECTIVENESS OF INTERNAL CONTROLS BETWEEN PUBLIC AND
PRIVATE HOSPITALS**

Dear Sir/Madam,

I am a student of University of Ghana Business School, Legon who is conducting a study to evaluate the effectiveness of internal controls between public and private hospitals. This study covers some public hospitals in the Greater Accra Region. The aim of this survey is to help collect data for the study which will help in achieving the objectives of the study. The data collected is solely for academic purposes and as such, the researcher promises to treat your input with utmost confidentiality. The researcher appreciates your time and responses. Thank you.

SECTION A: PERSONAL DATA

1. Sex Male [] Female []

2. Age 21 to 30 years [] 31 to 40 years []
 41 to 50 years [] 51 to 60 years []
 61 and above []

3. What is the name of the hospital you work for?

.....

4. What is your position in the hospital?

.....

5. What is your highest educational qualification?

Diploma/HND [] Bachelor's Degree []

Master's Degree [] Others (specify).....

6. For how long have you been working with the hospital?

Less than 1 year [] Between 1 to 5 years []

Between 6 to 10 years [] Between 11 to 15 years []

Above 15 years []

SECTION B: POLICIES AND PROCEDURES

Kindly provide your answer to the following questions by either answering YES or NO.

NO.	Question	YES	NO
1	As far as the health facility is concerned, are lines of authority as well as responsibility well defined taking into account the organizational chart of the health facility?		
2	Is there an accounting policy as well as procedure guidebook which is current or up-to-date in the health facility?		

3	Is there periodic or annual authorization by the health facility's board with respect to any bank account operated check signers?		
4	Is it normally the case that the bank where the health facility transacts business is immediately notified of any change in those who can sign checks on behalf of the hospital?		
5	Does the health facility maintain and distribute personnel policies to workers?		
6	Does any control measure exist in the health facility that ensures that expenses do not exceed funds that have been allocated for a specific work?		
7	Does independent checks as well as assessment of control functions take place on an ongoing basis?		

SECTION C: COMPONENTS OF INTERNAL CONTROL SYSTEM.

Please indicate the extent to which you agree or disagree with the following statements. You are to assess that on a likert scale of strongly disagree (1), to strongly agree (5). Kindly tick appropriately.

Internal Control System Components Construct	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1. The health facility has its philosophy as well as style of					

operation explicitly stated in the entity					
2. The health facility has its policies as well as procedures for undertaking directives of management explicitly stated in the health facility					
3. Risk assessments are carried out regularly by the health facility					
4. Communication and information flows freely among management and other employees of the health facility and among other external parties too					
5. There exists a monitoring and evaluation system in the health facility which are sound for the monitoring and					

<p>evaluation of employee activities</p>					
<p>6. The health facility has put measures and systems in place to ensure that the staff of the hospital have a sense of belonging in the hospital and thus makes them feel that they are part of the hospital's arrangement</p>					
<p>7. Employees are given regular training and provided with the appropriate resources and tools for them to perform their work in a professional manner</p>					
<p>8. There has been an adequate provision of IT supports and systems in order to ensure that activities are carried out in an orderly manner and in free-flowing manner.</p>					

9. Who at the hospital is responsible for formulating control policies?

- i. Board of Directors Only []
- ii. Management Only []
- iii. Board and Management Only []
- iv. Board, management and staff []

10. How often do you review the control policies of your hospital?

- i. Once a year []
- ii. Twice a year []
- iii. Thrice a year []
- iv. Every quarter []

SECTION D: EFFECTIVENESS OF INTERNAL CONTROL SYSTEM

Please indicate the extent to which you agree or disagree with the following statements. You are to assess that on a Likert scale of strongly disagree (1), to strongly agree (5). Kindly tick appropriately.

Control System Effectiveness Constructs	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Financial reports which are reliable are being able to be prepared due to the existence of internal control systems					

The operational goals of the health facility are achieved due to the institution of control systems					
The directives as pertains to management are adhered to because of the regular system of audit controls that are undertaken					
Laws as well as regulations as pertains to the health industry are adhered to due to the health facility's control systems as well as activities					
System errors as well as risks are reduced as a result of the institution of control systems					
Errors that are detected in the operational activities of the hospital are corrected by the prevailing control system					
There is an easy detection of system errors as well as risks due to the presence of control systems					
Due to the existence of control systems in the hospital, there are back-ups for the operations, data as well as activities of the health facility					

SECTION E: EFFECTS OF INTERNAL CONTROLS ON OPERATIONS

Please indicate the extent to which you agree or disagree with the following statements. You are to assess that on a Likert scale of strongly disagree (1), to strongly agree (5). Kindly tick appropriately.

Constructs of Internal Control Effects	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1.The accuracy and reliability needed with respect to the records of the health facility has been ensured as a result of the control system of the hospital					
2.The elimination of fraudulent activities has been made possible and easier due to the existence of control systems					
3.Both the financial and nonfinancial aspects of the hospital have been enhanced positively due to the availability of control systems					
4.Due to the control systems, there has been an appropriate separation of duties at the health facility					

5.Please indicate any other effect of the internal control system of your hospital on its activities.

SECTION F: CHALLENGES OF THE INTERNAL CONTROL SYSTEM

Internal Control Challenges Constructs	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1. Decisions as relates to employees are usually carried out under serious pressure					
2. Often, the facility experiences break-down systems					
3. A times, management fails to adhere to prescribed and laid down policies as well as procedures					
4. Sometimes there is collusion of some employees with the intention of circumventing policies as well as procedures that have been prescribed					
5. There is failure on the part of management					

in ensuring that duties are separated or segregated definitely					
6. There are challenges with respect to who is in charge of control systems of the health organisation					
7. In some instances, activities as relates to controlling activities tend to be loose					
8. There is no flexibility with regards to the rules and the regulations that seek to govern operational activities.					

- Please indicate any other challenge that are inherent in the internal control system of your hospital.....
.....
.....
.....
.....