

Internal Control Practices in National Health Insurance Scheme in the Tema Municipality

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Abstract

Organizations today are faced with greater challenges and complications than ever before, as economical, technological and legal interdependence become more common and pronounced. Due to these developments, risks may go unidentified for too long and early warning indicators ignored. It is therefore assumed that every business organization has put in place internal control systems in order for the organization to continue running. In light of this, this research is undertaken to find out more about internal control practices in the Tema Mutual Health Insurance Programme. Questionnaires were used to collect primary information from key informants in Tema Mutual Health Insurance Scheme, Ghana Health Service Staff. At the end of this study, significant findings in the company revealed that internal control systems exist in the Mutual Health Insurance Scheme and that these control systems are very important, effective and therefore provide adequate checks and balances in mutual insurance scheme. The study also revealed that the National Health Insurance Authority has developed internal control models that analyse and calculate its risks of operations. It is also acknowledged in the organization that internal control ensures effective operations, high quality internal and external reporting, together with compliance with related laws, regulations and internal guide.

Keywords: Internal Control, Health Insurance Scheme

1. Introduction

Understanding the concept of internal control is essential for developing an understanding of its impact on the performance of an organisation. The internal control of an organisation is strictly interrelated to the structure used by management to run the activities of the organization. Corporate governance requires that owners of corporate entities (shareholders) entrust managerial activities into the hands of a Board who in turn appoints management staff to see to the day to day running of the of the entity. The Board of Directors is thus responsible for providing governance, guidance and oversight for senior management and ensuring that an appropriate internal control system is in place and effective.

Financial scandals that hit some companies in the United States of America (U.S.A) and Europe in the early 2000 indicates that when those charged with governance issues do not identify, evaluate and respond to risks in and around the company, then they would not be acting in the interest of shareholders as well as the public in general. This could result in public confidence in companies, stock markets, and investments waning. In response to the financial scandals that hit Enron among others, the government of USA promulgated the "Public Company Accounting Reform and Investor Protecting Act 2002", commonly known as the "Sarbanes-Oxley Act". Sarbanes-Oxley Act requires management to take full responsibility for internal control system over financial reporting within the company and provide assessment of its effectiveness. The Sarbanes-Oxley Act (2002) also requires auditors to provide independent attestation regarding the assessment by management. Sarbanes-Oxley is binding on listed companies in the USA and their subsidiaries, thereby indirectly influencing private sector companies. (<http://news.findlaw.com/hdocs/docs/gwbush/sarbanesoxle>).

In its broadest sense, internal control refers to both administrative and accounting controls. Administrative controls comprise the plan of organization and all methods and procedures that facilitate management planning and control. Accounting controls comprise the methods and procedures that are mainly concerned with authorization of transactions, the safeguarding of assets, and the accuracy of financial records. Good accounting controls help maximize efficiency; they help minimize waste, unintentional errors and fraud.

Good health is a necessary condition for the well-being of every a nation. It must be emphasised that a healthy, strong and hardworking citizens make a wealthy nation. Good health is required for economic and social development. In developing countries such as Ghana, two expenditure heads that take a chunk of the national budget over the years have been health and education. Regardless of the huge expenditure government makes in the health sector, health care delivery cannot be said to be of good quality. Access to health care was almost out of the reach of majority in Ghana not only because of lack of health facilities Ghana (which is woefully inadequate in way), but also mainly because of affordability.

In an attempt to improve upon quality health delivery and make accessibility more affordable to many Ghanaians the government of Ghana in the year 2003 passed the National Health Insurance Act (Act 650) of 2003 and became operational in March 2004. Under the law, there is a National Health Insurance Authority (NHIA) which licenses, monitors and regulates the operation of health insurance schemes in Ghana. Subscribers

to the health insurance scheme pay a yearly premium and in addition the mutual health insurance schemes receive regular funding from central government. Two and half percent (2.5%) from both VAT revenue and social security (SSNIT) contribution is remitted to the Authority (i.e. NHIA). This bold stride by the Ghanaian government in the area of health financing albeit implementation challenges is a significant departure from the cash-and-carry system. Therefore to put in place a good Accounting system with strong internal control mechanism as one of the pillars of the insurance scheme to make it sustainable is not far-fetched.

1.1 Problem Statement

In developing economies such as Ghana, one area of social service that requires huge resource is health delivery. Wherever funds are received and disbursed Accounting must be there to protect with internal control as one of the bedrocks. The need for internal controls to be in-built in every organisation's Accounting system as a self-checking mechanism cannot be overemphasised. Power (1997) contends that 'there was no need to look at all transactions if the company itself was engaged in a process of self-checking through its own internal control system'.

The National Health Insurance Authority (NHIA) is mandated by law to secure the sustainability of the NHIS through prudent financial administration at all levels. As part of the NHIA's strategy to increase transparency in all facets of the NHIS and to ensure that providers are reimbursed for only what is genuinely due them and that schemes prudently manage resources under their control, an audit team visited some scheme providers in the Ashanti and Greater Accra regions in March 2009. The findings as disclosed by the then Acting chief executive of NHIA, Sylvester Mensah on August 18, 2009 pointed out among other things; fraud in claims, non-adherence to procedure in billing and unsupported claims. The revelations in the audit report suggest clearly that there were internal control lapses in the Accounting system of some of the National Health Insurance Schemes. The study therefore takes a look at Internal Control Practices in National Health Insurance Scheme in the Tema municipality, how strong and effective they are in the process of billing and making claims.

2. Materials and Methods

In order to develop a deeper understanding of the role different types of control measures and their impact on performance of the schemes, the case study method was adopted for this research. Eisner (2001) is of the opinion that 'it is good to adopt case study for explorative research, where an inductive method can be adopted by using theory to explain empirical observations'. The usefulness of case-based research has been explicitly recognized by researchers in the field of management accounting practices (Scapens, 1990).

The study was restricted to the Mutual health Insurance Scheme in the Tema Metropolitan Health Directorate which has five sub-districts under its jurisdiction and covered mainly the operations of the Mutual Health Insurance Scheme's accounts, personnel, purchases, and electronic data processing since they are the main areas where fraudulent practice could occur. The study also covered an evaluation of the operations of the internal control department of the national health insurance department and other sections of the mutual health insurance scheme whose operation may be relevant to the study.

3. Theoretical Framework

Research on internal controls is a relatively new but a rapidly growing area in accounting literature. Majority of studies involving internal controls are focused on investigating the characteristics of firms that disclose material weaknesses in internal control. Ge and McVay's (2005) emphasized that companies with material weaknesses are more complex, smaller, and less profitable than firms that do not disclose material weaknesses.

In the past, the concept of "internal control" was limited to that of "internal checks". In 1930, the system of internal checks was defined as the coordination of a system of accounts and related office procedures in such a manner that the work of one employee, independently performing his own prescribed duties continually checks the work of another as to certain elements involving the possibility of fraud (Sawyer *et al.* 2003:61). It is knowingly the first definition to indicate the importance of internal control in helping to detect or prevent fraud.

3.1. Internal Control Defined

Definitions of internal control vary considerably. In its broadest sense, internal controls refer to both administrative and accounting control. Every organisation needs to have a minimum internal control mechanism in place, and outline control environment within which these controls need to be applied, in order to provide reasonable assurance that the institution operates in a sound and prudent manner. It is therefore necessary to explain what an internal control system means and its importance in any organization be it private or public.

In 1949, the American Institute of Certified Public Accountants (AICPA) broadened the definition of internal control. Internal control was defined as 'the plan of organization and all the coordinate methods and measures adopted within a business to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies' (*Ibid:* 61). This

definition is broader than the meaning usually attributed to the term, because it recognizes that a system of internal control extends beyond matters which relate directly to the accounting and financial functions.

Millichamp (1996) defines Internal Control as “The whole system of control, financial and otherwise, established by management in order to carry on the business of the enterprise in an orderly manner, ensure adherence to management policies, safeguard assets and secure as far as possible and completeness and accuracy of records” p. 88 – 104. It is noted from the above that Internal Control system cuts across every aspect of an organization’s activities so as to ensure efficiency, effectiveness and to avoid or minimize waste.

According to Auditing Practice Board (1997), an internal control system comprises the central environment and control procedures. It includes all the policies and procedures adopted by the management of an entity to assist in achieving their objectives of ensuring, as far as practicable, the orderly efficient conduct of its business, including adherence to internal policies, safeguarding of assets, the prevention and detection of fraud and error, the accuracy and completeness of accounting records, and the timely preparation of reliable financial information.

It is important to note that, in the centre of every Internal Control system are internal policies that cuts across every aspect of an organisation. Internal Control defines chain of authority in all sections of an organisation and places responsibility on those authorities. This article is of the opinion that, the basic object underlining the establishment of Internal Control is to ensure discipline in the activities of the organisation. Of Internal Control safeguards assets, detect and prevents fraud, ensures accuracy and reliability of Accounting data, all of these hinge on discipline of individuals in the performance of their duties. In other words, for Internal Control policies to be effective individual staff members must implement them because policies however good they may be remain on paper until they are put into action by humans.

3.2. Evolving Standards

In the United States, AICPA establishes the auditing standards accountants follow when they audit privately owned companies. These auditing standards which have evolved since August 1977 address both the auditors’ communication requirements and their consideration of a company’s internal control system over financial reporting while performing an audit. These communication requirements are contained in Statements of Auditing Standards (SAS) released by AICPA. In May 2006, AICPA released SAS No. 112, which became effective for all audits of financial statements for periods ending on or after Dec. 15, 2006. With the release of SAS No. 112, auditors must communicate in writing “significant deficiencies” and “material weaknesses” in internal controls over financial reporting to persons “charged with governance” within a company (those individuals who oversee the strategic direction of the company and its obligations and who oversee the financial reporting and disclosure process). This would include, as applicable, the board of directors and key members of management charged with these duties.

Public companies on the other hand file the auditors’ report on the system of internal controls over financial reporting simultaneously with the results of the audits of the company’s financial statements. As such, the investing public and other stakeholders can readily obtain an auditors’ opinion on the effectiveness of the companies’ internal controls over financial reporting.

Furthermore, Standards for the Professional Practice of Internal Auditing (the SPPIA) has provided standards through guidelines to internal auditors as a way of arousing their consciousness on Internal Control. For example Guideline 300.06.4, describes the overall system of controls as “The integrated collection of control systems developed by the organization to achieve its objectives and goals”. Whilst guideline 300.05 (the SPPIA) states that the primary objective of internal controls is to provide reasonable assurance to managers that: Financial and operating information is accurate and reliable;

- Policies, procedures, plans, laws and regulations are complied with;
- Assets are safeguarded against loss and theft;
- Resources are used economically and efficiently; and
- Established program/operating goals and objectives will be met.

Management controls are vital if a good control environment is expected. The controls are not primarily aimed at achieving directly completeness, accuracy, validity and maintenance of accounting records, although they can have the effect of fostering an environment that is conducive to the functioning of internal accounting controls.

3.3. Internal Control in Mutual Health Insurance Schemes

The plan of the organization and all the methods and procedures adopted by the National Health Insurance Scheme can be said to be objectively practicable, the orderly and efficient conduct of business including adherence to management policies, the safeguarding of assets, the accuracy and the timely preparation of reliable financial information.

Internal control in the Mutual Health Insurance Scheme is a system of control procedure established by

the NHIA to produce reliable records. A system of effective internal controls is a component of NHIA's management and a foundation for the safe and sound operation of Mutual Health Insurance Scheme. Internal control is a process affected by the board of directors, senior management and all levels of personnel. It is not solely a procedure of policy that is performed at a certain point in time, but rather it is continually operating at all levels within the mutual health insurance. The board of directors and senior management are responsible for establishing the appropriate culture to facilitate effectiveness on an ongoing basis; each individual within the Mutual Health Insurance Scheme must participate in the process.

3.3.1. Segregation of Duties at the Mutual Health Insurance Scheme

Okai (1996) spells out that "it is important to separate those responsibilities or duties which would if combined enable one individual to record and process a complete transaction. Segregation of duties thus reduces the risks of intentional manipulation or errors and increases the element of checking. Work must be divided into segments and each segment assigned to a different person. No employee is allowed to process a transaction from start to finish. For example, a customer service employee with access to confidential customer account information should not be responsible for daily reconciliation of the transactions. Under the District Mutual Health Insurance Scheme, a Health Insurance Committee is formed to oversee the collection of contributions and supervise its deposit in the District Health Mutual Fund Account. The Health Insurance Committee comprises of the following: the chairman, secretary, the collector, the publicity officer and a member, with each one of them having a specific role to perform.

3.3.2. Dual Control at the Mutual Health Insurance Scheme

Some sensitive transactions necessitate making more than one employee approve a transaction before authorizing the transaction. Large electronic funds transfer or accesses to encryption keys are examples of the activities that would typically warrant dual controls. With the above definitions and explanation of internal control at the NHIS sector, steps will now be taken to investigate internal control at the Tema Mutual Health Insurance Scheme.

Guideline 300.03 of (the SPPIA) further elaborates on directing activities. It states that, "Authorisation includes initiating or granting permission to perform activities or transactions. Authorization implies that the authorizing authority has verified and validated that the activity or transaction conforms to established policies and procedures. Monitoring encompasses supervising, observing and testing activities and appropriately reporting to responsible individuals. Monitoring provides an on-going verification of progress toward achievement of objectives and goals. Periodic comparison of actual to planned performance enhances the likelihood that activities occurred as planned. Documentation provides evidence of the exercise of authority and responsibility; compliance with policies, procedures, and standards of performance; supervising, observing and testing activities; and verification of planned performance.

4. Methods

In order to develop a deeper understanding of the role of the different types of control measures and their impact on the operation of Health Insurance Schemes, the case study method was adopted for this research. Eisner (2001) confirms, 'it is good to adopt case study for explorative research, where an inductive method can be adopted by using theory to explain empirical observations'.

Since the National Health Insurance Scheme is operational nation-wide, it will be practically impossible to cover the whole nation hence the researcher purposely targeted and chose Tema Mutual Health Insurance Scheme, (provider of health insurance) using a purposive sampling method. The entire nation was too large for a research of this nature, given time and cost constraints, in order to avoid complications some key respondents were chosen from the accounts/finance, internal control, administration, human resource and the insurance departments of the Mutual Health Insurance Scheme, the Ghana Health Service and some Private Providers as a sample for the study. These departments were chosen purposely because they were thought to be more knowledgeable on the subject under discussion. The respondents were however chosen by purposive sampling. The questionnaires were sent through an e-mail to my research assistant, who then forwarded them to the respondents. All the five sub-districts health services providers in Tema were targeted for the study. The population size was one hundred (100) people and majority responded favourably and returned the questionnaires.

4.1. Population

The target population of this study is made up of District Director of Health Services, Mutual Health Insurance Manager, accountants, management information system operations officers, claim managers, human resource officers, publicity and marketing managers, internal auditors and finance officers, in the Tema Metropolitan Assembly. The study looks at the five sub districts, namely, Tema Metro Health Directorate, Tema General Hospital , Tema Polyclinic , Kpone Health Centre and Manhean Health Centre, others from district mutual health and private providers.. In all one hundred (comprising male and females) makes up the total population. Table 1

shows population of target respondents o the study.

Table 1 Population of the Study from the Facilities

No.	Facility of Study	Respondents from Facility
1	Tema Metro Health Directorate	15
2	Tema General Hospital	20
3	Tema Polyclinic	15
4	Manhean Health Centre	10
5	Kpone Health Centre	10
6	District Mutual Health	15
7	Private Providers of Health Service	25
Total		100

Source: Field work results, June 2015

4.2. Sample and Sampling Technique

Actually, it was not possible to get the whole population of 100 managers and other employees responding to the questionnaire. Krejcie & Morgan (1970) offers an easier table for estimating sample size, and based on the table 73 managers and other employees were sampled out of the total population 100. The entire five sub districts were purposively selected and a sample size of 73 managers and other employees from the sub districts were selected using the simple random sampling technique. The simple random sampling technique was appropriate because the population of study (managers and other employees) were similar in characteristics of interest. Table 2 shows the sample size of the study;

Table 2 Sample Size

No.	Facility of Study	Sample	Percent (%)
1	Tema Metro Health Directorate	10	66.67
2	Tema General Hospital	14	70.00
3	Tema Polyclinic	12	80.00
4	Manhean Health Centre	7	70.00
5	Kpone Health Centre	6	60.00
6	District Mutual Health	13	86.67
7	Private Providers of Health Service	11	44.00
Total		73	

Source: Field work results, June 2015

4.3. Research Instrument

The main instrument used in collecting data for this study was the questionnaires. Questions in the questionnaire were developed based on the three research objectives namely; Effectiveness and efficiency of operation, Reliability of financial reporting, and Compliance with applicable laws and regulations. The questionnaires were self-designed and administered by the researcher. Furthermore, the questionnaires were made up of both closed and open-ended questions. The revised four point Likert rating scale of Strongly Agreed (SA), Agree

(A), Strongly Disagree (SD) and Disagree (D) was adopted for the study. All items were considered of approximately equal "attitude value" to which participants responded with degree, or intensity of satisfaction and disaffection (Fowler, 1995; Kerlinger, 1973; Nworgue, 1991). The data collected by means of questionnaires were analysed using software package for statistical analysis (S.P.S.S version 16.0).

The need to determine the appropriateness of the instrument occasioned a pre-testing that took place at Mamprobi Polyclinic in a different district. Mamprobi Polyclinic was selected for the pre-testing because of proximity and some identifiable characteristics of interest and similarities.

5. Results

The data have been presented in tabular, graphical and narrative forms where appropriate. The sample of the study was 73. Table 3 presents the position of respondent in the Scheme.

Table 3 Position of Respondent in Organization

Position of Respondent	Frequency	Percent (%)
Insurance Scheme Manager	1	1
District Director	1	1
Accountant	13	18
Management Information System Officers	7	10
Claim Manager	2	3
Human Resource Officers	8	11
Finance Officers	8	11
Internal Audit	6	8
Publicity and Marketing Manager	8	11
Data Entry Officers	3	4
Private Providers	9	12
Other Mutual Insurance Staff	7	10
Total	73	100

Source: Field work results, June 2015

Thus a total of 73 copies of the questionnaire duly completed which represent 73% of the total number administered were collected and analysed accordingly.

5.1. Response Rate

Response to the questionnaires was quite good. The response rate to questionnaires was 73% as summarized in Table 4.

Table 4 Rate of Response to Questionnaires

S/N	Position of Respondent	Number of questionnaires Sent	(Frequency)	Percent(%)
1.	Insurance Scheme Manager	2	1	1
2	District Director	3	1	1
3.	Accountant	15	13	13
4.	Management Information System Officers	10	7	7
5.	Claim Manager	3	2	2
6.	Human Resource Officers	10	8	8
7.	Internal Auditors	8	8	8
8.	Finance Officers	8	6	6
9.	Private Provider	12	8	8
10	Publicity and Marketing Manager	5	3	3
12	Data Entry Officers	12	9	9
13	Other Mutual Health Insurance Staff	10	7	7
	Total	100	73	73

Source: Field work results, June 2015

The sample was made up of Mutual Insurance Scheme Manager (1%), District Director of Health Service (1%), Accountants (18%), Management Information System Officers (10%), Claim Manager (3%), human resource (11%), finance officers (11%) internal auditors (8%), publicity and marketing manager (11) Data Entry Officers (4%) and Private health service provided (12%), and other mutual staff (10%).

5.2. Risk Management

Table 5 presents the rate of respondents understanding of the importance of risk management.

Table 5: Risk Management

S/N	Position of Respondent	Number of questionnaires Collected	Frequency	Percent (%)
1.	Insurance Scheme Manager	1	1	1
2.	District Director	1	1	1
3.	Accountant	13	10	14
4.	Management Information System Officers	7	5	7
5.	Claim Manager	2	1	1
6.	Human Resource Officers	8	5	7
7.	Internal Auditors	8	6	8
8.	Finance Officers	6	3	4
9.	Private Provider	8	5	7
10.	Publicity and Marketing Manager	3	2	3
12.	Data Entry officers	9	6	8
13.	Other Mutual Health Insurance Staff	7	5	7
Total		73	50	68

Source: Field work results, June 2015

The results revealed that 50 out of 73, (68%) respondents attested that effective risk management is very important to its operation and activities and that the head of finance is responsible for risk management. The responsibility for risk management is well documented and communicated to the personnel of the organization.

However, the organization's ability to encourage and provide resources to staff to undertake relevant training to improve their skills in risk management is not at its best but the company has put in place an audit committee that checks on the possible source of weakness in the internal control systems in the organization.

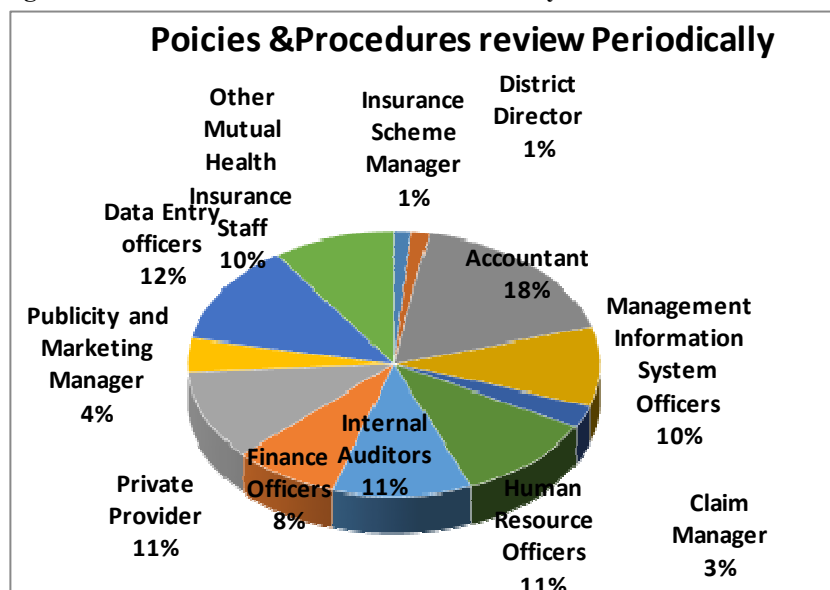
5.3. Internal Control Systems

The system, structure and complexity of an organization's system of control will vary from one service provider to another. The system will depend on the nature, size and how complex the activities of the concerned institution are. The basic element of an effective internal control systems include:

5.3.1. Control Environment

Control is effective in an environment in which it is easy to identify, and recognize risk. The survey results (Figure 1) depict that 78.1% of all respondents indicated that policies and procedures are periodically reviewed by its Boards of Directors; systems are put in place to monitor compliances on internal controls. The board does take punitive action for non-compliances reported to it. The board has access to all records, accounting and current information are communicated to the board on timely basis, upon which the qualification and independence of both internal and external auditors are reviewed and the adequacy of internal control systems are assessed periodically.

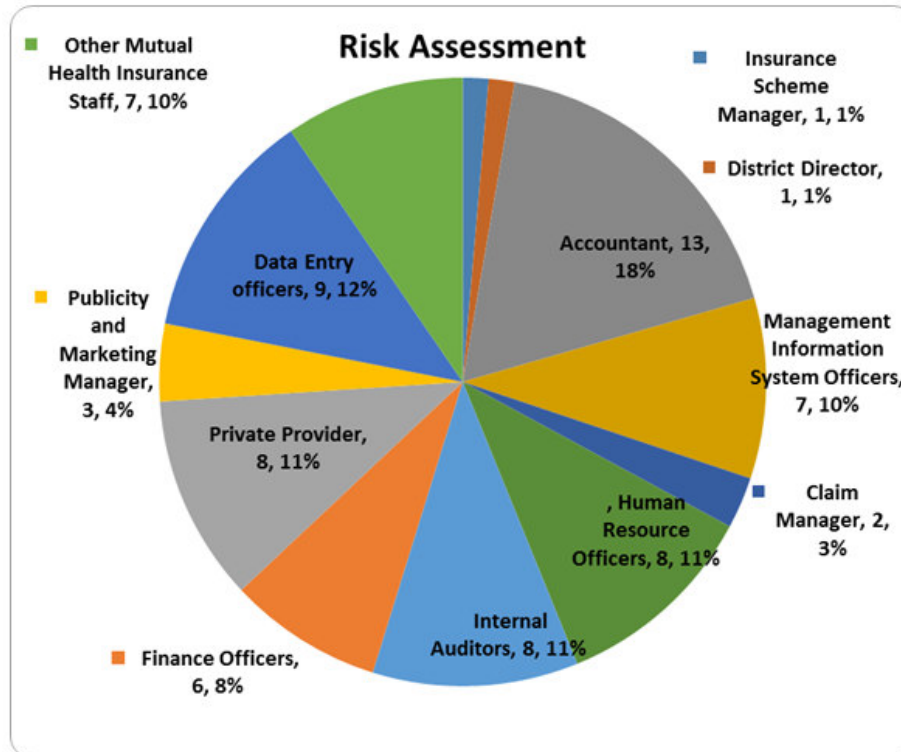
Figure 1 Policies and Procedures are Periodically Reviewed



5.3.2. Risk Assessment

There is the need for the establishment of policies and procedures for risk to be assessed. It was revealed that even though the Scheme has sufficient, adequate, competent and knowledgeable personnel to assess and manage risk, they have not been provided with adequate resources to effectively manage the risks of the scheme as well as current and proposed organizational activities in all areas as depicted in the pie chart in Figure 2.

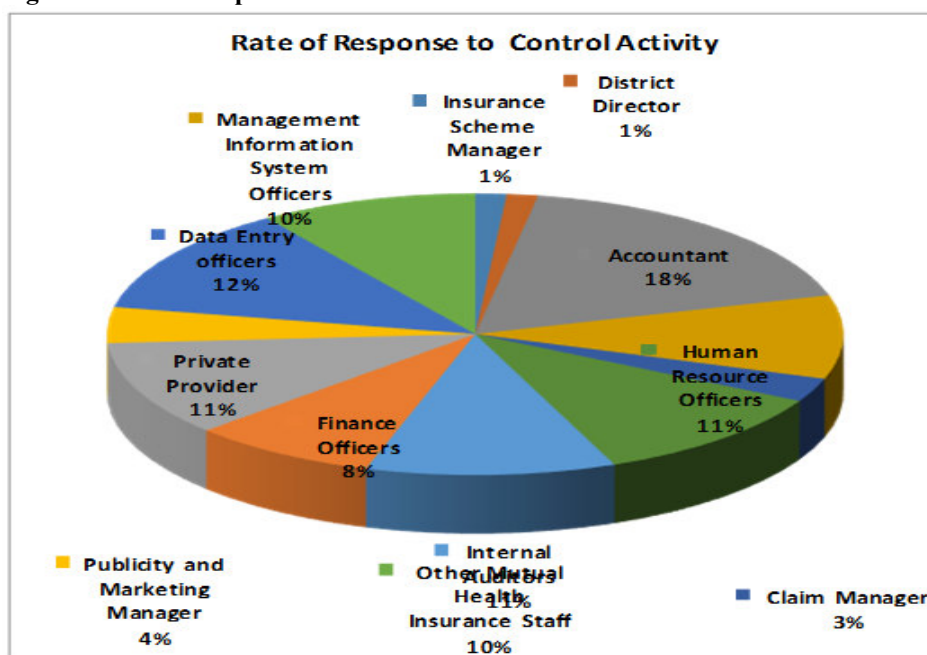
Figure 2 Risk Assessment



5.3.3. Control Measures

Another element of effective internal control system is whether there are enough control measures that are self-regulating. Response as indicated in Figure 3 below show that procedures and policies exist in the scheme to provide appropriate approvals, independent verification of all transactions, reconciliation of all balances, assets, liabilities and Bank statements. This is a show of best practice in internal control.

Figure 3 Rate of Response to Control Measures

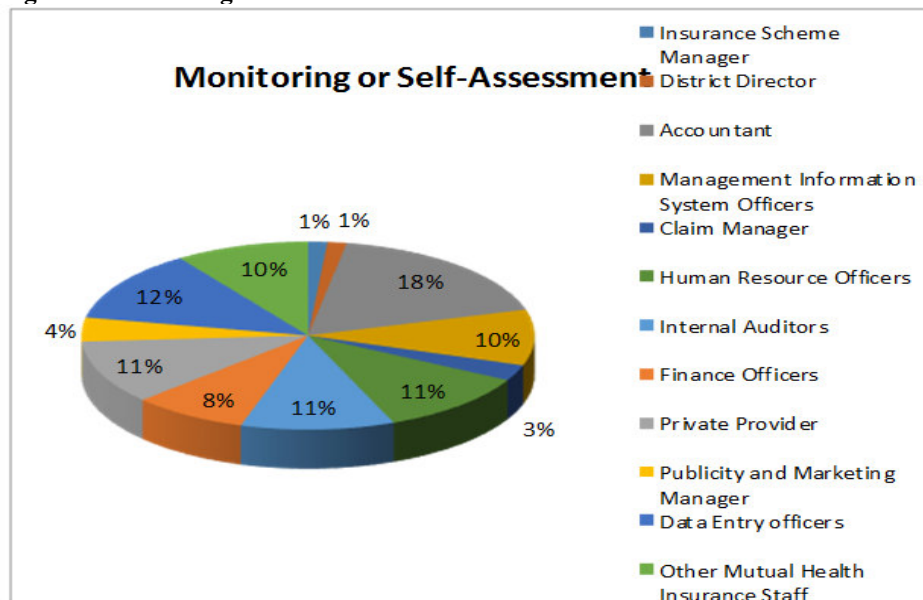


Fifty-four (54) respondents out of seventy-three (73) representing (74%) of the answered questionnaire show that there exist control measures in the Scheme.

5.3.4. Monitoring and Review

Yet another element of an internal control system is constantly keeping a close watch over the measures put in place and reviewing them as and when necessary. Figure 4 tells a story that, Board of Directors review actions of management and deal with control weaknesses. The BOD also verifies whether actions taken by management on internal control are appropriate and adequate. Audit reports or other control assessment reports are also provided on time to allow for appropriate action by both the board and management.

Figure 4 Monitoring and Review



From figure 4 above sixty-three (63) out of seventy-three (73) representing 86.3% confirm that there are monitoring and review mechanisms in the Scheme.

6. Findings and Recommendations

6.1 Findings

The study took a look at Internal Control Practices in one of the commendable social interventions in the health sector of Ghana, National Health Insurance Scheme (NHIS). The lesser an organisation is prone to financial malfeasance and organisational indiscipline depends to a large extent on the strength of its Internal Control system. If the National Health Insurance Scheme (NHIS) which is about ten years in operation in Ghana would be sustained, be financially resilient and be improved, then an equally strong Internal Control system should be inculcated into all the Schemes across the country.

The research objectives were; Effectiveness and efficiency of operation, Reliability of financial reporting, and Compliance with applicable laws and regulations. The case study approach was used for this study employing both a descriptive and explanatory approach.

The study population comprise of District Director of Health Services, Mutual Health Insurance Manager, accountants, management information system operations officers, claim managers, human resource officers, publicity and marketing managers, internal auditors and finance officers, in the Tema Metropolitan Assembly. The study covers five sub districts, namely, Tema Metro Health Directorate, Tema General Hospital, Tema Polyclinic, Kpone Health Centre and Manhean Health Centre, others from district mutual health and private providers.- In all one hundred (comprising male and females) makes up the total population.

Simple random sampling technique was adopted for this study. Questionnaires with open-ended, closed-ended and likert scale type of questions were the research instrument used for the study. The research instrument (questionnaires) was self-administered. Some of the key findings are;

The National Health Insurance Scheme has developed internal control models that analyze and calculate its risk of operations. The scheme believes that independent and effective audit ensures satisfactory internal control as well as reliable financial reporting.

It was also found that the Scheme sees effective risk management as very important to its operations and activities and that the head of finance is responsible for risk management. The responsibility for risk management is well documented and communicated to the personnel of the organization.

Furthermore, it was revealed that the Scheme has policy and procedure manuals guiding its operations,

these manuals are available to all Schemes, service providers and all employees of the Scheme but compliance especially on the part of service providers and some employees leaves much to be desired, in such cases appropriate sanctions are meted out to offenders.

Finally, all the Schemes record transactions, prepare financial statements and present financial reports in accordance with accounting standards. It was however realised that some of the personnel do not either understand or appreciate how their duties relate to others as such one person sometimes perform different functions on the same transaction.

6.2 Recommendations

The following recommendations are made based on findings

- i. Risk assessment and management should be strengthened in order to provide enough safeguards for the Schemes. In this regard personnel should be equipped with training in early risk detection and prevention
- ii. The Scheme policies and procedure manual should be reviewed periodically to meet the exigencies of the time. To ensure uniformity in operation, rules, policies and internal control measures should be made by the National Health Insurance Authority for all Schemes operators and service providers.
- iii. Non-compliance should not be countenanced, far reaching sanctions must be meted out to particularly service providers who try to cheat the Scheme.
- iv. Constant sensitization seminars and workshops should be organized preferably on regional basis to exchange ideas on best practice in internal control, accounting procedures and health insurance in general.
- v. Finally, periodic transfer of personnel from one region to another, from one Mutual Scheme to another more especially among Scheme managers, Accountants and key core staff of the Scheme should be encouraged so as to reduce familiarity with Service providers and clients. This could curb corruption in the Scheme as personnel would not be afforded long stay at one place for them to know the weaknesses in the system.

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