EVALUATION OF INTERNAL CONTROL SYSTEMS OVER CASH MANAGEMENT :A CASE STUDY OF FIVE COMPASSION CENTRES IN MOROGORO REGION

By

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A Dissertation submitted in Partial/fulfillment of the Requirement for the Award of Masters of Business Administration-Corporate Management (MBA-CM) Degree of Mzumbe University

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CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled: **EVALUTION OF INTERNAL CONTROL SYSTEMS OVER CASH MANAGEMENT: A CASE OF FIVE COMPASSION CENTRES IN MOROGORO REGION.**

In partial fulfillment of the requirement for the degree of Masters of business administration (corporate management) of Mzumbe University.

2014.

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Major Supervisor

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DECLARATION AND COPYRIGHT

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

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Date____________________________

ACKNOWLEDGEMENT

A number of people contributed in one way or another toward success of this dissertation report. However any few will be mentioned to represent all those who assisted me both morally and materially toward my academic success.

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Finally, I would like to say that, the above mentioned people are not in any way associated with any errors that may be found in this work, all the shortcomings of this study are entirely the author's responsibility.

DEDICATION

This dissertation report is dedicated to my wife Angel Geofrey Njama.

LIST OF ABBREVIATIONS.

C	Committee member
CB	Cheque Book
CDW	Child Development Workers
CIA	Certified Internal Auditor
CIT	Compassion International Tanzania.
CM	Communication Manual
CPA	Certified Public Accountants
CSPI	Child Survival Program Implementer
FM	Financial Manual
GAAP	Generally Accepted Accounting Principles
HW	Health Worker
IAS	International Accounting Standards
ICP	Implementing Church Partner
IFRS	International Reporting Financial Standards
ISA	International Standards of Auditing
NBAA	National Board of Accountants and Auditors
PA	Project Accountant
PD	Project Director
PF	Partnership facilitator
PFM	Program Field Manual
PPBF	Partner Planning Budget Form
PPCV	Project Petty Cash Voucher
PPV	Project Payment Voucher
SW	Social Worker

ABSTRACT

This research is all about the problems associated with internal control systems over cash management in five compassion centres which are Anglican Holly Trinity Students Centre (Tz-319), Anglican Railways Students Centre (Tz-320), KMT Mennonite Students Centre (Tz-702), AICT Mtoni students Centre (Tz-952), and Moravian Kiwanja Cha Ndege Students Centre (Tz-552). The main reason for this research to be undertaken is due to the fact that some compassion centres were closed due to funds vandalism. The funds were also directed to other activities which were against the budgeted activities and contrary to the financial manuals and Program Field Manual (PFM 2.02).). The specific objectives were four starting with assessing the systems of operation effectiveness of internal control, identify and assess challenges encountered in internal control systems over cash management, identify and assess the challenges encountered over cash management, determine steps to readdress challenges over cash management operate in compassion centres, and assess to which the compassion centres comply with the financial standards provided in the Program field manual. Primary and secondary data has been used on this study to qualify the evaluation of the systems of internal control over cash. Data was collected through questionnaires, interviews and observations and documentary review. This research was conducted at five Compassion centres located in Morogoro region.

The study found that internal control systems over cash management are moderately exercised thus more efforts is needed so that at the end newly established centers which will be launched this year at Lindi, Mtwara and Other centres which are expected to be established in other parts like Mbeya, Tanga and seven centres in Morogoro will minimize greatly funds embezzlement to compassion centres. Not only that but also to ensure that the auditing reports are unqualified to increase trust to sponsors who are the source of funds and that increases stewardship and transparency. Through this research there are some areas which need more efforts in the internal control systems over cash particularly in professional abilities and capabilities of accountants and internal auditors.

The study provides recommendations to readers on the systems of internal control over cash management so that to give views based on the findings so that the internal control system over cash management will greatly be exercised to compassion centres as well as other organizations.

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CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter one contains seven subsection .The following is the content of the whole chapter one whereby there is a background information about an organization then followed by the background of the problem/ study which explains the reason for the research to be undertaken. It is then followed by the statement of the problem as the main reason for the research to be undertaken. It is then followed by general objective whereby the small interconnected objectives that give the existence of general objectives known as specific objectives of the study. Research questions were one of the content that helps in tracking the objectives of the study. Significance of the study helps in explaining the importance for the research to be undertaken followed by the scope of the study and finally definition of key terms.

1.1 Background Information about an Organization

Compassion International Tanzania is currently in partnership with 250 implementing Church partners; all these implementing church partners are passionate and committed towards releasing children from poverty in Jesus' name which is the Compassion's mission. Parents and caregivers of the registered children are also very important stakeholders in this endeavourer. They are important because they have a role to play in support of Compassion's interventions. In addition, they are still required to meet some basic needs of their sponsored children while in the program. The lack of reliable and sustainable income generating and survival activities to the parents and caregivers prejudices the mission of releasing children from poverty in Jesus' name

Compassion International Tanzania is a Christian nonprofit Child Ministry that aims at turning the corporate Compassion International's vision and mission into action by partnering with evangelical Churches to release children from poverty of all forms in Jesus Name. It enables and encourages churches to carry out the great Commission of Jesus Christ with the focus on the needy children with a view that these children become released from the bondage of poverty. Currently Compassion International Tanzania is partnering with 236 evangelical churches and serving about 63,000 children in 12 regions of Tanzania Mainland.

According to www.compassion explains that Historically, Compassion's work had grown from modest beginnings in South Korea in 1952 when American evangelist Rev. Everett Swanson felt compelled to help 35 children orphaned by the Korean conflict. Today there is a worldwide ministry where more than 1.2 million children are now reaping the benefits of one man's clear, God-given vision

1.1.1 The mission

Compassion international worldwide has the mission statement quoted as" Releasing children from poverty in Jesus name"

1.1.2 The vision

Compassion International The non-governmental organization also has the vision that says, "Compassion International exists as a Christian child advocacy ministry that releases children from spiritual, economic, social and physical poverty and enables them to become responsible, fulfilled Christian adults.

1.1.3 The Compassion Commitment

Cultural customs and traditional practices must not take precedence over the biblical guidelines for human relationships. Our heavenly Father declares the value and dignity of human life. Adults and children are made in the image of God (Genesis 1:27, Psalm 139). God's Word must have the final authority in regulating compassionate treatment of every human being, including children.

1.1.4 Statement of Faith

Compassion international statement of faith includes; we believe in the Holy Scriptures as originally given by God. We believe in one God, eternally existent in three persons, Father, Son and Holy Spirit. We believe in the plan of Salvation and that the Lord Jesus Christ is God manifest in the flesh. We believe the Holy Spirit enables believers to live a holy life, to witness and work for the Lord Jesus Christ. We believe in the resurrection of both the saved and the lost; they that are saved unto the resurrection of life, they that are lost unto the resurrection of damnation.

1.1.5 Financial Integrity

At Compassion stewardship is taken seriously. That's why more than 80 percent of all our expenditures go to program activities for our children.

1.1.6 Leadership Principles

Compassion employees aspire to be more like our Savior, Jesus Christ, in whom we are and what we do. They are called as stewards of the ministry of Compassion International.

1.1.7 History

Compassion's work has grown from modest beginnings in South Korea in 1952 when American evangelist Rev. Everett Swanson felt compelled to help 35 children orphaned by the Korean conflict. Today we have a worldwide ministry where more than 1.2 million children are now reaping the benefits of one man's clear, God-given vision.

1.2 Background of the Problem

The operation of compassion international depends much on funds received from sponsors. Thus means that every sponsor provides USD 38 every month whereby USD 19 remains in the country office for administrative activities like paying salaries to project staffs and daily running activities.

The remaining amount goes to compassion centre’s allocated in the respective country. At compassion centers, the amount being provided from the country office is for paying salaries to project workers (project director, project accountant, social worker, health worker and child survival program implementer, treatments to sick children, tuition fees, and allowances to tutors like football, netball batik and other activities being done depending upon the budgeted activities for the whole year. The general trend of auditing to centers which are usually done for every two years, shows that most of the centers do not abide to the laws and regulations provided in the Program Field Manual (PFM) which is a guiding tool to all centers all over the world. The results to auditing shows that some centers have been closed because of not following the directives as a result some sponsors have cancelled sponsorship to the children. The sponsorship cancellation to reduce the amount of funds.PFM 2.02 explains the way funds must be used for a specific purpose and report must be provided soon. It also happens that some centers do not follow the procedure as provided in. This causes thorough audit to centres and in case things have been done without observing the rules the outcome may be the closure of the centre(s).Sections 21 of PFM 2.02 version explains how funds should be controlled and the audit is usually done after every two years .The advantage of this control is that it is in the operation of managerial activities, financial issues and daily operation of the centres.

In Morogoro there are 13 centers which have been established by Compassion International. These centre as follows; Anglican Holy Trinity Students centre,(TZ-319),Anglican Railways(TZ-320),TAG Goshen Students Centre(TZ-120), Kigurunyembe Mennonite students centre(TZ-702),Bethel Students Centre(tz-119), TAG Ebenezer Students Centre(TZ-118), Anglican Gairo Students Centre(TZ-316), EAGT Sayuni Students Centre,(tz-662). EAGT Gairo Students' Centre (tz-661), AICT Mtoni Student's Centre (TZ-952) TAG Mazimbu Students Centre, (TZ-121) FPCT Sayuni Students Centre (TZ-811) and Moravian Kiwanja Cha Ndege Students Centre (TZ-552). These centers' have been established in collaboration with Compassion International Tanzania (CIT) since 2004.

Looking on how the internal control over cash management is exercised at compassion centers in Morogoro region, this research aimed at observing how the information from internal auditors from the works as a control over cash management to the compassion centre's.

It happened that some unqualified reports (worse reports) to some compassion centres and have resulted to the closure to those centres. These resulted to qualified reports (worse reports) to some of compassion centers and resulted for those centers to be closed. A typical centre which was closed due to vandalism of funds was Tz-215 which found in Arusha. In this centre the funds were used contrary to the budgeted activities and were invested in such things as building of toilets, something which was against with the provision of Program Field Manual (PFM 2.02). 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. Properly segregated duties avoid giving control over the receipt of the asset and the accounting of it to the same person. However, segregation of duties is more difficult to achieve in a smaller business but not impossible as Marsh, (2009) emphasized.

Internal control over cash management is the one of the engine to any organization which must be handled in a very special way. Under this area, management must be very careful so that rules and regulations that one must follow need to done as the rule says. Despite of the importance of internal cash control to the organizations, some organizations do not comply with it and their auditing results are becoming worse. However, this is one of the prevailing managerial problems in Compassion centers initiated in Morogoro. This situation has resulted for some centers to be closed. Nevertheless, this situation has reduced trust from sponsors in way that some sponsors dropped in helping children who in one way or another are the sources of funds to centers as it is clearly explained by PFM 2.02.

It is particularly important to maintain strong internal control over transactions involving cash receipts and cash payments. This is due to the fact that; internal control affects all the assets of business liabilities, revenue and expenses and every aspect of operations. The importance of internal control is to aid in the efficiency of operations of compassion centers. Therefore this is the motive to focus this study on finding out in what way the organization controls cash transactions. Hence it seeks to evaluate the systems of the internal control over cash management in compassion centers established in Morogoro region.

1.3 Statement of the Problem

Properly segregated duties avoid giving control over the receipt of the asset and the accounting of it to the same person. Segregation of duties is more difficult to achieve in a smaller business but not impossible as explained by www.kempercpa.com. An internal control system over cash management is the one of the engine to any organization which must be handled in a very special way. Poor control of the systems leads to poor performance of many organizations as stated by Gallagher, (2000). Under this area, management must be very careful so that rules and regulations against this background, therefore this research intended to evaluate the internal control systems over cash management in the compassion centres in the Morogoro region.

1.4 General Objective

The general objective was to evaluate the systems of the internal control over cash management in five compassion centers located in Morogoro region.

1.4.1 Specific Objectives of the Study

The specific objectives of the study were

i. To assess the operation effectiveness of systems of operations of internal control over cash management.
ii. To identify and assess the challenges encountered in the internal control systems over cash management,
iii. To determine the steps to readdress the challenges over cash managements operate in the compassion centres.
iv. To assess the extent to which the compassion centres comply with the financial standards provided in the Program Field Manual.

1.5 Research Questions

This study was guided by the following questions.

i. How does the current system of internal control over cash management operate in the compassion centres?

ii. What are the challenges encountered over cash management and how do they limit the effectiveness of internal control systems?
iii. What are the likely steps for redressing the challenges over cash management?
iv. To what extent do the compassion centres comply with the financial standards provided in the Program Field Manual?

1.6 Significance of the Study

The researcher hopes that the study was very useful in different aspects;

i. It will enable the management of the compassion centres to safeguard cash and other assets.
ii. The findings will help to know the areas of weakness and thus help the management of the compassion centres to make corrective measures.
iii. The study will stimulate other researchers to carry out further studies on the areas of internal control over cash management in other organizations or other compassion centres in Tanzania.

1.7 Scope of the study

The study dealt on five compassion centre's as a sample which were Anglican Holy Trinity Students centre (Tz-319), Anglican Railways students centre (Tz-320), KMT Mennonite Students Centre (Tz-702), AICT Mtoni Students Centre (Tz-952) and Moravian Kiwanja Cha Ndege Students Centre (Tz-552).The researcher hope that through the selected centres gave the same results which represents the total thirteen Compassion centres located in Morogoro region.

1.8 Definition of Key Terms

1.8.1 Internal Control System

Different scholars have attempted to define internal control, for example, Biggi, (1985) defines it as the whole system of control, financial or otherwise, established by the management in the conduct of the business including internal check, internal audit and other forms of control. However, in the other point of observation the American Institute of CPAs, (1980) considers Internal control as comprising the plan of the organization and all of the Co-ordinate methods and means adopted within a business to safeguard its assets, check the accuracy and reliability of its accounting data to promote operational efficiency and encourage adherence to prescribed managerial policies. In this regard it was found that despite their differences in wording many scholars have come into agreement that the system of internal control is established in order to achieve the same ends which as correctly defined by the Institution of Charter Accounts in England and Wales (1988), it is the system which may be financial or otherwise established by the management in order to carry on the business of the company in an order manner, safeguard its assets and secure as far as possible the accuracy and reliability to its records.

Therefore, summarizing these definitions we may come into conclusion that all the definitions a focused on the same issues of which is:-

i. Safeguard of the assets from waste, fraud or theft
ii. To have sound management which adhere to its policies
iii. To have reliable accounting records and accurate one and
iv. To increase operations efficiency of the organization.

1.8.2 Cash Management

Cash management has been defined by different scholars. The following were the definitions from different sources. According www.phoenixhecht.com, explains the concept of cash management as the movement of funds through financial institutions to optimize liquidity. It is the management of corporate funds to increase interest income earned by maximizing Investments and/or reducing interest paid by minimizing borrowings. Cash management uses the knowledge of funds movement through the banking system, coupled with banking services and other financial products to optimize liquidity. It is the scheduled gathering of information about a company's cash flow, its receipts, disbursements, and balances. This information is used to manage these elements of working capital. Effective cash management ensures the timely provision of cash resources necessary to support the company's operations. With the use of basic cash management tools and techniques, cash becomes a corporate asset that contributes directly to the bottom line. Whether a company is flush with cash or experiencing a shortfall of funds, good cash management is critical to the success of every company. Cash management is a financial discipline that uses the same principles, regardless of the type of business, size or age of an enterprise. Cash management is not an accounting function. The accountant records and reports transactions historically; the cash manager plans and executes these financial transactions. Cash managers use techniques, products and services to efficiently manage cash resources and satisfactorily resolve cash shortages or surpluses.

1.9 Limitation of the study

The systems of cash management is very sensitive area which needs deep investigation and it is the heart of any organization whether profit and not for profit organization. Knowing that it reaches the time respective person didn't communicate well in way that the researcher didn't receive the proper answers to questions asked to the respondents and this lead to much struggling so that to arrive at the correct answers. In all five centers, only four centers were very collaborative and for that reason the researcher receives the correct data.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

Under this chapter it contains of ten subsections. There is theoretical literature review, definition of internal control system followed by considerations on establishing internal control system, features of internal control, effectiveness of internal control over cash, internal control over cash receipts and payments, features of internal control over receipts, limitation of cashiers duties, system design, empirical studies, research gaps and lastly was the conceptual framework of internal control systems over cash management.

2.1 Theoretical Literature Review

The responsibility for the establishment of the internal control systems rests entirely with management of the firm. However, the aim of introducing internal control over cash in an Organization was to take the following measures.

i. Protecting its resources against waste fraud and inefficiency
ii. Ensuring accuracy and reliability in accounting and operating data
iii. Securing compliance with company policies and,
iv. Evaluating the level performance in all divisions of the organization.

To achieve these measures, an accounting system may make use of accounting manuals accounting policies and procedures, flow charts, internal audit reports, financial regulations and any document relevant for control. The term document refer to all charts, forms, reports receipts Bank payment voucher and other business papers that guide and describe the working of a company's system of accounting and internal control over cash as explained by Mwisho, (2000). To simplify the system, data concerned every day of financial activities should be reported, communicated, summarized, recorded and classified to the interested parties/organizations. Among other reasons was failure to follow/implement accounting system/design, rules, policies and procedures set by management such as processing of transactions, delay of payments.

As far as internal control is concerned some problems can be found. According to Mahushi, (1985) explains that, cash is the most liquid asset that can be taken easily. If the system of controls is not exercised over the petty cash do not constitute satisfactory controls, the following manipulations are likely to be perpetrated.

i. Raising amounts on supporting documents after the approval for payment
ii. Inclusions of paid voucher on the reimbursement statement
iii. Duplications of payments through petty cash fund, payroll or cheque payments
iv. Over statement of totals per petty cash reimbursement statements.

An organization plan should indicate clearly the departments or persons responsible for such functions as purchasing or receiving of incoming goods and services, maintaining accounting records, approving credit to customers and preparing payment. One person should clearly be responsible for only one function. All the procedures and policies should be in writing so that responsibility for proper performance can't be shifted. An accounting system, regardless of the size of the organization, was designed to collect, pay, and process and report periodic financial information about the organization. Financial reports are usually prepared at the end of the accounting period. At that stage the accounting system must systematically collect, process, summarize economic data about all the transaction completed by the entity.

According to Herman, (1992) says that, the process of analyzing recording, summarizing and reporting business transactions is the same of all organizations. However the speed and efficiency of the processing depends on the system itself.

Accounting system applied by the organization should be cost effective thus; the value of the information produced should exceed the cost of producing it. The management has no choice to produce the types of accounting report required by law. In some cases management may use cost effectiveness as the criteria for deciding whether or not to produce the information. But this recent years the development and installation of computers (electronic device) based accounting system have increased greatly the types and amount of accounting information that can produce in a cost effective manner. In order to develop information about financial position of a business and its results of operations, the following should be performed:-

i. To interpret and record that effect of a transaction
ii. To classify the effect of similar transactions such that it permits determination of the various totals and subtotal useful to the management.
iii. To summarize and communicate the information contained in the system for decision making.
iv. Many organizations make good use of accounting packages which are readily available and have been well tested. It's commonly modularized with the sales ledger, order processing, purchase order processing, fixed Assets, purchase ledger, General ledger stock control, sales invoicing, payroll, and bills of materials and fixed Assets movement register all being offered as separated modules. These modules depend on the requirement of the organization; for example in small business will have no use for a payroll module.

There are many benefits when using a computerized accounting system. Among those were:-

i. Computerized accounting system performs the same as manual but in a more accurate and neat way.
ii. Computer is fast, effective, efficient and is consistent (Wood, 2002).

2.2 Internal Control System

Different scholars have attempted to define internal control, for example, Biggi,(1985) defines it as the whole system of control, financial or otherwise, established by the management in the conduct of the business including internal check, internal audit and other forms of control. However, in the other point of observation the American Institute of CPAs (1980) considers Internal control as comprising the plan of the organization and all of the Co-ordinate methods and means adopted within a business to safeguard its assets, check the accuracy and reliability of its accounting data to promote operational efficiency and encourage adherence to prescribed managerial policies. “American Institute of CPAs”,(1980) still explains the concept of internal control systems that, it was found that despite their differences in wording many scholars have come into agreement that the system of internal control is established in order to achieve the same ends which as correctly defined by the Institution of Charter Accounts in England and Wales (1988), it is the system which may be financial or otherwise established by the management in order to carry on the business of the company in an order manner, safeguard its assets and secure as far as possible the accuracy and reliability to its records.

Therefore, summarizing these definitions we may come into conclusion that all the definitions a focused on the same issues of which was:-

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iii. To have reliable accounting records and accurate one and
iv. To increase operations efficiency of the organization

Considerations on Establishing an Internal Control System

Various authors suggested some measures to be taken into consideration so as to establish internal controls. For instance Mahushi (1985), emphasize that in order to establish a satisfactory system of internal control the following measures have to be taken into consideration:

i. A plan of the organization system, which provides proper segregation of functional responsibility between departments and individuals must be well defined and prove, be properly delegated.

ii. A system of authorization, recording and custody procedures must be adequate to provide reasonable account control over assets, liability and capital.

iii. Preparation of financial forecast in which a plan of operation is analyzed by setting objectives for each decision of business as for example, the expected volume of sales amount of expenses and future cash balance.

iv. Managerial supervision and review to include internal audit to ensure sound practices of each department and individuals are clearly defined and are assigned to competent persons.

2.3 Features of Effective Internal Control

In order to have effective internal control the following characters should be adhered to:-

2.3.1. Authorization and Approval

All transactions require authorization and approval by an appropriate responsible person. The limit of authorization should be specified and approved by the Board of Directors to avoid resting excessive power to only some individuals. Through proper authorization will be accountable for any loss of cash resulted.

2.3.2 Segregation of Duties

Meigs at al., (1982) explained that the prime means of control is the separation of responsibilities which if combined would enable one individual to record and process a complete transaction. This feature reduces the risk of internal manipulation or error and increases internal checking.

Mwisho, (2000) explained that if a large number of people are employed in the organization, they must be kept in charge of some responsible officer. Failure to exercise either examination or supervision tends to weaken the foundation of internal control thus creates a loophole for payment which are not genuine and intern causes the loss of cash.

2.3.3 Serial Numbering of Documents

Internal control devices of wide applicability was the use of serial numbered documents such as cheque tickets, receipts, Bank payment vouchers, sales invoice, all the documents involved in accounting system must be serially numbered as explained by Wolf, (1997). Mwisho A.M. (2000) said, "Receipts and cash payments of cash should be controlled very carefully. Since it is this area that chance of frauds, errors or irregularities are greater".

2.3.4 Personnel

The important element of successful control is personnel. Incompetent and dishonest employees can undermine the system, regardless of how well it meets the other items on the checklist.

2.3.5 Arithmetical and Accounting Accuracy

These are controls within the recording functions, which check transaction to be recorded and processed. This means checking arithmetical accuracy, calculation, control accounts and accounting for document.

2.3.6 Voucher system

Meigs et al., (1985) expressed that; A voucher is one of the methods of achieving strong internal control over cash disbursement. It provides assurance that all disbursements are authorized and reviewed before a cheque is issued. Therefore the accounting department is responsible for assembling the appropriate documentation to support every cash disbursement.

2.3.7 Organization

Woolf (1990), emphasized that an enterprise should have a plan of the organization defining and allocating responsibilities. This plan should also identify lines of reporting for all aspects of the Enterprise's operations. These operations include control, delegation of authority and clear specification of responsibility.

2.4 Effectiveness of Internal Control over Cash: Universal Rules in Cash Control

According to Meigs et al., (1982) explain that there are universal rules for achieving internal control over cash. The authors outline the following:

i. Do not permit any one of the employees to handle transaction from the beginning to its end. Separate cash handling from recording.
ii. Record cash handling from recording
iii. Centralize receiving of cash as much as possible.
iv. Encourage customers to obtain receipts and observe cash register.
v. Make all disbursement by cheque with exception of expenditure from petty cash.
vi. Deposit each day's receipt intact.
vii. Have bank reconciliation prepared by employees not responsible for the issuance of cheque or custody of cash.

2.5 Characteristics of Internal Control over Cash

According to Wolf, (1997) emphasize that an effective internal control over cash must possess at least the following characteristics:

i. All cash receipts should be deposited daily in the bank and that significance cash payments should not be made directly from cash receipts on hand.
ii. The validity and amount of every expenditure should be verified before payment is made and issue signed cheque by Meigs et al., (1982)
iii. Optional balance of cash will be maintained at a time.
iv. Payment will be made of a proper documentary authority for the benefit of the organization and will be limited to few known officials of the organization.
v. There will be mechanical devices for safeguarding assets, example safe.
vi. Customer should obtain receipts equal to the amount paid to cashier.
vii. All cancelled receipts should be retained for approval and Auditor should inspect it.
viii. Only one person should be authorized to collect cash.

ix. Cash collection should be kept in a safe boxes and not otherwise such as drawers.
x. Cashier will only handle cash while depositing, collecting and writing cashbook should be done by another clerk.
xi. Evidence banking should be dealt with the accounts section to ensure accountability and posting of debtors will be made through more copies.
xii. Each creditor/ customers should have a separate ledger folio with respective name where transactions relating can be posted and avoid miss-posting of transactions.
xiii. Invoice should be posted in the following day to ensure balances updated on a continuous
xiv. Receipts for debtor's discounts, credit notes or any other allowances should be posted to the credit side of the respective debtors immediately before producing a report for a month. Also debit notes should be treated promptly to avoid omission of data at the end of the month.
xv. Only authorized signatories should be allowed to sign cheque.

2.6 Internal Control over Cash Receipts and Payment

Tanzania Auditing Standards explain the internal control over cash management that Most of transactions which a company enters involve at some time the receipts or payments of cash, as the most liquid and tempting of a company's assets is the one most open to manipulation. Agreement losses occur because money is received from the clients of tidies but is retained by the employee to whose hands it comes.

The objectives of the internal control system according to Tanzania Auditing Standards were as follows;

i. To ensure adherence to management policies and directives in order to achieve the organization's objectives.

ii. To safeguard assets (Fixed Assets and Current Assets).
iii. To secure the relevance, reliability and accuracy of records and
iv. To ensure compliance with statutory requirements.

But as far as internal control over cash receipts is concerned for the following objectives to the organization:-

i. To ensure that the organization collects all cash to which it is responsible;
ii. To ensure that when cash received, is promptly recorded in the books and properly safeguarded in most case be banked intact.

The system of internal control which an organization operates is to ensure that it receives all the money which differs according to the nature of the credit sales, rent and investments, either there is usually a record of the value of the transaction before cash is received or amount receivable can be ascertained, the aspect of the business should ensure that such transactions are properly entered into books to provide a record of what should be reported/received.

In the case of payment (petty cash),there should be record keeping of which the company receives against the reimbursements so as to check whether the amount requested is the same as what has been spent, and the petty cash vouchers should be pre-numbered. Furthermore receipts also are pre-numbered and the forms of checking that have been properly recorded are introduced for verification of the amount collected and amount banked.

2.7 Feature of Internal Control over Receipts

These include the following;

2.7.1 Limitations of Cashier's duties

Cashiers duties need to have limitation so that to avoid collusion with other workers.

2.7.2 Raising Document

Neither cashier nor anyone under his supervision should be responsible for raising or approving any document, which will result in cash collection by the company (sales invoice) or which cancels the company right to receive cash (credit notes)

2.7.3 Access to records

Neither the cashier nor his assistants should be responsible for writing up or keeping the control of accounts for any ledger. This avoids the opportunity of concealing misappropriation by alteration of records

2.7.4 Control over cash received by mail

These includes the following,

2.7.4.1 Record over cash received through mail

Cash received through mail should normally be recorded at the time they provide a control over the entries in the cash book and amounts paid into the bank independent of the person who has custody of cash.

2.7.4.2 Cash book to be checked with cash register.

If cash register or other ledger, opening record of remittance is prepared, it should daily either in total or item with the entries in the cash book and pay in slip. The person making this compassion should be independent

2.7.4.3 Other Receipts by the Bank

All receipts of the authority by bank if are being reflected in the bank statement, which is usually obtained each month so as to reconcile the amount in bank and that in the cash book.

Internal Control over Cash from Debtors

Objective of internal control over cash receipts from debtors should ensure that

i. Customer's orders are promptly executed
ii. All invoices are dully processed and recorded in the books
iii. All invoices are subsequently paid

Records of customers' orders received should be maintained and marked of as each order is completed. New customers there should be procedures for establishing the credit worthiness of new customers, and for setting limits, before their orders are processed.

There other customers making orders through written contract to supply goods and services, and then basing on that contract (document) cashier may raise the invoice. The authorization of credit notes should be checked and authorized by a responsible officer who is not a member of accounts department, in order to prevent false credits being posted the ledger account.

2.8 System Analysis

The goal of system analysis was to determine the information needs, the source of such information and deficiencies in procedures and data processing methods used currently. The analysis began with the review of the organizations revenues and expenditure. It assists the management for decision making

2.9 System Design

The researcher used a case study research design. Case study research design was a study that was designed to stage an in-depth study of particular unit. This design enabled the researcher to answer the research questions, which stresses on a particular aspect effectiveness of internal control over cash

Also through this design, the researcher as a participant observer has been able to verify information on the spot through observation where necessary.

2.10 Empirical studies

Different Authors attempted to show on how the concept of cash management is crucial and it plays a great role and that organizations need to put much effort to ensure that proper ways are administered for the betterment of the organizations themselves.

Rascoe, (2007) explained more on the systems of Internal control over cash to any kind of business .Without effective methods place to ensure that funds and resources are being used in an ethical and efficient way a company may lose money or run into many other problems. Through establishment of responsibly, segregation of duties, document procedures and security measures any company should be able to maintain their funds and feel confident that their employees are producing accurate and ethical results.

Wheeler, (2004) emphasized the concept of internal control over cash in relevant with credit saving, speculative grade rating. He realized that firms with low internal control quality are more likely to have lower credit ratings, speculative grade rating, smaller size, lower profitability, and lower cash flows from operating activities, and net losses in the current and prior fiscal year, higher income variability and higher leverage than other firms with high quality controls. Further ,lower quality controls decrease the likelihood of a firm receiving an investment-grade debt rating hence resulting in higher cost of debt financing, lower income and lower overall attractiveness in capital markets for these firms.

Looking at the ways whereby organizations can safeguard their asset, the following has been noted according to the research questions.

Trésor, (2006) emphasized the importance of the segregation of duties of cash receipts. If the employee has access to the physical cash or checks, there is a risk that the money is stolen and never deposited in the company's bank account and that it would be not detected in the bank reconciliation because the employee himself is doing bank reconciliation and he is preventing noticing through overdue payments list because he/she is making a fake entry in the ledger that the invoice to the customer was paid.

The importance of using a computerized accounting system has been revealed by Hardler, (2009) explain in detail when using a computerized accounting system on the computer input screen have been designed for ease of use. He said that, the main advantage is that each transaction needs only to be inputted once, unlike a manual double entry system where two or three entries are required. The computerized accounting system is fully integrated. This means that when a business transaction is inputted on the computer it is recorded in a number of different accounting records at the same time. The advantages of accounting are many compared to their demerits, these advantages are speed, accuracy, automatic document production up-to-date information, availability of information, management information, vat return, legibility, efficiency, staff motivation, cost savings, the ability to deal with multiple currencies

The usage current data management interface to any organization simplifies works and reduces bulkiness of files. From the Microsoft office outlook explains the advantages of using it as follows. It is possible for company groups that require intercompany postings, Microsoft provide full intercompany features not just in the General Ledger Account but also with orders and invoices. The system even provides intercompany features for companies that use different currencies. Handling of cash payments and cash receipts is very flexible as well as transparent with complete posting details with a simple navigation. It collects your business functions into one integrated system with close visual functional ties to Microsoft windows vista and Microsoft office. It is easy to learn, simple to use and quick to implement.

The 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. Internal control refers to a company's plan to

i. encourage adherence to company policies and procedures,
ii. promote operational efficiency,
iii. minimize errors and theft, and

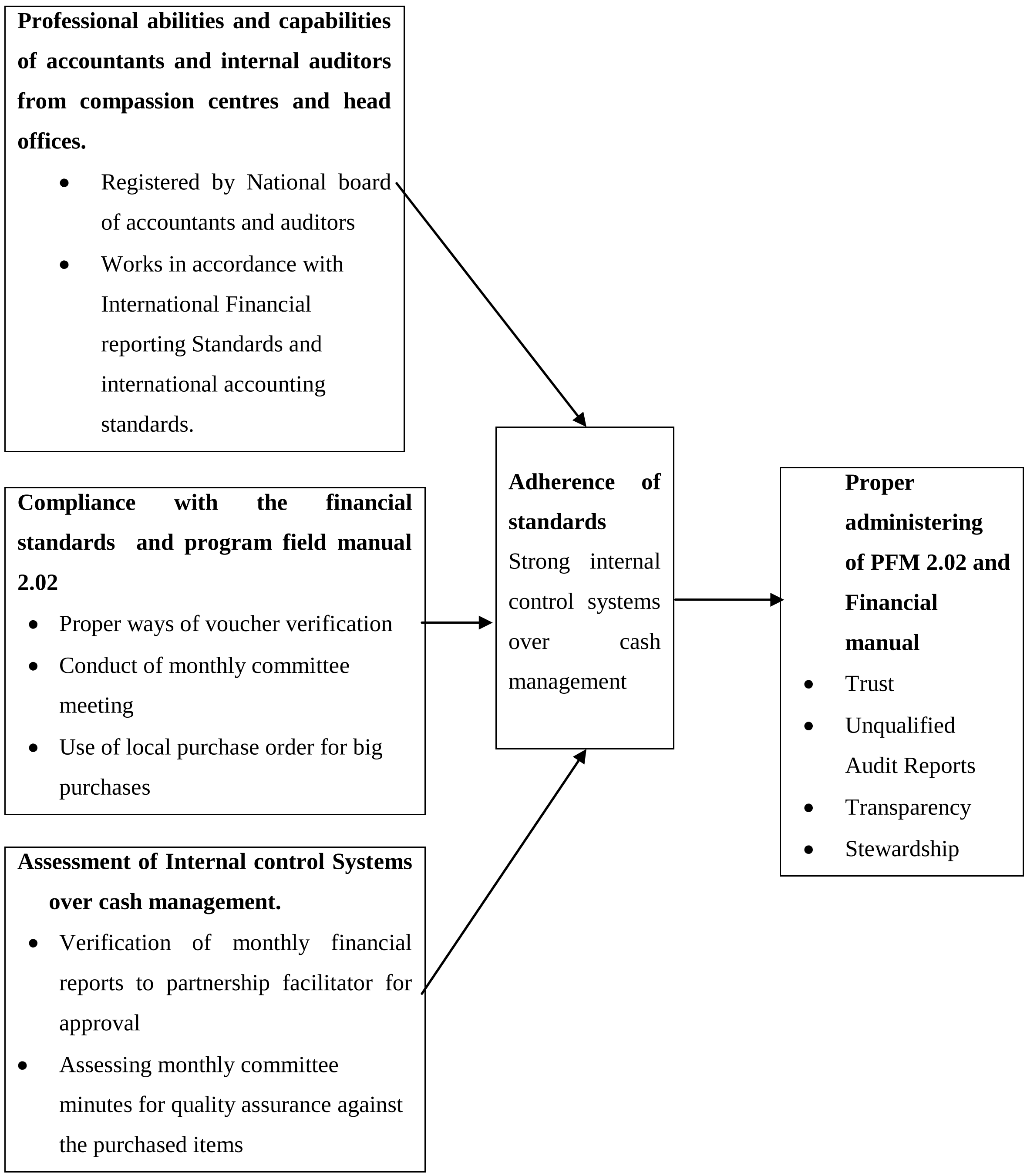
iv. Enhance the reliability and accuracy of accounting data.

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 by coso trade way, (2012).

Research gaps: Under this study, the research was conducted in order to know the constraints associated with internal control over cash management to some centers that strictly follow the standard against other centers doesn’t follow the program filled manual as a guideline to system of internal control over cash management. The main aim was to ensure that through this research many centres will properly use financial standards as well as program field manual in their day to day activities.

2.10 Conceptual framework

It shows the relationship between independent variables and dependent variables in the study.



Source: **Researcher (2014)**

According to the study's conceptual framework (fig 1) there was relationship between internal control systems over cash management determined by compliance with the financial standards and program field manual, assessment of the internal control systems, and professional abilities and capabilities of accountants from compassion centers and internal auditors from compassion international head office .Results for the strong internal control systems over cash management increases trust, stewardship, unqualified audit reports and transparency.

This relationship deals with the three dependent variables that lead to the attainment of strong internal control systems over cash management.

The first dependent which explains the professional abilities of accountants and internal auditors from compassion centres and head office shows that in order to attain that variable these accountants and auditors must comply with the professional bodies like National board of accountants and auditors (NBAA).They also need to work in accordance with the International Financial reporting standards.

The second dependent variable emphasize the compliance with the financial standards must strongly be the result of assessing the monthly committee minutes to be reviewed and approved by the chairman of the respective centre every month and verification of financial reports to partnership facilitator every month

The third dependent variable concerned with the assessment of internal control systems over cash managements that can be contributed by assessments of monthly committee and use of local purchase order for big purchases as well as invoices.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter has four subsections. The first section is area of study, followed by background of information about an organization, geographical location, research design, population, sample size, sampling techniques data collection methods and instrument, documentary review and lastly data analysis methods.

3.1 Area of study

The study was carried out at compassion centre's residing in Morogoro region. This research dealt with five compassion centres among thirteen centres located in Morogoro region which are Anglican Holy Trinity Students centre (TZ-319), Anglican Railways Student Centre (TZ-320), Moravian Kiwanja Cha Ndege Students Centre (TZ-552), KMT Mennonite Students Centre (TZ-702) and AICT Mtoni Students Centre (TZ-952). This study area was chosen because it was easier for the researcher to receive data and these centres were not far from each other. The second reason for the selection of these centres was due to availability of project workers who were the source of information at times when researcher asked about the operation of centres.

3.2 Research design

The study employed a case study research design because this method involves an intensive investigation and its findings were not generalized compared to survey design and experimental design. Also it is flexible in the data collection method that permits the use of different data collection techniques like questionnaires, observation, interview and documentary review (Kothari, 1990).

3.3 Target Population

The population of the study comprised of project workers, committee members and church pastors. Whereas, the Project workers included Social workers, Project accountants, health workers, project directors, child survival program implementers and church pastors, as table 3.1 shows.

Table 3.1 Targeted Populations.

SN	POPULATION	SAMPLE	POPULATION
1	Project Workers	20	32
2	Child Survival Program Implementers	2	2
3	Committee Members	25	40
4	Church Pastors	10	26
	TOTAL	**57**	**98**

Researcher, 2014.

3.4 Sample size

The sample size used in this study was 57 respondents. It included; 20 project workers from different centres which were five project directors, five project accountants, five social workers and five health workers. Also the sample included 10 church pastors, that is two pastors from five evangelical churches in Morogoro. Moreover, this study involved two cspi who are working in two compassion centers among of those involved in this study.

3.5 Sampling techniques

In this study, three techniques were employed including; convenience sampling, Purposive sampling and simple random sampling.

3.5.1 Convenience Sampling

The study employed convenience sampling to select project accountants basing on their time and willingness to participate in this study. This method targeted respondents from five centres who were the main respondents on the daily operation of the cash management in five compassion centres.

3.5.2 Purposive Sampling

The purposive sampling technique was used to get the project directors, social workers, health workers, child survival program implementers and committee members. The study selected these representatives based on their knowledge and experiences in working with compassion.

3.5.3. Simple random sampling

This technique was used to select the project accountants whereby 5 respondents were selected randomly from the 11 project accountants. Also, the same technique was used to get respondents for this study, whereby 5 respondents were selected randomly from each group as shown in table 3.1

3.6 Data collection methods

3.6.1 Primary Data collection methods

In this study, two methods interview and administering questionnaire were used to collect primary. However, through the questionnaire, quantitative data was collected and through interviews, qualitative data was collected as explained below.

3.6.1.1 Interview

The study collected primary data from the respondents who are social workers, project accountants, child survival program implementers, project directors, church pastors and committee members. This was done using one interview guide about how the system of internal control systems over cash management is greatly exercised basing on several documents such as payment vouchers, requisition forms, Bank reconciliation statements, audit queries reports, Compassion Approved Program filled manual as a guideline to all things which are done need to conform to standards, Receipt books and payroll journal voucher. There were seven interviewee and each one gave their views based on the questions asked by the researcher. All these documents were very essential to ensure the proper internal control systems over cash management in five compassion centers.

3.6.1.2 Questionnaires

Open ended questionnaire was administered to the project directors, project accountants, health workers, child survival program implementers and committee members. The study used questionnaire to receive their views through questions presented in the questionnaire

3.6.2 Secondary data collection method

Secondary data was collected through the documents available in the five compassion centres involved in the study. These included, payment vouchers, requisition forms, Bank reconciliation statements, audit queries reports, Compassion Approved Program filled manual as a guideline to all things which are done need to conform to standards, Receipt books and payroll journal voucher. Through these documents, the information on internal control systems over cash management was obtained.

3.7 Data analysis method

The study analyzed quantitative data descriptively using XL START and the findings were presented using table's charts and figures. Qualitative data was analyzed using content analysis to describe the phenomenon or themes.

CHAPTER FOUR
FINDINGS AND DISCUSSION

4.0 1ntroduction

This chapter presents the findings of this study. Quantitative and qualitative data were collected using the questionnaires and focus group discussions respectively. Descriptive analysis was done using XL START to measure the relationship between the variables and findings are presented using, graphs, tables and figures.

The objectives of the study were to evaluate the internal control systems over cash management of five compassion centers located in Morogoro region.

4.1 Descriptions of the effectiveness of systems of internal control over cash management.

4.1.1 System operations

As shown in table, the findings show that majority of project workers, pastors and committee members agreed that there was an effectiveness of internal control systems over cash management. For example, about 28% of committee members just agreed, only 7.0% of pastors agreed moderately and 3.5 % project accountants, social workers, and health workers just agreed. However, none of the respondents agreed strongly on the effectiveness of the internal control systems over cash management and 1.8% of social workers, health workers, committee members and CSPI, and 3.5% of pastors disagreed.

These findings indicate that the systems of operations in compassion centers to some extent were not very effective because, firstly, some of the respondents disagreed on the effectiveness of the internal control systems over cash management. Secondly, through observation made by a researcher in some documents such as project petty cash voucher, payment voucher, the figures presented were different from the mentioned figures in the financial manual. Not only that but also, according to interviewees' responses, some they declare that there were some variances on the budgeted activities for instance, the implemented activities such as seminars, workshops/ trainings to newly project staffs were contrary to PPBF.

"Sometimes the workshop trainings to new projects are not done even though their budge had been already approved by the headquarters, affect the use of that money in future…." Interview # 4 said.

From what is revealed by these findings, this study suggests that there should be a task force team which will be responsible for ensuring that the budgeted funds should used accordingly to avoid misallocation of fund.

Table 4.1: Effectiveness of Internal Control over Cash management at Compassion Centres

.Comments	4	3	2	1	Stdev	Variance	Mean	Rank
Project Accountants comments	0	5.3	3.5	0.0	2.6	6.9	2.2	3
Social Workers comments	0	3.5	3.5	1.8	1.7	2.8	2.2	3
Health Workers comments	0	3.5	3.5	1.8	1.7	2.8	2.2	3
Committee members comments	0	14.0	28.1	1.8	13.0	16.9	11.0	1
Child survival program implementers	0	0.0	1.8	1.8	1.0	1.0	0.9	4
Church pastors comments	0	7.0	7.0	3.5	3.4	11.3	4.4	2
Project Directors Comments	0	1.8	5.3	1.8	2.2	4.9	2.2	3

Source, Researcher (2014)

4.1.2 Sending financial reports on time

As the table 4.2 shows below, only 7% of Health workers and 5.3% of social workers strongly agreed that financial reports were sent on time. The rest moderately agreed, just agreed or disagreed, whereas among of those 1.8% of project accountant and social workers, and 5.3 % of Committee members disagreed.

These findings reveal that there is a delay in submitting reports which has a directly implication in receiving funds for other activities from the donors and create worried to donors about the utilization of funds. For example an interviewee #1 declared that"

"Although Compassion has a the systems of operations requires project accountants at every compassion centers to fill online reports and send to head office on 15th of every month, yet few of them fulfill that requirement"

Another respondent added,

"...there are some difficult cases which arise due to the delay of fund disbursement up to 13th of the respective month, and problems associated with receiving bank statements on time... so it not easy for the project accountant to go with time as required...".

Table 4.2 Effectiveness of sending financial reports on time

Comments	4	3	2	1	Stdev	Variance	Mean	Rank
Project Accountants comments	0	5.3	1.8	1.8	2.2	4.9	2.2	4
Social Workers comments	5.3	54.4	0.0	1.8	26.1	6.0	15.4	1
Health Workers comments	7.0	0.0	1.8	0.0	3.3	11.0	2.2	4
Committee members comments	0	17.5	21.1	5.3	10.0	9.3	11.0	2
Child survival program implementers	0	1.8	1.8	0.0	1.0	1.0	0.9	5
Church pastors comments	0	7.0	6.0	0.0	3.8	14.3	3.3	3
Project Directors Comments	0	3.5	5.3	0.0	2.6	6.9	2.2	4

Source, Researcher (2014)

4.2 Descriptions of professional abilities and capabilities of accountants and internal auditors.

4.2.1 Keeping books of accounts in accordance to PFM 2.02.

As shown 4.3 indicates that, none of the respondents strongly agreed that in the center books of accounts were kept according to PFM 2.02, about 1.8% of social workers and CSPI, 3.5% of health workers, 5.3% project accountants and 12.3% of committee members agreed moderately. However, some respondents disagreed including 1.8% of project accountants and health workers, 3.5% social workers, 5.3% church pastors, 7% project directors and 10.5% of committee members. The findings imply that books of accounts were not kept in accordance with PFM. Also, while passing through some financial documents, I was observed that some books of accounts were not properly kept for example petty cash amount exceeds with the limit. Interviewee# 3 affirmed that,

> *"Usually the maximum amount for compassion Centers according to PFM should not exceed 25,000 but there are some items which have used more than the rated amount".*

Therefore this study suggests that project accountants need to abide with financial manual as well as PFM.

Table 4.3 Ability of accountants on keeping books of accounts in accordance to PFM 2.02

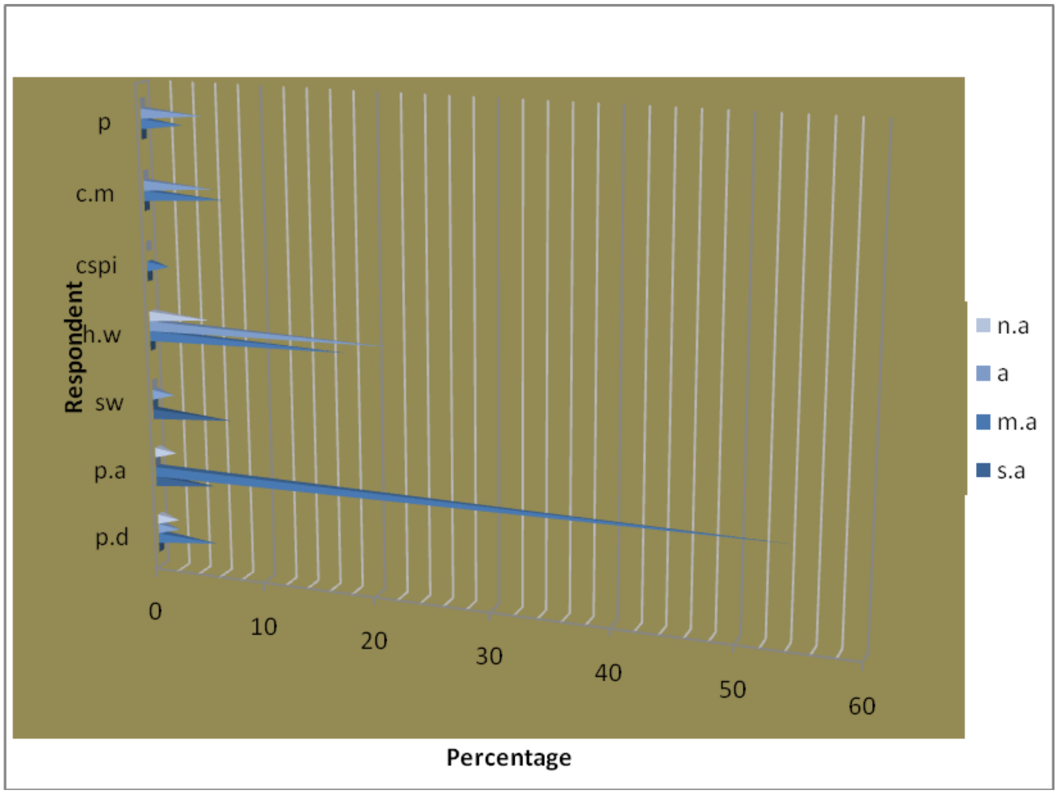
Comments	4	3	2	1	Stdev	Variance	Mean	Rank
Project Accountants comments	0	5.3	1.8	1.8	2.2	4.9	2.2	3
Social Workers comments	0	1.8	3.5	3.5	1.7	2.8	2.2	3
Health Workers comments	0	3.5	3.5	1.8	1.7	2.8	2.2	3
Committee members comments	0	12.3	21.1	10.5	8.6	74.6	11.0	1
Child survival program implementers	0	1.8	1.8	0	1.0	1.0	0.9	4
Church pastors comments	0	7.0	5.3	5.3	3.0	9.2	4.4	2
Project Directors Comments	0	0	1.8	7.0	3.3	11.0	2.2	3

Source, Researcher (2014).

4.2.2 Procurement procedures

The findings in table 4.4 show that 7% of social workers and project accountants strongly agreed, about 54.% of project accountants, 17.5% health workers, 7% of CSPI, 5.3 project directors and 3.5% of pastors moderately agreed. However, 5.3 % of health workers disagreed. This implies that, there still a gap in conforming to the procurement procedures. Therefore this study, suggests that training on procurement procedure should offered to the compassion centers' staffs.

Figure 4.1. Abilities on procurement procedures



Source, Researcher (2014)

4.3 The descriptions of the challenges that are encountered in the internal control system

4.3.1 Leadership interference to cash control

As shown in the table 4.5 below, about 23% of committee members, 3.5% of health workers and church pastors and 1.8% of social workers and CSPI strongly agreed that there was an interference of leadership to cash control. On contrary, 8.8% of committee members and 1.8% of church pastors disagreed. From these findings, it shows that leaders have a big influence in cash control. During the interviews, some respondents raised that some pastors drive workers to approve fund in a way that is against the policy.

"These are some problems because church pastors are employers of all workers of centers, and although CIT provide funds to those centers, the pastors have the influence on the money use…"Said interviewee # 7

Table 4.4 Leadership interference to cash control

Comments	4	3	2	1	Stdev	Variance	Mean	Rank
Project Accountants comments	0	7.0	1.8	0	3.3	11.0	2.2	3
Social Workers comments	1.8	5.3	1.8	0	2.2	4.9	2.2	3
Health Workers comments	3.5	1.8	3.5	0	1.7	2.8	2.2	3
Committee members comments	22.8	7.0	5.3	8.8	8.0	64.4	11.0	1
Child survival program implementers	1.8	0	1.8	0	1.0	1.0	0.9	4
Church pastors comments	3.5	5.3	7.0	1.8	2.3	5.1	4.4	2
Project Directors Comments	0	3.5	5.3	0	2.6	6.9	2.2	3

Source, Researcher (2014)

4.3.2 Delaying of funds from CIT

The findings show that 17.5% committee members and 7% pastors and 5.3% Health workers, 5.3%.Project accountants and 3.5 committee members strongly agreed (Table 4.2). This implies that there were sometimes funds from the head office and sponsors delayed which eventually demoralized the budgeted activities for the respective months and hence in turn affected the operation of compassion centres.

In this study it is suggested that compassion centers should establish income source initiatives to support them in case there is delay of funds from the donors.

Table 4.5 Challenges encountered in internal control systems.

Comments	4	3	2	1	Stdev	Variance	Mean	Rank
Project Accountants comments	3.5	0	0	2.6	6.9	2.2	3	3.5
Social Workers comments	3.5	3.5	1.8	1.7	2.8	2.2	3	3.5
Health Workers comments	5.3	1.8	1.8	2.2	4.9	2.2	3	5.3
Committee members comments	17.5	17.5	8.8	8.4	70.5	11.0	1	17.5
Child survival program implementers	1.8	1.8	0	1.0	1.0	0.9	4	1.8
Church pastors comments	7.0	3.5	0	3.4	11.3	4.4	2	7.0
Project Directors Comments	5.3	3.5	0	2.6	6.9	2.2	3	5.3

Source, Researcher (2014)

4.4 Descriptions of the steps to readdress challenges over cash management at compassion centres.

4.4.1 Separation of duties

The finding in table 4.6 shows that the majority respondents agreed, that is among them strongly agreed, moderately agreed and just agreed. On contrary, 10% of committee members, 7% of project directors, 5.3 % church pastors, 3.5 social workers and 1.8% of health workers and project accountants disagree that there was no separation of duties. This reveals that compassion centers have problems on separation of duties as other workers commented on the scenario. One respondent during interview explained that due to lack of a good number of personnel to carry out different project activities, that situation forces one person to carry out different activities at different time depending on the convenience. This study argues that, such situation can lead to poor performance or delivering of services in the centers. Therefore this study suggests that CIT should recruit more personnel in its centers to be able to have a good separation of duty.

Table 4.6 Separation of duties

Comments	4	3	2	1	Stdev	Variance	Mean	Rank
Project Accountants comments	0	5.3	1.8	1.8	2.2	4.9	2.2	4
Social Workers comments	5.3	54.4	0.0	1.8	26.1	62.0	15.4	1
Health Workers comments	7.0	0.0	1.8	0.0	3.3	11.0	2.2	4
Committee members comments	0	17.5	21.1	5.3	10.0	99.3	11.0	2
Child survival program implementers	0	1.8	1.8	0.0	1.0	1.0	0.9	5
Church pastors comments	0	7.0	6.0	0.0	3.8	14.3	3.3	3
Project Directors Comments	0	3.5	5.3	0.0	2.6	6.9	2.2	4

Source, Researcher (2014.)

4.5 Descriptions of extent to which compassion centre comply with financial standards provided in the PFM 2.02

4.5.1 Internal auditing to be done every one year followed by external auditing.

As shown in the table 4.7 below, none of the respondents strongly agreed that compassion centers comply with financial standards. Yet the majority respondents moderately agreed and just agreed. However, there are some respondents from each group involved in this study who disagreed including 10.5% committee members, 7% project directors, 5.3 % church pastors, 3.5% social workers and 1.8% project accountants and health workers. The implication is that, to some extent compassion centers do not comply with financial standards. During the interviews, some respondents explained that, accountants in the centers are still using accounting system. This argues that, this problem can be due to lack of trainings on current issues on accounting.

Table 4.7 The extent to which Compassion Centers comply with financial standard.

Comments	4	3	2	1	Stdev	Variance	Mean	Rank
Project Accountants comments	0	5.3	1.8	1.8	2.2	4.9	2.2	3
Social Workers comments	0	1.8	3.5	3.5	1.7	2.8	2.2	3
Health Workers comments	0	3.5	3.5	1.8	1.7	2.8	2.2	3
Committee members comments	0	12.3	21.1	10.5	8.6	74.6	11.0	1
Child survival program implementers	0	1.8	1.8	0	1.0	1.0	0.9	4
Church pastors comments	0	7.0	5.3	5.3	3.0	9.2	4.4	2
Project Directors Comments	0	0	1.8	7.0	3.3	11.0	2.2	3

Source, Researcher (2014)

4.5.2 The qualifications of accountants of compassion centres

Based on the findings in the table 4.8 below, majority respondents agreed that accountants of compassion centers were qualified for their job. However, some respondents disagreed on that, for example 3.5% church pastors and 1.8% social workers, health workers, committee members and CSPI. However, one of the project accountants' respondents disagreed. The findings implies that some compassion centers may not work efficiently and effectively because some of accountants doesn't meet the qualifications as noted out by some of the respondents.

Table 4.8 The qualifications of accountants of compassion centres

Comments	4	3	2	1	Stdev	Variance	Mean	Rank
Project Accountants comments	0	5.3	3.5	0.0	2.6	6.9	2.2	3
Social Workers comments	0	3.5	3.5	1.8	1.7	2.8	2.2	3
Health Workers comments	0	3.5	3.5	1.8	1.7	2.8	2.2	3
Committee members comments	0	14.0	28.1	1.8	13.0	16.0	11.0	1
Child survival program implementers	0	0.0	1.8	1.8	1.0	1.0	0.9	4
Church pastors comments	0	7.0	7.0	3.5	3.4	11.3	4.4	2
Project Directors Comments	0	1.8	5.3	1.8	2.2	4.9	2.2	3

Source, Researcher (2014)

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

The main objective of this chapter is to summarize the key findings of the research titled, "Evaluation of internal control systems over cash management" and to provide readers with a systematic and comprehensive overview of the progress of implementation of the measures so far suggested. The summary is organized according to the five specific objectives of the report, which contributed to the main aim for the research to be undertaken as explained above. The chapter comprises of conclusion and recommendation.

5.1 Conclusion

The general objective for this study was to evaluate the internal control systems over cash management with five specific objectives which were to assess the operation effectiveness of systems of operations of internal control over cash management, to assess the challenges encountered in the internal control systems over cash management, to determine the steps to readdress the challenges over cash managements operate and to assess the extent to which the compassion centers comply with the financial standards provided in the PFM.

In this study it was revealed that to some extent there was ineffectiveness on the operation systems of internal control over cash management due to poor operations or fund mismanagement and delayed of financial report to the donors. Also it was found that to some extent there was a lack of professional abilities to carry out the assigned duties as there was failure to keep account books in accordance to PFM 2.02 and failure to conform the procurement procedures. There is a problem of accountants and auditors not adhering to professional standards hence use improper accounting books. The use of ICP has proved failure in preparation of reports. The failure of the system to respond delays of financial reports. The program field manual which guides the running activities in compassion centres has remained to be an organization culture as accountants tend to stick to organization culture instead of dealing with financial standards acceptable

However, the study has revealed some challenges over cash management including leadership interference to cash control particularly pastors who were found to the employers of the workers in the Compassion Centers and delayed funds from CIT which was found to be associated with failure to sent the financial reports to CIT by the accountants. Worse enough, the funds utilized are not reimbursed on time. Cash management has a challenge in compassion centres as sometimes activities not budgeted in the PPBF use unbudgeted funds. Worse enough, the funds utilized are not reimbursed on time.

Moreover, in this it has found that the respondents from the entire center involved in the study declared that there was no separation of duties which was found to be associated with inadequate number of workers to carry out the activities. Therefore the study found that there is an ineffective internal control system over cash management.

5.2 Recommendations

The study comes up with the following critical recommendations as follows:

5.2.1 Full power to committee members

The church should be given full mandate on writing the PPBF rather than been interested by CIT, on the other hand, the church should do rotation of workers having served for a certain period of time.

5.2.2 Involvement of church in auditing at the head office

The churches as partners should be involved when auditing is done at the headquarters' in Arusha to see how compassion as a partner utilize funds from sponsors rather than having one sided auditing.

5.2.3 Clarity of job descriptions to accountants

There is a need for workers especially from accounting departments to observe job descriptions and to perform duties in accordance with approved financial manuals as well as PFM 2.02 for the aim of strengthening the efficient and effectiveness of internal control systems over cash management.

5.2.4 Updates on current accounting systems

CIT should introduce programs of updating accountants in connections with NBAA so that to work in accordance with professional bodies like IFRS, ISA, IAS and CIMA in order to increase working efficiency and meet the standards of auditing.

5.2.5 The reduction rate of labor turn over

Workers need to have enough job security. This can be done by cementing good relationship between the CDW and pastors, moreover, in order to retain workers at centres, salary increment should be adjusted according to level of education. By doing so, the labor turn over will be highly maintained.

5.2.6 Clarity on the scope of duties to project workers

Pastors and committee members should not interfere with the workers in centres on issues which base on professional code of conduct like accountant should not be interfered with pastors in issues pertaining to financial management. The workers should be given freedoms of practicing program activities based on PFM and PPBF on their own experience. The Pastors and committee members can just give advice on how better the programs can be run.

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APPENDICES

APPENDIX I

DATA COLLECTION QUESTIONNAIRES TO COMPASSION CENTRES IN MOROGORO REGION.

Dear respondent,

RE; QUESTIONNAIRES OF EVALUATION OF INTERNAL CONTROL SYSTEMS OVER CASH MANAGEMENT.

The objective of this questionnaire is to evaluate the systems of internal control over cash management in compassion centers residing in Morogoro region.

The researcher wishes to assure you that the information provided will be used only for academic purposes for the completion of Masters of Business Administration (Corporate Management).

Please fill or tick the appropriate answer where applicable and if the space is not enough write at the back of the paper or attach another paper.

THANK YOU FOR YOUR COOPERATION.

APPENDIX II.

PART 1

GENERAL QUESTIONS (Please tick √ to appropriate box)

Gender

male	Female

Project staffs	Project Directors	Project accountant	Social workers	Health workers	Child survival program implementers	Church pastor	Committee members
Total	5	5	5	5	2	10	25

Put v to the appropriate box

(4)= strongly agree, (3)=moderate agree, (2)=agree (1)=not agree at all

S/N	Things to consider	4	3	2	1
i.	. Do you think Internal Control over Cash is effective here at compassion centres located in Morogoro				
ii.	Does compassion centres adhere to adequate internal controls in protecting cash from waste, fraud and theft				
iii	Does compassion centres adhere to internal control procedures include separation of duties				
iv	Are the books of accounts being maintained according to International Financial Reporting Standards and program field manual (PFM) new version of 2.02				
v	Is compassion centres in internal control over cash system flexible enough to meet the changing demands of the system				
vi	Revenues obtained from different activities are banked intact				

vii	Are the accountants employed at compassion centres posse qualifications required by National Board of Accountancy and Auditors(NBAA) and PFM (Program Field Manual)				
viii	Internal Auditing is done after two years before external audit				
ix	Online reporting tool is done before 15th of the respective month				
x	Bank statement is scanned and posted to country office at every month for verification of monthly expenses incurred at the centre.				
xi	Petty cash are used for proper activities when given.				
xii	Funds received from country office purposely for Highly Vulnerable children are processed and purchases' is done the same month.				
xiii	Reimbursements for excess funds used for children treatment are given next month.				
xiv	Funds for children for acc 400 (affected with HIV) are processed timely and purchases are done timely.				
xv	Are petty cash funds locked in a secure area?				
xvi	Are petty cash funds used only for appropriate purposes that are supported by receipts?				

xvii. Does compassion centers control over cash system adapt to its organizational structure?

how...

....

....

xviii. What measures taken by the compassion centers to realize the effectiveness of internal control over cash?

....
....
....

xix. As a project worker how do you perform duties to ensure that the Tanzanians Financial Accounting Standards are maintained at compassion centers?

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....
....

xx. What problems are you facing in handling cash at compassion centers?

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....
....

xxi. How do you attempt to solve problems?

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....

xxii. Do you agree that internal auditors from compassion head office evaluate the effectiveness in internal control over cash as well as efficiency of overall operation system?

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....
....

xxiii .Please add other thing which you consider should be helpful in attain the internal control over cash at compassion centers in general

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Thanks for your collaboration in completion of this questionnaire

Grateful.