TITLE PAGE

FINANCE AND FINANCIAL CONTROLS IN THE HEALTH SECTOR

A CASE STUDY OF AHMADU BELLO UNIVERSITY TEACHING HOSPITAL, ZAR1A

BY

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CERTIFICATION

This project titled Finance and Financial Controls in the health sector. A case study of Ahmadu Bello University Teaching Hospital, Zaria by R. R. Adedeji (Mrs). Has been read and approved as having met the requirements of the Department of Business Administration, Faculty of Administration, Ahmadu Bello University, Zaria for the Award of Master in Business Administration, (MBA.

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DECLARATION

I hereby declare that the work done on this project is wholly my effort. No other project of this nature has been presented in any form, anywhere for any degree before this research was conducted.

All materials used from all other sources have been dully acknowledged and properly referenced.

ADEDEJI R. RISIKAT (MRS.)

DEDICATION

The dedication of this study will be in three parts.

First to Almighty Allah who out of His infinite mercies have spared my life and has been doing marvelous things in my life until this moment Alhamdulahi.

Secondly to the evergreen memory of my late father Alhaji Raheem Oladipo who departed this world without seeing us through in life.

Finally, my industrious caring and loving mother Hajia Bintu Oladipo who have been struggling day and night to see us become useful and responsible in life. I therefore pray to Allah to give her long life and good health so as to enjoy a substantial part of the fruits of her labour Amen.

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Also Engr. Rasheed Ibrahim my eldest brother, Mrs. K. B. Adegboye, my sister, Mrs. Rashidat Omoboye my sister-in-law and other family members whose names could not be mentioned here because of space for their contributions and support.

ABSTRACT

The need to research into the Finance and Financial Control of a Federal Health Institutions. A case study of A.B.U.T.H. Zaria is very obvious to expose the financial prudence of the organization.

I have no doubt in my mind that this work would greatly reduce the difficulties the Top Management Consultative Committee have in taken certain crucial financial decisions. Every diligent efforts have been taken with the cooperation of the authorities to put together this work. This topic, been the foundation of every successful management is essential for the Health Sector to be able to excel in its financial administration.

Information, facts, and data analysis in this study are derived through oral interviews, review of past literature personal observations and participation as a functionary of the ABUTH, Zaria for the past eight years.

Discussion in the text as a whole is centered mainly on the finance and financial controls of the Hospital. The text begins with:

- An examination of the subject matter of the study.
- Review of the past literatures
- Organizational and administrative set up of the Hospital is then analysed to show the linkages that held all the departments together as an entity towards the attainment of a common goal.

It would also be shown that the hospital derives its funds from three principal sources viz:

(i) Federal Government Grant (Recurrent/Capital).

(ii) Internally generated revenue.

(iii) State (Kaduna State) Government Grant.

TABLE OF CONTENTS

Title Page	.....	i
Certification	.....	ii
Declaration	.....	iii
Dedication	.....	iv
Acknowledgment	.....	v - vi
Abstract	.....	vii
Table of Contents	.....	viii-ix

CHAPTER ONE: INTRODUCTION

1.1	Introduction	.....	1 - 2
1.2	Statement of problem	.....	2 - 3
1.3	Objective of the study	.....	3
1.4	Hypothesis	.....	3 - 4
1.5	Significance of the study	.....	4 - 5
1.6	Scope of the study	.....	5 - 6
1.7	Limitation of the study	.....	6 - 7

CHAPTER TWO: LITERATURE REVIEW

2.1	Introduction	.....	8
2.2	Definition and scope of financial controls	.....	8- 10
2.3	Principle of Financial control	.....	10-17
2.4	Federal Financial control system	.....	17-19
2.5	Significance of Financial controls in the health sector		19-21
2.6	Accounting as a control Device	.....	21-26
2.7	Study &evaluation of financial controls	.....	26-32
2.8	Objectives of financial controls		

CHAPTER THREE: RESEARCH METHODOLOGY AND HISTORICAL BACKGROUND OF ABUTH

3.1	Brief history of ABUTH	.....	33-41
3.2	Objectives of ABUTH as an Health Sector	.....	41-42
3.3	Research Methodology	.....	42-43

3.4 Research Techniques ..... 43 - 46
3.5 Design and Administration of Questionnaire 46

CHAPTER FOUR: DATA ANALYSIS

4.1 Method of Data Analysis ..... 47 - 49
4.2 Method used in this study and its justification 49 - 50
4.3 Presentation and analysis of Data..... 50 - 55

CHAPTER FIVE

5.0 SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary ..... 56 - 58
5.2 Conclusion ..... 58 - 60
5.3 Recommendation ..... 60 - 63

Bibliography ..... 64 - 66
Appendix I & II ..... 67 - 71

CHAPTER ONE

INTRODUCTION

The hospital industry has been criticized at length for financial management on many dimensions. They have exhibited less uniformity in their finance and financial practices than most other segments of the non-profit organizations. (Most organizations are established for specific purpose(s) or to achieve certain objectives or goals, regardless of whether they are business oriented with profit motives or non-profit organizations. In the case of health institutions like the University Teaching Hospitals, Bisphan believes that goals are less clearly defined than in business, because non-economic factors are more important in effecting decisions and it is important to identify those factors which are necessary and desirable and those that hinder the process".

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Teaching Hospitals are established to research into and improve health care delivery and training. They are in category B of the 1981 Presidential Commission of Parastatals. Their establishment is part of government responsibility to the people in the provision of social services bearing in mind that good health ranks first in primary to human existence. To buttress the government campaign for health for all by the year 2000, the Teaching Hospitals are expected to provide improved health care services both curative and preventive.

From the above enumeration of the importance of health to human existence, it is pertinent to evaluate the performance of health institutions which are charged with the responsibility for providing these services. The inability of these institution to meet the expectation of the public led to the

question of why are health institutions performing below the expectation of the public. The answer to this question is what this project seeks through the view of financial controls as a management tools for achieving an organizational objective using, Ahmadu Bello University Teaching Hospitals as a case study.

Financial controls therefore, comprises the methods and procedures that are mainly concerned with the authorization of transactions, the safeguarding of assets and the accuracy of financial records. Good accounting helps to maximize efficiency, minimize waste, unintentional errors and fraud.

We will define the words 'Internal Control' as "the whole system of controls, financial and otherwise, established by the management in order to carry on the business of the enterprise in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible completeness and accuracy of the records". The individual components of an internal control system are known as controls or Internal Controls". As stated above, the main goal is to safeguard the assets of the business from waste, and theft, ensure the accuracy and integrity of its accounting information, and enhance operational competence in accordance with the laid down management policies. The "System" is the entire organizational set up of an establishment and the healthy combination of its many parts which work together to ensure uninterrupted services.

1.2 STATEMENT OF THE PROBLEM

The statement of problem in this study is the critical examination of financial controls in the health sector. It is pertinent to understand that the health sector under review cannot rule out improper financial controls. Since this study has now identify the problem in question, it will therefore

seeks possible solution to the problem. Proper financial controls is necessary to enable authorized transactions to be recorded correctly, safeguarding the assets of the establishments through reconciliation and thereby preventing errors and irregularities. Thus, the ascertainment of the existence of financial controls in Ahmadu Bello University Teaching Hospital.

1.3 OBJECTIVES OF THE STUDY

A control system is a system built to maintain a desired state. Hence it follows that the system can only take over after the desired state has been determined. This point is significant in understanding the objectives of control, what constitutes control and what does not. The examination of financial control at this crucial time when fraud and misappropriation of funds are rampant is of great importance. This study will aim at:

(a) examining how various transaction are dealt with in a non-profit seeking organization like hospital – whether all authorized transactions had been recorded in correct amounts, and that no fictitious transaction has been recorded.

(b) Focusing on safeguarding of assets of the entity and reconciliation i.e. comparing records with independently kept record and physical counts.

(c) ascertaining whether recorded amount are periodically review for unpairment of values and necessary write down..

(d) identifying a system of accountability prevention of errors and irregularities and detection of errors and irregularities therein.

1.4 HYPOTHESIS

An hypothesis has been defined as an imagined answer to a real question or problem. In this study, the real question is the examination of

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financial controls in the health sector. And since this question has been identified, we can then go ahead to formulate an answer to it.

At the end this study, a clear and precise financial control for ABUTH will be established. There would be a proper means to safeguard of assets of the institution authorization of transactions, accuracy of financial records and correct recording of transactions.

1.5 SIGNIFICANCE OF THE STUDY

The research is very significant in that there has not been much work in this area of study. For many years government accounting has remained a myth. A high percentage of accountant new little or nothing about it. The small percentage that possessed some professional knowledge of the subject area are those who are involved in Government Accounting in both Federal and State Government establishments, and they are very few indeed.

There is a general awareness all over the world of the need to pay greater attention to the development of Government Accounting and financial control. The reason is obvious; government, in most if not all nations constitutes the largest single business entity, and in many places, the core of the economy. Its pattern of expenditure or manner of resources allocation determines the extent to which accountability for economy, efficiency and effectiveness can be achieved. This objectives cannot be realized without putting in place a sound financial control system which in turn depends on the status of the accounting system. This study will therefore contribute greatly to management of resource allocation in the hospitals, and also contribute towards the attainment of social objectives.

It should also be noted that the operation of Private Sector Accounting System is governed by Companies and Allied Matters Decree 1990 (as amended). In the same vain, the operations of public sector Accounting of

which this study is concerned is also governed by certain rules and regulations which are subject to review or amendments in line with political, social or economic charges.

The logical basis of public sector accounting are stated below:

- Nigerian Constitutions.
- Audit Act
- Finance (Control and Management) Act, 1958
- Appropriation Act.
- Financial Regulations
- Decree, Finance and Treasury Circulars.

Details of these will be discussed in chapter two.

We also have noted that the Government Accounting is characterized distinctively by the following:

(a) Grouping of Account into Funds.

(b) Fiscal compliance with laws governing the sources and utilization of revenues.

(c) Zero Balance at the end of the year i.e. the recurrent expenditure account.

Cash Basis, which is the principal method of recording public sector receipts and expenditure.

1.6 .SCOPE OF THE STUDY

The study will focus on some areas of financial controls, it will look into sources of income of the ABUTH to supplement subvention, it will also look into the control of cash; the receipts and disbursement of cash, areas of control of fixed and intangible assets, their acquisition and disposal. Attention will also be focus on Accounting and Financial Control systems of ABUTH, and in doing so, the inadequacies inherent in the areas of each

system will be pointed out and criticized or maintained as probable areas for future development. The inadequacies of the systems in terms of system's design, implementation, maintenance and personnel.

It must be apparent by now that there are two systems operating in most government institutions of this government hospitals is part, the systems are accounting and financial controls. It has also been shown that the two systems rest squarely on the budgetary process i.e. on the continuum of budget preparation, appraisal, execution, audit and review. It has also been shown in Nigeria's case that these systems have not enjoyed any sustained, serious and systematic attempt at improving them until recently. This study will also focus on cataloguing the repercussions of not practicing sound accounting and financial control principles.

1.7 LIMITATIONS OF THE STUDY

As there are constraints which limit the extent of human operations, this study will be limited by the followings:

The extent of response and cooperation, received from the official of the Finance & Supplies Department and other departments of the institution with respect to providing the required information for this work. Secondly data and other documents analysed in carrying out this research is reliable to the extent of their validity as supplied by the institution. Thirdly, the time within which this study is to be carried out may not be enough to allow for an elaborate study.

However, it is laudable to note that, despite all odds, the management and staff of the organization have been of tremendous assistance at the course of this work, apparently of the fact that the researcher had been in the employment of the organization for the past eight years. The following are however noted:-

- After frantic efforts and several trips to the Headquarters, the sources data were not released on time to draw up conclusion on chapter five.
- Again one of the limitation of the study is the non-availability of the management staff especially in areas of booking for appointments to conduct interviews.

In all the exercise was fair considering the nature of and magnitude of work.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

Considerable amount of work has been done on "Financial Controls". As noted in the previous chapter, however no specific reference had been made to the application of financial controls to the health industry.

Health institutions are entrusted with enormous resources and the authority to employ them. They are expected to render a full accounting of their activities in administering this trust. This accountability must be concerned not only with the purpose for which the resources (funds) were provided, but with the manner in which they are applied. The rapid growth of health institutions and the increased complexity of health operations have resulted in an over lengthening chain of delegated administration and operating authority. This process of delegating authority to lower levels does not diminish in anyway, the responsibility of the delegators. In order to ensure that their responsibilities are being adequately discharged in these circumstances, managers must have a means of influencing and monitoring performance in each of the delegated areas. To this end, they must establish within their jurisdiction, adequate system of financial controls.

2.2 DEFINITIONS AND SCOPE OF FINANCIAL CONTROLS

Various definition of financial controls have been advanced by different authors. In most of the definitions, however, financial controls are taken to be sub-sets of "Internal Controls". According to Charles Horngren, Internal Controls refer to both administrative, accounting and financial control. He went further to say that financial controls comprise methods and

procedures that are mainly concerned with authorization of transaction (compliance tests), the safeguarding of assets (Balance Sheet test) and the accuracy of accounting records.

In the same manner, M. J. Pratt distinguished between administrative accounting and financial controls. According to him, administrative controls refers to those measures taken by management to carry on the business in an orderly and efficient manner and also include procedures and records which management uses when authorizing transactions. Accounting controls on the other hand refers to the aspect of internal controls dealing with safeguarding of assets and maintenance of accurate and reliable records. They include certain aspects of the company's organizational structure and detailed control over the access to and condition of the company's assets.

Financial control is inextricably linked with financial planning. This not withstanding, control parameters are outcomes of financial planning decisions. However, systematic planning, in itself requires a degree of control in terms of its process and procedure. The same is true of execution. Financial control can thus be defined as the process which assures that financial resources are obtained economically and used efficiently and effectively in the accomplishment of desired goals. It will be found that the control parameters or bench – marks which becomes the standard against which subsequent actions are compared are themselves the product of financial planning decisions. However, since financial control is an assurance process, it includes the process of decision and actions, financial control becomes a part of the process of making financial decision but not the decisions themselves. It covers the entire process of monitoring actions emanating from the decisions.

It must be pointed out however that the distinction made between administrative, accounting and financial control does not mean that they are mutually exclusive. They depend on one another for successful operation. Some authors define financial controls from the point of view of their functions. An example is the definitions given by Heslie R. Howard in his book "Auditing" where he considered financial controls as the control with the recording function which the transaction to be recorded and processed have been authorized, that they are all included and that they are accurately processed, such controls, in his opinion, include checking the arithmetical accuracy of the records, maintaining and checking of totals, reconciliation, control accounts and final balances and accounting for documents. In conclusion, therefore, it is clear that whatever definition is given to financial controls, they exist to ensure that all

(a) transactions have been authorized and approved;

(b) those so authorized and approved are included.

(c) Transactions are correctly recorded and

(d) Records have been accurately processed into accounts.

2.3 PRINCIPLES OF FINANCIAL CONTROLS

Nearly every public servant, more especially those involved in government's financial operations, are acquainted with financial control or at least some aspect of it. Phrases like "budget-cut", "reserved expenditure", "cash control", "fund control", are well known and felt within the bureaucratic operations of governments. However in all probability very few understand the nature, need for objectives and efficiency of the financial control system in government. To understand the nature of financial control system, it is necessary, first to understand the nature of control system in general

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NATURE OF CONTROL

A control system is a system built to maintain a desired state. Hence it follows that the system can only take over after the desired state has been determined. This point is significant in understanding the nature of control what constitutes control and what does not. Any control system should possess a minimum of four elements:

(1) A measuring device which captures what is happening or the actual performance of the thing which is being controlled. This is referred to as DETECTOR

(2) A comparative device which compares what is happening (actual) with what should be happening (standard or bench-mark or desired state). This is called SELECTOR.

(3) A corrective device for altering behaviour or performance if need be. This is an EFFECTOR

(4) An information device which sends information to and from these devices. This is the information system or the INFORMER.

These four elements should always be present in whatever system, be it mechanical, natural or artificial for example, an air-conditioner thermostat is a "built-in" control system for an air-conditioner and it has four elements. There is the thermometer which measures the current temperature (actual) in the room i.e. detector, there is the thermostat which compares the current temperature with that which is desired i.e. the selector (the desired temperature is determined at the switch-on of the equipment); if the room temperature is below the desired level, the compressor is turned on and when the temperature reaches the predetermined standard the compressor is turned

off (effector), and there are electrical circuits which convey information round these elements. This system is automatic.

Seen as an integral point of financial management, it also form part of planning budgeting, accounting, reporting and review. A financial control system has some principal characteristics:

(a) Its focus is on the financial objective (as given)

(b) It compares two types of data; planned or predetermined data and actual data.

(c) It permeates all aspects of financial management functions.

(d) It is concerned with those resources, revenues and expenditure which can be expressed in monetary terms or can be combined with other quantitative data to express same e.g. personnel, materials procurements, etc.

(e) It follows a definite cycles i.e it is rhythmic as in the budget cycle, accounting cycles, etc.

(f) To be effective it needs to be co-ordinated and integrated.

Having put forward the definition of internal control we will rest its operation on effective 'Internal Check'. Internal Audit, ';Administrative Controls", 'security controls' and 'Accounting/Financial Control'.

We will now discuss each of the components of Internal control stated above, one after the other, and subsequently examine the role which the motivation of staff does play to ensure it effectiveness.

Internal Check: The checks and balances built into the day-to-day transactions of an enterprises in such a way that the work of one individual is verified independently or is complementary to that of another, are known as Internal Check. The idea behind this routine arrangement is to prevent or discover early errors or fraud which might have been committed. To make

success of Internal Check in any organization, a schedule of duties has to be drawn up for each staff in such a way that he alone is not responsible for recording a transaction from the beginning to the end. Moreover, control accounts are used to obtain total figures for monitoring the accuracy of the postings into the subsidiary ledgers.

A practical illustration of Internal Check is the arrangement in a Cash Office where one staff is responsible for collecting money from payees, issuing receipts and lodging the money collected into the bank. Another person posts the cash book entries and draws up summaries under the various accounting codes. Another officer takes and discharges the responsibility of preparing bank reconciliation statements, this includes reconciling tellers with the bank statements. The separation of duties makes it difficult for fraud to take place without collusion. Early detection of fraud, where it is committed, is facilitated, especially where there is rotation of duties.

Internal Audit: Internal auditing is an independent verifying activity within an organisation. It is undertaken by specially designated members of staff who have acquired the necessary training, and educational background. Internal auditors carry out the review of the operations of an organization, in accordance with the laid down guidelines of the management. By its nature, internal auditing is a managerial control which operates by measuring and evaluating the effectiveness of other controls.

Internal auditing partly overlaps external auditing, especially in the areas of vouching audit and evaluation of the adequacy or otherwise of the internal control system some experts believes that the Internal audit department is the actual watchdog of the corporate resources. They view the external auditors as mere coroners who perform post-mortem exercises and

report thereon after the events have taken place. For our purpose, we will perceive internal auditing as watchdog and aid to Management. External auditing is laid out by Statutes or Companies Acts, whereas Internal Auditing is the idea and creation of Management.

Administrative Controls

An organizational Chart has to be drawn up, showing the ranks of Senior personnel and the Channels of communication. The policy guidelines have to be in writing as a permanent record of reference and a means of resolving conflicts. The corporate rules and regulations have to be formulated and written down. The conditions of service should be readily available for every member of staff to verify. Accounting and Financial Manuals are needed to guide the disbursement of organisation funds.

Security Controls

Accounting offices should install safes and secure premises. All security documents should be kept in "Strong Rooms' and only authorised persons should have access. The surroundings of the company need to be fully electrified. Burglary proofing of all the windows and the establishment of security units at the inlets and outlets of the enterprise will undoubtedly check the movement of people of doubtful character. Corporate property items such as air-conditioners, furniture and plant should be indentured and inventoried. A list of inventories should be available in each department, for verification at short notice.

Asset registers are useful to record and monitor the purchase of movable property. They also assist in locating user departments. Unauthorized people should not be allowed into the machine/computer rooms.

Accounting Controls

The control device is all embrasive and includes:

(a) Budgeting & Budgetary Control

Budgeting is the process of planning ahead, the objectives which a company intends to achieve during a specified period of time, usually a year. The plan is usually in form of statistics and monetary figures.

Budgetary control record the actual activities undertaken compares them with the targets set and highlights the variance, if any, for timely corrective action to be taken.

The tools of Budgeting and Budgetary control checks misapplication of hardened resources and provides the avenue for corporate reflection, with a view to amending plans in the light of practical developments.

(b) Operation of Ledger Postings, Control Accounts, Extraction of Trial Balance and the preparation of Final Accounts

All accounting concepts and conventions such as "prudence", :periodicity", "duality" and "Materiality" should be adhered to in the handling of financial transactions. Ledger postings should not be in arrears, as a moral check. A control Account should be operated to verify the correctness of the postings made into each of the subsidiary ledgers and as a fraud deterrent. A trial balance which is a list of the balances of each ledger should be extracted and compared with the one revealed by its control Account. Quarterly or yearly accounts should be prepared making use of the ledger balances obtained to enhance decision making and performance appraisal.

Early preparation of accounts facilitate external auditing and reporting to the management who runs the parastatals.

(c) Installation and Operation of Computers:

Computers are fast and accurate in processing, storing and retrieving information. They also prevent the commission of fraud, provided the

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available to workers. The financial reward would be in form of salary and fringe benefit attached to the job.

Moral reward on the other hand, is the satisfaction which the worker derives from the performance of his duties.

An organization would be wise to operate good record system to attract the right caliber and number of workers from the labour market. Workers should be consulted, especially on matters which affect their welfare. Suitable working environment good ventilation, provision of means of relaxation, medical care and reasonable pension schemes, are considerate issues of motivation which bring about the support of employees in the Internal Control System.

In conclusion an efficient and effective internal control system is determined by its ability to prevent errors, waste and fraud rather than defecting them. Hardly is a system fashioned so perfectly and the employees motivated enough that it is impossible for fraud to take place. 'Eggs are eggs, but some are rotten". Sometimes the cost of providing a "good system" may outweigh its benefit. Management may then decide to forgo a foot-proof system, instead of incurring the extra cost. In devising Internal Control procedures, the needs of the particular company have to be identified. It is therefore the sole responsibility of the Management and not that of the Auditor, to install the appropriate Internal Control System and see it succeed.

2.4 FEDERAL FINANCIAL CONTROL SYSTEM

The government financial management cycle is consists of four phases. The first phase, planning and programming attempts to establish economic and social welfare goals for development, the conversion of these goals into objectives the setting out of these objectives into policies,

programmes and projects and the laying out of the programmes, that will achieve the objectives over time and within the limits of long-term resource availability. It deals with long-term plans of government and is strategic in nature.

Budgeting is the second phase. It involves the quantification in monetary terms of the overall objectives which the government has set for itself and for effecting and controlling the numerous activities resulting from its operations. It forms a yearly allocation within the ever all availability of annual revenue and a part of the plan executions. It thus determines the level of resources needed to achieve plan objectives, deploys those resources and sets the policy for conducting the programmes and activities. As an annual event its influence is short-term, hence technical in nature.

The third phase deals with Budget Execution, Accounting and Control. This is the phase in which all plans, long-term are expected to be executed. It involves the implementation of the various plans, directing activity towards achievement, and monitoring compliance of actual achievement with pre-determined expectation. Its nature is of action and internally imposed control.

The fourth phase is Auditing and Review. Auditing attempts to assure discipline in the entire financial management process by confirming the accuracy and reliability of the financial information while also attesting to the probity or otherwise of the various custodians and users of public resources. Review provides further attestations on the audit and more importantly reports on efficiency of operation, executive performance and gives a critical appraisal of some executive policies, programmes, projects and activities.

Since effective Financial Control should be an integral point of financial management, it follows that the financial control must of necessity be dual in nature. First, there must be the control function which is part of the total system and second, there must be the control function which serves each phase of that system. The control function over the total financial management system is Legislative approval and review (i.e. appropriation and review of public accounts). The report of the Auditor-General for the Federation (audit of ministries and other agencies) is a major information source to this function. On the other hand, there are controls built into the process of each phase i.e. there is planning, control, there is budgetary and fund control, there are accounting controls and there are audit controls.

2.5 SIGNIFICANCE OF FINANCIAL CONTROL IN THE HEALTH SECTOR

The emphasis in health institution is on stewardship rather than on matching costs with revenues. This is because they receive fund for which they maintain accountability. However, the hospital is going partially commercial hence the need for analysis of cost of producing medical care arises. Financial controls makes possible the segregation, of fixed charges of hospital services (interest and depreciation) from the operating expenditures for personnel and supplies. The calculation is of total cost and unit cost of various services which would enable hospital to accomplish the following desirable objectives:

(a) to compare the efficiency of department particularly with apparatus and equipment

(b) to adjust fee schedules in accordance with costs for those patient not considered objects of the public charity.

(c) To present a detailed statement of services rendered to the public, by showing which services are in need of public subsidy in accordance with the public policy as to the acceptance of non-paying patients.

In addition, proper financial control system makes possible separation of restricted and unrestricted funds. Restricted funds generally fall into the following categories:-

(a) Fund for specific operating purposes

(b) Funds for additions to property, plant and equipment, and

(c) Endowment fund (if any).

Unrestricted fund on the other hand are funds available for operating purpose. This is disclosed in order to indicate resources available at the discretion of governing board. Depreciation should be recognized in hospital financial statement. If third parties reimburse hospitals for depreciation and restrict all or part of the reimbursement payment to replacement of or addition to; property, plant and equipment, such payment should be included in revenue with depreciation expenditure. Accrual basis accounting is also required. Patient revenue should be accrued at established rates during the period the services are being provided.

Also gifts, grants etc that are given by government, community or individual should be reported as non-operating revenue, and not credited directly to fund balances. When medicines, linen; office supplies, and other materials donated which normally would be purchased by a hospital should be recorded at fair market value or reported as other operating revenue. Long term security investments generally should be recorded in the financial statement at cost. Also donations of property and equipment should be

recorded at fair market value at the date of contribution in the unrestricted fund balance unless designated for endowment or other restricted purposes.

Financial reporting in hospital should utilize the following basic type of statements:

- Balance sheet
- Statement of revenue and expenses
- Statement of changes in fund balances
- Statement of changes in financial position.

2.6 ACCOUNTING AS A CONTROL DEVICE

Understanding is a prerequisite of ability to control a situation it is in this respect that accounting is important as a control device. Accounting provides the basis for making wise decisions through understanding, that is brought about by proper recording, summarizing analyzing and interpreting of relevant economic data. Accounting system must provide means of reducing the chance of losses due to carelessness or dishonesty on part of employers, suppliers and customers. Another important element of accounting control is the system of internal auditing. The task of internal auditors is to see whether prescribed data handling and asset protection procedure are been followed.

Internal auditing see to the prevention, detection and control of fraud.

Fraud commission is a wrong doing and is criminal in nature. An English Dictionary sees 'Fraud as "criminal deception" and 'dishonesty'. We could perceive fraud also as 'misappropriation', 'embezzlement', 'forgery', and outright stealing. It could be committed also by 'ingenious misrepresentation'. Where this happens, the injured party is entitled to rescission of the contract entered into and any damages which he might have suffered.

An individual who committed a fraudulent act is an evil person who faces social rejection. He can no longer be trusted or put in a position of responsibility. Fraud can be committed by an individual on his own, or in collusion with other staff. Sometimes it takes place between the staff of a particular establishment and that of another. In conclusion, we might say that fraud embraces all irregularities and illegal acts which are characterized by intentional deception.

Different Types of Frauds

We have to appreciate the fact that a fraud may be perpetrated for the benefit of or to the destruction of an organization. The perpetrators of such frauds tend to benefit indirectly, since personal benefit usually occurred when establishment is assisted by the dishonest act. It is very difficult, if not impossible, for us to highlight and discuss all possible fraudulent acts. We have the grace, however to discuss the following:-

1. Conversion i.e wrongful parting with property which had been earlier lent.
2. Improper payments such as illegal political donations, bribes and other settlements made to government staff, customers and suppliers.
3. Intentional and improper representation or valuation of transactions, assets, liabilities or income. Theft could be committed through the fraudulent manipulation of the wages or salary vouchers. Some of the ways through which this could be done are
   (a) Drawing cash over and above what is required. The excess cash so drawn finds its way to private pockets.
   (b) Putting 'ghost' workers on the payroll.

(c) Manipulation of bank lists or schedules, this could be done by adding dummy names in whose favour cheque would be written later and paid.

(d) Creation of 'ghost' or dummy pensioners the names of officers who had died are sometimes shown in the pensioners' vouchers.

(e) Fraudulent manipulation of accounts. The kind of fraud we are discussing here does not involve the movement of cash. The accounts are falsified or 'windowdressed'. By creating the artificial situation of good performance and solid liquidity base, to sustain public confidence.

(f) "Teeming and Lading" - This is the practice of instalmental banking of the amount received.

(g) Forging receipts and failing to record takings made'. Some accounts staff print their own receipts and issue them to unsuspecting members of the public who pay money to them. Such cash so collected finds its way into the pockets of the dishonest workers.

(h) Forging cheques.

(i) Misappropriation of imprest sum, where a petty cashier is the same officer who writes out the petty cash vouchers, seeks and obtains approval and pays out the money he has ample opportunity to commit fraud.

(j) Tax frauds, including tax evasion.

(k) Claims submitted for services not actually provided to the organization.

(l) 'Kiting', Fraud some times cover their defalcation of cash by this practice. This they do by transferring money from one bank to another and irregularly entering the transaction.

(m) Theft of goods or services - Many stores officers have been caught stealing corporate goods kept in their custody.

All these aforementioned situation characterize complete breakdown of internal control system. Indeed, men in positions of authority have used corporate resources or services, without paying for them or seeking official approvals, for their selfish aims.

FACTOR WHICH DISPOSE PEOPLE TOWARDS FRAUD COMMISSION

A psychiatrist is in a better position to identify the reason why people commit fraud; however, we can appreciate the following:

(i) Inordinate ambition and tendency to want to reap where one has not sown.

(ii) Acquisitive tendency which borders on disease affliction.

(iii) The widening gab between those who have and those who do not. The poor welfare state of the nation is a serious temptation

(iv) Inadequate punishment system.

MEASURES TO PREVENTS, DETECT AND CONTROL FRAUDS:

From all available human endeavors a crime-free world is yet to be created. However, positive anti-fraud measures have to be introduced into the working of an organization. These are:

(a) Drawing up an organization plan which would define and allocate responsibilities and pin down lines of reporting.

(b) Separating the duties of staff. No one single individual, should be responsible for the recording and processing of a complete transaction. Moreover, the involvement of several people tends to minimize the risk of intentional manipulation.

(c) Installing physical controls over the custody of assets, in such a way that access is restricted to authorised staff only.

(d) Designating specified officers for the giving of approvals for all transactions and studying the limits to their authorizations.

(e) Instituting arithmetical and accounting controls, to ensure that transactions have been authorized that they are all included, correctly recorded and accurately processed.

(f) Implementing, efficient and effective personnel management scheme. Only competent people should be recruited at the right motivational levels solitary over time should be discouraged. Staff should be supervised and encouraged to utilize their annual leave. - 476863

(g) Installing management controls such as internal audit, review of management accounts and compositions of actual performance with budgets. Indeed, the tool of budgeting becomes highly necessary.

(h) Workshops, Seminars and 'talk-shops' can be used to appeal to the reason of workers. Awards for diligence, integrity and loyalty, can have beneficial psychosomatic effects on workers' attitude towards fraud commission.

However, hardened criminals are always trying to perfect their tricks. No fool-proof control is available anywhere in the world. Fraud has eaten deep into the jugular vein of our society and has thus become an 'invincible'

'enemy' of our age. There is therefore the need for every one of us to wage a 'relentless' 'war', religious, mystical, moral and physical, against the societal disease.

2.7 STUDY AND EVALUATION OF FINANCIAL CONTROLS

According to the research carried out by D. Raiborn, et al (1983), wide spread confusion exists about the study and evaluation of internal accounting controls in any firm of business. In August, 1982, the Accounting Standard Board issued SAS No. 43, Omnibus Statement and Auditing Standards to clarify, among other things, the minimum study and evaluation of internal accounting controls that is required if an auditor does not rely on an entity's control procedure to restrict substation audit test. According to the statement of Accounting Standards (SAS) number 43, the review of control may be limited to an understanding of the control environment and the flow of transactions through the accounting system. The control environment includes the knowledge of the organizational structure, the methods used by the company to communicate authority and responsibility and the methods used by management to supervise the control system.

The requirement to understand the flow of transaction means an understanding of how accounting information flows to the account in the company's financial statement.

In order to appraise management polices, practices and control, all aspect of an hospital operations need to be examined. In addition, examination must be carried out frequently enough so that the advice being provided to management is currently and relevant.

The evaluation of responsibility should be based on a comprehensive approach to all financial, personnel, lending, data processing and other

related policies and procedures, as well as the economy, efficiency and effectiveness with which resources are used.

Having put forward the definition of internal control we will rest its operation on effective 'Internal Check'. Internal Audit, ';Administrative Controls", 'security controls' and 'Accounting/Financial Control'.

We will now discuss each of the components of Internal control stated above, one after the other, and subsequently examine the role which the motivation of staff does play to ensure it effectiveness.

Internal Check: The checks and balances built into the day-to-day transactions of an enterprises in such a sway that the work of one individual is verified independently or is complementary to that of another, are known as Internal Check. The idea behind this routine arrangement is to prevent or discover early errors or fraud which might have been committed. To make success of Internal Check in any organization, a schedule of duties has to be drawn up for each staff in such a way that he alone is not responsible for recording a transaction from the beginning to the end. Moreover, control accounts are used to obtain total figures for monitoring the accuracy of the postings into the subsidiary ledgers.

A practical illustration of Internal Check is the arrangement in a Cash Office where one staff is responsible for collecting money from payees, issuing receipts and lodging the money collected into the bank. Another person posts the cash book entries and draws up summaries under the various accounting codes. Another officer takes and discharges the responsibility of preparing bank reconciliation statements, this includes reconciling tellers with the bank statements. The separation of duties makes it difficult for fraud to take place without collusion. Early detection of fraud,

where it is committed, is facilitated, especially where there is rotation of duties.

Internal Audit: Internal auditing is an independent verifying activity within an organisation. It is undertaken by specially designated members of staff who have acquired the necessary training, and educational background. Internal auditors carry out the review of the operations of an organization, in accordance with the laid down guidelines of the management. By its nature, internal auditing is a managerial control which operates by measuring and evaluating the effectiveness of other controls.

Internal auditing partly overlaps external auditing, especially in the areas of vouching audit and evaluation of the adequacy or otherwise of the internal control system some experts believes that the Internal audit department is the actual watchdog of the corporate resources. They view the external auditors as mere co-rovers who perform post-mortem exercises and report thereon after the events have taken place. For our purpose, we will perceive internal auditing as watchdog and aid to Management. External auditing is laid out by Statutes or Companies Acts, whereas Internal Auditing is the idea and creation of Management.

Administrative Controls

An organizational Chart has to be drawn up, showing the ranks of Senior personnel and the Channels of communication. The policy guidelines have to be in writing as a permanent record of reference and a means of resolving conflicts. The corporate rules and regulations have to be formulated and written down. The conditions of service should be readily available for every member of staff to verify. Accounting and Financial Manuals are needed to guide the disbursement of organisation funds.

Security Controls

Accounting offices should install safes and secure premises. All security documents should be kept in "Strong Rooms' and only authorised persons should have access. The surroundings of the company need to be fully electrified. Burglary proofing of all the windows and the establishment of security units at the inlets and outlets of the enterprise will undoubtedly check the movement of people of doubtful character. Corporate property items such as air-conditioners, furnitu5re and plant should be indentured and inventoried. A list of inventories should be available in each department, for verification at short notice.

Asset registers and useful to record and monitor the purchase of movable property. They also assist in locating user departments. Unauthorized people should not be allowed into the machine/computer rooms.

Accounting Controls

The control device is all embrasure and includes:

(e) Budgeting & Budgetary Control

Budgeting is the process of planning ahead, the objectives which a company intends to achieve during a specified period of time, usually a year. The plan is usually in form of statistics and monetary figures.

Budgetary control record the actual activities undertaken compares them with the targets set and highlights the variance, if any, for timely corrective action to be taken.

The tools of Budgeting and Budgetary control checks misapplication of hardened resources and provides the avenue for corporate reflection, with a view to amending plans in the light of practical developments.

(f) Operation of Leger Postings, Control Accounts, Extraction of Trial Balance and the preparation of Final Accounts

All accounting concepts and conventions such as "prudence", :penoclicity", "duality" and "Mutuality" should be adhered to in the handling of financial transactions. Ledger postings should not be in arrears, as a moral check. A control Account should be operated to verify the correctness of the postings made into each of the subsidiary ledgers and as a fraud deterrent. A trial balance which is a list of the balances of each ledger should be extracted and compared with the one revealed by its control Account. Quarterly or yearly accounts should be prepared making use of the ledger balances obtained to enhance decision making and performance appraisal.

Early preparation of accounts facilitate external auditing and reporting to the management who runs the parastatals.

(g) Installation and Operation of Computers:

Computers are fast and accurate in processing, storing and retrieving information. They also prevent the commission of fraud, provided the officers operating them and honest. As a moral check, the duties of the programmers and operators should be clear cut and reduced into writing. No one person should be programmer and operator at the same time.

The data processing department is usually centralized and run as a service to others. The arrangement in itself serves as a measure of clerical interval controls, the moreso that the safe-keeping of assets and the preparation of source documents is not the responsibility of computer operators. Input preparations and control should be separated from the operation of the computers. The use of the computers can be monitored by

operating a log book in which are recorded the programmes run and the time started and finished, to prevent unauthorized processing of data.

(h) Early Preparation and Redering of Management Information Reports

Management requires information on the cash position of the organisation, the volume and value of sales or revenue generated, showing geographical spread, and the contribution of the employees. The information so furnished has to be timely. Information not obtained at the nick of time is useless for enterprise management.

Cost and benefit analysis are employed to see whether the cost of obtaining information does not outweigh the benefit obtained. The language used in transmitting the information should not be technical to void mis-understanding which can result in big financial losses.

The Role of Motivation In Fastening Effective Internal Control System

In any organisation, the workers are the moving spirit behind effective internal control. It is they who make or mar any system. Industrial psychologist say that there are two forms of reward – financial and moral – available to workers. The financial reward would be in form of salary and fringe benefit attached to the job.

Moral reward on the other hand, is the satisfaction which the worker derives from the performance of his duties.

An organization would be wise to operate good record system to attract the right caliber and number of workers from the labour market. Workers should be consulted, especially on matters which affect their welfare. Suitable working environment good ventilation, provision of means of relaxation, medical care and reasonable pension schemes, are considerate

issues of motivation which bring about the support of employees in the Internal Control System.

In conclusion an efficient and effective internal control system is determined by its ability to prevent errors, waste and fraud rather than defecting them. Hardly is a system fashioned so perfectly and the employees motivated enough that it is impossible for fraud to take place. 'Eggs are eggs, but some are rotten". Sometimes the cost of providing a "good system" may outweigh its benefit. Management may then decide to forgo a foot-proof system, instead of incurring the extra cost. In devising Internal Control procedures, the needs of the particular company have to be identified. It is therefore the sole responsibility of the Management and not that of the Auditor, to install the appropriate Internal Control System and see it succeed.

In evaluating financial controls we should understand that rules and regulations are not made for fun. They are expected to help in achieving some given objectives. The civil services, being a complex large organization, requires standard to be set in order that there might be uniformity and conformity. There is also the need to develop effective communication links in order to obviate costly errors. The rules are also expected to help safeguard government assets either from misuse or mis-appropriation.

Financial management, functions in government are governed by various rules and regulations. In fact, government accounting has been rightly described as compliance accounting because all aspects of the functional are expected to be done according to laid down regulations. Government Financial Rules and Regulations can be found in the following document:

1. The constitution of the Federal Republic of Nigeria.
2. Finance (Control and Management) Act of 1q958;
3. Audit Act. 1958;
4. Appropriation Acts;
5. Financial Regulations (Revised 1976); and
6. Treasury and Finance Circulars.

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1. <u>The Constitution</u>

This is the primary legal document regulating the total framework of financial management in government. The frame work provided covers the following key areas in government accounting:

(a) the operation of the funds of government;

(b) the external controls for operating the accounting system in terms of audit and investigations; and

(c) the appropriation procedure.

For instance section 73 deals with the operation of the 'Consolidated Revenue Fund' (the General fund) while section 77 deals with the operation of the 'Contingencies Fund1. Section 79 covers the audit of public accounts while section 82 deals with the powers to conduct investigations concerning public funds. Section 75regulates the budgetary procedure and legislative appropriation. It is also relevant to state that section 51 vest executive powers in term of accountability for the financial management of government resources.

2. <u>Finance (Control and Mangement) Act 1958</u>

This Act, in so far as it is consistent with the constitution, governs the management and operations of all the funds of government. The Act regulates the accounting format for the preparation of government accounts.

It also dictates the principle of valuation of government investments and which securities should form part of government portfolio.

For instance, section 16 specifically mandates a cash basis of accounting for the 'Consolidated Revenue Fund' in that it states "Money appropriated ... and not expended shall lapse and accrue to the consolidated revenue fund at the expiration of the year in respect of which they are appropriated". The Act also requires the annual accounts of government to be prepared on 'Fund basis. Section 24 mandates the Accountant General to prepare, sign and present for Audit the accounts showing fully the financial position on the last day of each financial year of the funds of government., All other funds apart from the consolidated revenue fund and the contingencies fund.

3. Audit Act 1958

This Act covers the area of audit and accountability in government. Section 13 of CAP 17 of the Act requires the Accountant General to submit as part of the annual accounts:

(a) an abstract account of receipts and payments;

(b) a statement of assets and liabilities at the close of the financial year;

(c) detailed statement of revenue and expenditure according to sub-heads; and

(d) such other statements as the legislature may from time to time require.

4. Appropriation Act:

It is pertinent at this juncture to distinguish between Appropriation Acts and Finance Acts. Two categories of 'Bills" passed into law by the legislative are:

(a) Money bills and

(b) Other bills.

A money bill is defined by the constitution as "an appropriation bill or a supplementary bill including any other bill for the payment, issue or withdrawal from the consolidated revenue fund or any other public fund of the federation of any money charged thereon or any alteration in the amount of such a payment issue or withdrawal".

Other bills are defined as "a bill for the imposition of or increase in any tax or fee or any reduction, withdrawal or conciliation thereof".

Bills, when passed, become Acts. The appropriation Acts regulate financial and accounting matters. They are also enacted each year principally for the appropriation of public moneys for services to be rendered during the year of each coverage.

During Military administration, approvals for yearly appropriations are given by the President after due consideration by the Armed Forces Ruling Council.

5. The Financial Regulations

The Financial Regulations governs the day-to-day operation of government accounts. Details of implementation, guidelines and procedures are contained therein.

Matters dealt with in the financial regulations includes:

(i) the legal authorities for operating funds, the responsibilities of key government officer like the Accountant-General of the Federation, the Auditor-General of the Federation, Accounting Officers (Permanent Secretaries or Heads of Extra-Ministerial Departments) and other key accounts posts like sub-Accounting

Officers, Federal Pay Officers, Revenue Collectors and Imprest Holders.

(ii) the Cash Book and Monthly Cash Account including back reconciliation expected to be operated by Units having recognised pay offices.

(iii) The control of Revenue collection and its accounting.

(iv) Various authorities required before expenditure can be incurred after the passing of the Appropriation Act. These include the various warrants both for recurrent and capital expenditure.

(v) Vote control. This includes the method of classification of expenditure and the use of Department Vote Books.

(vi) Payment procedures.

6. Treasury and Fince Circulars:

These are by and large, administrative instruments and are issued to guide the day-to-day operation of government departments. The most important aspect of these instrument is their use in amending existing provisions in the financial regulations.

Issue and Regulation of Fund

Following the passage of the Appropriation Act, the President carries out his program by the issue of Warrants to the Minister of Finance authorizing him to issue funds as directed on the warrants to various ministries.

The Ministry of Finance is the keeper of the government purse. It operates the government financial systgem under the Consolidated Revenue Fund in which all government revenue accrues and from which all expenditure are ment. Thje Ministry of Finance releases fund to the Ministries by issue of the Authority to Incur Expenditure (AIE).

Funds for each ministry are deposited by the Minister of Finance into the Central Bank which is nominated by the Federal Government. Each Ministry operates its bank account independently, but the Ministry of Finance maintains control of all Federal government funds in the Central Bank through the Internal Bank Adjustment System.

In this chapter so far, the necessity of financial controls in health institutions and various definitions and contributions given by different authors have been highlighted likewise the government financial rules and regulations had been discussed. The next chapter discusses the procedure employed in carrying out the study. It describes the sampling method used, the construction and structure of instruments used for the study, the procedure for the collection of data and statistical techniques used in the analysis of the data.

CHAPTER THREE

RESEARCH METHODOLOGY AND HISTORICAL BACKGROUND OF ABUTH

3.1 BRIEF HISTORY OF ABUTH

First stage: Historical setting (1967- 1975) The Ahmadu Bello University Teaching Hospital Complex (ABUTH) started as Institute of Health in 1967 in accordance with status 15 of the University (A.B>U.) law (Amendment Act, Schedule 16) by the then Interim Common Services Agency (ICSA) of the former Northern Nigerian Government. The objectives of setting up the institutions were to:

- Provide a broad range of tertiary services to meet the health care needs of people from the catchment area and the country at alarge
- Provide technical support to primary and secondary health facilities within area of operation.
- Provide facilities for the training of different cadres of health workers
- Conduct relevant research into prevalent health and health related problems.

In short, ABUTH was established to provide health care services, training and conduct research.

When the then Northern Region Government was dissolved on 1st April, 1968 and the six Northern States were established, ABUTHs formally came into being with the following constituent institutions.

i) A.B.U. Teaching Hospital, Zaria plus Tuberculosis (TB) Annex.

ii) A.B.U. Teaching Hospital, Kaduna (Old and New)

iii) A.B.U. Teaching Hospital, Malumfashi.

iv) Orthopaedic Hospital, Dala – Kano.

v) Some Urban and Rural Dispensaries in Zaria and Kaduna.

vi) Medical Auxiliary Training School, Kaduna.

vii) School of Nursing, Zaria.

viii) School of Midwifery, Kaduna

ix) School of Hygiene, Kano.

Ahmadu Bello University & ICSA contributed grants for expansion and urgent modifications of building and the purchase of medical equipment in the Hospitals in order to upgrade them to the level of teaching hospitals.

During the period 1967 – 1975, ABUTHs was constituent of, and administered by the Ahmadu Bello University through the Board of Governors with representatives from the then six Northern States and the A.B.U.'s Vice Chancellor served as chairman.

Second Stage: Taking over By the Federal Government (1976 – 1983).

When in 1976, the Federal Government took over all the Teaching Hospitals in the country, the control of ABUTHs passed from ABU to Federal Ministry of Health although close relationship with the University continued. Accordingly, some facilities were handed over to state Governments concerned. Thus, 1976 – 1985 was the period of gradual disengagement from the university with accompanying handing over of facilities like Nursing Home in Kaduna, Orthopaedic Hospital Dala – Kano (1980), School of Hygiene, Kano (1984) and Dispensaries in Zaria and Kaduna to the relevant state Governments.

Third Stage: 1985 – Present

With the promulgation of the Teaching Hospitals Decree No. 10 of 1st January 1985, ABUTHs became legally and operationally separated from A.B.U. although the university" council had granted administrative autonomy to ABUTHs since May, 1977.

Despite the change, close association and harmonious working relationship continued to exist with the University and the two states (Kaduna and Katsina) hosting the hospitals complex.

PRESENT STATUS/ACTIVITIES

The Ahmadu Bello University Teaching Hospitals are located in Kaduna and Zaria in Kaduna State and Malumfashi in Katsina State, a distance of about 120 km radius from Zaria. The administrative headquarters located on the main campus of A.B.U. in Samaru Zaria has partially moved to the permanent site of the new 547 – bedded Teaching Hospital under construction at Shika-Zaria in April, 1997. It was the first step towards the gradual movement of the whole hospitals to the new site.

SERVICE

The ABUTHs has a bed capacity of 1,220 spread out as follows:

(a) A.B.U. Teaching Hospital, Zaria, (513 beds)

(b) A.B.U. Teaching Hospital, Kaduna (577 beds)

(c) A.B.U. Teaching Hospital, Malumfashi (130 beds)

They offer general out-patient services and 24 hours accident and emergency services and patient care services.

Furthermore, primary health care is offered at the following locations:

(a) Urban Comprehensive Health Centre, Sabon Gari, Zaria.

(b) Rural Comprehensive Health Centre, Yakawada

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(c) Health Clinic, Ruwan Sanyi, Malumfashi Local Government Area.

A new 547 bedded Teaching Hospital is under construction at the Shika – Zaria which is expected to be completed and commission soon.

RADIOTHERAPY AND ONCOLOGY CENTRE OF EXCELLENCE

ABUTHs has been designated a Centre of Excellence in Radiotherapy and Oncology for the treatment of Cancer hitherto available only in Lagos and Ibadan. Work on the centre has been completed and no installed equipment made up of Teletherapy and Brachytherapy machines successfully tested.. Before then however, brachytherapy services used to be offered at the ABUT, T/Wada, Zaria since 1995. Radiotherapy has commenced in full force on Monday 24th July, 2000 at its permanent site.

TRAINING SCHOOLS

Health Manpower development is a major activity of ABUTHs. Apart from providing facilities for the training of medical students of ABU, the ABUTHs also offer training in the following schools:

(a) School of Nursing, ABUTH, Zaria.

(b) School of Midwifery & Post Basic Nursing Programme, ABUTH, Kaduna.

(c) School of Medical Laboratory Technology, ABUTH, Zaria and Kaduna

(d) School of Health Records Administration and Biostatistics, ABUTH, Kaduna

(e) School of Biomedical (Instrument Engineering,) ABUTH, Zaria,

(f) Residency Training Programme, ABUTH, Zaria and Kaduna.

RESEARCH

Staff are encouraged to carry out relevant health services research into health problems and conditions that are of priority concern. There is an inter-department Endemic Diseases Research Unit furthermore, ABUTHs, has developed cordial relationship with WHO, UNICEF, LIVERPOOL School of Tropical Medicine, London, Carnage Conjuration of New York, USA and Rotary Clubs local and international who provides moral financial and logistic support to carry out some research works.

CHIEF EXECUTIVES

ABUTHs has had the following as Medical Directors and later Chief Medical Directors/Chief Executive Officers:

(i) Professor Lair (a Canadian), 1968

(ii) Professor Umaru Shehu (First Nigerian) 1969 – 1976

(iii) Professor B. D. Musa, 1976 – 1990.

(iv) Late Professor A.B. Bandipo, 1990 – 1995

(v) Professor A. M. Yakubu, November, 1995 to Date.

ORGANIZATION AND MANAGEMENT

The day-to-day management of the hospital complex is vested with the Chief Medical Director who is the Chief Executive.

Two other statutory officer assist him in this regard. They are the Chairman, Medical Advisory Committee (MAC) who heads the Directorate of Clinical Services, Training and Research and the Director of Administration (DA) who heads the Directorate of Administration and Services Department. The Director of Administration also serves as Secretary to the Board of Management as well as Head of Administration Department.

ABUTHs is administered through the committee system and the important/ standing committees are as follows:

(a) Top Management Committee (TMC) which sees to the day-to-day management of the hospital complex through weekly consultative meeting.

(b) PRINCIPAL OFFICERS COMMITTEE; Which among others provides a forum for the co-ordination and monitoring of activities of all Units hospitals.

(c) MEDICAL ADVISORY COMITTEES: Which advises the Chief Medical Director on training, research and professional/clinical matters.

(d) HOSPITAL MANAGEMENT COMMITTEE: Which operate in each of the three unit hospitals and are charged with the day-to-day management of their respective hospitals.

FINANCE

ABUTH, sources of income have been from Federal Government and internally generated revenue. In our efforts towards increasing our internally generated revenue to supplement the subvention we receive from government, Management introduces user charges in 1991 for some services. The implementation guidelines made adequate provision to meet the health care needs of emergencies and paupers.

In order to free drugs and medical supplies system and other critical services from the problems of lack of funds or delayed subventions, revolving fund schemes were established for the following:

Department	Revolving fund Scheme
Pharmaceutical Services	Drug Revolving Fund (DRF)
Anesthesia	Anaesthetic Gases Revolving Fund
Catering Services	Catering Services Revolving Fund
Ophthalmology	Ophtamic Services Revolving Fund
Dental Surgery	Maxillo Facial Services Revolving Fund
Radiology	CT Scanning Revolving Fund
Physiotherapy	Phsiotheraphy Services Revolving Fund
Haematology & Blood Transfusion	Lab Services Revolving Fund
Chemical Pathology	Lab. Services Revolving Fund
Medical Microbiology	Lab. Services Revolving Fund
Pathology	Lab. Services Revolving Fund
Immunology	Lab. Services Revolving Fund
Radiology	Radiology Services Revolving Fund
Radiology	Brachytherapy Services Revolving Fund
Communty Medicine	Primary Heath Care Services Revolving Fund
Medicine	ECG & 2D Echocardiography Revolving Fund and Renal Dialysis Revolving Fund.

MODERNIZATION OF SERVICES

Within the limited financial resources available the Management, ABUTHs had updated or modernized some services through the provision of computer, electronic typewriters, research microscopes, and ELISA kits for pregnancy tests and other hormonal tests. Rotary International of Germany, district 1860 in conjunction with that of Nigeria. District 9120 have donated Ultra-sound machine along with video equipment for the diagnosis and assessment of age of pregnancy, sex of the baby while inside its mother's worm and exact date of delivery. An ultra modern Computerized Axial Teomographic (CAT) Scanning Machine has also been installed and commissioned for use. Our services (dialysis) formerly confined to pertirized dialysis have been improved to include haemodialysis.

STAFF WELFARE

A number of measures have been taken aimed at improving staff welfare. These include regular payment of salaries and pensions. Payment of various outstanding arrears arising from the IAP awards and others as contained in circular 1 of 1996. The rates of some allowances payable to staff like mileage claim, overtime, repatriation, baggage, books and night have been reviewed upwards – other welfare measures taken/reactivated are the Essential Commodities Scheme involving the sale of items like rice, sugar and beans to staff on credit which are later deducted from salaries on installmental basis, vehicle/bicycle and furniture loans schemes and staff health care schemes.

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UNIQUE FEATURES

In addition to the usual operating departments as may be found in any teaching hospitals and aims to improve communication between the community and ABUTHs.

(a) LEAGUE OF HOSPITAL FRIENDS: Which is a philanthropic organization that assists our hospitals and aims to improve communication between the Community and ABUTHs.

(b) KUNGIYA TAIMAKON MAJINYATA (KTM) A charitable organization established as a community based involvement in health care and operates very closely with the Department of Medical Social Services. It assists our hospital in various ways in caring for the destitute patients.

(c) COMMUNITY ADVISORY/RECONCILIATORY COMMITTEE: Set up in 1997 to provide a platform for community elders to interact with the Top Management of ABUTHs, provide healthy and sympathetic understanding and support. Furthermore, it provides all round support to the activities of the hospitals complex.

(d) STAFF FORUM: Is an avenue created also in 1997 where members of the Top Management Committee and staff meet directly to discuss matters concerning ABUTHs.

3.2 OBJECTIVES OF A.B.U. TEAHCING HOSPITAL

The government in a major policy, document in 1976 define the function of a teaching hospital as follows:

i) Provision of medical services for the sick in the community.

ii) Provision of facilities for undergraduate medical education and research

iii) Provision of facilities for post-graduate medical education.

iv) Training of high caliber nursing and other staff as radiographers, laboratory technologists, medical records statisticians e.t.c.

v) Provision of referral services to all other hospitals and health institutions.

Like any other hospital, the primary objective of the hospital is patient care, services, but at referral level which ensures a direct linkages with lower level health institutions.

3.3 RESEARCH METHODOLOGY

INTRODUCTION

The procedural section of any research work is perhaps the most important aspect of research report; it is the background against which the reader evaluates the findings and the conclusions. However, step by step procedures should be given so that any fellow researcher can use the work in another situation – Mikkelsen, Britha (1995). Placing each detail in a sequential form not only makes it simpler for the reader to see the study as a whole, but also helps to verify the procedure of the research. Therefore, to achieve this, the researcher will look at the different methods of research and select the one suitable. A researcher must decide on a particular method to be used in his research, on the basis of his decision, be selects his basic research method. He can combine, two or more methods depending on the nature of the topic, population size and the circumstances he finds himself.

Discussion of research methods usually include some lengthy, persuasive paragraphs about the importance of theory for research. But all observation uses some theory – Osuala E. C. (1993). All investigation must make use of categories since it is impossible (and undesirable) to notice every thing at once. The language we use to think about objects, does most

of the selection for us. For instance, the Arabic language contains; more than seven hundred words related to camel. Why so many? Because some Arabs needs to notice these things about the camel in order to survive in the desert. Such assumption about the world are built into our very language and our concept. That is why no special selection is needed here on theory and research, for research must make assumption as it tests theories about the world. Egri P. Ejembi (1996) social service research, not only corrects perception, it expounds it. In contrasts, because of its exclusive concern with immediate specific application rather than explanation through general principles, common sense cannot readily deal with new problems. When social change occurs, the old prediction rules may not work. But if we know why they worked in the first place, we also know why they no longer work or rules which work in one social setting will not work in another. In a time of rapid social change and increasing permeability of institution, general explanations are wanted more than ever.

Thus, by generating new concepts and explanations, social science can heighten our awareness of where things fits in a larger frame work.

3.4 RESEARCH TECHNIQUES

The selection of the right method of investigating a given problem, is a key consideration to the researcher. These must be a thorough knowledge of the basic methods of research to guide the researcher in choosing the primary methods of his research to solve the researchers problem.

Research techniques, are the tools of the trade. The researcher needs not only to develop skill in using them but also to understand the logic behind them.

But it is not only the researcher who needs to know about research methods. The positions for which social science researcher are likely to be

preparing themselves – teaching, administration in government or business, community consultation, social work increasingly call for the ability to evaluate and to use research results, to judge whether a study has been carried out in such a way that one can have reasonable confidence in its findings and whether its findings are applicable to the specific situation at hand.

Even if one does not expect to make specific use of research findings in his or her job, in our scientific age all of us are in many ways "Consumers" of research results. To use them intelligently, we need to be able to fudge the adequacy of the methods by which they have been obtained.

There are basically four method of research which can be discussed as follows:

(a) Historical Method

(b) Experimental Method

(c) Survey Method

(d) Descriptive Method

For the purpose of clarity, I shall explain the aforementioned method in the following sequence.

(a) Historical Method

Historical research, interprets past trends of attitudes events and facts more emphatically, historical research may be considered as embracing the whole field of human past as broad as life itself, although the data must be viewed with historical perspective as part of the process of social development rather than an isolated attitudes, events and facts.

(b) Experimental Method

This method has to do with those research related to the sciences, infact it is the most sophisticated method of research it is often confused with scientific method by laymen who equates experimentation with physical sciences and further equals physical sciences with sciences itself.

The experimental method is some what a less standard procedures in the social sciences where the problems are generally complex.

The purpose of this method is to identify the conditions underlying the occurrence of a given phenomenon. From the operational point of view, it is a matter of varying the independent variables.

(c) Survey Method:

This studies both large and small populations, selecting and studying samples chosen from the population to discover the relative incidence, distribution and inter-relations of sociological and psychological variables, surveys; covered by this definition are often called sample surveys. The survey research is interested in the accurate assessment of the factures of the feature of whole population of people. Only rarely however, that survey researchers studies the whole population size they only study sample; drawn from populations sample surveys among variables.

(d) Descriptive Method:- The descriptive research is that investigation which specifies the nature of a given phenomenon. The importance of descriptive research in the social science as well as in other fields of education endeavor, clearly implies the complexity. The descriptive research gives a picture of a situation or a population, any consideration of phenomenon generally begins with a full understanding of the phenomenon. Accurate description are

imperative for making a wide range of policy decision making or policy formulation is common. It reflects an understanding of the value of this type of project.

For the purpose of this study, primary and secondary sources of information will be used to collect data from A.B.U. Teaching Hospitals Zaria. The primary sources will include information from members of staff in the account section of the hospital by personal interview, questionnaire and observation of control system while the secondary source will include related text books, journals etc. This will help to give clear explanation to the study from data collected.

For the purpose of this study, data analysis to be used shall be simple statistical methods, (this falls into experimental method).

3.5 DESIGN AND ADMINISTRATION OF QUESTIONAIRE

For the purpose of this study, the questionnaire was divided into three section. Section one of the questionnaire was designed to collect personal data of the respondent such as qualification, position held, number of years in the service and attendance at in-service training workshop or seminar. Section two contained statement which enable one to ascertain the system in operation while section three contained questions that assist in the evaluation of the control measures of the system and enhance compliance test. The format of the questionnaire is close ended but enough space was provided for detailed responses where necessary. The questionnaire was personally delivered and collected, it was completed by the Assistant Chief Accountant as he is in best position to give reliable responses to the questions.

CHAPTER FOUR

DATA ANALYSIS

4.1 METHOD OF DATA ANALYSIS

For any research to be useful, it must be analysed and interpreted in the light of the condition under which it was done. In addition, consistency of result should be considered in arriving at conclusion regarding the applicability of the interpretation of various research work. The analysis and interpretation of the new data of any research are the means of which the research problems is answered and the stated hypothesis are tested. These terms are defined in various ways by many authors. However, according to Osuala (1993) Analysis is defined "as the ordering and breaking down of data into its constituent parts. It consist of the statistical calculations performed with the raw data, to produce answer to the question initiating the research".

Historical or theoretical documents may also be analysed to draw meaningful conclusion regarding a given research problem. The techniques takes the result of the analysis, makes inferences pertinent to the research relation studied, and draws conclusions about these relations.

In a research of this nature, one frequently discovers conflicting findings and conclusions in these conflicting report might be the degree to which the assumptions underlying a particular research undertaking have been met.

Below are some of the methods of data analysis techniques available:-

(i) chi-squares Techniques

This is a statistical technique used to test for independence of variable(s) i.e whether two variables are related or not. The value of chi-square which measures the difference between observed data (Actual data) and the expected result is calculated as:-

$$X^2 = \frac{E(0 - E)}{E}$$

Where 0 – Observed Data

E = Expected Results.

HO (Null Hypothesis) is accepted when the calculated value of X^2 is less than or equal to the table value of X^2. It is rejected when the reverse is the case.

The chi-square is appropriately used for example when the expected frequency in any one or more or less than five, another analysis should be employed or the table should be adjusted to include fewer cells with larger expected frequency in each cell.

(ii) Measure of Central Tendency Techniques: This measure includes mean, mode, median etc. If one of the criteria scores used is a red, the more appropriate measure to be applied is the arithematic mean. The medium or mode would be more appropriate when one or more isolated scores tend to unduly influence and arithematic mean. For example a population of nine thousand, when the majority of the population are around one thousand people.

(iii) Canonical Correlation Technique: Research are now making greater use of canonical correlation techniques even though it

is complex because it is newly introduced as a statistical measure of analysis and interpretation of Data.

The correlation of one result with another providing a measure of relationship between the two results uses zero order correlation, while multiple correlation provides a measure of relationship between a single criteria and two or more predictive variables in the canonical correlation.

(iv) Sampling Techniques

The sampling techniques appropriate for this study is the non-probability conveniences sampling. The non-probability type of sampling is based on the judgement of the researcher, and there is no known chance of any element in the population being selected and thus, the sample error cannot be calculated since there is no idea. However convince sampling which is a type of non probability sampling, deals with selecting the sample of one's own convenience is picking any number of persons in a class of your wish only carry out a research and so asking people just like that in a place about their own opinion on a particular subject.

Judgement and quota types of sampling also falls in this non-probability type of sampling technique which includes the simple random satisfied and cluster sample types. Many techniques are however used in different field of research depending on the research problem.

- Abifarin F. F. (1986).

4.2 METHOD USED IN THIS STUDY AND ITS JUSTIFICATION

For any research work to be successful and reliable, it requires that information sought, the methods used in obtaining it and the analytical techniques employed, must have been systematically and carefully laid out considering the nature of this research topic, the CHI-SQUARE techniques is adopted.

The chi-square technique is employed to test one or two responses that might be given by respondents in the course of an interview. This test is derived from the properties of two distribution which has application in statistics. The test provides a technique whereby it is possible to asses the significance of the departure of observed frequencies from the frequencies which would be expected if the data conforms to some theoretical distribution. (e.g. the normal or the binomial distribution). It is therefore possible to test the goodness of it to see how well the distribution of observed data fits the assumed theoretical distribution.

4.3 PRESENTATION AND ANALYSIS OF DATA

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As earlier stated, the purpose of the study is to ascertain the existence and effectiveness of a financial control in health institution. The interpretation of data in section I of the questionnaire is descriptive as the questions therein revolve round the personal information of the respondent. The questions are used to determine the extent to which the response in the other sections can be relied upon. For example, questions relating to qualification and years of experience will help to throw light on how conversant the respondent is with the system in operation and consequently how reliable his responses can be.

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The analysis of sections II and III of the questionnaire would be by inferential statistical method. The questions therein have been designed in a manner that will reflect the ascertainment of the system and its evaluation in sections II and III respectively. The questions under these sections are close ended based on "Yes" or "NO" responses. In order to allow for easy statistical analysis, the questions are grouped into categories which are simply based on the functions derived from the definitions of financial controls. These categories are: Safeguarding of assets, authorization of transactions, accuracy of financial records and correct recording of transactions. The result of data obtained from section II and III are presented in table for easy analysis.

TABLE 4.1

CONTIGENCY TABLE (OBSERVED FIGURES)

CATEGORIES OF QUESTION	NO OF QUESTION	EXISTENCE	NOT APPLICABLE
Accuracy of financial records	8	6	2
Correct recording of transactions	9	7	2
Authorization of transactions	4	3	1
Safeguarding of Assets	4	2	2
Total	25	18	7
QUESTIONS IN %	100%	72%	28%

Source: Response from Questionnaire

The table above showed the responses to various categories of questions asked in the questionnaire. Column one of the table showed the

various categories of the questions, column two indicated the number of questions in each categories; column three indicated the number of questions that are applicable (existence) while column four showed those not applicable. Column three and four showing the applicable and not applicable. 18 and 7 questions attracting 72% and 28% respectively. Though the basis of judgement will not only be the result as depicted by the table above, since the revelations from the instruction manual are quantifiable, we can infer that 72% is a good basis on which judgement can be based.

Let: Fo = Frequency Observed

Fe = Frequency Expected

X^2 = Chi-square calculated

X^2 = Chi-square table

Df = degree of freedom

= (row minus one multiply by column minus one)

Level of frequency is taken to be 5% from the above, we can now set out the hypothesis as follows:

HO: There is in existence a good system of financial controls in

Ahmadu Bello University Teaching Hospital, Zaria.

H1: There is no system of financial controls in Ahmadu Bello University

Teaching Hospital, Zaria.

Hence,

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The chi-square statistic would be used to ascertain the result of the hypothesis stated. A table of contingency would be drawn to show the fact finding and the observation of the system in operation.

Table 4.2

CONTIGENCY TABLE (EXPECTED FIGURES)

CATEGORIES OF QUESTIONS	EXISTENCE	NOT APPLICABLE	TOTAL
Accuracy of financial records	5.76	2.24	8
Correct recording of transactions	6.48	2.52	9
Authorization of transaction	2.88	1.12	4
Safeguarding of Assets	2.88	1.12	4
TOTAL	18	7	25

Source: Response from Questionnaire

NB: The various methods of arriving at figures for frequency expected and other figures are explained in Appendix I at the end of this report. The chi-square is then calculated as follows:

Table 4.3

TABLE OF CHI-SQUARE CALCULATED

Fo	Fe	Fo-Fe	$(Fo-Fe)^2$	$\frac{(Fo-Fe)^2}{Fe}$
6	5.76	0.24	0.058	0.01
2	2.24	-0.24	0.058	0.026
7	6.48	0.52	0.270	0.041
2	2.52	-0.52	0.270	0.107
3	2.88	0.12	0.014	0.005
1	1.12	-0.12	0.014	0.013
2	2.88	-0.88	0.774	0.268
2	1.12	0.88	0.774	0.691
				1.161

Source: Same as table 4.1

$$\chi^2 = \frac{(Fo - Fe)^2}{Fe} = 1.61$$

The calculation of chi-square from table is

$$X^2 = , df = 0.05, 1, 3.841$$

Meanwhile, since the chi-square table (X^2) is greater than chi-square calculated value (X^2), the null hypothesis is accepted and the alternative hypothesis is rejected which implies that the table value is significant campare with calculated value, since it falls within the acceptance zone, therefore, there is sufficient reason to believe that there is in existence a good and effective system of financial controls in Ahmadu Bello University Teaching Hospitals.

The major problem encountered in this study is that junior officers were not allowed to fill the questionnaire, which could have pointed out some weaknesses of the hospital, control system. This chapter have so far presented a the data analysis and presentation, the method and tools employed and its justification for the study had been highlighted as well as the design of questionnaire

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

This chapter presents a summary of the findings, the conclusion reached, recommendations made and suggestion for further area of study.

5.1 **Summary**.

The ABUTH Zaria was established in 1967 to serve as a centre of excellence in health care delivery and for the training of doctors and para medical personnel with a distinct philosophy of service to the rural community. The ABUTH Zaria services the ten Northern States which from the main catchment area. It has grown from a relatively small institution to what has become the largest medical complex in Nigeria and probably in Black Africa. This study has focused attention mainly on financial controls of ABUTH Zaria.

The objective is to establish, if funds disbursed to the ABUTH Zaria have been properly disbursed and utilized to the maximum benefit of the people in the area. Starting from a review of the organization and development of the institute an attempt was made to identify and analyse the sources of funding available to the ABUTH Zaria. The main objective of the study was to ascertain the existence of financial controls in ABUTH Zaria. The study also aimed at finding out the extent to which any claims system of accounting controls had been effectively practiced.

The study had, at it introduction the importance of financial control systems in the health sector. Emphasis was laid on the fact that the health industry are not only out to provide sound health care to patient but as one of the prepares of financial statements. In chapter two, which deals with

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review of literatures, various definitions of financial control as expressed by some authors were highlighted. Ranging from the definition to internal controls of which financial and accounting controls are sub-set, is the need for a proper custody and controls arrangement to safeguard an organizations assets to be built into its structure. The need for proper set of financial controls in health institution had been stated, more so, as it is the custodian of others assets.

The arrangement of financial controls includes the provision of financial records that are complete accurate and reliable. The completeness of such records requires that:

(a) Each items of expenditure is duly authorized and fully recorded.

(b) The institution receives all revenue to which it is entitle and that those are properly recorded, and

(c) Each authorized transaction is recorded accurately in proper accounts.

From the data collected and analysed, the study showed that the hospital possesses a sound system of financial controls and where particular controls are not adequately applied, the Assistant Chief Accountant and at times the Chief Accountant comes in readily to fill such gap with adequate supervision.

However, within the limited financial resources available, the management of the ABUTH Zaria had updated or modernized some services through the provision of computer electronic typewriters, research microscopes and ELISA KITs for pregnancy test and other hormonal tests. Rotary International of Germany, district 1860 in conjunction with that of Nigeria, District 9120 have donated Ultra-sound Machine along with video equipment for the diagnosis and assessment of aged pregnancy; sex of the

baby while inside its mother's womb and exact date of delivery. An ultra modern computerized axial topographic (CAT) scanning machine has also been installed and commissioned for use.

Our service (dialysis) formerly confined to peritoneal dialysis have been improved to include; Haemodialysis.

An international body known as Atomic Energy Agency, Vienna, Austria have donated two equipment to ABUTH recently for the treatment of cancers. They are:

i) Curietron remote after-loading machine for brachytherapy

ii) Cobalt – 60 machine for Teletherapy

These equipment have also been installed and treatment of cancers has commenced.

5.2 CONCLUSION

ABUTH Zaria sources of income have been majorly from the federal government, and internally generated revenue. As part of efforts towards increasing the internally generated revenue to supplement the subvention received from government, management introduced user charges in 1991 for some selected services. The implementation guidelines made adequate provision to meet the health care needs of emergencies and paupers. In order to salvage free drugs and medical supplies system and other critical services from the problem of lack of funds, or delayed subventions, Hospital revolving fund schemes were established.

However, despite the combined sources of funds available to the ABUTH Zaria, funds have been grossly inadequate to carry out the enormous overheads of the teaching hospital. It is pertinent to note that the ABUTH Zaria has a bed capacity of 1220 spread out in the three units viz:-

Zaria, Kaduna and Malumfashi; furthermore, Primary Health Care is also offered at the following locations;

(i) Urban Comprehensive Health Centre, Sabon-Gari, Zaria.

(ii) Rural Comprehensive Health Centre, Yakawada

(iii) Health Clinic, Ruwan Sanyi, Malumfashi L.G. Area.

The first phase of a new 547 bedded Teaching Hospital has been commissioned and clinical services has resumed as well the administrative block have also moved in to the complex.

With these enormous financial task ahead of the management of the ABUTH, Zaria, reliance on government subvention are relatively inadequate, the funds have continued to decline in recent years making it difficult for the ABUTH Zaria to continue to execute its project satisfactorily. The deteriorating in funds has been to such extent that the ABUTH Zaria subvention is not timely enough to pay staff personnel emoluments, and other common charges. However, management have allowed virement of fund from available codes so long as it meets the stipulated budgetary guidelines.

The problems of the ABUTH Zaria, appears more related to effective financial control and disbursement of funds. It is in this area that problem of fraud and misappropriation of funds are noticeable. This should be renewed and necessary action taken to ensure that money disbursed is used for purposes for which they are intended. The fraud that have been found mostly are in the areas of irregularities in the payments of salaries and falsifying of Hospital fees records.

In evaluating the efficiency of the services rendered by the ABUTH, Zaria, it has been discovered that given the resources at its disposal the ABUTH Zaria has done remarkably well in providing for services for which

it was established. It can render far greater services than it is doing now and certainly more efficiently if the Federal Government grant is expanded to cover deficient areas.

5.3 RECOMMENDATION

The study revealed that there is an immediate and accurate recording of all transactions. It was also observed that the ABUTH Zaria has such a large number of transactions to records that manual system cannot cope with the volume of work. This observation was made especially during the end of the months, when majority of staff have to work longer hours in order to balance their books it needs to be pointed out that, however strong a system of accounting control may be, it cannot withstand collusion by members of staff. No collusion was discovered during the study. A good system of checks and balances was also observed since officers do not have obsolete powers to authorize transactions.

The number of services offered by the hospitals will be determined by how easily, computer system can be integrated into the existing systems. The reasons for this grew out of a need to contain costs and reduce the volume of paper work. The information provided by the current system on accounting work is through useful for controlling the business and monitoring trends, it is often too late to influence decisions.

It must be pointed out, however, that the characteristics which facilitate the detection of errors and minimize opportunities for fraud include visual checks by accounting personnel on manual processing systems. The ability to prevent fraud is substantially reduced by computerization.

The position of the ABUTH Zaria, in sourcing for funds a couple of years ago has improve from largely dependent on government subvention, to

looking inwards to source for funds locally to supplement government efforts.

However, the following areas needs to be explored:

(i) The introduction of the user charges in 1991 is a major step ahead, but adequate internal controls needs to be put in place to check fraudulent clerks from abusing this objective. The clerks needs to be educated on the implication of falsifying charge sheet when refund to patients are effected.

(ii) The various hospital services revolving funds should be fully commercialized; to absorb their overheads including personal emoluments. In so doing the ABUTH Zaria will be relieved of substantial financial burden. It should be noted however that the ABUTH Zaria charges less medical bill compared to its counterpart elsewhere.

(iii) Specialized Medical Services should be encouraged to generate additional funds. The Ultra Modern Computerized Axial Topographic (CAT) Scanning machine, is a rare opportunity accorded the Teaching Hospital, also the donation of criterion remote after-loading machine for bractytherapy and Cobalt – 60 machine for Teletherapy by Atomic Energy Agency, Vienna, Austria is a great opportunity and efforts should therefore be put in place for proper maintenance of these equipment. Again competent personnel should be trained to manage the equipment.

(iv) Public awareness should be created to attract community involvement in fund raising. In this circumstances fund could

be in form of materials and other services. The following community based association needs to be applauded:-

- League of Hospital Friends
- Kungiyar Taimokan Majinyata (KTM)
- Community Advisory/Reconciliatory Committee set up in 1997 to provide a platform for community elders to interact with the Top Management of ABUT, Zaria, provides healthy and sympathetic understanding and support.

Other community efforts should be encouraged.

Manpower management is an effective tool to any successful management team, be it profit or non-profit organization. In order to regulate the manpower drain, there is the need to:

(i) Look inward train and retrain existing personnel.

(ii) Accelerate programme for manpower replacement.

(iii) Encourage manpower growth and efficiency through:

(a) Seminar exposure, study leave fellowship

(b) Staff loan and commodity Schemes.

(c) Assurance of Burial expenses in the case of death.

Finally it has been a remarkable exposure at the course of this work. Often times, purposeful recommendations has been suggested through project work, seminars e.t.c without careful studying some of the salient points observed. The research and training departments should be encourage to collate this postulations and advise management appropriately.

The study had centered on testing and evaluating the system of financial controls in the ABUTH Zaria. It is worth noting that hospitals should be innovative and this means that they must invest in better information and improve the quality of their management accounting and

costing. There is therefore the need to go further into the costing in hospitals which had experienced a long period of virtual neglect.

It should also be noted that the operation of Private Sector Accounting System is governed by Companies and Allied Matters Decree 1990 (as amended). In the same vain, the operations of public sector Accounting of which this study is concerned is also governed by certain rules and regulations which are subject to review or amendments in line with political, social or economic charges.

The legal basis of public sector accounting are stated below:

- Nigerian Constitutions
- Audit Act
- Finance (Control and Management) Act, 1958
- Appropriation Act.
- Financial Regulations
- Decree, Finance and Treasury Circulars.

Details of these will be discussed in chapter two.

We also have noted that the Government Accounting is characterized distinctively by the following.

(j) Grouping of Account into Funds.

(k) Fiscal compliance with laws governing the sources and utilization of revenues.

(l) Zero Balance at the end of the year i.e. the recurrent expenditure account.

(m) Cash Basis, which is the principal method of recording public sector receipts and expenditure.

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APPENDIX I

$$Fe = \frac{(\text{row total})(\text{Column total})}{N}$$

N = Total sum of observed events

Accuracy of financial records $= \frac{8 \times 18}{25} = 5.76$

$= \frac{8 \times 7}{25} = 2.24$

Correct recording of Transactions $= \frac{9 \times 18}{25} = 6.48$

$= \frac{9 \times 7}{25} = 2.52$

Authorization of Transactions $= \frac{4 \times 18}{25} = 2.88$

$= \frac{4 \times 7}{25} = 1.12$

Safeguarding of Assets $= \frac{4 \times 18}{25} = 2.88$

$= \frac{4 \times 7}{25} = 1.12$

Faculty of Administration,
Department of Business Administration,
A. B. U.,
Zaria.

4th May, 2000

The Asst. Chief Accountant,
A.B.U. Teaching Hospital,
Zaria.

Dear Sir,

This questionnaire is drawn to assist in writing a paper on financial control in Ahmadu Bello University Teaching Hospital, Zaria.

It should be noted that any information supplied will be treat as strictly confidential and will be used solely for the purpose of this study. Detailed responses will be appreciated where appropriate.

Thank you for your anticipated cooperation.

Yours faithfully,

Adedeji R. R.
Researcher

APPENDIX II

SECTION I

Position held in the Institution .....

How long have you been in Accounting Profession .....

Have you ever attended any training/seminar?.....

How often are such seminar organized by your Institution..... outside boding.....

SECTION II

Please tick your answer where appropriate.

1. The method of recording and processing accounting data in your department is.
   (a) Manual
   (b) Use of Accounting machine
   (c) Punched card
   (d) Electronic computer
   (e) (a) and (d)
2. How are grants and subvention received ?
   (a) Through the Federal Government
   (b) Through the State Government
   (c) (a) and (b)
3. How does the department meets its various expenses:
   (a) Through imprest system
   (b) Daily proceed.
   (c) Others, specified.
4. How often do you prepare your trial balance:
   (a) Daily

KASHIM IBRAHIM

(b) Weekly

(c) Monthly.

(d) The time of preparing general returns.

5. How often do you carry out usual check on your recording process ?

(a) Monthly;

(b) Weekly

(c) Unscheduled period

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Please tick ( ) under appropriate column.

6.	Is there any form of segreation of duties of your staff?		
7.	Is it the same staff who record cash and cheques paid also Record on the suppliers ledger?		
8.	Are excessive discretionary power granted either to a new Employee or employees of low caliber:		
9.	Is there an independent check to ensure that proper discount are calculated on purchases?		
10.	Are payrolls approved before wages are distributed?		
11.	Are authorised vouchers immediately stamped or otherwise cancelled to prevent duplicate payment?		
12.	Is the cashier accountable for any cash shortage or Surplus immediately this is discovered?		
13.	Are the filling system such that for n apparent reason documents are difficult to retrieve?		
14.	Does any employee refuse to take his holidays (which may be because he wishes to avoid his duties be independently scrutinized)?		
15.	Do you prepare anything like a schedule of accounts receivable?		

16. Is there a specific limit of provision for bad Debts in your department?

17. Is the transfer of cash between department properly authorised in your institution?

SECTION III

18. Can unauthorized persons make entries in the ledger?

19. Are all journal entries subject to authorization by a Responsible officer?

20. Are time records, piece work, and other source document controlled by persons independent of the wages department?

21. Do you think your services suits the local needs of your customers/patients.

22. Are accounting records consistently written up a long time after the transaction they record has taken place?

23. Does a single individual control the activities of any department

24. Do you think the installation of Computer System will affect Your staff strength? How and why .....

25. How soon do you think the information provided by the manual (paper work) system will influence immediate decision?

    (a) As soon as possible

    (b) Very soon.

    (c) Not immediately.

    (d) Others specify.....

Thank for your cooperation.