Stakeholders’ role in ensuring effective financial management in Ghana’s Public Universities: A qualitative analysis of University for Development Studies

Paul Tongkomah Saayir¹, William Antoorokuu Sande²

¹Department of Social and Business Education, SDD University of Business and Integrated Development Studies, Ghana, West Africa
²Directorate of Finance, SDD University of Business and Integrated Development Studies, Ghana, West Africa

Abstract: Financial management is an important aspect of public administration of every nation and one of the elements that make government effective. Public universities had some disregard for financial regulations, internal control mechanisms and widespread financial irregularities which led to financial losses per various audit reports. This study assessed stakeholder’s role in ensuring effective financial management. Key informant interviews and in-depth document analyses (reports analyses) were used to gather data. The findings were that; the University financial policies were adequately developed by top management but not well communicated to financial administrators; the university had weak budget supervision and monitoring as well as weak accounting and internal controls systems. The study recommended that the University should constitute a budgetary monitoring team to enhance its budgetary system, acquire up-to-date accounting software to facilitate its financial reporting and engage proactive professional internal auditors to raise the standard of the University internal control systems.

Key Words: Financial Management, Control Systems, Financial administrator, Budgeting and Internal Auditing

I. INTRODUCTION

Financial management is an important aspect of public administration of every nation and one of the elements that make government effective. The Institute of Certified Public Accountants of Kenya (ICPAK) provides that under Public Financial Management (PFM) a set of laws, rules and standards are essential to govern the systems and processes which are used by sovereign nations and sub-national governments, to mobilize revenue, allocate public funds, undertake public spending, account for funds and undertake audits (ICPAK, 2017). The objective of public financial management, according to ICPAK is to enhance efficiency and transparency in the use of public resources and eliminate wastage of public resources. The Public financial management is to achieve fiscal discipline, efficient and effective provision of public services, and efficient allocation of resources to reflect priority needs (Asare, 2008). Public financial management includes the legal and organizational framework for supervising all phases of the budget cycle, including the preparation of the budget, comparison of actual and budgeted revenues and expenditures, procurement, monitoring and reporting, as well as related internal controls and audits. Controls systems play important role in enhancing accountability and transparency in the governance process (Szymanski, 2007; Baltaci & Yilmaz, 2006).

The Government of Ghana in order to ensure effective financial management policies, created some central financial systems which is the principal systems of the government, maintained by the Ministry of Finance to; process transactions, maintain the financial records of the government, and provide the data used in the preparation of financial statements and public accounts (Ghana’s Ministry of Finance and Economic Planning, 2005). These systems also assist in departmental financial operations by providing information for monitoring and control of expenditure against appropriations of the legislature (Ghana’s Ministry of Finance and Economic Planning, 2005). The appropriate standards of organisational responsibility, authority, completeness and accuracy need to be established and applied with consistency to ensure legitimacy and usefulness of financial information and to safeguard the assets of the organisation. Adequate controls have to be implemented based on a thorough assessment of their significance in terms of their contribution to meeting financial control requirements identified in related Acts, Directives and Regulations of the Government, and on the efficiency with which they can be applied (Oduro, 2015). Institutions must prepare detailed institutional budgets using posting level accounts and utilizing computerised facilities, provide these budgets data to the Ministry of Finance as per directives, and perform variance analysis and reporting to central agencies (Ghana’s Ministry of Finance and Economic Planning, 2005).

Records managers need to understand the roles and requirements of stakeholders in financial management. Government systems are large and complex, and the fact that
the public sector is accountable to the people adds a layer of complexity that is reflected in the various roles, responsibilities and information needs of public servants. Key stakeholders in public sector financial management include: the public, the head of departments/institutions, the legislature, the executive, the civil service among others (IRMT, 1999). Diagram 1 illustrates the relationship between some of the key stakeholders in relation to the budget function. It illustrates the delegation of authority within the framework of laws, rules and regulations, in a parliamentary system of government. In a presidential system, authority and control would be more diffused, but there still would be checks and balances to provide control (IRMT, 1999). Records managers need to understand this internal framework if they are to understand how the various stakeholders interact (IRMT, 1999 & MoFEP, 2005).

![Diagram 1: Conceptual Framework on financial controls](source)

From diagram 1, the legislature usually has responsibility of overseeing the administration of financial resources in the country. The legislature sanctions the financial plan or budget and authorizes the executive to make expenditures (within pre-determined limits); invest; raise revenue (such as taxation, borrowing) and administer programmes in accordance with any laws that may affect them (Public Interest Accountability Committee [PIAC], 2015). The documentation required and produced by this process includes; annual budget; approval of the fiscal policy statement; budget estimates and projections approval and Public Accounts Committee reports (PIAC, 2015).

The legislature has the power and responsibility to hold the government and its units accountable for the management and the use of financial resources. In practice, independent audited public financial statements are an important means by which governments and its units demonstrate their accountability (PIAC, 2015). In many countries, just like Ghana, the Public Accounts Committee scrutinizes these statements. The executive organ of Government, on the other hand has responsibility for the effective management of financial resources. The executive organ is responsible for the management of the whole of government financial reporting. This includes planning, directing and controlling operations and reporting on financial resources. The public has an interest in ensuring that public money is accounted for and spent wisely. Citizens rarely have direct access to public sector financial records except in the form of published government accounts (Ghana’s Parliament, 2016). In practice these are seldom read by the general public, but citizens are, or should...
be kept informed about them by means of the press and national political debate (PIAC, 2015).

It is important to note that some countries operate a centralised system of accounting controlled by an Accountant General (MoF, 2016). The Accountant General, as the government’s principal accounting officer and adviser on accounting policy, is responsible for regulating the receipt and disbursement of funds. He or she is responsible for overseeing accounting policies and procedures and for introducing changes as appropriate. The Accountant General will normally be responsible for controlling any centralised accounting system used by the civil service. If the accounting system is computerised, the operation will often be in the hands of an IT unit run from within the Accountant General’s department. Ghana operates in same manner, however, public universities are exempted from direct control of controller and accountant general (Simson, et al. 2011).

In many countries, the supreme audit institution is the Auditor General’s department or a National Audit Office. The supreme audit institution is also responsible for ‘value for money’ audits (Addo, 2012). Value for money audits examine; the economy, efficiency and effectiveness with which an organisation has used its resources in discharging its functions. Economy involves minimising cost (spending less); Efficiency involves maximising output for a given input or minimising input for a given output (spending well); Effectiveness involves ensuring the results achieve the objectives, goals or intended effects (spending wisely). While auditing has traditionally been about financial management and performance, there is a growing tendency to expand the role to include monitoring the performance of particular programmes or functions. External auditors are becoming involved in performance auditing for a range of government activities, involving reporting on how activities or programmes are carried out and what systems and controls are in place for monitoring and reporting. Auditors are thus increasingly interested in issues such as corporate governance of public sector bodies, ethical management, risk management and accountability. Internal audit is an appraisal or monitoring activity set up by the management of an organisation to review and evaluate accounting and internal control systems. As such, it can be considered to be part of an organisation’s overall control system.

Public Universities in Ghana are also expected by law to set up Internal Audit Unit. The Internal audit evaluates systems as an independent body, although the nature and scope of its activities depend on management directives, it should in general; review, evaluate and report on the adequacy of the financial framework; examine and evaluate performance concerning the established framework and report the extend of compliance or non-compliance; and appraise and evaluate reliability of accounting systems, degree of adherence to policies and legislations and provisions for the protection of assets (MoF, 2016). The internal controls seek to; achieve organisational goals, operational efficiencies, compliance with regulations and required standards, safeguard assets and true and fair view financial reporting.

The public universities in Ghana are required to prepare end of year accounts to prove their stewardship of resources allocated to them based on budget estimations. Accounts prepared shall state the basis of accounting used in the preparation of the accounts and identify any significant departures and the reasons for the departures. The financial statements shall be prepared in accordance with generally accepted accounting principles. The Controller and Accountant-General shall, with reference to the approved Government Chart of Accounts, determine the classification of accounts. It further states, within a period of three months, or such other period as parliament by resolution appoint, after the end of each financial year, the head of each department shall prepare accounts of the department which shall comprise; a balance sheet showing the assets and liabilities of the department as at the end of the year, a statement of revenue and expenditure of the department for the year, a cash flow statement of the department for the year, and notes that form part of the accounts and these shall be transmitted to the Auditor-General, the Minister of Finance and the Accountant-General (MoF, 2016).

Public sector accountability and transparency have been a major concern for all successive governments in Ghana since independence. In 1983, the government instituted the Economic Reform Programme (ERP) to improve its financial management under the Structural Adjustment Programme (SAP). The government of Ghana with the assistance of the Canadian International Development Agency (CIDA) introduced a programme called Public Financial Management Reform Programme (PUFMARP) which aimed at improving transparency, accountability and efficiency in public sector financial management. Also, the Ghana Integrated Financial Information System (GIFMIS) was launched in 2009, which aimed at efficient budget preparation, implementation, accounting reporting, cash management and assets management. The Public Financial Management Act was also passed to a law in 2016 to ensure proper and efficient management of the scarce resources (Ministry of Finance, 2016). All these reforms and laws were to improve efficiency, transparency and effectiveness in the accountability of public resources. Effective management of financial resources required the university to carefully account for all funds, to manage its finances wisely, and to plan for the adequate funding of services desired by the public, including the provision and maintenance of university facilities (United States Government, 2019). For an institution to foster and support its financial strength and stability, it must adopt the principles of effective financial management including that of fiscal planning and budgeting; expenditure control; revenue mobilisation, appropriate user fees; cash management, accounting, auditing and financial reporting (United States Government, 2019). University for Development Studies as a government subvented organisation receives funds from the
Government and also generate its funds internally. Budgets and budgetary controls are necessary to effectively manage these scarce financial resources and also to serve as means of expenditure authorisation, control, and evaluation base. The University strategic policy and success depends largely on good budget preparation and effective budgetary control (UDS Strategic Plan, 2017). To ensure institutional accountability to stakeholders also depends on good and timely financial reporting. For the University to prudently manage its financial resources, the internal audit must review, evaluate and report on the adequacy of the financial framework, appraise and evaluate the reliability of the accounting system of the institution (UDS-FAM, 2011). The internal audit must ensure value for money in the use of the institution’s resources. In Ghana, the various public universities prepare budgets but the degree and extent to which they are prepared and formulated into performance budgets vary from each other. Many Universities failed to achieve their financial goals because the budgets and budgetary control which are the success factor of every organisation is weak (Bradstreet, 2004)

Also, despite the relevant laws and regulations in managing public universities funds, the Auditor-General of Ghana in its 2014, 2015, 2016, 2017 and 2018 audited report on the financial performance and utilization of funds across various Public Universities revealed several deficiencies in the accounting records including that of cash irregularities, funds embezzlement, unaccounted revenue, unsupported payments, procurement irregularities, contract irregularities and payroll irregularities among others. The reports also cited the failure of internal audit units in some institutions to ensure that payments, procurements and contracts are well supported with the necessary documents such as invoices, official receipts, statement of expenditures among others to properly acquire transactions. These reports equally cited non-compliance with various legislation such as public procurement act, public financial management act, universities financial accounting manual and statutes in managing public funds (Ghana Audit Service, 2014; 2015; 2016; 2017; 2018). They argue that poor application of effective accounting principles and procedures has caused the universities to loss its scare resources with its attendant consequences on their operational accountability to the public. There are various financial controls initiatives such as Public Financial Management Act, Financial Administration Act, Financial Administration Regulations, Audit Service Act, university financial accounting manual and university statutes formulated by various governments, universities and development partners over the years to ensure financial discipline in public sector institutions, however, audit findings on universities accounts, point to the contrary, thus, the need to examine the stakeholders role in ensuring effective financial management in the University for Development Studies as a Government Department. The study specifically examined:

1. The role of financial administrators’ and financial policy makers in ensuring effective financial management.
2. The role of internal audit in institutional financial management.

II. METHODOLOGY

Study Setting

The University for Development Studies (UDS) is Ghana’s first public University in the northern part of Ghana, which was established in May, 1992 by the government of Ghana (PNDC Law 279, Section 279) to “blend the academic world with that of the community in order to provide constructive interaction between the two for the total development of Northern Ghana, in particular and the country as a whole(http://www.uds.edu.gh/about-us history-and-facts. Retrieved 10th October 2018). The University began academic work in September 1993 with the admission of forty (40) students into the faculty of agriculture, Nyankpala and currently has student population of 19,720. The university runs on multi campus system with four (4) campuses located in Wa, Navrongo, Nyankpala and Tamale. The Wa and Navrongo campuses have been converted to autonomous universities in May, 2020. The university runs both undergraduate and post graduates programmes as well as a community-outreach activities and research programmes geared towards creating an enable environment for sustainable community development and economic growth. This is a combination of the academic and community-based field practical work known as the Third Trimester Field Practical Programme (TTFPP)

Study Design

This was a qualitative study situated in constructive paradigm. The study employed the descriptive research design to examine the role of financial administrators in ensuring effective financial management concerning budgetary control and the internal audit safeguarding role in institutional financial management in University for Development Studies in Ghana. The study analysed these issues qualitatively to generate some understanding of how these stakeholders ensure effective financial management of the university.

Sampling Procedure

The purposive sampling procedure was employed to recruit 80 financial administrators and policy makers to participate in the study. The participants comprise 40 Finance directorate staff; 19 Audit directorate staff; 6 Principal officers; 5 Finance committee members; 3 Audit committee members and 7 others (Deans and Directors of Schools). The purposive procedure was used because the financial administrators and policy makers had better understanding of the university financial systems and controls to ensure effective financial management. They were directly involved in the financial
administration of the university and could provide relevant and better responses than other staff of the university.

Study Population and Instrumentation

Participants comprised of key staff of finance directorate (n=40), audit directorate (n=19), principal managers of the university (Vice Chancellor; Pro-Vice Chancellor; Registrar; Director of Finance; Director of Audit; Director of Works and Physical Development) (n=6), members of finance committee (n=5), members of Audit Committee (n=3) and other financial policy makers (Deans and Directors of schools, n=7) of the university. Accessible population of the study excluded financial administrators and policy makers who were on study leave and those who were not present at school during the researcher visit. The financial administrators and policy makers were targeted because they were the key officers who hold the responsibility of ensuring accountable, transparent and effective financial management of the university. Overall, eighty (80) number of staff participated in the study. Participation was in the form of providing individual perspectives to interview questions. Interviews and documents analyses were used to collect data

Data collection and data collection techniques

Face-to-face interviews were used in collecting data. The interview provided opportunity for the participants to freely express their opinion concerning the role of key financial administrators in ensuring effective finances management of the university financial resources and the internal audit safeguarding role in ensuring compliance of the university financial policies and other statutory policies. Reports from internal auditor, audit committee and finance committee were critical examined. Some background information was sought from the respondents (gender, age and highest educational qualification). The second part of the interview sought information on the role play by key financial administrators in managing the financial resources of the university and the audit directorate safeguarding role in protecting and ensuring effective management of the university financial resources. The entire interview and documents analyses process was completed within four-week duration. The results were presented using narratives and thematic content analyses.

Ethical Consideration

A letter of introduction was secured from the Research office of University for Development Studies, Ghana, to obtain permission from the participants to get involve in the study. Informed consent was obtained from participants after the risks for engaging in the study as well as their right of withdrawing from the study was made known to them.

III. RESULTS AND DISCUSSION

Background Information

The participants were asked to provide information regarding their gender, age distribution, category of staff and highest educational qualification. These variables were used to provide better perspective and understanding of the results obtained.

On the part of gender, 54 (68%) of the respondents were males while 26 (32%) were females. The results revealed that the University hired more male professionals than the females. Even though the female accounting staff is an average of their male counterparts, there is the need for the university to redesign its human resource policies to provide for gender equity in its recruitment of finance staff. In the future, the university is admonished to increase recruitment of more female accounting staff as compare to their male counterparts to promote gender balance as a public institution.

On the part of age distribution, 12 (15%) respondents fall within 20-29 years’ brackets, 32 (40%) fall within 30-39 years’ bracket, 24 (30%) fall within 40-49 years bracket and 12 (15%) were above 50 years. The results showed that the university financial administrators and policy makers were within active working years and would have the zeal and technical knowledge to manage the finances of the university before retirement was due.

On the part of highest educational qualification, 13 (16%) of the respondents hold Higher National Diploma in Accounting, 29 (36%) hold bachelor degree in accounting, 28 (35%) hold master’s degree in finance/accounting and 10 (13%) of them hold Doctor of Philosophy in various disciplines. These results revealed that the universities have higher qualified personnel to ensure that the finances were managed effectively. Respondents with the master degree and Doctor of Philosophy Degree were senior members who occupy the supervisory and directing roles to ensuring that those with first degree and Diploma work under their supervision in the University. The University human resource policy manual requires that the minimum qualification for one to be recruited into the finance/audit directorate is first degree, whiles professional qualification is an added advantage. However, those who hold masters plus professional qualification are more preferred to occupy senior management level positions with the responsibility of directing, supervising and managing the finances of the university (UDS-FAM, 2011).

The role of financial administrators in ensuring effective financial management

The overriding purpose of the research was to examine stakeholders’ role in ensuring effective financial management in University for Development Studies. To address this purpose, research question one was formulated as follows; what role does financial administrators and policy makers play in ensuring effective financial management of the university? Some interviews were conducted to the respondents and various financial reports were examine to find out the key role that financial administrators and policy makers play in ensuring the effective utilization of the university finances. Comprehensive insightful qualitative thematic content analysis was done to thoroughly understand
the situation. However, with the flexibility in qualitative studies some themes emerged. The main themes obtained from the results were financial management systems, budgetary control systems and financial reporting systems.

Financial Management System

On the financial management system, the study sought that adequate financial policies and regulations exists in the university. These financial policies and regulations were formulated by top management and implemented by the financial administrators. This was what one interviewee (52 Years Old Respondent) has to say… “that the formulation of the financial goals and policies in the University for Development Studies starts from external – Ministry of Education (MOE), Ministry of Finance (MOF), National Council for Tertiary Education (NCTE) and internal by the Board/Council and the Management based on the University statute and the strategic plan. The key management players are the Vice Chancellor, who is the Chief spending officer; the Finance Officer, who is the chief financial advisor and the Registrar who is the chief administrator. Beside these actors, the University finance committee play an active role to developing financial policy documents as per the provision of UDS Statute. The University Council, management and the finance committee as well as the estimates committee and the other committees that have financial impact on the operations of the University contribute significantly to formulating the financial policies and goals” But per the statute of the university, the audit and finance committee reports, the Vice Chancellor and the University council holds the ultimate responsibility for formulating the financial policies and laws, and ensuring that they are appropriately implemented (UDS-Statute, 2017). Also, according to the Financial Administrative Regulation (FAR) 2004, LI 1802 Section 2(f) “the head of government department shall receive and order the disbursement of any trust moneys for which the head of department has been appointed as administering authority by or under any enactment or agreement”. All regard the head of the organisation as the spending officer of the organisation. He/She therefore has the mandate to formulate policies and control the allocated budget within the limits prescribed by the Minister of Finance.

The financial administrators do implementation of these policies through their heads of department. In ensuring effective implementation, the policies are expected to be communicated to all staff concerned. However, the results revealed that financial policies were not effectively communicated to all staff. This implies that, there is likely to be policies implementation shortfalls as majority of the staff are working with inadequate information on the University financial policies and guidelines. One interviewee (34 Years Old Respondent) could not hide this when he said…

“The universities do not communicate effectively to financial administrators on matters of financial policies and you find yourself operating with old policies or based on your discretion. Knowledge which affect the effective implementation of the university policies. It is appropriate to communicate the university financial policies and laws to all staff concerned as soon as top authorities formulate the policy”

Also, some interviewees indicated that the University does not review its financial policies regularly as part of ensuring effective financial management. The overall effect of this practice is that the financial management systems in the University could be weak evens though the were adequate financial control systems in the University which promote sound financial management. One interviewee (38 Years Old Respondent) indicated that…

“The University has authority controls to ensure that authorization limits are followed, management controls to ensure segregation of duties, financial reporting and accounting controls, budget control and internal audit control and also committees; finance committee and the Audit Committee (AC) in ensuring effective financial management. But the university have low staff capacity in the finance directorate to execute all these functions properly”

This means that the university budget, financial policies and controls need to be reviewed regularly. Still, there is the need for adequate staffing who have the requisite professional knowledge and skills to carry out the mandate.

Budgetary Control Systems

The study sought that budgets are prepared annually for approval by National Council for Tertiary Education (NCTE), University Executive/Academic Board Committee and University Council before spending of funds in the University for Development Studies as part of the budgetary control system. The implementation of effective budgetary control system is essential to promoting effective financial management in the University. This assertion agrees with that of Oduro(2015) who indicated that budgetary control is an essential element of financial management in public institutions.

One interviewee (28 years old Respondent) have this to say…

“The University have budget centers where these centers prepare budgets to capture all expected income and expected expenditure. The university uses the income estimations to allocate budgets to the various cost centers based on the format issued by the National Council for Tertiary Education”. This practice agrees with Arizona (2010) who works on the principles of sound financial management and stipulates that, for an institution to foster and support its financial strength and stability, it must adopt the fiscal planning and budgeting principle to ensure effective financial management.

The study further sought that the University released funds to various budget centres based on their approved budgets, however, adequate and timely funds are not released to meet
approved budget requirement to departments. One interviewee (48 years old Respondent) on the budgetary system indicated that… “the University had not been able to meet allocations approved to centres since its establishment due to the following reasons: Delay in government subvention to meet administration cost; Some students may not have paid up their fees before the end of the academic year; Some stream incomes may not come at all and Some urgent expenditure may be undertaken which are necessary but not budgeted for”

It is important that departments and budgets centres do evaluation of their previous allotted budgets to assist them in the future budget estimation. But this was not the case in most departments and budget centres. One interviewee (42-year-old respondent) has this to say…

“That the departments and budget centres in the University do not evaluate their budgets at the end of each year to support adequate financial reporting and analytical reviews. Thus the budget implementation level in the University is also weak”. This implies that the universities do not have strong budget monitoring and evaluation team to follow up on the execution of budgets allocated to cost centres and departments. The overall effect of this practice by the departments and budget centres is that the future budget planning would be affected and therefore affects the effective financial management of the university as alluded to by Oduro (2015) that a good budgetary evaluation system promotes sound financial management in institutions.

Accounting and Financial Reporting System

The study fought that the University prepares financial reports annually to meet the statutory requirement and the reporting standards. Per the provision of the Public Financial Management Act, Act 2016, Act 921, public institutions are required to prepare and submit financial reports annually to the Auditor General of Ghana for examination. The Auditor General is to report back to government through the parliament of Ghana the fairness and transparency of the institution’s accounts. The University has been meeting this requirement and other statutory provisions annually; however, there are few cases where there was delay in submission of financial reports as results of some apparent difficulties. This was one interviewee (39 Years Old Respondent) has to say…

“The University prepares financial statements annually, however, due to some data lost in the past years, statutory deadline for submission of reports have not been met due to those data loses. For instance, there was so much delay in preparing 2012 and 2013 financial reports and in which case they were all audited in late 2014. However, there was improvement from 2014 reports through to date as they were prepared earlier than the previous years. All statutory deadlines have been met since then as well as the statutory requirements in presenting financial reports. But there is the need for the university to purchase very robust and reliable accounting software to prevent data losses and enable the quick processing of financial reports”

The effectiveness of institutional financial management system requires adequate and timely Financial reporting which ensures accountability and stewardship to stakeholders as alluded to by International Records Management Trust(1999). This implies that where there is consistent delay in reporting on finances, its negatively affects accountability. Financial reports should be prepared timely to meet statutory requirement for stakeholders’ expectations to be met.

The accounting system of the university is operating efficiently except few cases where accounting records keeping have challenges. For instance, one interviewee (29 Years Old Respondent) has this to say concerning the accounting system… “the University have challenges in financial records keeping in terms of students’ information. Sometimes accounts records of student numbers are different from those kept by registry and this have a huge financial implication either by way of revenue underestimation or overestimation”… “also, stores records keeping were not appropriate; ledger cards were not adequately and properly updated, GRVs are sometimes not issued for some goods purchased and stores layout is needs improvement” The auditor’s report findings of 2015, 2016 and 2017 did not differ from the above observations made by the financial administrator. The reports contained matters of inadequate records keeping, unsupported payment, cash irregularities among others.

The study equally fought that authorization and approval is given to every expenditure before payments are made in the university. Respondents indicated that the institution set expenditure approval limits for spending control purposes and to decentralize concentration of power on a single individual. This finding agrees with that of International Records Management Trust (1999) on control of spending through setting of approval limits, proper accounting and control systems. One interviewee (37 Years Old Respondent) revealed that… “the University have authority controls to ensure that authorisation limits are followed and principal management as well as financial administrators ensures compliance with this controls in order to minimize overspending. There is approval ceiling from Deans/Directors of Schools through to the Vice Chancellor and Council. This system makes it possible for proper oversight responsibility on the financial resources of the university.” This implies that the university have a well-designed accounting system where the authority to approve expenditure is decentralised. The finding agrees with Addo (2012) who indicated that in a proper accounting system, there should be approval limits for various expenditure to promote efficient running of the institution. However, the overall conclusion of the nature of the university accounting and reporting system is that the accounting and financial reporting control in the University is a weak and need more improvement to support the financial management system of the University.
The role of internal audit in institutional financial management.

The object of the second research question was to find out the critical role of internal audit unit in UDS financial management system. Accordingly, research question two was formulated as what is the role of the internal audit department in institutional financial management system? To solve this research question, interviews and some documents analyses were conducted to find out the status, independence and safeguarding role of the university internal audit department.

The study found that internal audit unit is deficient in promoting the effectiveness and efficiency of financial operations as well as adherence to regulations and other financial directives. The result also shows that internal audit provides advisory services to management which is a critical tool for maintaining effective financial management but not sound advisory services. It is important to add that the internal audit is an appraisals or monitoring activity set up by the management of an organisation to review and evaluate accounting and internal control systems. As such, it can be considered to be part of an organisation’s overall control system and therefore must provide sound, timely and sincere financial advisory services to management. Therefore, when auditors fail to give sound advisory services to management, its affects the decision on the utilization of institution’s scarce resources. This argument agrees with Lee, Johnson and Joyce (2004) who observe that internal audit activities are desired to provide some assurance to stakeholders that scarce resources are not diverted away from basic purposes intended for because of poor financial management system.

Even though, some interviewees declined in providing any information on the UDS internal audit system, saying the information is confidential; others voluntarily expressed their candid observations. One interviewee (50 Years Old Respondent) have this to say... “that the internal audit plays a vital role in ensuring effective financial management; however, in UDS they are not efficient. This is because some Internal Auditors are not proactive in doing their activities. They lack the confidence and the professional boldness to act. They give advisory services but sometimes not appropriate advice to management. They often do what he called witch hunting. He further stated that the internal audit of UDS needs improvement, that is the internal auditors need to work with professionalism and confidence, or the need to engage internal auditors who have the courage and professional expertise. For now, they do not promote economy, efficiency and effectiveness on the utilization of the University finances”. This implies the internal auditing is unable to do its work effectively to safeguard the financial resources of the university. This argument agrees with Nii-Tackie, Marfo-Yiadom & Achina, (2016) that the internal audit in most public sector is ineffective and therefore cannot provide the safeguard and assurances required.

Another interviewee (37 Years Old Respondent) think otherwise about the internal audit unit and expressed his opinion... “that the internal auditing system is part of the control systems, and as such they ensure all policies and standards are adhered to, they do their routine work, prepares audit plan to control the inherent audit risk. Also, that the internal audit cannot not achieve effective financial management in isolation, other control systems with support from top management work together in achieving effective management of financial resources. So, when top management fails to recognize the independence and authority of internal audit mandate, little can they do to achieve the overall goal of protecting the university financial resources. Audit staff capacity in the university is low and need to be augmented”. This implies that the audit unit is doing its best with limited staff capacity, when top management fails to support and recognize the importance of the work of internal audit, then it cannot function well as expected. This argument agrees with that of Abbey (2010) that many citizens accuse managers of public organisation in Ghana of ineffectiveness and inefficiency in resource control as result of weak internal audit system. Top management do not provide adequate support and guaranteed the independence of internal audit and therefore most of them fails to work efficiently.

III. CONCLUSION

The broad objectives of public financial management are to achieve fiscal discipline, efficient and effective provision of public services, and efficient allocation of resources to reflect priority needs of the university. Public financial management therefore includes the legal and organisational framework for supervising all phases of the financial management cycle, including the preparation of the budget, comparison of actual and budgeted revenues and expenditures, procurement, policies formulation and implementation, monitoring, accounting and reporting, as well as related internal controls and audits. Effective Financial Management is one of the key elements for a university to achieve its high performance. It is important for a public university like UDS to formulate and implement standard financial policies.

From the study, the University has adequate financial policies and regulations, which were formulated by the top management and implemented by financial administrators. This means that the university have well-structured financial system, which ought to be communicated effectively to all staff, especially the financial administrators. But these policies are not well communicated to all staff specifically, financial administrators for proper implementation. Also, these policies are not regularly reviewed to meet current financial management standards. The university prepares annual budgets and implement, but the implementation and monitoring of the budget is weak. As a public institution, the university is liable to account to the state by way of regular accounting and reporting on the utilisation of scarce financial resources on timely basis for the state and the public to assess the financial performance of the University. Therefore, the
inability to account on timely basis does not show effective financial management. It also revealed that the University has inadequate accounting system software for accounting and reporting which led to data lost in prior years and financial reporting was affected.

The study established that, the universities have excellent approval and authorisation role, funds allocation role, performance measurement role and budgets are prepared annually to achieve approval and authorisation role in the University. This implies that the universities have strong control systems on managing its scarce finances. However, funds are not adequately allocated to budget centres to meet their approved budgets and also, budget centres do not evaluate their budgets at the end of each financial year to achieve the financial performance measurement role in the institution. This implied that the University do not have adequate funding to support its activities.

The study also established that, there is an internal audit system in the university which promotes effective financial operations by way of regular planning of pre and post audit on financial activities, ensures policies compliance and other standards as required by law. It equally ensured that reliable financial data were maintained and reported accurately in the University. This implies that the internal audit unit is somehow working, but there were staff deficiency and professional skepticism issues in the operations of the unit and this could affect its safeguarding mandate of the university financial resources.

IV. KEY FINDINGS AND RECOMMENDATION

From the study, the University has adequate financial policies, laws and regulations, which were formulated by the top management and implemented by financial administrators. But these policies and regulations were not well communicated to university staff, especially the financial administrators for proper implementation. It is therefore recommended for the university to use top-down communication channel approach in disseminating financial policies by ensuring that policies formulated are disseminated to all departments, centres, schools and faculties through their heads to the various implementing staffs.

Also, the study fought that the university have a budgetary system where annual budgets are prepared and allocations made to budget centres and departments. The budget centres and departments do not monitor and evaluate at the end of the financial year. It is recommended that the university should consider putting in place an effective budget monitoring team to ensure that annual budgets prepared and approved are properly implemented and evaluated by the various budget centres. The team members should train those officers responsible for the budget preparations, implementation, and evaluation and to adhere to all legislative instruments regarding budgeting in public institutions.

Furthermore, the universities do not have adequate finance and audit staff as stakeholders to ensure effective financial management as well as robust accounting software to carry out the numerous financial activities of the university. It is recommended that the university should employ more staff for the audit and finance departments to ensure segregation of duties and monitoring of financial activities; and also consider acquiring up to date accounting software which could generate financial data and final reports to both management and external users.

The study established that, there is an internal audit system in the university, but there is professional skepticism and deficiency issues in the operations of the unit and this could affect its safeguarding mandate of the university financial resource. It is therefore recommended that the university should engage proactive internal auditors who handles issues with confidence and professionalism without fear or favour on financial matters of the University. This would help the university to maintain strong auditing standards in ensuring effective financial management of the university.

REFERENCES


