ASSESSING INTERNAL FINANCIAL CONTROLS OF THE LANDS COMMISSION OF GHANA

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ABSTRACT

Internal control systems exist to help organizations meet their goals and objectives, promote efficiency, reduce the risk of loss, and help ensure financial statement reliability and compliance with laws and regulations. This study assesses the internal financial controls in of the Lands Commission of Ghana. The study adopts the case study design using the officials of the Commission in the northern region as the population. A sample of 30 officials of the Commission was drawn for the study using the simple random combined with purposive sampling technique. Both primary and secondary data are used with the aid of questionnaires, interviews and documentary review. The existing controls are said to be inadequate and a lot is required to ensure sound financial management in the sector. Some financial legislations are complied with, whiles others are virtually ignored, particularly in the area of procurement. It is recommended that financial controls are strengthened and enforced with authority and commitment; the internal audit function should also be reviewed by decentralizing to ensure that all activities are vetted before and not after the activities are undertaken.

Keywords: Controls, Regulations, Audit, Lands Commission, Ghana.

INTRODUCTION

Internal financial controls are used by organizations to make sure financial information is accurate and valid. The existence of internal financial controls is important because they protect the integrity of an organization's financial information and allow stakeholders a measure of financial health. Such controls also help accuracy in financial reporting (Asare, 2006). A modern land administration project should include a focus on improving governance. However, there is comparatively little material on good governance in land administration. Yet this is a theme on which there is much agreement in principle in much of the literature. Mathieu (2006) argues that 'good governance and the rule of law are closely correlated with the successful implementation of processes to improve access to land'. The risk of corruption and inequalities are very real in land allocation and management. The consequences to the poor often takes the form of difficult access to land assets, unawareness of land policies and legal frameworks, ignorance about land transactions and prices, misallocation of land rights, land grabbing and abuse. When in place, transparency can encourage civil engagement and stakeholders' accountability by rendering the public decision making arena more accessible. This in turn strengthens confidence in governments and public agencies, and has a positive economic impact.

Currently all vested and public lands are administered by the Lands Commission at the national level along with 10 regional Lands Commissions and their secretariats, as provided in the 1992 Constitution and in the Lands Commission Act 1994 (Act 483). There is, however, public outcry on allegations of corrupt practices in land administration in Ghana. In particular, these allegations of corruption have been directed at Lands Commission. The

corruption alleged relates to land services provided by the staff of the Commission to the public that would only be carried out or accelerated if anonymous payments of cash were made to the staff. It is in the light of this that, there is the need to explore opportunities of improving on the internal financial control of the Lands Commission. When opportunities discovered on sound financial practices, it attracts people from all walks of life to process their land documents and that will go a long way to contribute immensely to corporate success. This is the reason why this research work is undertaken to bring out measures that will facilitate good financial control to curb down financial leakages and to streamline the procedures of spending laid down by financial regulations.

Financial control is very crucial in the operations of every organization. It is considered a good management system when all expenditures of the organization are approved by the appropriate authorized officers. Land is a very essential asset to national development and yet there have been several challenges in land administration in Ghana. However, little has been written in the literature about land management, particularly in the area of finance. Works done have concentrated on other components of land administration ignoring financial management within the sector (Kasanga and Kotey, 2001; Sittie, 2006). This study is intended to bridge the knowledge gap in the area of financial management and control in land administration. The aim of the study is to assess the internal financial controls of Lands Commission of Tamale. Specifically, the study seeks to describe the financial control practices of Lands Commission; to ascertain whether the Commission has adequate financial control arrangements to safeguard financial resources; and to determine the level of compliance with financial legislations. The outcome of the study will contribute to knowledge and expand the literature base of financial management in land administration. The outcome of the study will also assist government agencies to be aware of problem areas and to formulate relevant financial policies to strengthen the financial management systems in all public institutions since at the government level a lot of financial resources are needed to bring the dreams of the nation Ghana to reality. The research output will also enable Lands Commission, in particular, to improve upon their financial management practices.

LITERATURE REVIEW

Until recently, the focus of the accounting profession's definition of internal control was on financial reporting and compliance aspects of control. While the American Institute of Accountants (1949) definition of internal control included operational, financial reporting and compliance aspects, successive amendments in 1958 and 1972 saw the definition separated into *accounting controls* and *administrative controls* (Mautz and Winjum, 1981). With the aim of minimising litigation risk, the combined influence of the AICPA (1958 and 1972) amendments focused accountants' and auditors' attention on traditional internal accounting controls (e.g. authorisation, cross-checking, segregation), thereby narrowing the focus of control (Mautz and Winjum, 1981; Merchant, 1989). Whittington and Pany (2004) opines that diversity of views has existed long ago regarding the meaning and objectives of internal control. Messier (2000) defines internal control as a process effected by an entity's board of directors, management and other personnel, that is design to provide reasonable assurance regarding the achievement of objectives in the following categories: (1) effectiveness and efficiency of operations, (2) reliability of financial reporting, and (3) compliance with applicable laws and regulations.

A number of key internal control frameworks, such as the Commission of Sponsoring Organizations (COSO) (USA), Turnbull (UK), and CoCo (Canada), were developed prior to

the high-profile accounting scandals at the turn of the century. These frameworks described internal control as a "process" established, operated and monitored by those charged with the governance and management of a company, to provide reasonable assurance regarding the achievement of the company's objectives. The term process is used in a broad sense; it goes beyond procedures to include elements such as corporate culture and policies, as well as systems and tasks. COSO's Internal Control Integrated Framework (1992) and Turnbull's Guidance on Internal Control (1999) both took a much broader approach to internal control than Sarbanes-Oxley, in terms of scope, objectives and approach. They focused on all controls covering the company's entire range of activities and operations, not just those directly related to financial reporting and adopted a risk-based approach to internal control.

The COSO of the Treadway

Corporate governance's requirement that good internal control should exist in an organization, has led to organizations taking a wider view of the whole control framework for which they are responsible, and using this as a tool to manage and mitigate against risk. This has resulted in a move to providing an overall assessment of an organization's control activities with the aim of giving an assurance as to the effectiveness of its internal control systems. A number of frameworks have been established and adapted according to the individual characteristics of an organisation. Perhaps the one that has attracted the greatest attention and usage is the COSO framework of internal controls developed by the Committee of Sponsoring Organizations of the Treadway Committee in the USA. According to COSO (1992), the internal control system has three primary objectives – effectiveness and efficiency of operations, reliability of financial reporting, compliance with applicable laws and regulations. The COSO framework is built around five main control areas – control environment; risk assessment, information and communication, control activities and monitoring and corrective action. These elements must be present and functioning effectively for any internal control system to achieve organization's objectives.

Control Environment

The literature suggests that at the heart of effective control is an emphasis on controls categorised as the control environment; management's philosophy and operating style, integrity and ethical values, assignment of authority and responsibility (e.g., accountability), human resource practices (e.g., training, performance appraisal, remuneration and compensation, employee counselling), audit committee, and internal audit. While long recognised as important (see Haskins 1987; Basu and Wright 1997) the considerable emphasis on the control environment is apparent in COSO (1994, p.23), "It is the foundation of all other components, providing discipline and structure." Cohen, Krishnamoorthy and Wright (2000) reiterate the importance of the environment with their finding from a survey of auditors that "tone at the top", and its implication for the behaviour of employees, is the most important ingredient for effective control. Hooks et al. (1994: 88) described the control environment "as in part, an operationalization of organisational culture". Schein (1989: 6) defines organisational culture as, "the deeper level of *basic assumptions* and *beliefs* that are shared by members of an organization, that operate unconsciously, and that define in a basic "taken-for-granted" fashion an organization's view of itself and its environment." Collins and Porras (1994: 72) describe how culture might influence control in an organization embracing empowerment, "people who internalize a strong set of beliefs don't need command from above to be able both to 'do their own thing' and ' do the right thing' for the organization."

Risk Assessment

Risk assessment involves the use of systematic procedures to identify and analyse relevant risk and the subsequent management of those risks. Risk assessment incorporates the broader concept of "business risk," not just the risk related to fraud, error or misstatement in financial reporting. Risk assessment should include a strong focus on a cost versus benefit approach to control. "Risks are acceptable if, their avoidance, is not cost-justified" (CoCo 1995, p.12). There is some evidence of companies adopting a risk management approach to internal control (see Mills 1997); thus the blanket "one size fits all" template of control is no longer appropriate. Controls aimed at reducing risks to an acceptable level must be analysed and updated at least once a year.

Control Activities

COSO (1994) illustrates control activities as top-level reviews, functional/activity management, information processing, physical controls, performance indicators, and segregation of duties. While the professional guidance continues to emphasise some traditional internal accounting controls (e.g., physical controls, segregation of duties), there is for example no direct reference to authorisation or cross-checking in COSO's illustration of control activities (COSO 1994), which suggests these control activities are of diminished importance. New management techniques necessitate employee empowerment that requires a change in control philosophy and process. Flatter organisational structures and technological innovation have resulted in fewer middle managers, the traditional 'gatekeepers' of control, who were previously responsible for the assembly and distribution of information, checking and authorising transactions, and the supervision of employees (Hooks et al. 1994; Simons, 1995). It is also not clear whether the bias to internal accounting controls that characterised the professional accounting literature actually gave organisations effective control (Merchant 1985). CoCo (1995) elaborated further in discussing the monitoring of internal and external environments, comparison of results against quantitative and qualitative performance targets, and the move away from the focus on accounting numbers towards both accounting and operational measures such as quality (Wruck and Jensen 1994). Ezzamel et al. (1997) find a greater emphasis on mechanisms of accountability in concert with 'environmental' control by means of self-discipline and self-monitoring.

Information and Communication

Recognising the emerging importance of information and communication, COSO (1994) included it as a separate control component. Relevant and timely information, and effective channels of communication are an integral part of an internal control system. Benefits include improved communication about expectations, responsibilities and objectives (CoCo 1995); enhanced decision making (Davis and Militello 1994); and reduced dependence on individual employees who assist in the prevention and detection of fraud (Hooks et al. 1994). A particular innovation consistent with employee empowerment is 'information sharing', which involves providing employees with the right information on a timely basis and aims to develop a feedback loop as part of the information system (Davis and Militello, 1994). An appropriate information feedback loop enables empowered employees to monitor their own performance as they take ownership of the data on which they rely.

Monitoring

A systematic overview or monitoring of the quality of an organisation's control systems is needed and results should be communicated to those accountable for internal control (COSO, 1994). An assessment of risk will influence the scope and frequency of control systems monitoring activities and separate evaluations.

Enterprise Risk Management

In 2004, after a long period of development COSO supplemented its 1992 internal control framework with an additional framework to cover risk management and strategic risks and labelled the approach Enterprise Risk Management (ERM). The ERM framework recognizes that an effective enterprise risk management process must be applied within the context of strategy setting. It starts with the top of the organization and supports the organization's major mission. This framework defines internal control as an integral part of risk management. It sees risk management as concerned with the wider external and internal risks relevant to the determination of the entity's strategy to reach its objectives. It also sees internal control as part of that process, whereby internal control structures and procedures are instrumental in ensuring these objectives are achieved. The key point here is that, those charged with governance should adopt a risk-based approach to internal control and any internal assessment of its effectiveness. COSO's ERM believes that this approach should be incorporated into the strategic, governance and management processes of an entity and should encompass the wider aspects of internal control, not just those directly related to financial reporting.

Framework for Public Financial Management in Ghana

The Ministry of Finance and Economic Planning (MoFEP), the Controller and Accountant General Department (CAGD), the Internal Audit Agency, the Audit Service, and the Bank of Ghana constitute the financial organs of government. The MoFEP and the Bank of Ghana deal with fiscal and monetary policies, respectively and the flow of funds. The CAGD deals primarily with the physical handling of cash, which involves the operations and the rules and procedures for record-keeping and accounting. The internal and external audit deal with the physical flow of funds, the reporting and auditing with the aim of ensuring that revenues collected or resources allocated are spent in accordance with the legal mandate of each public institution. The accounting system provides government an institutional memory of all its financial transactions. Generally it is the MOFEP, the Controller and the Auditor-General that form the core of the government financial mechanism.

The legal framework that governs the public financial management in general include the financial provisions of the 1992 Constitution of the 4th Republic (Chapter Thirteen); the Audit Service Act, 2000 (Act 584); the Financial Administration Act, 2003 (Act 654) and prior to that, the Financial Administration Decree (1979) and the Financial Administration Regulations, 1979 (L.I. 1234); Financial Administration Regulation, 2004 (L.I. 1807); Internal Audit Agency Act, 2003 (Act 658) and Public Procurement Act, 2003 (Act 663)

METHODOLOGY

The study was meant to assess the internal financial controls existing in the Lands Commission, an agency of government responsible for land administration in Ghana. It was,

however, restricted to the Northern Regional Division of the Commission. The nature of the study required information on the institution, enforcement and monitoring of controls at the Northern Regional Office of the Lands Commission. The researchers drew a sample size of 30 officials. The sample size of 30 officials represents a quarter (25%) of the target population (120 officials) of the Northern Region Lands Commission. The researchers employed both purposive and simple random sampling techniques in drawing the respondents for the study. The purposive sampling technique was used to draw respondents from the units relevant to the subject matter of the study (finance, audit and procurement). These are the key units responsible for instituting, enforcing and monitoring financial controls in the organization. Conversely, the researchers selected other officials of the Commission who did not necessarily belong to the key units as identified through simple random sampling technique. Questionnaires were administered with 26 Lands Commission staff and 4 Accounts Officers. Data from the answered questionnaires were organized and analyzed with the aid of Microsoft Excel but carefully done to give the researcher a hand-on experience in carrying out such an exercise. In analyzing the primary data, descriptive and inferential statistics such as percentages were used.

RESULTS AND DISCUSSION

Demographic Characteristics of Respondents

This section gives an overview of the demographic characteristics of respondents drawn for the study. Data on a number of demographic variables are presented and related to the study; these include age, gender, educational background and occupational status of the participants of the study. How each of the variables influences the study findings are analyzed.

Age Distribution of Respondents

The respondents were asked to indicate their age and duration of stay with the Commission. This was intended by the researchers in an attempt to find out the experience of the respondents and association with the Commission. Table 1 below shows the age overview of the respondents.

Table 1: Age Distribution of Respondents

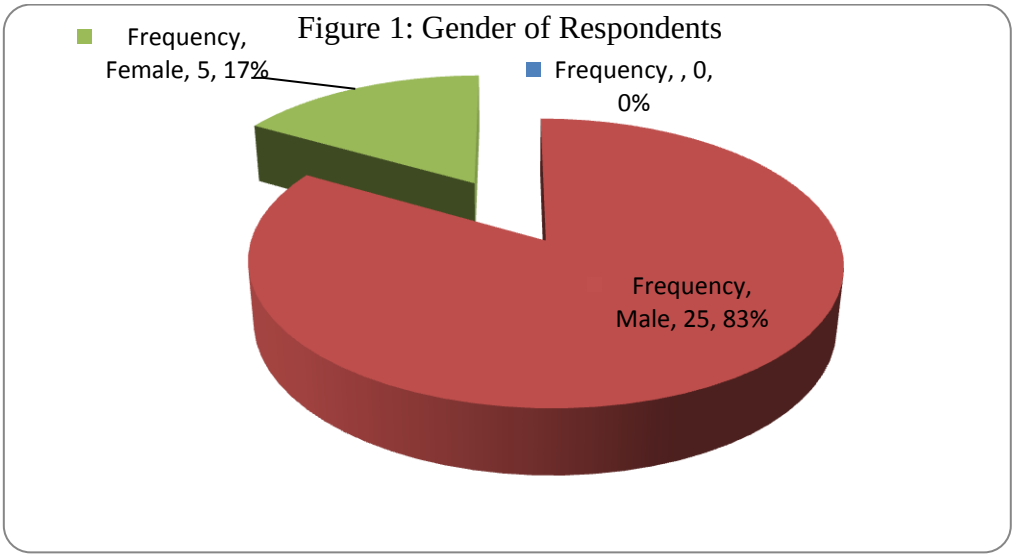
Age (in years)	Frequency	Percentage
18 – 25	1	3.3
26 – 45	24	80
46 – 60	5	16.7
Above 60	0	0
Total	30	100

Source: Field Study

From the table, it can be seen that majority of the respondents belong to the active age group. 24 of the respondents representing 80% were within 26 – 45 age group; only 1 person (3.3%) was between 18 and 25 years; 5 respondents representing 16.7% belonged to the 46 – 60 age group. It is worthy of mention that the researcher did not intend to draw respondents from some targeted age group, but the overview indicates also that most of the employees of the Commission in the region fall within the active age group of 18 – 45 years.

Gender Distribution of Respondents

The gender of the respondents was also another critical variable the researcher considered to ascertain how the sexes view and assess the state of the internal financial controls in the institution. The overview of the sex of the respondents is depicted in figure 1 below. The table above also shows that majority of the respondents (83.3% of the 30 respondents) were males, and the remaining 16.7% of them were females.



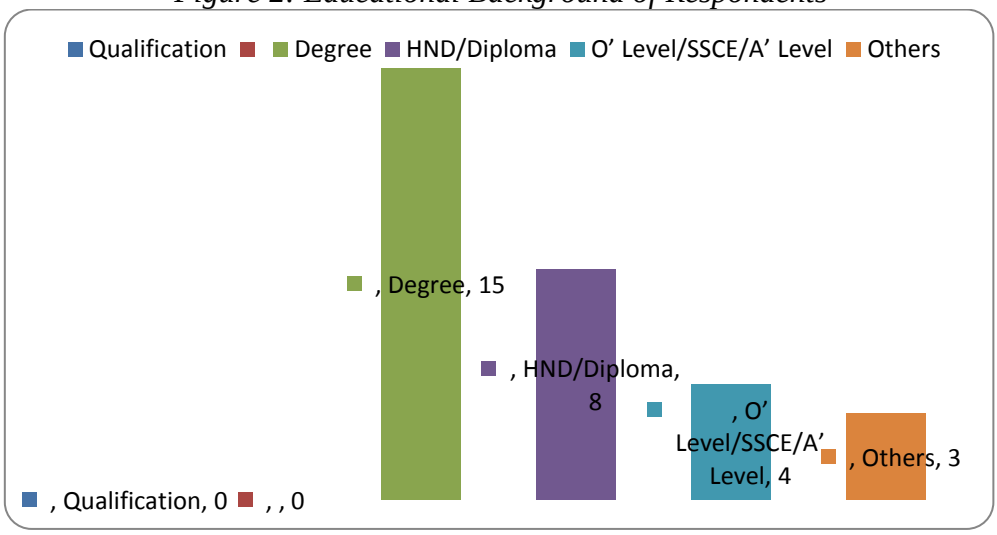
Source: Field Study

The distribution indicates that there was a fair representation of all sexes in the respondents drawn to assess the financial controls in the institution.

Educational Background of Respondents

The researchers judged that the level of education of the respondents would go a long way to inform their understanding of the need for well-structured controls to regulate the activities of the Commission in the region. Figure 2 below shows the educational background of the respondents.

Figure 2: Educational Background of Respondents



Source: Field Study

Out of the 30 respondents selected for the study, it was revealed that 50% of them (15 respondents) hold bachelor's degree qualification; 8 of them representing 26.7% hold HND/Diploma qualifications, whiles 4 of them representing 13.3% hold O' Level/SSCE/A' Level qualifications. However, 3 of the respondents representing 10% hold some other qualifications (technician certificate and some specialized land-related training certificate. The data shows that none of the respondents holds a qualification higher than bachelor's degree. Nonetheless, appropriate responses were obtained because of the fact that most of the respondents had some form of higher education. Whether their educational background provides them the expertise to critically assess the effectiveness of financial controls was not too relevant here since interview was conducted with expert in the subject area.

Occupational Status of Respondents

The researchers saw the need to give an overview of the occupational background of the respondents since that goes a long way to inform the respondents' appreciation of the essence of internal financial controls. The occupational background of the respondents has been depicted in the table below. It indicates that the respondents selected cut across the various occupations within the institution.

Table 2: Occupational Status of Respondents

Occupation	*Frequency*	*Percentage*
Accounts Officers	5	16.7
Technical Officers	20	66.6
Administrative Officers	5	16.7
Total	**30**	**100**

Source: Field Study

Out of the 30 respondents drawn for the study, 5 of them (representing 16.7%) were accounts officers, 20 of them (representing as large as 66.6%) were technical officers made up of land economists, professional valuers and other key land-related staff; 5 of the respondents were also administrative staff involved in the day-to-day administration of the office of the Commission.

Financial Control Practices/Arrangements

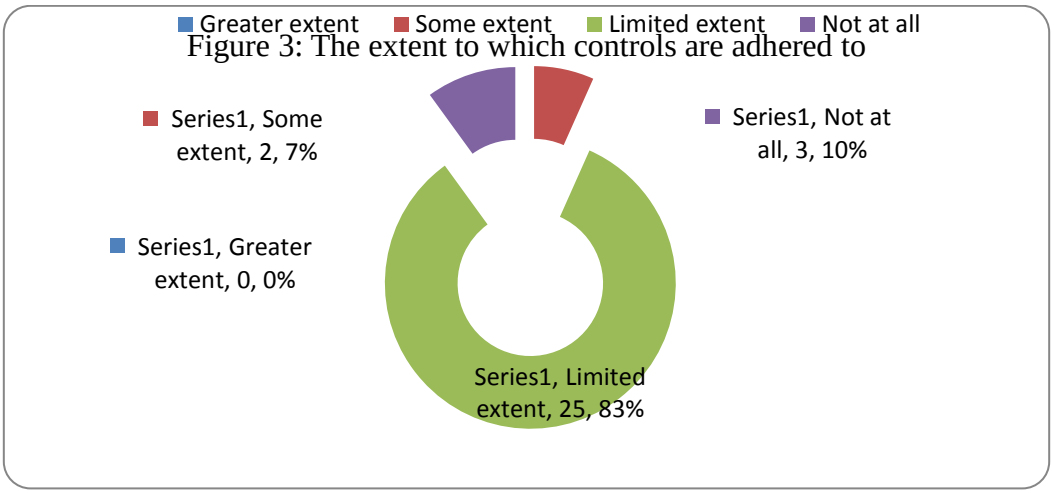
Respondents were asked questions to enable them describe the financial arrangements existing in the institution. This section presents responses obtained in describing the internal financial controls as exist in the organization.

On the responsibility for financial decisions in the institution, all the respondents (100%) indicated that the Regional Lands Officer is responsible for all financial decisions. This confirms and complies with the provisions of the Financial Administration Act, 2003 (Act 654) which vests all financial decisions in the head of department. In this case, the Regional Lands Officer represents the Executive Secretary of the Lands Commission in the region, and thus, acts as the head of department. In the same vein, all the respondents indicated that the same Regional Lands Officer is responsible for disbursement of cash. The internal control challenge with this practice is the potential of management overriding controls.

When asked about how cash is managed, majority of the respondents (24 of them representing 80%) were of the view that cash is managed at the discretion of the Regional Lands Officer, who, as said earlier, has the mandate to spend, without recourse to any other person for advice. However, 20% of them (6 respondents) obviously made up of the accounts personnel (as shown earlier in the occupational background), were of the view that there are clear-cut rules/controls that regulate how cash is managed. Again, this confirms the notion that many of the employees are not sensitized on the way resources are managed.

To what extent that, sound internal financial controls are adhered to, majority of the respondents indicated that sound financial controls are not adhered to as expected. This is shown in the figure 3 below.

Figure 3: The extent to which controls are adhered to



Source: Field Study

10% of them were of the view that internal financial controls are not adhered to at all; as much as 83.3% were also of the view that the controls are respected to a limited extent; 2 respondents (6.7%) were also of the view that the financial controls, to some extent, are adhered to. None of them believes that the controls are considered to a greater extent.

Components of Internal Controls

To ascertain the existence of internal controls in the agency, the various components of COSO's internal controls – integrated framework guided the researchers. Yes or No or Not Applicable (N/A) questions were asked in interview with key management members. The responses are analyzed below.

Control Environment

The control environment is the component that provides the foundation needed for the other components to build on in internal financial controls systems. It includes factors such as integrity, ethical values, competence of the workers and the management's philosophy in the organization. The study found out if such a foundation existed in the institution to help other controls to thrive. The findings from the study in that regard are depicted in the table 4 as shown below. From the table, it can be seem that a major element of the control environment, the existence of an internal audit unit in the organization, is non-existent. It was revealed that per the practice of the Commission, the internal audit unit is centralized at the national secretariat of the Commission. Thus, the regional secretariats of the Commission do not have

internal audit units. This is confirmed as a challenge as indicated that the entity's management has not given a priority to its internal control structure.

Table 3: Control environment existing in the institution

Control Environment	Yes	No	N/A
Does the Commission have Code of Ethics/Conduct?		√	
Does the entity have performance goals or targets which may test employees' adherence to ethical values?		√	
Is there an internal audit function and/or audit committee?			√
Is the Internal Audit independent of the management?			√
Are there advisory boards, committees, or other separate groups to oversee certain functions of the hospital?			√
Does the audit committee represent an informed, vigilant and effective overseer of the financial reporting process and the entity's internal control structure?			√
Have entity officials given a high priority to its internal control structure?		√	
Is the entity's internal control objectives documented?		√	
Are lines of authority and responsibility clearly defined?	√		
Do employees receive periodic evaluations that identify training needs and opportunities for improvement?		√	

Source: Field Work

Overall, the control environment of the Commission is very weak and does not lay a good foundation for the other controls to thrive.

Control Activities

Control activities include policies, procedures and practices developed to increase risk management strategies. Specific control activities include separation of duties, verifications, reconciliations and physical security of assets. These policies are designed to ensure that management directives are fulfilled. COSO (1992) observed that due to the wide range of control activities and the volume and nature of the evaluation procedures, evaluation of the third component of internal control system, namely control activities, is limited only to the qualitative evaluation.

Information and Communication

Information must be identified, captured and communicated timely and effectively and is achieved through this internal control component. This component is designed to allow employees the ability to carry out their responsibilities in the best manner possible. The study assessed the state of information and communication component of internal controls in the entity. The revelations from the study are shown in the table 5 below. The table shows that the specific duties of the employees have been clearly communicated to them; however, the entity does not have clear code of conduct/ethics to regulate the conduct and ethical behaviour of employees. The absence of this is confirmed by the fact that the consequences of improper conduct have not been communicated to employees. Again, external contacts or

parties to the entity are not informed of the entity's ethical standards to assure them of handling of complaints. Complaints are thus, not properly addressed.

Table 4: The State of Information and Communication

Information and Communication	Yes	No	N/A
Have employees' specific duties been clearly communicated to them?	√		
Has the institution got code of conduct?		√	
Has the consequences of improper conduct been clearly communicated to all employees?		√	
Has the entity informed outside parties (e.g., applicants) of the entity's ethical standards?		√	
Are complaints from external sources reviewed at an appropriate management level since they can point out control problems?		√	
Does the governing board make certain that the advice and recommendations of external auditors are implemented?	√		

Source: Field Work

In a nutshell, the information and communication component of the internal controls of the entity is very weak. This confirms the earlier position that the control environment, which forms a foundation for the other controls to thrive, is itself weak. This renders the employees ineffective in carrying out their responsibilities in the best manner possible. This confirms COSO's (1992) position on information and communication that its weakness renders the workforce unconcerned.

Risk Assessment

Risk assessment is that component which is used for identifying risks in the system. For risk assessment to be effective, preventative measures are put into place by establishing clear objectives (COSO, 2004). This component identifies and analyzes possible risks internally and externally. This component manages risk by developing precise procedures to achieve consistent objectives within the organization. Risk assessment always takes change into consideration within the objectives set forth. The study examined the risk assessment component of internal controls in the institution. Table 4.8 below shows the findings made from the organization with respect to this component.

From the table, it can be seen that the entity does not perform periodic risk assessment as advised by the COSO framework. Due to the fact that such assessment is not conducted, other processes of the risk assessment component are not considered in the organization.

Table 5: The State of Risk Assessment

Risk Assessment	Yes	No	N/A
Do you perform periodic risk assessment?		√	
Does management provide for appropriate corrective action, based on the significance and likelihood of occurrence of the risks identified?		√	
Has Management put in place compensation controls?		√	

Source: Field Study

Risks are not documented or formalized, periodical re-assessments are not made, and formal or informal risk policies are lacking. Indeed, management appears not to be aware of general threats, risks concerning finances.

Monitoring

Monitoring includes assessing the performance of internal control components and ensuring they are operating effectively. This component includes allowing managers clear responsibility guidelines so that they are able to effectively do their jobs. The study assessed the monitoring component of the entity's internal controls as shown in the table.

Table 6: The State of the Monitoring

Monitoring	Yes	No	N/A
Did the entity have a regular internal control review?		√	
Are inventories, supplies, and other assets checked regularly?		√	
Are meetings with employees used to provide management with feedback on whether internal control is effective?		√	
Are employee suggestions on internal control considered and acted upon as appropriate?		√	

Source: Field Study

As is clearly seen from the table 6 above, the entity's monitoring of financial controls is absolutely ineffective. This is confirmed by the earlier finding that there is no resident internal auditor at the regional secretariats to monitor the controls in the institution.

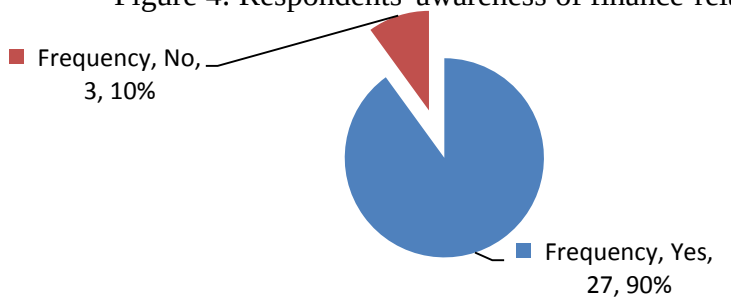
Compliance with Financial Legislations

Financial management in MDAs in Ghana is underpinned by a number of legislations. These include the FAA, 2003 (Act 654), the FAR, 2004 (LI 1802), the Audit Service Act, 2000, the Public Procurement Act, the Internal Audit Agency Act, among others. These laws and regulations have been developed to ensure sound financial management practices. The study aimed at assessing the extent of compliance with these statutes. The extent, to which these regulations and guidelines are adhered to, shows the level of compliance.

Respondents' Awareness of Financial Laws/Regulations

Respondents were asked if they are aware of financial laws that regulate public financial management in public institutions. The rationale was to determine the extent of respondents' appreciation of existing laws that necessitate internal financial controls in public institutions.

Figure 4: Respondents' awareness of finance-related laws



Source: Field Study

As shown in figure 4 above, majority of the respondents (90%) indicated that they are aware of the laws. 10%, however, are not aware of such laws.

When asked to mention those laws known to them, all the 90% who indicated their awareness of the laws mentioned the Public Procurement Act, whereas about 88.9% of the 90% (24 respondents) mentioned the Financial Administration Act as well as the Internal Audit Agency Act. Though most of the respondents are aware of the existence of some laws, they seem not to care about their enforcement because of management's inability to inform them well on the need to function in accordance with the laws. This confirms COSO (1992) explanation on the information and communication component of internal control that employees are able to do their work in the best manner possible if well-informed.

Respondents' View on Compliance

When asked to what extent do they think that the provisions of the Public Procurement Act are adhered to in the procurement activities of the entity, all the 90% (27 respondents) who indicated their awareness of the Procurement Act, said "not at all". Thus, in the opinion of the respondents, the secretariat does not plan and carry out its procurement in accordance with the law at all. On whether the entity submits its financial reports for audit by the Auditor General as required by law, 80% of the respondents said "yes", 10% said "no" and remaining 10% also said they are unaware. This confirms the fact that a number of the respondents do not directly deal with financial control in the institution.

There is lack of commitment on the part of management and staff to strengthen the controls and to allow them to work. Financial leakages are more pronounced as there exist, very low endorsements of measures proposed for the prevention of fraud. A very fundamental element of internal control environment, an internal audit unit, is missing in the organization. This explains why the existing controls are weak. Another setback linked to the absence of an internal auditor relates to approving authority at the Commission and supporting documents to back expenditure. The study has revealed that there is little respect for authority because those in charge are not abreast with the relevant information regarding who has the authority to sanction expenditure. Due to this ignorance, financial control practice in relation to approval limits is negatively affected. Control officers are wrongly accused of making the environment very hostile and suspicious for others. The lack of knowledge on the need to acknowledge receipt and expenditure of funds makes matters worse. This makes the accounts unit especially, very unpopular at the Commission because of its pursuit to ensure sound financial management of attaching appropriate receipts to expenditure incurred.

CONCLUSIONS AND RECOMMENDATIONS

The internal control systems that exist at Lands Commission are inadequate and there is even lack of supervision for those existing. The Commission has no well-designed, formal control systems to guide its operations. The employees of the Commission, apart from the accounts staff, do not have sufficient knowledge of control procedures applicable to their duties; there is lack of awareness on the existence of internal controls. As a result, the employees find it difficult to implement the control policies when they are not informed of the very financial control policies they are to work with. Management is task-oriented and mostly use their positions to get work done without following the laid down rules and procedures. This results in management overriding controls, which comes with its attendant challenges. In the whole,

there have been substantial departures from effectively implementing internal controls; the researcher concludes that internal financial control systems are inadequate and requires attention.

The study revealed that the internal financial controls in place are not adequate. As a result, the following recommendations are made to address the inadequacy, and thus, when considered by management, would go a long way to improve on the internal financial controls in order to ensure effective and efficient management of financial resources at the disposal of the Commission. Currently, the Commission does not decentralize the internal audit function. This defeats the purpose of instituting the internal audit function. As much as possible, the Commission must ensure that there is an internal auditor, at least, at the various regional secretariats. The current practice where the internal audit staff comes from the head office is not healthy. The management of the secretariat should liaise with the Internal Audit Agency to redefine the internal audit function as an important tool in its operations. Nationwide seminars/workshops can be organized to sensitize the regional secretariats on the need to have internal audit units decentralized to avoid role conflicts. The internal audit units so decentralized should be tasked to restructure the internal control systems. It is recommended that management should endeavour to improve upon cash management to ensure that cash leakages are mitigated. The current norm where cash generated does not get to the right destination can be dealt with if management strengthens the control of cash. Management should also ensure that overriding of such controls is reduced. Officials who are fond of overriding controls must be punished. Release of cash should be effectively made according to the laid down procedures covering cash release. No expenditure should be paid without due diligence.

One key area susceptible to fraud is procurement. It is recommended that a designated officer should be appointed to be in charge of procurement so that the user of a purchased item will be distinct from the officer responsible for the purchase as well as independent from the storekeeper. By this segregation of duty, accountability will be achieved and financial discipline improved. With regards to purchases, purchase order forms should be constantly checked by senior officers to ensure that the right quantities and prices are stated on the forms. It is further recommended that, internal control over stores should be strictly enforced. Management should make it a policy to record every item purchased into stores and issue out when in need. This will keep track of items purchased and used by the Commission.

It is recommended that the Commission builds the capacity of staff members to appreciate the relevance of financial controls. Financial discipline should be preached as an organizational culture so that the notion that there cannot be any financial discipline in the activities of the Commission can be discarded. Management should also orient and educate the entire workforce of the Commission to appreciate that the financial control system is relevant and essential tool to help check financial leakages at the Commission. When this is appreciated by all concerned they will collectively ensure that financial control systems are fully operational. Also, the control structures put in place at the commission such as spending within budget and functionality of the procurement committee should be made to function effectively and freely as this will go a long way to instil financial discipline and improve on the internal financial control systems currently practised at the Commission.

Flowing from the awareness creation is another recommendation made that the Commission should endeavour to have a clear-cut Code of Conduct that will regulate the behaviour and conduct of employees within the financial system of the Commission. Such a document will

serve as a reference guide to employees of the Commission in conducting their activities towards a common goal. An institution of such Code of Conduct should go with punitive measures so that those who breach can be dealt with. Sensitization workshops can be undertaken to enable the workforce come to terms with the Code of Conduct and to accept it as a relevant tool in their activities.

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