

ASSESSMENT OF THE EFFECTIVENESS OF INTERNAL CONTROL PRACTICES IN GOVERNMENT OFFICE A CASE OF SELECTED WOREDAS OF WEST GOJJAM ZONE ETHIOPIA

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Abstract:

The main objective of this study is to assess the effectiveness of internal control practice in the government office a case of selected woredas of west Gojjam zone. The researchers used COSO revealed that; internal control is resulted from an effective function of the control environment, control activities, the risk assessment, information flow and communication and monitoring of the practice itself. To evaluate the effectiveness of internal control practice the researchers used CAM. The result revealed that, the overall mean of the control environment is 2.69(53.80%) it is the rate of the control environment in the government office is not effective. It needs further some critical area improvement. The mean value of risk assessment is 3.02(60.4%); this indicates that there are differences about management's identification of risks that affect the achievement of the objectives and design of the system by management. Risk assessment is the rates three; government office is not proactive to identify risks as well as the appropriate response to risks mechanisms. The risk assessment needs further improvement of some critical areas. The overall mean of the control activity is 2.55(51%), it is the rates three. There were inadequate property administration, payroll-related fraud, unauthorized payments, some cash collection without legal receipts, violet contractual agreement of construction, and use public asset for personal purpose. The control activities in the government offices are not sound. Government offices have good information follows. The overall mean is 3.65(703%) it is the rates four. Majority of audit findings were related to schools and health centers. Based on the finding of the study researchers forward the following recommendation. Government universities collaboration with the main regional audit office are expected to provide practical oriented training to the junior employees and the responsible government bodies should assign duties and responsibilities based on merit.

1. 1. BACKGROUND

Different researchers defined the term internal control in their own ways. For example it defined as a major part of managing an organization (Scarborough, Rama, & Raghunandan, 1998). Internal controls are procedures that offices institute with the aim of ensuring that the objectives, goals, and mission of the offices are met (Rezaee, 2002). Moreover, "broadly it is an integral process that is effected by main elements of a public body's, and designed to provide reasonable assurance for the achievement of effectiveness and efficiency of operations, reliability of financial reporting as well as compliance with applicable laws and regulations."

According to Hannaah (2013), internal control is a dynamic integral process that is adapting continuously to the changes facing modern organizations. As Aziz, Said, and Alam (2015), it is not only a procedure that is performed at a certain point in time but it is a continually operating, integrated system at all levels within an organization. Thus, results of internal control audits provide information on the level of risk that a nonprofit organization is not effectively carrying out its mission-related activities and fiduciary responsibilities (Petrovits, Shakespeare, & Shih, 2011). Through internal control systems, organizations achieve their

performance and organizational goals, prevent loss of resources, enable preparation of reliable reports and ensure compliance with laws and regulations. Thus internal control is established by the organizational management to ensure that an institution is carried out in a systematic and efficient manner.

According to (Hannah, 2013) an internal control system creates an organization's confidence in its ability to perform a particular task and prevents errors and losses through monitoring and enhancing organizational and financial reporting processes as well as ensuring compliance with pertinent laws and regulations. Internal controls provide an independent appraisal of the quality of managerial performance in carrying out assigned responsibilities for better revenue generation

1.2. Statement of the Problem

As Aziz, Ab Rahman, Alam and Said (2015), governance in public administration has become a global issue as a result of the continuous stream of governance failures, fraud, inefficiency, corruption, and poor internal control and financial management. Moreover, public sectors worldwide are now under pressure to justify the sources and utilizations of public resources as well as improving the performance in their services delivery.

Agbejule and Jokipii (2009) effectiveness of internal control system in public entities, is a function of five interrelated components, namely: control environment, risk assessment, control activities, information and communication, and monitoring. Effectiveness in each component can be reflected on the others as they are integrated and determine the overall effectiveness of the internal control system. An effective internal control system can only ever provide reasonable assurance that an organization's operating systems, financial controls, reporting and other processes are working effectively. Despite how well designed and operated internal control systems cannot offer absolute assurance that organization objectives have been, and will continue to be, met (Wipplinger, 2007). Designing and implementing systems of internal control requires management to clearly understand organizations' objectives and its operating environment. Management also needs to recognize the inherent limitations in the design and application of systems that may impact on the ultimate delivery of its objectives and services. Internal control systems reduce the probability of errors or omissions in organizational operations (Bovens & Schillemans, 2014).

However, there can be limitations in the effectiveness of internal controls, with improper internal control system implemented in managing and securing the public sectors' assets, it could turn into catastrophic result that could threaten public safety. Limitations to the effectiveness of internal controls may result from system omissions, human factors, resource constraints or lack of system flexibility (Taylor, Quintyn & Hupkes, 2005).

As many researchers findings like (Mathenge,2016),show that employees carelessness; poor judgment or lack of knowledge; inappropriate record keeping system; poor inventory management system; inappropriate budget utilization; collusion by employees for personal gain or other motives; controls fail to capture or flag of unusual transactions; controls and processes are viewed as a hindrance in the delivery of services are the major problems encountered in internal control in governmental organization.

In addition to these, management does not displaying a culture of responsiveness to identified control weaknesses and encouraging reporting of internal control weaknesses; absence of training in internal control processes as part of staff induction, with regular follow up training; absence of regular review of potential risks that may significantly impact organizations' operations; absence of regular review and update of internal operational, financial and other processes; lack of effective internal audit and risk management functions; lack of assessment and adoption of audit recommendations, when appropriate, and inadequacy in designing and

implementation of an effective fraud, corruption and official misconduct mitigation are the day to day endeavor of the public sectors.

According to West Gojam Zone Finance and economic development office audit findings revealed that, more than 4million birr was missed used from 2007-2009 budget years. This indicates that the negligence and public servants who fail to fulfill their duty to protect government interest. Therefore, there is poor internal control system in Woredas of west Gojam zone. In order to achieve the second growth and transformation plan of the region in general and in particular the zone, the effectiveness of the internal control system of the Government offices play a great role. Besides to these, in 2017 Amhara Regional states has identified and given attention to the issue of internal control practices in Governmental offices as researchable area. As a result of this, the researchers decided to conduct the study on the title assessment of the effectiveness of internal controlling practices in selected Woredas of West Gojam zone.

1.2.1. Objective

The overall objective of this study is to assess the effectiveness of internal control practice in government offices a case of selected Woredas of West Gojam Zone.

2. Research Design

A research design is a type of blueprint prepared on various types of blueprints available for the collection, measurement and analysis of data. A research design calls for developing the most efficient plan of gathering the needed information. The design of a research study is based on the purpose of the study. This study was conducted in West Gojam Zone, in Amahara region. The study is descriptive of the existing internal control practices in government offices.

2.1. Research Approaches

The researchers used a qualitative research approach. This is due to the nature of data that were requiring for achieving the stated objectives of the study.

2.1. Sources of Data

For obtaining abundant data which enables successfully accomplish this study, the researchers used both primary and secondary sources of data. The primary data were obtained from management bodies, external auditors, internal auditors and accountants and other permanent employees of the offices. The primary source of data was chosen because it provides first-hand information to the researchers. Not only does the primary sources of data to enable the researchers to focus on specific issues but it also enables the researchers to have a higher level of control over how data are collected. Similarly, secondary data were extracted from manuals, external auditors' report, and the internal auditor report of the Woredas.

3.3. Method of data Collection

The data were collected through a survey method and primary data were collected by using, key informants interview with audit team leaders, internal and external auditor, and a structured questionnaire in the identified site about the effectiveness of the internal control practice by using the Likert scale ranging from strongly agree (5) to strongly disagree (1). The secondary data needed for achieving the study internal audit reports were collected from West Gojam Zone Finance and Economic development office and external audit report were collected from the Amhara Regional state main audit office.

3.4. Sample Method and size

According to West Gojam zone finance and economic development office (2010E.C), there are 18woredas. Among these woredas the researchers purposefully selected 8 woredas namely, Merawi town, Dembecha town, Burie Town, Burie Zuria, Degadamot, Jabitehinan, Yilimanadensa, and Womberima. These woredas are selected because they have many audit findings during 2009 E.C budget year. In regard to the number of respondents, there are a total of 108 permanent employees from selected eight Woredas. Since the number of the employees is manageable and by nature this kind of study requires a detail investigation all of the employees are incorporated in this study.

3.5. Data Analysis and Interpretation

For the sake of analyzing the collected data in an appropriate manner, simple descriptive methods were employed. This includes tabulation, percentages, and central measures for data related with the study needs for. Further, for presenting the data the researchers used graphs and charts. In additional version 20 software used for analyzing the data obtained via questionnaires

3. DATA PRESENTATION AND ANALYSIS

This study was conducted to assess the effectiveness of internal control practice in selected Woredas of West Gojam Zone specifically Merawi town, Dembecha town, Burie town, Burie Zuria, Degadamot, Jabitehnan, Yilimanadensa, and Womberima. To carry out this, first the data were collected through interview with audit team leaders and 108 copies questionnaires were distributed to the selected respondents. From the total copies 97 were collected back and all was returned successfully with required answers. The balances of 8 copies were not returned.

4.1. Respondents' profile.

Accordingly, the respondents were asked to respond to their gender category, working experience, education status, and working department. The information processed by and is summarized as follows.

Table 4.1. Respondents' woreda

Name of woreda	Frequency	Percent	Cumulative Percent
Burie town	15	15.5	15.5
Dembcha town	13	13.4	28.9
Degadamot	7	7.2	36.1
Jabitenan	14	14.4	50.5
Merawi town	11	11.3	61.9
Womberma	13	13.4	75.3
Yilmana Densa	13	13.4	88.7
Burie Zuria	11	11.3	100.0
Total	97	100.0	

Source: Own survey summary, 2010E.C

Data were collected from eight woreda of west Gojam zone, Table 4.1 shows, that the composition of respondents by their respective woredas. Out 97 respondents, 15(15.5%) of data collected from Burie town, 13(13.4%) of data collected from Dembecha town, 7(7.2%) of data collected from Dega damot, 14(14.4%) of data collected from Jabitenan, 11(11.3%) collected from Merawi town, 13(13.4%) of data collected from womberma, 13(13.4%) collected from Yilmsa Densa and the reaming 11(11.3%) of data collected from Burie Zurie woreda. This implies that self-administered questionnaires were distributed to all selected woreds based on their respective number of employees.

Table 4.2. Gender of respondents

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Male	54	55.7	55.7	55.7
Female	43	44.3	44.3	100.0
Total	97	100.0	100.0	

Source: Own survey summary, 2010E.C

As observed from the table above, out of the total 97 respondents 54(55.7%) of respondents were male and the remaining 43(44.3%) of respondents were female. This indicates the share of males is higher than females. However there was no biased in the survey instrument related to gender of respondent. The implication is showing the composition of gender in this study.

Table 4.3. Working department of respondents

Department	Frequency	Percent	Valid Percent	Cumulative Percent
Finance	47	48.5	48.5	48.5
Purchasing	25	25.8	25.8	74.2
property administration	14	14.4	14.4	88.7
Auditing	11	11.3	11.3	100.0
Total	97	100.0	100.0	

Source: Own survey summary, 2010E.C

As per the above table 4.2 shown, out of 97 respondents, 47(48.5%) of respondents are working at finance department, 25(28.8%) of respondents are working at purchasing department, 14(14.4%) of respondents are working at property administration and the remaining 11(11.3%) of respondents are working at auditing department. This indicates that the study incorporates respondents from all concerned department related to of internal control. Therefore, it helps to collect relevant data relating to the effectiveness of internal control practices in the government office.

Table 4.4. Education status of respondents

Education level	Frequency	Percent	Valid Percent	Cumulative Percent
First Degree	79	81.4	81.4	81.4
Diploma	12	12.4	12.4	93.8
certificate	6	6.2	6.2	100.0
Total	97	100.0	100.0	

Source: Own survey summary, 2010E.C

Regarding educational status respondents, 79(81.4%) of respondents are first degree holders, 12(12.4%) of respondents were diploma holders. Only 6 (6.2%) of respondents were certificate holders. This shows that majority of the respondents were educated and can contribute more for the effectiveness of internal control practices.

Table 4.4. Working experience of employees

Working experience	Frequency	Percent	Valid Percent	Cumulative Percent
Below 5 years	32	33.0	33.0	33.0
5-10years	47	48.5	48.5	81.4
above 10 years	18	18.6	18.6	100.0
Total	97	100.0	100.0	

Source: Own survey summary, 2010E.C

Accordingly the survey result revealed that 32(33%) of respondents have experience in the range of below years, 47(48.5%) of respondents have experience in the range of 5-10years and 18(18.6) of respondents have experience in the range of above 10 years. The implication is the majority respondents have more than five years working experience in their profession the more they have knowledge to apply specific internal control procedures in in their duty.

4.2. Internal control practice

Internal control practices include control environment, risk assessment, control activities, information and communication and monitoring.

4.2.1. Control environment

In order to evaluate the proper implementations of control environment practices in government office the researchers have prepared seventeen likert scale customized standard questionnaires were addressed to the respondents and indexed as follows:

Table 4.5. Control environment

Response	Frequency	Percent	Valid Percent	Cumulative Percent	Mean
Strongly Disagree	24	24.7	24.7	24.7	2.69
Disagree	26	26.8	26.8	51.5	
Undecided	13	13.4	13.4	64.9	
Agree	24	24.7	24.7	89.6	
Strongly agree	10	10.4	10.4	100.0	
Total	97	100.0	100.0		

Source: Own survey summary, 2010E.C

Table 4.5 shown that, 24(24.7%) of respondents were said strongly disagree, 26(26.8%) of respondents were said disagree, 13(13.4%) of respondents were said undecided, 24 (24.7%) of the respondents were said to agree and 10(10.3%) were said strongly agree on the control environment related questioners. This implies that majority of respondents, that the control environment practice in the government office was enough to protect the public interest. The overall mean of the control environment is 2.69(53.80%) based on CAM rate three; it indicates, generally adequate internal control practice, with some critical areas of improvement: the system achieves, in general terms, the control objectives intended to mitigate the risks correlated to the governance objectives relevant to the process. The characteristics of some of the controls, however, are not fully consistent with requisites of sound controls. Interview results related to control environment issues, interviewee agreed that wordras have control practice which is implemented based on the policy and procedure to prevent and detect irregularities within the offices. The interviewee believes that the offices have adequate policy and procedure for the internal control as they said. But they disclosed about the presence of inadequate awareness of employees about finance and purchasing related rules and regulations, mismatching regulations, the assignment of unrelated professions such as cashiers, accountant, purchasers especially highly applicable in primary schools, health centers, and farmer training centers. The assignment of duties and responsibilities are not based on merit; there were no sufficient and practical oriented training given for employees; junior accountants have less awareness about financial guidelines, rules & regulations, all employees of the office not perform their responsibilities as per the regulations and guidelines. Consequently, the control environment in the government office is not effective. It needs some critical area for further improvement.

4.2.2. Risk assessment

To ascertain whether the assess risk assessment is effective or not in the government office the researchers have selected respondents asked six customized standard questions about directly related to risk assessment and summarized as follows by using index.

Table 4.6. Risk Assessment

Response	Frequency	Percent	Valid Percent	Cumulative Percent	Mean
Strongly Disagree	20	20.6	20.6	20.6	3.02
Disagree	15	15.5	15.5	36.1	
Undecided	21	21.6	21.6	57.7	
Agree	25	25.8	25.8	83.5	

Strongly agree	16	16.5	16.5	100.0	
Total	97	100.0	100.0		

Source: Own survey summary, 2010E.C

On the above table out of total respondents, 20(20.06%), 15(15.105%), 21(21.60%), 25(25.8%), and 16(16.50%) of respondents were said strongly disagreed, disagreed, neutral, agreed and strongly agreed respectively, in relation with risk assessment related questions. According to majority respondents, the government offices have not appropriate strategy to identify risks of internal control. Whereas, some of respondents said that the government offices have appropriate strategy to identify internal control risks. The overall mean value of risk assessment is 3.02(60.4%); this indicates that there are indifferences about management's identification of risks that affect achievement of objectives and design of system by management. According to CAM the performance of risk assessment is rate three; the risk assessment practice in the government office is generally adequate internal control practice, with some critical areas improvement: the practice achieves, in general terms, the control objectives intended to mitigate the risks correlated to governance objectives relevant to the process (based on risk acceptance strategy). The characteristics of some of the controls, however, are not fully consistent with requisites of sound controls. While researchers conducted interview with team leaders' of auditing department, concerning the risk assessments practice, interviewees agreed that there the management is not properly responsible to identify risk caused by failure of institution; and cannot give response accordingly. In relation to involvement of the internal auditor during implementation reduces the occurrence of risk. This indicates in the government office are not proactive of identifying risks as well as appropriate response to risks mechanisms. Therefore, the risk assessment needs further improvement of some critical areas.

4.2.3. Control activities

So as to, appraise the effectiveness of internal control in the government office the researchers addressed sixty seven likerts scale customized standard questions in relation to control over cash, control over supplies, control over fixed assets, control over payroll related payments and control over human resource management. The summary of these questions are indexed as follows.

Table 4.7. Control activities

Response	Frequency	Percent	Valid Percent	Cumulative Percent	Mean
Strongly disagree	19	19.6	19.6	19.6	2.55
Disagree	35	36.1	36.1	55.7	
undecided	23	23.7	23.7	79.4	
Agree	11	11.3	11.3	90.7	
Strongly agree	9	9.3	9.3	100.0	
Total	97	100.0	100.0		

Source: Own survey summary, 2010E.C

As table 4.7 shown, 19(19.6%) of respondents said that strongly agree disagree, 35(36.1%) of respondents said disagree, 23(23.7%) of respondents said undecided, 11(11.30%) of respondents said agree and 9(9.3%) of respondents said strongly agree on control activities related questions. This indicates that majority of the respondents did not agreed proper implementation of control activities in the government office. This internal control component is very crucial for employees of the office to perform their tasks based on written manuals and crucial for managements to enforce accountability of employee's activities. The overall mean of control activity is 2.55(51%), it is rate three based on CAM the control activities are adequate internal control system with some areas of improvement: a system that achieves the control objectives intended to mitigate the risks correlated to governance objectives relevant to the process (based on risk acceptance strategy) with evidence of some areas, though not critical, subject to improvement to meet the requisites of sound controls.

In relation to control activities, the interviewee agreed they always try to implement preventive type of internal control in order to protected problem before it exists. But, there were inadequate property administration, payroll related fraud, unauthorized payments, some cash collection without legal receipts, violet contractual agreement of construction, use public asset for personal purpose, payment of per-diem while employees are on duty, overlapping per-diem, paid per-diem for in 5 kilo mater radius, made payments twice by using a single evidence, calculation errors,. Fuel normalization is one of the major problems in each woreda. If it is occurred they tried to detect and correct as much as possible. In addition e

external sample audit report states that majority of audit findings were cash imbalance, payment without compete evidences, approval expenditures out of authorized amount, purchasing without considering purchasing rules and regulations, made payment without any evidences, made payment without sufficient evidences, paid illegal perdiem, unaudited because of incomplete evidences and there were no physical inventory count. Therefore, the control activities in the government offices are not sound. It needs some critical area improvements.

4.2.4. Information and communication

These policies respectively consists of the methods and records used to record, maintain and report the events of an entity, as well as to maintain accountability for the related assets, liabilities and equity of the organization; and the provision of an understanding of individual roles and responsibilities pertaining to internal controls.

The following tables below shown six customized standard questions are summarized.

Table 4.8. Information communication

Response	Frequency	Percent	Valid Percent	Cumulative Percent	Mean
Strongly Disagree	9	9.3	9.3	9.3	3.65
Disagree	16	16.5	16.5	25.8	
Undecided	4	4.1	4.1	29.9	
Agree	39	40.2	40.2	70.1	
Strongly agree	29	29.9	29.9	100.0	
Total	97	100.0	100.0		

Source: Own survey summary, 2010E.C

As indicated in Table 4.8. 23 The respondents responded as follows 9(9.3%), 16(16.5%), 4(4.1%), 39(40.2%) and 29(29.9%), respondents were strongly disagreed, disagreed, neutral, agreed and strongly agreed respectively. This implies that in the government offices have good information follows. The overall mean is 3.65(703%) based on CAM it is rate four, adequate internal control system with some areas of improvement: a system that achieves the control objectives intended to mitigate the risks correlated to governance objectives relevant to the process (based on risk acceptance strategy) with evidence of some areas, though not critical, subject to improvement to meet the requisites of sound controls. In addition to this as per information obtained through interview by the researchers, the necessary information is disclosed through notice board and official letters; property administration rules, regulations and guidelines are documented; financial rules, regulations and guidelines are documented in the office; purchase, procurement rules, regulations and guidelines are documented in your office; transactions are timely recorded and classified to provide reliable information system is developed to communicate necessary information to every employee. With respect to information technology infrastructure, the interviewee the offices use manual recording system. As they stressed that the offices used both oral communications during meetings and written communication system through distribution of circulars for internal communication and prepared different accounting reports for external communications. The interviewee believed that the offices have adequate information and communication mechanisms. Whereas, primary schools ignore audit recommendation to make corrective action; lack of operational audit, professional turnover, lack of accountability

when irregularities has been made Generally, information communication system of the in the government office is adequate to exchange relevant information. It needs some area of improvements.

4.2.5. Monitoring

Monitoring is intended to provide an oversight function in assessing the operational performance in the government office. Management bodies constantly review internal controls for their proper functioning and for modifications to the internal control systems when deemed necessary. The table below shows the result of the survey which is collected from the respondents after distributed six customized standard questions.

Table 4.9 Monitoring

Response	Frequency	Percent	Valid Percent	Cumulative Percent	Mean
Strongly Disagree	9	9.3	9.3	9.3	2.88
Disagree	36	37.1	37.1	46.4	
Undecided	18	18.6	18.6	64.9	
Agree	26	26.8	26.8	91.8	
Strongly agree	8	8.2	8.2	100.0	
Total	97	100.0	100.0		

Source: Own survey summary, 2010E.C

From table 4.9 shown 9(9.3%) Of respondents strongly said disagree, 36(37.1) of respondents said disagreed, 18(18.6) of respondents said undecided, 26(26.8%) of respondents said agree and 8(8.2 %) respondents said strongly agree concerning monitoring-related questions. The overall mean is 2.88 (57.6%) it is rate three, consistent with CAM; generally adequate internal control system, with some critical areas: the system achieves, in general terms, the control objectives intended to mitigate the risks correlated to the governance objectives relevant to the process (based on risk acceptance strategy). The characteristics of some of the controls, however, are not fully consistent with requisites of sound controls. According to, majority respondents monitoring practice is not enough in the government office.

Besides data collected through interview, regarding monitoring even if, the responsible bodies have supervision plan. However, facts on the ground shows, lack of Kaizen implementation, pharmacy-related problem such as drugs stored in personal house, resource wastage, lack of supervision, lack of proper utilization of internal revenue, ignored donated asset from the ledger, presents of inexperienced auditors and absents of professional, related training; fixed asset management problem, maintenance administration problem, purchasing an items without specifications; monitoring is not continuous basis; monitoring did not cover the evaluation of the effectiveness of internal control in achieving set objectives; the audit findings were not corrected accordingly.

In addition to this, most of the audit finding were: purchasing without considered the purchasing requirements; budget spends not for its intended objectives; inventory count was not performed periodically; payment without legal receipts, and there was not enough disclosure about audit findings. Therefore, the monitoring practices in the government offices were not sufficient to protect the public resource.

4.6. Audit report Analysis

4.6.1. Internal audit report analysis

Audit findings of selected woredas of West Gojam zone during 2007 E.C

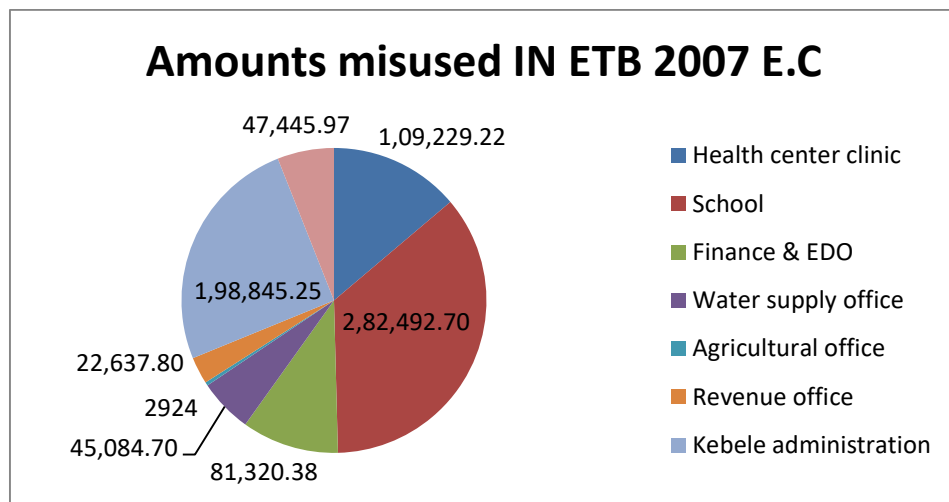


Fig 4.1: Amounts misused in 2007 E.C

As displayed on figure 4.1, the internal audit report shows a total of ETB 789,980.02 was misused. From this ETB 282,492.70 (35.75%) was misused under schools in selected woredas. As the researchers interviewed, this misused come due to lack of monitoring and evaluation related to cash imbalance at the end of the period and illegal premium paid to employees during the year. In addition to this ETB 198, 845.25 were misused in the kebele administration under the selected woredas. This is due to misused of telethon collected by kebele administration and as a result the office not used the amount for planned activities. Moreover, on fig. 4.1 shows ETB 109, 229.22 under health center, ETB 22 637.80 under revenue office, ETB 45,084.70 under water supply office, ETB 81,320.38 under finance and economic development office were misused.

Percentage proportion of sectors under selected woredas in 2007

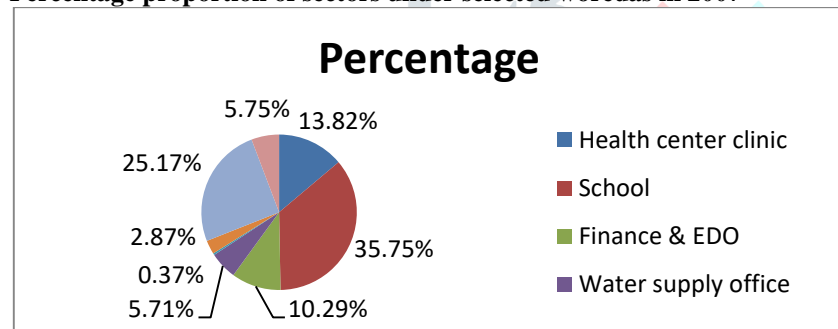


Fig. 4.2: percentage proportion of sectors under selected woredas

As noticed from fig 4.2, 35.75% in 2007 covers schools in selected woredas. Schools include high school, preparatory school, TEVET and junior. This implies that there are high problems in education sector budget.

Audit findings of selected woredas of West Gojam zone during 2008 E.C

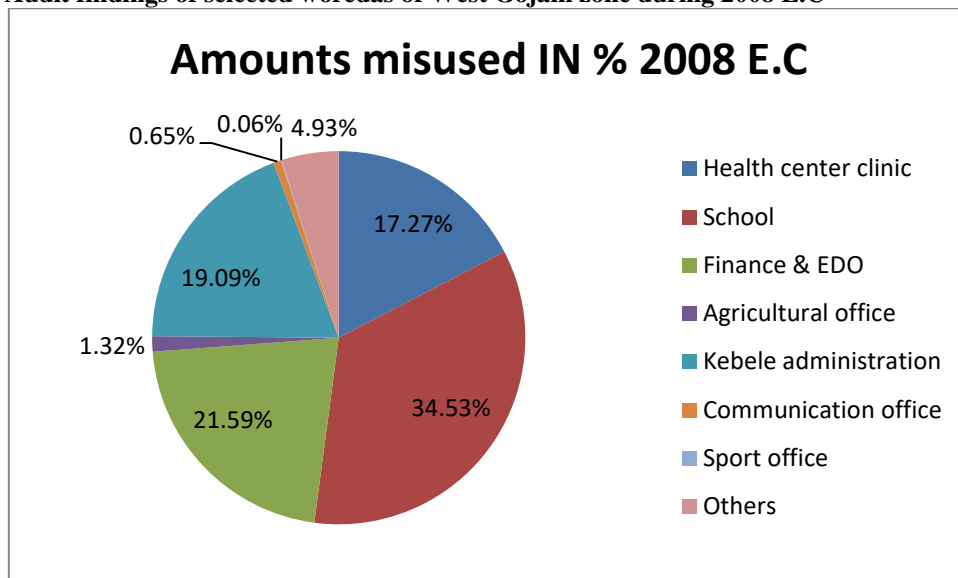


Fig 4.3: **Percentage proportion** misused in 2008 E.C

As the internal audit findings shows us for the year 2008 E.C ETB 855,091.56 was misused due to improper implementation of internal control. From Fig 4.3, 34.53% of the total amount misused during the period was under schools which are in line with 2007. As the researchers interviewed from the concerned body of the selected woredas said that this misused in school exist due to cash imbalance, illegal perdium, and poor awareness about rules and regulation. Next to this on fig 4.3 21.59% was misused by finance and economic office. This is due to cash imbalance, illegal perdium, and overstated.

Audit findings of selected woredas of West Gojam zone during 2009 E.C

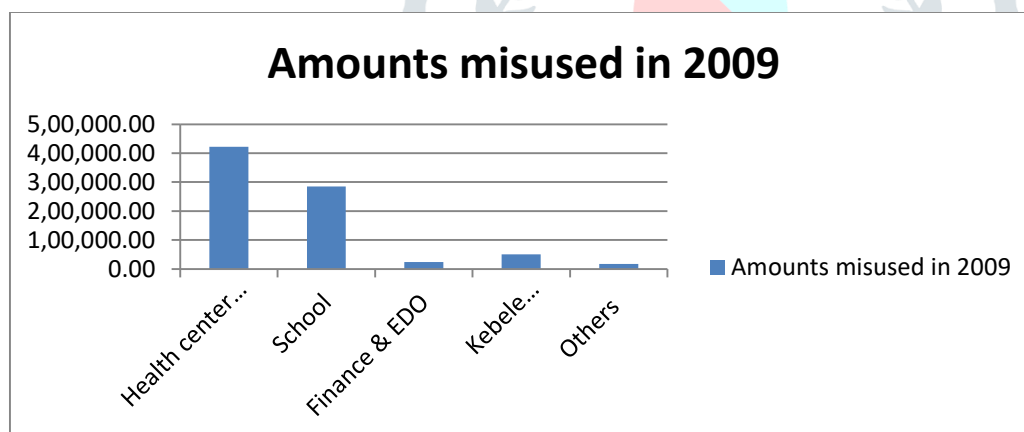


Fig. 4.4: Amounts misused in 2009

As the internal audit reports indicated that for the year 2009E.C a total of ETB 799,781.59 was misused. Under this health center under selected woredas ETB 422,238.13 (52.79%), schools ETB 285,067.12(35.64%), Finance & EDO ETB (23926.85(2.99%), Kebele administration ETB 50,786.49(6.35%) and Others ETB 17,763(2.22%) was misused. This is due to Cash imbalance, misuse of drugs negligence of rules and regulation, illegal perdium, poor awareness about rules and regulation. After all, this misused arise from poor control activities and lack of monitoring and evaluation.

4.6.2. External audit report

In 2007E.C the main audit head office committed to perform the audit practice in each woreda which is found in the Region. As appendix-III showed; out of eight selected woredas four of them namely Dembecha town, Yilmanadesa, Wonmberma and Burie town audited by Amhara main audit head office during 2006E.C and 2007E.C. The audit report indicates that there were findings related to cash imbalance, payment without compete evidences, approval expenditures out of the authorized amount, purchasing without considering purchasing rules and regulations, made the payment without any evidences, made the payment without sufficient evidences, paid illegal perdiem, unaudited because of incomplete evidences and there were no physical inventory count. In line with these evidences obtained from Audit team leaders from different worlds, they confirmed while the researchers conducted an interview with them.

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