

INTERNAL FINANCIAL CONTROLS IN GHANA HEALTH SERVICES (A case study of Bechem Government hospital)

SAMUEL OPPONG BOAMPONG

ABSTRACT

Public corporations have shareholders demanding accountability. However, public hospitals are mostly funded by government with taxpayers' money and other donors. These fund providers are usually not active, thus making the demand for accountability low. In recent times however, questions are being raised about the management of funds allocated to these hospitals. This has drawn attention to the internal controls established by these hospitals and effectiveness of their implementation. This study sought to assess the financial controls established by Ghana Health Service and to examine the extent of compliance of Bechem Government Hospital to these controls. Data were collected using questionnaire, interviews and by observation. The study identified that, the Ghana Health Service relies on the Accounting, Treasury and Financial Reporting Rules and Instructions (ATF) developed by the Ministry of Health to regulate financial activities and financial reporting in hospitals and other health

facilities. It was also found that, as much as possible, Bechem Government Hospital complies with the provisions of the ATF and to ensure effective implementation of the controls, the hospital has established internal guidelines such as the segregation of duties.

INTRODUCTION

Financial controls are a critical part of any financial system. They ensure that resources of the organization are being correctly and effectively used and activities are correctly and accurately reported. Poor controls can lead to the risk of resources being used inefficiently or being subjected to theft, fraud or abuse. Controls protect both the organization and its staff. The absence of good financial controls could be detrimental to the smooth operation of the organization and subsequently its survival.

The focus of this study is on the Finance Division which is responsible for instituting financial management policies, systems and controls to ensure that funds and revenues are used efficiently and effectively to achieve the objectives of the Service.

Financial control focuses on controlling the organization's financial resources. Most organizations rely on financial, operating, and nonmonetary budgets. Financial statements, various kinds of ratios, and external and internal audits are also important tools organizations use as part of financial control.

Again, internal financial controls are enforced better in profit organizations compared to non-profit organizations. Therefore, there is the need to assess effectiveness and efficiency in the implementation of internal financial controls in public sector entities like the Public Hospitals.

OBJECTIVES

- To identify the financial controls established by Ghana Health Service.
- To examine the extent of compliance of Bechem Government Hospital to these controls.
 - To analyze the challenges faced in implementing the controls.

FINANCIAL CONTROLS

Financial controls are an essential part of the structure and operations of any organization. The larger and complex the organization and its activities, the more care must be given to the design of the financial control systems. Experts have propounded several definitions on the subject of financial controls. According to Woolf (1994), financial controls are the monetary policies established by management in order to carry on the business of the enterprise in an orderly and efficient manner, ensure adherence to management policies,

safeguard the assets and secure as far as possible the completeness and accuracy of the records.

TYPES OF CONTROL ACTIVITIES

Yeboah & Mireku (2012) asserted that control activities are preventive, detective or corrective.

- Preventive Controls
- Detective Controls
- Corrective Controls

Limitations of internal financial controls

Design flaws

Poor implementation

Poor response to reported anomalies

Collusion

Wrongdoing by top managers

Personnel errors or mistakes

Judgment

\Table 3.1: Population of the study

Staff at Post	Number of staff	Percentage %
Nursing	138	59
Medical assistants	8	3
Medical Doctors	10	4
Support staff	80	34
Total Strength	236	100

Source: field data (2015)

Table 3.2: sample

Category of respondents	Number of persons	Percentage %
Accounts office	5	4
Medical Superintendents	4	3
Internal Auditors	2	2
Administration	15	13
Nurses and	94	78

paramedics		
Total	120	100
Population		

Source: field data (2015)

DATA PRESENTATION ANALYSIS

Financial Controls and implementation

From the findings, the management of the hospital has put some policies in place:

- i. **Segregation of jobs:**
- ii. **Independent Internal Audit:**
- iii. External Audit

Value books used in the hospital

Figure 4.1 Chart showing usage of value books Source: field data (2015)

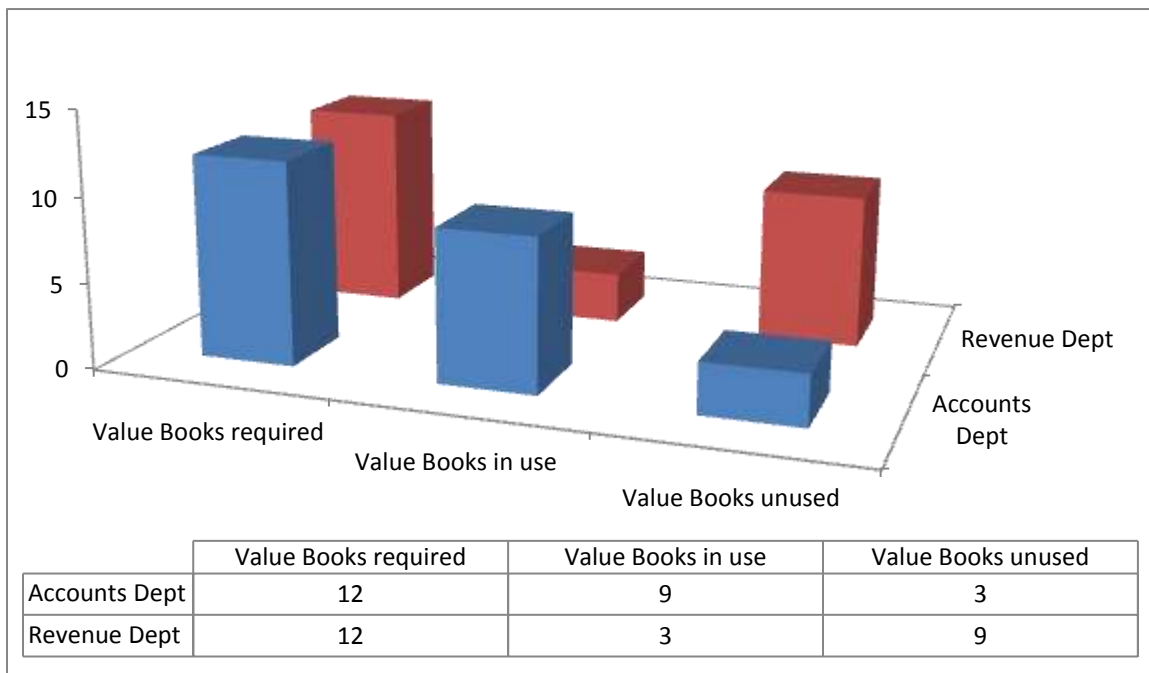
Revenue collection and control

Sources of revenue

- Government of Ghana Fund
- Internally Generated Fund (IGF)
- Donations

Books for recording revenue

- Revenue collection books-
- Summary cash books
- Departmental Cash book



Bank accounts maintained

Respondents stated that the hospital maintains three main bank accounts outlined below.

- Donor Pooled Fund Account
- Internally Generated Fund (IGF) - Service Account
- Internally Generated Fund(IGF) - Drug Account

Challenges in implementing financial controls

Findings revealed the following challenges:

- Inadequate staff
- Inadequate skills possessed by staff
- Insufficient funds and logistics
- Pressure from within and outside the hospital.

Summary of findings

Financial controls established

Compliance to the established controls

Resources to ensure effective implementation

Safeguarding of assets and documentations

Delayed NHIS refund

RECOMMENDATION

Periodic amendment of ATF

Recruitment of staff

Facilitating NHIS refunds

Internal guidelines

CONCLUSION

Financial controls exist in the Ghana Health Service and Bechem Government Hospital to a large extent complies with these established controls and has formulated internal guidelines to ensure effective implementation of the controls.

REFERENCES

Armah, Mary (2012) *Evaluating Financial Control System in the Health Sector of Ghana*. Case Study of Korle-Bu Teaching Hospital.

Ghana Health Service webpage.
www.ghanahealthservice.org: Retrieved 5 April 2011