PRESBYTERIAN UNIVERSITY COLLEGE
OKWAHU CAMPUS

DEPARTMENT OF BUSINESS ADMINISTRATION

TOPIC
IMPACT OF IMPROPER BOOKKEEPING ON INSTITUTIONAL MANAGEMENT

(A CASE STUDY OF THE GHANA INSTITUTE OF LANGUAGES,
ACCRA CITY CAMPUS)

BY

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MAY, 2011
DECLARATION

I do hereby declare that I have wholly undertaken the study reported herein under supervision. This work is the result of my own effort, and that it has not, either in part or the whole, been presented elsewhere as part of any academic requirement, except other works consulted for which appropriate acknowledgement and referencing has been done.

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DEDICATION

I dedicate this book to all lecturers of Presbyterian University College for being wonderful lecturers from whom I have learnt a lot. What I learnt has brought about a great change and transformation.

I dedicate this book to my brother and friend; Mr James who helped me to come up with this project work, and Mr Albert Kwabena Addo, for being a wonderful dad.
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All thanks be to the Almighty God for how far He has brought us. I thank God for His grace and blessings and mercies as well.

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I offer my gratitude to Mr Albert Kwabena Addo and Mr James for their financial support. My mother and friend, Mrs Genevieve Addo, cannot be left out for her unending love and moral support.

I would like to thank Mr Andre Egar, who offered to help me even though we had never met before. God richly bless you.
ABSTRACT

The effect of improper bookkeeping on institutional management is enormous. The survival of every institution, organization and business relies on the work of bookkeepers. The study into bookkeeping was motivated by the invaluable role they play in the socio-economic development of the country.

Interestingly, the performance of most bookkeepers has been abysmal and lack the expertise needed for efficient bookkeeping and efficient financial management to ensure better utilization of fund that is accumulated.

The Ghana Institute of Languages, Accra city campus, was used as a case study. In so doing, relevant questions about the subject area were asked. The data collected from respondents were fully analysed with tables, percentages, bar charts and pie charts to find out whether the purpose of the work was achieved.

The findings from the information analysed indicated that the institution does not lack quality human resource; the treasury department do have knowledge of the international accounting standards and the International Financial Reporting Standards (IFRS).

In this regard, valuable suggestions and recommendations have been made for consideration and it is believed that the recommendations would help accelerate proper bookkeeping in the country. This will improve the activities of bookkeepers in the provision of services to the general public.
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CHAPTER ONE

1.0 Background

In recent years, there has been an unprecedented level of interest in the operations of bookkeepers in institutions as related to management globally. Improper bookkeeping has been in practise in most institutions all over the world for several years and this has led to the collapse of most companies. Examples of such practices are the financial scandals that rocked the corporate world in recent years (Enron, WorldCom, Parmalat, and Lehman brothers) have involved a number of these different ethical issues. In these cases, senior managers have engaged in improper bookkeeping that has led to the collapse of these giant companies. Therefore, there is the need to introduce business ethics and the best practices in institutions. Improper bookkeeping is one of the reasons that businesses fail. This affects management decisions negatively. "Accounting involves deciding what amount of money are, or will be involved in transactions(often buying and selling transactions) and organizing the information, obtaining and presenting it in way that is useful for decision making".(Drury and Colin1997). The primary objective of accounting is to provide information for decision making, and then management accounting is to produce financial forecasts that guide planning. Hence improper bookkeeping hinders institutional growth and development. Therefore, ethical standards and internal control systems are to be initiated to check improper bookkeeping practices in various institutions.

It is upon these reasons that this study brings to light the impact of improper bookkeeping on institutional management.
The Ghana Institute of Languages (GIL) was established by an Executive Instrument (E.I 114) called the Ghana institute of languages instrument, 1963 pursuant to the parent act known as the statutory corporations act, 1961 (ACT 41).

The great institution has been practicing proper bookkeeping but is faced with problems of ethics. This applies to a lot of institutions in Africa, which has led to the failure of a number of them. This problem also affects management decisions, and therefore, affects institutional management.

1.1 Problem Statement

Globally, proper bookkeeping is being practiced by all institutions and organizations to see to the smooth running of such entities. Proper bookkeeping and accounting, is the process of identifying, measuring, recording and communicating economic information about an organization or other entity, in order to permit informed judgements by users of the information. Bookkeeping encompasses the record keeping aspect of accounting and therefore, provides much of the data to which accounting principles are applied in the preparation of financial statements and other financial information. This information is sometimes not entered properly in the books and it goes a long way to affect the users of the information. Bookkeeping has its own problems due to lack of skilled personnel, and adherence to rules and regulations in financial management and principles. This has led to the collapse of most organizations globally.

In recent decades however, an authoritative body such as the Financial Accounting Standards Board has determined standards or rules for accounting concepts.

Secondly, this problem of improper bookkeeping has been with us in Africa for so long, especially, Ghana. It can be witnessed in the collapse of Bank for Housing and Construction in 2000 and the ‘Ghana @ 50’ scandal in 2010 and also, the parliamentary
accounts committee investigations on various government institutions and agencies. These shows there are a lot of problems with improper bookkeeping in Ghana and in the world. This affects the survival of institutions and institutional management as a whole.

1.2 Objectives of the Study

Specifically, the research aim to discover the following:

1. To find out whether accountants understand the various provisions of the international accounting standards in relation to institutional management.
2. To find out whether accountants of institutions have the basic bookkeeping skills.
3. To find out the role the accounting functions ply in ensuring efficient utilization of funds.
4. To find out how improper bookkeeping affects institutional management.
5. To analyse how improper bookkeeping has caused the collapse of institutions.

1.3 Research Questions

1. Do accountants have basic skills in bookkeeping?
2. Do accountants understand the international accounting standards in relation to activities of institutions?
3. Are there internal controls systems that capture all financial activities and do bookkeepers understand such controls?
4. Do accountants have the expertise in bookkeeping and do they know the effects of improper bookkeeping?
5. Why do accountants have the knowledge but lack expertise?
1.4 Significance of the Study

Hopefully, the results or outcome of this research project will have positive implications to the following:

Accountants and prospective accountants: With the result of this study, accountants and aspiring accountant would have a better grasp of critical factor that make or break their institution. Thus, the outcome of the study will enable accountants to plan and strategize better in practicing proper bookkeeping to make their institutions more successful.

Policy-makers and government agencies; the results of this study can be an important guide for development planners and policy-makers in their plan to identify, understand and support those factors consistent with proper bookkeeping practices. Consequently, they can count on the in-depth findings of this research in the formulation of policies to streamline the activities of bookkeepers.

Increase public interest in the role of bookkeeping in institutional development and the socio-economic building of the nation and will be valuable to institutions, because improper bookkeeping issues and financial management would be addressed.

Researchers and students, this study may serve as a reference for students in their future research work, lecturers my use it as a guide and as an example to clearly expel to engaged in research studies my avail of the recommended research problems for further studies.

The researcher: the experience gained from this study will help the researcher to do more research. This undertaking will be a preparation for future responsibilities.
1.5 Scope of the Study

In order to address the central problem of improper bookkeeping on institutional management, the researcher limited the study by selecting institutions, thus, the Ghana Institute of Languages accounts office at the Accra City Campus.

1.6 Limitations

In the process of conducting this research, several constraints cropped up which to some extent might have had some bearing on the results of this study; These hindering factors include financial constraint, thus and time consumption. Releasing of information was a major challenge. Inaccessibility of some respondents for follow-up interviews, and also, confidentiality of some relevant information were other challenges.

1.7 Organization of the Study

CHAPTER ONE-It consists of the background. It includes statement of the problem, the objectives, the research questions and the relevance of the study, the scope and chapter organization.

CHAPTER TWO-It is devoted to the review of related literature. Much attention will be paid to theoretical and empirical review on the subject.

CHAPTER THREE-It focuses on the research methodology used in collecting information for the research work and how data will be analysed. It will focus on population description, tools for data analysis, sampling procedure, data collection instruments, validity and the limitation of the study.

CHAPTER FOUR-It covers the results, findings and discussions.
CHAPTER FIVE-It concludes with a focus on summary, conclusion and recommendations.
2.0 International Accounting Standards

The purpose of international accounting standards is to enforce global standards that will promote transparency and accountability for a sector whose influence and visibility are growing all over the world. The financial accounting standards board (FASB) has proposed significant changes in how organisations report certain financial information. The reporting guideline will permit a complete set of financial statements which includes a balance sheet, an income statement, and a statement of changes in equity and a cash flow statement with appropriate notes.

The FASB proposal encourages reporting expenses by natural classification, an increasingly popular practice of health care providers. However, FASB believes that institutions have special obligations to provide information about service efforts and use of resources, so the proposal requires institutions to report expenses by functional classification.

The primary objective of financial reporting by institution is to provide information about the financial position, performance and cash flows of the organisation that is useful and indeed, necessary for a wide range of users to engage in informed decision making.

Financial reporting prepared for this purpose meets the common needs of most users. However, financial reporting does not provide all the information that users may need to make decisions since they mostly portray the financial effects of past events. Financial reporting also shows the results of the stewardship of management for the resources entrusted to it. Those users who wish to access the stewardship or accountability of management do so in order that they may make sound decisions.
The standard on inventories (IAS2) is expected to cover items purchased by an entity for future date or consumption, still held at the balance sheet date.

The investment properties standard (IAS40) comprises a very comprehensive and complex process with regards to any land or buildings owned by an entity solely as an investment with consequent need to recognize any appreciation or depreciation in such property.

2.1 Investments

Accounting for investments (IAS25) has since been replaced with the new IAS39: financial instruments; Recognition and Measurement, IAS32, financial instruments; disclosure IFRS7, financial instruments, presentation, which together have also introduced provisions relating to derivatives and hedging. These are comprehensive and complex standards. For the purposes of easy application, investments in associates (IAS28) should be accounted for using the equity method.

As in the case of IAS25, for the purpose of retaining a less complicated process, it seems appropriate that intangible assets be governed by the July 1999 version of IAS38, ignoring the recent amendments introduced through IAS36; impairment of assets and, IFRS3; business combinations. With regards to interim financial statements, it is suggested that the level of details be limited, given the limited capacity and resources that may be available within many institutions.

IAS23 borrowing costs revised- the main change from the previous version of IAS23 is the removal of the option of immediately recognizing as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or for sale.

IAS1 presentation of financial statements revised- the changes made to IAS1 are to require information in financial statements to be aggregated on the basis of shared
characteristics and to introduce a statement of comprehensive income. This will enable readers to analyse changes in a company’s equity resulting from transactions with owners separately from ‘non-owner’ changes. The revisions include changes in the titles of some of the financial statements to reflect their function more clearly. The new titles are not mandatory for use in financial statements.

Amendment to IAS32 and IAS1- Amendment to IAS32 financial instruments, presentation and IAS1 presentation of financial statements potable financial instruments and obligations arising on liquidation.

The amendments require entities to classify the following types of financial instruments as equity, provided they have particular features and meet specific conditions:

a) A suitable financial instrument (for example, shares issued by co-operative entities).

b) Instruments or components of instruments, that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation (for example, partnership interests and shares issued by limited life entities). Additional disclosures are required about the instruments affected by the amendment.

Amendments to IFRS1 and IAS27: amendments to IFRS standards and IAS27 consolidated and separate financial statements: cost of an investment in a subsidiary, jointly controlled entity or associate. The amendment allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial investments in subsidiaries, jointly controlled entities and associate, in a separate financial statement of the investor.

Amendments to IFRS7. Amendments to IFRS7-financial instruments disclosures; improving disclosures about financial instrument. That amendment increases the disclosure requirements about fair value measurement and reinforces existing principles
for disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosure and requires some specific quantitative disclosure for financial instruments in the lowest level in the hierarchy. In addition, the amendment clarifies and enhances existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities.

Amendments to IAS39: amendments to IAS39 financial instruments; recognition and measurement eligible hedged items. The amendment makes two significant changes. It prohibits designing inflation as hedgible component of a fixed rate debt. It also prohibits, including time value in the one-sided hedged risk when designated options as hedges.

IFRS1; first time adoption of International Financial Reporting Standards Revised: the revised standard has an improved structure but does not contain any technical changes.

IFRIC17 distributions of non-cash assets to owners: IFRIC17 applies to the accounting for contributions of non-cash assets (commonly referred to as dividends in specific) to the owners of the entity. The interpretation clarifies that a dividend that is payable should be recognized when the dividend is appropriately authorised and is no longer at the discretion of the entity, an; an entity should measure the dividend payable at the fair value of the net assets to be distributed, and an entity should recognize the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss.

2.2 Financial Accounting

According to Jerning, (1990), financial accounting is defined as ‘the art of recording, classifying and summarizing in a significant manner in terms of monetary transactions and event, interpreting the result thereof’. 
Wood and Sangster (2005) also define financial accounting as ‘the process of identifying, measuring and communicating economic information to permit informed judgement and decision by users of the information’. The users of financial information include creditors, customers, bankers, managers, employees, investors, state institutions, shareholders, prospective buyers, investors, etc.

2.3 Financial Management in Relation with Other Areas
For financial management to be effective in every organization, it is essential that the financial manager acquaints himself on other areas such as financial accounting, management qualitative analysis, etc. so as to have a fair knowledge in those areas.

2.4 Financial Analysis
Financial statements report on both a firm’s position at a point in time and on its operation over some past period. However, the real value of financial statements lies in the fact that they can be used to help predict future earnings, dividends, and free cash flow.

From the investor’s standpoint, predicting the future is what financial statement analysis is all about. While from management’s standpoint, financial statement analysis is useful both to help anticipate future conditions, and more importantly, as a starting point for planning actions that will improve the firm’s future performance. (Brigham and Earnhardt, 2002).

2.5 Financial Control
According to one writer, a firm’s survival and even, success, is its ability and willingness to maintain operations, and its investment in working capital, are to a considerable extent,
determined by its financial policies. Sound management is the key to a small business’ success and effective management realizes that any successful business venture requires proper financial control.

Effective financial planning enables a business to achieve a fair return on invested capital to maintain a satisfactory working capital, a proper balance among accounts receivables, inventories and fixed assets. It helps to evaluate the effect of markets, products, competition and sales level upon gross profit. Cash can be controlled through the careful management of cash receipts, cash payments and on hand (A... and Wellsfry, 1983). An important aspect of financial control is managing cash receipts. One of the unique features of the business world is that, it operates to a large extent on promises called credit (Miranda, 1987). Successful small business owners quickly discover that some customers will postpone payment on their accounts as long as possible. As such, efficient financial control requires the prompt collection of every sale. Credit policies may vary from one enterprise to the other. However, any credit terms and what credit period it will adopt as well as its credit limits. According to Miranda (1987), a sound credit management principle revolves around 3 T’s:

1) Estimation: all available sources of credit information must be tapped and utilized.
   For individuals who buy for consumption, character and ability to pay, serve as an important basis for the credit, white.....the net worth: the business conditions, and reputation of paying bias promptly serve as the basis for businesses.

2) Enforcement: granting credit is one phase of the coin whiles collecting the debt is another. An efficient collection system keeps and maintains collection records, indicating when notices were sent, payment made, balance due, etc.

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3) Evaluation: Sound credit management policy dictates that results must be evaluated against the firm’s policies and procedures. Thus, records must be periodically managing cash payments.

While the effective management of cash receipts requires cash flowing into the business as fast as possible, effective management of cash payments dictates the proper use of credit and control of payment for the best. The time of payable is as crucial as the timing to receivables. In order to be the successful, the entrepreneur has to strive to stretch out payables as long as possible without damaging the enterprises credit rating (Scarborough and Zimmerer, 1993).

2.6 Managing Cash in Hand

The amount of cash that is readily available for use in the business should be the minimum required to get by. According to Ames, there are three ways in which to control cash and improve profitability. First, the business accounts should be separated from personal accounts of the owner. Second, there should be an open and maintenance of a checking account for the business owners avoid a cash crisis make the best use of cash.

- Management needs organized, documented, timely, and well-kept policies and long range plans to match the present pace of change in the business world and maintain a competitive edge through financial control. A study of ten unsuccessful small businesses showed all had accounting systems so imprecise that the state of the business remained unknown even to the owners. In contrast, a similar study of ten successful ventures revealed complete accounting systems and informed managers who know how to use the financial data in running the company (Kline et al, 1982). Basically, all efficient record keeping system provides management two types of information on past and present performance (Ibrahim and Ellis, 1993). The first
type is accounting information such as sales volume, inventory, accounts receivables and the overall profitability and financial picture of the business. The second type is the general information such as employees’ record and performance, information about the firm’s suppliers and customers, and any other information important to the operation of the business. A systematic record keeping is of little use unless the entrepreneur has a good knowledge and understanding of accounting and finance techniques. Studies have consistently shown that accounting skills is critical to the small business success and survival. According to Cohen (1990), the four basic records required for any good small business are:

- Sales records
- Cash receipts
- Cash disbursement
- Accounts receivable

These records as noted by Cohen should be accurate (free from error) and relevant to the business. It should be consistent throughout the system and current. Also, it must be simple to use and easy to understand.

2.7 Management in the Accounting Process

Management is a form of work that involves coordinating an organization’s resources, land, capital and labour towards accomplishing organizational objectives.

In the words of Griffin (2005), ‘management is a set of activities (including planning and decision making, organizing, leading and controlling) directed at an organization’s resources (human, financial, physical and information) with the aim of achieving organizational goals in an efficient and effective manner.’
Kreiter, (2000) defined management as a process of working with and through others to achieve organizational objectives in a changing environment.

Management concepts apply equally to aid entities. Efficient and effective management are central to management activities which must be present to ensure growth and the generation of funds and the attainment of the organizational objectives.

Managers engage in certain basic activities. These activities are often grouped into conceptual categories called functions of management. These categories are: planning, organizing, leading and controlling which is represented below;

**Figure 1.0**

**Management Functions**

- **Planning**
  - Choose appropriate organizational goals and course of action that achieve those goals best

- **Organizing**
  - Establish task and authority relationship that allows people to work together to achieve organizational goals

- **Controlling**
  - Establish accurate measuring and monitoring systems to evaluate how well the organization has achieved its goals

- **Leading**
  - Motivate, coordinate and energize individuals and groups to work together to achieve organizational goals

*Figure 1.0: a diagram showing the management process in an organization*
A. Planning- planning is the process that managers use to identify and select appropriate goals and course of action. This process involves deciding which goals the organization will pay particular attention to. Deciding what course or action to adopt and how to advocate organizational resources to attain those goals.

Jain (2002) defined planning as the ascertainment of the course or objective of a business, division or department to attain maximum profit effectiveness, the establishment of policies and continuous seeking and finding out new and better ways to do things.

B. Organizing- according to Ivancevic et al (2002), organizing is the function of management that assigns the task identified during planning to individuals and groups within organization so that objective set by planning can be achieved. Organizing is the process that managers use to establish a structure of working relationship that allows organizational members to interact and cooperate to achieve organizational goals. It involves grouping people into departments according to the kind of job-specific task they perform.

C. Leading- Nwanchukwu, (2007), in his definition of leading said, ‘leading deals with the use of communication, leadership and motivation to guide subordinates towards the attainment of organizational objectives.’ In leading, managers do not only articulate a clear vision for organizational members to follow but also energize and enable organizational members so that they understand the part they play in achieving organizational goals.

Leading depends on the use of power, influence, vision, persuasion and communication skills to coordinate the behaviours of individuals and groups so that their activities and efforts are in harmony and to encourage employees to perform at high levels.
D. Controlling- controlling is defined by Griffin (2005) as the process which involves evaluating how well an organization is achieving its goals and take actions to maintain or improve performance. Managers monitor the performance of individuals, departments and the organization as a whole to see whether they are meeting desired performance standards.

E. Management functions are assimilated in an organized environment. Therefore, organization is a group of people working together in a structured and coordinated fashion to achieve a set of goals.

A manager is someone with the requisite skills and knowledge, whose primary responsibility is to carry out the management process. (Griffin, 2005)

2.8 Financial Management

A statement by President Reagan once proclaimed as ‘an American success story, for a company in today’s world, surviving one scare is not enough’. Today the business world involves a continuous series of challenges. (Keon et al, 2005).

Keon et al (2002), indicated that financial management is concerned with the maintenance and creation of economic value or wealth. It is also concerned with the acquisition, financing and management of assets with some overall goals in mind. Thus, the decision function of financial management can be broken down into three major areas; investment, financing and asset management respectively.

Financial management provides a framework for the maintenance and creation of wealth by introducing decision making techniques aimed at creating wealth. The goal of the firm preferably should be the maximization of shareholders’ value, by which is meant maximization of the price of existing stock. Not only will this goal be in the best interest of shareholders, but it will also provide benefits to society.
A sound financial management of an organization involves certain process which includes planning and programming, budgeting, executing of accounts and review (auditing). This is shown in a diagram below

**Figure 1.2**

A diagram showing the financial management process of an organization.

Source: study note

**Planning and Programming:** The diagram above shows the financial management activities of an organization. Plans and programs need to be formulated by the management team. The planning activities of an organization give specific expression of its development strategies in financial management.

Planning, in financial management of a firm represents selecting the course of action by a systematic consideration of alternatives to achieve policy objectives. Effective financial
planning by institutions and judicious use of funds will enhance the stability of funds by expending mainly on core activities.

**Budgeting:** according to Freeman et al, (2006), budgeting is the process of allocating scarce resources to unlimited demands. The budget process involves careful and realistic estimation of revenue for the ensuring period based on relevant economic and financial data and the results achieved in the preceding budget period; on the expenditure side, the budgeting process involves the estimation of how funds will be used judiciously to make profit out of the generated revenue.

**Budget Execution:** It is an action which translates the budget proposal into practice, thus making business plans and programs a reality. Accounting plays a vital role in the budget execution stage and is an indispensable tool for effective management and monitoring of executed budget. The records on receipt, expenditure and all related activities provided by the financial information are essential in the efficient management of the organization operations.

**Auditing and Evaluation:** Auditing emanated from the need to how money and other assets and resources generally have been expended and safeguarded by the organization within a particular period. According to Appiah-Mensah, (2002), the financial management process ends with evaluation, which has additionally taken the financial statement and reports of any organization are audited by both internal and external auditors to find out how the organization’s resources have been spent and how it has benefited the organization. This process enables the management of the organization to report its achievement, problems and policy makers to take corrective measures in the future. Evaluation seeks to ensure that what has been achieved is in line with plans and goals of the entity.
2.9 Internal Control Systems

Internal control measures are very vital in the lives of every organization. Therefore, an efficient accounting system complemented by effective internal controls in institutions can provide reasonable assurance that assets are protected and the business interest safeguarded.

According to Appiah-Mensah, (2002), ‘internal control systems are interrelated controls instituted by management to further the business interest, regulating the discharge of expense and liabilities on due date, ensuring that financial, technical, operational and other policies instituted by management are in effect, and that the accounting system is able to capture and record business transactions completely, accurately and reliably in compliance with relevant legislation and accounting standards.’

Internal controls regulate transactional processing within an organization. They ensure that whatever is being done before a transaction takes place is in the right and proper direction.

Internal control system comprises the control environment and control procedures, and the plan of the organization and all the methods and procedures, and the plan of the organization and all the methods and procedures adopted by the management of an organization to assist in achieving objectives of preventing fraud.

A synthesis of the literature reviewed implies similarity in factors contributing to proper bookkeeping practices, with a lot of attention denoted to bookkeeping standards and principles, and their interpretations. However, the background of the bookkeeper does not does not automatically determine proper bookkeeping practices. It is the subsequent unfolding of events, including application of rules and regulations, standard and the various accounting standards that determine proper bookkeeping practices or improper bookkeeping practices. The non-adherence to these rules and regulations, standards and
best practices leads to improper bookkeeping, which has an effect on decision making and also affects institutional management decisions negatively.

2.10 Empirical Studies

A sound financial management of an organization involves certain process which includes planning and programming, budgeting, executing of accounts and review (auditing).

2.11 Enron Scandal

Enron scandal, a business scandal that came to symbolize the excesses of corporations during the long economic boom of the 1990’s in United States. Billed by Fortune Magazine as ‘America’s most innovative company’ for six straight years from 1996 to 2001, the Enron Corporation became the largest bankruptcies in U.S history in December 2001.

The company’s spectacular collapse resulted from the disclosure that it had reported false profits, using accounting methods that failed to follow generally accepted procedures. Both internal and external controls failed to detect the financial losses disguised as profit for a number of years. Enron’s managers, whose activities brought the company to the brink of ruin, escaped with millions of dollars as they retired or sold their company stock before price plummeted. Enron employees were not so lucky. Many lost their jobs and a hefty portion of retirement savings invested in Enron stock.

The Enron scandal played a major role in shaking investor confidence in American business because the firm was able to hide its losses for nearly five years outside agencies, such as accounting firms, credit rating businesses and stock market analysts failed to warn the public about Enron’s business losses until they were obvious to all.
Internal controls did not work, either. Enron’s board of directors and, especially its audit committee, apparently did not understand and complicated financial activities undertaken and consequently did not provide adequate oversight.

The scandal resulted in new legislation that reformed accounting practices and strengthened the ability of the Securities and Exchange Commission (SEC) to investigate accounting fraud. The public company accounting reform and investor protection act of 2002 provided for the strictest government oversight of business reporting since the new deal legislation of the 1930’s. In addition to the failure of external auditors and internal corporate oversight, many experts believed that the federal government also bore some responsibility for the situation. Politicians in both legislative and executive branches received millions of dollars in campaign donations from Enron during the period when the federal government decided to deregulate the energy industry. Deregulation was the critical act that made Enron’s rise as a hundred–billion company, possible.

How did Enron ‘fool’ so many for so long? Among those left holding Enron stock or debt were major pension funds and investment banks, regarded as the shrewdest investors around. To avoid reporting its mounting losses and to give the appearance of rapid earnings growth, Enron undertook creative accounting. For example, it priced the value of its reserves merited. It claimed that contracts due in the future were worth more than they were. And most famously, it hid losses in partnerships, or what was legally called ‘Special Purpose Entities’ (SPEs).

SPEs reflect a common financing technique for companies. Companies can cut their risk by moving assets into separate partnerships that can be sold to outside investors. In Enron’s case, assets that were losing money were sold to partnerships. Enron listed sales of these assets as earnings. However, to be legitimate, accounting rules require that an SPE be legally isolated from the company that created it. In Enron’s case, this was not
true. The SPEs relied upon Enron managers for leadership and Enron stock for capital. When external auditors told Enron to treat some of the four thousand SPEs it had created as part of Enron, the company had to take one billion dollars charge against earnings. Where were Enron’s audit committee and its external auditing firm, Arthur Anderson LLP? These bodies were responsible for assuring investors and the public that the firm’s financial statement were true and accurate. Apparently, the company’s audit committee in particular and the company’s board of directors in general failed to meet their responsibilities because they lacked enough information about Enron’s complicated financial manoeuvres. Moreover, they had close ties with management and receive ample compensation for their service, so they apparently felt little incentive to ask difficult questions.

The external auditing firm, Arthur Anderson, failed to act in part because it made more money providing consulting services for Enron than it did providing auditing services. When challenged by the federal government in court, Anderson claimed it was not responsible because it could only work with the numbers provided by the company. However, a jury found the firm guilty of obstructing justice in June 2002 for destroying documents in anticipation of an SEC investigation. Anderson was one of the earliest casualties of the Enron scandal, as it lost its major accounts and ceased to be one of the world’s five largest accounting firms.

The year 2001 brought sobering news. In March, a planned deal with blockbuster Incorporated, a motion-picture video rental company, to provide movies over the internet was conceited. In April, Enron revealed that it owed more than five hundred million dollars by bankrupt California energy companies. In August, its chief executive officer (CEO), Jeffrey Skilling, resigned, a sign that all was not well in the company. On October 16, Enron reported a third –quarter loss of six hundred and eighteen million dollars. The
next day, Enron revealed that due to an accounting error it had overstated the company’s net worth by more than one billion dollars. The two reports caused investors to lose confidence in Enron and its stock price fell. Meanwhile, the SEC began an investigation of Enron because some of the losses reported were due to complex partnerships. In November, Enron restated its earnings for the past four years, saying that its profits $568 million less than it had previously announced. Enron’s stock fell still farther and Enron’s credit rating faltered while creditors demanded repayment. All attempt to survive by merging with another energy company, Dynegy, failed. Unable to pay its bills, Enron filed for chapter II bankruptcy on December 2, 2001. Experts predicted that the company would not survive bankruptcy intact, its assets would be sold to satisfy creditors and the firm would eventually disappear.

2.12 Worldcom Scandal
In June 2002, WorldCom admitted that it had falsely reported $3.85 billion in expenses over five quarterly periods to make the company appear profitable when it had actually lost $1.2 billion during that period. Experts said it was one of the biggest accounting frauds ever. The company fired its chief financial officer and laid off about 17000 workers, more than 20% of its workforce. The company’s stock price plummeted from a high of $64.50 in 1999 to 9 cents in late July 2002 when it filed for bankruptcy protection.

The Securities and Exchange Commission (SEC), the United States Department of Justice and the U.S Congress all opened investigations into WorldCom’s accounting scandal. The admission of accounting fraud followed similar developments at other major companies, most notably the Enron Corporation and was blamed for helping send stock markets into a major decline during 2002.
In February 2004, the U.S justice department handed down indictments against Bernard J. Ebbers, the former chief executive of WorldCom and Scott D. Sullivan, the former chief accounting officer. Sullivan pleaded guilty to the charges in a plea agreement in which he agreed to be the chief witness against Ebbers who pleaded not guilty. A jury convicted Ebbers in March 2005 of securities fraud, conspiracy and filing false reports with regulations. In July, Ebbers was sentenced to twenty five years in prison. A number of other lower-ranking WorldCom financial executives were also indicated and pleaded guilty.

In March 2004, in a formal filing with the SEC, the company detailed the full extent of its fraudulent accounting. The new statement showed the actual fraud amounted to $11 billion and was accomplished mainly by artificially reducing expenses to make earnings appear larger. After restructuring its debt and meeting other requirements imposed by a federal court, the company emerged from bankruptcy protection in April 2004 and formally changed its name to MCI, Incorporated.

Even as it emerged from bankruptcy industry observers anticipated that MCI would need to merge with another telecommunications firm in order to compete against larger companies. The merger materialized less than a year later in February 2005, when Verizon Communications Incorporated announced its acquisition of MCI for about $6.7 billion in cash, stocks and divided payments. MCI ceased to exist as an independent company under the terms of other merger, which was completed in 2006.

The accounting fraud uncovered at WorldCom proved to be the largest in U.S history. The company overstated its earnings by $11 billion and its subsequent bankruptcy case investors an estimated $200 billion. The United States Department of Justice brought criminal charges against WorldCom’s former chief financial officer and the SEC filed civil lawsuits against from former WorldCom executives.
One result of these revelations of accounting and financial irregularities was the passage of the accounting Reform and investor protection act of 2002, often referred to as the Sarbanes-Oxley act of 2002 for the legislation who sponsored it.

The legislation sought to improve the accuracy of financial statements and to ensure full disclosure of information in these statements. It also created an oversight board for accounting practice, strengthened the independence of public accounting firms in their auditing activities, increased corporate responsibility for the accuracy of financial statements and bought to protect the objectivity of securities analysts and to improve the SEC's resources and oversight functions.

2.13 The BCCI Scandal

Cartoonists portrayed the bank of credit and commerce international as an evil octopus embracing the globe. Wits nicknamed it the bank of crooks and criminals.

According to Manhattan District Attorney Robert M. Morgenthall, the BCCI scandal that came to light in 1991 was the largest bank fraud in world history. Perhaps no other criminal enterprise has involved or at least embarrassed so many prominent people, from billionaire Arab Sheikh to third world dictators to present and former leading figures in the U.S and British governments. Certainly none could match the international web of financial chicanery, pellicle intrigue and unsavoury figures with which BCCI was said to be associated.

The scandal broke on July 5, when in a coordinated suu authorities seized BCCI's assets in the seven countries or territories with its largest operational Great Britain, Luxembourg, the Cayman Islands, the United States, France, Spain and Switzerland. The seven governments acted after a special audit commissioned by bank of England found
that BCCI generated significant losses over the last decade and may never have been
profitable in its entire history.
More than to other countries where the bank operated were notified on the actions and
asked to cooperate. By July 29, when a Manhattan grand jury indicated BCCI along with
its founder and former chief executive on charges of fraud, money laundering, bribery
and theft, a total of 44 countries had closed BCCI offices in their respective jurisdictions.
Total claims against the bank were estimated at $20 billion dollars while its assets were
believed to be less than $10 billion.
BCCI had been founded in 1972 by a Pakistani banker, Aga Hassan Abedi and a handful
of compatriots whose ambition was to create a world-class bank that will be a Muslim
competitor of the big western financial institutions and would serve the interest of
developing countries. Having little capital, however, they needed massive infusions of
funds from other sources. The bank of America initially held in the bank a 25%, which it
sold in 1980. Pursuing its aim of rapid growth, BCCI gambled on futures and options
trading and extended high risk loans. It raised millions of dollars through bookkeeping
tricks that inflated profits and helped cover massive trading losses.
To provide an illusion of financial stability, BCCI executives convinced a few members
of ruling families in Middle Eastern countries and several business men in the region to
pose as owners of the banks holding company. In April 1990, in order to bolster BCCI’s
sagging financial position, Sheikh Zayed bin Sultan al-Nahyan, a ruler of Abu Dhabi and
his government provided $400 million in additional capital, increased their ownership
share from about 30percent to 77percent.
By this time, the bank had built up a corporate structure so complex that it could operate
virtually unregulated all over the world. With more than 400 shell companies, offshore
banks, branches and subsidies, it used unregulated accounts in the Cayman Islands or
elsewhere to hide crooked operations with fictitious transactions. BCCI was a giant Ponzi scheme. Funds from more than a million depositors and at least 20 central government banks, mostly in developing countries were shifted around or paid when necessary to maintain the bank’s credibility in financial markets, but huge sums disappeared by means of outright theft or loans on which the interest or even the principal was not collected. A separate set of books kept by BCCIs to management concealed these activities from auditors.

BCCI found it profitable to help dictators, drug dealers and terrorists with their finances. Among those said to have used the bank to loot national treasuries, launder drug profits or conduct clandestine arms deals were Philippine President Ferdinand Marcos, Iraqi President Saddam Hussein, Panamanian leader Manuel Noreiga and Palestinian terrorist Abu Nidal. According to a report in Time magazine, BCCI had a secret division known as the black network through which it engaged in its own arms dealing, contraband smuggling and intelligence gathering, using such enforcement techniques as bribery, blackmail, kidnapping and murder.

Banking experts say BCCI avoided exposure for so many years partly by seeking out areas where regulation was weakest. Its parent holding company was chartered and headquartered in Luxembourg, where holding companies are not subject to government supervision, and its two principal banking subsidiaries were in Luxembourg and the Cayman Islands, also known for its tax banking regulations. If BCCI encountered a legal impediment, it would often be able to circumvent the problem by creating a new affiliate or acting through one of its myriad existing entities.
LIST OF ACRONYMS

IAS-International Accounting Standards
FASB-Financial Accounting Standard Board
IFRS-International Financial Reporting Standards
IFRIC-International Financial Reporting Interpretations Committee
SEC-Stock Exchange Commission
SPEs-Special Purpose Entities
CEO-Chief Executive Officer
BCCI-Bank of Credit and Commerce
CHAPTER THREE

3.0 Introduction

This chapter gives an overview of the research design and methods and procedures adopted in collecting data for the purpose of this research work in order to get an insight into the effectiveness of the impact of improper bookkeeping on institutional management.

3.1 Research Methodology

In this study, qualitative research methodology was used as against quantitative research methodology which uses descriptive statistics. In the writings of Cooper and Pamela (2001), Quality is the essential characteristics of the nature of something; quantity is the amount. Quality is the ‘what’, quantity is the “how much”. Qualitative refers to the meaning, definition or analogy or a model characterizing something whiles quantity assumes the meaning and refers to the measure of it.

The researcher considers the descriptive survey design appropriate since it involves collecting primary data in order to answer questions concerning the objective of the study.

The following topics are covered with regards to the research methodology:

- Population
- Sampling procedure
- Data collection instruments
- Tools for data analysis
- Validity
- Limitations
3.1.1 Population Description

Population can be defined as the collection of all units of specified type over a given space and time. The population of this study refers to the class of institutions that has organizational structures. These institutions play an invaluable role in the socio economic well-being of its clients and the general public as a whole and the selected institution is the Ghana Institute of Languages in the Greater Accra metropolis.

3.1.2 Sampling Procedure

The process of selecting a group or product to be used as a representative of a statistical data where each member in the target population has equal chances of being selected is known as simple random sampling method.

The study seeks to look at the impact of improper bookkeeping on institutional management. Time constraint and cost did not allow the researcher to cover the entire population; therefore, the Ghana Institute of Languages was used to represent the target group as a replica of the whole population.

Utmost care was therefore taken in selecting the sample which provided adequate representation of the entire population under study. Hence a simple random sampling was adopted in selecting the case study.

3.1.3 Data Collection Instruments

Both primary and secondary source of data collection methods were used.

The primary sources included:

Questionnaire development
Administration of questionnaires
Informal interviews with the use of questionnaires
QUESTIONNAIRES DEVELOPMENT

In order to effectively solicit for required information to achieve the research objectives, the researcher used open questions, that is, where a question posed and the respondent provides his response in the space provided and closed questions were also used. In this case, a limited number of alternative responses to the set questions were pre-coded for the respondent to make choices to facilitate analysis.

ADMINISTRATION OF QUESTIONNAIRES

Data Gathering Procedure

The researcher heeded to the following procedure;

1. Upon final approval of the questionnaire by the researcher’s supervisor, a letter of introduction was secured and was used to participate in the administration of the instrument.

2. Appointments were booked at the premises of the Ghana Institute of Languages for the right information.

3. The researcher administered the questionnaires by visiting the specific institution. First of all, the researcher introduced herself as a student researcher and then asked for the director in charge. The researcher then explained the purpose of the study and how respondents undertaking would be valuable. The researcher then assumed the respondent that their identity as well as delicate information will be held in strict confidentiality. The researcher then handed the questionnaires to the officer in charge which was collected the same day (three to four hours). In extreme cases, where the researcher met the absence of some personnel, the questionnaires were left with the officer in charge to be collected the next day.

Out of 50 questionnaires distributed, 35 were completely answered and retrieved, 10 were partially filled, 3 were returned and 2 were rejected. Accordingly, the researcher
concentrated on those questionnaires which were completely and correctly filled for presentation, analysis and discussion of results.

INTERVIEWS

Interviews were conducted in person to solicit information about the views of the senior officers concerning the objectives of the research work.

DOCUMENTARY SOURCES

Secondary sources also included published literature (library materials) and unpublished materials from Ghana Institute of Languages, newsletters, brochures and journals. Lastly, materials from the internet were also used.

3.1.4 Tools for Data Analysis

Analysis of data was done manually by the researcher. A coding sheet for coding of data was prepared to help reduce data to a manageable size. A well designed software program called SPPS was used to make analysis more credible and easier. Findings were then presented using tables, bar charts, pie charts and diagrams where appropriate.

3.1.5 Validity

Validity is the extent to which a test measures what it intended to essentially measures what it intended to essentially measure.

Validity is a characteristic of a measurement concerned with the extent that a test measures. What the researcher actually wishes to measure; and that differences found with measurement tool reflect true differences among participants drawn from a population. Validity can be internal or construct.
Internal validity is the ability of a research instrument to measure what it is purported to measure whiles construct validity answers the question, what accounts for the variance in the measure? Construct also attempts to identify the underlying construct being measured and determines how well the test represents them. The data presented and the information analysed were views sampled and gathered from the organization studied and the departments concerned within the subject areas and are therefore, a true reflection of the issues on the ground. It does not contain any fiction or any imagery story.
CHAPTER FOUR
DATA PRESENTATION AND ANALYSIS, FINDINGS AND DISCUSSIONS

4.0 Introduction

This chapter is a presentation of analysis and processing of data collected from respondents in the study on the improper bookkeeping on institutional management.

4.1 Brief Background of the Organization

The Ghana Institute of Languages was established by an executive Instrument (E.1.14) called the Institute of Languages Instrument, 1963 pursuant to the parent Act known as the Statutory Corporations Act 1961 (Act 41). The GIL was continued in force by NLCD324 1969 and this has been the governing law of the Ghana Institute of Languages up till date. It is the only Institute of its kind in sub-Saharan Africa. The Institute attained tertiary status in 1999. The Institute is currently under the ministry of education, science and sports with the National council for Tertiary Education (NCTE) exercising oversight responsibility.

MISSION

The GIL exists as the leading institute, primarily for the teaching of modern languages and advising government as a way of promoting pan-Africanism and cordial relation between Ghana and other countries. The institute produces professional bilingual secretaries and translators to support the economic development and integration of Africa.
VISION

The vision is to become a pre-eminent international educational institutional geared towards the production of high quality graduates in modern languages that will help promote pan-Africanism and integrated economic development in Africa.

4.2 Educational Background of Workers

The table 1 presented below gives an overview of the educational background of workers working in Ghana institute of languages. A large number of the workers representing 33% of the workforce are undergraduates, additional 27% are polytechnic graduates and 17%, ADB, 13% RSA and finally 3% DBS. The greater number of the workforce is in the category of a higher level of education whose input is being relied on for routine activities.

So, there is no deficiency in the accounts department.

Table 1: educational background of workers

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>Number</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>University graduate</td>
<td>10</td>
<td>33</td>
</tr>
<tr>
<td>ICA</td>
<td>8</td>
<td>27</td>
</tr>
<tr>
<td>ADB</td>
<td>5</td>
<td>17</td>
</tr>
<tr>
<td>RSA</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>DBS</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: field work surveyed
Diagram showing the educational level of workers

Given the circumstances of the data gathered, if the institution faces the challenges of improper bookkeeping is due to negligence or fraud.

Management competencies

Table 2 showing staff competencies

<table>
<thead>
<tr>
<th>Professional competence</th>
<th>management</th>
<th>Commitment and zeal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>number</td>
<td>percentage</td>
</tr>
<tr>
<td>Yes</td>
<td>14</td>
<td>78</td>
</tr>
<tr>
<td>No</td>
<td>4</td>
<td>22</td>
</tr>
<tr>
<td>total</td>
<td>18</td>
<td>100</td>
</tr>
</tbody>
</table>
4.3 International Accounting Standards

The IAS is a document that provides stakeholders in the sector with relevant guidelines on disclosure, recognition and presentation of financial report to users of accounting information. The accounting department interviewed seem to have knowledge of the IAS and the various provisions intended to guide the activities of the institution. In this vain, financial report by the account department will inevitably meet the information needs of the general public.

Sampled views suggest that almost all personnel in the accounts department knows of the IAS and IFRS and know of it adoption in Ghana by the business community and institutions.
Table 3: International Accounting Standards and IFRS

<table>
<thead>
<tr>
<th></th>
<th>Knowledge of the IAS and IFRS</th>
<th>Knowledge of IAS and IFRS adoption in Ghana</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>number</td>
<td>percentage</td>
</tr>
<tr>
<td>Yes</td>
<td>14</td>
<td>70</td>
</tr>
<tr>
<td>No</td>
<td>6</td>
<td>30</td>
</tr>
<tr>
<td>total</td>
<td>20</td>
<td>100</td>
</tr>
</tbody>
</table>

Information needs of stakeholders in the sector are quit crucial to the survival of most institutions. The IAS and IFRS provide adequate guidelines, disclosure, recognition, etc. Therefore, knowledge in the area for standardization is very vital in ensuring that stakeholders keep faith in the institution.
4.4 Internal Control System

Table 4 is analysis of internal control measures that was sampled from respondents from the field work surveyed. The data shows nine out the twelve respondents agree there is adequate record on the activities of the accounts department of the institution lack management supervision control.

Such system makes it susceptible to unwholesome activities which would be detrimental to segregation of duties not present in the control due to negligence and trust.

**Table 4: internal control systems sampled in the organization**

<table>
<thead>
<tr>
<th></th>
<th>Financial records</th>
<th>Segregation of duties</th>
<th>Supervision</th>
<th>Authorization/approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>18</td>
<td>3</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>No</td>
<td>12</td>
<td>9</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>12</td>
<td>12</td>
<td>12</td>
</tr>
</tbody>
</table>

Source: field work surveyed

4.5 Disbursement of Funds

Table 5 below gives an indication of funds which were disbursed on programs within the period 2009-2010.

**Table 5: A table showing outflow and inflow of funds between 2009 and 2010**

<table>
<thead>
<tr>
<th>Department</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>30</td>
</tr>
<tr>
<td>Core activities</td>
<td>50</td>
</tr>
<tr>
<td>Others</td>
<td>20</td>
</tr>
<tr>
<td>total</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: field work surveyed
Figure 4: a pie chart showing the disbursement of funds

The table shows how funds received over the years were spent with reference to the information sampled from the respondents. The data indicates that about 50% of funds received were spent on the core activities while 20% of the funds received were used on other activities.
CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction
The chapter contains the summary of findings, conclusions draw by the researcher s to the impact of improper bookkeeping on institutional management. it also contains suggestions and recommendations.
The impact of improper bookkeeping on institutional management is outrageous; it tends to the failure and collapse of institutions. The survival of every institution or entity depend on efficient financial management and proper bookkeeping, it is obvious that prudent bookkeeping and financial management will ensure sustainability of core programs facilitate growth whip up the interest of stakeholders and the general public as well as create awareness as to how the future of the entity would subsist.
The institution should do their best to practice good ethics to the survival of their business and service to society.

5.1 Educational Background of Workers in the Accounts Office
The survival of any organization largely depends on the quality of the organization’s human capital and the ability to combine effectively with the factors of production. Interestingly, a huge number of the workers are people with moderate level of education; that is about 33% of them a people with formal education degree, HND, DBS and RSA, respectively.
Given the dynamic nature of modern institutions and the need to provide efficient services for the public in support of the mandate of the government, there is the need to employ good business ethics on order to achieve institutional goals.
5.2 Basic Bookkeeping and Financial Management Skills

The information or the data collected is unmistakably clear that a huge number of the workers have the needed skills to perform their routine activities but they lack expertise and education on ethical practices.

5.3 International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)

Accounting standards are rules and regulations and guideline principles that standardize the activities of institutions and entities. Meeting the informational needs of stakeholders require strict adherence to the provisions of the IAS and IFRS regarding the activities of entities since often, standards might distort accounting information and create a different picture.

Interestingly, sampled views from the bookkeepers revealed that most of the workers in the department have knowledge about the content and adoption of the IAS and IFRS which largely looks at recognition, measurement, disclosure and presentation of financial information.

5.4 Accounting Principles

Note to the accounts

IAS 1.103 requires that any information not presented in the face of the accounts should be disclosed as notes and referenced. The accounts of the institution are prepared without considering and detailing the face of the accounts.

This will make no meaning and to comprehend in detail, the issues involved in the presentation of the financial statement. A financial statement is prepared to inform stakeholders to make informed decisions about the future of the institution and therefore,
should be understood for its intended purpose. Therefore, it is inevitable to prepare a financial statement without disclosing material items that were not showed in the face of the accounts.

5.5 Internal Control Systems

Relevant information sampled on internal control revealed that inadequate financial data is kept on routine activities of the institution and most of these transactions are handled by senior accountant or the assistant accountant. There is not much segregation of duties within the institutional set up as a result of negligence in the accounts department. Imprest for petty payment is also disbursed and recorded by one bookkeeper. This situation can be abused by the bookkeeper. If care and supervision is not exercised, there can be misapplication of funds, which does not help in judicious utilization of incoming of the institution.

5.6 Conclusions

Efficient use of the accounting function, efficient financial management, proper bookkeeping and good ethics and internal control systems are every important in the day-to-day running of business entities, as well as institutions, even though profit maximization is not the core objective of most public institutions. Their role is to provide a particular product or service to society. Without prudent bookkeeping financial management systems, it cannot be realized.

The research topic, ‘The impact of improper bookkeeping on institutional management, a case study of the Ghana Institute of Languages (GIL)’

Upon the findings from the data analysed through the administering of the questionnaires and one on one interviews, it came to light at the end of the research that most of the
bookkeepers have the basic bookkeeping skills but they do not apply some of the rules and regulations due to negligence.

The bookkeepers who handle most business transactions on behalf of the institution have knowledge about IAS and IFRS, which ensures standardization of financial information. Adequate internal control measures that capture and records daily routine activities of the institution to ensure the judicious use of funds were present to ensure some discipline in the system.

The researcher faced difficulties in obtaining financial report from the institution to enable the researcher to use it for yearly bar chart analysis of the inflow and outflow of income.

I also faced difficulty in obtaining financial report from the institution to enable me to use it for analysis of the inflow and outflow of income.

Regarding the challenges and enormity of the situation that was revealed from the data analysed, the researcher had made known some recommendations which she believes, when implemented, will help structure and put them at par with other institutions in the delivery of services to the general public.

5.7 Recommendations

Innovation, proficiency, efficiency and the zeal to make things work are the elements that can scale down the challenges in our world today and the survival of institutions and business entities.

Firstly, quality human resource is the only capital that can turn the material and financial resource into feasible goals in order to achieve the vision of the institution. The institution has the requisite human resource capacity for effective implementation of core activities. What is needed in the institution is discipline among the workers and effective workshops
on ethics. By so doing, their desired role of complementing the effort of the government can be achieved.

Secondly, the IAS, which is a guiding standard for all entities in the provision of financial information, must be adhered to. This will ensure standardization of activities in the sector. One of the basic requirements in the preparation and the presentation of financial statement is the provision of adequate notes to the account that explains the component of funds received and expended and material information that were not shown on the face of the account. Users will find it more convenient and understandably when using such statements for the purpose of effective decision making.

In view of the imperative of the notes to the account which is also a requirement by the IAS 1, institutions must ensure that they complement the preparation of accounts with adequate notes for the purpose of simplifying all ambiguities in the accounts.

An effective internal control system that seeks to record and capture all business transactions is vital in regulating the safekeeping of assets and business interests of institutions. The institution concerned has an internal control system that regulates business transactions to ensure that funds are used for what they are intended for. In view of this, resource providers and stakeholders should make the internal control system and also, commit some resources into setting up transaction processing systems that will track all business activities in the institution.

I recommend that proper bookkeeping practice, accounting principles, ethics and regular auditing must be the goal of management of institutions. This will enable them to detect any irregularities in the system.

Institutions cannot be competitive in our world today, without adherence to the various rules and regulations, principles and guidelines and standards that regulate their activities.
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Nankpi B.S Dr Mrs Ganu(2011) research methods hand-out factors which are associated with success in selected entrepreneurial ventures.P(65,66,67)


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http://www.W.com/home
APPENDIX

SAMPLE QUESTIONNAIRE

Dear respondent,

This study is being conducted by the researcher which forms part of the requirement for the award of Bachelor of Science in Business administration (accounting option) degree of Presbyterian University College, Ghana.

The purpose of this questionnaire is to determine the impact of improper bookkeeping and how it affects management in your institution. Please attached is the questionnaire; kindly answer it, because your answers are important to this academic work.

All information provided will be treated with utmost confidentiality. Thank you for your anticipated cooperation.

Please tick (√) responses as appropriate.

SECTION A: THE ORGANIZATION

1. What are the core activities of the organization?

   …………………………………………………………………………………………………………………………………………………………………………

   …………………………………………………………………………………………………………………………………………………………………………

2. Has the organization been able to achieve its objectives?

   Yes { } No { }

SECTION B: DEMOGRAPHIC INFORMATION

1. Age

   20-30 { } 31-40 { } 41-50 { } 51-60{ }

2. Position held

   …………………………………………………………………………………………………………………………………………………………………………

How many years have you worked with the organization?

   0-10 { } 11-20 { } 21-30 { } 31-40 { }
3. What is your educational level?

2nd degree { } 1st degree { } ACCA { } ICAG { } CIMA { }
HND { } DBS { } RSA { } SSCE { }
Others, please state……………………………………………………………………

4. Department……………………………………………………………………

SECTION C: OBJECTIVES

1. Do you think accountants bring to bear basic skills in bookkeeping?
   Yes { } No { }

2. Do you think accountants understand the international accounting standards in relation to the activities of the institutions?
   Yes { } No { }

3. Do you think the accounting functions play an important role in ensuring efficient utilization of funds?
   Yes { } No { }

4. Do you think improper bookkeeping affects institutional management?
   Yes { } No { }

SECTION D: FINANCIAL MANAGEMENT ISSUES

1. Where do you get your revenue from?
   Government { } Donations { }
Others, please state……………………………………………………………………

2. Percentage of revenue spent on
   Administration 15% { } 20% { } 30% { } 50% { }
   Core activities 15% { } 20% { } 30% { } 50% { }
3. Are you required to prepare financial statement on your activities?
   Yes {   }    No {   }

4. Which of the following statements do you use as the basis for reporting your activities?
   Statement of activities {   }    Income and expenditure account {   }
   Profit and Loss account {   }    Balance sheet {   }

5. Do you include adequate notes in accounts?
   Yes {   }    No {   }

SECTION E: INTERNAL CONTROLS

1. Do you deposit most cash into the bank?
   Yes {   }    No {   }

2. Do you keep cash safe in the office?
   Yes {   }    No {   }

3. What percentage of cash do you keep in the office?
   10% {   }    20% {   }    30% {   }    50% or more {   }

4. Who handles the safe?
   ............................................

5. Do you have the required human resource needed to keep track of your financial activities?
   Yes {   }    No {   }

6. Are there routine checks on your financial reports?
   Yes {   }    No {   }

7. How often are the checks done?
   Daily {   }    Weekly {   }    Monthly {   }    Quarterly {   }    Yearly {   }