

The effect of Internal Control Systems on financial performance in the Kassena Nankana Municipality, Upper East Region

ABSTRACT

The study aims at determining the effect of internal control systems on the financial performance of Kassena Nankana East Municipal Assembly, in the Upper East Region of Ghana. The study was cross sectional and adopted a case study approach. The data for the study was completely primary and was gathered through face- to -face interaction with respondents (the staff of the Kassena Nankana East Municipal Assembly). A purposive sampling technique was use to select sixty (60) respondents for the study, finally the data was analysis using central tendency, frequencies and percentages and the information represented with tables, charts and graphs. The findings of the study showed that, there is a strong relationship between internal control system and organizational financial performance of the Kassena Nankana East Municipal Assembly. It was concluded that organizations that had invested on effective internal control systems had more improved financial performance as compared to those organizations that had a weak internal control system. Base on the findings the study recommends that, the governing body, possibly supported by the audit committee, should ensure that the internal control system is periodically monitored and evaluated.

Introduction

There has been a rise in financial problems in recent times which make the job of the internal audit unit which is responsible for ensuring remarkable and efficient business controls and reporting in organisations very important.

In Ghana many organization including MMDA's face financial difficulties due to mismanagement of funds and improper records as a result of which many merely survive and are unable to meet their financial obligation. The issue of effective internal control systems in organizations is therefore imperative for their successful operations. An efficient internal audit unit results in better financial reporting and ensures that standards and acts are complied with (Prawitt et al., 2008).

Internal Controls are an essential aspect of a business accounting policies and procedures and involve of all steps carried to safeguard its assets from waste and fraud. It also guarantees accurateness and consistency in its financial and operational records.

It is the responsibility of the Management of MMDA's to establish and maintain internal Controls. The efficiency of internal controls is improved by the assessments completed and the suggestions given by the Internal Audit unit in the organizations. Executives and staff of organizations at various levels have to participate in the practice in order to reduce risks and provide a realistic guarantee in achieving the organizations mission and objectives.

The efficiency of internal control structures on financial performance is been earmarked to be the supervision of regulations aiding the implementation of procedures and taking required improvement (Verdina, 2011). The internal control system is important to business particularly on the part of assurance, and accuracy of monetary records. It is also a subject matter that has not received prominence in the literature of management (Changchit, Holsapple & Madden, 2001).

Metropolitan, Municipal, District Assemblies (MMDA,s) in Ghana are face with improper monetary presentations associated with their inability to implement their projects, in spite of having the essential resources to run them. This state of affairs made some MMDAS to run on bank overdrafts, which compounds their financial burden. Thus, the need for efficiency of internal examination on financial presentation should be well thought-out most significantly in every institution, because the job of domestic principles is to avert and discover deception in the organization. Business control policies places key interest on the necessity for businesses to sustain excellent systems of management and to control the threat the organizations encounters. Internal examination plays a crucial part in evaluating and supervising internal control guidelines. ICBI 2011 Faculty of Commerce and Management Studies and techniques. Hence domestic examination is considered necessary to attain transparency and accountability through efficiency and efficiency of activities.

Though the organizations carry out their functions and actions to realize the earnings for its returns mobilization, survival and growth, these can be achieved only when the is effective internal principles and systems. Hence the need for this study to delve further into the causes and importance of good financial achievement with regard to the success of the internal control structures in the Kassena Nankena East Municipal Assembly.

The main objective of the study was to ascertain the link between internal control systems and financial performance in MMDAS in Ghana, specifically the study seeks to: ascertain the connection relating to internal controls and financial performance of the Kassena Nankana Municipal , identify the key elements of internal control systems, find out the financial performance factors and lastly to evaluate the success of internal audit in the internal control initiative of the Municipality.

Literature Review

2.1 Introduction

The internal audit division is very essential within an organization such that it is held as the significant tool in the use of accounting systems which in turn, assists in assessing the activities of the division. The internal audit is regarded as the spine of the business accounting as it is the unit that documents all businesses connected to the sector. The effectiveness of internal audit assists in developing the activities of the company as the accounting records reveal the internal audit department's excellence performance. Moreover, an internal audit is an important part of the CG configuration in an institute and CG comprises other undertakings by the board of directors and audit committees to make sure that the accounting practice is credible (Public Oversight Board, 1994). Three checking measures have been emphasized in the CG literature, namely, external auditing, internal auditing and directorship (Al Matarneh, 2011; Anderson et al. 1993; Blue Ribbon Committee, 1999; IIA, 2003). The financial and corporate strategy of a company is reinforced by efficient internal schemes in which the internal audit play an essential part in promoting the dependability of the internal control scheme, enhancing the practice of risk management and above all, satisfying the desires of internal users. The internal audit support boosts the method of accountability that the directors and workers show owners and other stakeholders (Eighme & Cashell, 2002). Taken together, the internal audit department offers a dependable, impartial, and unbiased service to the executive, board of directors, and audit committee, while investors are concerned in return on investments, sustainable development, resilient leadership, and consistent reporting on the financial performance and business practices of a company (Ljubisavljević & Jovanovi, 2011).

2.2 Internal Audit function

Internal audit have a grate influence on the accomplishment of business objectives, and the execution of policies for their attainment (Ljubisavljević & Jovanovi, 2011). Added to, the internal audit function is responsible for strengthening administration and audit committee (Hutchinson & Zain, 2009). Likewise, internal audit regulates the trustworthiness, authenticity, and honesty of financial and working evidence that comes from diverse institutional divisions, on which suitable results at all stages of organization are founded. Effective execution of internal audit duties implies that it must be autonomous, i.e., establishment executive should in no way inclined by its work, evidence, deductions, and assessments. In this way the internal audit report becomes a ways of interaction between internal audit and executive and significant guide for the effective running of the establishment (Ljubisavljević & Jovanovi, 2011). Additionally, the internal audit task enables the process and better functioning of the audit committee as the audit task objectives are dependable with previous accounting obligations (Goodwin and Yeo, 2001; Goodwin, 2003; Scarbrough, Rama & Raghunandan, 1998). The establishment of an internal audit task is buttressed by the control activity (NYSE, 2002) and earlier research work (Collier & Gregory 1996; Goodwin & Kent, 2003) as a device to improve internal control procedures.

Along this line of argument, Al-Shammari (2010) mentioned many factors of internal audit functions and they are provided below:

1. The internal control systems and arithmetic assessments in an effort to; guarantee that the accounting system and internal controls mechanisms are appropriate; guarantee that the structures are suitable for the outfit and propose system enhancements.
2. Evaluating policies and measures to regulate deficiencies in the schemes and processes used by the company and to suggest amendments and improvements desired, and to offer power to the internal auditor for the inspection of the parts of institution operations

3. Taking into consideration the staff guarantees to the company strategies and techniques and therefore, internal auditor has to supervise these rules and processes' application and to explain them to the workers.

4. Preservation of recognized resources as the growth and execution of schemes is an effort to ensure that assets are safeguarded and monies from falsification and fraud, to discover racket and reduce losses from neglect/abuse.

2.3 The conception of internal control

Controls refer to an attempt to minimize or stop all those risks factors that prevent a company from achieving its objectives.

Internal control is a process including norms, procedures, performance and organizational structure established to ensure reasonable guarantees so as to achieve the settled business goals and avoid undesirable event from happening.

An **internal control system** encompasses the entire system of structures created in an institution to offer adequate guarantee that institutional goals are met.

Internal management control involves the measures and procedures put in place to guarantee that the goals of the business are achieved. The control measures and procedures spell out the exhaustive controls executed in the company.

2.4 Objectives of internal control systems

The absence of internal control indicates that executives have failed to meet their requirements under corporate governance. It explicitly implies that the company strategy in the management of risk is defective.

The key objects of an internal control scheme are summed up below:

An internal control scheme is to ensure, as far as possible:

- the well-ordered and effective performance of activities of a business, which include observance of internal rules and guidelines
- the protection of business resources
- the discovery and avoidance of fraud and mistake
- the correctness and comprehensiveness of the accounting data, and
- the processing of timely financial records

ORGANIZATIONAL INTERNAL CONTROL

SYSTEM

PROCESS

SUMATION OF CONTROL

DIRECTIONS OF CONTROL IMPLEMENTATION

Internal control is a system involving all parts of control system existing in the organization and managing control risks.

internal control is a summation of processes to control the emerging Mistakes

Internal control is a process to achieve concretized and general goals of the enterprise

System of internal control is part of an Organization management system, ensuring the implementation of goals, effective economic performance of the organization, observance of accounting principles and effective control of risk that enables the minimization of the number of intentional and unintentional mistakes, to avoid frauds in the process of organizational performance made by authority or employees.

Figure 2.1: Structural scheme of organization's internal control

Source: compiled by the Researcher 2017

2.5 Assessment of Internal Control Scheme

Aguolu (2002) observed that an assessment of internal control becomes difficult to carry out any expressive audit without adequate knowledge and command of the concept of internal control.

According to him, internal control mechanism represents the core of auditing from the opinion of executive and the auditors.

2.6 Elements of Internal Control

Internal control structures function at diverse stages of usefulness. Identifying if a specific control technique is efficient depends on an appraisal regarding if the five mechanisms - Control atmosphere, Threat evaluation Control Activities, Facts and Communication, and Monitoring - are exist and performance well. Effective controls provide reasonable guarantee concerning the accomplishment of established objectives. Effective control needs a variety of control features and to this end COSO (1994) classifies five basic control mechanisms: control atmosphere, control actions, risk evaluation, facts and communication, and supervision.

Rittenberg et al. (2005) stated that the control setting begins with the board of directors and executives, who put the mode of an institute through guidelines, behaviours and efficient control. If the procedure fixed by executives, is negligent, then misleading accounting treatment is most likely to occur. These mechanisms must be there and operating well for every management control scheme to achieve institutional goals (COSO):

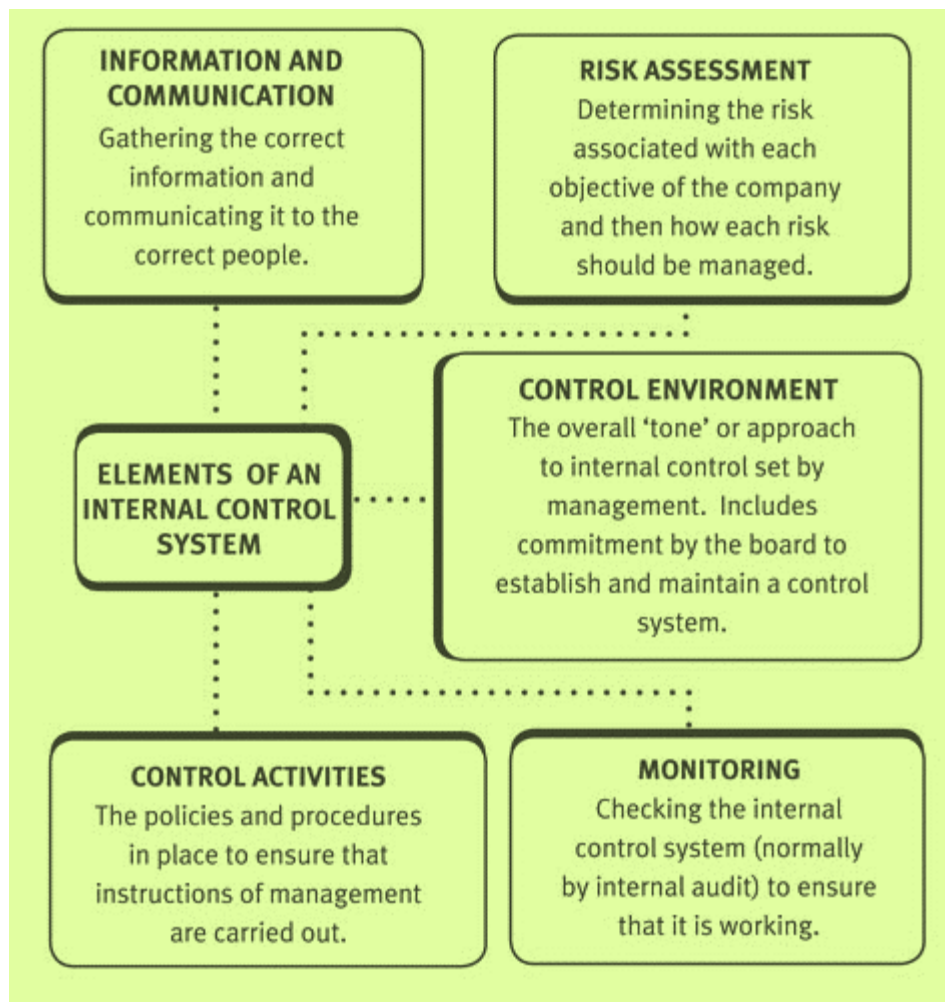


Figure 2.2: Elements of Internal Control

Source: Field Survey, 2015

2.7 Control Environment

It defines the morals and philosophy of the organisation, which offer a background in which other parts of internal control function. The control environs is fixed by the nature of executive, its values and administration style, the way in which power is given, the way in which workers are prepared and established, and the assurance of the Top Executive.

This is the foremost part of supervision of an institutions because it is a manifestation of the approach and the rules of organization in respect to the significance of internal Audit in every management entity (Theofanis, et al 2011). It has effect on institute goals attainment (Aldridge & Colbert, 1994). However, it is the basis for the other constituents of management control and providing structure (Sudsomboon & Ussahawanitchakit, 2009). Control situation help in decreasing the extent of dishonest undertakings in an establishment operation as well as the quality of an entity's management controls system depend on the function and quality of their control situation (Amudo & Inanga, 2009). Therefore, providing a proper control situation for a local government is very essential to the usefulness of their operation.

This is the basis for all other constituents of management control, making guidelines and structure. Control situation factors include:

- Honesty and moral standards;
- The guarantee to proficiency;
- Leadership values and operational style;
- The way executive allocates power and responsibility, and categorizes and improves its staffs;

2.8 Monitoring

Monitoring refers to the practice of personal examining within the internal control system and involves evaluating if the control environs is suitable, if threat appraisal is appropriate and correct, if control procedures are suitable and correct, and if communication structures contain the appropriate matters.

The internal control system needs to be supervised and this element of an internal control system is connected with internal audit, as well as overall monitoring. It is essential that insufficiencies in the internal control system should be recognized and informs top executive and the board members.

2.9 Control Activities

Control actions are the rules and measures that assist in ensuring decisions and directives of management implemented. These are rules and measures that guarantee that the decisions and directives of management implemented. Control activities happen throughout the levels in the organisation, and include approvals, verifications, reconciliations, and authorizations, separation of obligations, performance appraisals and safeguarding resource and separation of duties.

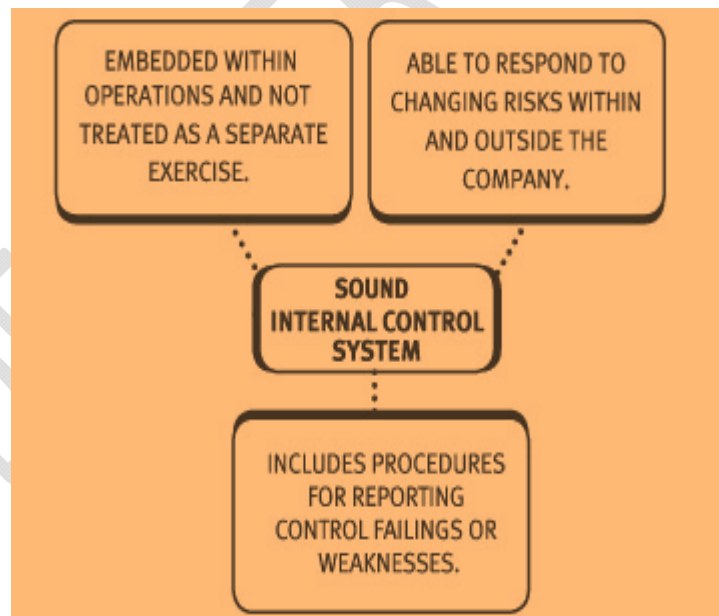


Figure 2.3: The three essentials of a good internal control scheme

Source: Field Survey, 2015

2.10 Internal Controls and Financial Performance

Internal control systems including internal audits are intended primarily to enhance the reliability of financial performance, either directly or indirectly by increasing accountability among information providers in an organization (Jensen, 2003). Internal control therefore has a much broader purpose such that the organization level of control problems associated with lower revenues, which explore links between disclosure of material weakness and fraud, earnings management or restatements internal controls provide an independent appraisal of the quality of managerial performance in carrying out assigned responsibilities for better revenue generation (Beeler et al, 1999). Fadzil et al (2005) said that an effective internal control system unequivocally correlates with organizational success in meeting its revenue target level. Effective internal control for revenue generation involves; regular a review of the reliability and integrity of financial and operating information, a review of the controls employed to safeguard assets, an assessment of employees' compliance with management policies, procedures and applicable laws and regulations, an evaluation of the efficiency and effectiveness with which management achieves its organizational objectives (Ittner, 2003). 13

Most organizations no longer set up internal control system as a regulatory requirement but also because it helps in ensuring that all management activities are appropriately carried out (Kenyon and Tilton, 2006). Further, organizations are making it a point of duty to train, educate, and sensitize their employees on how to use these internal control systems since its effectiveness depends on the competency and dependability of the people using it. All these control actions ensure that any risks that may affect the organizations's ability to achieve its goals are appropriately avoided and should occur at all levels and in all functions of the organization ((Doyle et al, 2005). There are three major classifications of internal controls; preventive, detective, and corrective. Preventive controls predict potential problems before they occur, make adjustments, and prevent an error,

omission or malicious act from occurring. The detective controls are used to detect and report the occurrence of an omission, an error or a malicious act. Finally, the corrective controls help in ensuring that the impact of a threat is minimized, identify the cause of a problem as well as the correct errors arising from the problem. Corrective controls correct problems discovered by detective controls and modify the processing system to minimize future occurrence of the problem (Singleton, 2006)

Methodology

3.1 Introduction

The study was cross sectional and adopted a case study approach. The data for the study was completely primary and was gathered through face- to -face interaction with respondents (the staff of the Kassena Nankana East Municipal Assembly). A purposive sampling technique was use to select sixty (60) respondents for the study, finally the data was analysis using central tendency, frequencies and percentages and the information represented with tables, charts and graphs

Results and Discussion

4.1 Introduction

This chapter deals with presentation, analyzing and discussing of data gathered from the field for this project. The data was mainly collected through the instrument of semi-structured questionnaire which was designed to elicit facts in the discourse of the objectives of the research set in chapter one

4.2 Effectiveness of Internal Control Systems at Kassena Nankana Municipal Assembly

Table 4.1 shows how effective management control systems work at the Kassena Nankana Municipal Assembly.

Table 4.1: Internal Control Systems at Kassena Nankana Municipal Assembly

S/ N	Question	Yes	No	Total
1	Does Municipal Assembly have Internal Audit Department?	100	0	100
2	Is the Municipality's internal Audit Unit sufficiently staffed?	90	10	100
3	Does Municipal's internal Audit staff conduct regular Audit activities?	80	20	100
4	Do you agree that the Municipality's internal Audit reports address weaknesses in internal Control System?	90	10	100
5	Does the Internal Department of the Municipality produces regular management Audit reports?	85	15	100
6	Do you believe that the Municipality's Management Auditors carry out their duties with greater degree of autonomy & Independence from Management?	67	33	100

Source:Field Survey, 2016

From the study results on Table 4.1, out the respondents answered yes representing 100%, indicating that the Municipal Assembly has Internal Audit Department. On the question of whether the Municipality's internal Audit Unit is sufficiently staffed, 90% respondents answered yes whilst 10 responded No. This implies that the internal Audit Unit is sufficiently staffed. With regard to if the Municipality's internal Audit reports correct deficiency in management Control Structure; this was favourably answered yes with 90% yes as against no with only 10%. They added that the Audit Report Implementation Committee (ARIC) of the Municipality always ensures that identified weaknesses are addressed. A question regarding if the Municipal Assembly internal Audit staff conduct regular Audit activities the responds has been yes of 80% as against 20%. This also confirms that regular Audit is normally carried out. The question of whether respondents believe that the Municipality's internal Auditors carry out

their obligations with greater amount of independence & freedom from authority, 67% said yes but 33% answered no. Those who answered no to this assertion were of the view that since the Internal Auditors are employees under management, degree of autonomy & Independence are at times compromised.

4.3 Internal Control Systems and ethical issues

Management control systems and ethical issues at the Kassena Nankana Municipal Assembly are discussed in Table 4.2.

Table 4.2: Shows Internal Control Systems and ethical issues

S/ N	Question	Strongly agreed	Agreed	Strongly Disagreed	Disagreed	Total
7	Does the Internal Audit Unit conduct surveys of the ethical climate of the organization?	55	45	0	0	100
8	Are ethical climate surveys conducted by the Internal Audit Unit?	3	2	68	27	100
9	Does the Internal Audit Unit involved in providing ethical training for staff?	50	49	0	1	100
10	Does top Management show support and Provides input to ethical policies?	18	12	42	28	100
11	Do you often provide ethics-related advice?	57	43	0	0	100
12	Does Internal Audit participate in providing Fraud Training Staff?	38	42	14	6	100
13	Does the Internal Audit unit Audit follow ups in the Municipality's in order for performance measures?	59	32	2	7	100
14	Does the head of internal Audit unit attend executive management meetings?	55	43	1	1	100

15	Does the Internal Audit unit help ensure accountability and integrity within the Municipal Assembly?	65	21	10	4	100
----	------------------------------------------------------------------------------------------------------	----	----	----	---	-----

Source: field survey, 2016

With the aspect of the Internal Audit Unit conducting surveys of the ethical climate of the organization, 55% respondents strongly agreed but 45% agreed. This implies that Internal Audit Unit conducting surveys of the ethical climate of the organization has been very efficient. Are ethical climate surveys conducted by the Internal Audit unit, respondents strongly disagreed by 68% and 27 disagreed. In total 95% disagreed to the assertion. This actually attests to the fact that ethical climate surveys are not conducted by the Internal Audit unit. The organizationl Audit Unit often providing ethics-related advice and this was agreed in total by 100%.

The issue of Internal Audit participating in providing Fraud Training to Staff was also responded positively by 38% strongly agreeing and 42% agreeing. This is an indication that the Internal Audit participating in providing Fraud Training to Staff. This implies that Internal Audit Unit involved in providing ethical training for staff. The issue as to whether top Management show support and Provides input to ethical policies was responded in the negative with 42% and 28% strongly disagreed and disagreed respectively. This is an indication that top Management does not show seriousness in the support and Provides input to ethical policies. A question as to whether Audit Department often provided ethics-related advice to management and staff was favoured by 100%. A question as to whether the head of internal Audit unit attend executive management was agreed with a total of 98%. A question as to the Internal Audit unit help in ensuring accountability and integrity within the Municipal Assembly was also positive by 83%. Respondents stated it has been one of the major tasks of the Internal Audit Department.

4.4 Usefulness in Communicating Risk and Control Facts

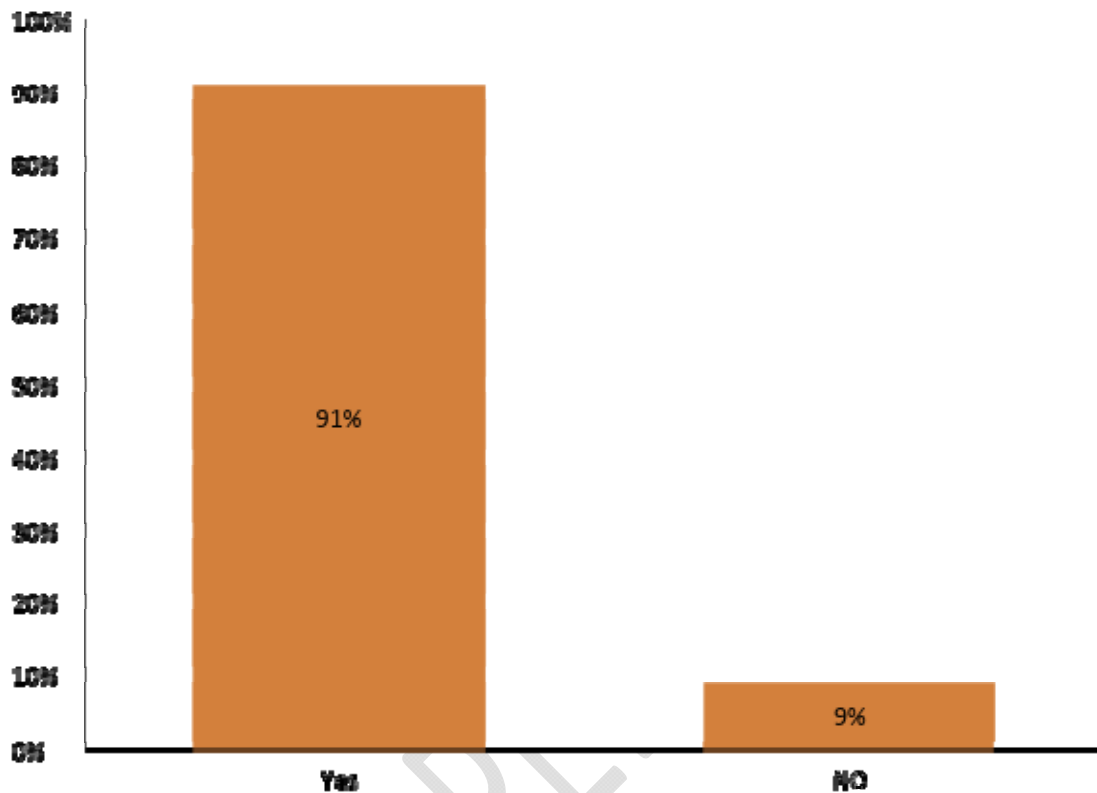


Figure 4.1: Audit Usefulness in Communicating Risk and Control Facts

Source: Field Survey, 2016

Respondents were asked to Show whether in their Opinion the Internal Audit Department has been effective in Communicating Risk and Control Facts to staff. The answer was yes by 91% but a mere 9% answered no. This clearly implies that the Internal Audit Department has been effective in Communicating Risk and Control Facts to staff.

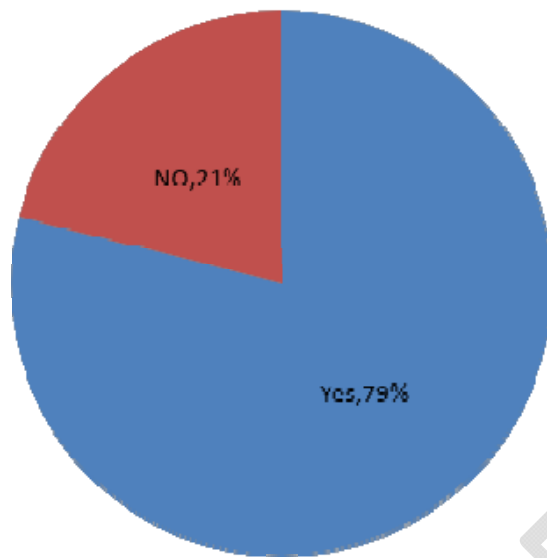


Figure 4.2: Periodic Ratings of Quality Performance Management and Accountability

Source: Field Survey, 2016

On the question as to whether there are periodic Ratings of Quality Performance Management and Accountability; respondents indicated their agreement by 79% yes but 21% indicated no. Respondents added that management has shown commitment to Quality Performance Management and Accountability.

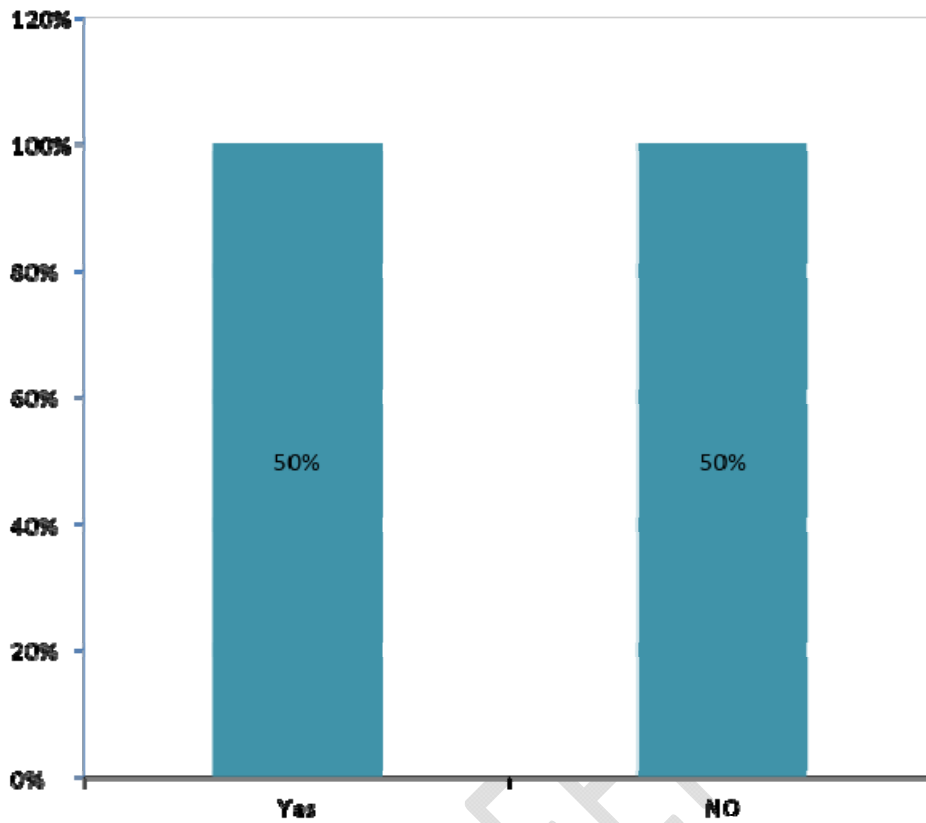


Figure 4.3: Audit Consult management consistency with Objective goals/values

Source: Field Survey, 2016

The results from the above figure show that respondents, answered yes by 50% whilst 50% indicated no. This implies that respondents have a balanced view to the assertion that Audit Consult management consistency with Objective goals/values

4.5 Internal and External Audit Activities

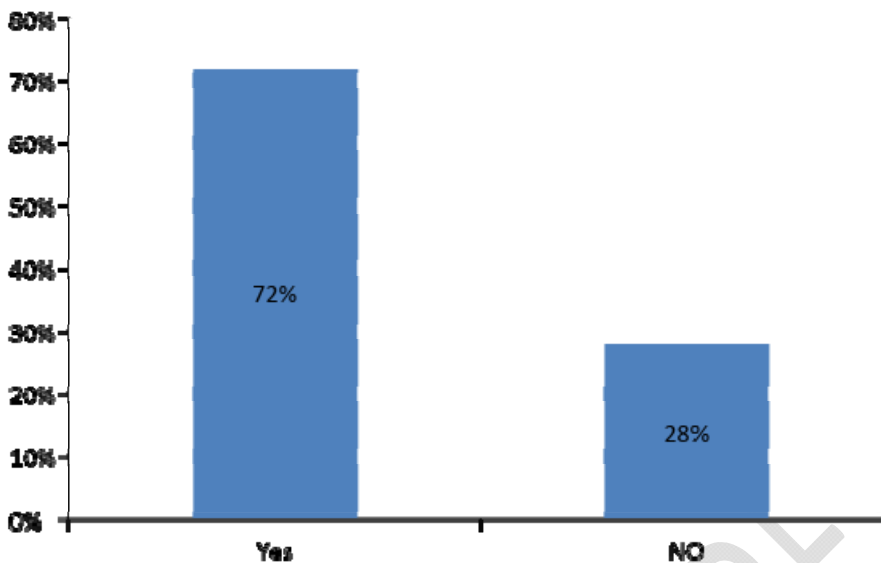


Figure 4.4: Coordination of internal and external Audit activities

Source: Field Survey, 2016

Responses from that assertion there is coordination of internal and external Audit activities was favoured by 72% as against 28%. This implies that there is coordination of internal and external Audit activities.

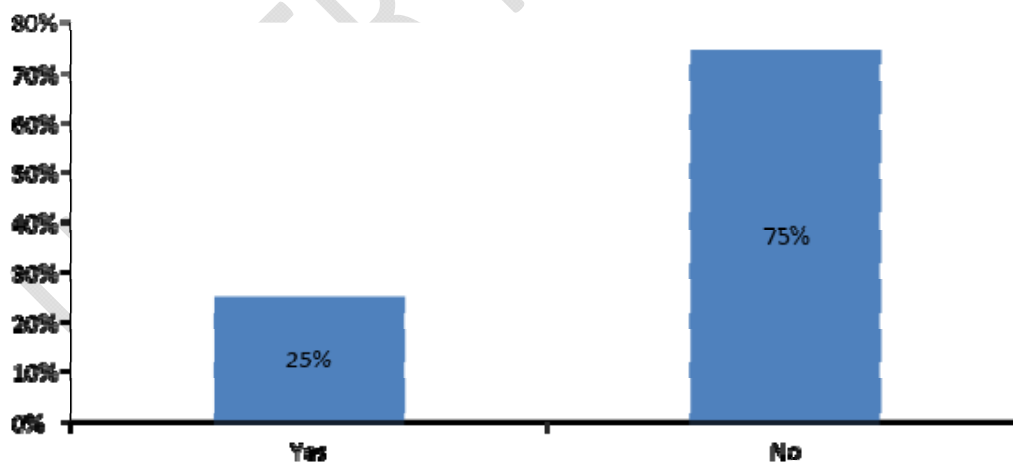


Figure 4.5: Internal Audit Unit Liaises with external Auditors on their activities

Source: Field Survey, 2016

Referring to the figure above relating to Internal Audit Unit Liaises with external Auditors on their activities, this is clearly disagreed by 75% No whilst a mere 25% answered yes. This implies that the Internal Audit do not Unit Liaises with external Auditors on their activities.

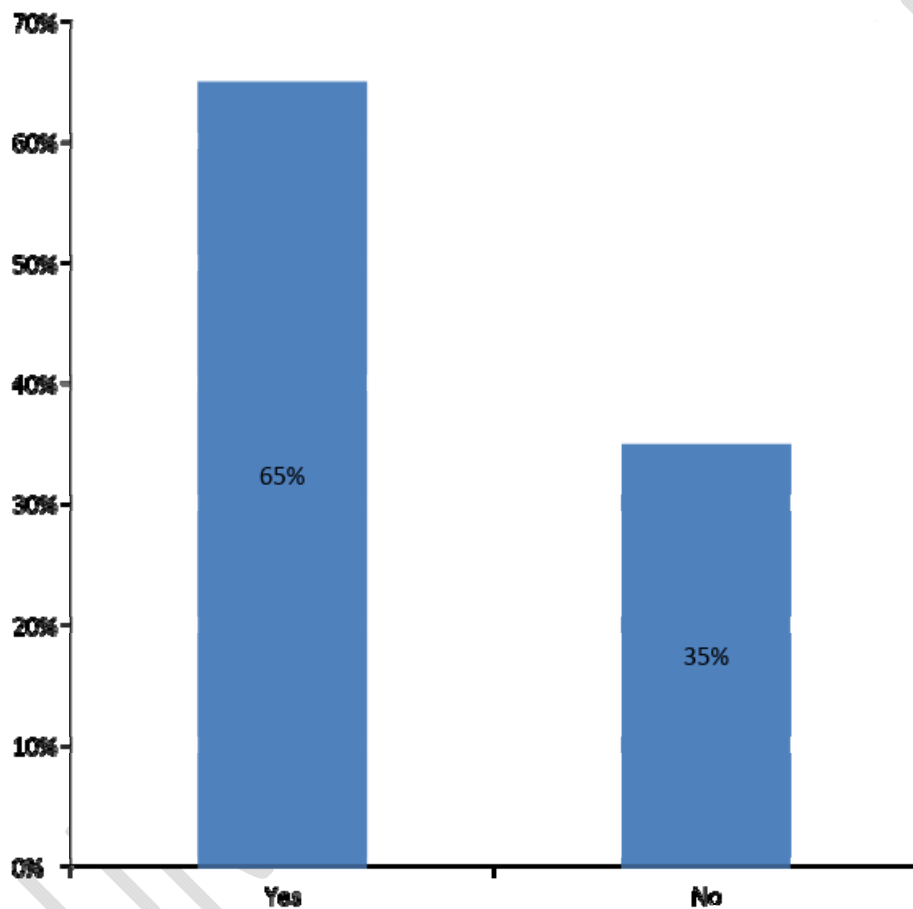


Figure 4.6: Internal Audit Endeavour to Coordinate Activities with External Audit

Source: Field Survey, 2016

With the question as to whether, 65% respondents agreed by confirming the Audit Department of the Municipality normally coordinate their Audit activities with the external Auditors. But 35% respondents disagree that it is not always that Internal Audit Coordinate their Activities with External Audit .By implication, taking the percentages of yes being 65% and No being 35%, and the yes have it. One may only conclude that coordinating must be more effective.

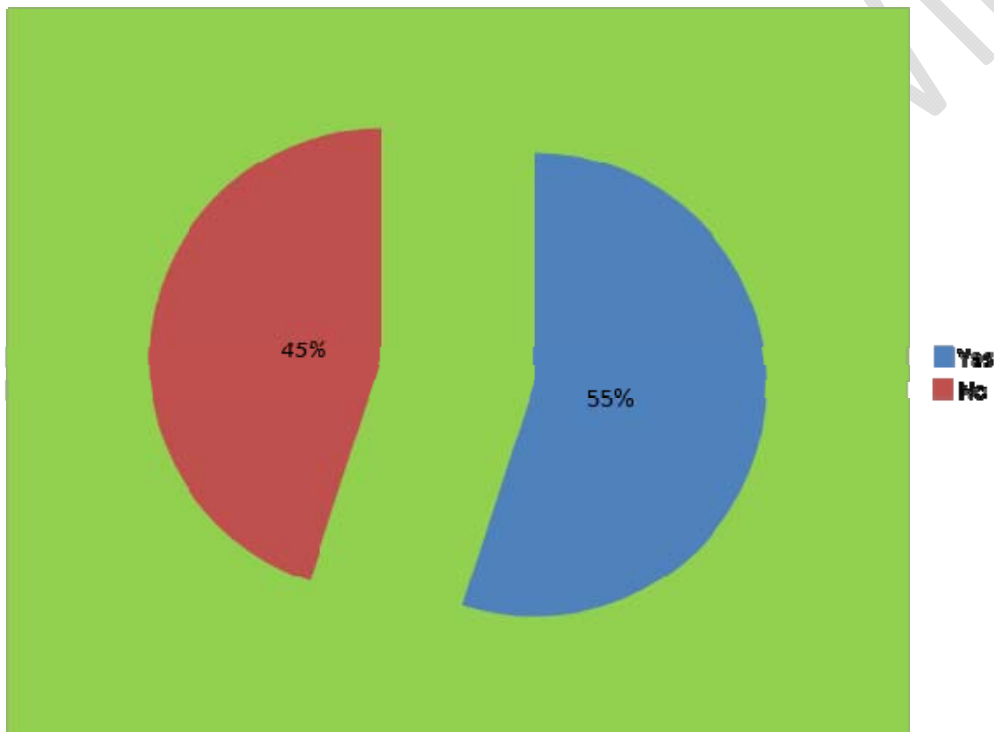


Figure 4.7: Adequate Communications between Internal Audit Department and Management/ Board

Source: Field Survey, 2016

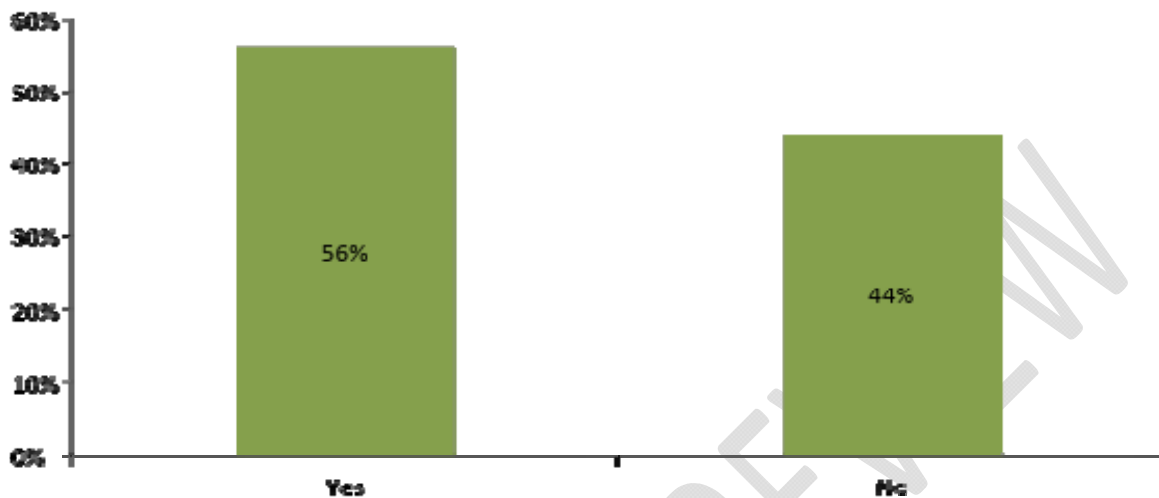


Figure 4.8: Implementation of Control Self-Assessment (CSA) or Enterprise Risk Management (ERM)

Source: Field Survey, 2016

This with reference to figure 4.8 want to know whether management in consultation Audit Department has Implementation of Control Self-Assessment (CSA) or Enterprise Risk Management (ERM). The answer to this question was positively responded to with 56% yes as against 44%. This implies management has actually implemented the above but more need to done because the positive is not very much encouraging.

5.0 Conclusion

The general aim of this project was to establish the connection between the organization control system and its effect on financial performance of MMDAs. The study was limited to the Kassena Nankana East Municipal Assembly. The findings indicated that most respondents were of the view that indeed they have seen some connection between organization control and financial

performance of the Municipal Assembly, Based on this therefore, organizations that had well-established practical management control policies were most expected to deal with their finances better and consequently meeting their financial and other relevant obligations almost flawlessly. The researcher concluded that staffing of the internal Audit department determined financial performance of the Kassena Nankana East Municipal Assembly. However, the staff in this department could not work expeditiously due to the organization's interference and the reason is that the staff are staff members and therefore do not work with complete autonomy and independent. Also employment of these staff was very much determined by the Kassena Nankana East Municipal Assembly's management who wielded a lot of control over them hence lack of autonomy of the former. The study recommended that MMDAs should not only establish an Internal Audit Departments but also ensure that they are adequately staffed. This would accordingly ensure that the management meddling with the Auditors' work is hugely minimized and possibly totally eradicated, thus reducing the weakness in the Management control System.

5.1 Recommendation

Audit Department should be sufficiently staffed and the recruitment process of the Auditors should be free from the management influence. The Audit Department of MMDAs anticipated to be opened and responsible and must endeavour to exhibit improved clearness to their benefit and the wider public through making public their reports. It is also incumbent on the Municipal Assembly for their annual reports to be published in the papers at the end of every fiscal year for public scrutiny. Members of the Municipal Assembly staff should have adequate and relevant information regarding financial and internal control system. Audit staff should undergo compulsory orientation on management control Systems and ethical issues. All members of the Municipal Assembly must have appropriate measures for receipt of cash, keep incoming funds received separate from outgoing funds, and limit access to the safe and petty cash to only

authorized persons. Additional, receipts for money paid out must be taken, and receipts given for money received. All staff must be given basic training in accounting and handling of cash. Occasionally checks must be made of purchases to ensure that receipts and invoices represent actual transactions. Documenting and disseminating facts about best practices could be helpful in this regard, as could improve advocacy techniques. Government serious about MMDAs transparency and honesty on the part of management of Central government transfers of resources needed necessary to undertake developmental projects. .

References

- Abushaiba, I. A. & Zainuddin, Y. (2012). Performance measurement system design, competitive capability, and performance consequences-A conceptual like. *International Journal of Business and Social Science*, 3(11), 184-193.
- Adeyemi, O. O., Akindele, S. T. & Agesin, B. (2012). Review: Institutionalizing the culture of accountability in local government administration in Nigeria. *African Journal of Political Science and International Relations*, 6(4), 81-91.
- Aguolu, O. (2009). Designing an effective internal audit group. *Association of Accountancy Bodies in West Africa*, 1(4), 60-76.
- Ahmad, N., Othman, R. & Jusoff, K. (2009). The effectiveness of internal audit in Malaysian public sector. *Journal of Modern Accounting and Auditing*, 5(9), 784-790.
- Aikins, S. K. (2011). An examination of government internal audits' role in improving financial performance. *Public Finance and Management*, 11(4), 306-337.
- Aldridge, R. & Colbert, J. (1994). Management's report on internal control, and the Accountant's response. *Managerial Auditing Journal*, 9(7), 21-28.

- Al-Twaijry, A. A. M., Brierley, J. A. & Gwilliam, D. R. (2003). The development of internal audit in Saudi Arabia: An Institutional Theory perspective. *Critical Perspective on Accounting*, 14, 507-531.
- Armour, M. (2000). Internal Control: Governance Framework and Business Risk Assessment at Reed Elsevier, Auditing: A Journal of Practice & Theory, Vol. 19.
- Benjamin. (1999). Multiple Regression Analysis and Customer Satisfaction, Imprints, February.
- Cohen, J., Krishnamoorthy, G., Wright, A. (2000). Corporate Governance and the Audit Process, Midyear Auditing Conference. LA (January).
- Committee of Sponsoring Organizations of the Treadway Commission (COSO). Internal Control – Integrated Framework. USA: AICPA 1994.
- Consideration of Internal Control in a Financial Statement Audit. SAS 55. American institute of certified public accountants (ACIPA) 2006 ICBI 2011 Faculty of Commerce and Management Studies 14
- Doyle, J., W. Ge, and S. McVay (2005). Determinants of weaknesses in internal control over financial reporting and the implications for earnings quality. Working paper.
- Faudziah Hanim Hj. Fadzil. (2005). Internal auditing practices and internal control system in Malaysian listed company, Managerial Auditing Journal Volume 20.
- Hooks, K. L., Kaplan, S. E., Schultz, J. J. jr. (1994). Enhancing Communication to Assist in Fraud Prevention and Detection Auditing, A Journal of Practice and Theory, Vol. 13.
- Jensen, K. L. (2003). A basic study of agency-cost source and municipal use of internal versus external control, Accounting and Business Research, Vol. 35.

- LIU Xiumin, Li Yuan, Su Zhongfeng, Feng Jinlu. (2007). The impact of a firm's internal control mechanisms on the choice of innovation mode, Higher Education Press and Springer-Verlag.
- Mark A. Huselid. (1995). The Impact of Human Resource Management Practices on Turnover, Productivity, and Corporate Financial Performance, **the** Academy of Management Journal, Vol. 8.
- Page, C& Meyer, D. (2000). Applied Research Design for Business and Management. The McGraw-Hill Companies, Inc.
- Rittenberg, L.E, Schwieger, B. J. (2005). Auditing – Concepts for a Changing Environment. Mason: South-Western, Thomson Corporation.
- Sawyer, L.B., Dittenhofer, M. A., Scheiner, J. H. (2003). Sawyer's Internal Auditing, 5th Edition. USA: The Institute of Internal Auditors.
- Sia, S.K., Neo, B.S. (1997). Reengineering effectiveness and the redesign of organizational control: a case study of the Inland Revenue Authority of Singapore, Journal of Management Information Systems, Vol. 14.
- Weisbach, Michael S. (1988). Outside directors and CEO turnover, Journal of Financial Economics, Vol .20.
- Yermack, David. (1996). High market valuation of companies with small board of directors, Journal of Financial Economics.