ASSESSMENT ON THE EFFECTIVENESS OF INTERNAL CONTROL OVER CASH: A CASE OF TANZANIA PORTS AUTHORITY (TPA)
ASSESSMENT ON THE EFFECTIVENESS OF INTERNAL CONTROL OVER CASH: A CASE OF TANZANIA PORTS AUTHORITY (TPA)

By
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A Dissertation Submitted in Partial/Fulfillment of the Requirements for the Award of degree of Master of Science in Accounting and Finance of Mzumbe University

2013
CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation report entitled Assessment on the effectiveness of internal control over Cash: The Case Study of Tanzania Ports Authority (TPA), in partial/fulfillment of the requirements for award of the degree of Master of Accounting and Finance.

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I, Zaituni Pierson, declare that this dissertation is my own original work and that it has not been presented and will not be presented to any other university for a similar or any other degree award.

Signature ___________________________

Date________________________________

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Fourth, I recognize my prayer mates for their encouragement and earnestly prayers in all aspects of moral unity and theistic manner.

May GOD bless you all.
DEDICATION

This dissertation report is dedicated to my daughter Merrilou Mathias Minzi.
### Abbreviations and Acronyms

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<th>Abbreviation</th>
<th>Definition</th>
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<tr>
<td>AICC</td>
<td>Arusha International Conference Centre</td>
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<tr>
<td>BM</td>
<td>Brownian motion</td>
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<td>CAG</td>
<td>Controller and Auditor General</td>
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<td>CEO</td>
<td>Chief Executive Officer</td>
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<td>CSRC</td>
<td>The China Securities Regulatory Commission</td>
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<td>CHC</td>
<td>Consolidated Holding Corporation</td>
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<td>ICDs</td>
<td>Inland Container Deports</td>
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<td>IAS</td>
<td>International Accounting Standard</td>
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<td>FDICIA</td>
<td>Federal Depository Insurance Corporation Improvement Act</td>
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<tr>
<td>MAS</td>
<td>Management Accounting Systems</td>
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<tr>
<td>MOU</td>
<td>Memorandum of Understanding</td>
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<tr>
<td>MUCCOBS</td>
<td>Moshi University College of Cooperatives and Business Studies</td>
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<td>NCAA</td>
<td>Ngorongoro Conservation Area Authority</td>
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<td>NHC</td>
<td>National Housing Corporation</td>
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<td>NSSF</td>
<td>National Social Security Fund</td>
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<td>NBAA</td>
<td>National Board</td>
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<td>PSAS</td>
<td>Public Sector Accounting Standards</td>
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<tr>
<td>SEC</td>
<td>Securities and Exchange Commission</td>
</tr>
<tr>
<td>SOX</td>
<td>Sarbanes–Oxley Act of 2002</td>
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<tr>
<td>TPA</td>
<td>Tanzania Ports Authority</td>
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ABSTRACT

This research was conducted at Tanzania Ports Authority (TPA) - Dar es Salaam Port due to raised concern that; control over cash at TPA is ineffective and the methods used to estimate wharfage are ineffective. The research was concerned with the assessment on the effectiveness of control over cash. The main objective was to assess whether methods of control over cash are effective. Specific objectives were to find out the gaps in cash control systems and networks, to find out the criteria used by TPA to estimate wharfage and to come out with effective methods on control over cash.

Sample size of 76 respondents was determined based on a finite population of 252 TPA staff at 95.5% confidence level, acceptable error of ±5% and sample proportion of success of 0.95. Questionnaires were randomly distributed and Sampling was preceded by a pilot study of 14 respondents. Data analysis involved questionnaire sorting, purification, coding and data entry into SPSS. Findings show that, methods of control over cash at TPA are effective. Also wharfage is estimated effectively. The main problem to TPA top officials is inability to separate and recognize daily respective bank deposit collections at respective ICDs in the bank system.

It is concluded that, TPA has to do bank reconciliation weekly and prepare her cash flow statements on monthly basis by following both International Accounting Standards (IAS) and Public Sector Accounting Standards (PSAS). Likewise TPA has to recruit more staff in finance department. The increased number of staff will help to reduce work redundancies which in turn can end up with ineffective control over cash. Additionally, the number of signatories should be reduced especially it comes to staff services. There should be some review on the parameters laid down on wharfage estimation especially the 2500 factor and the 1.6%.
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CHAPTER ONE

PROBLEM SETTING

1.1 Background to the problem

Firms need cash to manage day-to-day operations. Demands for cash can be positive or negative. Positive demand consists of account payables, whereas negative demand is known as account receivables. Cash can be held in a bank account earning interest or invested in risky securities (stocks or bonds) earning possibly a higher mean rate of return than the bank account. During control over cash, there are many problems and challenges internally and externally (Bensoussan et al, 2009).

Challenges of ineffective internal control of cash in Tanzania seem to be a common problem in both public and private sectors. According to CAG report for the financial year 2011/2012 reported key issues which were reported in the respective public authorities related to unauthorized emergency procurement (those lacking PMG”s retrospective approval), execution of procurement transactions without having contract, procurements out of annual procurement plan, lack of independent functioning of procurement pillars, inappropriate use of procurement methods, unbudgeted procurement and mismanagement of contracts.

Another best example to mention as a result of ineffective control over cash is that of a nugatory expenditure of Tshs.2, 241,585,885.16 paid by TPA to a contractor M/s Oceana Advanced Industries Ltd being penalty for termination of a contract for maintenance and dredging of berth No.1-11. This payment could have been avoided if the procurement contract had been properly managed. The chargeability of this penalty was explained to be caused by management failure to handover berth No. 7 to the contractor as per the agreement entered between the two parties.

Another good example is that of Arusha International Conference Centre (AICC) where CAG observed that the Centre hired doctors/consultants to provide services at the AICC hospital without any written agreements/contracts. Under such circumstances, the CAG was unable to ascertain the appropriateness and legitimacy
of the consultation fees paid to the hired doctors/consultants amounting to Tshs. 170,947,325. At Tanzania Ports Authority (TPA) CAG review noted that the Authority received medical services for her staff from private hospitals of Hindu Mandal, Regency, Family Care and Tumaini Hospital of Dar es Salaam costing the Authority Tshs. 725,107,859 without contract agreement.

A similar case was reported at Moshi University College of Cooperatives and Business Studies (MUCCOBS) where Tshs.201,100,965 was paid to the Founder/Trustee of Wazalendo Secondary School-Moshi for the cost of constructing the school at the compound of MUCCOBS. From the reviewed documents it was observed that the school buildings were agreed to be the property of MUCCOBs after construction but there was no written agreement or memorandum of understanding between management of MUCCOBs and the Founders/Trustees of the school stating the terms and conditions governing the overall management and operations of the school.

These weaknesses were also observed at the College of Business Education (CBE) where all part time academic staff were found to work without signed contracts with the college. Likewise at Mzumbe University Tshs.216,028,539.30 was reported to have been paid to various private garages which serviced University vehicles without service agreements with the University. Furthermore, at the National Housing Corporation (NHC) Tshs.196,386,980 was paid to three suppliers for medical services, Tshs.292,546,800 was paid for security service and Tshs.289,354,751 was paid for ticket services without the existence of valid signed contracts with the respective suppliers.

The same weakness was also observed at the Consolidated Holding Corporation (CHC) where several Attorneys handling lawsuits for CHC charged fees pegged on the amounts of claims without signed agreements between CHC and the Attorneys while at Ngorongoro Conservation Area Authority (NCAA) procurement of fuel from M/s Mount Meru Petroleum Limited amounting to Tshs.1,229,995,986.74 was
done without a contract between NCAA and the supplier contrary to requirements of PPA, 2004 and its Regulations.

At the Tanzania Port Authority (TPA) it was revealed that the Authority Tender Board changed the recommendation of the Evaluation Committee on the award of tender for Construction of Cargo Shed at Kiwira Port to M/s Kiure Engineering instead of M/s Satellite Contractors Ltd recommended by the evaluation committee costing Tshs.132,739,321. In another instance the review of financial statements of Ngorongoro Conservation Area Authority observed that the members of the PMU were appointed to be Chairman of the Evaluation Committee or even the member of the evaluation committee thus creating inappropriate segregation of duties between the PMU and Evaluation committee. These also were reported at NSSF where PMU staff was involved in Tender Evaluation process.

Review of the Open University of Tanzania operations noted several critical weaknesses which need immediate action to be taken. Some of the University’s bank balances as reflected in the financial statements were not properly reconciled with corresponding balances as per bank statements. As at the end of the period under review (30th June, 2012), material differences were noted in the bank reconciliation statements which were availed for verification. Under the circumstances, the correctness of the cash and cash equivalents which were reported at Tshs.7,118,266,352, as well as the overdrawn cash book balances reported at Tshs.1,534,122,249 in the financial statements could not be ascertained. Bank reconciliation statements for five accounts, for the whole period under review were not availed for audit verification along with their balances as per books of account as at 30th June, 2012.

In review of internal audit reports CAG noted that an internal audit investigation report which was submitted to the University’s Executive Council reported misappropriation of public funds aggregating to Tshs.700, 182,000. It was explained that this sum was made up of Tshs.219, 860,000 which was perpetuated through the Loans Board and Tshs.480, 322,000 which was perpetuated through the Treasury
Registrar by way of fraudulent payments to ineligible individuals. The management explained that legal procedures against responsible officials had already been initiated. The financial implications had, however, not been reflected in the books of account in this regard. There was laxity in ensuring that Loans” Board funds paid through the University were strictly paid to entitled registered students. Furthermore, controls to ensure that salaries paid by the Treasury for the University employees were restricted to bona fide employees of the University were not adequate.

All these cases are few to mention as example that signify the evidence of ineffective control over cash (CAG report, 2012).

1.2 Statement of the Problem

Internal controls over cash can be either preventative or detective. Preventative controls are proactive in that they attempt to deter or prevent undesirable events from occurring. Detective controls provide evidence that an error or irregularity has occurred. While preventative controls are preferred, detective controls are critical to provide evidence that the preventive controls are functioning as intended. Basic control activities include: Budget Financial control, Approval, Authorization and verification, Accountability, Separation of duties, reconciliations, physical security, and accuracy of Data inputs (Donaldson, 2005).

Cash is a vital resource needed to support almost all activities in an organization. It provides a cushion for companies during difficult times, and allows them to swiftly take advantage of growth opportunities by expansion.

Cash is used as the medium of exchange. Organizations run their daily transaction using money. With this scenario, cash is said to be the backbone of every activity for any enterprise or organisation. Therefore money can be said to be a backbone of each and every activity within business or service oriented organization. Without money organization dies a natural death (Kessy, 2003). Many organizations fail to control cash effectively and this is due to lack of internal Audit (Pandey, 1999).
Although many organizations have professional accountants, professional petty cashiers, account technicians, yet there are have been reports of various offenses about losses of money. This can be due to carelessness, frauds, pilferage, misrepresentation and embezzlement in such organizations (CAG, 2013).

With persistence of qualified reports in financial organisations shows control over cash procedures is not done properly. This could be having ineffective cash Control System to all means by which Government resources are directed, monitored, and measured. Internal controls over cash plays an important role in preventing and detecting frauds/misappropriations and protecting the public resources, both tangible and intangible. Implementing an effective internal control structure is an essential responsibility of the management of the entity.

Efforts to ensure effective control over cash have been laid down. These include having internal auditing entity in all organizations. Apart from internal audit, efforts to have external audit has been done. With all these measures, still control over cash in many organisations is a problem.

What has been done to national level is to have the statute which deals with auditing all public entities to ensues how finance was disbursed. In Tanzania, The auditing statutory duties and responsibilities are legitimated to the Controller and Auditor General (CAG). The CAG works in compliance with Article 143 of the Constitution of the United Republic of Tanzania of 1977 as amended from time to time and amplified by the Public Audit Act, No. 11 of 2008 (as amended) and Public Audit Regulations of 2009.

Based on the report by CAG (March, 2013) on general audit to donor funded projects, past situation of control over cash shows that, accounting Officers do not adequately manage or supervise projects and in particular, address and implement audit recommendations. There are previous year’s recommendations which remained unattended amounting to Tsh. 20,289,040,011 as at the report date.
On the other hand, during the year under review (2011/2012), there was a serious problem of non compliance with the requirements of Memorandum of understandings which insists on adherence with the financial and procurement laws of Tanzania. During the year under review it was observed anomalies amounting to Tsh.39,461,168,319 and Tshs.5,036,540,269 in respect of procurement and financial management respectively.

In order to have effective cash control, there should be sound administration, record keeping, division and segregation of duties, authorization, competent staffs, internal audit and also recording function should be divided among employees. (Meigs, 1982). In this research study the researcher dealt her research at TPA concerning effectiveness of internal control over cash and looks to the factors which may hinder effectiveness of cash control. Such factors may include shortage of competence staff, work overload; poor cash network collection of money, un-segregation of duties and other factors.

Observational studies show that there has been declined number of ships unloading their cargo through Tanzania ports as compared before. Most of ships tend to off load at Mombasa port. The management accounting literature reveals that changes in the environment and the technology of a company can lead to new decision making and control problems (Bruggeman & Slagmulder, 1995). As organisations adopt to these developments, they must make sure that their management accounting systems (MAS) are designed to be congruent with the new control requirements (Chenhall, 2003). Recently in Tanzania, the control over cash in different public and private organizations, government agencies and parastatal organization has been facing crucial and serious money loss problems. CAG (2012) report as reported; more losses and misallocation of cash to unplanned activities accompanies with over utilization has been evidenced. Nowadays it is not strange to hear from the media such as Television, newspapers and radio stations about losses of public money.

What are not addresses is based on three categories. First is about insufficient power to audit to convicts of victims of misuse of public finance. Once the auditors reveal that
there has been fraud, then administrators take charges. But observation shows that, every finance year the same cases have been repeatedly and recommendations have been poised. Second, Observation shows that, toward the end of financial year, many organizations ensure that the money that was allocated to respective departments is utilized fully. Due to unfocused plans, usually public funds are consumed by having unplanned workshops, seminars and promotions.

1.3 Objectives of the research study

1.3.1 General Objective:
To assess whether the methods of control over cash at TPA are effective

1.3.2 Specific objectives:
   i. To find out the gaps in cash control systems and networks.
   ii. To find out the criteria used by TPA to estimate the wharfage which is the main source of cash
   iii. To come out with methods that will be effective over cash control.

1.3.3 Research Questions
In conducting this research, the researcher expected to find out answers to the following questions.
   i. What are the problems facing TPA on internal control over cash?
   ii. Is the criterion used by TPA to estimate wharfage effective?
   iii. What criteria should be done in order to have effective control over cash?

1.4 Significance of the study
The study was of great importance to TPA as well to Mzumbe University for references.
   a) The researcher came up with some recommendations which might be helpful to the TPA for decision making and public awareness
   b) This research has motivated the respective organization to find the best way of controlling cash.
   c) This research has revealed the reality concerning to the effectiveness of control over cash at TPA.
d) The study was conducted as per requirements and guideline of Mzumbe University for the award of Masters’ degree in Accounting and Finance of Mzumbe University.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter gives details of the theoretical part, empirical part, conceptual framework and testing hypothesis. In the theoretical part there has been narration on the meaning of internal Control, Internal control of cash, establishing internal control and internal control procedures.

2.2 Theoretical part

Theoretical background laid down by different authors on the effectiveness of internal control over cash describes how cash is controlled in other organisations, the challenges of frauds in different organisations and narrates the rules to follow in order to have effective control over cash.

Control over Cash in organizations is largely based in management control theory with its roots in systems theory although social and cultural modes of control are also recognized (Mulvey, 1994). The problem of managing the cash flow of a company is a financial problem that involves considerable complexity to cope with short-term investments, receipt and expenditure of cash and short-term debts of the company, in order to maximize the financial cash return at the end of a planning horizon. Besides dealing with the supply of financial resources that are required by the operating activities of the company, cash flow management problem includes the formulation of decision rules to control the level of cash balance and the administration of a set of facts structured in time (Brigham and Houston, 2004, Gtman, 1987; Sethi and Thompson, 1970; Van Horne, 1995 and Welsch et al, 1988).

Firms need cash to manage day-to-day operations. Demand for cash can be positive or negative. Positive demand consists of account payables, whereas negative demand is known as account receivables. Cash can be held in a bank account earning interest or invested in risky securities (stocks or bonds) earning possibly a higher mean rate
of return than the bank account. For simplicity, we will refer to the securities as simply stock. Transfer of cash from bank to stock and vice versa incurs a broker’s commission. The problem of managing the operating cash to meet demand for cash at minimum cost is known as the cash balance or cash management problem (Bensoussan, et al, 2009).

There are different approaches to control over cash. Some use model approaches or a theory. Models of cash management, or money demand, can be divided in two broad categories. The first deals with demand by households, pioneered in the famous Baumol–Tobin model (Baumol, 1952; Tobin, 1956) and extended, among others, by Frenkel and Jovanovic (1980), Bar-Ilan (1990). In this approach the money stock is described by a downward drifting flow of expenditures until a certain low level is hit, which will trigger a conversion of financial assets to money in order to raise the cash stock to some target level, and another cycle starts. In the terminology of control theory, the amount of cash behaves like a one trigger-one target impulse control, where the money stock between controls is described by a Brownian motion (BM) with drift.

The second category of models concerns cash management by firms, pioneered in the 1966 paper of Miller and Orr (Miller and Orr, 1966). Firms differ from households in that they have daily cash inflow as well as daily expenditures, and because large financial transactions are more likely. The former characteristic implies that the control policy is of the two triggers-two targets type, so that the money stock is adjusted when hitting either a low or a high trigger value. The existence of instantaneous large transactions makes BM alone inappropriate as a description of the stochastic process of the money stock between controls.
2.2.1 Control over cash.

Control refers to a company's plan to (a) encourage adherence to company policies and procedures, (b) promote operational efficiency, (c) minimize errors and theft, and (d) enhance the reliability and accuracy of accounting data. From a financial accounting perspective, the focus is on controls intended to improve the accuracy and reliability of accounting information and to safeguard the company's assets. Cash control promotes efficiency, safeguard assets, and deter and detect errors, fraud and theft. A good internal control system begins at the management level with a culture of integrity and ethical values. It can prevent the mishandling of funds and safeguard against loss (Liu, 2011).

2.2.1.1 Internal Control

Internal control is defined by NBAA(1992) as “The whole system of controls, financial or otherwise, established by the management in order to carry on business of an entity in an orderly and efficient manner, ensure adherence to management policies, safeguarding of assets and secure as far as possible the completeness and accuracy of records”.

Internal controls refer to all means by which public resources are directed, monitored, and measured. Internal controls play an important role in preventing and detecting frauds/misappropriations and protecting the public resources, both physical and intangible. At the organizational level, internal control objectives relate to the reliability of financial reporting, timely feedback on the achievement of operational or strategic goals, and compliance with laws and regulations. At the specific transaction level, internal controls refers to the actions taken to achieve a specific objective (Faleye, 2004).

Hermanson (1992) defined internal control structure as the policies and procedures established by an entity to provide reasonable assurance and specific entity objective that will be achieved. The element of internal control structure or system can further be classified as: control environment, accounting system and control procedures.
Robertson (1996) internal control is a process affected by an entity’s board of director’s management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

a) Effectiveness and efficiency of operation.

b) Compliance with applicable laws and regulations

c) Reliability of financial reports.

Internal control consists of all of the related methods and measures adopted within a business to: Safeguard assets from employee theft, robbery, and unauthorized use. Also to enhance the accuracy and reliability of its accounting records by reducing the risk of errors (unintentional mistakes) and irregularities (intentional mistakes and misrepresentations) in the accounting process (Horngren, 2011).

Internal control is the organizational plan and all the related measures designed to accomplish 5 objectives:

i. Safeguard assets. A company must protect its assets; otherwise it’s throwing away resources. Cash, especially, should be protected.

ii. Encourage employees to follow company policy. Everyone in an organization—managers and employees—needs to work toward the same goal. It’s also important for managers to develop policies so that the company treats customers and employees fairly. This will make it more likely employees will respect company assets.


iv. Ensure accurate, reliable accounting records. Good records are essential. Without reliable records, it is difficult to tell which part of the business is profitable and which part needs improvement. A company could be losing money on a product it sells—unless it keeps good records for the cost of products.

v. Comply with legal requirements. Companies, like people, are subject to the law. When companies disobey the law, they must pay fines or alter their business, or, in extreme cases, their top executives go to prison.
Evidence in Tanzanian institutions shows that; inadequate internal control has its impact to the institution and the community at large. Some examples include review of the internal audit reports by CAG noted that some of the internal controls of the Higher Education Students’ Loans Board are not working properly. This is due to the reason that, an amount of Tshs.317.8 million was disbursed as loans to various beneficiaries without instituting proper controls. Some of the pay-out documents were not checked and approved by senior officers. There were suspected forgery and theft of Board’s money amounting to Tshs.90.7 million at the Board head office whereby one employee was involved in the forgery. There were forgeries through students’ loans disbursement at Mkwawa University amounting to Tshs.66.1 million.

In addition, the Board has been issuing loans to beneficiaries without crosschecking the relevant supporting documents. For example, the Board issued unsupported research loans to MUCE 3rd year students amounting to Tshs.15.5 million.

2.2.1.2 Internal control over cash
According to Spiceland and Seppe (1998), success of any business enterprise depends on an effective system of internal control. Internal control refers to a company’s plan to:- Encourage adherence to company policies and procedures, Promote operation efficiency, Minimize errors and theft, Enhance the reliability and accuracy of accounting data.

A critical aspect of an internal control system is the separation of duties. Individual who have physical responsibility for assets should not also have access to accounting records. For example if the same individual has control of both the supplies inventory and the accounting records, the theft of suppliers could be cancelled by a reduction of the supplies account. As cash is the most liquid of all assets a well designed and functioning system of internal control must surround all cash transactions. Separation of duties is significant. Ideally those who handle cash should not be involved in or have access to accounting records nor be involved in the reconciliation of cash book balances to bank balance.
2.2.1.3 Establishing internal control
Meigs and Meigs (1992) enumerate the following procedures in establishing an effective internal control system:

a. Separation of the function of handling cash from the maintenance of accounting records. A person whose duty involves handling cash shall not also maintain accounting records.
b. All cash receipts should be deposited in the bank.
c. All payments must be made by cheque with exception of small payments which are made in cash from petty cash fund.
d. Validity and the amount of every expenditure must be verified before a cheque is issued for payment.
e. Cheque, LPO and other documents should be serially numbered.
f. Separation of function of approving expenditure from signing the cheque.
g. The application of these procedures will lead to an adequate system of money control.

2.2.1.4 Internal control procedures – cash disbursement
According to Spiceland and Seppe (1998) proper controls for cash disbursement should be designed to prevent any unauthorized payment and ensure that disbursements are recorded in the proper general ledger and subsidiary ledger account. Important element of a cash disbursement control system includes:

a. All disbursement other than very small disbursement from petty cash should be made by cheque. This provides permanent records of all disbursement.
b. All expenditures should be authorized before a cheque is prepared. For example a vendor invoice for purchase of inventory should be compared with the purchase order and receiving report to ensure the accuracy of Quality, price, part numbers and so on. This process should include verification of the proper ledger accounts to be debited.
c. Cheque should be signed only by authorized individuals.
d. Responsibility for cheque signing, cheque writing, cheque mailing, cash disbursement, documentation and record keeping ideally should be separated whenever possible. An important part of any system of internal control of
cash is the periodic reconciliation of cash book balance and bank statement balances to the correct balances.

2.2.1.5 Control features of a voucher system
A voucher system is one method of achieving strong internal control over cash disbursement by providing assurance that all disbursement are properly authorized and reviewed before a cheque is issued (Walter, 1992).

2.2.1.6 How to control cash effectively
Saleemi (1997) pointed out a list of ten essential characteristics of internal control over cash which should be taken into consideration these are:

i. Organization plan and sound administration
ii. Recording and record keeping
iii. Division or segregation of duties
iv. Authorization
v. Supervision
vi. Safeguarding the assets
vii. Internal audit
viii. Competence of staffs
ix. Arithmetical and accounting controls.
x. Organization plan and sound measurement.

i. Organization plan refers to organization chart
Organization plan or organization chart shows the organization structure. This shows how the company or organization is divided. There is hierarch of divisions ranging from the director general, managers, seniour officers to officers. Also it can have divisions based on departments and sections and most important as to what responsibilities and duties are assigned to each other.

ii. Authority and responsibility should be clearly defined
Employees perform their duties according to the organization plan. Sometimes it allocates and defines responsibility and identifies line of reporting for all aspects of
business organization. Written job description should in turn support the organization plan, setting duties and responsibilities of each organization officers and employees.

Finally the procedures manual shows steps necessary to carry out duties connected with each job. Policies should be set in writing to ensure consistent treatment of similar items and conformity with managements planning and evaluation of results is another important aspect of good administrative practices.

iii. Documents and records
According to Needles (2001), the design and use of adequate documents helps to ensure the proper recording of transactions. For example, to ensure that all transactions are recorded invoiced and other documents should be pre numbered and all numbers should be accounted for.

iv. Division or segregation of duties
One of the prime means of control is the Separation of those responsibilities or duties which would, if combined, enable one individual to record and process a complete transaction. Segregation or separation of duties reduces the risk of internal manipulation or error and increases the element of checking. Division of duties thus, makes fraud more difficult because different employees complete one transaction. For example, a salesman who sells goods is not authorized to receive money, the cashier who receives money is required to hand over this money to the accountant, the store keeper who delivers goods is required to check the cash or other document authorizing him to do so. All these stages involved in one transaction make it difficult to make any fraud.

v. Authorization
Howard (1989) explains that all transactions should require authorization or approval by an appropriate responsible person. The limit of authorization should be specified and approved by the board to avoid vesting excessive powers only in some individuals. Whenever duties are delegated to other, it is important that the only adequate system is devised to ensure that the duties will be handled in a satisfactory
manner. Through proper authorization it is not easy to initiate a direct fraud and in case it happens the one to be questioned is known and will be liable for any loss of cash or otherwise.

vi. Supervision
Any system of internal control should include supervision by responsible officials of day to day operation (normally senior officials). The supervision should be on all transactions and recording thereof. Lack of supervision or examination tends to weaken the very foundation of internal control, thus create a loophole for bogus payment which results into loss of cash.

vii. Physical control
Needles (op. cit) explain that physical control permit access to assets only with management authorization. For example, retail store should use cash register and only the cashier responsible for the cash in a register should have access to it. Other employees should not be able to open the cash drawer if the cashier is not present. Access to accounting records including company computers should also be controlled.

viii. Internal audit
Internal audit is the independent appraisal of the activities within the organization for the review of accounting, financial and other business practices. It is conducted by some employees of the organization. Internal audit helps the management to evaluate the performance and efficiency of various established procedures.

ix. Rotation of employees
Rotation of employees from one job assignment to another may strengthen internal control. When employees know that other person may soon be taking over their duties they are more likely to maintain records with care and to follow establishment procedures. The rotation of employees may also bring to light any errors or irregularities that have occurred.
x. Personnel
Howard (op.cit) says that there should be procedures to ensure that personnel have capabilities commensurate with their responsibilities. Inevitably the proper functioning any system depends on the competence and integrity of those operating it.

xi. Arithmetical and accounting controls.
According to Millicamp (1987), these are accounting controls in the recording function which check that the transactions have been authorized that they are all included and that they are correctly recorded and accurately processed. The recording of the business transaction should be accurate and arithmetically correct. For this purpose, some controls are introduced. These include checking of total, reconciliation, control accounts, trial balances and so on. An effective internal control requires proper implementation of arithmetical accounting controls.

xii. Separation of duties
This element not only helps to ensure compilation of data but also limit the chances for fraud that would require the collusion of two or more persons. This is extremely important and often neglected elements can be subdivided into four parts.

a. Separation of responsibilities.
b. The entire accounting function should be divorced from operating departments so that objective; independent records may be kept either by other operating people or by clerks.
c. Separation of the custody of assets from accounting.
d. This practice reduces temptations and fraud for example the bookkeeper should not handle cash, and the cashier should not have access to the ledger account such as the individual record of customer.
e. Separation of the authorization of transactions from the custody of related assets. To the extent feasible, persons who authorize transactions should not have control over related assets. For example the same individual should not authorize the payment of a suppliers invoice and also sign the cheque in
payment of the bill nor should an individual who handles cash receipts have
the authority to indicate which account receivable should be as uncollectible.
f. Separations of duties within the accounting function.
g. An employee should not be able to record a transaction from its origin to its
final posting in a ledger. Independence performance of various phases will
help ensure controls over errors.

2.2.1.7 The need for comprehensive bank reconciliation

Why do we need comprehensive bank reconciliation at TPA? There can be so many
answers to answer this question specifically on records done by the bank and TPA.
Usually bank and the TPA maintain independent records of the checking account.
The two balances are seldom the same because of:

- Time lags that prevent one of the parties from recording the transaction in the
  same period.
  i. Days elapse between the time a check is written dated and the date it
     is paid by the bank.
  ii. A day may pass between the time receipts are recorded by TPA and
      the time they are recorded by the bank.
  iii. A time lag may occur when the bank mails a debit or credit memo to
       the TPA.

- Errors by either party in recording transactions. The incidence of errors
  depends on the effectiveness of internal controls maintained by the company
  and the bank. Bank errors are infrequent.

- Reconciliation procedure - In reconciling the bank account, it is customary to
  reconcile the balance per books and balance per bank to their adjusted
  (correct or true) cash balances. To obtain maximum benefit from bank
  reconciliation, the reconciliation should be prepared by an employee who has
  no other responsibilities related to cash.
The reconciliation schedule is divided into two sections - balance per bank and balance per books. The following steps should reveal all the reconciling items causing the difference between the two balances:

i. Compare the individual deposits on the bank statement with the deposits in transit from the preceding bank reconciliation and with the deposits per company records or copies of duplicate deposit slips. Deposits recorded by the depositor that have not been recorded by the bank represent deposits in transit and are added to the balance per bank.

ii. Compare the paid checks shown on the bank statement or the paid checks returned with the bank statement with (a) checks outstanding from the preceding bank reconciliation and (b) checks issued by the company as recorded in the cash payments journal. Issued checks recorded by the company that have not been paid by the bank represent outstanding checks that are deducted from the balance per bank.

iii. Note any errors discovered in the foregoing steps and list them in the appropriate section of the reconciliation schedule. All errors made by the depositor are reconciling items in determining the adjusted cash balance per books. In contrast, all errors made by the bank are reconciling items in determining the adjusted cash balance per bank.

iv. Trace bank memoranda to the depositor's records. Any unrecorded memoranda should be listed in the appropriate section of the reconciliation schedule.

2.3 Empirical part

This section narrates by evidence on how other managed and controlled cash in organization. The section provides how other organization faced some challenges and the way forward to financial problem solving.
A research done by Komi (1999) showed that, in order to control money effectively, immediate recording of transaction is necessary. Transactions need to be recorded when they fall due. Delay in recording may cause some difficulties in making reconciliation of records especially when customer wants payments. The accounting staff must ensure that the accounting events are recorded and correctly and on due time. Records should be updated accordingly on the cash and other current assets. Thus management ensures efficient control over its assets. In fraud detection, Beasley (1996) found that more independent directors reduce the instances of corporate financial fraud, while the existence of an audit committee has no obvious effect. Dechow et al., (1996) find that firms whose chairman and CEO are the same person, having no controlling shareholders and having inside directors with shares are more likely to violate regulations.

On the other hand, Johnson et al (2009) used firms punished by the Securities and Exchange Commission (SEC) during the period 1991–2005 and investigated whether managerial incentives led to fraudulent behaviour. They found that managers in those firms had more restricted stocks, which means that managerial incentives were a major factor in committing fraud.

Additionally, Karpoff and Lott (1993) found that reputation loss is greater than the legal penalty in firms committing a crime, so in this situation the reputation mechanism is more important than the legal mechanism. Karpoff et. Al., (2008) examine firms who have financial restatement violations and found similar results as Karpoff and Lott (1993). However, Karpoff et. Al., (2005) found that firms who violate environmental regulations receive more legal and administrative penalties than reputation penalties. Makasso (2002) on his research suggested that the major step to safeguard cash and other valuable documents such as receipts books, Cheque leaves and money in terms of coins or notes are kept safely in strong room-safe so that to avoid fraud of the document and theft for money whereby keys are kept by strong room cashier who is on duty until either he is on journey or in annual leave.
The accounting scandals at firms such as Enron and WorldCom highlighted deficiencies in corporate governance that were characterized by low financial reporting quality and disproportionate pay-for-performance. To discipline firms and restore investor confidence, legislative authorities enacted the Sarbanes–Oxley Act. Among the reforms is Section 404 of SOX (SOX 404) which requires both the management and the external auditor to report on the adequacy of a firm's internal control over financial reporting. Prior research shows that, relative to non-disclosing firms, firms reporting material weaknesses in internal control have inferior accruals and earnings quality and lower earnings–returns coefficients (Ashbaugh-Skaife et al., 2008).

Evidence from United States by Altamuro, J. and Beatty, A. (2010) on the issue of control over cash effects shows that, given the recent financial crisis of 2009; internal control regulation effectiveness remains controversial. To address this, Federal Depository Insurance Corporation Improvement Act (FDICIA) internal control provisions were examined. Exemptions from these provisions for banks with assets under $500 million and for non-US banks provided two unaffected control samples. The difference-in-differences method suggests that FDICIA-mandated internal control requirements increased loan-loss provision validity, earnings persistence and cash-flow predictability and reduced benchmark-beating and accounting conservatism for affected versus unaffected banks. More pronounced effects in interim versus fourth quarters suggested that greater auditor presence substituted for internal control regulation.

Supporters of internal controls regulation argue that limiting managerial discretion improves financial reporting quality. While potentially true for firms with material internal control weaknesses, limiting managerial discretion may not improve financial reporting, on average, for all regulated firms and could potentially reduce financial reporting informativeness. For example, Bagnoli and Watts (2005) showed that managers with discretion to report conservatively can signal their private information about the probability of good future prospects. Essential to resolving this argument is the ability to isolate changes in financial reporting due to internal
controls regulation. In their study evaluating the effectiveness of SOX internal controls regulation, Hochberg et. Al., (2009:519-583) point out that “the central challenge to distinguishing between the two main views … is the lack of a control group of … firms unaffected by the legislation.”

Studies in China by Chen et al, (2005a) and Chen et al, 2005b) used data during 2001–2002 to explore corporate governance and reputation mechanisms to discourage firms from committing fraud so that to control corporate finance. They found that controlling shareholders can reduce the probability of fraud, while reputation mechanisms do not.

On the other hand Zhang and Ma (2005) found a positive relationship between corporate scandals and a firm’s controlling shareholder type and the chairman’s shareholding, but found no significant relationship between scandals and the number of board members, ratio of independent directors and institutional investors. However, Chen et al (2006) found that ownership does not play an important role in corporate fraud.

Further studies by Wu and Gao (2002), examined how the market responds to punishment announcements from the CSRC during the period 1999–2000, and found that firms have a negative reaction after the punishment announcements. Chen et al, (2005a) and Chen et al, 2005b) found a similar result, and state that the CSRC is a “tiger with teeth”.

According to Agrawal et al (1999) studies shows that, there is less research related to the economic Agrawmic consequences of corporate fraud, and the evidence is mixed. Using US data during the period 1981–1992, Agrawal et al (1999) found that the disclosure of corporate fraud has no effect on executive turnover and corporate governance. Sun and Zhang (2006) found that in firms who commit corporate fraud, only the CEO gets punished while others get promoted after the turnover. Zhu and Wu (2006) found that fraudulent behavior increases audit fees, and the probability of non-standard opinions is more likely than before, but the level of fraud has no effect.
Recent innovation of computerization of accounting has its advantage of processing a large volume of data at a high speed such as sorting, rearranging and performing arithmetic calculations with high accuracy; computerization or automated accounting has considerably replaced manual systems in many municipal councils in Tanzania. Nevertheless, despite the existence of the information system controls, computerization equally increases the chance of manipulation and computer fraud and errors taking place without detection.

With this perspective, cash is the most liquid current asset. It is the current purchasing power in the hands of a firm and can be used for the purpose of acquiring resources or paying obligations hence its handling requires a great attention (Pandey, 1999). Control over cash is ineffective due to lack of segregation of duties and absence of competent staffs (Saleemi, 1997). Other researchers found that there is a problem of controlling cash in different organizations. Urassa (2005) discovered that in Tanga Municipal council there was a problem of cash control and it was due to various factors including shortage of qualified personnel resulting too many duties and responsibilities to be laid down upon few unqualified individuals.
2.4 Conceptual framework and research model

Figure 1.1: Conceptual model (Conceptual Framework) for the effectiveness of Control over Cash at TPA.

Effectiveness of Control over cash at TPA

Improved auditing

Improved petty cash
Improved bank deposit
Improved books of accounts

Effective control over cash

Source: Adapted from Mechanism of Program and Outputs (Chang et al., 2010).

The above conceptual framework model gives a causal effect relationship. The model is adapted from “Mechanism and output” which depicts the input-output relationship. To this model, effective control over cash is the outcome which comes out after improved books of accounts, improved bank deposit, improved auditing and improves use of petty cash. The later are independent variables where as the former is the dependent variable.

2.5 Hypotheses testing

$H_1$: Control over cash at TPA is effective

$H_0$: Control over cash at TPA is ineffective.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction
In conducting the research, a case study approach was used. This research study was preceded by a pilot study where a sample of 14 respondents was taken from the target population of 252 TPA staff at Dar es Salaam port. Real sample size was determined using a formula from which 76 respondents were required to represent the target population. Data collection followed randomization of the population unit involving staff of all categories from subordinate to senior staff. After field data collection, the data were sorted out and purified. After preparing a template sheet in Statistical Package for Social Science (SPSS), entry of 76 data was done. Following this was data analysis.

3.2 Research Design
In conducting the research, a case study approach was used. A case study is an in-depth comprehensive study of a person, a social group, an episode, a process, a programme, a community, or any social unit (Kothari, 2004).” The case study method describes a case in terms of its peculiarities. It helps to secure a wealth of information about a unit of study, which may provide clues and ideas for further research. It provides an opportunity for the intensive analysis of many specific details that are overlooked in other methods. It examines complex factors involved in a given situation so as to identify causal factors operating in it. The case study as a research method often employs more techniques than one. Thus, for tracing a developmental process, it uses historical method; it employs descriptive method where a factual picture is needed. It employs interviewing, mailing questionnaire, checklists and rating scales. To gather data, it looks to statistical for testing hypothesis. It is termed as the social microscope as it develops ideas, sometimes leading to conclusion and sometimes to hypotheses to be tested” (Krishinaswami, 2007).
3.4 Pilot study
This research was preceded by a pilot study where by a sample of 14 respondents were tested from the target population. This helped the researcher restructure questions in the questionnaire. Also pilot study helped the researcher to link on relevant information based on the subject matter under study. Also a pilot study helped the researcher to know how to overcome poor reactions from respective respondents.

3.5 Population Unit
The population of TPA as a whole involves staff from all ports administered by TPA. TPA administers a diverse system of sea ports along the Indian ocean and ports along lakes Victoria, Tanganyika and Nyasa. The major sea ports are Dar es Salaam, Tanga and Mtwara while smaller sea ports are Kilwa, Lindi, Mafia, Pangani; Bagamoyo and Mikindani. The lake ports are Mwanza North and South Ports, Nansio, Kemondo Bay, Bukoba and Musoma on Lake Victoria; Kigoma and Kasanga on Lake Tanganyika; and Itungi Port, Manda Liuli and Mbamba Bay on Lake Nyasa.

For the sake of this research, the researcher conducted her research based on Dar es Salaam port which comprises a population of 252 staff.

3.6 Sampling Technique
Both probability and non probability sampling procedure were employed to get the data. For probability sampling, a random sampling procedure was carried out. However after randomization, sample size was taken from senior accountants, Assistant accountants, Account assistant, and finance officers. Others are account technicians (cashiers) and assistant finance officers.
3.6.1 **Probability Sampling**
This was used because every element in the study population was offered an equal chance of being included in a sample, meaning that the elements were selected by chance.

3.6.2 **Non probability Sampling**
Under non probability sampling where element have no equal chance of being selected mostly purposive sampling was used.

3.6.2 **Purposive Sampling**
This method was used to obtain the list of professionals in respective departments to top official staff. Other data were purposively obtained from documentaries and books. These were selected deliberately as according to their suitability in relation to the study.

3.7 **Sample size**
Determination of sample size (Kothari, 2004) will be as follow:-
Sample size (n) was determined based on an infinity population, at 95.5 percent confidence level (z), and acceptable error (e) of ±5 percent, sample proportion of success (p) 0.95, degree of failure (q) of 1 – P.

Then,

\[
\text{Sample size (n)} = \frac{z^2 \cdot p \cdot q}{e^2}
\]

\[
= \frac{2.005^2 \times 0.95 \times 0.05}{(0.05)^2}
\]

\[
\approx 76 \text{ respondents}
\]

Where;

\[n = \text{Sample size}\]
\[p = \text{Sample proportional of success}\]
\[e = \text{Acceptable error (The precision)}\]
\[z = \text{Confidence level} = 95.5 \text{ percent} = 2.005 \text{ on normal distribution table}\]
For this study a sample of 76 respondents was taken from the population of 252 people. Sampling was preceded by a pilot study of 14 respondents. Pilot study helped the researcher to restructure questions in the questionnaire based on the challenges which were found in the field. Some challenges include; refusal to answer technical questions that seek to explores the reality about some phenomena.

3.8 Data collection methods
Primary data was obtained through interview, observation and discussion. For secondary data; TPA documentaries, books, reports and journal files were used as the sources of data.

3.8.1 Observation
By this method, the researcher observed closely the way customers are handled, the way cash flow statement are prepared and the way bank reconciliation is prepared. The observation systematically was planned to ensure validity and reliability of the study.

3.8.2 Interviews
This involved oral verbal discussion with some of staff. The type of interview carried out was personal interview, where by questions were asked face to face and responses obtained at the same time. This helped to explore more information which was not narrated in the questionnaire.

3.8.3 Questionnaires
Structured questionnaires were distributed by hand to be filled by randomly selected respondents as stipulated in section 3.4 of Sampling Technique.

3.9 Types of data to be collected
Both primary and secondary data were collected. The primary source of primary data was through questionnaires, interview and observation, and Secondary data were obtained from empirical studies, documents found in the respective book reports.
3.10 Data processing
Data processing involves questionnaire sorting from the field, purification of data to remove all errors example un-filled questionnaires, wrong documentation. After this what followed was data coding. The questionnaires were given numbers to represent the real question on the questionnaire. Then all questionnaire number from questionnaire number one to questionnaire number 76.

3.11 Data analysis
After data processing, data analysis started. This was preceded by preparing a template in the SPSS from which coded numbers was entered. Analysis of data was based on descriptive statistics of frequency distribution where the results were presented in tables, pie charts and bar charts.
CHAPTER FOUR

PRESENTATION OF FINDINGS

4.1 Introduction

This research study was about the assessment on the effectiveness of internal control over cash; a case study of (TPA). The main objective was to assess whether the methods of control over cash at TPA are effective. The specific objectives were to find out the gaps in cash control systems and networks, to find out the criteria used by TPA to estimate the wharfage which is the main source of cash and to come out with methods that will be effective over cash control.

The sample of this study was taken randomly from respondents of TPA in different departments. Real data gathering was preceded by a sample of twenty respondents. From which some question had to be reviewed. Then after, a sample of seventy six respondents was randomly taken to fill the designed questionnaire.

This research was guided by the following research questions as:-

   i. What are the problems facing TPA on internal control over cash?
   ii. Is the criterion used by TPA to estimate wharfage effective?
   iii. What should be done in order to have effective control over cash?

The findings of this research are presented in descriptive statistics where presentations of the results are given in tables, bar charts and to some extent in pie charts. The chart values some are in percentages and some in frequencies. All these gives respondent responses based on the key questions being asked.

4.2 Control over cash

Control over cash is a vital role for the life longing of any organization. Every manager strives to ensure that, the money collected is utilized effectively. The data in table 4.1 shows that, 58 respondents (76.3 %) out of 76 on the question of whether cash collected at TPA is managed effectively responded positively whereas 16 respondents (21.1%) said the money collected are not managed effectively and 2 respondents (2.6%) knew nothing about control over cash.
Table 4.1: Do you think cash collected by TPA is managed effectively?

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>58</td>
<td>76.3</td>
</tr>
<tr>
<td>No</td>
<td>16</td>
<td>21.1</td>
</tr>
<tr>
<td>I don’t know</td>
<td>2</td>
<td>2.6</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Researcher field data, 2013

The same results when are presented in bar chart figure 4.2, the results shows that, large percentage of respondents reported that, cash collected at TPA is managed effectively. The minority of respondents reported that cash collected at TPA is not managed effectively. Whereas very few respondents reported to know nothing about control over cash at TPA.

Empirical evidence on control over cash by COSO (2011), success of any business enterprise depends on an effective system of internal control a company’s plan to encourage adherence to company policies and procedures, promote operational efficiency’ minimize errors and theft, and enhance the reliability and accuracy of accounting data.
4.3 Problems of internal control over cash

Internal control over cash seems to have many problems. This is evident that, every organization has internal auditors. These employees are paid salaries with their main role of reporting whether the books of accounts of an organization shows correct book’s value in relation to inflow and outflow of money.

Results in table 4.2 shows that, 53 respondents (69.7%) reported to have no problems of internal control over cash. Only 20 respondents (26.3%) reported that there are problems of internal control over cash whereas 3 respondents (3.9%) reported to have no idea of internal control over cash.
Table 4. 2: Do you have problems of internal control over cash at TPA?

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>20</td>
<td>26.3</td>
<td>26.3</td>
</tr>
<tr>
<td>No</td>
<td>53</td>
<td>69.7</td>
<td>96.0</td>
</tr>
<tr>
<td>I don’t know</td>
<td>3</td>
<td>3.9</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher field data, 2013

Based on the results presented in figure 4.3, result shows that, large number of respondents reported to have no problems of internal control over cash. However, around a one quarter of respondents shows that there are problems associated with internal control over cash. To some extent, few respondents reported that they know nothing as whether there are problems of internal control over cash at TPA.
4.4 Effectiveness of the methods of internal control over cash

Organizations need competent staff that through their thinking helps to flourish the organization by having effective methods to be used internally on the issue of controlling cash. Without people who are honest, transparent, accountable, groomed and rational, effectiveness of control over cash is not possible.

Results in table 4.3 shows that, 55 respondents (72.4%) reported that the methods of internal control over cash at TPA are effective. 14 respondents (18.4%) out of 76 reported that the methods of internal control over cash are not effective whereas 7 respondents (9.2%) reported to know nothing on whether the methods are effective or not.
Table 4.3: Do you have effective methods of internal control over cash at TPA?

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>55</td>
<td>72.4</td>
</tr>
<tr>
<td>No</td>
<td>14</td>
<td>18.4</td>
</tr>
<tr>
<td>I don’t know</td>
<td>7</td>
<td>9.2</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Researcher field data, 2013

The same data when presented in bar chart (figure 4.4) indicates that, larger number of respondents reported to have effective methods of internal control over cash. Whereas a small number of respondents reported to know nothing on whether the methods of internal control over cash are effective.

Figure 4.4 Do you effective methods of internal control cash at TPA?

Source: Researcher field data, 2013
4.5 Effectiveness of payments and control over cash

Effectiveness of payment has its significance as control over cash is concerned. When the money is paid to true transactions then the organization pays the equivalent money to payee as expected. Results in Table 4.4 on the effectiveness of financial transactions shows that, payments of transactions at TPA are performed both by cheque and cash deposit in banks (92.1%) proportionately. Out of this, some respondents reported the unknown cases (1.3%) of payments. This 92.1% result of the data has a significance role in control over cash.

Table 4.4: Which ways does TPA use to make payments?

<table>
<thead>
<tr>
<th>Variables</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cheque</td>
<td>1</td>
<td>1.3</td>
</tr>
<tr>
<td>Cash</td>
<td>4</td>
<td>5.3</td>
</tr>
<tr>
<td>Both Cheque and Cash</td>
<td>70</td>
<td>92.1</td>
</tr>
<tr>
<td>I don’t know</td>
<td>1</td>
<td>1.3</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Researcher field data, 2013

The same results in table 4.4 when are presented in a pie chart (figure 4.5), shows that majority of respondents reported that financial transactions at TPA often is carried out in terms of both cash and cheque. At the same time few respondents reported that that only cash is used to transactions whereas minority some reported that transactions are done only by cheque; while other respondents they know nothing.
4.6 The role of top management official on control over cash

Results show that (Table 4.6), top management officials have a tendency of checking the transactions the way is carried out (84.2). Out of 76 respondents, 13.2% reported that there no regular checks of finance by top management officials.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>64</td>
<td>84.2</td>
</tr>
<tr>
<td>No</td>
<td>10</td>
<td>13.2</td>
</tr>
<tr>
<td>I don’t know</td>
<td>2</td>
<td>2.6</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Plotting the same data in table 4.5 gives figure 4.6 which shows larger number of respondents who reported that there is a tendency of top management officials to check for financial transactions in respective departments. Whereas some reported
respondents reported that top management don’t take time to make checkups of transaction records.

Figure 4.6 Do you have regular financial checks ups from higher authority?

Source: Researcher field data, 2013

4.7 Effectiveness performance of top management officials on financial checkups
This section dealt more on the linkage between top management and Inland Container Deports (ICDs) on the issue of control over cash. Based on the data presented in table 4.6, collections of revenues in respective ICDs have a big challenge on its reconciliation and the way is managed. The researcher found that, it takes some days (84.2%) for top management officials to reconcile daily income collections and those from respective ICDs.
Table 4.6: Is it possible for top management officials to reconcile "daily income collections" deposited in bank and those from respective ICDS

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>8</td>
<td>10.5</td>
</tr>
<tr>
<td>Not Possible on the same day</td>
<td>4</td>
<td>5.3</td>
</tr>
<tr>
<td>It is Possible after same days</td>
<td>64</td>
<td>84.2</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Researcher field data, 2013

Likewise, figure 4.7 shows large number of respondents reported the same case of that, top management official take same days to reconcile daily income collections deposited in bank and those from respective ICDS. Meaning that, it is not possible to recognize respective ICD’s revenue in bank but revenues are seen in totality from respective ICDs.

Figure 4.7: Is it possible for top management officials to reconcile "daily income collections" deposited in bank and those from respective ICDS

Source: Researcher field data, 2013
4.8 Calculations of Wharfage and the issue of overcharge

Wharfage is the method by which TPA use to get revenues. Calculations sometimes are subjected to human errors over which the results of wharfage calculation can be overcharge or undercharges of the value. The primary data in table 4.7 shows that, 52 respondents (68.4%) reported negatively on the issue of wharfage overcharge; that there is no tendency of wharfage over charge at TPA. Whereas 22 respondents (28.9%) reported that, sometimes wharfage overcharge do exist at TPA.

Table 4.7: Is it true that wharfage over charge to customers sometimes exist at TPA?

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>22</td>
<td>28.9</td>
</tr>
<tr>
<td>No</td>
<td>52</td>
<td>68.4</td>
</tr>
<tr>
<td>I don’t know</td>
<td>2</td>
<td>2.6</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Researcher field data, 2013

Data in table 4.7 were presented in bar chart (figure 4.8); results shows that, large number of respondents reported that there is a tendency of wharfage over charge to customers at TPA. Here since wharfage over charging affects customers, then any chance of wharfage overcharge affects one customer over another.
Figure 4.8: Is it true that wharfage over charge to customers sometimes exist at TPA?

4.9 Calculations of Wharfage and the issue of undercharge.
Likewise wharfage under charges has negative impacts to TPA’s revenues. When this happens, TPA gets less revenue than expected. Table 4.8 shows that, 65 respondents (85.5%) in the sampling frame reported that they have never heard on complaints to customers on wharfage undercharge. Whereas 10 respondents (13.2%) reported that wharfage undercharges sometimes exist at TPA. At the same time, 1 respondent didn’t know whether undercharges sometimes exist at TPA.

Table 4.8: Have you heard of complaints to customers due to wharfage under charges at TPA?

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>10</td>
<td>13.2%</td>
</tr>
<tr>
<td>No</td>
<td>65</td>
<td>85.5%</td>
</tr>
<tr>
<td>I don’t know</td>
<td>1</td>
<td>1.3%</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: Researcher field data, 2013)
Figure 4.8 also shows the distribution of respondents on the issue of wharfage undercharge. The large number of individuals reported that, there is no wharfage undercharges at TPA. Whereas, few number reported that sometimes it happens to have wharfage undercharge. Always whenever there is wharfage under charge the one affected is TPA as revenues declines. This has an impact to the TPA organization as revenues that had to be collected to TPA are taken by customers. Regardless of the small value of wharfage under charge has a significance role as TPA’s revenue is concerned.

**Figure 4.9 Have you head of complaints to customers due to wharfage under charges at TPA?**

Source: Researcher field data, 2013

Always whenever there is wharfage under charge the one affected is TPA as revenues declines. This has an impact to the TPA organization as revenues that had to be collected to TPA are taken by customers. Regardless of the small value of wharfage under charge has a significance role as TPA’s revenue is concerned.
4.10 Effectiveness of the methods of calculating Wharfage.

Wharfage calculation is based on the preformed formula. In the process of calculating wharfage errors may happen. But un-trustful individuals can deliberately cheat the expected true results.

Table 4.9 shows that, 65 respondents (85.5%) out of 76 reported that, the methods of calculating wharfage at TPA are effective. Whereas 6 respondents (7.9%) reported that the methods of calculating wharfage at TPA are not effective. Likewise there were 5 respondents (6.6%) who didn’t know whether methods of calculating wharfage at TPA are effective or not effective.

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>65</td>
<td>85.5</td>
</tr>
<tr>
<td>No</td>
<td>6</td>
<td>7.9</td>
</tr>
<tr>
<td>I don’t know</td>
<td>5</td>
<td>6.6</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 4.9: Do you think the methods for calculating wharfage at TPA are effective?

Source: Researcher field data, 2013

Data in table 4.11 when plotted in pie chart (figure 4.10), results shows that, large number of respondents reported that, the methods of calculating wharfage at TPA are effective. However few respondents reported that the methods of calculating wharfage are not effective. On the other hand another few individuals reported that they don’t know anything whether the methods of calculating wharfage are effective or are not effective.
Figure 4.10 Do you think the methods for calculating wharfage at TPA are effective?

Source: Researcher field data, 2013

4.11 Cash control based on bank reconciliation.

Financial reconciliation is vital in assuring that all transactions were done by an organization were as they were performed. Data in Table 4.10 shows that, 59 respondents (77.6) reported that bank reconciliation at TPA is done monthly. Whereas 10 respondents (13.2%) reported that bank reconciliation is done on weekly basis; while only 6 respondents (7.9%) reported that reconciliation is done on quarterly basis.

<table>
<thead>
<tr>
<th>Table 4.10: How often bank reconciliation is done?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency</td>
</tr>
<tr>
<td>Weekly</td>
</tr>
<tr>
<td>Monthly</td>
</tr>
<tr>
<td>Quarterly</td>
</tr>
<tr>
<td>Annually</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Source: Researcher field data, 2013

The same results when presented in bar chart (figure 4.11) shows high frequency of respondents reported on the monthly basis of financial reconciliation whereas few
respondents reported to have financial reconciliation on weekly, quarterly and annually respectively.

Figure 4.11 how often bank reconciliation is done?

Source: Researcher field data, 2013

With these results, it shows that, bank reconciliation at TPA is done twelve times year. This also has a significance impact on the possibility of effectiveness of control over cash.

4.12 Cash control based on International Accounting Standards (IAS) and Public Sector Accounting Standards.

The Public Sector Accounting Standards (PSAS) focuses on ‘the accounting and financial reporting needs of national, regional and local governments, related governmental agencies’ on the other hand, International Accounting Standards (IAS) focuses on the International Financial Reporting Standards and plans for convergence or harmonisation which differs widely by jurisdiction. When organisations follow International Accounting Standards (IAS) and Public Sector Accounting Standards as guidelines to financial reporting, control over cash is expected to be effective. Results in table 4.11 shows that, 81.6% of respondents
reported that, financial transaction recorded by TPA follow International Accounting Standard (IAS). On the other hand, some respondents reported to know nothing (15.8%) on whether financial transaction recorded by TPA follows International Accounting Standard (IAS).

Table 4.11: Is the financial transaction recorded by TPA follow International Accounting Standard (IAS)?

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>62</td>
<td>81.6</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
<td>2.6</td>
</tr>
<tr>
<td>I don’t know</td>
<td>12</td>
<td>15.8</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Researcher field data, 2013

On the other hand, some respondents reported to know nothing (15.8%) on whether financial transaction recorded by TPA follows International Accounting Standard (IAS).

Likewise, when the same data were presented in pie chart (figure 4.12), result shows high frequency of respondents that financial transaction recorded by TPA follows International Accounting Standard (IAS). Whereas few individuals reported that TPA do not follows International Accounting Standard (IAS) on preparation of her cash flow statements.
Figure 4.12 is the financial transactions recorded by TPA follow international accounting standards (IAS)?

Source: Researcher field data, 2013

Based on The Public Sector Accounting Standards (PSAS data in table 4.12 shows that, 61.8% of respondents reported that cash flow statements are not prepared according to Public Sector Accounting Standards (PSAS). Only 18.4% reported that, cash flow statements at TPA are prepared according to Public Sector Accounting Standards (PSAS). These results have a significance value on the issue of ineffectiveness of control over cash.

Table 4. 12: Is the cash flow statements prepared according to Public Sector Accounting Standards (PSAS)

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>14</td>
<td>18.4</td>
</tr>
<tr>
<td>No</td>
<td>47</td>
<td>61.8</td>
</tr>
<tr>
<td>I don’t know</td>
<td>15</td>
<td>19.7</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Researcher field data, 2013.
Likewise, when results in table are presented in pie chart (figure 4.13), Individuals shown in larger frequency reported that cash flow statements at TPA are not prepared according to Public Sector Accounting Standards (PSAS).

**Figure 4.13 is the cash flow statements prepared according to Public sector accounting standards**

Source: Researcher field data, 2013

Results in figure 4.13 shows that, few respondents reported positively that cash flow statements are prepared according to Public Sector Accounting Standards (PSAS). This a sensitive issue of ignoring to follow procedures instructed in preparation of cash flow statements.
CHAPTER FIVE

DISCUSSION OF THE FINDINGS

5.1 Introduction
In the course of this research study, the researcher provides a discussion of findings based on the main objective, specific objectives and the research questions. Thus in the discussion of finding, when the research questions are answered, then the specific objectives will be answered and when these specific objectives are answered then the main objective will be answered and finally the proposed hypotheses will either be accepted or rejected.

5.2 Research question one
Research question one conveys as to the problems facing TPA on internal control over cash.

Based on the results presented in table 4.1, data shows that, 76.3% of respondents reported that cash at TPA is managed effectively. This indicates that, the percentage of cash control is relatively high although there are some percentages of failures as shown by 21.1%. If there are other interventions not put into consideration, there may happens the issue of ineffective control over cash and the end result is increase in the percentage of ineffectiveness of cash control. Hence there is a need of increasing the level of effectiveness on control over cash.

Evidence by Rezaee (2005) shows that, ineffective control over cash can lead to financial statement fraud which may involve the following schemes (1) falsification, alteration, or manipulation of material financial records, supporting documents, or business transactions; (2) material intentional misstatements, omissions, or misrepresentations of events, transactions, accounts or other significant information from which financial statements are prepared; (3) deliberate misapplication, intentional misinterpretation, and wrongful execution of accounting standards, principles, policies and methods used to measure, recognize, and report economic events and business transactions; (4) intentional omissions and disclosures or
presentation of inadequate disclosures regarding accounting standards, principles, practices, and related financial information; (5) the use of aggressive accounting techniques through illegitimate earnings management; and (6) manipulation of accounting practices under the existing rules-based accounting standards which have become too detailed and too easy to circumvent and contain loopholes that allow companies to hide the economic substance of their performance.

On the other hand, results in table 4.2 shows that, 53 respondents (69.7%) reported to have no problems of internal control over cash. Only 20 respondents (26.3%) reported that there are problems of internal control over cash whereas 3 respondents (3.9%) reported to have no idea of internal control over cash. This little (26.3%) problem of internal control over cash has its role as finance is concerned. Being the case as a problem, TPA has to look closely on all ways of improving control over cash so that to remove out all problems. The researcher did pin point out to let respondents to narrate the kind of problems which were accounted by that 26.3%. It is important to reduce more this 26.3 percent. This is because, having such error in such huge financial institutions can leads to huge financial losses hence bad reputation to staff and the country at large.

Likewise, results in table 4.3 shows that, 55 respondents (72.4%) reported that the methods of internal control over cash at TPA are effective whereas 14 respondents (18.4%) out of 76 reported that the methods of internal control over cash are not effective and 7 respondents (9.2%) reported to know nothing on whether the methods are effective or not. Having a report of 18.4% indicating that the methods of internal control over cash are ineffective is dangerous. Based on the significance level of 95.5% that the results are expected to be truly, and only 5% chance of failure, and then having 18.4% as ineffective methods shows a necessity to TPA to improve methods of control over cash. This is because; any shocks in the management may lead to losses of cash.

According to Wojcik (2009) methods of corporate governance on all issues including control over cash involves research not only in finance, economics, law, accounting,
business, and management, but also sociology and human geography so that a combination of all these discipline helps to come up with effective methodology on control over cash.

Based effectiveness of financial transactions, results in table 4.2 shows that, payments of transactions at TPA are performed both by cheque and cash deposit in banks (92.1%) proportionately. Out of this, some respondents reported the unknown cases (1.3%) of payments on how payments are performed. This 92.1% result of the data has a significance role in control over cash.

Based on the role of top management official on control over cash and effectiveness performance on financial checkups, results show that (Table 4.5), top management officials have a tendency of checking the transactions the way is carried out (84.2%). Something of interest is that, although administrators are able to do regular checkups but it is difficult for them (84.2%) to reconcile respective daily income collections deposited in bank and those collected from respective ICDs. This is because, deposits on money done by respective ICDs in banking system shows only randomly deposits of individuals and the whole earnings but not the respective some total of respective ICDs. This is also dangerous as it creates a room for someone to cheat on cash in the system either bankers or TPA workers in ICDs leading to losses of funds of the organization.

With this perspective, TPA administration should follow the fundamental objectives of corporate governance which is the optimal design of incentives and control mechanisms to maximize the return on equity capital given the separation of ownership and control (Shleifer and Vishny, 1997). In theoretical work, Allen and Gale (2002) argue that in incomplete, imperfect markets, a stakeholder system of corporate governance that stresses cooperation between management and employees may allocate resources more efficiently in the long run than a shareholder system.

With this section of results on research question on the problems facing TPA on internal control over cash; it is evident that, the gape in control over cash is relatively
narrow. It is important for TPA management to watch out as changes in any of the functioning independent variables like transfer of staff, death of staff and reshuffle may result into widening the gap of cash control. Likewise, the unknown of the top managers to know total earnings in the system on the same day is dangerous and this creates a chance of theft of TPA’s money.

5.3 Research question two
This section gives the answers on whether the criterion used by TPA to estimate wharfage is effective or not.

Currently, wharfage estimation is done based on the product of Cost Insurance Freight (CIF) or Cubic Measurement (CBM) multiplied by a factor of 1.6% where CIF is the ratio of Total custom Value to current Exchange rate. The mathematical narration is illustrated here under:-

\[
\text{CIF} = \frac{\text{Total Custom Value}}{\text{Exchange Rate}}
\]
\[
\text{Wharfage} = \text{CIF} \times 1.6\%
\]
\[
\text{OR}
\]
\[
\text{Wharfage} = 2500 \times 1.6\% \times \text{CBM}
\]

The data presented in table 4.7 and table 4.8 shows that, there is proportionate both wharfage overcharge and undercharge by 28.9% and 13.2% respectively. However this small proportionality may happens due to factors being used in the calculation of wharfage. Reality shows that, whenever there is wharfage under charge, this mean that, the TPA is deprived in the amount of its equivalent. This shows that, clearing company will have taken large amount of cash than expected. When this happens as wharfage undercharge to TPA, the clearing company responsible pays TPA the amount equivalent to the wharfage being undercharged. Likewise, in case of wharfage overcharge, the one affected is the customer. Meaning that, TPA will have taken large amount of money than it was supposed to be taken. When this happens, TPA pays proportionately the amount to the victim customer for it equivalent.
Reality shows that, sometimes wharfage overcharge mostly happen compared to wharfage undercharges.

Based on the effectiveness of the methods for calculating wharfage, results in table 4.8 shows that, the methods are effective (85.5%). This is because, before wharfage formulae are released for use, always market research is carried out to determine the appropriate criteria to be used based. This comes into consideration of chain value of goods and services. Hence having wharfage being effective at that percentage, it seems that, calculations will significantly also be effective.

On the other hand, the 7.9% which shows ineffectiveness of the methods this could be due other causal factors. These include, first there is no predetermined period of time on the change in the 1.6% factor which is used in the calculation of wharfage. Second, the total custom value can be prepared in favour of the government. Thus, customers become the victims of the verdict of high wharfage charges. Third, when using CBM to calculate wharfage, the unknown number 2500 has to interpret so that becomes known. Fourth, not all customers understand on the value being calculated. Hence there is a need for TPA to make known to clients all the calculation details and formulae.

5.4 Research Question three
Research question three provides measures of what have to be done in order to have effective control over cash. In this section, the researcher has shown the role of signatories to authorize payments and the role of bank reconciliation. Additionally, the researcher has touched the issue of TPA to follow International Accounting Standard (IAS), to prepare cash flow statements according to Public Sector Accounting, Standards (PSAS) and shorter time frame of preparing her cash flow statements.

For effectiveness of control over cash signatories also play a big role. At TPA, the reality shows that in order to authorize payments, more than three signatories are involved in authorizing financial transactions. This helps to be clean on financial
transactions. Taking an example for any staff who wants to go for a holiday live has to pass through about six signatories until he gets the money for live. However this weakens morally of workers as it takes lot of time to make follow-ups due to many signatories because much time for workers can be wasted. There is need for re-categorization in terms of who need the service and the amount to be disbursed. Service provision to TPA staff should be reduced to only three signatories. But for transactions outside TPA, then the way of involving more than signatories should prevail.

Another finding is the issue of bank reconciliation. Bank reconciliation plays a significance role on control over cash. According to TPA, reconciliation of money is done in two main formats. First is daily reconciliation of money being collected at respective centers like ICD and second is the total bank reconciliation of whole revenue for the whole organization.

The whole bank reconciliation, results in table 4.8 shows that, bank reconciliation at TPA is performed monthly (77.6%). However, few individual (13.2%) reported that bank reconciliation is done on weekly basis. These results show that, bank reconciliation at TPA is done more often in a year. Meaning that, with this high frequency of monthly bank reconciliation we expect to have effectiveness on control over cash. This also has a significance impact on the possibility of effectiveness of control over cash.

On the other hand, financial reconciliation at respective ICD has a different approach. Here a receipt is issued for cash being collected from customer. Then a summary of receipt is done daily and compared to bank pay in slip. A summary of bank pay in slip is also prepared daily and compared to the bank statement issued from bank. The in charges at respective ICDs are capable knowing exactly the amount collected at his ICD but he is not sure whether the pay in slip from the bank is real collect as he cannot access the bank network to check whether the amount was real deposited.
Based on the effectiveness performance of top management officials on financial checkups, the data presented in table 4.6, and shows that, collections of revenues in respective Inland Container Depots (ICDs) have a big challenge on its reconciliation and the way is managed. The researcher found that, it takes some days (84.2%) for top management officials to reconcile daily income collections and those from respective ICDs.

To obtain maximum benefit from bank reconciliation, the reconciliation should be prepared by an employee who has no other responsibilities related to cash.

According to data in table 4.11, bank reconciliation for total revenue is done monthly. For this reason, it takes a long period of time from the day of collection until the day of total bank reconciliation. This is dangerous as financial fraud can happen because of a long lag of time. Also the researcher found that, bank reconciliation is prepared by TPA employees who have other responsibilities related to cash. The advice was in order to obtain maximum benefit from bank reconciliation; the reconciliation should be prepared by an employee who has no other responsibilities related to cash.

Another area which is important is the way cash flow statements are prepared. The role model for cash flow statement in preparation is to prepare by following International Accounting Standard (IAS) as a prerequisite to financial control. Based on results in table 4.11, results shows that, TPA prepare her cash flow statements (81.6%) according to International Accounting, Standards (IAS). With this large percentage of response by following IAS recording system, gives the reality that to some great extent control over cash at TPA is effective.

In addition, the data in table 4.12 shows that, only 18.4% of respondents reported positively that TPA prepare her cash flow statements according to Public Sector Accounting Standards (PSAS). Meaning that, 61.8% of respondents reported negatively that, TPA don’t prepare her cash flow statements according to Public Sector Accounting Standards (PSAS). These results when are considered alone gives ineffective performance of TPA in preparing her cash flow statements. But it seems
that, TPA relies preparing her cash flow statements based mainly on International Accounting Standards (IAS) (table 4.11) as it was shown to have 81.6% of positive response. This little percentage response of preparing cash flow statements according to Public Sector Accounting Standards (PSAS) is a weakness and the problem has to be resolved.

Thus, the discussion for the three research questions shows that, there is no gap in cash control systems and networks at TPA. Likewise the criteria used by TPA to estimate the wharfage as the main source of cash is effective. With this perspective, the methods of control over cash are effective but with minor collections as stipulated in the recommendations.
CHAPTER SIX

SUMMARY, CONCLUSION AND POLICY IMPLICATIONS

6.1 Introduction
This chapter provides summary and decision rule on the effectiveness of control over cash at TPA. Also the researcher provides policy implications and recommendations both recommendations for action to be taken and recommendations for further studies. In addition the researcher provides scope and limitations of the study.

A summary has covered about what the research was all about, what was the main objective of the study, what were objectives of doing such a research, what evidence provided to conduct such a research, how a research was carried out, and lastly what were the challenges in the line of doing such kind of research. Conclusion part provided that way the researcher has decided based on what has been seen in the field. This gives the outcomes of the research. The conclusion answers the research question raised as to point out the problems facing TPA on internal control over cash, whether the criterion used by TPA to estimate wharfage are effective and the need for a way forward as what should be done in order to have effective control over cash.

On the other hand, policy implications will cover the recommendation for research and recommendations for further studies. Likewise, this part will narrate the scope and limitations of the study.

6.2 Summary
This research study was exploring the effectiveness of internal control over cash at TPA. The guiding main objective was to assess whether the methods of internal control over cash at TPA are effective. Specific objectives were to find out the gaps in internal cash control systems and networks; to find out the criteria used by TPA to estimate the wharfage which is the main source of cash and to come out with methods that will be effective over cash control.
Based on the results, findings show that, there is no gaps in cash control systems and networks at TPA. But to some extend there are administrative challenges that makes some department not functioning well hence minor complaints to TPA staff and few customers. The way TPA operates to some extent it is so tightened to the extent that, it takes time for some issues to be approved for some reasons of security purposes.

Furthermore, the main problem to TPA top officials is inability to separate and recognize daily respective bank deposit collections at respective ICDs in the bank system. Meaning that, the clearing agents deposit the money to CRDB, NMB and CITI-Bank where TPA has account. All other ICDs deposit in the same bank account. Thus the deposits in the bank are seen as total deposits from respective depositors and not as total earnings of respective ICD. For this reason it is difficult for top officials to know the total earnings at respective ICD through a system network. What they do is to inquire a note from respective ICD in charges.

To this moment, when someone when check in the control system what you see is the amount deposited by individual but you cannot get the total earnings of finance from respective ICDs. In case that one depositor has been not deposited, it is difficult to recognize that on the daily basis until reconciliation with books’ value. The challenge is that, bank reconciliation is done monthly; hence someone can be tempted to utilize the organization money estimating that he will return into system before bank reconciliation. This requires intervention to reconstruct a system which will be able to check in system the total earnings from respective ICDs.

On the other hand, it is not possible for top management officials to reconcile "daily income collections" deposited in bank and those from respective ICDs on the same day. It takes some days to reconcile. Likewise, all daily bank deposits as cash and cheque are randomly deposited to form total TPA collections; but it is difficult to find respective ICDs total earnings through banking system. Hence any fraud through banking system takes some time to be recognized promptly.
In addition, methods for estimating wharfage are carried out effectively and has no deliberate overcharge or undercharges to customers. However, when local currency depreciates, wharfage estimates raises leading to increased charges to respective customers. This is because; wharfage calculation involves a component of exchange rate. In the calculation, wharfage is inversely proportional to exchange rates. Meaning that, as local currency depreciates, wharfage decreases. Furthermore, cash flow statements are less prepared according to Public Sector Accounting Standards (PSAS) and are often prepared quarterly. Likewise, bank reconciliation is often done monthly.

Another issue is that of segregation of duties. During preparation of cash flow statements and bank reconciliation some services becomes redundant leading to work over load. This is because; the people who prepare cash flow statements are employee with other daily activities. There the time ending to month you find them busy in preparation of cash flow statements and doing bank reconciliation. The haste may lead to overlook of some sensitive issues hence the report becomes not effective.

6.3 Conclusion
This research was conducted in a special way of confidentiality and that, the information gathered have to be treated confidentially and should not be published without consult of the author. Based on the data obtained from the field, methods of control over cash at TPA are effective. Also the way wharfage is estimated is effective. The main problem to TPA is inability to recognize daily respective bank deposit collections from ICDs but are seen in totality as TPA total earnings. Mostly they depend of total bank deposits being reconciled by book values. It takes some days to reconcile daily bank deposits from respective ICDs and book value done by TPA staff.

In order to improve internal control over cash, TPA has to do bank reconciliation weekly and prepare her cash flow statements on monthly bases by following Public Sector Accounting Standards (PSAS). Furthermore, TPA has to recruit more staff in
finance department. The increased number of staff will help to reduce work redundancies which in turn can end up with ineffective control over cash. In addition, regular checks (84.2%) by top management staff for financial control, still need to be improved especially on knowledge basis of modern technologies of systems and network for cash control. Hence special training for top management staff is inevitable and it should not be carried out as seminars but special regular programs. This is because regular financial checking alone (84.2%) is not enough but needs to improve administrator’s knowledge with soft financial technologies.

The number of signatories should be reduced especially when it comes to staff services. Large number of signatories to staff services brings about longer period spending to seek for service. This reduces time for staff to work for customers.

6.4 Recommendations
6.4.1 Recommendations for action to be taken

Recommendations for action is mainly directed to TPA and other related financial institutions.

Based on the findings and results reported in this research study the following are the recommendations that TPA is advised.

- TPA should review her bank deposit systems and networks from respective ICDs. This will help control of revenue collections. This will reduce the chance of someone to defraud or someone to steal money from the organization.

- Since wharfage is inversely proportional to exchange rate, the higher the exchange rate the lower the wharfage and vice versa; this shows that, in order to ensure accuracy, calculations of wharfage should be automated. Likewise for improved revenues; there is a need for the government to struggle to improve her economy. This will help her shilling to appreciate leading to small exchange rate which in turn will lead to large amount of wharfage.
Results shows that, at TPA it involve more than three signatories to authorize payments to TPA staff. For the purpose of staff affairs; services done by signatories to authorize payments to staff should be limited to three signatories. This will serve time to staff to get easier services and then back to their respective works. In so doing, will help to reduce work load in the department of finance through which individual staff fails to carry out some vital roles of the organization.

Research data shows that, bank reconciliation is done monthly. For the large organisation like this, it is recommended to conduct bank reconciliation on weekly bases. This will improve assurance of fund and increase transparence and cleanness.

Based on this study, TPA is advised to prepare her cash flow statements according to Public Sector Accounting Standards (PSAS). This will help to improve her reports and becomes updates and acceptable in the accounting profession.

Cash flow statements at TPA are prepares quarterly. The research recommends preparing cash flow statement monthly. This is possible after increasing the number of staff so that to reduce redundancy of work which in turn leads preparation of cash flow on quarterly bases.

For effective control over cash, TPA has to diversify activities to other ports like Tanga and Mtwara so that to enhance services to customer rather than adding ICDs as a solution to cargo over load. Further, there is a need to re-categorize cargoes whose demand is more elastic. This should be done sorting all elastic cargo outside the city; likewise on transit cargoes should have their mainland deport along the railway out of the city so that to remove congestion over which seems to the source of corruption and fraud.
6.4.2 **Recommendation for further studies**

The study on internal control over cash is a very large field of study. With this regard, to verify the findings of this present study, the following are the areas one can explore more for further validation.

i. Retrospective cohort study of internal control over cash which is has to include a wide range of coverage apart from Dar es Salaam port alone.

ii. Prospective cohort study on the unstable exchange rate and wharfage estimation.

iii. Longitudinal studies on assessment on the effectiveness of financial statement in decision making.

iv. Assessment on the effectiveness of internal auditing on internal control over cash.
REFERENCES


http://search.ebscohost.com/login.aspx?direct=true&db=buh...


Dear respondent,

The researcher is a student at Mzumbe University Dar es Salaam Campus studying Masters of Science in Accounts and Finance. She is doing a research as a prerequisite for academic completion of her Masters studies. Data provided here will be treated confidential and will not be published anywhere.

Here below are research Questions; you are kindly requested to answer all questions so that to make this research successful.

Instructions:

i. Don’t write your names anywhere in this questionnaire.

ii. Choose the alphabet that fits your answer and put a tick (√) in the appropriate bracket.

iii. Give explanation where required.

1. Do you think cash collected by TPA is managed effectively?
   (a) Yes (  ) (b) No (  ) (c) I don’t know (  )

2. Do you have problems of internal control over cash at TPA?
   (a) Yes (  ) (b) No (  ) (c) I don’t know (  )

3. Do you have effective methods of internal control over cash at TPA?
   (a) Yes (  ) (b) No (  ) (c) I don’t know (  )
4. If yes in question (3) above, mention them.
   i. …………………………………………………………………………………………………
   ii. …………………………………………………………………………………………………
   iii. …………………………………………………………………………………………………

5. Which ways does TPA use to make payments?
   (a) Cheque (  ) (b) Cash (  ) (c) Both Cheque and Cash (  ) (c) I don’t know (  )

6. Do you have regular checks on your job from higher authority?
   (a) Yes (  ) (b) No (  ) (c) I don’t know (  )

7. Is it possible for top management officials to reconcile “daily income collections” deposited in bank and those from respective ICDs?
   (a) Yes (  ) (b) Not possible on the same day (c) It is Possible after some days (  )

8. Is it true that wharfage over charge to customers sometimes exist at TPA?
   (a) Yes (  ) (b) No (  ) (c) I don’t know (  )

9. Have you head of complains to customers due to wharfage under charges at TPA?
   (a) Yes (  ) (b) No (  ) (c) I don’t know (  )

10. What criteria does TPA consider when estimating wharfage? Mention them.
    i. …………………………………………………………………………………………………
    ii. …………………………………………………………………………………………………
    iii. …………………………………………………………………………………………………

11. Do you think the methods for estimating wharfage at TPA are effective?
    (a) Yes (  ) (b) No (  ) (c) I don’t know (  )
12. If the methods or criteria are not effective in question 10 above, give reason.
   i. ...........................................................................................................
   ii. ...........................................................................................................
   iii. ...........................................................................................................

13. How many signatories are required to authorize payments (Transaction) at TPA?
   (a) Two ( ) (b) Three ( ) (c) More than three ( )

14. How often bank reconciliation is done?
   (a) Weekly ( ) (b) monthly ( ) (c) Quarterly ( ) (d) Annually ( )

15. Is the financial transaction recorded by TPA follow International Accounting Standard (IAS)?
   (a) Yes ( ) (b) No ( ) (c) I don’t know ( )

16. Is the cash flow statements prepared according to Public Sector Accounting Standards (PSAS).
   (a) Yes ( ) (b) No ( ) (c) I don’t know ( )

17. How often does TPA prepare her cash flow statements?
   (a) Quarterly ( ) (b) After six months ( ) (c) Annually ( )