

KOFORIDUA TECHNICAL UNIVERSITY



FACULTY OF BUSINESS AND MANAGEMENT STUDIES

DEPARTMENT OF ACCOUNTANCY

PROJECT TOPIC

**THE ROLE OF INTERNAL CONTROL MECHANISMS IN CURTAILING FRAUD AND
EMBEZZLEMENT IN ORGANIZATIONS
(A CASE STUDY OF NEW JUABEN SOUTH MUNICIPAL ASSEMBLY (NJSMA))**

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THIS PROJECT WORK IS SUBMITTED TO KOFORIDUA TECHNICAL UNIVERSITY
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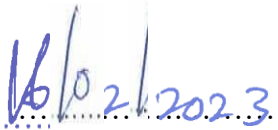
DECLARATION

We hereby state that, with the exception of citations from other authors' work that have been properly acknowledged, this work is the result of our own research conducted in Koforidua and that no portion of it has been submitted for consideration for another degree or diploma at this university or elsewhere.

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CERTIFICATION

I, the undersigned Supervisor hereby certify that this project work was supervised by me.



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The group owes a debt of gratitude to the administration and employees of the New Juaben South Municipal Assembly, who made it possible for us to gather the data needed to finish this work. A final word of appreciation goes to all lecturers in the Accountancy department and the Faculty of Business and Management Studies.

DEDICATION

This dissertation is specifically devoted to Almighty God who helped us throughout our academic program, as well as to our outstanding Supervisor (DR. NANA FRANK OTOO), our guardians for their faith and investment in us. We have climbed this rung on our academic and professional ladder. We thank them for their love, support, encouragement and direction.

ABSTRACT

Managers can increase accountability for their programs while receiving a reasonable level of assurance that the programs they oversee achieve their stated objectives and goals by implementing an effective internal control mechanism. The study was guided by these specific objectives; to identify the various internal control mechanisms available in the New Juaben South Municipal Assembly; and to evaluate how these internal control mechanisms are used in curtailing fraud and embezzlement at New Juaben South Municipal Assembly.

The target population for this study, which employed a descriptive research design, consisted of 108 employees who were split into four homogenous subgroups: the Finance and Accounting Department, the Revenue Department, the Procurement Department, and the ICT Department. The majority of NJSMA funds are managed by these divisions. Purposive sampling was utilized to ensure that each staff member participating in the study had an equal probability of success. Open-ended and closed-ended questions were included in the structured and semi-structured questionnaires that were used to gather the primary data. Each question had a number assigned to it, and the answers were formatted to produce results. Tables, frequencies, and percentages were used to present the data. The NJSMA's current internal control and risk assessment processes are insufficient to stop fraud from happening.

Based on the findings, it was suggested that the internal control mechanism be utilized on a regular basis to be certain that fraud in any kind is kept to a bare minimum; Annual financial reports should be kept and publicized; and the study recommends segregation of duties. Additionally, other researchers can examine how internal control mechanisms affect the company's financial management and the extent to which internal and external auditors' recommendations are put into practice with regard to controls.

TABLE OF CONTENT

DECLARATION	i
CERTIFICATION	ii
ACKNOWLEDGMENT	iii
DEDICATION	iv
ABSTRACT	v
TABLE OF CONTENT	vii
LIST OF TABLES.....	ix
CHAPTER ONE	1
GENERAL INTRODUCTION	1
1.0 BACKGROUND OF THE STUDY	1
1.1 STATEMENT OF THE PROBLEM.....	2
1.2 OBJECTIVES OF THE STUDY	3
1.3 RESEARCH QUESTIONS	4
1.4 SIGNIFICANCE OF THE STUDY	4
1.5 SCOPE AND LIMITATION OF THE STUDY	5
1.6 ORGANISATION OF THE STUDY	5
CHAPTER TWO.....	6
LITERATURE REVIEW	6
2.0 INTRODUCTION	6
2.1 THEORETICAL REVIEW	6
2.1.1 Self Control Theory	7
2.1.2 The Fraud Triangle Theory.....	7
2.2 COMPONENTS AND STRUCTURE OF INTERNAL CONTROL MECHANISM.....	7
2.2.1 Control Environment.....	8
2.3.2 Risk Assessment	8

2.2.3 Information and Communication	9
2.2.4 Control Activities	9
2.2.5 Monitoring	9
2.3 EMPIRICAL REVIEW	10
2.4 THE CONCEPT OF INTERNAL CONTROL MECHANISM	11
2.5 CONCEPTUAL FRAMEWORK.....	12
2.6 CHAPTER SUMMARY	13
CHAPTER THREE	14
RESEARCH METHODOLOGY	14
3.0 INTRODUCTION.....	14
3.1 RESEARCH DESIGN.....	14
3.2 DESCRIPTION OF STUDY AREA.....	14
3.3 TARGET POPULATION OF THE STUDY	14
3.4 SAMPLE AND SAMPLING PROCEDURE.....	15
3.5 DATA COLLECTION AND DATA COLLECTION TOOLS	15
3.5.1 Data Analysis and Management	16
3.5.1.1 Questionnaire.....	16
3.5.2 Administration of data collection tools.....	16
3.5.3 Instrument Validity	16
3.6 ANALYSIS OF DATA	17
3.8 ETHICAL CONSIDERATION.....	17
3.9 CHAPTER SUMMARY	18
CHAPTER FOUR	19
DATA ANALYSIS AND RESULTS	19
4.0 INTRODUCTION.....	19
4.1 STATISTICS OF DATA COLLECTED	19
4.2 DEMOGRAPHIC INFORMATION OF THE RESPONDENTS.....	20

4.2.1 Response Rate	20
4.3 LIMITATIONS	37
4.4 CHAPTER SUMMARY	38
CHAPTER FIVE	39
SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS.....	39
5.0 INTRODUCTION	39
5.1 DISCUSSION OF FINDINGS	39
5.1.1 To identify and evaluate the various internal control mechanisms available and how these mechanisms are used in curtailing fraud and embezzlement in New Jauben South Municipal Assembly.	40
5.2 CONCLUSION	42
5.3 RECOMMENDATIONS.....	43
REFERENCES	46

LIST OF TABLES

Table 4.1: Age group distribution.....	20
Table 4.2: Gender Distribution Sample	21
Table 4.3: Marital Status	21
Table 4.4: Highest Academic Qualification	22
Table 4.5: Years of Service at NJSMA	22
Table 4.6: The department you belong.....	23
Table 4.7: Which staff category do you belong to	24
Table 4.8: How frequent does the company conduct internal control system.....	25
Table 4.9: Are there policy measures put in place by the managers	25
Table 4.10: How will you rate the internal control policies and procedures of NJSMA	26
Table 4.11: There are mechanisms in place to identify and react to changes that can have dramatic effects on the organization.	27
Table 4.12: Assessment of internal and external operational, financial, compliance and risk.....	27
Table 4.13: Management evaluates risk in planning for new activity or product.	28
Table 4.14: Confusion over who is responsible for internal control	29
Table 4.15: Desire of management to achieve certain reporting results	30
Table 4.16: Personal interest over corporate and public interest.....	30
Table 4.17: Internal review of control mechanisms is frequently carried out.	31
Table 4.18: Separation of duties exists between procurement, account payables and disbursements	32
Table 4.19: There is specific monitoring mechanism in place to report actual or suspected fraud and other illegal or irregular acts or matters that can affect the organization’s reputation or financial position.....	33
Table 4.20: Existence of key criteria for evaluating performance	34
Table 4.21: Established channels of communication for staff to report suspected irregularities	34
Table 4.22: All staffs understand their responsibilities in the control system.....	35
Table 4.23: All payments are authorized by responsible officer before payment.....	36
Table 4.24: Staffs are aware of the penalties for breaking internal control procedures	37
Table 4.25: All financial transactions are recorded in vouchers for future references.....	37

CHAPTER ONE

GENERAL INTRODUCTION

1.0 BACKGROUND OF THE STUDY

Internal control systems are a set of policies and procedures used to safeguard the assets of an organization by minimizing the possibility of fraud and ensuring business sustainability (Adams, 2012). Every organization, for-profit or nonprofit, prioritizes achieving its global destinations and goals (Frost, 2011).

The recent state of the economy of Ghana has impose economic hardship on individual habitats leaving them with no option than to survive through dubious means such as fraud. The daily elevating inflation in the country has not left out New Juaben South Municipal Assembly, a publication by Ghana Statistical Services indicated food inflation in the Eastern Region be at 38.1% in July 2022. This situation is very lamenting and has really compelled some workers of New Juaben South Municipal Assembly to survive the killer economy by some kind of unacceptable means.

In today's economy, fraud is a topic that merits consideration. He said that employment stability and incentive compensation payouts will continue to deteriorate as a result of rising living standards and adjustable interest rates on some house mortgages. The duality may put more pressure on and provide incentives for people to devise fraud schemes. These people frequently use the notion that their present pay is below market rate to justify their dishonest behavior. Internal controls are the procedures implemented by a business to guarantee the accuracy of financial and accounting data in order to achieve operational profitability goals and disseminate management policies across the whole organization.

For an organization to be effectively controlled and run smoothly, an internal control system is a crucial element. Internal control activities are defined by the Office of Financial Management (2015) as the procedures, methods, and techniques that support management's capacity to minimize risk as determined by their risk assessment process. However, a lack of internal control or insufficient internal control results in unsuccessful programs and financial losses.

Despite these persistent problems, Ghana, particularly in the public sector, lacks information about internal controls and their efficacy; as a result, Ghana Post Company Limited must research internal control as a tool for financial management. Several approaches have been tried throughout the years to reduce financial errors in Ghana's governmental sector. By passing the Internal Audit Agency Act, 2003 (658) which requires all MDAs in Ghana to set up an Internal Audit unit in their institutions, the Internal Audit Agency was founded to tighten internal controls and counter any fraudulent operations in the public sector. Nevertheless, despite all the efforts made to eliminate them in the public sector, it appears that these errors still occur and, for that matter, need to be examined to identify the sources of these inaccuracies.

1.1 STATEMENT OF THE PROBLEM

Despite government initiatives to prevent fraud in the public sector, millions of state resources intended for national development end up in the wrong hands as a result of dishonesty on the part of selected personnel in the field government.

The District and Municipal Assemblies are in charge of collecting a portion of the jurisdictions' income. Market tolls, hawkers' fees, business permits, marriage certificates, and lorry park

fees, among other things, generate cash. Some staff members of the New Juaben South Municipal Assembly manufactured and issued bogus tickets and receipts due to a lack of controls or inadequate controls, but other staff members of the Assemblies discovered ingenious ways to receive a portion of these earnings into their own personal pockets. a few public-sector guardians.

Dagbah (2011) investigated "internal control as a tool for financial management in the public sector: a case study of the Ghana Education Service, Adaklu-Anyigbe district." Local fraud prevention and detection research has generally focused on commercial banks rather than government bodies. Numerous studies have been conducted on fraud, but none of them have specifically examined how internal control systems might be utilized to identify and stop fraud in the public sector. Some manual internal control systems exist in the public sector. This could indicate that this manually controlled gadget has a variety of issues. Forgeries (of papers and signatures), document loss, time loss, delayed payments, and poor general productivity are some instances. The goal of this study was to look into how internal control measures can help reduce fraud and embezzlement in the New Juaben South Municipal Assembly (NJSMA).

As a result, the goal of this research is to talk about how internal controls can help prevent fraud and embezzlement in the New Juaben South Municipal Assembly (NJSMA).

1.2 OBJECTIVES OF THE STUDY

The general objective of this study was to examine the role of internal control mechanisms in curtailing fraud and embezzlement in organizations. A case study of New Juaben South Municipal Assembly (NJSMA).

The specific objectives are:

1. To identify the various internal control mechanisms available in the New Juaben South Municipal Assembly.
2. To evaluate how these internal control mechanisms are used in curtailing fraud and embezzlement at New Juaben South Municipal Assembly.

1.3 RESEARCH QUESTIONS

In the course of the study, we shall answer these important questions.

1. To what extent are internal controls mechanisms are being used in preventing fraud and embezzlement in New Juaben South Municipal Assembly Koforidua?
2. To what extent does internal control mechanisms curtail fraud and embezzlement at New Juaben South Municipal Assembly?

1.4 SIGNIFICANCE OF THE STUDY

The benefits of implementing internal controls at NJSMA were highlighted in this study. The study's recommendations tried to ensure the efficacy and efficiency in reducing fraud and embezzlement at NJSMA. The study's findings contributed significantly to our understanding of the internal control mechanism's role in reducing fraud and embezzlement at NJSMA. The study focused on the importance of control mechanisms in the effective administration of public funds and how to align them with COSO requirements. It also evaluated an in-depth understanding of control activities. The research focuses on efficient implementation or system design of effective control mechanisms in an institution. The appropriate authorities in charge of the internal control system may find this information to be helpful. The Audit Service, Controller and Accountants General, National Auditing Standards Setters, and the Ministry of Finance may find this research helpful when creating financial management rules. These ideas can be applied by various organizations to their existing strategy.

1.5 SCOPE AND LIMITATION OF THE STUDY

The research looked into the role of internal control mechanisms in reducing fraud and embezzlement at NJSMA. The emphasis was on internal control mechanisms, rules, procedures, and institutional arrangements. The study also identified the function of those in charge of implementing this internal control system. The study's scope was limited to the New Juaben South Municipal Assembly in Koforidua, Eastern Region. It focuses on internal controls and internal control mechanisms implemented at the New Juaben South Municipal Assembly to monitor fraud, misappropriation of funds, and compliance with financial legislation. Management, operations, and finance are the three main areas of a firm that are often constrained by internal control systems. However, the study's focus was limited to just the financial side.

1.6 ORGANISATION OF THE STUDY

There are five main chapters in this research paper. The study's context, problem description, research aims, research questions, scope, significance, and disposition are all introduced in the first chapter. The literature review and theoretical foundation upon which the study is based are the main topics of the second chapter. The methodology, including data collection and analytical techniques, are described in Chapter three. The findings are discussed in detail in Chapter four before being summarized and recommendations are given in Chapter five.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

The preceding research on internal control systems, fraud prevention, and fraud detection was examined in this section. Additionally, it conducted an empirical investigation, spotted a research hole, looked at fraud detection and prevention theories, and examined internal control theories.

2.1 THEORETICAL REVIEW

The decision theory supports the research since it shows a positive correlation between internal control systems and reducing fraud in a company. The control environment, risk assessment, control actions, information and communication, and monitoring comprise the internal control framework that an organization must use to manage its business risk. Agency risks are believed to correlate with information asymmetry, and owner-managed businesses and partnerships are less likely to experience agency issues than huge public corporations. The internal control system also enhances the delivery of new information to the principal (shareholder), reducing fraud and raising income for the business. Adopting a decision theory can reduce agency, prevent fraud, or both through the proper implementation of an internal control system. People will choose personally to refrain from discussing fraud, and the organization will have effective internal control measures in place. An internal control system is a tool used by corporations to prevent fraud, according to Rahim et al. (2018). Operation oversight is done to reduce fraud and boost organizational efficiency.

2.1.1 Self Control Theory

People who lack discretion are more prone to commit a wide variety of crimes. Children who experience conflicting methods of child rearing appear to have difficulties managing their desires, delaying gratification, avoiding destructive behavior, and respecting the feelings of others (Holtfreter, 2010). More discreet individuals are more likely to be aware of the low likelihood of long-term advantage and high probability of trepidation associated with illegal action. Distinction is needed if fraud is to be stopped in any institution. However, the bulk of provincial governments frequently operate in an abnormal condition of discretion, and the New Juaben South Municipal Assembly (NJSMA) is no different.

2.1.2 The Fraud Triangle Theory

The three elements of fraud are perceived pressure, perceived opportunity, and rationalization of the fraudulent activity, according to the Fraud Triangle Theory (Albrecht, 2009). The misrepresentation triangle is the name given to the three components. The three elements are a constant in all deceit, whether it is directed against something or in favor of something (Albrecht, 2009). Intelligent factors make up the fraud triangle; for instance, the greater the perceived opportunity or pressure, the less justification is required for someone to commit fraud (Albrecht, 2009).

2.2 COMPONENTS AND STRUCTURE OF INTERNAL CONTROL MECHANISM

The five elements of the internal control system are the control environment, the institution's risk assessment process, the information system, control actions (internal controls), and control monitoring, according to Hohler (2005), COSO (1992), and International Standards in Auditing 315. In addition, COSO identifies five internal control components (1992).

2.2.1 Control Environment

Control Environment is concerned with how the business is doing and how that impacts the employees' control consciousness. The other internal control elements are built on top of it. Consumers are the core of every business because of their moral character, moral principles, and competence. The most crucial element of the internal control mechanism is the internal environment, also referred to as the control environment (Romney & Steinbart 2009). The Office of Financial Management has designated the control environment as an intangible resource. It also acts as the cornerstone for all other facets of internal control, establishing structure and discipline while also incorporating both technical know-how and ethical commitment. 2015 (Office of Financial Management) (Office of Financial Management).

2.3.2 Risk Assessment

Any potential risks must be anticipated by the company. It must create procedures to recognize, evaluate, and control the risks connected to each of its varied activities. The foundation for determining how the risks should be handled is laid out by the identification and analysis of pertinent hazards to the accomplishment of the objectives. Because the environment will continue to evolve on all fronts—economic, industrial, regulatory, and operational—mechanisms for identifying and managing risk should be put in place (COSO, 1992). Within the constraints of a company's control environment, managers set goals and objectives at various levels that are consistent with the mission and vision of the organization. Setting objectives is necessary before management can identify potential risks affecting their performance. the process of identifying and assessing risks to a company's objectives, considering potential occurrences, figuring out how probable they are to happen and how they might affect those objectives, and then selecting how to respond to those risks. Financial Management Office, 2015 (Office of Financial Management).

2.2.3 Information and Communication

The methods or procedures for locating, gathering, and transferring information in a way that enables people to perform their duties and tasks are included in the information and communication component. A corporation's control structure should be created to allow for the detection, capture, and transmission of information both within the organization and with outside parties. Information should be delivered in a reliable, timely, and accurate manner. Public comprehension of the existence, nature, severity, and acceptability of threats is increased through communication. Identification of risks or changes in risk requires communication. Memoranda, meeting minutes, written policy guides, manuals on accounting and financial reporting, and other types of formal communication are examples. Information can be shared informally by speech, email, and managerial actions and other company personnel (Office of Financial Management, 2017).

2.2.4 Control Activities

To ensure that management-identified risk-mitigation measures are carried out, control activities are developed and put into place. The procedures and rules known as control activities help ensure that management directives are carried out accurately and on time. Risk management, risk mitigation, and risk addressing measures are taken to achieve the objectives of the entity (COSO, 2013).

2.2.5 Monitoring

Monitoring is essential if management is to have faith in the effectiveness of the entire internal control system. This calls for constant verification and vetting, external and internal audits, peer reviews, and internal evaluations (Tunji, 2013). Monitoring must have the backing of the company's senior management, be delegated to knowledgeable staff members inside the organization, and finally conform to a baseline survey in order to properly achieve its goal of minimizing fraud. Effective monitoring requires that all employees are aware of the mission,

objectives, and levels of risk tolerance of their firm. Continuous monitoring makes it feasible to detect and address fraud as soon as possible (Hayali et al, 2013). Additionally, internal controls' effectiveness needs to be assessed frequently.

2.3 EMPRICAL REVIEW

Frazer's research of internal control systems and prevention of fraud (2021). An arbitrary sample of restaurants in Nassau County, New York State, was selected. Multiple regression and descriptive statistics were used to analyze the data. According to the study's findings, internal control plays a statistically significant role in lowering waste and fraud. The efficiency of the internal control systems at Nigeria's listed deposit money banks were examined by Awen et al (2018). Primary data was gathered using a standardized 5-point Likert scale questionnaire on the effectiveness of internal control mechanisms. Four hundred thirty-five (435) of the five hundred forty (540) questionnaires that were sent out were returned, resulting in an 81 percent response rate and four hundred thirty-five observations. The results show that fraud prevention is positively and significantly impacted by the control environment. Gesara et al. (2016) studied the impact of internal control systems on fraud risk management in commercial banks in Kisii Town, Kenya. There were three different respondents: 68 clerks, 74 departmental managers, and 15 branch managers. The survey was distributed to the town's 15 banks. A total of 130 respondents were included in the sample since the branch managers were picked using a saturation sampling technique and the other respondents were chosen using traditional random sampling. Respondent data was collected via questionnaires and interview schedules. The collected data were examined both descriptively and inferentially using weighted averages, standard deviations, and regression analysis. The results of the study

demonstrated that the control environment and risk assessment, which were independent variables, had a significant positive impact on the management of fraud risk.

Wanjala and Riitho (2020) examine the connection between internal control implementation and fraud mitigation in Kenyan savings and credit cooperatives (Saccos). The research makes use of the internal control paradigm's five components. A formal questionnaire was used to collect the information. The investigation was conducted using the Ordinary Least Squares Regression method. Data research revealed that every internal control factor greatly increased Kenyan Saccos' capacity to lower fraud.

2.4 THE CONCEPT OF INTERNAL CONTROL MECHANISM

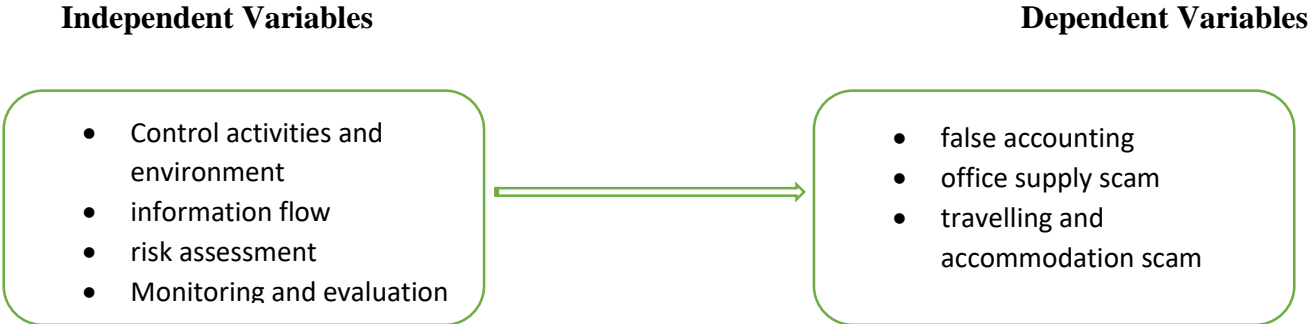
An internal control system, according to Olatunji (2009), is a collection of strategies, tactics, and policies that a company uses to safeguard its resources, guarantee the accuracy and dependability of its accounting data, boost operational effectiveness, promote adherence to managerial policies, and generally advance organizational goals. The Institute of Chartered Accountants of Nigeria, according to Olatunji (2009), divided controls into three major groups, which are as follows: Controls that anticipate potential issues and make changes before they arise are known as preventive controls.. These safeguards keep errors, omissions, and fraud at bay. Segregation of duties, authorization, and authority level are examples of preventive controls. Controls designed expressly to find and report the occurrence of a mistake or omission are known as detective controls. While corrective measures are meant to lessen the severity of a threat and fix mistakes brought on by the issue. In order to provide reasonable assurance regarding the accomplishment of goals in the following categories: operational effectiveness and efficiency, financial reporting reliability, and compliance with applicable laws and regulations, an entity's board of directors, management, and other staff members

engage in internal control, according to COSO (2013). Five interconnected elements that make up internal control systems form the basis for fraud detection (COSO, 2013). Examples of these include the control environment, risk assessment, control activities, information and communication, and monitoring activities.

2.5 CONCEPTUAL FRAMEWORK

Capturing the relationship between the independent and dependent variables is the aim of the conceptual framework. Examples of independent variables include control activities, the environment, information flow, risk assessment, and monetary and evaluation factors. The study covers descriptions under dependent variables such as corporate fraud, false billing, office supply scam, travel and lodging scam, and fake accounting, which is providing erroneous information by perhaps manipulating the figures. However, there are limiting factors, such as controlling laws. competent management with the knowledge and abilities required to design systems intended to aid in fraud prevention while also practicing due diligence. Internal auditors are responsible for assessing and designing the internal control mechanisms that are employed in NJSMA to prevent fraud, whereas organizational structure outlines an institution's functions and reporting methods.

Figure 1: Conceptual Framework Model



Source: Author, 2022

2.6 CHAPTER SUMMARY

This chapter examined literature on leadership and organizational success from diverse scholars. All of the study variables, as well as the theories reinforcing the study variables, have been explored independently. Furthermore, a conceptual framework has been constructed to demonstrate the relationship between the study and its variables.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 INTRODUCTION

The methods and procedures that were employed to gather the research's data are described in this chapter. The research strategy, population and sample, sampling method and procedure, research tools, and data collection and analysis are all covered in this section.

3.1 RESEARCH DESIGN

There are various study design kinds. According to Bickman and Rog (2009), the research design serves as a project plan, linking data collection and activities to research questions and guaranteeing that the study's aim and objectives are met. A research study must adhere to the design in order to be credible, worthwhile, and practical. In order to explore new ground, support previous findings, and monitor internal control mechanisms, this research study combines quantitative, qualitative, and observational approaches.

3.2 DESCRIPTION OF STUDY AREA

The investigation was carried out at the Koforidua-based New Juaben South Municipal Assembly (NJSMA). The researcher's convenience and the population's location led to the usage of NJSMA. The specific target demographic in this region was chosen because, based on data acquired from prior research, it was believed to be cost-effective given the study's limited resources and the respondents' proximity to the researcher.

3.3 TARGET POPULATION OF THE STUDY

The research was only targeted at four department of the New Juaben South Municipal Assembly in Koforidua of the Eastern Region. Department are as follows, Accounts

Department, Procurement Department, Revenue Department and the Information Communication Technology (ICT) Department.

3.4 SAMPLE AND SAMPLING PROCEDURE

Among the sample methods used is the purposeful sampling procedure. The sample frame for the study was set, and respondents were selected using a systematic random approach. The purposive sampling technique was also used to discover and choose senior administrative personnel. The population of the study is made up of members of the New Juaben South Municipal Assembly (NJSMA). The NJSMA has over 150 members. A Figure created by Krejcie & Morgan (1970) was used to obtain the appropriate sample size representative of the employees. From a population of 1,000, a sample size of 278 is achieved, while from a population of 240, a sample size of 148 is obtained. The sample size for this study is 108 members because we used a population of approximately 150 people.

3.5 DATA COLLECTION AND DATA COLLECTION TOOLS

Data collection is the process of methodically obtaining and analyzing information on certain variables, which enables one to analyze results and respond to applicable queries. Primary data served as the study's main source of information. Primary data are authentic data gathered by first-hand research, or original data. Use of questionnaires allowed for the collection of the data. A set of written or printed questions with multiple-choice answers is known as a questionnaire and is used in surveys and statistical studies. We employed self-administered questionnaires. The personnel could therefore do it on their own. The questionnaire included both open-ended and closed-ended questions. In order to explain the present challenges associated to the study investigation and to find the essential primary data to meet the study's

aim and objectives, this study leaned heavily on strong academic and professional secondary data resources.

3.5.1 Data Analysis and Management

To evaluate the information obtained from the surveys and create a clear and understandable explanation of the study, we used descriptive statistics. Tables of frequency distribution were used to assess the questions as well. To assist with quantitative methods that emphasize objective measuring and data analysis, questionnaires were provided. In order to provide study results, data was gathered, questionnaires were analyzed using software, and interviews were transcribed to help interpret the results.

3.5.1.1 Questionnaire

A questionnaire is a method of gathering data in which each participant responds in a planned sequence to a common set of questions.

Closed-ended questions make up 90% of the survey, while open-ended questions make up 10% of it. Respondents found it easy to reply to the closed-ended questions, while at the same time, the research was able to gather and synthesize replies more rapidly and effectively. As previously mentioned, the researchers aimed to determine how internal control mechanisms work to stop fraud and theft at NJSMA.

3.5.2 Administration of data collection tools

To ascertain whether the questionnaire's inference is shared by the respondents and whether the questions were comprehended by the respondents, the researcher will administer it to a subset of the sample.

3.5.3 Instrument Validity

The investigation often uses primary data sources. Structured and semi-structured questionnaires with open-ended and closed-ended questions were used to collect the primary

data. Selected employees from the four departments of Kiambu County received questionnaires. The researcher chose questionnaires because they cover a broad range of topics while putting less strain on responders. This study's questionnaire is divided into two portions. To ascertain essential issues like the respondent's demographic features, the first section includes both demographic and operational characteristics. The four research variables would be highlighted in the second phase, which was devoted to identifying internal control systems for the identification and prevention of fraud and embezzlement.

3.6 ANALYSIS OF DATA

The goal of quantitative research analysis is to find, analyze, compare, and interpret the collected data. The descriptive analysis is used in this study to reach the analytical goal. Because of this, quantitative research analysis is a continuous process that starts with data collection, shapes ongoing data collection, and offers the chance to refine the questions later. To achieve the study's goals and objectives, the research specifically identifies, examines, compares, and interprets the recorded data.

3.8 ETHICAL CONSIDERATION

The researcher informed the subjects once the study was completed in case anyone had suffered mental injury. The subject's voluntary involvement was guaranteed, and the researcher obtained their informed consent. The researcher was conscious of ethical issues including participant anonymity and privacy throughout the entire experiment. The participant was informed that their responses would only be used for research purposes, and the researcher made sure that this privilege was not abused. Finally, justice, which requires an equal selection

of volunteers, was raised as an ethical principle in research involving human subjects. Furthermore, the study eliminated populations who might be unfairly forced to participate, such as criminals and institutionalized youngsters. By selecting individuals from the general population, the principle of justice was followed.

3.9 CHAPTER SUMMARY

This section outlines the data collection approach. It also includes the research strategy, population to be studied, sample size, sampling procedures, instrumentation, data gathering methods, data processing, and data presentation.

CHAPTER FOUR

DATA ANALYSIS AND RESULTS

4.0 INTRODUCTION

This chapter examines the analysis, interpretation, and presentation of field findings. The study's overarching goal was to examine the role of internal control mechanisms in reducing fraud and embezzlement in a business. A case study of the Municipal Assembly of New Juaben South (NJSMA). The study also attempted to assess the shortcomings or weaknesses in internal control mechanisms as a tool in curbing fraud and embezzlement at NJSMA, as well as to define the existence and aims of internal control mechanisms in curtailing fraud and embezzlement at NJSMA. The data will be given in the form of tables, frequencies, and percentages.

4.1 STATISTICS OF DATA COLLECTED

The researcher developed the tool used to collect appropriate data for this investigation. The purpose of this research was to evaluate the role of internal control mechanisms in reducing fraud and embezzlement in NJSMA. A survey strategy involving the use of questionnaires was utilized to collect appropriate data for the investigation. For the survey, questionnaires with 25 questions were created. This includes four (10) questions about the demographics of NJSMA workers, three (3) questions about lapses in internal control mechanisms, three (3) questions about risk assessment, three (3) questions about control activities, three (3) questions about information and communication, and three (3) questions about monitoring and evaluation.

4.2 DEMOGRAPHIC INFORMATION OF THE RESPONDENTS

The demographic analysis was used to study the background of information for the NJSMA workers. The demographic analysis includes the educational background of workers, the department with which they work, the number of years they have worked for the NJSMA, and the staff category.

4.2.1 Response Rate

This research study addressed 108 NJSMA employees working in various departments. The four homogenous subgroups of the study's respondents were the Finance and Accounting Department, the Revenue Department, the Procurement Department, and the ICT Department. Out of the 108 participants, 100 replies were received, yielding a response percentage of 92.6%.

SECTION A: DEMOGRAPHIC PROFILE

Table 4.1: Age group distribution: Even though it was not part of the researcher's purpose, the study wishes to know the age distribution of the respondents.

Age Group	Frequency	Percentage (%)
Between 18 – 25 YEARS	12	12%
Between 26 – 35 YEARS	45	45%
Between 36 – 45 YEARS	29	29%
Between 46 – 60 YEARS	14	14%
TOTAL	100	100%

Source: (Researchers Field Survey, 2022)

The Table indicated that respondents between 18-25 were 12 representing 12%, respondent between 26-35 years were 45 equivalents to 45%, 36-45 were 29 equivalents to 29% and respondent between the ages of 46-60 were 14 which is approximately 14%.

Table 4.2 Gender Distribution Sample: the questionnaire sought to find out the gender of the respondent even though gender was not the main consideration of the study.

Gender	Frequency	Percentage (%)
Male	62	62%
Female	38	38%
TOTAL	100	100%

Source: (Researchers Field Survey, 2022)

Sixty-two (62) of the 100 respondents who completed the questionnaires were males, making up 62% of the total, thirty-eight (38) were females, making up 38% of the total. This suggests that the NJSMA Staff was predominately male.

Table 4.3: Marital Status

Marital Status	Frequency	Percentage (%)
Married	71	71%
Single	29	29%
TOTAL	100	100%

Source: (Researchers Field Survey, 2022)

According to Table 4.3 above, seventy-one (71%) percent of respondents are married, compared to twenty-nine (29%) percent of staff members who responded to be single. This suggests ta landslide majority of NJSMA Staff members were married.

Table 4.4: Highest Academic Qualification

Qualification	Frequency	Percentage (%)
HND/Diploma	25	25%
Bachelor's Degree	42	42%
Post Graduate	19	19%
Professionals	14	14%
TOTAL	100	100%

Source: (Researchers Field Survey, 2022)

Table 4.4 indicated that forty-two percent (42%) of the respondents have a Bachelor's Degree certificate, while twenty-five percent (25%) have an HND/Diploma certificate, while nineteen percent (19%) hold Post Graduate certificate and whereas, about fourteen percent (14%) hold a Professional certificate. This shows that, as the table above summarizes, NJSMA employs people with a range of educational backgrounds. Because of their expertise and advantageous position, the personnel can effectively apply internal control mechanisms.

Table 4.5: Years of service in the NJSMA

Years of Service	Frequency	Percentage (%)
Below 10 YEARS	22	22%
Between 10 – 15 YEARS	38	38%
Between 16 – 21 YEARS	29	29%
Beyond 22 YEARS	11	11%
TOTAL	100	100%

Source: (Researchers Field Survey, 2022)

Table 4.5 showed that the respondents' years of service at NJSMA. According to the table, thirty-eight percent (38%) of the respondents have worked at NJSMA for between ten and fifteen years, twenty-nine percent (29%) have worked there for between sixteen and twenty-one years, twenty-two percent (22%) have worked under ten years, whereas eleven (11%) percent have worked beyond twenty-two years. This suggests that more than half of the NJSMA staff have been there for under fifteen years. The minority of NJSMA's junior staff members, who account for this, are also its least experienced members.

Table 4.6: The department you belong.

DEPARTMENT	Frequency	Percentage (%)
ACCOUNTING/FINANCE	35	35%
PROCUREMENT	22	22%
REVENUE	28	28%
ICT	15	15%
TOTAL	100	100%

Source: (Researchers Field Survey, 2022)

Table 4.6 indicated the department the respondents belong. According to the Table above, thirty-five percent (35%) of the respondents belong to the Accounting/Finance department, twenty-two percent (22%) belong to the Procurement department, twenty-eight percent (28%) belong to the Revenue department whereas fifteen percent (15%) belong to the ICT. This suggests that more than half of the NJSMA staff have been there for under fifteen years. This implies that among the groups that were interviewed the Accounting/ Finance personnel are the largest.

Table 4.7: Which staff category do you belong to?

Staff Category	Frequency	Percentage (%)
Junior Staff	22	22%
Senior Staff	58	58%
Management	20	20%
TOTAL	100	100%

Source: (Researchers Field Survey, 2022)

The Table above indicated that Junior Staffs were cited as twenty-two percent (22%) of respondents; Senior staff was cited as fifty-eight percent (58%); whereas, Management was cited as twenty percent (20%). This is an indication that majority of respondents are Senior staffs.

Table 4.8: How frequent does the company conduct internal control mechanisms?

Internal Control Mechanisms Review	Frequency	Percentage (%)
Annually	26	17%
Half Yearly	21	14%
When need arises	104	69%
TOTAL	151	100%

Source: (Researchers Field Survey, 2022)

The Table above shows a summary of the findings. According to the results, 104 employees had 69% of the respondents indicating that NJSMA reviews its internal control mechanisms when need arises while 26 employees had 17% indicating that internal control system review

is conducted annually. Indicating that NJSMA examines its internal control system twice a year, only 21 staff had a 14% response rate. This suggests that, generally speaking, NJSMA only evaluates its internal control systems when necessary and that periodic evaluation is hardly ever done.

Table 4.9: Are there policy measures put in place by the managers?

Policy Measures	Frequency	Percentage (%)
YES	84	84%
NO	16	16%
TOTAL	100	100%

Source: (Researchers Field Survey, 2022)

According to the Table above, 127 employees representing 84% of the respondents indicated that NJSMA has policy measures established by the managers whereas, 24 employees representing 16% indicated that there are no policy measures put in place by the managers. This implies that, in general, majority of NJSMA staff are of the motion that there are policy measures put in place by their managers.

Table 4.10: How will you rate the internal control policies and procedures of NJSMA?

Rating Internal Control Policies	Frequency	Percentage (%)
Strong	94	62%
Satisfactory	37	25%
Weak	20	13%
TOTAL	151	100%

Source: (Researchers Field Survey, 2022)

From the Table above, sixty-two percent (62) of the respondents rated the internal control policies and procedures as strong, twenty-five percent (25%) percent rated it as satisfactory whereas, minority of thirteen percent (13%) rated it as weak. This implies that, in general, majority of NJSMA staff are of the motion that the policies and procedures of NJSMA are strong.

USING THE SCALE PROVIDED BELOW PLEASE INDICATE THE EXTENT TO WHICH YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS:

Where: 1=Strongly Agree, 2=Agree, 3=Don't Know, 4=Disagree and 5= Strongly Disagree

SECTION B: RISK ASSESSMENT

Table 4.11: Mechanisms in place to identify and react to changes.

Response	Frequency	Percentage (%)
1=Strongly Agree	48	48%
2=Agree	24	24%
3=Don't Know	18	18%
4=Disagree	8	8%
5= Strongly Disagree	2	2%
TOTAL	100	100%

Source: (Researchers Field Survey, 2022)

The Table indicated that Seventy-two percent (72%) of respondents agreed with the assertion that there are mechanisms in place to identify and react to changes that can have dramatic effects on the organization; ten percent (10%) disagreed; and eighteen percent (18%) claim to

not know or have any information about the statement. This shows that the majority of NJSMA Staff believed there were systems in place to recognize and respond to developments that could have a significant impact on the company.

Table 4.12: Assessment of internal and external operational, financial, compliance and risk.

Response	Frequency	Percentage (%)
1=Strongly Agree	44	44%
2=Agree	28	28%
3=Don't Know	20	20%
4=Disagree	5	5%
5= Strongly Disagree	3	3%
TOTAL	100	100%

Source: (Researchers Field Survey, 2022)

The Table indicated that Seventy-two percent (72%) of respondents agreed with the motion that there is an assessment of internal and external operational, financial, compliance and risk; eight percent (8%) disagreed; and twenty percent (20%) claimed not to have any information about the statement. This suggests that operational, financial, compliance, and risk assessments have been made both internally and outside.

Table 4.13: Management evaluates risk in planning for new activity or product.

Response	Frequency	Percentage (%)
1=Strongly Agree	44	44%
2=Agree	27	27%
3=Don't Know	20	20%
4=Disagree	6	6%
5= Strongly Disagree	3	3%
TOTAL	100	100%

Source: (Researchers Field Survey, 2022)

The Table indicated that seventy-one percent (71%) of respondents acknowledge the assertion that the management evaluates risk in planning for new activity or product.; nine percent (9%) disagree; and twenty percent (20%) claim to not know or have any knowledge about the assertion. This suggests that the majority of NJSMA employees said management considered risk while developing a new project or activity.

SECTION C: LAPSES IN INTERNAL CONTROL MECHANISM

Table 4.14: Confusion over who is responsible for internal control.

Response	Frequency	Percentage (%)
1=Strongly Agree	47	47%
2=Agree	31	31%
3=Don't Know	16	16%
4=Disagree	4	4%
5= Strongly Disagree	1	1%
TOTAL	100	100%

Source: (Researchers Field Survey, 2022)

From the Table above, it indicated that seventy-eight percent (78%) of respondents concur with the statement that there is confusion over who is responsible for internal control; five percent (5%) disagree; and sixteen percent (16%) claim to not know or have any notion about the statement. This suggests that the NJSMA as a whole is convinced that there is ambiguity over who is in charge of internal control.

Table 4.15: Desire of management to achieve certain reporting results.

Response	Frequency	Percentage (%)
1=Strongly Agree	43	43%
2=Agree	25	25%
3=Don't Know	23	23%
4=Disagree	6	6%
5= Strongly Disagree	3	3%
TOTAL	100	100%

Source: (Researchers Field Survey, 2022)

From the table, sixty-eight percent (68%) of respondents agree with the assertion that there is a desire of management to achieve certain reporting results; nine percent (9%) disagree; and twenty-three percent (23%) claim to not know or have any notion about the statement. This suggests that the vast majority of respondents concur with the notion that management wants to produce particular reporting results.

Table 4.16: Personal interest over corporate and public interest.

Response	Frequency	Percentage (%)
1=Strongly Agree	43	43%
2=Agree	33	33%
3=Don't Know	16	16%
4=Disagree	5	5%
5= Strongly Disagree	3	3%
TOTAL	100	100%

Source: (Researchers Field Survey, 2022)

The Table above indicated that seventy-six percent (76%) of respondents agree with the assertion that there is personal interest over corporate and public interest from the management; eight percent (8%) disagree; and sixteen percent (16%) claim to not know or have any information about the statement. This indicates that the majority of respondents believe the that there is personal interest over corporate and public interest from the management.

SECTION D: MONITORING AND EVALUATION

Table 4.17: Internal review of control mechanisms is frequently carried out.

Response	Frequency	Percentage (%)
1=Strongly Agree	56	56%
2=Agree	26	26%
3=Don't Know	13	13%
4=Disagree	3	3%
5= Strongly Disagree	2	2%
TOTAL	100	100%

Source: (Researchers Field Survey, 2022)

The Table above indicated that eighty-two percent (82%) of respondents agree that the processes are in place to ensure that policy overrides are minimal and exceptions are reported to management; five percent (5%) disagree; and thirteen percent (13%) claim to not know or have any notion about the statement. This shows that the majority of respondents believe the internal review of control mechanisms is frequently carried out.

Table 4.18: Separation of duties exists between procurement, account payables and disbursements.

Response	Frequency	Percentage (%)
1=Strongly Agree	43	43%
2=Agree	32	32%
3=Don't Know	18	18%
4=Disagree	5	5%
5= Strongly Disagree	2	2%
TOTAL	100	100%

Source: (Researchers Field Survey, 2022)

The Table indicated that seventy-five percent (75%) of respondents believe that separation of duties exists between procurement, account payables and disbursements; seven percent (7%) disagree; and eighteen percent (18%) claim they do not know or have any notion about the statement. This indicates that the majority of respondents agree that separation of duties exists between procurement, account payables and disbursements.

Table 4.19 There is specific monitoring mechanism in place to report actual or suspected fraud and other illegal or irregular acts or matters that can affect the organization’s reputation or financial position.

Response	Frequency	Percentage (%)
1=Strongly Agree	46	46%
2=Agree	30	30%
3=Don’t Know	16	16%
4=Disagree	6	6%
5= Strongly Disagree	2	2%
TOTAL	100	100%

Source: (Researchers Field Survey, 2022)

The Table above indicated that seventy-six percent (76%) of respondents agree with the view that there is specific monitoring mechanism in place to report actual or suspected fraud and other illegal or irregular acts or matters that can affect the organization’s reputation or financial position.; eight percent (8%) disagree with the statement; and sixteen percent (16%) claim to not know or have any notion about the statement. This shows that the majority of respondents think there is a dedicated monitoring system in place to report fraud, whether it is actual or suspected, as well as any illegal or irregular acts or situations that could harm the organization's standing or financial situation.

SECTION E: INFORMATION AND COMMUNICATION

Table 4.20: Existence of key criteria for evaluating performance.

Response	Frequency	Percentage (%)
1=Strongly Agree	45	45%
2=Agree	27	27%
3=Don't Know	20	20%
4=Disagree	5	5%
5= Strongly Disagree	3	3%
TOTAL	100	100%

Source: (Researchers Field Survey, 2022)

The Table showed that seventy-two percent (72%) of respondents agree with the assertion that there is an existence of key criteria for evaluating performance; eight percent (8%) disagree; and twenty percent (20%) claim to not know or have any concept about the statement. This indicates that there is an existence of key criteria for evaluating performance.

Table 4.21: Established channels of communication for staff to report suspected irregularities.

Response	Frequency	Percentage (%)
1=Strongly Agree	40	40%
2=Agree	27	27%
3=Don't Know	24	24%
4=Disagree	6	6%
5= Strongly Disagree	3	3%
TOTAL	100	100%

Source: (Researchers Field Survey, 2022)

From the Table sixty-seven percent (67%) of respondents agree with the assertion that there is an established channels of communication for staff to report suspected irregularities; nine percent (9%) disagree; and twenty-four percent (24%) claim to not know or have any notion about the statement. This shows that the majority of respondents agree that there is an established channels of communication for staff to report suspected irregularities.

Table 4.22: All staff understand their responsibilities in the control system.

Response	Frequency	Percentage (%)
1=Strongly Agree	40	40%
2=Agree	26	26%
3=Don't Know	24	24%
4=Disagree	5	5%
5= Strongly Disagree	2	5%
TOTAL	100	100%

Source: (Researchers Field Survey, 2022)

The Table above indicated that forty percent (40%) of respondents agree with the assertion that all staffs understand their responsibilities in the control system; ten percent (10%) disagree; and twenty-four percent (24%) claim to not know or have any notion about the statement. This shows that the majority of respondents agree that all staffs understand their responsibilities in the control system.

SECTION F: CONTROL ACTIVITIES

Table 4.23: All payments are authorized by responsible officer before payment.

Response	Frequency	Percentage (%)
1=Strongly Agree	48	48%
2=Agree	24	24%
3=Don't Know	18	18%
4=Disagree	8	8%
5= Strongly Disagree	2	2%
TOTAL	100	100%

Source: (Researchers Field Survey, 2022)

The Table indicated that Seventy-two percent (72%) of respondents agreed with the assertion that all payments are authorized by responsible officer before payment; ten percent (10%) disagreed; and eighteen percent (18%) claim to not know or have any information about the statement. This signifies that the majority of NJSMA Staff believed that there all payments are authorized by responsible officer before payment.

Table 4.24: Staffs are aware of the penalties for breaking internal control procedures.

Response	Frequency	Percentage (%)
1=Strongly Agree	44	44%
2=Agree	28	28%
3=Don't Know	20	20%
4=Disagree	5	5%
5= Strongly Disagree	3	3%
TOTAL	100	100%

Source: (Researchers Field Survey, 2022)

The Table indicated that Seventy-two percent (72%) of respondents agreed with the motion that staffs are aware of the penalties for breaking internal control procedures; eight percent (8%) disagreed; and twenty percent (20%) claimed not to have any information about the statement. This indicates that Staffs are aware of the penalties for breaking internal control procedures.

Table 4.25: All financial transactions are recorded in vouchers for future references.

Response	Frequency	Percentage (%)
1=Strongly Agree	44	44%
2=Agree	27	27%
3=Don't Know	20	20%
4=Disagree	6	6%
5= Strongly Disagree	3	3%
TOTAL	100	100%

Source: (Researchers Field Survey, 2022)

The Table indicated that seventy-one percent (71%) of respondents acknowledge the assertion that all financial transactions are recorded in vouchers for future references; nine percent (9%) disagree; and twenty percent (20%) claim to not know or have any knowledge about the assertion. This implies that the majority of NJSMA employees believed that all financial transactions are recorded in vouchers for future references.

4.3 LIMITATIONS

The researcher encountered challenges while doing the study investigation, which led to the study's shortcomings. A small percentage of respondents refused to offer information about the study that the researcher needed for the study, which was experienced by the researcher.

The researcher assured the respondents that any information they submitted would be kept private in order to combat this. Additionally, the researcher informed the participants that the study was being conducted for academic purposes and that any information they submitted would not be kept a secret from unauthorized parties.

4.4 CHAPTER SUMMARY

The respondents' response rate, their general information, and the study objectives were all reported in this chapter. These were created with the goal of demonstrating how the internal control mechanism works to prevent fraud and theft at the New Juaben South Municipal Assembly. A summary of the conclusions, suggestions, and findings are provided in the next chapter.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 INTRODUCTION

Following data collection and analysis, the following discussions, conclusions, and recommendations were reached. The responses were based on the study's specific objectives. The purpose of the study was to investigate the role of internal control mechanisms in reducing fraud and embezzlement in a business. The New Juaben South Municipal Assembly case study was employed. The study also aimed to evaluate the effectiveness and efficiency of internal control mechanisms in financial management at NJSMA, to spot gaps or weaknesses in internal control mechanisms as a tool in reducing fraud and embezzlement at NJSMA, and finally to pinpoint the existence and goals of internal control mechanisms in reducing fraud and embezzlement at NJSMA.

5.1 DISCUSSION OF FINDINGS

Concerns addressed in this study indicated that the federal government and the New Juaben Municipal Assembly are working hard to implement internal controls that are both effective and efficient in preventing fraud and theft. Some Assembly staff members are also making their own efforts to fulfill this goal on a personal level.

The study's conclusions are not only intriguing but also difficult because they focused on a crucial aspect of Ghana's internal controls.

However, as is sometimes remarked, "Prevention is better than cure." Internal control is valuable in preventing and detecting fraud and embezzlement. Internal controls that are

ineffective allow for fraud. The study's findings show that internal control has four key goals: first, to guarantee reporting accuracy; second, to ensure proper resource and asset allocation; third, to verify returns; and fourth, to ensure effective fund use and management. The integrity of management has a significant impact on internal control efficacy.

Fraud and embezzlement cost more than just money; they often poison the workplace, foster distrust, and necessitate severe punishments that could have been avoided. Internal control evaluation and improvement is frequently viewed as the main line of defense against theft, fraud, and abuse. A good internal control is crucial for preventing fraud and embezzlement. Finding the gaps in the Assembly's present internal controls is the first step in preventing fraud and theft. The Assembly must then use new or improved tactics to strengthen such restrictions. Controls will be implemented and enforced, which will lessen potential for fraud and theft. The control warns potential fraudsters that management is actively monitoring the processes, which helps management spot fraud. Therefore, in order to prevent fraud, the Assembly should seek to implement a wide array of internal control measures, whether they be official, informal, technological, or both. Physical interventions are controls that are used to limit access to buildings, rooms, or computer systems.

5.1.1 To identify and evaluate the various internal control mechanisms available and how these mechanisms are used in curtailing fraud and embezzlement in New Jauben South Municipal Assembly.

- **Preventive Controls:**

As they say in medicine, prevention is the best form of treatment. It makes sense that putting in place the right safeguards to prevent an incident from happening is always easier, less demanding, and consequently more efficient than attempting to handle an active security incident. Internal controls with a preventative focus are those that are put in place to avoid a

negative outcome. For example, most web programs include built-in security measures to stop and otherwise restrict a user from submitting false data. In order to put this into a practical context, a business may first assign one person the responsibility of writing checks and another the responsibility of approving payments. This division of labor or separation of duties, from an administrative standpoint, satisfies the requirements for preventative internal controls. Additional examples of preventative internal controls include the deployment of video monitoring, strategically placing security personnel at entry points, verifying identification documents, and imposing access limitations. All of these are examples of physical preventive controls. Additionally, to prevent the loss of assets and other undesirable events, preventative internal controls are developed, such as firewalls, server and computer backups, training programs, and even routine drug testing.

- **Detective Controls:**

In an ideal environment, all that is needed is a solid system of internal preventative measures. A security event is practically inevitable, even when everything is done correctly. Internal controls for investigations are useful in this situation. The next best line of protection is well-managed detective internal controls if your preventative measures are inadequate. After a security incident has occurred, detective internal controls are implemented. As was previously mentioned, while preventing an occurrence is almost always more effective in terms of human and financial resources, it is crucial to understand everything that happened in order to strengthen your preventative efforts in the future. A company might ask itself, among other things, the following questions: What precipitated the incident? What internal control measure was ineffective in stopping the incident? Exist any policies that could be modified or put into practice to enhance future outcomes? In the business world, investigative internal controls can

be seen in audits, inventory, financial reports, and financial statements. While by no means comprehensive, this gives you a rough idea of the notion.

- **Corrective controls**

Internal corrective controls are a close second. Once detective internal controls have found a problem, corrective internal controls are put in place. As was already mentioned, sometimes preventative measures alone are not enough, even though they are completely followed as planned. Corrective internal controls are created to address earlier flaws when a gap or weakness in the current security system is found utilizing detective internal controls. Software patches or changes, disciplinary action, report filing, and new or revised policies forbidding wasteful or insecure behaviors such as password sharing or employee tailgating are examples of these controls.

5.2 CONCLUSION

According to our research, if the necessary processes are not implemented, fraud in the Assembly cannot be stopped. Leading by example and taking the necessary action to ensure that your internal controls are sufficient and running properly to prevent fraud and embezzlement, as well as identify and correctly respond to any incidence should it be detected or suspected, are all things that managers must do. Any questionable or unlawful activity must be rejected, regardless of who you are or what you do. You should also have the confidence to speak out when you notice anything that simply doesn't seem right. Additionally, it makes the accounting process easier if it is not delegated to a single person. Internal control should only offer management and the board of a company "reasonable certainty," not "perfect assurance." It increases stakeholders' trust in the institution. Its internal control framework, no matter how thorough and precise, cannot ensure proper administration, complete and accurate

records, or be impenetrable to fraud, particularly when individuals involved hold positions of trust or responsibility.

It is important to take into account that developing and implementing a solid internal control mechanism necessitates a variety of procedures and policies. As a result, the administration and employees of the New Juaben South Municipal Assembly (NJSMA) should collaborate to build an efficient and effective control mechanism.

5.3 RECOMMENDATIONS

The following suggestions are made based on the research's findings in order to help NJSMA's internal control mechanism be more effective and efficient, improve financial management, and lower fraud and embezzlement in both the Eastern Regional head office and all of Ghana's municipalities as a whole, as well as other government-run businesses.

Internal controls played a significant role in the New Juaben South Municipal Assembly, according to the study and conclusions, but there were also flaws that made fraud and theft more likely.

These lead to the following recommendations on how to make sure internal control plays a significant role in identifying and preventing fraud.

- i. It is advised that the Municipal Assembly take into account eradicating weak internal control systems, unqualified employees, insufficient staffing, bad record-keeping practices, inadequate training and retraining of staff, among other things, in order to address the causes of fraud in the NJSMA. Employees can participate in training and refresher programs about internal control procedures to advance their abilities and increase their knowledge.

- ii. To guarantee that fraud of any kind is kept to a minimum, the study advises that the internal control mechanism be used frequently.
- iii. The study recommends segregation of duties: This refers to how many employees are involved in the accounting process. This makes it more difficult to execute transactions that are fraudulent, as well as transactions that are errors that were unintentional.
- iv. According to the report, people should be held accountable. This basically means that those found liable of negligence, resulting in bank fraud, might be expelled and possibly punished. They should face harsh penalties proportionate to the gravity of the fraud committed.
- v. Annual financial reports should be kept and publicized.
- vi. Accounting and auditing departments should be given the authority to improve the organization's internal control system.
- vii. Qualified personnel should be employed to carry out internal control NJSMA operations, as this tends to redirect fraud and irregularities within the organization.
- viii. Organization: Businesses should have a strategy outlining how they will be structured, assigning roles and duties, and establishing reporting lines for all area of their operations, including controls. It is important to be explicit when transferring power and responsibilities.
- ix. Authorization or approval: Every transaction has to be approved or authorized by a competent person. Limits should be established for these authorizations.
- x. Personnel: mechanisms should exist to guarantee that employees' competencies are in line with their duties. Any control's ability to work properly inevitably rests on the skill and morality of the people using it. When establishing any control, it is crucial to take into account the qualifications, selection, and training of the employees involved as well as their

intrinsic personality traits. Personnel should be highly proficient, and there should be no incompatible functions, to eliminate any opportunity for staff to commit irregularities in the course of their work.

- xi. Additional research should focus on all of Ghana's other local governments to raise awareness.

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Appendix 1: Questionnaire

KOFORIDUA TECHNICAL UNIVERSITY

FACULTY OF BUSINESS AND MANAGEMENT STUDIES.

(To be filled by selected personnel of KOFORIDUA TECHNICAL UNIVERSITY)

DEAR SIR/MADAM,

In order to fulfill my program requirements, I am undertaking research on analyze the role of internal control mechanism in curtailing fraud and embezzlement in NJSMA. Therefore, I kindly request you to assist me to collect data by filling out the accompanying questionnaire. The information provided will be used exclusively for academic purposes and will be held in strict confidence. Thank you.

Your maximum co-operation is highly requested.

Yours faithful,

AMELI JORDAN AND KISSI ODEI ETHEL

(Project Researchers)

INSTRUCTIONS

Please answer the question objectively by ticking the appropriate box [] and filling the gap provided against each question and leave the alternative box blank. You may as well express your opinion in response to each question as deemed fit.

SECTION A: DEMOGRAPHIC PROFILE

1. Indicate your age group in years.

Between 20 – 25 YEARS Between 26 – 35 YEARS

Between 36 – 45 YEARS Between 46 – 60 YEARS

2. What is your gender?

Male Female

3. What is your marital status?

Married Single

4. Indicate your highest academic qualification.

HND/Diploma Bachelor's Degree

Post Graduate Professionals

5. Indicate your years of service at Cocoa Research Institute of Ghana (CRIG).

Below 10 YEARS Between 10 – 15 YEARS

Between 16 – 21 YEARS Beyond 22 YEARS

6. Which department do you work?

Accounting/Finance Procurement

Revenue ICT

7. Which staff category do you belong to??

Junior staff Senior Staff

Management

8. How frequent does the company conduct internal control system?

Annually When need arises

Half Yearly

9. Are they policy measures put in place by the managers?

YES NO

10. How will you rate the internal control policies and procedures of NJSMA?

Strong Satisfactory

Weak

SECTION B: RISK ASSESSMENT						
S/N	QUESTIONS	1	2	3	4	5
11.	There are mechanisms in place to identify and react to changes that can have dramatic effects on the organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12.	Assessment of internal and external operational, financial, compliance and risk.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13.	Management evaluates risk in planning for new activity or product.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SECTION C: LAPSES IN INTERNAL CONTROL MECHANISM

14.	Confusion over who is responsible for internal control.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15.	Desire of management to achieve certain reporting results.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.	Personal interest over corporate and public interest.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SECTION D: MONITORING AND EVALUATION

17.	Internal review of control mechanisms is frequently carried out.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18.	Separation of duties exists between procurement, account payables and disbursements.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19.	There is specific monitoring mechanism in place to report actual or suspected fraud and other illegal or irregular acts or matters that can affect the organization's reputation or financial position.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SECTION E: INFORMATION AND COMMUNICATION

20.	Existence of key criteria for evaluating performance.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21.	Established channels of communication for staff to report suspected irregularities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22.	All staffs understand their responsibilities in the control system.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SECTION F: CONTROL ACTIVITIES

23.	All payments are authorized by responsible officer before payment.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
24.	Staffs are aware of the penalties for breaking internal control procedures.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
25.	All financial transactions are recorded in vouchers for future references.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

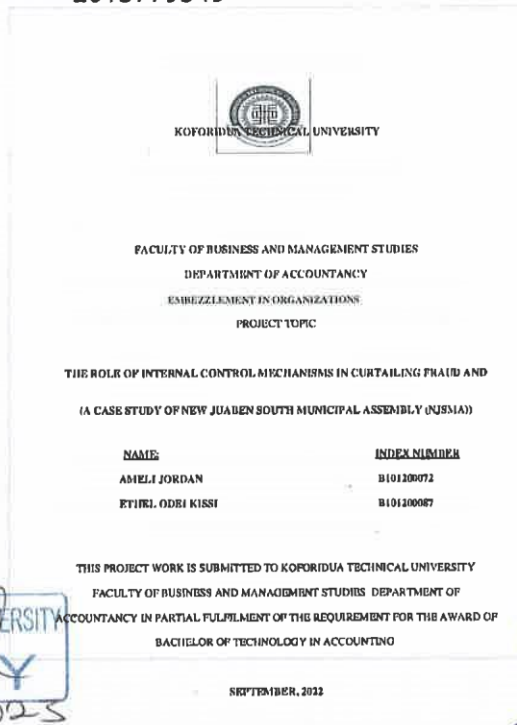


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