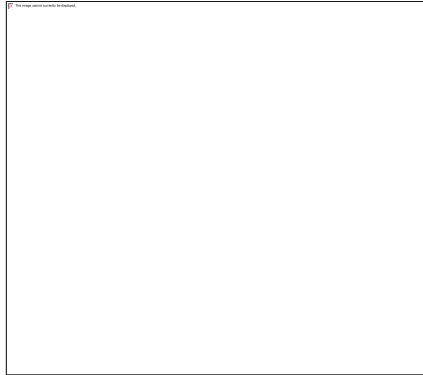


BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTANCY



**AN EVALUATION OF EFFECTIVENESS OF INTERNAL CONTROLS IN RELIGIOUS
ORGANIZATIONS**

BY

(B202695B)

**A DISSERTATION SUBMITTED IN PARTIAL FUFILMENT OF THE
REQUIREMENTS OF THE BACHELOR OF ACCOUNTANCY HONOURS
DEGREE OF BINDURA UNIVERSITY OF SCIENCE EDUCATION FACULTY OF
COMMERCE**

Year Granted 2024

DECLARATION

I **B202695B** do hereby declare that this dissertation is a product of my own work and research, except consultations and decisive contributions highlighted as references and citations. This academic study has not been submitted in full or partial of any other degree or at any other university or institution.

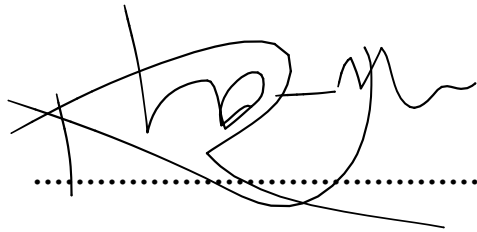
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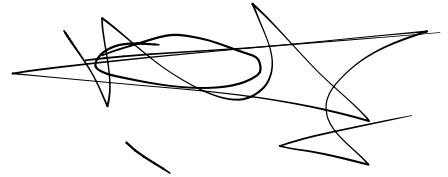
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DEDICATIONS

This one is for me

CKNOWLEDGEMENT

Above all, I give glory to our heavenly Father, for the strength and guidance to huddle all the obstacles in making this research successful. My acknowledgement, sincere thanks and heartfelt gratitude and appreciation goes to my supervisor Mr....., for his diligent work and significant effort in making sure that I meet the necessary and recommended standards. Much appreciation goes to my family and friends for the support and encouragement.

ABSTRACT

Religious institutions have been charged with immense financial assets and play a significant role in providing social assistance to the community. When it comes to handling finances, a lot of them work under the tenet that are shared trust, believing that all stewards are trustworthy. However, in the wake of the multiple scandals and legal actions involving these organizations and their executives, many doubts have been expressed about the financial accountability of these groups. The research purpose was to evaluate the effectiveness of internal controls in religious organizations. The aim of the research was to determine how risk assessment, accounting information control environments, continuous monitoring, and control activities affected religious activity performance. Selected religious organizations from the author's community made up the research's population of interest. Standardized questionnaires, which were meticulously prepared and validated using a small sample of the population for potential enhancements, were utilized to gather data. time frame from. The statistical package for social sciences (SPSS) analysis tool was used to enter the acquired data, perform descriptive statistics, and generate means and standard deviations. Tables and charts were utilized to display the information. The study found that the majority of religious organizations had implemented internal controls. Still, there were many who chose not to implement. The vast majority of churches have their accounts audited, although not very often, according to the report. It was also noted that the vast majority of churches received funding from contributions made by their members. Finally, the report advises religious institutions to find alternative means of raising money rather than relying on contributions, offerings, and donations. To guarantee effective

controls, companies should either avoid recruiting inexperienced staff or provide training to those that are hired, and they should also ensure that everyone knows of the internal controls.

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CHAPTER I

INTRODUCTION

1.0.Introduction

This study set out to test how well internal controls function inside religious institutions. The study's background, problem statement, research aims, research questions, and importance were all highlighted in this chapter. Terms that will be utilized in the study were also defined by the person conducting the study.

1.1.Background of the study

In addition to pursuing the spiritual well-being of its adherents, religious organizations in Zimbabwe have made substantial contributions to the nation's growth by supplying communal facilities including schools, hospitals, and water and sanitation systems. Assets committed to these organizations are used to deliver humanitarian assistance to the societies in which they operate (Agyei-Mensah 2016). Donations, tithes, and other contributions made by their members provide these resources. Numerous high-profile instances of financial fraud and improper handling of cash in religious groups have occurred in recent years. Stronger internal controls are required in these firms as a result of these scandals. As per the findings of Gendion, Cooper, and Townley (2000), maintaining liability for all funds is vital and internal control plays a crucial part in managing them. The goals of internal control systems are to safeguard assets, thwart fraud, and ensure that ethical and legal obligations are followed. Among the sources of internal controls inside an organization are its working policies, organogram, budget, internal control paperwork, and procurement policy document. When an organization consistently grows and occasionally meets its goals, good internal controls are achieved. Management can make this a reality by putting in place the necessary processes and making crucial decisions that will improve organizations. James (2015). Internal oversight includes an organization's strategy as well as all

planned tactics and procedures used by organizations to take care of its assets, verify the accuracy and dependability of its financial information, assess effectiveness of operations, and enforce adherence to established guidelines for leadership. Financial and non-financial internal control are the categories under which internal control is defined. Financial internal control, which is related to the management of money, includes things like managing receipts and payments, financing operations, and cash receipts and payments within an organization. Conversely, non-financial internal control addresses activities that have an indirect financial component, such as controls over the personnel department's operations, fixed asset controls, and even controls over established protocols Reid and (Ashelby 2012).

1.2.Problem statement

In recent years there has been numerous cases of fraud and financial mismanagement of religious organizations. This is due to lack of awareness of the need for internal controls, limited resources and the complex structure of religious organizations. This leads to lack of transparency and inaccurate financial recording which in return causes problems for the firm such as financial loss, decreased efficiency, reduced donor confidence and reputational damage. In addition, it can also create ethical and legal issues for the organization. Therefore it is important to research, develop and implement effective financial controls in religious organization.

1.3.Objectives of the study

1.3.1. Main research objectives

Evaluate effectiveness of internal controls in religious organizations

1.3.2. Sub-research objectives

1. To identify the different types of internal control used in religious organizations
2. To discuss the factors that affect the effectiveness of internal controls in religious organization
3. To evaluate the ways religious organizations can improve the effectiveness of their internal controls

1.4. Research questions

1.4.1. Main research questions

Are internal controls effective in religious organizations?

1.4.2. Sub-research questions

2. What are the different types of internal control used in religious organizations?
3. What factors affect the effectiveness of internal controls in religious organization?
4. How can religious organizations improve the effectiveness of their internal controls?

1.5. Significance of the study

1.5.1. To Bindura University of Science Education

The information gathered by this research will augment the library research portfolio. Future researchers will have a foundation to start from, so that they don't repeat what was already discovered.

1.5.2. To the researcher

This study empowered the person conducting the research by understanding deeper information on internal controls. The researcher also gained from the formal process of undertaking empirical research in the following ways: Problem statement, crafting of research questions, and carrying out the data gathering process.

1.5.3. To religious organizations

This research will contribute to our understanding of internal controls in religious organizations by identifying effective practices and assessing their impact on financial performance. This knowledge can be used to develop training programs for staff in religious organizations, and to inform policy decisions about financial oversight. The findings may also have implications for transparency and accountability in religious organizations and may lead to future research on how these practices might differ in other countries of different organizational settings.

1.6. Assumptions of the study

1. Religious organizations are motivated to adopt effective internal controls to ensure the proper use of financial resources to maintain trust of their members and the public

2. The qualitative data collected through questionnaires will be representative of the experiences of personnel in religious organizations
3. The measures used to assess the effectiveness of internal controls will be valid and reliable

1.7. Limitations of the study

1. There is lack of data on the effectiveness of internal controls in religious organizations. This is because organizations may not be required to disclose information about their internal controls or may not have resources to conduct audits of their internal controls.
2. There may be limitations in the ability to link the findings of the study to all religious organizations. This is because different organizations have different structures, missions and operations.
3. There may be limitations in the ability to measure effectiveness of internal controls. This is because effectiveness may be subjective and difficult to quantify.

1.8. Delimitations of the study

1. The research will focus on internal controls in religious organizations in Mufakose, so the results may not be applicable to other cities and towns.
2. The study will only examine internal controls related to financial reporting. This is because the focus of the study is on the effectiveness of internal controls in preventing fraud and financial mismanagement
3. The study will only consider internal controls that have been implemented in the past 5 years to ensure that data is relevant and up to date.

1.9. Definition of terms

Religious organizations-an organization devoted to religious purposes such as worship, education, or service to the community

Internal control systems - An organization's policies, procedures, and processes that are put in place to give a reasonable confidence that its goals will be met and that undesired events will be avoided, identified, and promptly addressed

Financial performance - is a term used to describe a company's overall financial health and its capacity to turn a profit over a specific time period.

Financial mismanagement- the improper or illegal use of financial resources within an organization

Funds-refers to readily convertible highly liquid assets, such as money in banks and cash on hand.

Fraud- deception that results in financial or other gain for the perpetrator at the expense of the organization

1.10. Summary

The introduction, study background, statement problem, research aims, research questions, hypothesis statements, significance of the study, research assumptions, delimitations and limitations of the study, and term definitions were all included in this chapter.

CHAPTER II

LITERATURE REVIEW

2.0. Introduction

This chapter outlines an entire survey and evaluation of the current scholarly literature on an evaluation of effectiveness of internal controls in religious organizations. It involves systematically searching, analyzing and synthesizing relevant publications, studies and other sources to provide a summary of the present state of knowledge and understanding in effectiveness of internal controls in religious organizations. This helps avoid duplication of previous research by the current one. After literature review, a gap analysis is then provided.

2.1. Conceptual and theoretical framework

Like any other business, a religious institution needs to have its operations properly managed (Alexander, 2012; Peters, 2015). According to Alexander (2012) and Ekhomu (2015), trustees have a duty of loyalty to oversee the religious organization's property and resources to make sure they are obtainable to support the congregations and departments of the church. For religious leaders and administrators, making sure that these financial resources are properly stewarded is their primary duty (Cordery & Sinclair, 2013). Church leaders must adopt adequate accounting and internal controls as part of a fraud prevention plan to safeguard resources and assets in order to manage them efficiently (Ekhomu, 2015; Peters, 2015). According to Peters (2015), a lot of worshippers saw the church as a haven. Members cultivated tight relationships and strong bonds of trust with the employees of these organizations (Peters, 2015). Members are frequently misled into thinking that churches are impervious to fraud because of these close relationships, despite the fact that religious organizations can fall victim to fraud just like any other business (Peters, 2015). According to Keating et al. (2005), efficient internal controls reduce the likelihood of financial mismanagement, fraud, and abuse, all of which can erode the congregation's and the community's confidence.

2.1.1. Internal Control System

The phrase "internal control system" describes a well-organized set of procedures and roles that management has developed as part of a comprehensive control system to guarantee the smooth operation of the company (Cheung, 1997). The Internal Control System includes the procedures and policies that management uses to guarantee, among other things, the best possible outcome in their work with the company's director, capital insurance, fraud prevention and detection, and timely preparation of all pertinent financial data. (1984, Meigs; 2005, Papadatou). The Internal Control System is a distributed system that conveys instructions and replies to and from management, according to Cook & Winkle (1976). This suggests a close relationship between it and the organizational structure and general rules.

2.1.2. Internal Controls in churches

Throughout time, internal controls have become a participant in a wide range of disciplines. It is involved in all activities at all organizational levels as well as the various kinds of organizations. The requirement for management in businesses initially led to the development of internal control, which was later influenced by external audits and macro control (Muhunyo 2018). Depending on the type of business they operate, different organizations establish and implement different internal controls for example the majority of the work done by churches is charitable, making them NPOs. Internal controls, however, are still relevant to these kinds of businesses. The best practices for internal controls over church finances have been provided by Church Management Solution, CMS (2015). It is an internal control procedure strengthening and streamlining software solution for religious organizations. Financial management, or having an integrated accounting module to handle donations, tithes, and expenses; automated bank reconciliation and financial reporting; and strong internal control measures, such dual approval for transactions, are essential components of an efficient CMS. A safe database for keeping track of and acknowledging contributions and donations, features for online giving and recurring payments, and reports on past donations and member involvement are all necessary. The additional features include automatic contact with volunteers and event attendees, registration and ticketing systems for church events and programs, and scheduling and coordination of volunteers for various tasks inside the church. Another feature offered by CMS is configurable reporting for regulatory agencies and outside auditors, together with audit trails and security measures to guarantee financial transparency. The first set of internal

controls deals with data entry, deposits, and collections. Ushers need to be instructed on the proper sealing of collection bags, locking of counters and safes, and encouraging churchgoers to use different packages such as envelopes, write cheques, or make transactions online, according to CMS. CMS also provided internal control by designating employees to roles like internal audit committee, finance board, and treasurer, as well as authorized check signers, bookkeepers, secretaries, and receptionists. Thus, in this case, the Church needs to be in charge of both its income and its outlays. It must also contain an organizational structure that describes the different posts/sections, as well as the functions and duties of each. Religious organizations can benefit from the implementation of a CMS by strengthening internal controls and financial accountability, increasing volunteer engagement and operational efficiency, improving transparency and fostering a sense of trust among the congregation, and ensuring compliance with pertinent laws and best practices. Finally, by investing in a robust CMS, religious organizations can lay the groundwork for effective internal controls, ultimately protecting their financial resources and maintaining the confidence of their community.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) is an entity that creates recommendations for the assessment of internal controls, risk management, and fraud prevention for organizations, including religious institutions. The internal control system's architecture and execution can be evaluated in an organized manner with the help of COSO. A group composed of accounting professionals and organizations was established to create an internal control report. These internal controls have been the global standard by which most firms have established internal controls. They play a vital role in meeting performance and profitability goals, safeguarding resources from depletion, preparing accurate financial reports, and guaranteeing legal and regulatory compliance. According to Hightower (2008), internal auditing and control both contribute to enhancing an organization's performance.

2.1.3. Effectiveness of internal control

Analyzing the internal control conceptual framework is crucial to figuring out the assessment rules for internal control efficiency. The COSO Framework (2013) states that all five internal control components as well as all pertinent principles must be present and operational for management to determine that its system of internal control is effective. "Present" refers to the presence of a specific component or principle in the development and implementation of an organization's internal control framework. "Functioning" denotes the presence of the component or notion in the

behavior and operation of the control system. In order for internal control to be effective, all five components need to work together harmoniously. As per COSO (1998), the presence of five components is necessary for internal controls to be deemed successful. These components are the control environment, control activities, risk assessment, information and communication, and monitoring.

Control environment

Anthony (2004) noted that the control environment of an organization impacts the consciousness of its workers and shapes the culture of the organization. All other components of internal control are built upon it. The organization's awareness, or the milieu that compels its members to do their tasks and activities in line with the set control objectives, is defined as the control environment, according to Success (2004). The control environment, according to the Institute of Internal Auditors, constitutes a setting in which individuals within the organization are expected to understand the boundaries of power and accountability and to be able to demonstrate the expected level of competence in order to be employed by an organization.

Control Activities

According to Craig (1999), control activities are the managerial and overseeing measures implemented by management to maintain the organization's focus and discipline as well as the effectiveness and efficiency with which its personnel complete their jobs. Dublin (1999) defined control actions as those that demonstrate the occurrence of a loss. They are composed of evaluations reconciliations, and reviews.

Risk Assessment

The process of identifying, assessing, and selecting the most appropriate course of action for relevant risks that may compromise the entity's capacity to achieve its objectives is known as risk assessment, as stated by COSO (2004). This procedure comprises determining the organization's risk appetite, assessing risks, recognizing risks from sources inside and outside the organization, and creating solutions for each risk the company confronts.

Information Flow

Information flow is defined by ACCA (2005) as the process by which the appropriate organizational members are provided with the appropriate information at the appropriate moment. Information flows through both official and informal routes are noted here. Formal channels include respondents that are uphill or descending, horizontal or lateral forms, and upward or top-down forms. The grapevine is mostly composed of unofficial channels. It is also mentioned that in order for the communicated details to serve their designed function, they need to be recognized, recorded, worked through and disseminated in a timely, accurate, and authentic manner. Furthermore, the information conveyed needs to be precise, accurate, comprehensive, clear, addressed to the appropriate parties, and pertinent to the target audience.

Monitoring and Evaluation

According to the Institute of Internal Auditors (1995), internal audits, management self-evaluations, and periodic evaluations are all considered forms of monitoring. Monitoring is done to determine if employees are carrying out or have completed their tasks in a way that complies with the organization's policies, both in terms of efficiency and effectiveness (Spillane & Reimer, 2000). The INTOSAI Guidance on Good Governance, which is the first section of the GOV 9100 Guidelines, explains that an industry standard for carrying out controls is the assessment of internal control systems. The guidelines for internal control standards, which are based on the COSO model, are utilized by public finance managers to establish a strong control framework for their organizations. On the other hand, public sector controllers may apply these guidelines as a tool to evaluate the internal control system. According to János Ivanyos - József Roóz (2009), internal control is a complicated process that affects both the public and commercial sectors. It is intended to define risks and offer a reasonable level of assurance, and it is carried out by the management and staff of a company.

A serious deficiency is also indicated by the 2013 COSO Framework when an entity's chances of accomplishing its goals are significantly decreased by an internal control deficiency, alone or in conjunction with other deficiencies. If management applies professional judgment and concludes that an internal control target is not being achieved because a relevant principle or related component is missing or not functioning properly, or the five components of internal control are not working together effectively, then the entity has a significant shortcoming. While the terms "deficiency" and "major deficiency" are defined in the 2013 Internal Control - Integrated

Framework, when reporting on internal controls under relevant regulations or standards, management is supposed to utilize the applicable criteria constituted by authorities, boards of standards and other relevant third parties to define, evaluate, and report on internal control deficiencies. In other words, the entity has a serious control issue if management determines that a control objective is not being met due to a lack of or improper functioning of a relevant internal control principle, component, or their integration. When reporting on internal control deficiencies, management should use the definitions and criteria specified by the applicable oversight authorities and frameworks. This paper builds on the previous research by providing empirical data that assesses internal control by evaluating the system's components as defined by the COSO Report. According to the above, the COSO Framework (2013) lists the following five interconnected elements namely control environment, risk assessment, control activities, information and communication, and monitoring.

2.2. Theoretical Framework

This study employed stewardship theory to investigate the biblical teachings regarding financial responsibilities, the leadership traits of effective stewards, and the financial accountability of church leaders from an accounting perspective. Stewardship and accountability are the living laws of accounting, according to Murphy, O'Connell, and Hogartaigh (2013) and Ali (2012), who also identified stewardship traits in self-assured, trustworthy, and compassionate individuals. By comprehending the biblical stewardship principles, church officials might execute financial stewardship that is particularly associated with church growth. and the purpose.

The study examined biblical financial obligations, good stewardship leadership traits, and church leaders' financial accountability from an accounting perspective using stewardship theory. Stewardship and responsibility were stated by Murphy, O'Connell, and Hogartaigh (2013) as the living rule of accounting. Those that www.theijbmt.com 252 | Page shown stewardship qualities An Examination of Holy Spirit Using Internal Controls and Financial Accountability in Religious Institutions Catholic Parish demonstrated assurance, confidence, and benevolence. Understanding biblical stewardship principles could help church leaders be better stewards of their finances, which can have a direct impact on the expansion and success of the church's mission (Randa, 2012).

2.2.1. Stewardship Theory

An alternative to agency theory was the stewardship theory (Donaldson and Davis, 1991). It asserts that leaders do behave as responsible stewards of the resources under their control when left on their own. Instead of being opportunistic strikes, these managers seek to safeguard and increase profits for shareholders by acting as competent stewards of the company's assets. The idea has been used to support this study in light of the recent financial scandals involving churches. The money that churches require to perform their daily activities is desperately needed. In this sense, believers have given church leaders the authority to fulfill this duty. Money is a spiritual concern, according to Nicodem (2005), even though it can be the source of suffering like absence of dedication, landslide of sin, Slope of immorality, shaft of despair, and straying from the truth. Njino (2008) provided a perspective on administration regarding assets for the church's durable growth as many church projects have failed financially as a result of poor management. Njino went on to say that anyone who is a steward in any capacity should possess resource management abilities, not just those in the Church. Jamieson and Jamieson (2009) make the point that clergy members must understand that they are prophets and shepherds sent to tend to the needs of God's people. The writers also point out that Christ's lordship encompasses all spheres of life, including money. The argument is pertinent because church leaders must act as stewards in order to fulfill the Bible's intended purpose and vision for the church. More emphasis should be placed on the stewardship theory's superiority over other theories that could aid in resource management in the Church or parish in particular. This conclusion should also come at the end of the chapter, following a tabulation of the theory's prior usage and applicability as shown in the headings that follow.

2.2.3. Systems Theory

Theory of Systems is the theory that directs this inquiry is systems theory. According to Ludwig Von's (1968) theory, real systems interact with their environment and are aware of it. Additionally, through emergence, they may pick up qualitatively novel traits that promote ongoing evolution. They recommended that companies seek remedies for problems with performance caused by internal control systems. When management undermines internal control mechanisms, mistakes or fraud that are challenging to find and fix eventually lead to poor financial performance. The relationships between internal control's efficacy, architecture, and organizational efficiency—

particularly the dependability of financial data—are explained by systems theory. Because of this, it is much more pertinent in the current situation. Based on empirical research, corporations stand to gain from the efficacy of their internal control systems, which in turn enable them to conduct internal control effectiveness analysis. Specialized and highly skilled internal auditors within internal control systems are key to the success of these systems. Guilding and Cadez (2013). The importance of the systems theory arises from the fact that religious organizations need internal oversight mechanisms in order to promote advancement and growth as well as goal achievement.

2.2.4. Agency theory approach

According to the work of Coase (1937) and Berle and Means (1967), agency theory has developed into a crucial framework that helps scholars analyze the disputes that can arise between managers and owners of a company, and determine the best ways to resolve them. Agency problems are thought to occur when counterparties have divergent goals and responsibilities (Jensen & Meckling, 1976; Ross, 1973). Agency theory, as outlined by Eisenhardt (1989), is concerned with resolving the two problems that are intrinsic to agency relationships: the agency problem and the risk-sharing dilemma. Agent-owner conflicts of interest can result in expensive agency issues. Furthermore, when the agent's and the owner's risk appetites diverge, the problem of risk-sharing emerges. According to Jensen and Meckling's (1976) agency theory, dividing ownership and control will lead to conflicts of interest between the owner and agent, which frequently show up as individual acts in a decentralized system. To enable businesses to pool resources and distribute risks among stakeholders, corporate governance is essential (Hart, 1995). The purpose of the corporate governance system, comprised of laws, rules, and policies, is to direct, operate, and oversee business activities (Gillan, 2006). This system covers interactions between internal parties like shareholders, managers, and the board, as well as external parties such as government, partners, and the community. Corporate governance mechanisms can be categorized as internal (e.g., management, controls, audits) or external (e.g., capital markets, regulations) (Gillan, 2006; Rezaee, 2007). There exists a clear correlation between the caliber of an organization's internal governance structure and the efficacy and performance of its corporate governance (Aman & Nguyen, 2008). Of the several internal governance systems, the internal control governance mechanism is the subject of this study. Finally, "risk-sharing" and "the separation of ownership and control leading to conflicts of interest" are identified by agency theory as the two main

problems facing the corporate sector. Through the use of both internal and external procedures, corporate governance seeks to balance the interests of diverse firm stakeholders.

2.3. Review of Empirical Studies

Cuomo (2005) studied financial accountability and internal control for American charitable organizations serving on not-for-profit boards. Discussion-based model is employed in the study. The study examines how fulfilling fiduciary duties, such as being financially accountable to the company, by the board of directors and officers is crucial to the organization's existence. A breach of fiduciary responsibility, which can lead to financial and other liabilities for the officers and board of directors, occurs when certain requirements are not met. Consequently, the study draws the conclusion that strong internal controls are essential for safeguarding an organization's resources and facilitating their appropriate administration.

In a study conducted by Ahiabor and Mensa (2013), the focus was on assessing the efficacy of internal control mechanisms in managing the finances of churches located in Greater Accra, Ghana. The researchers highlighted a concerning trend of rising instances of financial mismanagement and embezzlement within religious institutions, with churches being particularly susceptible. Through their analysis, they determined that internal control systems are indeed present within these churches, and they emphasized the crucial link between the strength of these internal controls and the overall financial well-being of the organization. The findings underscore the importance of implementing robust internal control measures to safeguard the financial integrity of churches and ensure accountability in their financial operations.

Munene (2013) conducted a study to investigate the impact of internal controls on the financial performance of Kenyan firms. Liquidity, accountability, and reporting were used to gauge financial performance, and internal audits, control activities, and the control environment were used to assess internal controls. Research designs used in the study included survey, correlation, and case study. The results show a strong dedication to upholding efficient control systems as the management of Kenyan government training institutes actively monitors and supervises activities.

Additionally, the roles within the organizations are well-defined, and any systemic issues are promptly addressed. The research suggests that the internal audit department should implement competence profiling to ensure the appropriate skills and expertise. Furthermore, the organizations should establish and maintain a knowledge/information management system to facilitate the free access and utilization of official information by all stakeholders within the institution. In summary, the study highlights the importance of a robust internal control system, including a supportive control environment, effective internal audit practices, and well-defined control activities, in improving the economic performance of organizations in the Kenyan context.

A 2013 study by Cordery and Sinclair on internal controls in UK charities—religious groups included—emphasized the significance of robust governance frameworks and distinct accountability chains. The study draws attention to the particular difficulties that nonprofit and religious organizations have when evaluating their efficacy and performance. The writers stress how important it is to have strong internal controls in place to guarantee openness for organizations in the third sector. According to the study, larger charities were more likely to have formal internal control systems in place, but smaller organizations frequently found it difficult to put in place thorough controls because of resource limitations. In order to foster confidence and make sure that the organization's internal controls meet stakeholder expectations, Cordery and Sinclair emphasized the significance of incorporating important stakeholders in the internal control evaluation process, such as members of the congregation and regulatory agencies. Overall, the study by Cordery and Sinclair (2013) highlights how important internal controls are to improving religious organizations' accountability, performance, and openness. It offers these organizations a useful foundation for evaluating and improving their internal control procedures.

Agyei-Mensah (2016) examined the concepts of internal oversight and responsibility in faith-based groups, with a particular focus on the Methodist Church in Ghana. Agyei-Mensah (2016) examined the concepts of internal control and accountability in religious organizations, with a particular focus on the Methodist Church in Ghana. The research delved into how the congregation could enhance its internal control processes related to revenue collection and budget allocation, as outlined in the study findings. It was discovered that the internal control mechanism in place was not operating efficiently across various societies within the church, leading to potential issues in

accurately recording financial information and operations in the accounting records. This highlights the importance of addressing shortcomings in internal control systems to ensure transparency and accountability within religious institutions.

Mhizha (2016) examined the governance and accountability practices of faith-based groups in Zimbabwe, including the role of internal controls. The study found that many religious entities lacked transparent and accountable management structures which contributed to financial mismanagement and lack of donor confidence

A study by Chikumbi (2018) on internal controls in Pentecostal churches revealed significant weaknesses in financial management systems and internal control practices. The researcher highlighted the lack of formal accounting procedures, inadequate Division of labor and lack of unbiased oversight

The claim that effective internal management makes achieving goals easier is accepted by Ntongo (2012). Nonetheless, he divided the controls into two primary types to give them greater context. The first kind of controls are accounting controls, which are measures to protect assets and ultimately guarantee financial record accuracy. As a result, the second category consists of administrative or operational controls, which are mostly made to increase operational effectiveness and adherence to rules, regulations, and guidelines. Conversely, it is observed that controls by themselves are insufficient to guarantee the attainment of intended outcomes; rather, they must be complemented by enforcement and regular review to determine their efficacy.

While Ming and Wang (2009) fully concur with this assertion, they also showed that the efficiency of internal control systems within businesses supports the accuracy of accounting records. Aside from the previously stated benefits, an efficient internal control system may also stop fraud, cut down on errors, and guarantee the accuracy of financial reporting, giving stakeholders a fair amount of confidence. Nonetheless, the inherent limitations of the internal control systems affect the credibility. Consequently, (Ming and Wang, 2009) advise NGOs' management to strive toward putting in place better systems to achieve their goals, and (Bongani, 2013) emphasized that NGOs could only hold funders and stakeholders to high standards if they had developed effective internal control systems.

2.4. Research gap

This study is especially significant considering the fact that there are not many explores on the effectiveness of internal controls in religious organizations. Chikumbi (2018), highlighted the lack of formal accounting procedures, inadequate separation of duties and unavailability of independent oversight in many of these religious organizations. Research by Cordery and Sinclair (2013) on internal controls in UK charities, including religious organizations, highlighted the importance of strong governance structures and clear lines of accountability. There is need for more in-depth, systematic evaluations of the internal control systems employed by religious organizations assessing their design, implementation and overall effectiveness. Further research is needed to look at the direct impact of effective internal controls on the financial management and governance and overall performance of religious organizations. There is a need to identify and disseminate effective strategies and best practices for strengthening internal controls.

2.5. Summary

A review of theories that provide a thorough explanation of the study's independent and dependent variables is presented in this chapter. In this chapter, the empirical framework was examined in more detail. The research gap has been identified by an analysis of previously published literature by other academics.

CHAPTER III

METHODOLOGY

3.0. Introduction

Research methodology, according to Kohari (2004), is the methodical, scientific approach used in research. It includes the overarching plan as well as the methods and approaches utilized to gather, examine, and evaluate data in order to answer a particular research topic or problem. The methods and approaches used to find and assess data pertaining to the assessment of the efficacy of internal controls in religious organizations are described in this chapter. It outlines the study population, the sampling strategy, and the research design that will be applied. Along with the instruments used to gather data, the methods of data collection are also discussed, as are those used to assess the reliability and validity of the research instruments. This chapter concludes with a discussion of the data analysis procedure used to ascertain the correlation between the study's variables. This part aims to provide a clear and thorough description of the study's methodology, including the methods for gathering, organizing, and analyzing data.

3.1. Research Design

"The plan or proposal to conduct research involving the intersection of philosophy, strategies of inquiry, and specific methods" is the definition of research design given by Creswell & Creswell (2018) (p3). According to Kothari (2004), research design is the conceptual framework that research is carried out in; it serves as the guide for data collection, measurement, and analysis. The conceptual framework for assessing internal controls in religious organizations may include elements of multiple study design types, including mixed methods, qualitative, and quantitative research designs. An explanatory sequential design, precisely, would be the most appropriate type of mixed method study design. According to Creswell & Creswell (2018), mixed method tactics are less well-known than either the quantitative or qualitative approaches. In order to provide a more thorough explanation of the quantitative results, the explanatory sequential design first collects and analyzes quantitative data, then moves on to gather and analyze qualitative data. This

mixed-methods strategy fits in nicely with the intricate internal controls seen in the religion industry. It makes it possible to gather data that is both deep and wide, which results in a more comprehensive assessment of the efficacy of internal controls.

3.2. Subjects

3.2.1. Population

A study's population, according to Mason et al. (2007), is the totality of potential subjects, items, or measurements of interest. According to Claire and Smith (1997), a population is a group of things that are the subject of the study and to which the conclusions drawn from evaluating the sample would be applied. It can also refer to the full set of subjects the researcher wants to deal with in their research, including events, people, and other interesting things. According to Weigner's (2003) theory, a population is made up of every conceivable observation of a random variable. Because populations are limitless, it has been shown in most research investigations that it is not possible to look into every member of a particular community due to a variety of obstacles, such as urgency and limited financial or time resources. The study unit was comprised of religious organizations located in the researcher's hometown of Mufakose. In an effort to provide reliable, broadly applicable findings, the study made an effort to cover every department inside the various religious organizations. The study's target audiences included church funders, members of the congregation, administrators, and leaders. This group was chosen by the researcher because they had greater familiarity with the study's factors.

3.2.2. Sample and sampling techniques

A sample is a group of individuals or items selected from a broader population with the intention of more fully representing that population (Mason et al., 1997). While it is typically not feasible to study every person of the community engaged in a study, some researchers are able to get around this problem when the study population is small and not widely dispersed. Representative samples are therefore required and acknowledged in each scientific investigation in order to confront the difficulty of obtaining access to the entire population. In terms of individuals, a sample is a constrained subset of a statistical population whose attributes are investigated in order to gain additional insight into the population at large. An individual or group of respondents selected from a larger population for the purpose of conducting a survey can also be thought of as a sample. This study included a sample of five distinct religious organizations: SDA, Born of Fire International

Ministries, Church of Christ -Mufakose Parish, Ebenezer Blessing International Church in Zimbabwe, and AFM in Zimbabwe -Yobel Assembly.

Purposive and convenience sampling methods were employed in the study to choose participants from the various staff groups. When using purposive selection, often referred to as judgmental sampling, the researcher selects the sample with a purpose in mind or one that will yield the most information in order to meet the specific study objectives. For instance, because they are more knowledgeable about the internal controls in their companies and how well they work, the study included church leaders, administrators, and finance departments. One kind of non-probability sampling called convenience sampling takes a sample from the easily accessible portion of the population. Convenience sampling was used to come up with the number of participants that will be asked to participate and give information regarding this research. Convenience sampling will focus on persons who are experienced or directly deal with internal control issues in the religious organizations.

3.3. Research instruments

Data collection is the process of acquiring information in order to answer important research issues. The techniques used to collect data for analysis are known as research instruments (Soares, 2012). The surveyer used interviews and questionnaires to collect data regarding the research problem. Questions about organized, unconditional, and closed-ended reviews were sent to review members via email and other electronic correspondence. Short, focused questions were asked during the interviews.

3.4. Data collection procedures

According to Creswell and Creswell (2018), data collection refers to the systematic process of gathering information or evidence to answer a research question or address a research objective.

3.4.1. Questionnaires

A written set of questions with clearly defined alternatives to which respondents record their responses is called a questionnaire, according to Babbie (2016). The use of self-administered questionnaires was chosen by the researcher. These are the questionnaires wherein every respondent receives the identical questions and response alternatives. People are thus given the

freedom to freely express their opinions and select their own answers based on how the questionnaire was created (Cohen, Manion, & Morrison, 2007). Respondents received a series of questionnaires. Once the respondents had filed these questionnaires, they were gathered for analysis. The reason questionnaires were chosen was that they allowed responders ample time to provide a well-considered response, were inexpensive, and could be used to contact employees who work remotely or are inaccessible owing to transportation issues. This method's drawback is that it took the respondents a long time to complete the questionnaire. After being completed, some questionnaires were not returned. Nevertheless, this approach to gathering data was the most favored since its benefits are greater than any perceived drawbacks.

3.4.2. Interviews

Rubin and Rubin (2012) define an interview as a deliberate discussion in which the interviewer seeks information from the interviewee in order to meet research goals. The researcher selected interviews as a means of acquiring insights, perspectives, and firsthand information, fostering a relationship, and identifying nonverbal clues. It was laborious, subjective, and vulnerable to bias, though. Phone interviews were reviewed for this study. In order to prevent ambiguous answers, brief and precise questions were posed.

3.5. Types of Data

The researcher used data that was both primary and secondary. Primary data are first-hand accounts obtained by the researcher that are directly relevant to the study's subject (Hox and Boeji, 2013). The primary data was collected using both closed-ended and open-ended questionnaires that were given to different types of respondents. There were also interviews done. Secondary data is usually obtained from pre-existing sources, such as databases, internal papers, the internet, and other publications (Collins & Hussey, 2014). Additional resources for secondary information included the internet, pre-existing documents, books, journals, and other materials.

3.6. Data presentation and analysis procedures

Data analysis is the process of organizing, integrating, and assessing data to use it to solve research questions or test hypotheses (Gardner G W, 2021). Quantitative data was collected for this study, and quantitative analyses of the data criteria were used. In order to make sure that the data collected from the field was significant, the researcher used descriptive statistics to evaluate the data. The mean, standard deviation, percentages, and frequency were among the metrics used. In addition, the data was shown using tables, graphs, and charts.

3.7. Validity and Reliability of the Instruments

Validity is determined by the caliber of the data the researcher gathered; quality is determined by how well the study's conclusions addressed its goals and central questions (Thanasegaran, 2012). The degree to which the data collected accurately represents the study's variables is the primary concern regarding validity. The supervisor approved the administration of the designed instruments after reviewing them in order to ascertain authenticity. The extent to which findings derived from data analysis accurately depict the topic being studied is known as reliability. According to Kothari (2004), a measuring device is considered dependable if it consistently yields accurate readings.

3.8. Moral thought

According to Cooper and Schinder (2003), ethics are the moral precepts that direct moral decisions regarding actions and interpersonal interactions. Before conducting an examination study on the internal controls in the various organizations, the person conducting the study sought permission from the head of administration of each of the organizations. Again, the analysts followed the policies and procedures established by the company.

3.9. Summary

The collection of data was examined in this chapter. Both the intended population and the sampling procedure were detailed. There was a description of the data collection tools, which included questionnaires and interviews. It was also discussed how the data was analyzed and displayed. The next chapter covers data presentation, analysis, interpretation, and discussion.

CHAPTER IV

PRESENTATION, ANALYSIS, INTERPRETATION AND DISCUSSION

4.0 Introduction

The analyzed data is presented in this chapter using a variety of visualizations, including tables and graphs. The results were contrasted with those of earlier studies.

4.1. Response rates

Table 1 Responses to questionnaires

Identity	Questionnaires that were issued	Questionnaires that were Returned	Rate of response to questionnaires
Pastors	10	10	100%
Treasurers	5	5	100%
Donors	15	14	93.34%
Secretaries	5	4	80%
Congregants	15	12	80%
Population	50	45	90%

Source: primary data

According to Pickett (2018), the response rate aimed for by the researcher should be at least 60%. The researcher gave 50 polls to the group of respondents tested and 45 were completely finished and returned giving 90% response rate. Some of the given polls were either not completely finished, spoiled or not returned meaning they could not be used to conduct the research. Ezeabasili

(2018) provided evidence in support, stating that the information gathered from more than 35% of the questionnaires sent is considered appropriate and can be relied upon. For information examinations, understanding, and show, a 90 percent approach was viewed as trustworthy in this academic exploration project.

4.1.1. Interview responses

Two of the four interviews that the researcher had planned to conduct were eventually successful. Fifty percent of the responses were deemed sufficient. According to Makanga (2018), the direct exchange of information during an interview makes the information acquired from that source credible.

4.2. Demographic characteristics of respondents

4.2.1. Gender

According to statistics, 40% of the sample as a whole consisted of females, while 60% of the respondents were male, making up the majority of the sample. This can also be seen in the figure below.

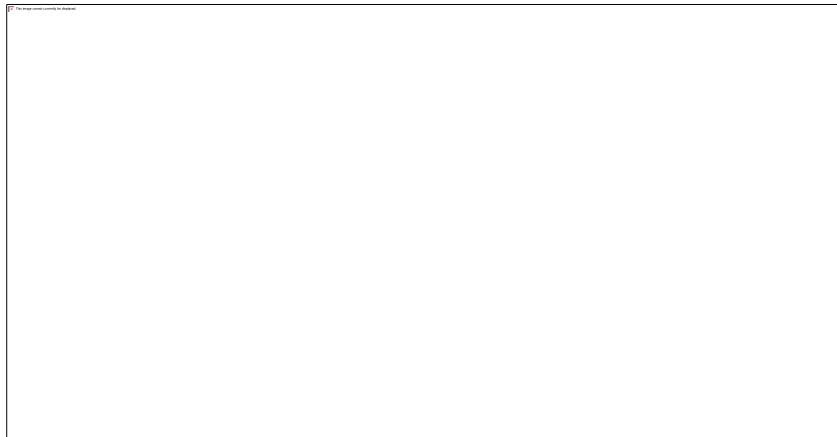


Figure 1 Gender of respondents

Source: Primary data

4.2.2. Age groups of respondents

The data presented in Figure 4.2 reveals the age distribution of the respondents. The largest group, comprising 40% of the sample, falls within the 35–44-year-old age range. This is followed by the

45 and above age group, which accounts for 33.3% of the respondents. The remaining age groups make up smaller portions of the sample. Specifically, the 24 and below age group constitutes 6.7%, and the 24-34 age group represents 20% of the total respondents. The respondent pool is predominantly made up of individuals in the middle-aged 35–44-year-old bracket, with a significant proportion also belonging to the 45 and above age group. The younger age groups make up a smaller fraction of the overall sample. This age distribution of the respondents provides important context for interpreting the findings, as the perspectives and experiences of the participants are likely influenced by their career stage and generational background.

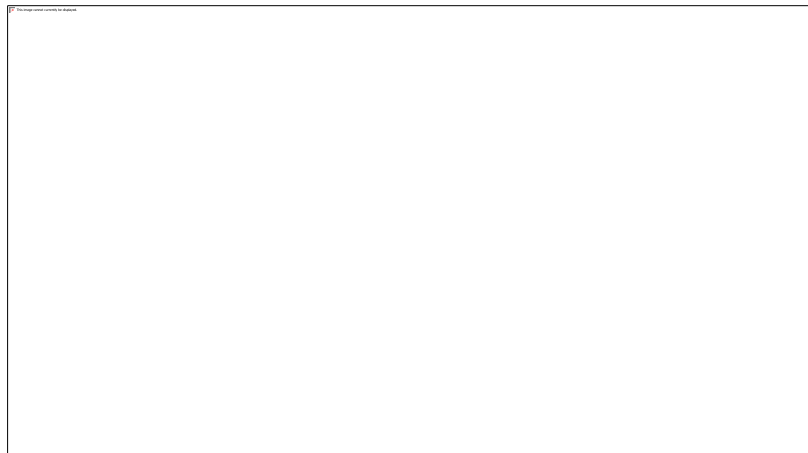


Figure 2 Age of respondents

Source: Primary data

4.2.3. Level of education

Chart 4.3 below shows that 2.23% of those surveyed had not attained any level of education, 6.67% had Ordinary level qualifications, 17.78% had attained Advanced level standard and 73.34 were degree holders. It is implied that the respondents provided thoughtful answers since they were well-versed in the issue.



Figure 3 Level of education

Source: Primary data

4.2.4 Tenure in the Church

The respondents were asked to indicate how long they had been attending the present church in this section.

Table 2 Tenure in church

Tenure in the church	Frequency	Percentage
Less than 1 year	4	8.89%
1-5 years	2	4.45%
6-10 years	7	15.56%
11-15 years	14	31.11%
More than 15 years	18	40%

Source: Primary data

According to table 4.2's findings on years of service or time spent in church, the vast majority of those surveyed (40%) had been members of the same church for more than 15 years. Additionally, it was noted that 31.1% of the participants had been members of the same church for 11–15 years. With the exception of those who had attended the church for less than ten years, 15.6% of the respondents had been members for six to ten years. Given that the respondents are acquainted with the functioning of the church, it is evident that they provided accurate information regarding the study's subject.

4.3. Control Environment

The outcomes of the main internal control activities are shown in this part. Results on the suitability of control measures to guarantee transaction approval, task division, and the accessibility of mechanisms to evaluate the suitability of internal controls are covered in this part.

4.3.1. To what extent does the organization's leadership demonstrate a commitment to integrity and ethical values?

Upon being asked to state the rate at which leaders demonstrated dedication to honesty and moral principles, 87 percent of the participants responded that the rate was very high and the remaining percentage said it was high. This is consistent with the stewardship hypothesis, which holds that manager—in this case, church leaders—do behave as accountable stewards of the resources under their care when left on their own. Instead of being shrewd strikers, these managers want to defend the assets of religious organizations by being good stewards of the corporate assets.

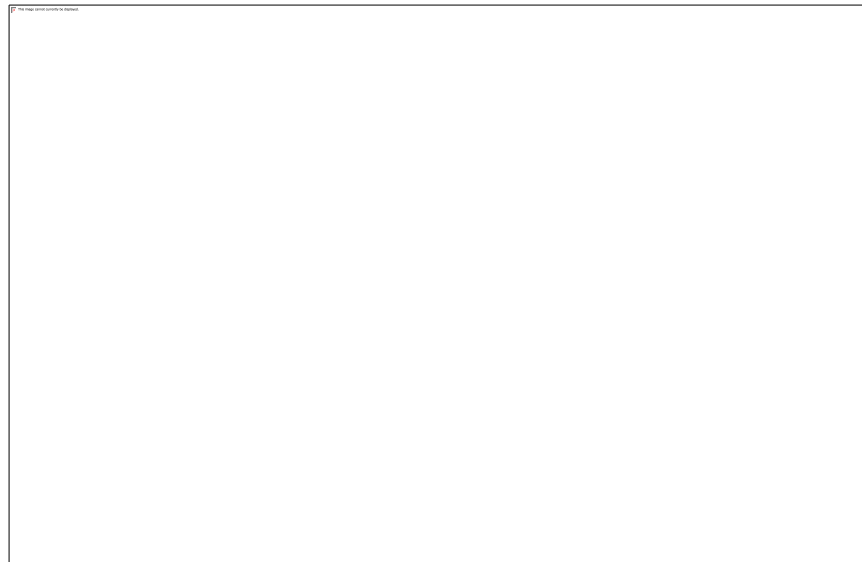


Figure 4 Demonstration of ethical values by leaders

Source: Primary data

4.3.2. How would you rate the clarity of the organization's organizational structure and reporting lines?

Research by Cordery and Sinclair (2013) on internal controls in UK charities, including religious organizations, highlighted the importance of strong governance structures and clearly defined chains of responsibility. The respondents were asked to rate the clarity of their organizational structure and the results are shown in the fig below.

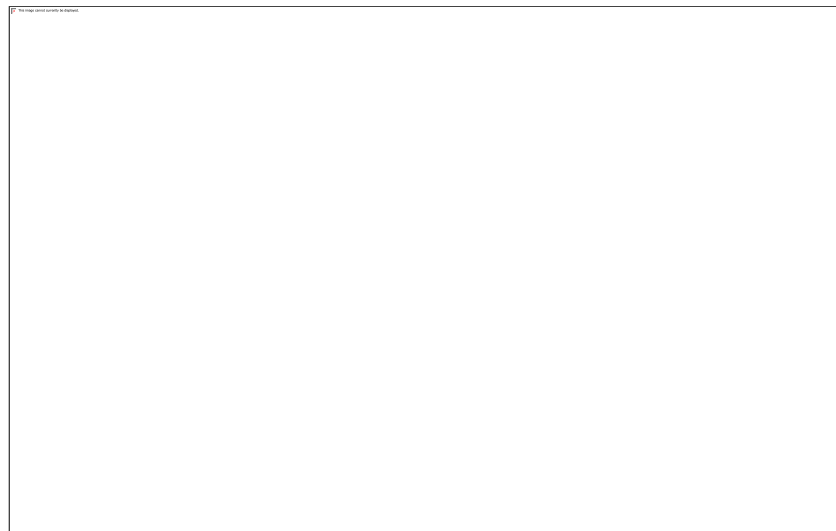


Figure 5 Clarity of organizational structure

Source: Primary data

According to the results shown in Figure 4.5, the organizational structures and reporting lines are quite clear to the vast majority of the respondents. Specifically, 82.2% of the surveyed rated the organizational structure as "very clear," 11.1% rated it as "clear," and only 6.7% remained neutral on the issue. This finding validates the notion put forth by Cook and Winkle (1976), who likened the human neurological system to the internal control system. The nervous system, which is distributed across the organization, relays directives and replies to and from management. This implies that the organizational structure and the overarching company regulations are closely related to and rely upon the internal control system. In other words, the high level of clarity around the organizational structure and reporting lines, as indicated by the respondents, implies that the internal control system is well-integrated with and reflective of the overall organizational design

and operations. This alignment between the control system and the organizational structure is a key characteristic highlighted by Cook and Winkle in their conceptualization of effective internal controls.

4.3.3. Does the organization have a code of conduct that is communicated to all employees and members?

The study results reported in Chart 4.5 confirmed the availability of a code of conduct describing the duty and integrity standards for the organization. Approximately 88.9% of the respondents agreed that such a code of behavior was in place, while 11.1% disagreed. This shows that staff and members were aware that their conduct must correspond to the organization's set code of conduct in order to maximize the organization's influence. The confirmation by the majority of respondents suggests that the overall control environment is strong, as the control environment is the foundation upon which the other control components work. According to Mawanda (2008), a robust control environment is deemed highly effective. However, this finding contradicts earlier research by Ponemon (1994), as referenced in William and Rama (2003), which indicated that the mere existence of a code of conduct may have negligible effect if senior management does not actively enforce it through mandated activities. The study results reveal the presence of a code of conduct and awareness of it among the majority of employees/members. This points to a strong control environment, yet earlier research implies that actual enforcement by leadership is necessary for the code to be truly significant.

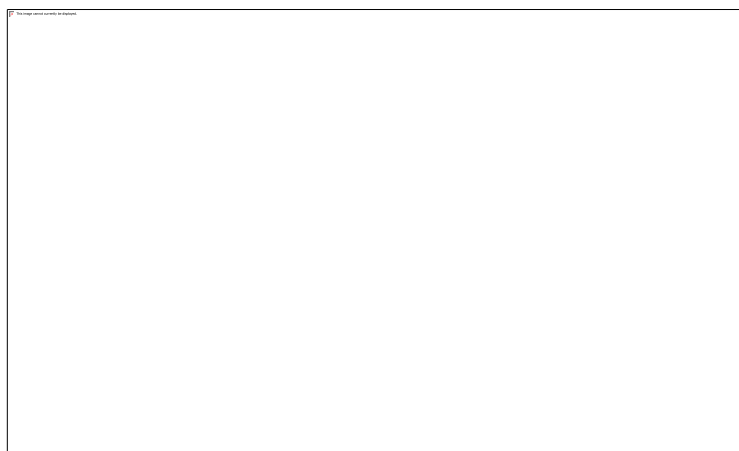


Figure 6 Availability of code of conduct

Source: Primary data

4.3.4. What are the key internal controls that have been implemented within your religious organization? Please describe them in detail.



Figure 7 Key internal controls

Source: Primary data

The chart above shows the key internal controls being implemented in religious organizations as per respondents and interviewees. They described separation of responsibilities as a basic internal key control that involves dividing key tasks and duties among different persons or departments. The idea is to prevent one individual from having control over all aspects of transactions and processes which could allow errors, fraud or abuse to go undetected. Regular audits involve the systematic review and evaluation of an organization's financial records, operations and internal control systems. The purpose being to assess the effectiveness of internal controls, identify any weaknesses or areas for improvements and ensure compliance with relevant laws. Access controls are controls that limit and regulate who can access an organizations physical asset, information systems or sensitive data. They also described training and education as essential internal control procedures that ensure employees understand and comply with the organization's policies. Other controls stated include authorization and approval controls which ensures that authorized personnel can initiate, record or execute certain activities, reconciliation and verifications to verify accuracy and completeness of data, assets safeguarding, etc.

4.4 Risk assessment

4.4.1. How effective are the processes for identifying and assessing risks faced by the organization?

Table 3 Effectiveness of the process of identifying and assessing risks

	Frequency	Percentage
not effective	16	35.5%
Neutral	15	33.3%
Effective	8	17.7%
Extremely effective	6	13.3% %
	45	100%

Source: Primary Data

In response to questions pertaining to risk assessment, 16 (35.5%), 15 (33.3%), 8 (17.7%), and 6 (13.3%) of the total respondents said that the approach was not effective, neutral, effective, or extremely effective, respectively. A great deal of those surveyed stated that the religious organization lacked a proper internal control risk identification strategy. On the other hand, multiple participants claimed that religious organizations have a suitable internal control risk identification technique. Risk assessment performance, as reported by CAM, is rated at a three; in general, religious organizations' risk assessment procedures fall short of acceptable internal control procedures. This suggests that risk identification is not done proactively by officials.

4.4.2. To what extent does the organization monitor changes in the external environment that could impact its operations?

Monitoring changes in the external environment is a critical activity for organizations as it can provide significant advantages and help them adapt and respond effectively to evolving circumstances. The chart below shows the responds of the respondents when they were asked to state the extent to which their organizations monitor changes in the external environment.

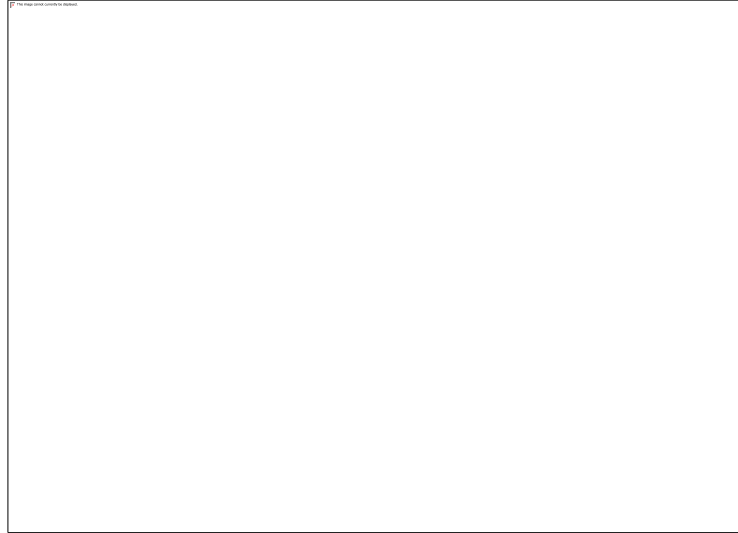


Figure 8 Monitoring of internal controls

Source: Primary data

Of the total respondents, the majority of the participants responded to a great extent, 40% to a greater extent and the remaining 4.4% to a greater extent. This implies that to a reasonable extent the organization are monitoring the changes in the external environment. This is beneficial because it helps in identification of emerging risk and opportunities and also enables them to identify emerging opportunities.

4.4.3. Does the organization have a risk register that is reviewed regularly and updated?

Dummond (2011) contends that risk registers, despite having some shortcomings are a beneficial tool for enterprises. Their principal duty is to provide a boundary object between the internal and external conversation regarding the risk facing the firm. Dummond (2011) contends that risk registers, despite having some shortcomings are a beneficial tool for enterprises. Their principal duty is to provide a boundary object between the internal and external conversation regarding the risk facing the firm. As such, the effectiveness of risk register should not be evaluated based on their absolute truthfulness, but rather their ability to facilitate communicative rationality. In other words, the risk registers are valuable not because they provide a perfect representation of organizational risks, but because they enabled meaningful dialogue and understanding about those risks both within the organisation and with external stakeholders. The registers act as a common framework to facilitate this important communication and exchange of information. While

registers may have limitations, Drummond's perspective is that they remain a useful management tool because of their capacity to bridge internal and external perspective of risks faced by organizations. The results presented in the chart below however shows that 4 respondents agreed to their organizations having risk registers, 18 respondents disagreed and the rest did not respond. This could be either the respondents did not know what risk registers were or they just were not sure if they had one in their organizations. This resulted in the researcher being unfit to make any fair inferences.

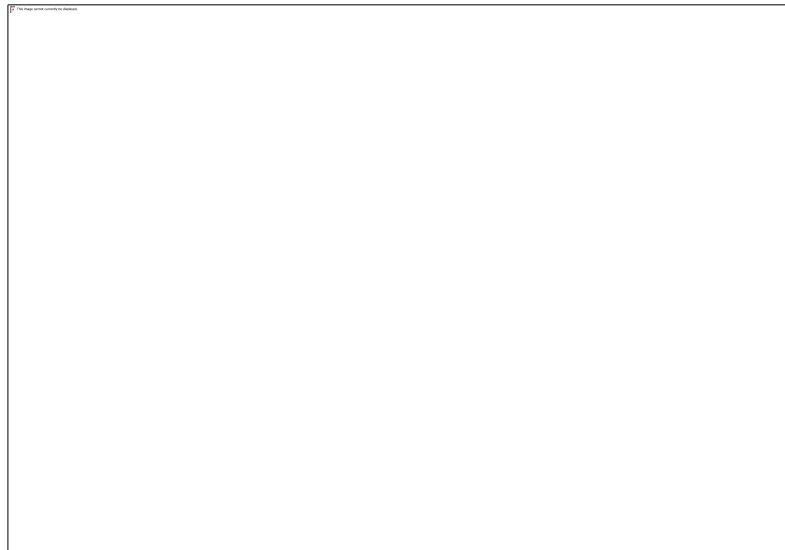


Figure 9 Availability of risk registers

Source: Primary data

4.5. Control activities

4.5.1. How well are authorization procedures followed for transactions and activities?

The findings indicate that the control measures in place were adequate and ensured all transactions were appropriately authorized and documented in the appropriate accounting books. The results in Table 4.4 show that 33.3% of respondents felt the control policies were "extremely well" implemented, 44.4% felt they were "well" implemented only 4.4% felt they were "not well" implemented. However, 17.8% of respondents remained neutral on this matter, suggesting they may not have been fully aware of the existing control policies. This implies that all financial payments were allowed and approved by competent and accountable personnel, and that the payments were appropriately backed by necessary documents. The data indicates the control

policies were largely effective in providing oversight and proper accounting of transactions, though a minority of respondents were not fully knowledgeable about the policies in place.

Table 4 How well are authorization procedures followed

	Frequency	Percentage
Not well	2	4.4%
Neutral	8	17.8%
Well	20	44.4%
Extremely well	15	33.3%
	45	100%

Source: Primary Source

4.5.2. To what extent are duties segregated to prevent any one individual from controlling all key aspects of transactions or events?

The data depicted in the chart clearly illustrates that religious organizations have successfully implemented segregation of duties. This is supported by the breakdown of respondent responses, with 66.7% indicating a "greater extent" of segregation of duties, 15.6% indicating a "great extent", and 15.6% indicating a "moderate extent". These figures indicate that staff supervision is robust, allowing individuals to work independently with minimal oversight. It also signifies those roles and responsibilities have been clearly delegated to the appropriate personnel, thereby ensuring accountability within the organization. This discovery is consistent with the research of Shandly (2004), as referenced in Ayom (2013), which underscores the importance of separating employee duties to uphold accountability. The data reveals that religious organizations have effectively implemented segregation of duties, which not only fosters independent work but also ensures clear assignment of responsibilities and overall accountability. These findings are in line with the principles discussed in previous studies, highlighting the significance of maintaining a structured and accountable work environment within religious organizations.

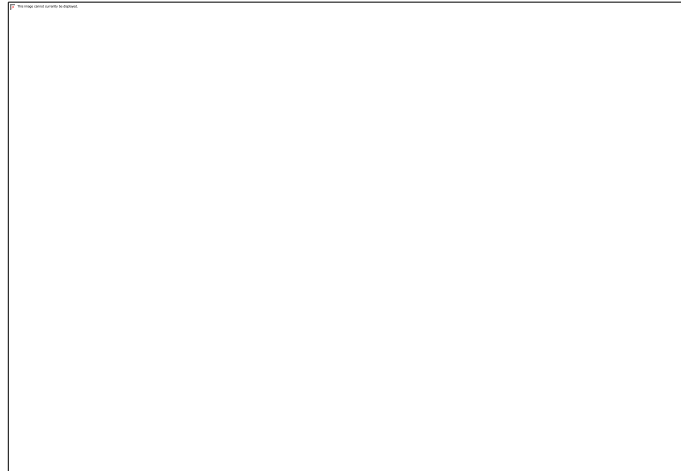


Figure 10 Segregation of duties

Source: Primary data

The existence of control activities implies that internal control mechanisms are functioning successfully. This supports the findings of Adebayo and Annukka's (2009) study, which demonstrated that companies with higher control activity levels are probably going to have better internal control systems.

4.5.3. Are there adequate physical safeguards e.g., locks, alarms, access controls in place to protect assets?

The respondents all confirmed that their religious organizations had adequate physical safeguards in place to protect their assets. This is consistent with the claim made by Ntongo (2012) that effective internal controls help organizations achieve their goals. To give you additional context, Ntongo divided internal controls into two categories: accounting controls and other controls that protect assets and guarantee the accuracy of financial records. Therefore, the availability of these asset protection safeguards indicates that the religious organizations are on the right track in working towards achieving their goals. The presence of these controls suggests the organizations are taking steps to properly secure their assets. The respondents confirmed the existence of adequate physical safeguards to protect the organizations' assets, which is in line with the importance of internal controls for achieving objectives as described by Ntongo.

4.5.4. Can you provide specific examples of how internal controls have helped detect or prevent errors, fraud or misuse of resources within your organization?

Fig 4.11 How internal control help prevent fraud and error

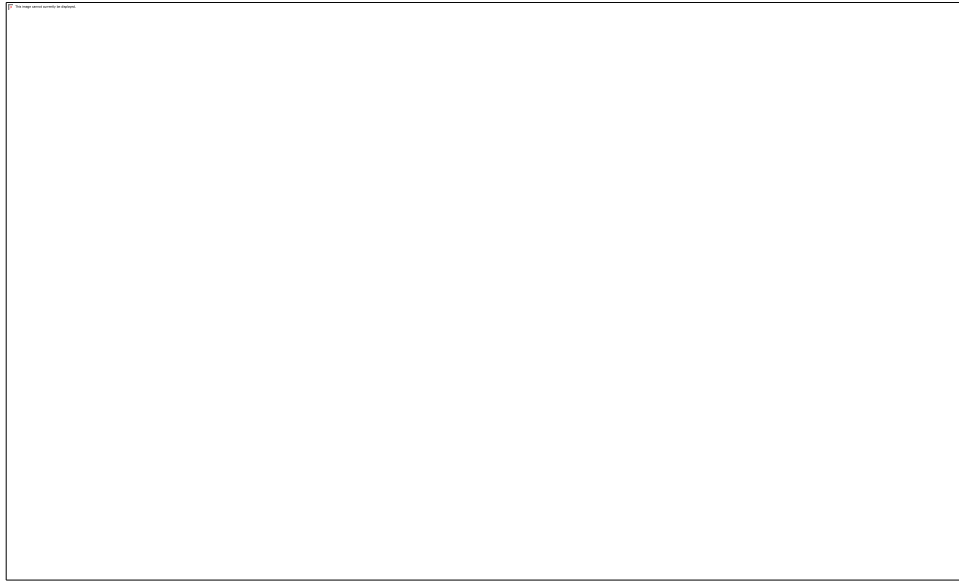


Figure 11How ICs help prevent fraud

Source: Primary data

The participants were required to state how examples of how internal controls had helped detect or prevent errors, fraud or misuse of resources within their organizations. 24.4% of the respondents gave responses that proposed that internal controls led to employees being equipped with knowledge. This is due to the little training they got for them to be able to carry out their different responsibilities. One of the interviewees went on to explain that the internal controls are clearly defined policies, procedures and guidelines that outline the roles, responsibilities and expected behaviors of employees and by providing employees with these controls, they develop an element of control-conscious culture and they will be empowered with the knowledge to carry out their responsibilities. Internal control is a management role that is essential for appropriate responsibility, and accountability for all finances should always be upheld, claim Gendion, Cooper, and Townley (2000). This statement is supported by the feedback from 22.2% of respondents who said that internal controls helped protect assets from misuse or something similar. Internal control systems are intended to protect resources, stop fraud, and guarantee

adherence to moral and legal requirements. The interviewee went on to state that locks, alarms, asset tracking access restrictions were some of the ways assets were protected and these safeguard the physical and intangible assets from theft, misuse or unauthorized access.

20% of respondents and an interviewee stated that internal controls led to identification of financial discrepancies. The interviewee explained that controls such as reconciliations, authorizations and separation of duties are designed to detect and prevent financial errors, fraud and misstatements and prompt identifications of these allows organizations to investigate, address the issues and take corrective actions. The other 15.5% mentioned equal distribution of power through segregation of duties which ensures that decision making and control activities are distributed across the organization preventing a situation where only a few individuals have all the power in an organization. The remaining percentage mentioned other examples such as how confidentiality agreements protect sensitive information from disclosure, whistleblower policies encourage reporting concerns which sometimes ensures compliance with laws and regulations, among others.

4.6. What are the factors affecting the effectiveness of internal controls on your organization?

The chart below shows the results of when the participants were enquired to state the factors affecting the effectiveness of internal controls in their organizations. 28.9% and an interviewee stated resource constraints as one of the causes of negative impacts on the effectiveness. The interviewee explained how lack of enough resources had a negative effect on the effectiveness of the controls put up by the organization. This goes in line with what Arwinge, O. (2013) discussed when he said limited resources such as staffing, funding and technology can hinder an organization's ability to come up with an effective control system, put it in use and maintain it. Technology and automation came out as the second most stated factor being mentioned by 22.2%. When asked how technology affected internal controls, one interviewee responded that antiquated or insufficient technology could make it more difficult for the organization to automate and streamline internal control procedures as well as to monitor, analyze, and react to control-related data quickly and effectively. 9 respondents which is about 20% of the sample mentioned management tone and culture. The effectiveness of internal controls is influenced by the management-established culture of ethics, accountability, and transparency. 13.3% said compliance with regulatory requirements also affect the effectiveness of controls. Compliance

with these regulatory requirements helps ensure that the organizations have robust and standardized internal control system in place. The other percentage stated other factors such as risk assessment, control design and implementation, personnel and training and other external factors.

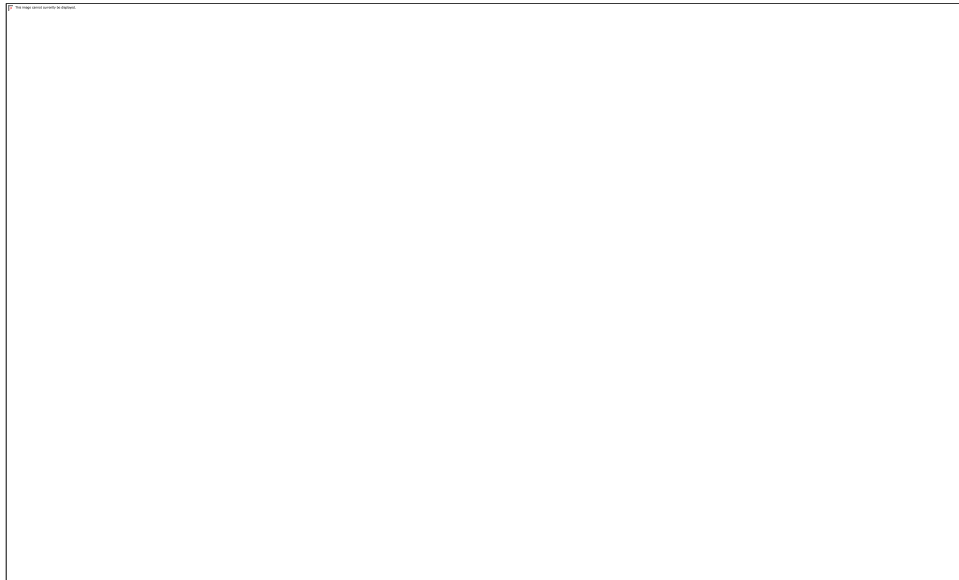


Figure 12 Factors affecting internal controls

Source: Primary data

4.7. Chapter summary

This part will assist you with really examining the information you gather utilizing the examination devices presented in Section 3, and will assist you with understanding the data prior to introducing it utilizing visual guides like tables, diagrams, and graphs. Give a translation in view of Key discoveries were utilized to evaluate the effectiveness of internal controls in religious organizations. The fundamental perspectives canvassed in this part are outlined in this section.

CHAPTER V

SUMMARY CONCLUSIONS AND RECOMMENDATIONS AND PROPOSALS

5.0 Introduction

This section gives a synopsis of the significant research findings from chapter 4. Additionally, based on the findings of the research, a comprehensive conclusion has been drawn, and suggestions for further research were made at the end of the chapter.

5.1. Summary of findings

The major findings of this study are summarised below

- Effective internal controls do lead to improved financial performance in religious organizations
- The different types of internal controls used in religious organizations include segregation of duties, regular audits, access controls, training and education, etc.
- Factors affecting internal controls include resource constraints, technology management tone, compliance with regulations, etc.
- If the internal controls are properly implemented they can have a positive impact and the opposite is true
- Church leaders must adopt adequate financial and internal controls as part of a fraud prevention plan in order to safeguard resources and assets and manage them effectively.

5.2. Conclusions

- Internal controls are being implemented in religious organizations
- Effective internal controls help mitigate the risks of financial mismanagement, fraud and abuse which can undermine the trust and confidence of the congregation and the broader community

5.3. Recommendations

- Religious organizations should come up with ways to raise finances instead of depending on offerings, donations and contributions.
- The organizations should avoid hiring untrained staff or train the hired staff so as to ensure effective controls
- Controls should be communicated to all members.

5.4 Recommendations for Further Research

This research's restriction to a small number of religious institutions in the researcher's hometown is one of its drawbacks. Due to the difficulty in generalizing the results of the study, more research with a larger sample size is advised. In addition, the investigator suggests conducting research on ways to assist religious institutions in creating self-sustaining ventures as opposed to relying solely on aid, gifts, and sponsorships.

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APPENDIX

Please place a visible **tick** in the appropriate box for close ended questions and write in your own words in the space provided when answering open ended questions.

Section A: Demographic information

- ## Section B: Control Environment

	Yes	no
Does the organization have a code of conduct that is communicated to all employees and members? (yes/no)		

What are the key internal controls and procedures that have been implemented within your religious organization? Please describe them in detail

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Section C: Risk assessment

	1	2	3	4	5
How effective are the processes for identifying and assessing risks faced by the organization? (Likert scale: 1-Not effective at all, 5-Extremely effective)					
To what extend does the organization monitor changes in external environment that could impact its operations (Likert scale: 1- Not at all, 5-To a greater extend)					

	Yes	no
Does the organization have a risk register that is reviewed regularly and updated (yes/no)		

Section D: Control activities

	1	2	3	4	5
How well are the authorization procedures followed for transactions and activities? (Likert scale: 1-Not well at all, 5-Extremely well)					
To what extend are duties segregated to prevent any one individual from controlling all key aspects of a transaction or event (Likert scale: 1- Not at all, 5-To a greater extend)					

	Yes	no
Are there adequate physical safeguards, e.g., locks, alarms, access controls, in place to protect assets? (yes/no)		

Can you provide specific examples of how internal controls have helped detect or prevent errors, fraud or misuse of resources within your organization?

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What factors affect the effectiveness of internal controls in your organization

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Thank you, your esteemed views and comments, shall be noted and treasured

Interview questions

What are the key internal controls and procedures that have been implemented within your religious organization? Please describe them in detail

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Can you provide specific examples of how internal controls have helped detect or prevent errors, fraud or misuse of resources within your organization?

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What factors affect the effectiveness of internal controls in your organization

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