

ASSESSING THE INTERNAL CONTROLS IN LOCAL GOVERNMENTS IN GHANA

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ABSTRACT

Purpose – Adequate internal control systems are prerequisites for efficient and effective operations of local governments but their mere presence does not guarantee efficiency and effectiveness. In Ghana, internal audit reports recount irregularities in operations resulting in the delivery of poor services and amenities to the communities. This study sought to assess the internal control systems in local governments to ascertain their effectiveness or otherwise. The institutional theory informed the study.

Methodology - The qualitative research approach was employed for the study. The purposive sampling technique was used to select 24 officers from six selected local governments in the Central Region of Ghana. In each local government, a Coordinating Director, an Audit Committee member, an Internal Auditor, and a Finance Officer were interviewed. Primary data were collected by the use of interview guide while secondary data were collected by document review guide. The secondary data were derived from literature on internal controls. The data was subjected to thematic analysis and interpretation.

Findings - The study revealed that management bodies of local governments have put in place the desired standard internal controls but there were irregularities in their operations, thereby leading to ineffective internal controls.

Conclusion - The internal controls of the selected local governments were similar to the standard controls. However, the implementation of internal controls did not result in propriety and soundness due to irregularities. It was recommended that relevant authorities should ensure adherence to internal controls in local governments.

Keywords: African communities, Operations, Internal audit reports, Local governments

JEL Codes: M41, M42, H83

1. INTRODUCTION

Institutions and organisations are established for a purpose; just as programmes and projects have objectives for which they are undertaken. These objectives need to be achieved to justify the efforts used to invest resources to set up the institutions and organisations. Most invariably, some of the persons who are responsible for the achievement of these objectives, try to exploit certain activities to their advantage. In such situations, the purpose for establishing institutions would, therefore, not be met. For the achievement of organisational objectives, effective measures are required to be established (Odunko, 2022), which aimed at minimising errors, omissions, wastes, purposeful acts, and frauds. The measures known as internal controls (Vulley, 2022) not only promote the adherence to norms and rules but also enhance institutional efficiency (Otoo, Kaur & Rather, 2023). This justifies the choice of institutional theory to assist in understanding the phenomenon under study.

The institutional theory explains that, in order for institutions such as the local governments to survive, the right measures or processes ought to be established and enforced to deal with pressures from both internal and external environments. Internal controls aid institutions to realise their objectives (Francis & Imiete, 2018; Hoai, Hung, & Nguyen, 2022). The effectiveness of the internal control systems implemented by institutions' management is a key factor in an entity's ability to survive (Chalmers, Hay, & Khelif, 2019; Musah, Padi, Okyere, Adenutsi, & Ayariga, 2022). Pham (2023) argues that having an effective internal control programme is mission-critical for ensuring long-term institutional progress; and institutions that invest resources and time in putting in place internal control systems are able to ensure compliance with laws, policies,

regulations, and other administrative instructions, and directives. In this study, purpose(s) and objective(s) as well as institution(s) and organisation(s) respectively had been used interchangeably.

Three anecdotal evidence inform the statement of the problem for this study. Firstly, local governments are seen as dishonest. Secondly, the people do not enjoy quality services. Thirdly, the internal controls in the local governments seem not to work to expectation. The main objective of this study was to assess the internal controls in local governments in Ghana. The specific objectives were to:

1. Compare the internal controls of the local governments with the standard internal controls for institutions.
2. Inquire into the effectiveness or otherwise of the internal controls of local governments.
3. Make recommendations for local governments to comply with the standard internal controls.

The significance of the study would enable stakeholders to know the adequacy of the internal controls in local governments. The originality of the study is the use of semi-structured interviews and the institutional theory to determine the effectiveness or otherwise of the internal controls in local governments. The practical implication is that local governments would continue to deliver poor quality services to the people if internal controls are not effective and do not meet the expectations of stakeholders. The study is structured on six sections. Section one deals with the introduction while sections two, three, and four cover literature review, methodology, and results and discussion respectively. The conclusion and recommendations are found in the fifth section while limitation of the study and suggestions for future research are presented in the sixth section.

2. LITERATURE REVIEW

This section comprises three sub-sections reviewing internal controls, effects of the principles of the components of the COSO internal controls on institutions, and theoretical foundation of the study.

2.1. Internal Controls

The establishment of internal controls in institutions has become crucial as a component of good corporate governance (Alfartoosi & Jusoh, 2021; Le *et al.*, 2020; Odek & Okoth, 2019). The changing competitive environment makes it more critical for internal controls to be implemented in the desired state to ensure the achievement of objectives (Nanzala & Ingabo, 2021; Omar & Yussuf, 2021). Internal controls enable local governments to improve operational efficiency by ensuring compliance with rules, regulations, and laws (Hazzaa, Abdullah, & Dhahebi, 2022; Johnston & Zhang, 2018). Several authors have definitions and meanings of internal controls but they all merge at the point where they ensure propriety and soundness in processes to achieve objectives.

While Pham (2023) explains internal controls as policies, procedures, and processes designed to safeguard assets and minimise risk while Kenton (2024) espouses that internal controls are the policies, guidelines, and practices that a business implements to guarantee the accuracy of its financial and accounting data, encourage responsibility, and thwart fraud. Kirkpatrick (2024) illuminates that internal controls are the procedures and processes that organisations ought to employ to safeguard assets and improve the accuracy of financial records.

On the other hand, in 2013, the Committee of the Sponsoring Organisations of the Treadway Commission (COSO) updated the COSO (1992) framework. It emphasised that internal control is a process carried out by an entity's board of directors, management, and other staff members that is intended to provide reasonable assurance regarding the achievement of objectives to ensure effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. COSO (2013) delivered a compromise definition to embrace a common understanding of internal controls among stakeholders such as legislators, regulators, academics, professionals, corporate management, internal and external auditors, and the general public. This was after the committee was originally charged with the responsibility to investigate the fraud scandals of the 1970s and 1980s.

According to the COSO (2013), management organisations are in charge of establishing and upholding internal controls in institutions. This has been corroborated by Nicholls State University (2024) which asserts that the establishment of internal controls is the responsibility of management. According to Financial Executives International (2024), the American Accounting Association, the American Institute of Certified Public Accountants, Financial Executives International, the Institute of Internal Auditors, and the Institute of Management Accountants are the five private sector organisations that collaborated to create the COSO. It further stated that COSO is committed to leading by example by creating frameworks and guidelines for internal controls, fraud deterrence, and enterprise-wide risk management. As a result, COSO created an internal control framework that became known as the COSO framework, also known as the COSO Internal Control-Integrated Framework (Leland, 2023).

Leland (2023) explains that the COSO framework offers recommendations on how organisations can put internal controls in place to stop, identify, and handle fraud risk in financial reporting-related scenarios. Kirkpatrick (2024) observes that the COSO framework is an industry-standard model for assessing and implementing internal control systems within organisations, making the COSO an authority on the topic of internal controls. It is, therefore, appropriate to use the principles of the

components of COSO (2013) framework as the standard internal controls to be used by institutions, generally. The COSO framework is made up of five main components and 17 principles with supporting 87 points of focus. The five components are control environment, risk assessment, control activities, information and communication, and monitoring. Each of the five components has its respective principles as shown in Table 1.

Table 1: COSO Internal Control Integrated Framework showing the Components and their Respective Principles

No.	Control Environment	Risk Assessment	Control Activities	Information and Communication	Monitoring
1.	Demonstrating commitment to integrity and ethical values	Specifying suitable objectives	Selecting and developing control activities	Using relevant information	Conducting ongoing and/or separate evaluations
2.	Exercising oversight responsibility	Identifying and analysing risk	Selecting and developing general controls over technology	Communicating internally	Evaluating and communicating deficiencies
3.	Establishing structure, authority, and responsibility	Assessing fraud risk	Deploying through policies and procedures	Communicating externally	-
4.	Demonstrating commitment to competence	Identifying and analysing significant change	-	-	-
5.	Enforcing accountability	-	-	-	-

The control environment is made up of the management bodies' philosophy and operating style, the competences of the employees, morale, integrity, and ethical values among others (Chen, Yang, Zhang & Zhou, 2020; Gao & Zhang, 2019). It is the foundation for all the other internal controls (Chalmers *et al.*, 2019; Vu & Nga, 2022). The control environment ensures discipline and order and improves the quality of the system in place (Chiu & Wang, 2019; Peterson, 2018). It demonstrates management bodies' dedication to ethical practices by enhancing employee behaviour and institutional performance (Gal & Akisik, 2020).

The process of determining and assessing threats to institutional objectives is known as risk assessment (Chen *et al.*, 2020). Managing risks is essential for effective institutions (Chiu & Wang, 2019; Musah *et al.*, 2022). Thus, risk assessment aids in setting priorities for particular goals that affect an organisation's internal control systems (Hamdan, 2019).

The control activities are procedures and policies that management bodies put in place to ensure the implementation of administrative instructions and directives (Adegboyegun, Ben-Caleb, Ademola, Oladutire, & Sodeinde, 2020; Le *et al.*, 2020). According to GamageLow and Keving (2018), institutions accomplish their objectives through the establishment of control activities and being compliant thereof. Chalmers *et al.* (2019) underscore that management bodies should take into account the features and functions of the institutions as well as the control environment when choosing and implementing control activities. However, Chang *et al.* (2019) suggest that management bodies should evaluate and scrutinize the control efforts to make sure they remain relevant.

Within institutions, information is disseminated through processes of communication and information (Frazer, 2020; Vu & Nga, 2022). According to Hamdan (2019), good communication transcends the boundaries of institutions and that the resilience and quality of the control environment are reflected in the information and communication effectiveness within institutions (Bruwer, Coetzee & Meiring, 2018). On the other hand, Peterson (2018) contends that a reliable information and communication system gives stakeholders accurate information.

The monitoring component involves evaluating how well an institution's control systems are operating (Wali & Masmoudi, 2020). Frequent evaluations for effectiveness and efficiency are essential for assessing an institution's internal control system (Crosman, 2018); while monitoring procedures assess the quality of the implemented controls and how well they manage risks (Dowdell, Klamm & Andersen, 2020).

2.2. Effects of the Principles of the Components of the COSO Internal Controls on Institutions

The effects of the principles of the control environment on institutions are that where the internal controls are effective there would be discipline and order. Institutions would go about their duties as expected and objectives are expected to be achieved. On the other hand, ineffective internal controls breed indiscipline, and derail morale, integrity and ethical values. The likelihood that the other components would fail to achieve the objectives for which they were established would be high because the control environment forms the basis for establishing the other components (Chalmers *et al.*, 2019; Vu & Nga, 2022).

With regard to the effects of the principles of the risk assessment on institutions, institutional objectives would be achieved where risks are properly identified, assessed, and managed. On the contrary, poorly identified risks and improper evaluation of impacts would promote financial losses and reputational damage due to fraud, loss of assets, trust, and credibility among stakeholders. Other operational, regulatory, and legal consequences such as operational disruptions, and sanctions would also affect the achievement of objectives (Chiu & Wang, 2019; Hamdan, 2019; Chen *et al.*, 2020; Musah *et al.*, 2022).

The effects of the principles of the control activities on institutions are that where policies and procedures are implemented effectively, there would be adequate checks in institutions to forestall incidences of inefficiencies, waste, and other untoward actions and inactions that would prevent achieving objectives. Processes in institutions would conform to standard. In situations where policies, rules, and regulations are disregarded, operations of institutions would be fraught with irregularities and waste (Adegboyegun *et al.*, 2020; Le *et al.*, 2020).

The effects of the principles of the information and communication on institutions are that where information is communicated across institutions and well disseminated, there would be goal-congruence and everybody would perform to achieve the goals and objectives of institutions. Employees would work with satisfaction as there would be transparency in operations. Conversely, where there is misinformation, people would not be effective on their responsibilities as no clear instructions and directives could be given; but where disinformation is perpetrated, then objectives could not be achieved. Fraudulent activities would be rife as there would not be discipline and order (Frazer, 2020; Peterson, 2018).

Some of the possible effects of the principles of the monitoring on institutions are that where continuous evaluation becomes part of the system in place, deviations in operations would be captured and appropriate control measures put in place to restore sanity in processes. Objectives would then be achieved and institutions would live up to expectation. In situations where there is little monitoring or no proper arrangement put in place to enforce frequent monitoring and evaluations, there would be lapses in operations which may result in fraudulent activities, misuse of resources, and loss of trust and confidence in institutions. Irregularities would persist in the operations of institutions (Wali & Masmoudi, 2020; Crosman, 2018). The preceding effects explain, to a large extent, when there ought to be propriety and soundness in operations and vice versa. It is, therefore, expected that the effects of the internal controls of local governments would yield propriety and soundness in operations.

The AuditBoard (2021) provides six steps that an institution can audit its processes with the internal controls in place:

1. The framework containing the internal controls ought to be confirmed as emanating from the management bodies.
2. The internal controls ought to be aligned with that of the standard controls.
3. Performing gap analysis by noting the differences in the alignment process.
4. Documenting the control design gaps and discussing with management bodies who ought to put in place corrective plans of action to deal with the gaps.
5. Testing the effectiveness of the controls put in place by management after noting the gaps
6. Monitoring progress on management's corrective action plans.

Kirkpatrick (2024) notes that as soon as it is discovered that an institution is not compliant with the standard controls, there ought to be an assessment to identify the areas and understand the underlying reasons. After that, remediation plan is developed while the new changes are implemented followed by monitoring and documenting the progress of the changes. Where necessary, an external expertise is sought.

According to Pham (2023), everyone is accountable for ensuring that internal controls are implemented and maintained effectively, even though management bodies are in charge of doing so. Every employee in an organisation has a crucial responsibility to maintain a strong internal control environment that safeguards property, guarantees the accuracy and completeness of records, complies with legal requirements, promotes operational effectiveness, and aids in the achievement of corporate goals through effective risk management.

The effective functioning of the internal controls rests on the shoulders of everyone in institutions who seeks to achieve the objectives but it does not change the narrative that the management bodies have the responsibility to establish and maintain effective internal controls (Pham, 2023). Thus, management bodies of local governments are empowered to put in place adequate internal control systems. Weak internal controls undermine the integrity of processes in local governments. In such situations, local governments would not be seen to perform to expectation and poor quality of municipal services and amenities would be the end products delivered.

The local governments in Ghana are referred to as Assemblies and have been categorised into three; namely, metropolitan, municipal, and district. This qualifies the local governments as either, a Metropolitan, Municipal, or a District Assembly; and also known as the MMDAs. The local governments represent the central governments in their respective localities. Therefore, their performance reflects that of the central governments'. The central governments would either earn the praise of the

people if local governments' performance is good or incur the displeasure of the people where their performance is poor. The popularity or otherwise of central governments is, therefore, contingent upon the level of performance exhibited by the local governments. It is as a consequence of this that respective central governments decide to commission the activities of internal auditing in local governments to inspect and examine their operations and provide the desired feedback on internal controls through periodic reports. The effectiveness of the internal controls would then be at the point where the objective(s) for establishing the controls have been achieved. Otoo (2019) emphasises that internal control systems enhance operational efficiency, effectiveness, and competitive advantage.

2.3. Theoretical Foundation of the Study

The study is underpinned by the institutional theory. The theory posits that organisations survive because structures and laid down procedures have been firmly established and enforced rigidly (Meyer & Rowan, 1977; Scott, 2005). Based on an essential principle of the institutional theory, organisations endure pressure to homogenize (DiMaggio & Powell, 1983). Organisations are influenced by both internal and external forces in support of the applicability of this fundamental premise (Scott, 1987; Zucker, 1987). External pressures include laws, professional conventions, and codes of ethics; internal pressures are made up of formalised arrangements like policies, schemes, conventions, and procedures in organisations.

The institutional theory explains the idea of internal control by pointing out how external constraints force institutions to follow set procedures and standards. The internal controls, which ensure that there is discipline and structure, influence processes in local governments; and by extension, the quality of amenities delivered to the local level. The internal controls would determine the quality and level of responsiveness of local governments. The need for internal controls in local governments is as relevant today as it was in the days of yore.

3. METHODOLOGY

This section covers research design, study areas, sampling technique and sample size, data collection instruments, data collection instruments, ethical considerations, and data analysis.

3.1. Research Design

The research design offers a rational method for gathering empirical data to address research questions and aids in deriving conclusions from the investigation (Romanchuk, 2023). It accounts for the selection of the right methodology, choosing appropriate data collection methods, and coming up with appropriate framework for analysing the data. The qualitative research approach was used for the study to understand in depth, the phenomena of the study; in order to concentrate efforts on evaluating the richness of the data rather than collecting numerical data.

3.2. Study Areas

Six local governments constituting the study area were the Cape Coast Metropolitan Assembly, Komenda-Edina-Eguafo-Abrem Municipal Assembly, Mfantseman Municipal Assembly, Abura-Asebu-Kwamankese District Assembly, Ekumfi District Assembly, and Gomoa West District Assembly. The number of local governments in the Central Region in 2022 was 22, which was made up of one metropolitan assembly, seven municipal assemblies, and 14 district assemblies. In order to collect the data to cut across the structure of the local government areas in the region (Figure 1), one metropolitan assembly, two municipal assemblies, and three district assemblies were selected.

The profile of the study local government areas is presented in Table 2. The Gomoa West District has the largest land size with the third lowest population and the second lowest population density while Cape Coast Metropolis has the lowest land size but the highest population and population density. The Cape Coast Metropolis, which serves as the capital of the Central Region of Ghana, has two universities. The economic activities of the local governments are almost the same with some slight differences. Fishing is practised in the coastal communities in local government areas along the Gulf of Guinea. Salt-making is practised in the KEEA Municipality, Gomoa West District and Ekumfi District.

Figure 1: Map of metropolis, municipalities and districts in the Central Region of Ghana



Source: Office of the Head of Local Government Service (2020)

3.3. Sampling Technique and Sample Size

Four participants from each of the six local governments formed the sample size of 24, which was selected using the purposive sampling technique. The four participants were the Coordinating Director, Audit Committee member, Internal Auditor, and Finance Officer. This means that four Coordinating Directors, four Audit Committee members, four Internal Auditors, and four Finance Officers were selected from the six local government for the study. The reason for using the purposive sampling technique was that there was the need for the researchers to use appropriate judgement as espoused by Saunders, Lewis and Thornhill (2012) to identify and select participants that could provide relevant data to support the study. Creswell (1998) recommended a sample size of five to 25 participants for a qualitative study while Morse (1994) indicated at least six participants; with Subedi (2021) settling on one to 20 or more participants with adequate justification. Therefore, the sample size of 24 was adequate for the study.

Table 2: Spatial, Demographic and Economic Profile of the Study Area

Study Area	Land size (km ²)	Population	Population density (km ²)	Name of University	Major economic activities
Cape Coast Metropolis	122	189,925	1556.8	(i) University of Cape Coast, (ii) Cape Coast Technical University	Fishing, peasant farming, commerce, public service, tourism
Komenda-Edina-Eguafo-Abrem Municipality	372	166,017	446.3	-	Fishing, peasant farming, commerce, public service, salt-making, tourism
Mfantseman Municipality	314.4	168,905	537.2	-	Fishing, peasant farming, commerce, public service
Abura-Asebu-Kwamankese District	386.4	124,465	322.1	-	Peasant farming, commerce, public service
Gomoa West District	456.1	129,512	284.0	-	Fishing, peasant farming, salt-making, commerce, public service
Ekumfi District	270.3	56,741	209.9	-	Fishing, peasant farming, salt-making, commerce, public service

Source: Ghana Statistical Service (2021)

3.4. Data Collection Instruments

Using interview guides and document review guides, primary data were gathered. The literature on internal controls served as the secondary data. The interviews were conducted on phone in order to cut down on traveling expenses as the researchers were on low budget. Two trained research assistants conducted the interviews. They introduced themselves as research assistants who were collecting data on the internal controls in local governments in the Central Region for an academic exercise. They asked permission for the interviews to be tape-recorded. The participants were informed of their liberty to excuse themselves from further interview if they so desired. The participants were further assured of anonymity.

The 2013 COSO internal control integrated framework's component principles served as the foundation for the interview guide's questions. In some cases, follow-up questions were asked to clarify the responses. The participants were given the opportunity to explain themselves in whatever manner that they wished; and they were also allowed to ask questions to satisfy their curiosity.

3.5. Ethical Considerations

Before the interviews began and the subsequent tape recording, the participants were requested for their verbal informed consent. The participants were further assured of confidentiality, anonymity, and privacy. They were made aware that they could excuse themselves from further interview at any time they wanted. Each interview session concluded with a thank-you to the participants for their availability. Due to anonymity to protect the identity of participants, the analysis was not made according to local government institutions.

3.6. Data Analysis

The data collected were coded and subjected to thematic analysis and interpretation to ensure consistency and transparency. The principles of the components of the 2013 COSO internal controls on institutions were used as the standard themes. The data on the internal controls of the local governments were read over to check omissions and corrections. The identified themes represented the internal controls of the selected local governments. Firstly, the two sets of themes were compared to address the first specific objective. Secondly, the outcome of the effects of the standard internal controls on the operations of institutions dealing with propriety and soundness were used as the standard to determine the outcome of the effects of the internal controls of local governments on their operations. This was determined by examining and interpreting the responses given by the participants. In situations where the responses indicated that there were propriety and soundness in operations of the selected local governments, then the internal controls were effective. In contrast, where the responses indicated that there were no propriety and soundness in operations of local governments, then the internal controls were ineffective.

4. FINDINGS AND DISCUSSION

This section is based on the first two specific objectives of the study.

4.1. Comparing the Internal Controls of the Local Governments with the Standard Internal Controls

The study revealed that the internal controls that had been put in place in the local governments were the same as the standard controls by COSO (2013) presented in Table 1. This is evidenced by the responses of five participants as follows:

As for the internal controls, they are the same as that of the standard ones; but their implementation is the issue (an Internal Auditor, 17th November, 2022).

The internal controls we have on paper are fantastic. They correspond to that of the standard controls (an Audit Committee member, 13th October, 2022).

The internal control system in place is very adequate and conforms to the COSO internal control integrated framework (an Internal Auditor, 25th August, 2022).

We have adequate internal controls in place; and they can be compared to the standard framework (a Coordinating Director, 24th August, 2022).

The last time that the district auditors came for their audit inspection, they remarked that our control framework is standard but we need to implement them to the letter (a Finance Officer, 31st August, 2022).

The finding implies that the local governments were expected to perform to ensure operational efficiency. Services delivered by the local governments were expected to meet the expectation of the people to enhance their living conditions at the local level. The finding is also consistent with the principles of the institutional theory as the processes and procedures were followed by putting in place the desired internal controls in the local governments to guarantee discipline in operations.

4.2. Effectiveness of the Internal Controls of Local Governments

The data indicated that the internal controls that had been established in the local governments were not effective because there were inefficiencies and disregard for operational norms and procedures. These have been explained by various issues as reported by the key informants. Four key informants recounted disregard for operational norms as follows:

The internal controls in this Assembly are not working; that is all I can say (Internal auditor, 23rd September, 2022).

What do you mean by internal control? They don't belong here (a Finance Officer, 12th December, 2022).

I understand internal controls to mean the policies and regulations that everybody should follow but, in this assembly, there is nothing like that (a Finance Officer, 18th August, 2022).

I cannot say that the internal controls in this assembly are effective because everybody does what he or she likes (an Internal Auditor, 16 December, 2022).

The above comments suggest that such disregard for the internal controls shows disrespect for institutional policies, which would hinder productivity.

Two participants stated that some members of staff who were expected to cooperate in the local government system are not implementing the internal controls to promote effectiveness:

Internal controls are implemented by people, so if the people themselves don't follow the rules; then what happens? (an Audit Committee member, 1st August, 2022).

There is indiscipline in this Assembly. The internal controls are weak and ineffective (a Coordinating Director, 29th November, 2022).

The comments by the foregoing key informants suggest that internal controls were not being implemented to expectation. The reasons might be due to management flaws, impunity, no discipline, nepotism, incompetence of staff, and non-application of sanctions. Even though it appeared that the staff were not performing their roles; it was the responsibility of management bodies to establish internal controls and ensure their effective implementation. Therefore, the management bodies were not performing their expected roles of enforcement.

Two participants explained the ineffectiveness in terms of not safeguarding equipment and financial resources of the Assemblies as remarked as follows:

Vehicles and laptops continue to get missing. Do you think if the controls are effective, these things will happen (an Internal Auditor, 26th October, 2022).

Revenue collectors embezzle revenues collected; and the same people who are to check and punish them are seen moving about with them. There is no effective internal controls in place (a Finance Officer, 20th November, 2022).

Stealing vehicles and laptops, and embezzling revenues reduce the Assemblies' resources for developing the communities. These are issues of negligence, accountability, record-keeping, collusion, and inefficient supervision.

Another issue of ineffectiveness leading to low productivity was employing unqualified people as expressed by a participant as follows:

Instead of employing qualified personnel, they employ their friends who don't know anything (a Coordinating Director, 15th October, 2022).

Such employment would breed nepotism, incompetence, and corruption in personnel recruitment, and undermine progress. Poor performance of unqualified staff would not achieve the objectives of the Assembly. The finding is consistent with that Aikins, Mensah, and Essaw (2024) that because established protocols were not followed, the management bodies' working philosophies and styles did not serve the goals of local governments.

Another participant related ineffectiveness to procurement breaches by recounting as follows:

People do not follow procedures to purchase items, so some of the suppliers don't supply all the items ordered (an Internal Auditor, 29th October, 2022).

Procurement breaches would lead to mismanagement of resources, no value for money, wastage and inefficiencies as well as poor community development.

Two participants explained that those who flouted the internal controls not sanctioned:

There are internal controls in place but we are not in a position to sanction those who flout them (a Coordinating Director, 17th November, 2022).

At Audit committee meetings we emphasise on the need to follow laid down instructions and policies but the results are the same. No concrete action taken against those who go against the rules (an Audit Committee member, 30th October, 2022).

Sanctions are part of internal controls. Non-enforcement of sanctions would encourage people continue to disobey regulations to the detriment of the Assembly. In some cases, it would mean a breakdown of discipline and order, which would undermine community development and living conditions of the people.

Political interference breeding discrimination, disrespect and bad mood in the Assemblies was another cause of ineffectiveness as expressed below:

We sometimes get instructions from above and we can't do anything about it. When this situation continues, then no objective would be achieved in this Assembly (a Coordinating Director, 13th September, 2022).

For a Coordinating Director, who occupies the highest administrative position of the Assembly, talk of receiving instructions from above means there was political interference. This would lead to power relations (i.e. boss and subordinate relationships) that would not augur well for cordial and peaceful co-existence of staff, thereby undermining the mandate of the Assemblies to perform in the interest of the people.

A key informant was of the opinion that there was lawlessness as explained below:

Some Assembly officers go to do demolitions in town without any instruction or order but no action is taken against them (an Audit Committee member, 11th December, 2022).

This situation would not augur well for the Assembly processes as it often creates confusion, disorder, and non-achieved objectives. The act of indiscipline without sanctions could be due to building of unauthorized structures, delays in approving permits, and irresponsible citizenship leading to illegal destruction of citizens' properties. Misunderstanding, anarchy and poor environmental management could occur when both the Assembly staff and the citizenry blatantly disregard the laws, regulations and rules. Collateral damages and poor living conditions may occur at the local areas.

The findings of the research are in line with those of Aikins and Mensah (2023) that operational inconsistencies exist in local governments despite internal auditing being conducted. However, they contradict the claims made by Hoai et al. (2022), Omar and Yussuf (2021), and Otoo (2019) that internal control mechanisms enhance operational effectiveness, efficiency, and competitive advantage in as well as protecting assets of an organisation and improving financial and operational performance.

In situations, where the effects of weak and ineffective internal controls are manifested in fiscal imprudence, misuse of resources, and wastage of assets, local governments are unable to deliver municipal services and other amenities in the communities. The findings of the research did not align with the tenets of the institutional theory, which established rules, regulations, laws, and directives that institutions should adhere to.

5. CONCLUSION AND RECOMMENDATIONS

The paper has provided evidence that the internal controls of the selected local governments were similar to the standard controls comprising five components and 17 principles with 87 points of focus. The five components were control environment, risk assessment, control activities, information and communication, and monitoring. However, the controls were weak and ineffective as manifested by several irregularities which impeded propriety and soundness to achieve the required objectives of the Assemblies. The irregularities included disregard for operational norms, laws, regulations and rules; management flaws; negligence; employment of unquantified people; procurement breaches; and non-enforcement of sanctions.

Based on the conclusion, the following recommendations are made:

1. The Office of the Head of the Local Government Service (OHLGS) should commend management bodies of local governments for putting in place standard internal controls and encouraging them to continue to act same.
2. OHLGS should prevail on management bodies to comply with the internal controls that have been put in place in local governments to strengthen transparency and accountability initiatives.
3. OHLGS should sanction management bodies for not complying with the internal controls of the local governments in their operations.

4. The Auditor-General's Office should evaluate the existing oversight mechanisms to strengthen the capacity of its field personnel to deal with the gaps in transparency and accountability in the processes of local governments.
5. OHLGS should develop capacity-building programmes for the local government officials based on their areas of weaknesses.
6. OHLGS should enforce community participation in the activities of the local governments.
7. The perpetrators of these vices need to be punished severely by the relevant law enforcement agencies to serve as deterrent to others who have similar motives.

6. LIMITATION OF THE STUDY AND SUGGESTIONS FOR FUTURE RESEARCH

The findings cannot be generalized due to the use of small sample associated with qualitative research such as this. They are limited to the six selected local governments. In essence, qualitative research focuses on understanding and analysing situations rather than gathering representative data (Delmar, 2010). With caution, the findings of this study can be generalised to all LGIs. This work proposes that the mixed methods technique could be used in future research.

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