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Internal Control Systems and Financial Accountability: Evidence from Bolgatanga Hospital

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Abstract
The general purpose of the study was to assess the internal control systems and financial accountability of Bolgatanga central hospital. The target population for the study consisted of management, accounts and audit unit personnel in Bolgatanga public hospitals. The study adopted purposive sampling technique to select the sample respondents. The study used structured questionnaires to collect data. The findings revealed that there is a positive relationship between internal control system, financial accountability and health service delivery and the financial management practices. The independent variables contributed (35.5%) of the variation in financial management practices. The study observed that the guidelines for the Committee of Sponsoring Organisations for a long time has been used indirectly for internal financial controls for non-profit-making organisation like the public hospitals. It is recommended that management should take the Committee of Sponsoring Organisations guideline more seriously especially those in non-profit making organisation like the public hospitals to achieve value for money with the resources at their disposal. It is also recommended that policies and procedures must be observed consistently throughout the Hospitals. Also, irregularities revealed by the internal financial controls system must attract prompt and effective corrective action. To assure continued effectiveness, the Hospitals internal financial control system must be reassessed frequently.

Keywords: Internal Controls, New Public Management (NPM), Ghana

Introduction

Internal controls refer to the measures instituted by an organisation so as to ensure attainment of the entity's objectives, goals and missions. They are a set of policies and procedures adopted by an entity in ensuring that an organisation's transactions are processed in the appropriate manner to avoid waste, theft and misuse of organisation resources. Internal Controls are processes designed and effected by those charged with governance, management, and other personnel to provide reasonable assurance about the achievement of an entity's objectives with regard to reliability of the financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations (Mwindi, 2008) [57].

It is worth noting that internal controls only provide reasonable but not absolute assurance to an entity's management and board of directors that the organisation's objectives will be achieved. The likelihood of achievement is affected by limitations inherent in all systems of internal control (Hayes, 2005) [40]. Organisations establish systems of internal control to help them achieve performance and Organisational goals, prevent loss of resources, enable production of reliable reports and ensure compliance with laws and regulations.

The recent global pressure on corruption control and management of public funds is the major factor that necessitates the implementation of good internal control system in every organisation to ensure effective financial accountability and transparency in the management of fund at all levels (Alan, 2005) [9]. A system of policies and procedures that protect the assets of these organisation and create a reliable financial accountability, promote compliance with laws and regulations to achieve effective and efficient operations is said to be the internal control system (Brennan & Soloman, 2008) [15].

These systems are not only related to accounting and reporting but also relate to the organisations communication processes, internally and externally, and include procedures for handling funds received and expended by the organisation, preparing appropriate and timely financial reporting to board members and officers, conducting the annual audit of the organisation's financial statements, maintaining inventory records of real and other properties and their whereabouts. The reliability of financial accountability is dependent on internal control efficiency which ensure that the transactions and bookkeeping are appropriate and properly authorized, valid, correctly recorded, complete, and on time (Davila, 2000) [24].

It is very important that organisations have fairly summarized accounting information data disclosure (Sebbowa, 2009; Osei & Adam, 2020) [69, 61]. However, there is a general perception that institution that enforces proper internal control systems will always lead to improved financial performance. It is also a general belief that properly instituted systems of internal control improve the reporting process and also give rise to reliable reports which enhances the accountability function of management of an entity (Donnelly, 2008) [30]. According to Dixon, Nanni and Vollmann (1990) [26], appropriate performance measures are those which enable organisations to direct their actions towards achieving their strategic objectives. On the other hand, Sebbowa (2009) [69] refers to performance as the ability to operate efficiently, profitability, survive, grow and react to the environmental opportunities and threats.

The international public reform movement known as New Public Management (NPM) formulates significant improvement in the management of public treasures in many countries including Ghana to promote good management system that will work towards efficiency, effectiveness and proper accountability (Campbell, 2008) [16]. However, Alan (2005) [9] argued that, internal control system is a process affected by entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of organisational objectives. The internal control system is a process designed and effected by the board members, administration and staff of an organisation to effectively and efficiently achieve operational, financial and compliance objectives (Internal Control Framework, 2000) [43].

Financial accountability plays an important role in preventing and detecting fraud and protecting the organisation's resources, both physical (machinery and property) and intangible (Donnelly, 2008; Whittington & Pany, 2004) [30, 78]. At the organisational level, internal control objectives relate to the reliability of financial accountability, timely feedback on the achievement of operational or strategic goals, and compliance with laws and regulations. At the specific transaction level, internal control refers to the actions taken to achieve a specific objective (e.g., how to ensure the organisation's payments to third parties are for valid services rendered.) Internal control procedures reduce process variation, leading to more predictable outcomes (Donald & Delno, 2009) [27].

Organisational performance encompasses accumulated end results of all the organisation's work processes and activities. Performance measures can be financial or non-financial. Both measures are used in the dynamic business environment. Financial measures of organisational performance include; return on assets, return on sales, return on equity, return on investment, return on capital employed and sales growth (Gerrit & Mohammad, 2010) [37]. According to Donald and Delno (2009) [27], appropriate performance measures are those which enable organisations to direct their actions towards achieving their strategic objectives. Gerrit and Mohammad (2010) [37] contends that, performance is measured by either subjective or objective criteria; arguments for subjective measures include difficulties with collecting qualitative performance data from small firms and with reliability of such data arising from differences in accounting methods used by firms.

A sound system of financial accountability contributes towards safeguarding the stakeholders' investment and the institution's assets (Hermanson, 2000) [41]. Financial accountability facilitates effectiveness and efficiency of operations, thus helping to ensure the reliability of internal and external financial reporting and assist in compliance with laws and regulations (Hayles, 2005) [40]. Effective financial accountability including the maintenance of proper accounting records help ensure that the institution is not unnecessarily exposed to financial risks and that the financial information is used only within the business (Hayles, 2005) [40]. This also contributes to the safeguarding of assets, including the prevention and detection of fraud (ACCA, 2010) [2].

Sarens and De Beelde (2006) [67] argued that obtaining sufficient knowledge of the internal financial accountability is needed to facilitate the determination of the audit strategy and to carrying out subsequent steps. Financial accountability activities are the policies and procedures that help ensure that management directives are carried out (Sarens & De Beelde, 2006) [67]. Accountability of the financial decisions covering the organisation, method, process and internal audit established by the administration in order to ensure that the activities are carried out in compliance with the purpose of the administration and determined policies and the legislation, the assets and resources are protected, accounting records are kept in an accurate and complete manner and financial and management information is produced in line and in a reliable manner (Khoove, 2010) [50].

Hence accountability of the financial decisions and transactions of the public institutions related to the revenue, expenditure, assets and liabilities concerning their compliance with the budget, budget item, available applicable amount, expenditure programme, financing programme of the administration, to central government budget law and other financial legislation provisions and in terms of the utilisation of the resources in an effective, economic and efficient manner (William, 2000; Singleton, Boogna, Lindguist, & Singleton, 2006) [76, 70].

In both the developed and developing countries, public financial management professionals working within the public sector are concerned with improving financial management and budgeting, responding to changes in financial reporting, securing better regulation, strengthening institutions and improving management and governance and auditing fraud and corruption. Financial accountability consists of all the activities concerned with obtaining money and using it effectively and efficiently (Warren, 2005) [75]. Proper financial accountability can ensure that financial priorities are established in line with organisational goals and objectives, spending is planned and controlled in accordance with established priorities and sufficient financing is available when it is needed both now and, in the future (Chioccola & Muhlstein, 2005) [20].

It is generally recognised that most developing countries have ineffective governmental financial accountability system. The serious deficiency in the financial accountability systems in most developing countries generally recognised as the major factor which facilitate the misuse of public resources and financial corruption in these countries (El-Nafali, 2008) [33]. For example, in Zambia, there has been no specific financial improvement for public sector (El-Nafbi, 2008) [33]. Historically the public sector has faced capacity constraints compounded by inadequate information process and systems. In addition, non-compliance with internal controls has led to poor predictability of government expenditure and lack of analytical capacity. Whereas the issue for the Zambian government was the need to improve financial reporting and auditing systems, the challenges for Zimbabwe was dealing with an acute shortage of qualified professionals working within the public sector.

Botswana also had very similar issues to those in Zimbabwe. Although a relatively wealthy country, Botswana's public sector was challenged by its failure to match the rewards offered to professional staff by the private sector (El-Nafbi, 2008) [33]. Even though Kenya has made significant strides in improving the overall economic environment with a performance always above that of the Sub-Saharan Africa (SSA) average (Country Policy & Institutional Assessment Reports, 2006-2012), but the most unfortunate situation in Kenya is corruption, which is a key constraint towards greater growth and prosperity. Corruption assumes two forms, that is, petty corruption and large-scale corruption. Large scale corruption is purchase made at inflated prices, public benefit landed out to people who are not entitled; fictitious companies being paid for contracts that they never executed and therefore value for money is not achieved on public funds.

Moreover, Kenya is at a critical stage of implementing the devolved system of governance as espoused in the Constitution of Kenya 2010 (Wanjau, Muiruri & Ayodo, 2012) [74]. To meet the enlarged financing demands of Bolganaga public hospital, there is the need for increased efficiency and effectiveness in utilization of scarce public resources. Therefore, this study aims to provide useful highlights on the effects of internal control on financial accountability Bolganaga public hospital.

Statement of the Problem

There are various components of internal control systems used to develop and evaluate an organisational financial accountability. These components include control environment, risk assessment, control activities, information and communication together with monitoring. They need to work together to form a strong set of methods and procedures an institution or company follows in its operations. The Corruption Perceptions Indices (CPI) suggests a prevalence of corruption in African countries. Hence, there is apparent risk of senior public officers overriding internal financial controls to achieve their private gains.

With an increasing budgetary allocation for the health sector, there are calls for stringent financial management to ensure value for money and thereby increase the total wellbeing of the country. Besides, financial controls are enforced better in profit organisations compared to non-profit organisations. Therefore, there is the need to evaluate effectiveness and efficiency in the implementation of internal controls systems in public sector entities like the Bolgatanga Hospital.

The purpose of the study was to assess the influence of internal control system on financial accountability of Bolgatanga hospital. The specific objectives of the research work were to:

1. Examine the functionality of the internal control system in Bolgatanga Hospital.
2. Assess the causes of poor financial accountability in Bolgatanga Hospital.
3. Examine the effect of internal control environment, monitoring and compliance with financial regulations on financial accountability of Bolgatanga Hospital.

Research Questions

The health sector continues to be plagued with difficulties in achieving the various targets despite the increases in donor support as well as budgetary allocation. The research therefore seeks to answer the following questions.

1. How is the functionality of internal control system at Bolgatanga hospital?
2. What are the causes of poor financial accountability in Bolgatanga Hospital?
3. What is the effect of internal control environment, monitoring and regulations compliance on financial accountability of Bolgatanga Hospital?

In identifying the functionality of each internal control component and the relationship between the effectiveness of the control system and financial performance it was possible to develop significant recommendations for improving the financial performance of the hospital by modifying the control system accordingly. The findings of the study provided a knowledge-based method that will aid in decision making for mangers and help recognize internal control faults to prevent any negative consequences.

The study also provided a basis or standard against which health service providers could assess their internal control system and judge their effectiveness. The study is importance to policy maker in decision making and enables them put in place policies to guide the running of public hospitals in the country. The recommendations also complement the policies of regulatory bodies and the efforts of the health directorate in addressing problems of revenue generation and the unnecessary legal tussles that characterizes the financial control system of service providers. Besides, the study has added to existing knowledge in literature for further research into control activities of institutions and organisations to enhance financial accountability.

The study is structured in five chapters. Chapter one consists of the background to the study, statement of the problem, research objectives, research questions, significance of the study, limitations and delimitations as well as the organisation of the study. Presented in Chapter two is a review of related literature. This chapter provides the fundamentals of the study and helps to shape the nature and direction of the study. The research methods of this study are described in Chapter three. It covers the research design, population, sampling procedures, data collection instrument, data processing and analysis and ethical considerations. Included in Chapter four of this study is the results and findings after the manipulation of data. In conclusion, Chapter five of the study presented summary, conclusions, recommendations and implications for future research studies.

Literature Review

Stewardship Theory

Stewardship theory of Donaldson and Davis (1991) [28] was found significant in explaining the role of internal audit on financial accountability. This is because the theory is mainly concerned with identification of situations in which the interests of the principal and the steward are aligned. In fact, Ebimobowei and Binaebi (2013) [32] noted that, auditing exists as result of stewardship concept and stewardship accounting. Adoption of stewardship approaches within the government sectors will bring a number of changes within the sector, because stewardship theory serves as accountability mechanisms for ensuring good monitoring, good audit and reporting in order to assists in objective achievement (Cribb, 2006) [22].

Equally, Ebimobowei and Binaebi (2013) [32] recommended that, auditing enhance appropriate stewardship reporting. Therefore, using this kind of theory within the context of government agencies will lead to the attainment of financial accountability because the stewardship theory has concerned that might lead to organisation success. Stewardship theorists put down a model of governance which promotes the ability of employees to contribute toward strategic objectives achievement (Hernandez, 2012) [42]. The theory (Stewardship) is concerned with the matters that organisations leaders have the obligation of ensuring better achievement of such organisation activities than any other selfishness (Donaldson, 2001) [29]. Therefore, if the organisation did well, its staff will also do well thereby investing their energy in their respective organisations success (Davis, Allen & Hayes, 2010) [23].

The same is applicable to health service context, if the Ministry of Health councils are to do well therefore; their internal auditors will also do well toward the objective achievement of tightening control system to enhance finance accountability. Stewardship theory has been considered as other alternative to agency theory; due to the fact that, the theory is more comprehensive and more realistic in viewing management actions and motivations than agency theory. This is because agency theory is based on the economic models whereas stewardship theory is based upon the psychological literature and sociological as well (Albrecht, Albrecht & Albrecht, 2004) [10]. Stewardship is been considered as construct that is suitable to shape important employee behaviours (Schepers, Falk, Ruyter, Jong & Hammerschmidt, 2012) [68].

Stewardship theory also emphasized that stewardship outcomes can be contingent upon specific organisational structures (Hernandez, 2012) [42]. That is why the stewardship theory has also been used for the purpose of explaining relationships amongst various parameters in businesses; due to the fact that researchers have extensively revealed that stewardship assists toward the greater achievement of business operations (Davis *et al.*, 2010) [23]. Therefore, the theory can also serve as a complementary theory in the context of internal audit and accountability. Stewardship theory may be valuable, particularly for the purpose of understanding the interactions that exist among important employees, their customers, and organisation (Hernandez, 2012) [42].

Therefore, governance strategy that is based on stewardship principles are more effective when important employees such as internal auditors develop strong relationships with their organisation. In this vein, organisations that have helpful stewards and equally has stewardship planning can easily direct their resources toward maximising firm performance (Davis *et al.*, 2010) [23]. Likewise, the top management within the organisation can equally ensure the achievement of internal audit effectiveness through their stewardship approach in ensuring the proper functioning of those antecedents and the effective audit committee within the councils. This is because; provisions and utilization of resources within the public sector setting are the stewardship responsibility of the governing bodies of such government organisations (International Federation of Accountants, 2001).

Stewardship theory also affirmed that, each person within particular relationships chooses how to act, as an agent or steward (Pastoriza & Arino, 2008) [63]. Therefore, the assumptions of human nature under stewardship theory can be easily described as simplistic because it takes the assumption of objective alignment and thereby increasing structuring relationships within an organisation. For this theory to be effective in health service management, the sector needs to provide a sophisticated performance measurement system in place in order to ensure goal achievement of the sector (Cribb, 2006) [22]. Therefore, good steward lead to internal audit effectiveness, by way of improving the government administration with the aim of ensuring those antecedents so that to enable the achievement of such local internal audit effectiveness.

Consistently, with regard to the result finding of Davis *et al.*, (2010) [23], which revealed that employees' commitment and their level of trust in management activities is positively significantly related to stewardship of such organisation. According to stewardship theory, there are certain factors either situational or psychological that make individuals to become either agents or stewards (Pastoriza & Arino, 2008) [63]. Similarly, the stewardship theory equally deals with the situations upon which staff of an organisation can act as stewards in order to achieve the organisational objectives than exploiting their selfishness (Davis *et al.*, 2010) [23].

Therefore, employees that are stewards for example internal auditors, give more concentration to the achievement of organisational objective as a whole than their selfishness, because they are committed to their work toward the objective achievement of such organisation. The theory (Stewardship) agreed that individuals within an organisation considered themselves as part of the management and therefore, according to the stewardship theory, managers can joint their efforts in order to achieve the organisational goals. This is because stewardship nature of governance enables the compliance of certain policies within the organisations (Albrecht *et al.*, 2004) [10].

The theory accepts that managers are stewards whose responsible is to align their behaviours with the objectives of their principals. In this regard, management are responsible for providing all the necessaries that may influence the effectiveness of internal audit. However, Hernandez (2012) [42] argued that stewardship governance is being associated with different structural factors such as leadership systems, managerial practices, routines and procedures. Employees can become a steward through developing self-regulatory instrument in order to ensure the achievement of customer demand especially by way of good quality service delivery.

Because stewardship ensure the alignment of interests, employees' additional efforts from self-actualization in order to benefit the customer (Schepers *et al.*, 2012) [68]. This shows that internal auditors can also be a steward in assisting the achievement of financial accountability through the influence of various relevant variables. Stewardship governance also has concerned over the rewarding system to employees which might improve their long-term effectiveness on financial accountability achievement (Hernandez, 2012) [42].

Regulatory Frameworks and Guidelines for Internal Controls systems

As the severity of high-profile corporate accounting failures has increased steadily over the last decade, there has been a corresponding increase in the development of new legislation, standards, codes and guidelines to assist organisations in improving their internal controls (Treba, 2003) [71]. The recognition of the critical importance of internal controls is evident in the key frameworks and guidelines on the subject. In the 1990s internal control frameworks such as the Committee of Sponsoring Organisations (COSO) of the Tread way Commission in USA, Turnbull (UK) and Canada emerged, some of which have recently been reviewed and updated or supplemented.

The COSO's Internal Control Integrated Framework (1992) and Turnbull's Guidance on Internal Control (1999) [72] took a much broader approach to internal control than Sarbanes-Oxley, in terms of scope, objectives and approach (Agrawal & Chadha, 2005) [8]. 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. In addition, there are many other publications on the theory and benefits of internal control.

Internal controls became a highly pertinent and topical business issue at the beginning of the 21st century following a series of large corporate scandals and failures (Agrawal & Chadha, 2005) [8]. These failures led to calls for enhanced internal control. Governments and legislators, regulators, and standard setting groups came under increasing pressure to take measures to assist in preventing similar shareholder losses from occurring in the future.

Elements of Internal Control

Internal financial controls systems comprise of five interrelated components. These components are used to develop an internal control system and are also the means for evaluating it. These components work together to form a strong set of methods and procedures that organisations follow in its operations (COSO Internal Control - Integrated Framework, 1992).

Control Environment

The control environment is the component of internal controls. It includes factors such as integrity, ethical values, competence of the workers and the management's philosophy in the organisation. It is the component that provides the foundation needed for the other components to build on in internal financial controls systems (Pfister, 2009) [64].

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 Internal Control - Integrated Framework, 1992). 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 Communications

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. Information must be communicated externally as well to all parties involved in the company. Information that is communicated in this fashion allows control activities and employee responsibilities to be more effectively as argued by Olumbe (2012) [59].

Monitoring

Monitoring includes assessing the performance of internal control components, ensuring they are operating effectively. This component includes allowing managers clear responsibility guidelines so that they are able to effectively do their jobs. It also includes performing evaluations through audits and other independent parties, ensuring that the company is handling the operations of the business correctly (Woolf, 1997) [79].

Turnbull Guidance

Internal Control guidance for Directors on the Combined Code, commonly referred to as Turnbull guidance, was issued by the Institute of Chartered Accountants of England and Wales (ICAEW) at the request of the London Stock Exchange to provide guidance to directors of listed companies in implementing the requirements in the Combined Code relating to internal control. Turnbull further states that, for the purposes of this guidance, internal controls considered by the board should include all types of controls including those of an operational and compliance nature, as well as internal controls (Wainaina, 2011; Adam & Frimpong, 2010) [73, 5].

Recent Developments in Internal Control

Since 2002, a number of bodies around the world have looked at current guidelines and best practice in the area of internal control in response to the same business scandals that prompted SOX. In the UK during 2004 and 2005, the Turnbull Review Group reviewed the 1999 guidance, making very few changes. In Hong Kong, the Hong Kong Institute of Certified Public Accountants (HKICPA) produced a document entitled Internal Control and Risk Management.

King Report on Corporate Governance for South Africa

The King Report on Corporate Governance for South Africa was published in 2002 and recommends risk management and internal control should be practiced throughout the company by all staff, and should be embedded in day-to-day activities. In the US, COSO produced the COSO Enterprise Risk Management Integrated Framework in 2004, which supplements the 1992 internal control framework.

Internal Control in the Netherlands

The Dutch approach is based on managing and controlling, responsibility and right of say, and on accountability and supervision. Integrity and transparency are key issues. The strength of internal control is based on creating checks and balances between key stakeholders and by identifying separate responsibilities for the: Supervisory Board; Management Board (Two tier board system); Annual Meeting of Shareholders; and External Auditor. The report provided voluntary recommendations applicable to both listed and other types of enterprises, including not-for-profit.

Legal Framework of Financial Administration and Transparency in Ghana

Financial Administration Act, 2003 (Act 654)

The Act defines clearly the powers and responsibilities of financial stewards (individual office holders) and their precise roles. It defines the central players in the financial administration of the country, the assignment of responsibilities, their functions and roles. This includes the duties of the Controller and Accountant-General. The act among others establishes the conditions for the control and management of public funds, the central mechanism for the control of public finances, outlining the principles by which funds are collected into the consolidated fund, kept and disbursed, the modalities for the collection of revenue.

More importantly it establishes budgetary control over public finances related to revenue and expenditure, and to receipts and payments describing the conditions under which appropriations are made. Government expenditure is subject to annual legislative appropriation. It empowers the Controller and Accountant-General to ensure that payments from appropriations are lawfully made. No payment must be made except in a manner provided by law. Specific enactments may give continuing authority for payments such as charged expenditure and establishes principles under which Government Accounts are managed and kept, the preparation of government accounts and the reporting of final accounts of government. It describes the conditions for liability, offences and penalties and the establishment of Financial Administration Tribunal. (Institute of Chartered Accountants Ghana, 2010) [44].

Internal Audit Agency Act, 2003, (Act 658)

The internal audit agency Act 2003, (Act 658) is arranged into three sections. Part one establishes the internal audit agency as an apex oversight body to coordinate, facilitate and provide quality assurance for internal audit activities within the public sector. The agency is to set standards and procedures for internal audit within the public service. It is the duty of the agency to ensure that the financial, managerial and operating information reported internally and externally is accurate, reliable and timely. Part two establishes internal audit units and provides for professionalism and competence, integrity and confidentiality.

The Agency has responsibility for issues relating to standards, ethics, training, research and other technical and professional matters. Part three prescribes the submission of annual report of the agency to the President with a copy to the Auditor-General. It also establishes penalties for providing false information and failure to produce documents requested by the Director-General (ICAG, 2010) [44].

Public Procurement Act, 2003 (Act 663)

The Public Procurement Act 2003, (Act 663) is divided into nine (9) parts. The Act establishes the Public Procurement Board, its precise powers, and its reporting system. It provides for Procurement Structures, their scope of application, tender entities and their evaluation system among others.

Empirical Review

Mawanda (2008) [55] conducted a research on effects of internal control systems on financial performance in institution of higher learning Uganda. In his study he investigated and sought to establish the relationship between internal control systems and financial performance in an Institution of higher learning in Uganda. Internal controls were looked at from the perspective of Control Environment, Internal Audit and Control Activities whereas Financial performance focused on Liquidity, Accountability and Reporting as the measures of Financial performance. The researcher set out to establish the causes of persistent poor financial performance from the perspective of internal controls. The study established a significant relationship between internal control system and financial performance.

Moreover, Mawanda's (2008) [55] investigation recommends competence profiling in the Internal Audit department which should be based on what the University expects the internal audit to do and what appropriate number staff would be required to do this job. The study therefore acknowledged role of internal audit department to establish internal controls which have an effect on the financial performance of organisations.

Case studies on internal controls in Belgium illustrate the importance of the control environment when studying internal auditing practices. Sarens and De Beelde (2006) [67] found that certain control environment characteristics like tone-at-the-top, level of risk and control awareness, extent to which responsibilities related to risk management and internal controls are clearly defined and communicated are significantly related to the role of the internal audit function and fraud detection within an organisation.

Using the analytical approach and focusing on control activities and monitoring, Barra (2010) [14] investigated the effect of penalties and other internal controls on employees‟ propensity to be fraudulent. Data was collected from both managerial and non-managerial employees. The results showed that the presence of the control activities, separation of duties, increases the cost of committing fraud. Thus, the benefit from committing fraud has to outweigh the cost in an environment of segregated duties for an employee to commit fraud. Further, it was established that segregation of duties is a "least-cost" fraud deterrent for non-managerial employees, but for managerial employees, maximum penalties are the "least-cost" fraud disincentives. The results suggest the effectiveness of preventive controls control activities such as segregation of duties is dependent on detective controls.

Ewa and Udoayang (2012) [34] carried out a study to establish the impact of internal control design on banks‟ ability to investigate staff fraud and staff life style and fraud detection in Nigeria. Data were collected from 13 Nigerian banks using a four-point likert Scale questionnaire and analysed using percentages and ratios. The study found that Internal control design influences staff attitude towards fraud such that a strong internal control mechanism is deterrence to staff fraud while a weak one exposes the system to fraud and creates opportunity for staff to commit fraud. Gerrit and Mohammad (2010) [37] evaluated the level of effectiveness of internal controls of enterprises operating in Nairobi. The study was quantitative and was conducted between September 2007 and June 2009 using a sample of 30 small businesses as listed in the National Social Security Fund (NSSF) Register of Kenya.

Moreover, in Ewa and Udoayang's (2012) [34] study, primary data was collected from the managers of the small business using interviews and examination of documents pertaining to internal controls. The study established that there are deficiencies in the systems of internal controls, with the degree of deficiencies varying from one enterprise to another. The components of internal control that were missing in most businesses surveyed were: firstly, risk analysis, and secondly lack of proper flow of information. In addition, the study established that the sample population had limited awareness of what constituted an effective system of internal control.

Further, the study also found that there is a negative relationship between the age of an enterprise and the effectiveness of its system of internal control while a negative correlation between the resources held by an enterprise and its internal control system weaknesses exists. The recommended that these was need to enlighten the operators of small business of what constitutes an efficient and effective system of internal control through forums and seminars.

Amudo and Inanga (2009) [11] carried out a study in Uganda to evaluate the internal control systems (ICSs) that the regional member countries of the African Development Bank Group institute for the management of the Public Sector Projects that the Bank finances. There were 14 projects of the bank's public sector portfolio in Uganda. The data was analysed for eleven projects. Three projects were omitted because they were not fully operational to install effective ICSs. The study identified the following six essential components of an effective ICS: control environment, risk assessment, control activities, information and communications, monitoring and information technology. The outcome of the evaluation process was that some control components of effective ICSs were lacking in those projects. These rendered the control structures ineffective.

Wee Goh (2009) [77] studied 208 firms on audit committees, boards of directors, and remediation of material weaknesses in internal control. He measured the effectiveness of the audit committee by its independence, financial expertise, size, and meeting frequency, and the effectiveness of the board by its independence, size, and meeting frequency, and by the duality of the chief executive officer (CEO) and chair positions (CEO duality). He also examined other factors that can affect firms' timeliness in the remediation of material weaknesses, such as the severity of material weaknesses, firms' profitability, the complexity of firms' operations, and so on.

Wee Goh (2009) [77] found out that the proportion of audit committee members with financial expertise is positively associated with firms' timeliness in the remediation of material weaknesses. Second, firms with larger audit committees are more likely to remediate material weaknesses in a timely manner. Third, that a more independent board is less susceptible to the undue influence of management and more likely to exert pressure on management to remediate material weaknesses.

Jones (2008) [46] compared internal control, accountability and corporate governance in medieval and modern Britain. He used a modern referential framework (control environment, risk assessment, information and communication, monitoring and control activities) as a lens to investigate medieval internal controls used in the twelfth century royal exchequer and other medieval institutions. He demonstrated that most of the internal controls found today were present in medieval England. Stewardship and personal accountability were found to be the core elements of medieval internal control. The recent recognition of the need for the enhanced personal accountability of individuals is reminiscent of medieval thinking (Fadzil, Haron & Jantan, 2008) [35].

Olumbe (2012) [59] conducted a study to establish the relationship between internal controls and corporate governance in commercial banks in Kenya. The researcher conducted a survey of all the 45 commercial banks in Kenya. It was concluded that most of the banks had incorporated the various parameters which are used for gauging internal controls and corporate governance. This was indicated by the means which were obtained enquiring on the same and this showed that the respondents agreed that their banks had instituted good corporate governance with a strong system of internal controls and that there is a relationship between internal control and corporate governance.

A study conducted by Wainaina (2011) [73], examined the internal control function. He established that, other than the prevention and detection of fraud, internal controls should reflect the strength of the overall accounting environment in an organisation as well as the accuracy of its financial and operational records.

Importance of Internal Controls

Research found effective and efficient internal controls as a result of independent audit committee characteristics of size, of meeting frequency and financial expertise to serve (Ishumgisa, 2001; Hermanson, 2000) [45, 41]. For public corporations Krishnan (2005) [52] finds the association between independent audit committee and internal controls problems. She compares 128 public corporations who changed auditors and had reported internal controls deficiencies from 1994-2000 with those firms who did not change auditors and had no internal financial controls deficiencies.

Commercials entities which have effective and efficient internal controls have characteristics like independent audit committee, increase committee size and financial expertise, positively influence financial reporting and reduce the likelihood of misstatement or restatement (Abbott, Parker & Peters, 2004; Krishnan, 2005) [1, 52]. Generally, public hospitals committees' function, composition, and effectiveness differ from audit committees of public corporations. Corporate independent audit committee seem to influence corporate internal controls (Krishnan 2005) [52]. The model audit committee charter identifies specific duties related to internal financial controls and financial reporting.

Most corporate committees take their role on internal financial controls seriously as cited in Chen (2004) [19] and engage in the examination of internal financial controls

(Krishnan, 2005) [52]. Current AICPA standards require the external auditor communicate to the audit committee about significant deficiencies in the entity's internal financial controls (AICPA, 2006), whether government funded or not. In some non-profit hospitals, Pridgen and Wang (2007) [65] found internal financial controls to be less effective than corporate internal financial controls, especially if not government funded. Business corporations consider all types of control including those of operational or compliance nature as well as internal controls.

The systems of internal controls have an essential role to play in ensuring that a business is well run and its strategic objectives achieved. By increasing quality of internal controls of corporations obtain a significantly lower cost of debt financing (Anderson, Mansi & Reeb, 2004) [12]. Other studies in public corporations find that improved internal financial controls related to improved quality financial reporting outcomes (Agrawal & Chadha, 2005) [8]. Internal controls have great impact on corporations. Internal control over financial reporting has long been recognized as an important feature of a company (Kinney, 2000) [51].

However, prior to Sarbanes-Oxley, standards in place were very limited in scope. The sole statutory regulation of internal control over all SEC registrants was the Foreign Corrupt Practices Act (FCPA) of 1977 [36] and the only required public disclosure of significant internal control deficiencies for all SEC firms, when disclosing a change in auditors (Krishnan, 2005) [52]. Internal control is a major focus of recent regulatory changes under Sarbanes-Oxley. However, empirical research on the evaluation of internal financial controls quality prior to Sarbanes-Oxley is extremely limited.

The most direct evidence is provided by Krishnan (2005) [52]. She examines 128 internal control deficiencies (including significant deficiencies that are not classified as material weaknesses) reported from 1994–2000 in firms that changed auditors. Her focus is on the association between audit committee quality and internal control quality, which she finds to be positively related. However, the sample was limited to firms that changed auditors. Doyle, Ge and McVay (2006) [31] present a much broader study of the evaluation of internal financial controls problems with a sample of 779 unique firms disclosing material weaknesses.

To provide evidence on the pervasiveness of material weakness disclosures prior to Sarbanes-Oxley Doyle *et al* (2006) [31] search the entire EDGAR database for the three years prior to Section 302 (from August 1, 1999 to August 1, 2002) using the keywords material weakness. They identify 61 distinct disclosures of material weaknesses. Of these 61 disclosures, 40 are listed changes in and Disagreements with Accountants on Accounting and Financial Disclosure, and pertain to a change in auditor. Among the 21 voluntary disclosures, six were disclosed in conjunction with a restatement of the financial statements, four with the disclosure of theft or fraud, and two were identified and disclosed by new senior management. Clearly, there has been a marked increase in the disclosure of material weaknesses following the passage of Sarbanes-Oxley, opening the door to many new studies in this area.

Relationship between Internal Controls and Financial Accountability

The following section reviews the relationship between; internal controls and financial accountability, internal controls and service delivery, and financial accountability and service delivery.

Internal Controls and Financial Accountability

According to Gendron, Cooper and Townley (2000) [38], internal control is a management function that is crucial for proper accountability and, accountability for all funds should be maintained at all times (Chen, 2004) [19]. Ishumgisa (2001) [45] argued that every organisation is subject to some kind of risks depending upon several factors such as; the products and services it offers, the market in which it functions, the sources through which it is financed, and the way it utilizes its resources. In addition, the innovative developments in the financial sector have led to increased demand for an effective risk management as well as sophisticated corporate governance.

Hence, the activities that are covered in the implementation of a good corporate internal control are overseeing activities in connection with authorizations and reconciliations, reviewing of employee performance, security of assets, and segregation of duties (Chambers, 1995) [17]. Kayongo (2004) [49] noted that a lot of benefits can be derived through the implementation of an effective corporate ICS. Among others, it prevents errors and irregularities by detecting them in a timely manner there by promoting reliable and accurate accounting records (Lame & Tan, 2000) [53]. It can also quickly resolve issues arising as a result of reporting errors. It protects the interests of employees by clearly specifying to them their duties and responsibilities and safeguarding them against being accused of irregularities or misappropriations (Dess & Shaw, 2001) [25].

Lawrence (2000) [54] said that internal control is the heart of any organisation and argued that strong internal control functions helps firms to operate strongly and profitably. This was seconded by Adler and Kwoh (2002) [7] who said that when proper internal controls are exercised, it helps in preparation of sound statistics that helps in planning of the way forward. The financial statistics are use full in determining the performance value of the business. According to Kakuru (2001) [48], conducting business involves a number of transactions that affect financial performance of the firm. If internal control is not well implemented, it will negatively affect performance and productivity of the firm and hence retard its capacity. Internal control assists managers to get the best measures of the impact of different transactions geared towards generating diversified portfolio of investments, thus enhancing accountability.

However, assessment of risk involves the analysis and establishment of plans in order to prevent the risks associated with the attainment of company objectives (ACCA, 2005) [3]. The control activities include policies and procedure formulated by management in order to ensure the effectiveness of carrying out activities with regard to the achievement of organisational goals. According to Lame and Tan (2000) [53], the information and communication component covers understanding of policies and procedures, validation of information, and evaluation of employee performance. In their view, monitoring, the practice of assessing the overall performance of an organisation, is perhaps the most prominent of all steps of ICSs. The majority of studies on monitoring and accountability have suggested that fostering it will lead to higher performance.

Effect of Internal Control to Financial Accountability

Internal control is a very important part in the overall spectrum control mechanisms to motivate, measure and impose sanctions on the actions of managers and employees of an organisation. An effective control system is a prerequisite for better performance. Internal control systems used by an organisation to ensure that the organisation's resources are used effectively and efficiently to the achievement of organisational goals (Obalola, Thomas, Akpan & Abas, 2014; Coy, Fischer & Gordon, 2002) [58, 21]. The failure of the organisation in achieving its intended purpose can occur because of a weakness in one or several stages in the process of internal control. Achievement of high performance is due to the implementation of effective control systems.

Implementation internal control system will improve the financial accountability of the organisation to drive decision-making by managers better, because the internal control in the public sector basically cannot be separated from efforts to improve and enhance managerial performance impact on a society (Jones & Pendlebury, 2000) [47]. The internal control system used by organisations significantly affects the increase of financial accountability in organisations (Miah & Mia, 1996) [56]. From the description above it can be concluded that the implementation of internal control can improve financial accountability.

Chapter Summary

From the literature reviews done it has been found out that realization of positive financial accountability depends on whether institutions have Internal Controls. Non-compliance to the internal controls is one of the major hindrances to the attainment of positive financial accountability. Whereas a lot has been done on control environment and control activities there is little done about internal audit in relation to financial accountability. Weak, non-compliance, non-existent or absent public Internal Control Systems are likely to negate any advantages that might be inherent in achieving positive financial accountability of a firm, an organisation or institution.

Therefore, there is need to establish the relationship between the internal control systems and financial accountability of public hospitals in Ghana. It can be concluded from the literature that Control Environment, Control Activities, Risk Assessment, Information and Communication and Monitoring are significant predictors of financial accountability.

Research Methods

Research Design

A descriptive survey design was used to investigate the variables in the study. This is because; the purpose is to find out the opinions of respondents with regards to the influence of internal control system on the financial accountability of hospitals. A descriptive case study design was chosen because it is an intensive descriptive and holistic analysis of a single entity or a bounded case (Oso & Onen, 2008) [60]. The chosen design is justified as appropriate for this study on the basis that the researcher wants to examine in detail the various processes and strategies of the internal control system of the hospital.

Population

The population of the study is made up of 217 employees of Bolgatanga Hospital (Human resource department, 2016). However, the target population was top level management, departmental heads together with unit heads and all staff of both finance and finance related offices.

Sampling Procedure

The study targeted top and middle level management since they are the custodians of Internal Control System in Bolgatanga Hospital. Accordingly, all departmental heads were considered as respondent. The researcher therefore used purposive sampling techniques to select a representative sample from the study population.

Table 1: Basic Statistics of the Sample Frame

Variable	Female	Male	Total
Management	21	18	39
Auditors	2	3	5
Accountants/Account Clerks	43	24	67
Administrators	37	69	106
Total	103	114	217

Source: Field survey

The research adopted Yamane statistical model as cited in Adam (2020) [4] to determine the sample size (n) for the study. The model is:

$$n = \frac{N}{1+N(\alpha)^2}$$

Where:

n = the sample size,

N = the sample frame (217) and $\boldsymbol{\alpha}$ = the margin of error with 95% confidence interval. Substituting the above given information into the model results into the following as the sample size for the study.

$$\frac{217}{1+217(0.05)^2} = 140$$

The size of the sample was optimal at one hundred and forty.

Data Collection Instrument

In line with the research approach, questionnaires were the main instruments used to collect data. The use of questionnaire was employed to collect data from Accountants, Internal Auditors, Administrators and Health Workers of Bolgatanga Hospital, since this method is quicker in collecting information from a number of people at the same time. Secondly, the questionnaire was the most convenient method of eliciting responses to questions. The questions were based on the following units of analysis and they are background information, functionality of internal control, compliance level, financial accountability, relationship between internal control and financial accountability. To evaluate the above parameters, respondents were given option possible answers to some question.

Pre-testing of Instrument

Preliminary questionnaires were distributed to some of the prospective respondents from the organisation studied for discussions, suggestions and their comments. This was followed by final questionnaire designed which was self-administered.

Reliability and Validity of the Instrument

To establish validity, the designed instruments were availed to an expert for review and an approval for administration in a pilot survey in Navrongo. The questionnaires that were distributed in the pilot survey highlighted some weaknesses in the original questionnaire design and this prompted the researcher to make some necessary adjustments accordingly. To calculate the Validity of the questionnaire, the Content Validity Index was used and to compute reliability, the Cronbach Alpha Coefficient was used. The computed reliability and validity values are shown in Table 2 below.

Table 2: Cronbach's Alpha Coefficient and the Content Validity Index

Variable	Reliability Coefficient Croonbach's Alpha	Content Validity Index
Functionality of Internal Control systems	0.725	0.652
Financial Accountability	0.701	0.694

As a rule of the thumb on reliability and validity, any item above 0.50 is reliable and valid respectively (Adam, 2017; Gyasi *et al*., 2021) [6, 39]. Thus, the items considered were reliable and valid as evidenced above.

Data Processing and Analysis

The data collected were edited, coded, and entered into the computer using the Statistical Package for Social Scientists (SPSS) version 20 for analysis. The output was presented in both tables and charts. The data collected were analyse and presented to compare how internal control system influence financial accountability. A Chi square analysis was established defining:

$$Financial\ Accountability = f(x_1, x_2, x_3, \varepsilon)$$

Where x_1 is internal audit, x_2 monitoring, x_3 compliance with regulations and ε an error term (unobserved variables). The model was used to examine the effect of the control variables on the dependent variable financial accountability.

Ethical Considerations

In terms of studies involving human beings, the issue of ethics is paramount because as much as a researcher has the right to seek new knowledge this should not infringe on the rights and values of the research subjects. In this study, due respect was accorded to the respondents at all times. The ethical integrity of this study was maintained by submitting a letter introducing the researcher and the need for him to be assisted to collect data for the dissertation as well as the purpose of it from the Heads of the participating health service administrators. This created access to the hospitals and enabled the researcher to collect the data for the study.

Neither the health practitioners nor patient (clients) in the hospital were inconvenienced by allowing a third party to interview, observe or collect the questionnaire. The researcher got acquainted with the respondents and behaved as a regular member of staff during the data collection period. The questionnaires were administered personally. The purpose of the study was duly explained to the participants before commencement and participants were assured of anonymity of information provided. Data collected was treated confidentially.

Results and Discussion

Demographic Analysis

The background information of respondents was deemed necessary because the ability of the respondents to give satisfactory information on the study greatly depends on their background. The background information of respondents solicited data on the samples and this has been presented below.

Biographical Information of the Respondents

The study put into account the demographic characteristics of the respondents which were considered relevant to this study. The gender distribution of respondents was female dominant. That is, 57.9 percent of the respondents were female while 42.1 percent were male respondents. The findings indicate that there are high levels of employment of females in institutions of health management. The findings represent the views of the two sex groups about internal control systems and financial performance in institutions of health management. This was necessary for the study to get a balanced picture of the respondents' views.

Table 3: Demographic Characteristics of Respondents

Variable	Frequency	Percent
Gender		
Male	59	42.1
Female	81	57.9
Age Profile		
20-25	23	16.4
26-35	49	35.0
36-45	36	25.7
46-55	23	16.4
56+	9	6.4
Educational Level		
Diploma	33	23.6
Bachelor's degree	66	47.1
Master's degree	38	27.1
Medical Doctor	3	2.1
Total	140	100.0

On the other hand, the study obtained details about the age groups of the respondents for purposes of understanding their age and possibly the experience they possess in their respective positions. Details of the findings are shown in figure 3 below. Clearly the modal age range is 26-35years. 35.0 percent of the respondents were within this age range whiles 25.7 percent were between 36-45 years. However, about 6.4 percent of the respondents were above 55 years and hence preparing for retirement.

The age profile of the respondents shows a good pattern to predict that, majority of the respondents (60.7%) are in the most productive age brackets of their life and are reasonably experienced (assuming that an average Ghanaian starts work at the age of 25 years). Similarly, the results also revealed that 47.1 percent of the respondents are bachelor degree holders' whiles 27.1 percent are masters' certificate holders. However, only 2.1 percent of the respondents are medical doctors and 23.6 percent were having diploma certificates.

This finding reveals that the work force of Bolgatanga hospital have adequate qualified personnel's.

The effect of this was the respondents had no problems in responding to the questionnaire. It means that they may have the capacity and ability to adopt to any financial framework the hospital may choose. As far as educational attainment was concerned the majority of the respondents had tertiary education thus respondents have appreciably high level of education.

Number of Years Worked for the Organisation

In the distribution of questionnaire, no attempt was made at selecting candidates based on experience grouping. At the end of the study it was realised that all the respondents had spent some time with the institutions and their responses reflected their experiences. This also implies that staff of the hospitals is well distributed in the various experience brackets and if well utilized a good blend of youthful energy and adult experience will help achieve the evaluation of internal financial controls of the organisation.

Table 4: Number of years worked for the organisation

Description	Frequency	Percent
Less than 1 year	3	2.1
1-5 years	31	22.1
6-10 years	51	36.4
11-15 years	38	27.1
16+ years	17	12.1
Total	140	100.0

In Table 4 above, it can be revealed that a good number of the respondents (39.2%) have worked in Bolgatanga Hospital for over 10 years whiles only (3.1%) of the sample respondents have recently been recruited. This finding is an indication and a good signal for sourcing relevant information from reasonable experience respondents in the study sample frame and hence a step to guard validity and reliably data when couple respondents work experience with their educational status. This is so because the various numbers of years worked in the institution have some influence to help the hospital to achieve the evaluation of internal financial controls of the organisation.

Job Type of Respondents

This variable seeks to identify the types of jobs performed by the respondents. From Table 5, majority of the respondents (55.0%) were health workers, 9.2 percent performing accounting duties, 5.0 percent perform auditing task, and 30.7 percent perform administrative functions and duties. From the above statistics it is clear that the responses reflect what is happening at the various areas of work within the health institution selected.

Table 5: Area of Work

Description	Frequency	Percent
Accounting	13	9.3
Auditing	7	5.0
Health workers	77	55.0
Administration	43	30.7
Total	140	100.0

Objective One: Functionality of Internal Control Systems

The study analyses and reveal how the Internal Control Systems of Bolgatanga Hospital actually performs, and details are presented in Table 6. The descriptive statistics are shown by the values of the respective means and standard deviations of the key empirical references. The measures of effectiveness of the control environment under different key statements were obtained from the respondents. The analysis indicates that, the hospital has a financial accounting reporting system in place with a mean value of 3.92 which appears to be higher than the mean values of the other control variables.

The respondents generally agree about the existence of an effective internal control system. However, the standard deviation of 0.91 reveals that, management is about 91 percent commitment to the operation of the system as the respondent views are generally cluster and center around the mean of 1.2. This shows that there is a clear variation in the responses provided by the respondents about the existence of the internal control system.

Table 6: Descriptive Statistics on Internal Control System

Variable	Mean	SD
Our hospital has financing accounting reporting system	3.92	0.267
Management is committed to the operation of the system.	1.26	0.91
Appropriate measures are taken to correct misfeasance in operation of our Accounting & Finance Management System.	1.03	0.284
Management closely monitors implementation of Internal control systems in our hospital.	2.4	0.261
Management acts with a great degree of integrity in execution of their roles.	2.99	0.142

In regard to how management closely monitors the implementation of the control system, an average response of 2.4 depicts a positive commitment to monitoring the control system. However, the standard deviation of 0.261 suggests significant differences in responses as regards management's monitoring of implementation of internal control system. This finding is in line with Goodwin-Stewart and Kent (2006) who advocate for management of control environment as the cornerstone for an effective internal control system.

Objective Two: Causes of Poor Financial Accountability

The results in Table 6 indicates that majority of the respondents (more than 70%) perceived that the causes of poor financial accountability at the Bolgatanga hospital are due to high level of corruption at the top management level, poor transparency and bad financial disclose and lastly, lack of understanding of accounting policies and procedures among the staff.

Table 7: Causes of Poor Financial Accountability

Description	Frequency	Percent
1. High level of corruption at top management level 2. Poor transparency and bad financial disclose 3. Lack of understanding of accounting policies and procedures among the staff.	102	72.9
a. Ineffective internal control system b. Lack of rewards and incentives for good accountability c. Lack of punishment for financial misappropriation.	38	27.1

d. Poor level of communication regarding the importance of internal control and good conduct to all staff.		
Total	140	100.0

On the contrary, less than (30%) of the respondents reported that ineffective internal control system, lack of rewards and incentives for good accountability, lack of punishment for financial misappropriation, and poor level of communication regarding the importance of internal control system together with good conduct to all staff are not the actual causes of poor financial accountability in the hospital.

Objective Three: Internal Control and Financial Accountability

It was also deduced that majority of the respondents (65.7%), strongly agree that adequate verification of vouchers and other financial documents is one of the major control mechanisms could be used to enhance good internal control and financial accountability in the hospital. While just few respondents (6.4%) have disagree that adequate verification of vouchers and other financial documents is a control mechanism used to ensure good internal control and financial accountability. It is also revealed from Table 4 that virtually more than 50% of the respondents agree that adequate control over cash and bank balances as well as severe punishment for erring officers are the keys control mechanism that can be used to ensure good internal control and financial accountability in the hospital.

Table 8: Control Mechanism used to Enhance Good Internal Control and Financial Accountability

Description	Strongly Agree	Agree	Disagree
Adequate verification of vouchers and other financial documents.	92 (65.7%)	39 (27.9%)	9 (6.4%)
Adequate control over cash and bank balances.	79 (56.4%)	43 (30.7%)	18(12.9%)
Punishment for erring officers	81 (57.9%)	26 (18.5%)	33 (23.6%)

However, the financial accountability of Bolgatanga hospital was examined by analysing the data collected under dimensions of financial accountability and computing for the mean and standard deviation of the responses to the statements categorised under liquidity, accountability and reporting. Details of these analyses are shown in Table 6.

Table 9: Mean and standard deviation of Liquidity

Variable	Mean	SD
Our hospital has enough cash to meet its obligations effectively (as and when they fall due)	0.14	1.312
The fees charges by our hospital is appropriate to cover the costs of running the services provided	7.26	0.09
All "cash and carry" fees are dully collected	5.32	0.071
Outstanding fees are dully paid in time from NHIA (before clients sit for medical service)	1.32	1.63
Our hospital's Accounting system adequately identifies the receipts and expenditure of grant contracts	2.54	0.21

The respondents believe that the hospital doesn't have enough cash to meet its obligations effectively as and when they fall due. This is revealed by a smaller mean value of 0.14 and a higher standard deviation of 1.32 as compare to other measured variables. The standard deviation value of 1.32 under the same test revealed varied responses from the respondents viewed. The insufficient cash does not rhyme with "financial soundness" as a measure of accountability whiles fees and service charge are dully collected.

Test of Relationship

Table 10 highlights that the results reflect a significant relationship between internal control environment, monitoring and compliance with financial regulations on financial accountability of Bolgatanga hospital. The Pearson's test showed a significant correlation ($p < 0.05$).

Table 10: Chi-Square Tests

	Value	Df	Asymp. Sig. (2sided)
Pearson Chi-Square	138.608[a]	9	.007
Likelihood Ratio	161.228	9	.000
Linear-by-Linear Association	75.515	1	.000
N of Valid Cases	140		

This finding is in tandem with Cohen (2000) who argued that organisational effectiveness captures organisational performance plus the plethora of internal performance outcomes normally associated with more efficient or effective operations. Other external measures that relate to considerations that are broader than those simply associated with economic valuation are social responsibility. Since management of Bolgatanga hospital has as its goal, the preparation of health service delivery measures its organisational effectiveness by trying to determine what actual activities the people in the hospital do in order to generate the outcomes the hospital wants to create.

Conclusions and Recommendations

The main objective of this study was to establish the relationship between internal control systems and the financial accountability of hospitals. Descriptive research design was adopted for this study. To ensure that all levels of employees were represented, the study used purposive sampling technique Questionnaires were the main instruments used to collect data. The data obtained was coded and entered into Statistical Packages for Social Scientists (SPSS version 22). Analysis was, then, based on both descriptive and inferential statistics. Correlation analysis was used to establish the relationship between financial management system, internal controls, financial accountability and health service delivery.

The first objective sought to examine the functionality of the internal control system. The study found that, Bolgatanga hospital has an accounting and financial management system in place (M = 3.92). However, management commitment to the operation of the system is low. On a mechanism for achieving effective internal control and financial accountability, based on the finding, more than (70%) of the respondents were in support that staff commitment towards accountability and adequate compliance with accounting policies and procedures are the important tools necessary in achieving effective internal control and financial accountability in the hospital. In the same manner, (60%) of the respondents argued that provision of rewards for good conduct is an important factor for achieving internal control and financial accountability in the hospital. On the other hand, less than (30%) of the respondents have weak perception to these tools.

The second objectives were to assess the causes of poor financial accountability in Bolgatanga Hospital. The study found that high level of corruption at top management level, poor transparency and bad financial disclosure together with lack of understanding of accounting policies and procedures among the staff were the key variables identified. However, 27.1% of the respondents argued that ineffective internal control system, lack of rewards and incentives for good accountability Poor level of communication regarding the importance of internal control and good conduct to all staff.

The third objectives were to examine the effect of internal control environment, monitoring and compliance with regulations on financial accountability of Bolgatanga Hospital. The study findings revealed that all the independent variables were positively correlated with the dependent variable financial accountability. The study also found that the variables that largely predict financial accountability was internal control (31.6%) whiles regulatory compliance predict (27.8%) variation in financial accountability.

Conclusions

Non-profit organisations like public hospitals primary objective is not profit making but concern with providing health care to its citizenry. Even though Bolgatanga Municipal hospital was complying with internal financial controls, they were not enforced like profit making organisations. However, an internal financial control is a key to institutional success. To be effective, the internal financial controls system must have the strong support of the entity's leadership. The policies and procedures must be observed consistently throughout the Hospitals. Also, irregularities revealed by the internal financial controls system must attract prompt and effective corrective action. To assure continued effectiveness, the Hospitals internal financial control system must be reassessed frequently.

Even though, no system of internal financial controls can provide an absolute guarantee against the occurrence of fraud, abuse, inefficiency, and human error, however, a well-designed system of internal financial controls can give reasonable assurance that significant irregularities will be detected. At the same time, even well-designed internal financial controls can be defeated by collusion, especially if that collusion involves senior executives who have the power to disarm or bypass the control system, it is still necessary to set priorities.

In almost all countries, especially in developing and transition economies, the highest priority should be placed on assuring the reliability of the financial systems and the integrity and security of the controls over transactions. This will translate into placing first emphasis on building reliable internal financial control structures and effective internal audit units in the Hospitals and on assuring the effectiveness of the Audit Service. It is only when these structures are in reasonably satisfactory condition that, it will be worthwhile to focus on the efficiency and effectiveness of operations.

The Ministry of Health need not be dependent exclusively on their own knowledge and experience in the development of effective management controls, auditing and program evaluation. Technical assistance is available in all these areas from multilateral institutions, donor nations and professional organisations. The assistance can take the form of providing relevant documents, formal training and temporary secondment of experts as well as financial support.

Recommendations

Effective and efficient internal financial controls comes from inspired leadership throughout the organisation; from excellent monitoring system design to effective use of management information system and from slow-to-change, invisible, all-powerful, internal force. This concept must be strongly imbued into the entire machinery of the staff of public hospitals to create the necessary institutional capacity to foster national development. It is recommended that the existence and operation of internal financial controls system was not enough but its operations should be effective. For it to be effective targets should be set for the operations. It means therefore that target could be compared to the performance.

The Committee of Sponsoring Organisations (COSO) for a long time has been used indirectly for internal financial controls for non- profit-making organisation like the public hospitals. It is recommended that COSO should be used directly as one of the laws and conventions. It will help to achieve effective and efficient use of scarce resources of non-profit making organisation. Because it was not one of the direct laws for the public hospitals punitive for non-compliance of the COSO is not there. When it is adopted for use punitive measures should be attached for effective operation of the COSO. Once we wanted to make effective use of our scarce resources as a nation then let us comply with COSO to achieve effective internal financial controls. Management should take COSO seriously especially those in non-profit making organisation like the public hospitals to achieve value for money with the resources at their disposal.

It is also recommended that policies and procedures must be observed consistently throughout the Hospitals. Also, irregularities revealed by the internal financial controls system must attract prompt and effective corrective action. To assure continued effectiveness, the Hospitals internal financial control system must be reassessed frequently. Even though, no system of internal financial controls can provide an absolute guarantee against the occurrence of fraud, abuse, inefficiency, and human error. However, it is recommended that a well-designed system of internal financial controls can give reasonable assurance that significant irregularities will be detected. At the same time, even well-designed internal financial controls can be defeated by collusion, especially if that collusion involves senior executives who have the power to disarm or bypass the control system.

Thus, it is necessary to set priorities in all hospitals, especially in developing and transition economies. The highest priority should be placed on assuring the reliability of the financial systems and the integrity and security of the controls over transactions. This translates into placing first emphasis on building reliable internal financial control structures and effective internal audit units in the Hospitals and on assuring the effectiveness of the Audit Service as the external auditor. Only when these structures are in reasonably satisfactory condition is it worthwhile to focus on the efficiency and effectiveness of operations.

The Hospital Management Team should determine the nature and extent of the formal documented review of internal financial controls. No external attestation is required to be made on the audit committee's statement on internal financial control. The Hospital Management Team should deploy specific measures and controls to address effective internal financial controls into overall management. The Municipal Hospital should accelerate implementation of the on-going internal financial control and devote additional attention and resources to building an organisational culture and incentive structure that addresses ineffective internal financial control.

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