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Value of internal control system as a quality control mechanism in public organizations

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Abstract

In every organization it is very essential to put in place an effective internal control system in its daily activities to help achieve its organization objectives. Internal control system is defined by the auditing standard as 'the whole system of control, financial or otherwise establish by the management policies, safeguards assets and secure as far as possible the completeness and accuracy of the control'. There has been an alarming rate of misappropriation of funds in some organizations. One of such factors is ineffectiveness of internal control system.

The extent of effective internal control depend on the environment, management risk, assessment, the accounting information and communication system, control activities and monitoring. When the five components mentioned above are properly conducted in any organization, it will go a long way of improving performance of employees in an organization.

Furthermore, for internal control system to be effective there must be an internal mechanism to assess and review the performance of the control system put in place for effective measures to be in place where necessary.

With the existence of management can be pro-active.

Keywords: Value of Money, Internal Control System, Quality Control, Mechanism in Public Organizations

Introduction

This aspect of the work highlights on the background of the project, the statement of the problem, the objectives of the study, research hypothesis, significance of the study, scope of the study, expected limitation of the study, sample size and the organization of the study.

In every organization it is very essential to put in place an effective internal control system in its daily activities to help achieve its organization objectives. Internal control system is defined by the auditing standard as 'the whole system of control, financial or otherwise establish by the management policies, safeguards assets and secure as far as possible the completeness and accuracy of the control'. There has been an alarming rate of misappropriation of funds in some organizations. One of such factors is ineffectiveness of internal control system.

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Furthermore, for internal control system to be effective there must be an internal mechanism to assess and review the performance of the control system put in place for effective measures to be in place where necessary. With the existence of management can be pro-active.

Literature Review

Historical Background of Internal Revenue Service

The income Tax Bill, which sought to formally introduce the collection of income tax into the Gold Coast, was passed into law by the legislative council on 22nd September, 1943. However, the income tax ordinance (No. 27) could not be operative until 1st April, 1944. The period of six months was therefore used for administrative organization.

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Name: The original name was the Income Tax Department, however, the department underwent re-organization and other taxes and duties were introduced between 1961 and 1963 and the name was also changed to the Central Revenue Department.

Office: The Income Tax Department was first housed on the old secretariat building which was situated on the plots of which the office of the Department of National Lotteries is now situated. In 1964, the department moved into an old building situated at the junction of High Street and Bannernam road at James Town. During the Political riots of 1948, the officers were again moved to Victoriaborg building which was still under construction.

Cracks were however detected in the building in 1964 and the office again moved into the former Ministry of Trade building opposite the Accra Sports Stadium main gate. The office finally moved to its headquarters building in 1969.

Structure of Service: The Income Tax Department and later the Koforidua Revenue Department had been part of the Civil Service set up. It was a department under the Ministry of Economic planning until 1986 when by virtue of PNDC law 143, it was removed from the Civil Service structure and placed under the control of Board and renamed “The Internal Revenue Service (IRS)”.

THE National Revenue Service has been created to supervise together with Customs, Exercise and preventive Service and the department of National Lotteries. It has again been placed under the supervision of the Ministry of Finance and Economic Planning since 1993. The National Revenue Secretariat itself has been placed under the same Ministry.

The service after having been removed from the Civil Service was given a degree of autonomy in the day-to-day administration. The board of Internal Revenue is composed of Chairman, Six other persons appointed by the government, the Commissioner of Internal Revenue and the Controller and Accountant General.

It must be stated that apart from the Commissioner and the Controller and Accountant General, other members of the board hold office for three years. They are eligible for reappointment but a member can be appointed for two more times only.

However, the board of Internal Revenue Service has not been reconstituted since its inauguration for many years. The head of the service is the Commissioner. He is responsible for the day-to-day administration of the service. He is being assisted by a special advisor. The service has three main department; operation, Finance, Administration and Research Planning and Monitoring unit. A Deputy Commissioner heads each of these departments

The service has ten Regional offices with three regional in Greater Accra, Ashanti and Western Regions headed by Assistant Commissioners (A.C'S). The service also has 45 district officers scattered throughout the country. There are also 39 collection posts/agencies in some towns.

Income Tax Act, Decrees, Laws and Amendments

The first income tax law in the country was the INCOME Tax Ordinance (NO. 27) of 1943. Between 1943 and 1961 the existing taxes and duties other than income tax were; Minerals Duty 1952 Betting Tax 1955, Casino Revenue Tax 1961, Entertainment Duty 1962, Airport Tax

1963, Excess profit Tax 1963, Hotel Customers Tax 1933 and Standard Assessment 1963. There was also the income tax degree, 1066 (NLCD 78) but in 1975 the various law and degree were consolidated into the Income Tax Amendment in 1983 (SMCD). These were a major amendment in 1983. In 1983, PNDC law 61 amendment portions of the decree including changing the assessment year from 1st July-30th June to 1st January -31st December every year, thus coinciding with calendar year.

From 1983 to date there have been further amendments; pertinent among them were PNDC law 166 of 1986, 192, 1088, 222 of 270, of 1991, 303 of 1992, 494 of 1995 and 514 of 1996. The amendment were meant to rationalize certain aspects to the law and to correct distortions and ambiguities as well as improved upon incentives and relief's regime to be in consonance with realities of the time and also to reduce the hitherto rates of taxes.

There were also other legislation for Rent Tax and Wealth, but it must be stated that most of the legislation on other taxes and duties have been repealed. The only ones that are still in existence are Capital Gains Tax, Stamp Duty, Casino Revenue Tax, Minerals Royalty and Service Tax (which includes Entertainment Duty, Advertisement Tax, Betting Tax and Hotel and Restaurant Customers Tax). Airport Tax has been coded to the Civil Aviation Authority whiles Rent Tax has been absorbed into the main decree.

Year of Assessment

The year of assessment from 1944/45 to 1960/61, it was changed to 1st July-30th June 1st January - 31st December every year.

Basis Period

The Service year- this was practiced up to 198/82

Current year- this was practiced up to 1987

Accounting year- this has been in from 1088

Commissioner

Below is the list of all the past and present Commissioners of the service: W. D DARE, A HEPHURNAMITH, J. B BOWICK, T. V. GLOVER, J. H. GRIFITHS-REINDOLOY, A. H. WHITFIELD, G. K. O. TURKSON, B. H. BKANKSON, A. D. KRAH, J. O. LAMPTEY MILLS, PROF. J. E. A. MILLS, DAVID ADOM, and JANET OPOKU-AKYEMPONG (MRS).

Taxes Administered:

The main objective of the service is to collect data taxes for the state. The taxes administered are; INCOME TAX, EMPLOYEES (P. A. Y. E), SELF EMPLOYED CPMPANY INCLUDE, STATE ENTEPRESES, PETROLEUM AND MINING, STAMP DUTY, CAPITAL GAINS TAX, GIFT AND RENT TAX.

In adding, the service collects taxes from certain identifiable groups. They are all self employed but service has entered into agreement with the executive members of such grouping and associations and collect the taxes rates negotiated with the executive members on daily, weekly and monthly basis. Such groups include Ghana Private Road Transport Union, Beauticians and Hairdressers Association, Dressmakers Association. The taxes so collected by the executives are paid to the service.

Internal Control

Internal control system encompasses all methods, procedures and arrangements adopted within an organization to ensure, as far as possible safeguard assets, the completeness, accuracy and reliability of the accounts records. Auditing standards defined Internal Control as “the whole system of control, financial or otherwise, established by management adherence to carry on the business in an orderly and efficient manner, ensuring adherence to management policies, safeguard assets and secure as far as possible the completeness and accuracy of records”

Types of Internal Control System

Every organization must have an organization chart. The organization chart depicts line of responsibility and authority. This helps to define and allocate responsibility and identifies line reporting. Each person in the organization knows the limit of his organization.

Segregation of Duties

It is important to separate those responsibilities or duties which if combined would enable one individual to records, process and complete transaction. Example, one person raising payment voucher, verifying, authorizing, approving as well as writing and signing cheques. There is the likelihood for corruption and financial malpractice.

Physical Control

These ensure that resources, both human and material are protected. It involves procedures and security measures designed to ensure that access to assets is limited to authorized personnel. The most resource which is cash should always be protected.

Authorization and Approval

All transaction should be authorized and approved by different personnel's, so as to strengthen the internal control measure.

Arithmetic and Accounting

This checks on the arithmetical accuracy of transactions recorded, it includes checking of totals, reconciling control accounts and trial balance.

Personnel

The effectiveness of every control system depends on the efficiency and capabilities which commensurate with their responsibilities. It is very important to note that the proper functioning of Internal Control System depends on the Competence and integrity of those operating the system.

Qualities of Internal Control System Understandability

It must be such that every person (s) in the organization can understand, authorized or approved by an appropriate responsible person(s) in every organization; there should be a structure, which will depict who is who.

Flexibility

It must be capable of being changed to meet the rapid developmental changes when the need arises.

Sufficient

It must elaborate. It should not be too long to avoid delays and not too short to encourage manipulation, but to be detailed and comprehensive.

Non-Punitive Measure

It should be a punitive measure. Control System should not serve as a trap for some particular people. It should rather guide and promote efficiency.

Internal Control cannot be effectively conducted without the help of internal audit as check on the system. The lauding Guidance's used in June 1990, defined internal audit internal control system as a service to the organization” Internal audit seeks to examine, evaluate and report on the adequacy of internal control as a contribution to the efficient and effective use of resources. Reviewing the implementation of corporate policies plan and procedures is ascertaining the extent of compliance.

Controls in the Public Sector

There are three distinct levels of controls;. Parliamentary Control. Treasury Controls, Departmental Controls The general objective of internal audit is to facilitate the smooth running of the organization and to serve as check on the implementation of internal control within the organization to help achieve the general and specific objectives of the organizations. Internal audit functions as a check on system of controls and advising management on possible improvement.

Examination of financial and operating information for management including detailed testing of transaction. Review the economy, efficiency and effectiveness of operations and functions of non-financial controls.

Parliamentary Control

The hallmark of government finance is to levy revenue and to spend under authorization of parliament in accordance with Article 174 and 178 of the 1992 constitution. Thus, it is important for the government to seek the consent both monies and to spend. The basis for parliamentary control can be categorized into Appropriation, Audit and Review by Public Accounts Committee.

Appropriation

Ministries, Departments and Government Agencies need to prepare their expenditure needs, which are submitted to the Ministry of Finance where they are examined for regularity and reviewed to reflect the financial the policy of the government as a whole for the financial year.

These estimates featured in the annual budget, a forecast of the proposed expenditure and the proposal for raising the necessary revenue. This is in conformity to Act 179 of the constitution. The content of the budget are debated upon and approved by

Audit Control

This is a mechanism for government to ensure that, it does not exceed budgeted when the approval of expenditure is effected, the treasurer prepares financial encumbrance for each of the items under his control. After he submits it to the appropriate treasurer, supervising their department heads. All payments vouchers and journal vouchers are pre-audited ensuring order and accuracy. Thus on Local Purchasing Order (LPO) is raised. The treasurer checks for

effectiveness by ensuring that the balance outstanding can meet commitments, he signs and numbers the local purchasing order.

Vote Book

This is used by the treasurer to record approved provisions under the various items of expenditure and allocations by financial encumbrance. The objective is to ensure allocating to spend, do not exceed the approved provisions. Variations to the estimate by way of supplementing provision and reallocating are recorded and the net provision shown.

Pre-Audit

This document certifies and corrects the vote book before they are passed for payment. The officer in that process checks for; the account number and the financial encumbrance. Check signature of Authorization with specimen signature of the Head of Department (HOD), Deputy of Files. Ensure that data are processed correctly.

The Departmental Control

The (HOD) issues authority to the spending offices by means of registered financial encumbrance registered by the chief treasurer officer until is done no spending takes place from the public fund. This ensures that funds are released on a pieces meal. The officer (140D) checks.

- i. Whether there are funds to meet such expenditure
- ii. That the expenditure will be a lawful charge to public funds
- iii. The value for money is achieved
- iv. That, payment are done according to current local rate and that the payment voucher is duly supported with all relevant documents.

Overview of Financial Malpractices in the Control System

Management in every organization plays a very crucial role as to stewardship and accountability in strengthening the reliance of shareholders as well as tax payers on the financial report. As resource providers, shareholders, tax payers and creditors demand financial report that describes an organization's economic activities. These financial statements include the profit and loss account, balance sheet, cash flow statement and narrative information like the chairman's annual report. Ironically, our press and media are heated with captions of financial malpractices ranging from embezzlement by top official to public service and from directions to laborers.

Where there is no culprit, the standard of living of people in affluence and opulence on our street stand to question. To illustrate, August 1, 2006 the Daily Graphic under the caption "probe Accra Metropolitan" Revenue Collectors. The story by Musah Yahaya Jafum, according to him Mr. Adu Boahene the Vice Chairman of the Positive Traders Association of Ghana alleged that some revenue collectors' forged tickets while others arranged with some of the traders and received their taxes every weekend and pockets them.

Also, in the dailies of April 9, 2005 featured the issue of financial deals in the control system of Ghana Broadcasting Corporation to Edmund Kofi Yeboah. According to the source it was difficult to understand why the acting director of finance could not safeguard information on their system.

Furthermore, the Daily Graphic of August 1, 2006 Kofi Akordor alleged "the public officers including the staff of revenue collecting agencies who connived with unscrupulous business people to evade or undervalue tax, custom exercise duties for a reward". Also he noted another area to be procurement or the award of contract.

These two he claimed take substantial share of the nation's budget which experts estimate those country including Ghana loose huge sums of monies in these areas. It is appalling, if confident in management is lost steadily due to improper Internal Control System and even its overseer, Auditing, Attempts to fighting corruption have not been successful. Either the anti-corruption laws do not go down enough or the implementation agencies are not well equipped financially, materially, and lack enough official backing to do their work effectively.

The serious Office (SFO) is one of the anti-corruptions institutions established under the 1992 Republic Constitution, under the (SFO) Act (466) of 1993, the Serious Fraud Office is to monitor and investigate on the authority of the Attorney General, prosecute any offence involving serious financial or economic loss to the state.

Notwithstanding these eloquent ideals, the Serious Fraud Office sometimes has difficulty in checking corrupt practices in government. Other laws such as Public procurement Law, Financial Management Law and whistle Blowers ACT which has just been passed to lead the supports of the anti-corruption drive.

There is also accountability in the office of the president which is to receive complaints about public officers suspected to have misconduct themselves. There have been an announcement on a new law which as claimed would have more bite and venom to empowering all security agencies and as far possible demand information on how Ghanaians whether public or private officers came by their wealthy, thus assets declaration regime. However a think tank, D Prof Gymay Boadu of the Centre for Democratic Development (CDD) has criticized categorically the inefficiencies and ineffectiveness of the implementation process of the assets declaration regime.

Methodology

This chapter deals with the method used in collecting data on the research. It dealt with description of the area covered, population of the study, interview, population sample, data collection method and data analysis and presentation.

Population

Population is the total number of persons or units that exists in the study area. The Internal Revenue Service has a branch in all the ten (10) regional capital in Ghana. For the purpose of this study, Eastern Region Office was chosen out of the ten (10) Regional Office in Ghana. The Internal Revenue Service plays a vital role by collecting revenue from the general public on behalf of government. The emphasis based on the operations and department and finance department.

Population Sample

Sample size is made up of the proportion selected for investigation. It involves careful examination of a selected proportion in order to extend knowledge gain from the study of the parts to the whole. With regards to the study

the researcher selected (50) respondents. The population sample consists of the Head of Collection, Head of Assessment and Collection Officers, all in the Operation Department and the Chief Accountant and the cashier also the Finance Department.

Sampling Techniques

Sample technique is the method used in the selection of the population of the actual study. The research used simple random sampling technique in the section sample. Sample random is a case where every individual units stands on equal chance or probability of being included or excluded in the final stage. The researcher used simple random sampling in order to avoid bias in data collection.

Method of Data Collection

Data Was Gathered Through The Use of both Primary and Secondary Sources of Data.

Primary Source: Information was drawn or elicited through personal interview and administered questionnaire. Personal interview was conducted with personnel from operation and finance department. Questionnaires were also distributed to 50 respondents and questionnaire were made up of both open and close-ended, designed in line with requested to air their views while with the close-ended questions, the respondents provided with possible answers to tick their response. The research questionnaire was given to the members of staff in the Operations Department and that of Finance Department.

Secondary Data

Secondary data was gathered through reading various auditing journals. M bulletins, research papers, internal and other textbooks. These entire sources were elicited at the Koforidua Polytechnic Library, Koforidua and Ghana Library Board, Accra.

Method of Data Analysis and Presentation

The data for the study will be analysis table pie chart, discussions and narrative procedures. The analysis will divide into sections, first on the Finance Department and second on the Operations Department.

Data Analysis Procedures

All the relevant information and evidence were critically analyzed and corrected reducing unwanted information and answers provided by respondents.

Analysis and Presentation of Data

This chapter is not the presentation and analysis of data collected from the field of study. It shows the number of questionnaires administered, the number returned and the relative response rate. The responses have been presented in a form of tables' bar charts and pie charts for analysis of the data collected from the population. I was able to send a maximum of fifty (50) questionnaires. The distribution was twenty (20) to Finance Department and thirty (30) to the staff of Operations Department of which the researcher did not receive ten (10).

Analysis and Presentation of Data from the Finance Department

Table 4.1: Educational Backgrounds of Staff in the Finance Department

Level of Education	No of Respondents	Percentage %
Tertiary	15	75
2 nd Cycle	5	25
Total	20	100

Source: Field Data July, 2014.

Table 4.1 shows that out of the twenty 3edxxdd (20) respondents, fifteen (15) representing seventy five percent (75%) were graduates from tertiary institutions, while five (5) out of the twenty (20) representing twenty five percent (25 %) were holder of certificates from second cycle institutions.

The researcher was of the view that, because majority of the Finance staff had tertiary education, they would be able to bring to bear their knowledge acquired, thereby enhancing the performance of the department such as keeping valuing books. Also, their level of education in addition to the in-service training acquired enabled the staff to keep documents as an evidence of their activities.

In addition to minimize financial malpractices, the Internal Revenue Service in the Eastern Region Office has an internal audit as a quality control unit in checking and promoting the effectiveness of internal control in the organization as well as following the laid down procedures in the Finance Department.

In an interview with the Head of Finance Department (Chief Accountant) he explained that internal audit as a quality control mechanism service as a check on financial malpractice since it focuses on keeping proper books of accounts.

About 80% of the respondents in the Finance Department said the internal audit serve as a quality control unit to be very resourceful and essential in that, it ensures the producers and policies of the Department management. It also ensures that tax collected is accounted for.

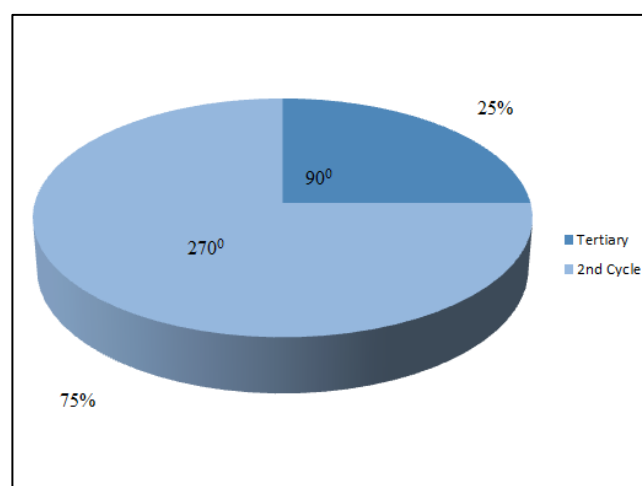


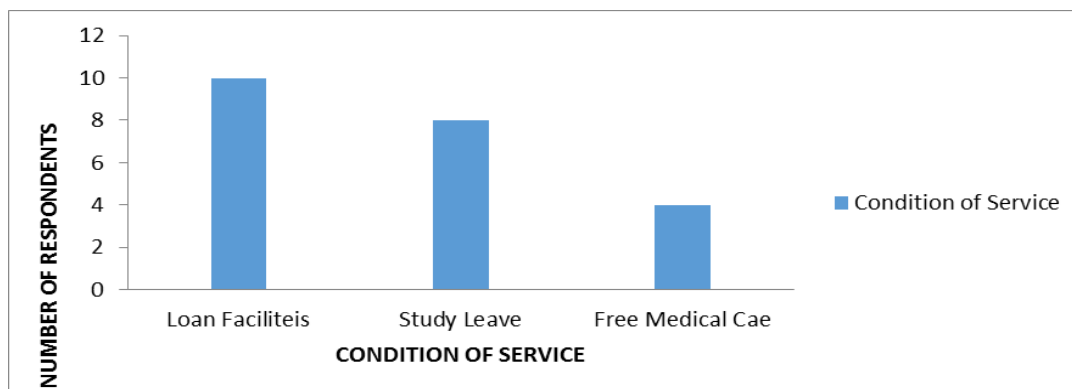
Fig 1: Pie Chart Showing Educational Background of Finance Staff

Table 4.2: Condition of Service in the Finance Department

Condition	No. Of Respondents	Percentage %
Loan facilities	10	50
Study leave	7	35
Free medical care	3	15
Total	20	100

Source: Field Data July, 2014.

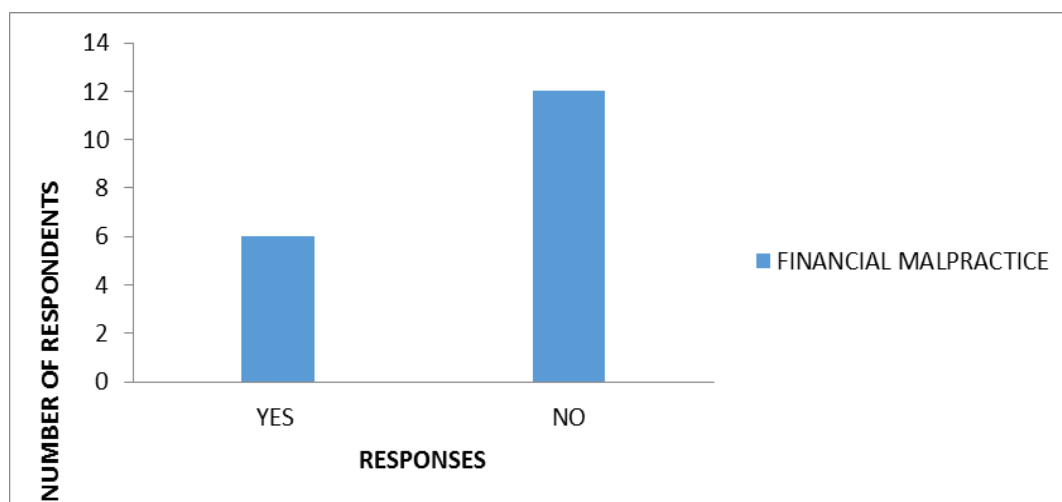
Table 4.2 shows chart that, out of the twenty (20) respondents, ten (10) representing fifty percent (50%) said loan facilities has helped them to improve on their livelihood, seven (7) out of the twenty (20) respondents representing thirty-five (35%) said study leave has helped them to upgrade themselves. Whiles three (3) out of the twenty (20) respondents representing fifteen percent (15%) said free medical care has saved them a lot.

**Fig 2:** A Bar Chart Showing the Respondents Condition of Service in the Finance Department**Tables 4.3:** Are These Conditions of Service Attractive Enough to Minise Financial Malpractice

Condition	No. of Respondents	Percent %
Yes	7	35
No	13	65
Total	20	100

Source: Field Data July, 2014.

Table 4.3 shows that out of the twenty (20) respondents seven (7) representing thirty five percent (35%) said conditions of service were attractive enough to minimize financial malpractice, whiles thirteen (13) out of the twenty (20) respondents representing sixty five percent (65%) said conditions of service are not attractive to minimize financial malpractice.

**Fig 3:** A Bar Chart Showing the Conditions of Service Attractive Enough to Minimize Financial Malpractice.**Table 4.4:** How Cash Received?

Cash Received	No. Of Respondents	Percentage (%)
By Hand	16	80
By Cheque	4	20
Total	20	100

Source: Field Data July, 2014.

Table 4.4 show out of the twenty (20) respondents sixteen (16) representing eighty percent (80%) said they receive cash by hand, whiles four (4) out of the twenty (20) respondents representing twenty percent (20%) said they received cash by cheque.

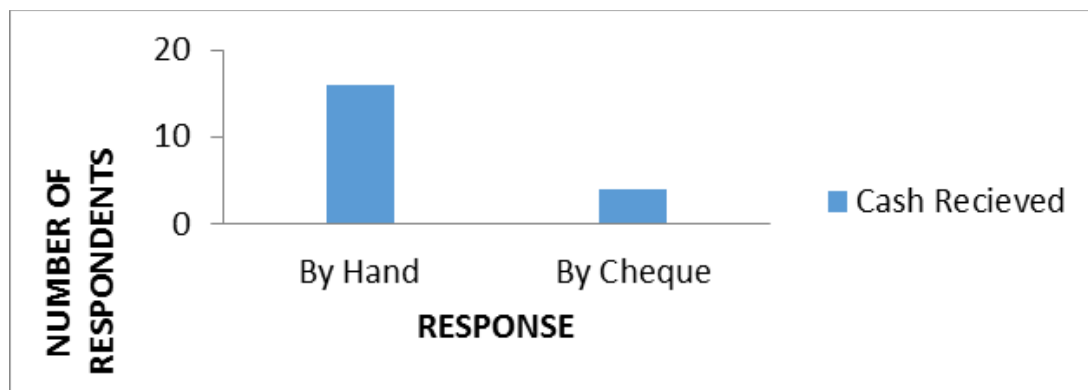


Figure 4: A Bar Chart Showing How Cash Received

Analysis and Presentation of Data of the Operations Department

Table 4.5: Educational Backgrounds Of Staffs In The Operations Department

Level of Education	No of Respondents	Percentage %
Tertiary	6	80
2 nd Cycle	4	20
Total	20	100

Source: Field Data July, 2014.

Table 4.5 show that out of the twenty (20) respondents sixteen (16) representing eight percent (80%) were graduates from tertiary institutions, whiles four (4) out of the twenty (20) representing twenty percent (20%) were holders of certificates from second cycle institutions.

With these qualifications in their education background the researcher was of the view that, their level of education in addition to the in-service training institute enables the officers in conducting themselves properly on the field.

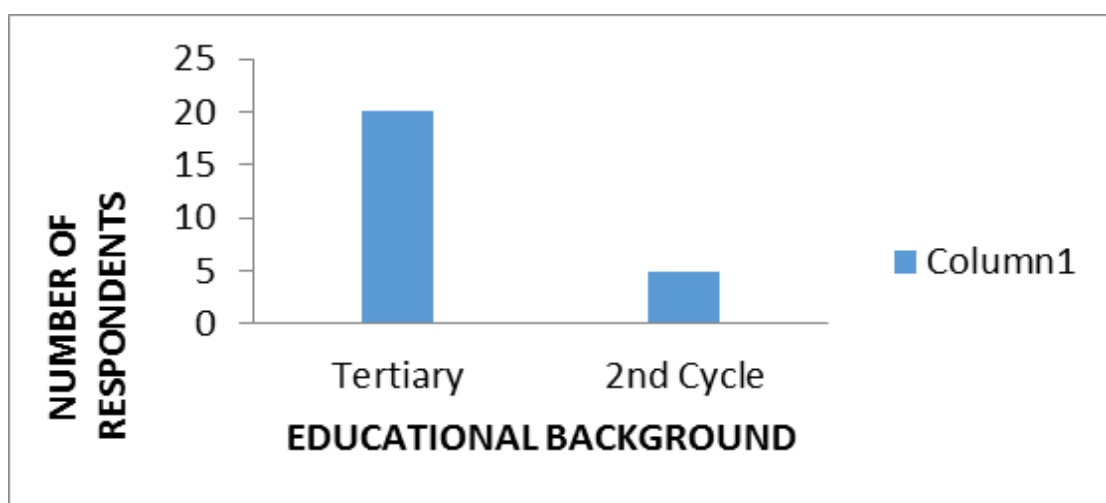


Fig 5: A Bar Chart Showing the Education Background of Respondents.

Table 4.6: How Are Taxes Collected By the Officers in the Operations Department.

Means of Collection	No. of Respondents	Percentage %
By going for field inspection	15	75
Through withholding agencies	2	10
Through the mail	-	-
Direct payment to the office	3	15
Total	20	100

Source: Field Data July, 2014.

taxes are collected by the officers in the operational department by going for field inspection, two (2) respondents representing ten percent (10%) said taxes are collected through withholding agencies whiles three (3) of the respondents representing fifteen percent (15%) said taxes are collected by the officers in the operations department by making direct payment to the office.

Table 4.6 shows that out of the twenty (20) respondents fifteen (15) representing seventy five percent (75%) said

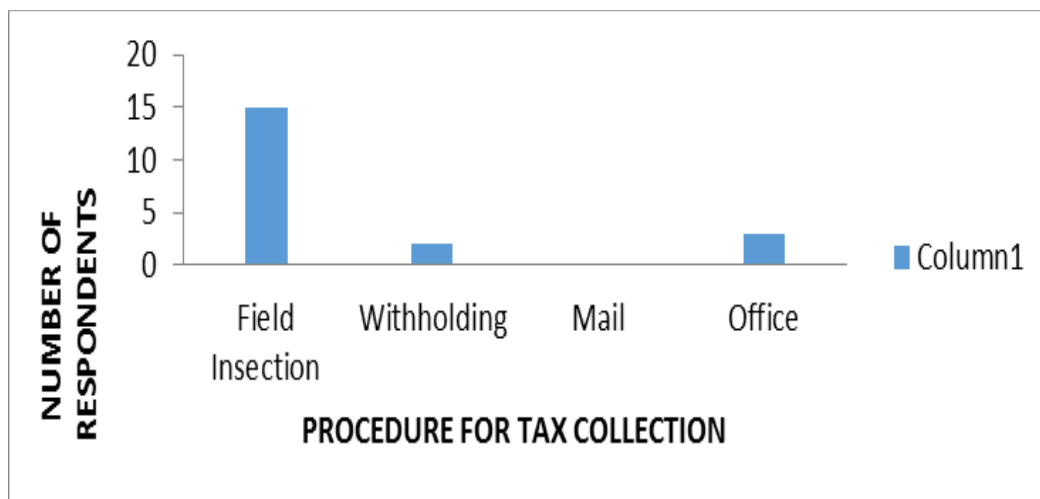


Fig 6: A Bar Chart Showing Means of Collection of Taxes

Table 4.7: What Are the Forms of Tax Payments

Form of Tax Payment	No. of Respondents	Percentage %
Cash	15	75
Cheques	4	20
Bankers Draft	1	5
Withholding Taxes	-	-
Total	20	100

Source: Field Data July, 2014.

Table 4.7 shows that out of the twenty (20) respondents fifty (15) representing seventy five percent (75%) said the forms of tax payment is by cash payment, four (4) of the respondents representing twenty percent (20%) said tax payment are made by cheque while one (1) of the respondents representing five percent (5%) said tax payment are made by bankers draft.

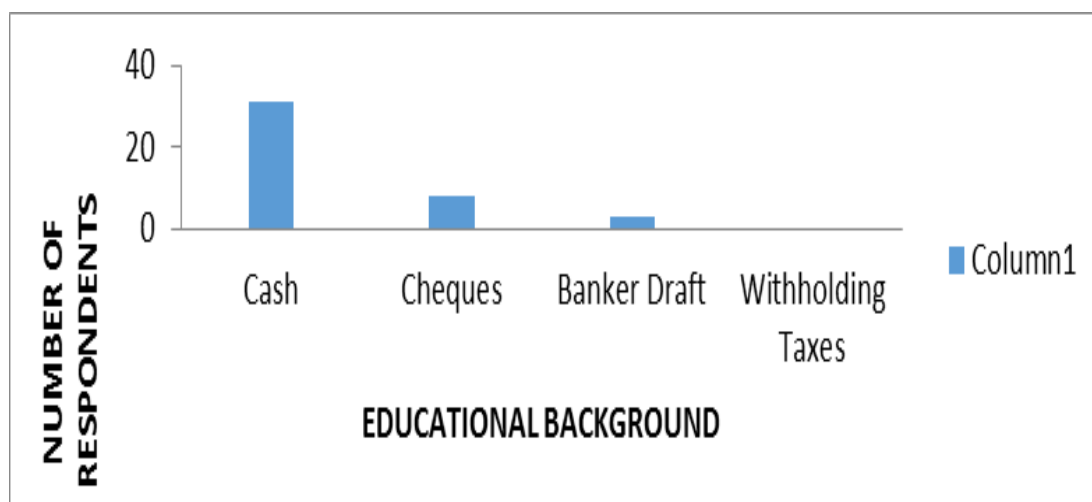


Figure 7: A Bar Chart Showing the Forms of Tax Payments

Table 4.8: A Table Showing Resource Personnel

Resource Personnel	No. of Respondents	Percentage %
Yes	6	30
No	14	70
Total	20	100

Source: Field Data July, 2014.

Table 4.8 shows that out of twenty (20) respondents six (6) representing thirty percent (30%) said human resource was well resourced in terms of human resource, while fourteen (14) respondents representing seventy percent (70%) said the operations department was not well resourced in terms of human personnel.



Fig 8: A Bar Chart Showing the Resource Personnel in the Operations Department.

Table 4.9: Did You Receive Any Training Before Your Appointment?

Training	No. of Respondents	Percentage
Yes	20	100
No	-	-
Total	20	100

Source: Field Data July, 2014.

Table 4.9 show that out of the twenty (20) respondents all the twenty (20) respondents representing hundred percent (100%) said they receive training before their appointment.

Table 4.10: Are there any in-Service Training Programmes for the Officers?

in-Service Training	No. of Respondents	Percentage (%)
Yes	20	100
No	-	-
Total	20	100

Source: Field Data July, 2014.

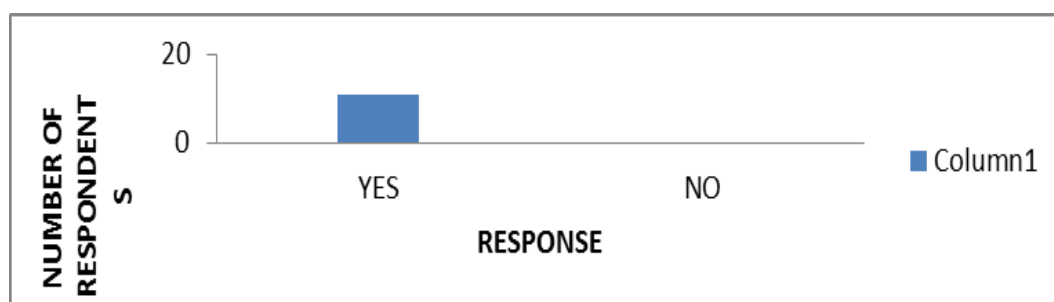
Table 4.10 shows that out of the twenty (20) respondents all the twenty (20) respondents representing hundred percent (100%) said there is an in-service training for the officers.

Table 4.11: How Do You Report To The Supervisor After Field Collection?

Field Collection	No- Of Respondents	Percentage (%)
Documentation	20	100
Verbally	-	-
Total	20	100

Source: Field Data July, 2014.

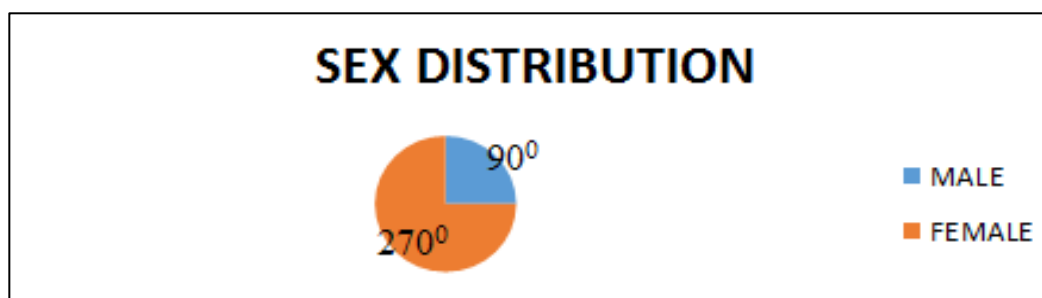
Total 4.11 shows that out of the twenty (20) respondents all the twenty (20) respondents representing hundred percent (100%) said they report to their supervisor after field collection by documentation

**Fig 9:** A Bar Chart Showing the Respondents Report to Supervisors after Field Work.**Table 4.12:** Genders of Staff

Gender	No Respondents	Percentage%
Male	30	75
Female	10	25
Total	40	100

Source: Field Data July, 2014.

Table 4.13 shows that out of the twenty (20) respondents thirty (30) of the respondents representing seventy five percent (75%) were males who filled the questionnaires and ten (10) of the respondents representing twenty five (25%) were females who field the questionnaires.

**Fig 10:** A Pie Chart Showing the Sex Distribution of Respondents**Table 4.14:** Analysis and Presentation of Data on Ages of Staff

Age	No. Of Respondents	Percentage %
20-30	4	100%
31-40	10	25%
41-50	20	50%
51-60	6	15%
Total	40	100

Source: Field Data July, 2014.

Table 4.8 shows that out of the twenty (20) Four (4) of the respondents representing 10% were between the ages of 20-30, ten (10) of the respondents representing 25% were between the ages of 31-40 also twenty (20) of the respondents representing 50% were between the ages of 41-50 while six (6) respondents representing 15% were between the ages of 51-60.

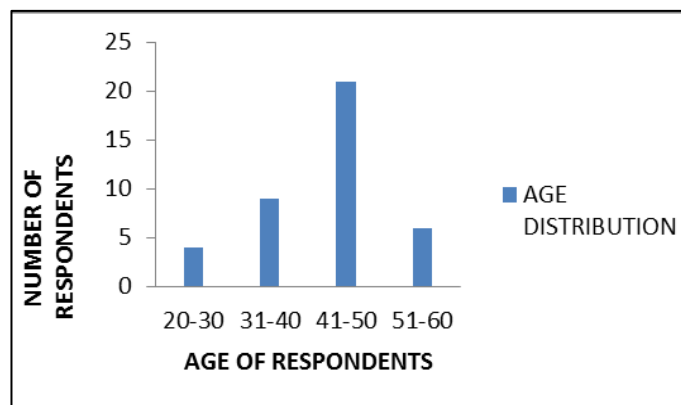


Fig 11: A Bar Chart Showing the Age Distribution of Respondents

Source: Field Data July, 2014.

Summary, Conclusion and Recommendation

This chapter deals with the summary, conclusion and recommendation for the research work.

Summary

The primary aim of my research study was to ascertain the impact of the internal control system, a tool for minimizing financial malpractice in an organization. Internal Control is a whole system of control, financial or otherwise, established by management in order to carry out the business of the enterprise in an efficient manner, ensure adherence to management policies safeguard assets and secure as far as possible the completeness and accuracy of the controls.

Internal control system consists of the policies and procedures adopted by the management of an entity which regulates transaction processing within organization in achieving management objectives. Internal control being operated in the service had a positive impact in minimizing financial malpractice.

On the contrary, 30% of the respondents in the finance Department and 20% respondents in the operation Department representing 25% of the total respondents did not show much interest in the internal controls. They were with the view that the procedures used were too cumbersome and also it is waste of resources in the service. The objective of the study was to find how Internal Revenue Service is to optimize tax revenue through the fair application of tax laws, to promote Voluntary Compliance through improved customer service and tax payer education, and to effectively administer the tax laws through well trained and motivated staff.

In addition to the mission, the Internal Revenue Service has a vision. The vision is to be an effective tax administration agency that applies the tax laws fairly, efficiently and with integrity in order to collect revenue for national development.

Conclusion

The research study managed to set the effectiveness of Internal Control System, a tool for minimizing financial malpractice that is an element in minimizing corruption in an organization. The following facts were established based on the analysis of the data collected.

1. That, triplicate receipts were issued in support of not payments.

2. That tax exempts ensures assessments are being raised and pursued for collection.
3. That, tax audit ensures that no company understanding its income.
4. That, inspections are conducted on the worked one by the tax collections.
5. That, daily collections are banked immediately.
6. That, on cheque paid to Internal Revenue Services the name should not be abbreviated as I. R. S.

On the other hand

1. Operation Department was under-staffed
2. The Operations Department as well as Finance Department was not fully equipped with the necessary logistics such as computers and transport.

Recommendations

From the findings and conclusions. The following recommendations were made:

1. Since receipts are issued in triplicates in support of to transaction, it will help prevent manipulation of figures. They should keep it up.
2. Since the tax exams are conducted regularly, it ensures effective tax payment.
3. Again tax audit helps in preventing understatement of tax payment which is a good practice to management and also help the government to maximize its tax collection.
4. Also because tax inspiration are conducted on tax officials, it enhances efficiency on work done prevents issuance of fake receipts.
5. Since their control system ensures immediate baking after collection, it reduces temptations like embezzlement of funds.
6. Since the name of Internal Revenue Service should be written in full but not abbreviated as IRS, on cheque paid to Internal Revenue Service, it helps prevent people from altering the cheque for their personal gains.
7. Parliament and the executives must take steps to ensure the smooth implementation of the assets declaration regime.

On the hand, since the Operations Department of Internal Revenue Service was under staffed, I recommended to management to recruit the required number of work force to enhance efficiency and effectiveness.

The Operation Department as well as Finance Department should be fully equipped with the necessary logistics such as computers printers and transport.

They should intensify field inspections on filed officials since is a human institution some officials may be corrupt, therefore achievement of controls should be reviewed in relation to officials from time to time.

Also, the system of cheque registration should be enhanced.

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