



**St. MARY UNIVERSITY
FACULTY OF BUSINESS AND ECONOMICS
DEPARTMENT OF ACCOUNTING AND FINANCE**

**ASSESSMENT OF INTERNAL CONTROL SYSTEM IN MICROFINANCE
INSTITUTIONS IN ADDIS ABABA**

**A RESEARCH THESIS SUBMITTED TO THE DEPARTMENT OF
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**St. MARY UNIVERSITY
FACULTY OF BUSINESS AND ECONOMICS
DEPARTMENT OF ACCOUNTING AND FINANCE**

**Assessments of internal control system in Micro finance institutions in Addis
Ababa (Case of Selected Micro Finance Institutions)**

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**ST. MERY UNIVERSITY SCHOOL OF GRADUATE STUDIES FACULTY OF
BUSINESS ASSESSMENT OF INTERNAL CONTROL SYSTEM IN
MICROFINANCE INSTITUTIONS IN THE CASE OF MICROFINANCE
INSTITUTIONS IN ADDIS ABABA**

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Certification

This is to certify that Ato Fekadu Bekele has carried out this research work on the topic entitled “Assessments of internal control system in microfinance institution in Addis Ababa” under my supervision. This work is original in nature and it is sufficient for submission for the partial fulfillment for the award of Master of Accounting and Finance.

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Declaration

I, Fekadu Bekele declare that, this paper prepared for the partial fulfillment of the requirements for Master of Accounting and Finance entitled “Assessments of internal control system in microfinance institution in Addis Ababa” is prepared with my own effort. I have made it independently with the close advice and guidance of my advisor.

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LIST OF ACRONYMS

AACA: Addis Ababa City Administration

CA: Credit Assessment

COSO: Committee of Sponsoring Organization of the Treadway Commission

IC: Internal Control

MFIs: Micro Financial Institutions

SMU: Saint Mary University

SPSS: Statistical Package for Social Sciences

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Abstract

The main objective of this study focused on assessment of the internal control system in the microfinance institutions in Addis Ababa. This study was conducted in Addis Ababa. The study used primary data obtained through closed ended questionnaires provided to different level of employees of those MFIs. The researcher employed random sampling procedure; systematic random sampling was used to identify the 225 respondents of the study. Quantitative data collected by use of closed ended questions in the questionnaire were edited and checked for completeness and comprehensibility, summarized, coded and tabulated. The data gathered from the respondent was analyzed and interpreted by the help of SPSS software program with the help frequency table minimum, maximum value, mean and standard deviation. The study established that credit management provides discipline and structure as well as the climate which influences the quality of internal control, risk management enable the identification and analysis of relevant risks associated with achieving the objectives and ensured right personnel for the job are on board, monitoring helps the microfinance institutions to assess the quality of performance of the microfinance over time and finally control activities ensures that qualified and continuous supervision is provided to ensure that internal control objectives are achieved and that completeness and accuracy of information processing.

Key terms: Credit Risk, Monitoring, Controlling, Internal Control

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Studies of Lithuanian scientists' works enable to state that there is no one solid concept, definition or description of control. For example, E. Buškevičiūtė (2008) says that when control is more particularly defined, its rules and requirements are described in more detail, it becomes more effective, more specific, more psychologically suggestive, it gives more freedom limits of choice for supervisors and less possibilities of lawlessness for people under control. Identifying the object of the research, it should be noted that different definitions of control are given in scientific studies by Buškevičiūtė, (2008); Drury, (2012); Fardo, N.A (2009); Gupta, (2010).

Microfinance institutions (MFIs) provide loans, savings, insurance, and money transfers to micro-entrepreneurs to support productive activities, build assets, stabilize consumption, and protect against risks. Microfinance activities revolve around providing very small loans to poor people or nations in order to help start a business or fund a social project. Generally, poor borrowers are more likely to apply for loans of small sizes, and thus the lender's transaction costs increase.

Lafourcade et al. (2005) identified three categories of microfinance institutions: regulated (banks, regulated nonbank financial intermediaries, and regulated NGOs); cooperatives (financial cooperatives and credit unions); and unregulated (NGOs, non-bank financial intermediaries, Microfinance Institutions projects, and others). In contrast, Udeaja and Ibe (2006) used the consideration of formality to classify MFIs. They identified the following three forms: (i) Formal MFIs are institutions such as development banks, savings and loans, and non-bank institutions that are governed by general company laws, regulations, and guidelines.

(ii) Semi-formal MFIs are those MFIs that are subject to commercial and general company laws, but which are not subject to banking regulations, such as NGOs and cooperatives (thrift and credit societies).

(iii) Informal MFIs are „non-registered groups“, such as traditional esusu, that organize thrift and credit services for members. Similarly, Ayayi (2008), in his study of MFIs in Vietnam, classified MFIs into three main categories: formal, semi-formal and informal, based on type of institution, and the regulations and core strategies involved.

Even though some microfinance institutions have moved to individual lending, most of the institutions adopt group lending model program in Grameen Bank. Many economic works on microfinance focus on the incentives induced by joint liability in group lending contracts and nearly all authors have proven that group lending enforces joint liability mechanisms, involves borrowers in sharing information and then reduces asymmetric information as noted by Takahashi, (2010). However, Kono and Takahashi (2010) advance that group lending alleviates the problem of moral hazard only if the group can coordinate its members“ decisions and achieves higher repayment rates only if the returns are sufficiently high. According to, Karlan (2007), moral hazard can be reduced also by social sanctions against defaulting borrowers in group members.

When you come to our focus Ethiopian financial internal control on micro finance institution, some researches on micro finance institution showed that there is a weak internal control system in their operation (Woldey A, 2001; Yigirem K, 2010; Micro Finance Transparency, 2011). Therefore this weakness in ICS can cause for serious smash up on the sector as well as overall economic activities of the country, for that reason this paper focused on to assess the shortcoming and contribute remedies to improve internal control system of selected MFIs in Addis Ababa.

1.2 Statement of the Problem

The absence of adequate internal control measures exposes the financial management of an MFI to certain threats such as incorrect financial statement and /loss of the company’s assets, stealing and mismanagement of organizational vital documents which may be done by an employee to take undue advantage, incorrect and unreliable financial records which may lead to loss of organizational integrity, non-implementation of accounting policies in consistent with the applicable legislation appropriate in presentation of financial statement, faulty systems, bad

loans, fraud, theft or poor financial management amongst other potential causes, to name but only a few (Coso, 2011).

Even if Microfinance institutions play great role on economic transformation, they have their own big challenges and problems. The main complaints rise by microfinance institutions are insufficient credit facilities, corruption, uncollectable loans, lack of well educated man power, inefficiency of information system and etc. This all are in general manifestation of the unclear administrative practice that is the lack of proper internal control system. Therefore, due to the area of study is very importance to the development of the socio-economic activities in developing countries and their contribution to the development of small and medium size business in Addis Ababa, the study is to assess the gap of the internal control system of Microfinance institution and to show the researchable remedies to resolve the issues.

The researcher believes microfinance institutions play very vital role to the development of the socio-economic activities in developing countries. In our context they contribute a big share for the development of small and medium size of businesses found in Ethiopia. Due to that, extensive research has been carried out on the role of the Microfinance Institutions, even if still needs more research on this sector to improve its coverage and effectiveness of service issues.

Microfinance and an article on microfinance sector challenges and problem by Sintayehu Desalegn (2014) published on journal economics and sustainable development depicted that Ethiopian micro finance have a weak internal control system also the researcher has not seen internal control at branch to perform daily or weekly transaction audit rather they are found in head office, due to that the researcher concerned, the work done on this is limited.

This and other related problem inspired the researcher to assess the internal control practice of Addis Ababa microfinance institution and also find out the adequacy of their internal control system by selecting some microfinance institutions which is found in Addis Ababa.

1.3 Research Questions

1. What is the power of internal control over credit management on the effectiveness of internal control in MFIs in Addis Ababa?
2. What is the pressure of internal control over risk management on the effectiveness of internal control in MFIs in Addis Ababa?
3. What is the influence of internal control on monitoring of effectiveness of internal control in MFIs in Addis Ababa?
4. What is the influence of control activities on the effectiveness of internal control in MFIs in Addis Ababa?

1.4 Objectives of the Study

1.4.1 General Objective

The general objective of the study was to assess the internal control in selected micro finance institutions in Addis Ababa.

1.4.2 Specific Objectives

The specific objectives of the study are listed as follows:

1. To evaluate the credit management effectiveness on internal control in MFIs in Addis Ababa
2. To find the weight of risk management on internal control in MFIs in Addis Ababa
3. To examine the monitoring of internal control in MFIs in Addis Ababa
4. To find out control activities of internal control in MFIs in Addis Ababa

1.5 Limitations of the Study

Even though this research is done to assess the effectiveness of internal control on microfinance institutions, the scope of the research were limited to generalize the findings. The other limitation on this study current Covid-19 pandemic limited the movement researcher and it forced to

minimize the sample size by avoiding massive exposure from the virus. Therefore, small size limitation will become a major restraint for this study.

1.6 Scope of the Study

In order to make a valuable assessment and to reach on a successful conclusion, it has been necessary to limit the scope of the study by focusing only 10 microfinance institution held in Addis Ababa from the total population 41 microfinance overall in Ethiopia as per the National Bank data. The study was focused on randomly selected 10 Microfinance institutions internal control system of operational and financial department.

1.7 Significance of the study

The stimulus of this study work is to evaluate the effectiveness of the internal control systems. The outcomes of the study will care the Ethiopian micro finance institutions to put in place activities for their day to day management of safeguarding assets, prevention and detection of frauds, errors and irregularities. Also, it is hoped that findings from this study will confirm or rebut the current perception about the effectiveness of internal control in Ethiopian MFIs. This will provide the primary stakeholders to redefine approaches that would enable the success of its objectives.

1.8 Organization of the Paper

The study organized in to five chapters. Chapter one consists of background of the study, statement of the problem, research questions, objective of the study and organization of the study, chapter two review of related literatures, chapter three contained research design, research methodology, sampling techniques, validity of reliable questionnaires. Chapter four is about results and interpretation while chapter five presents conclusion and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2. Introduction

This chapter identifies and review different related literatures regarding to internal control systems, purpose of internal control system, types of internal control, principles of sound internal control, limitation of internal control, empirical studies and current state of areas, to identify the progress and the gap which still not explored that needs the researcher to address and looking further studies to fulfill the gap related internal control system specifically regarding Microfinance institution. Due to their highly liquidity financial institutions need more follow up strong controlling mechanisms.

2.1 Microfinance Institutions in Ethiopia

Microfinance institutions have playing a critical role on the growth and development of a country by providing different financial services to the poor and low income people in both rural and urban, (Wilson, 2003). Therefore it's become a potential tool to fill the gap between the financial institution and needy people. Ethiopia is one of the least developed country, which needs a huge financial resource for a rapid and sustainable growth and moreover to that to reduce the gap between poor and reach. Due to that reasons Ethiopian government instituted a legal and policy framework for Micro Finance Institutions in 1996 through proclamation 40/1996 (Gebrehiwot Ageba, 2002). Since then, more than 27 micro finance institutions have registered with National Bank of Ethiopia and operate on mostly group based lending and promote compulsory and voluntary saving.

Microfinance institution in Ethiopia provides agricultural and non agricultural loans and has playing big role for Ethiopia's sustainable development strategy. As per all others worldwide micro finance institutions, Ethiopian microfinance institutions have contributing their share to poverty alleviation, even if they have their own shortenings.

2.2 Internal Control

Overview of internal control is a set of integrated methods and procedures translated into regular and periodic activities that preserves safety of asset (e.g. loan portfolio, cash and other physical assets etc), improves client service, ensures reliability of financial information and staff adherence to management policies and guidelines (COSO, 2011).

Robertson and Davis (1988:169) “internal control system is a set of client procedures both computerized and manual imposed on the accounting system for the purpose of preventing, detecting and correcting errors and irregularities that might enter the system and thereby affect the firm’s financial statement.

COSO is one of the main sources providing frameworks and guidance on enterprise risk management, internal control and fraud avoidance. According to the definition by COSO in 1992, an internal control system is defined as a set of methods, designed and controlled by senior management and board of directors to provide a limited assurance regarding the reliability of financial reporting, effectiveness, and efficiency of operations and their compliance with laws and regulations (Aksoy, 2007). W.W.Bigg explains internal control in clear terms, “Internal control is best regarded as indicating the whole system of controls, financial or otherwise established for the conduct of business including internal check, internal audit and other forms of control.

Internal control being one of the five main functions of management, is a process of monitoring operations so as to detect whether the operations fulfill their functions as planned or not, and if there is a deviation, the control process determines the reasons for this deviation and takes the necessary steps to eliminate it (Ozten et al. 2012, P.1).

Internal controls are place to cover a variety of areas from operational to financial control. Financial reporting has received the most attention from the regulatory and oversight communities.

Financial internal controls are the mechanisms, rules and procedures implemented by a company to ensure the integrity of financial and accounting information, promote accountability, and prevent fraud. Moreover complying with laws and regulations and

preventing employees from theft assets or committing fraud, internal controls can help get better operational competence by improving the accuracy and timeliness of financial reporting.

Internal audits assess a company's internal controls, including its corporate governance and accounting processes. They make certain compliance with laws and convention and accurate and timely financial reporting and data collection, as well as helping to maintain operational efficiency by identifying problems and correcting lapses before they are discovered in an external audit. Internal audits play a critical role in a company's operations and corporate governance, now that the Sarbanes-Oxley Act of 2002 has made managers legally liable for the truthfulness of its financial statements.

Harrison et al. (2011, 237) Internal control can be defined as “a system of procedures implemented by company management. It is designed to follow objectives as: safeguard assets, encourage employees to follow company policy, promote operational efficiency, safeguard accurate, reliable accounting records and comply with legal requirements.”

There are two basic categories of internal control those are preventive and detective internal controls. An effective internal control system will have both types, as each serves a different purpose. As you perform routine processes, or when you are thinking of implementing a new procedure or process, it is important to ask the following questions to help determine the appropriate control.

Preventive controls aim to decrease the chance of errors and fraud before they occur, and often revolve around the concept of separation of duties. From a quality standpoint, preventive controls are essential because they are proactive and focused on quality.

The main tasks of preventive control are like pre approval of actions and transactions, access controls, physical control over assets, employee screening and training and so on.

In the other hand detective controls are designed to find errors or problems after the transaction has occurred. Detective controls are essential because they provide evidence that preventive controls are operating as intended, as well as offer an after the fact chance to detect irregularities. Example of detective controls include monthly reconciliations, review organizational performance, physical inventories and so on.

Issuance of the report internal control - Integrated framework in 1992, defining the five components (composed of 17 principles) of an effective internal control program.

- ✓ Control Environment the structure and discipline for a system of internal controls.
- ✓ Risk assessment management's duty to identify risk to achieving predetermined objectives
- ✓ Control activities policies and procedures that mitigate risk and help achieve objectives
- ✓ Management information and communications to stakeholders
- ✓ Monitoring external and internal oversight for compliance and improvement

2.3 Purpose of Internal Control

Internal control persistence is to help an organization to prevent or reduce fraud and theft within their organizations. A system of internal control is necessary to facilitate employees and other partners understand the attitude and objectives of the organization as a whole, internal controls provide reasonable assurance to customers and other parties that transaction are recorded properly and in a timely manner.

By creating internal controls, business owners establish protocols and procedures their staff and consultants must follow. Business owners inform their employees of these protocols and expect that they follow them as they perform their day to day work duties. There is a conventional protocol help brings order and cohesiveness to companies, as everyone knows what's expected, as outlined in the internal controls.

The deeply and details view of the internal control advantages for every organization and companies are as below:

- ✓ Internal control protects the assets of the business from misuse, theft or corruption, etc.
- ✓ Internal control helps to implement management policies to achieve the company goals.
- ✓ Internal control helps to increase the accuracy and reliability of financial system

- ✓ Internal control helps to regulate division of work between staffs to achieve the mission goal

2.4 Types of Internal Control

Scholars classified and defined different type's internal control; for our study easiness we are looking the common and main types of internal control:

1. **Detective Internal control:** designed to detect errors or irregularities that may have occurred. (Will Kenton, April 3, 2020): Detective control is an accounting term that refers to a type of internal control intended to find problems within a company's process once they have occurred. Detective controls may be employed in accordance with many different goals, such as quality control, fraud prevention, and legal compliance. As a good example physical inventory count, this can be used to detect when actual inventories don not match those in accounting records.
2. **Corrective Internal Control:** designed to correct errors or irregularities that have been detected. Corrective internal controls are typically those control put in place after the detective internal controls discover a problem. These controls could include disciplinary action, reports filed, software patches or modifications, and new policies prohibiting practices such as employee tailgating. They are usually put into place after discovering the reasons why they occurred in the first place.
3. **Preventive Internal Control:** designed to keep errors and irregularities from occurring from the first place. Preventive internal controls are those controls put in place to avert a negative event from occurring by avoiding or minimizing entering incorrect information. There are also physical controls or administrative preventive controls, such as segregation of duties that are routinely performed by companies.

2.5 Basic principles for the sound internal control system

An effective or good system of internal control should have the following principles:

1. **Well designed accounting system:** Internal control should provide for a well designed accounting system. The financial and accounting activities must be separated. For example a person who is responsible in handling cash and the person who accounts cash (accountant) should be done by two different persons.

2. **Competent personnel:** In any internal control system, personnel are the most important element. When the employees are competent and efficient in their assigned work, the internal control system can be worked and operated efficiently and effectively even if some of the other elements of the internal control system are absent.
3. **Division of work:** This refers to the procedure of division of work properly among the employees of the organization. Each and every work of the organization should be divided in different stages and should be allocated to the employees in accordance with their skill and expertise.
4. **Separation of operational responsibility from record keeping:** If each department of an organization is being assigned to prepare its own records and reports, there may be a tendency to manipulate results for showing better performance. In order to ensure reliable records and information, record keeping function is separated from the operational responsibility of the concerned department.
5. **Separation of the custody of assets from accounting:** To protect against misuse of assets and their misappropriation, it is required that the custody of assets and their accounting should be done by separate persons. When a particular person performs both the functions, there is a chance of utilizing the organization's assets for his personal interest and adjusting the records to relieve himself from the responsibility of the assets.
6. **Supervision:** Directors should review the company's financial operations and position at regular and frequent intervals. Comparison with results for previous periods indicates discrepancies that call for further examination. Where budgetary control is in use, attention will be drawn to material variances and explanations required. From time to time special reviews of particular items such as stocks, or the operation of the wages department, should be undertaken.
7. **Sound practice:** Sound practices of administration require that established procedures, policies and delegation of responsibility should be open to all employees of the organization. This helps in avoiding questions, attempts to shift responsibility for unsatisfactory performance etc.
8. **Internal audit:** Internal audit is a part of the whole system of internal control. It should operate independently of the internal check and in no circumstances; it should divert any one of responsibilities placed on him. It is the examination accounts of a business

concern by its employees specially appointed for the purpose. It is an independent appraisal of activity within an organization for the review of accounting, financial and other business practices.

2.6 Limitation of Internal Control

Internal control systems help companies to prevent losses promptly. Apart from these, a proper system of internal controls can provide them with many more benefits. However internal controls are not perfect and cannot always work. It has several limitations of internal controls of which companies and users must be aware. Some of the most common limitations of internal control are as below

1. Reasonable assurance: The main limitation of internal control is that it does not provide reasonable assurance. Internal controls are effective in preventing, detecting, and rectifying problems. However they do not detect and prevent all the cases in which problems may exist. Due to this reason, internal controls can have more limitations. There are going to be unforeseen circumstances that internal controls for which internal controls compensate. In contrast if internal controls provided absolute assurance, then most of the other limitations of internal control would not exist
2. Collusion by two or more employee: one of the most common internal controls that companies utilize is the segregation of duties. It allows them to use various employees in a process to ensure an individual employee can not commit fraud. However, employees may still go around this type of control by teaming with others in the process and concealing their frauds. By colluding with others employees can easily render segregation of duties ineffective. Collusion in the workplace isn't uncommon. There have been instances in the past where employees have committed fraud by cooperating with others in committing fraud. While companies may introduce internal controls at several steps, they cannot prevent employees from pairing up and committing fraud together.
3. Human error: Another limitation of internal controls is that it depends on human input. Due to this, internal controls may be prone to human error, while some internal controls may validate human input, they cannot possibly detect every

instance when a human error may occur. Therefore, an internal control does not work well when there is a chance of a human error occurring during the process. Even the most well designed and well thought out internal control can succumb due to human error. It is why internal control systems that limit human control or automate the process are more successful in the long run.

4. Inappropriate management override of controls: similarly, internal controls have an inherent limitation when it comes to overriding control. The control environment of a company overrides the internal control systems in place, and then having these systems is futile. Furthermore, it creates a ripple effect where employees also see internal controls as unnecessary and forego these controls. Some companies even allow their top management to neglect these internal controls, which limits its effectiveness severely.
5. Poor or improper judgment from management: Poor judgment can also be a critical limitation of internal controls. Usually, the management of a company makes decisions based on the information provided to them. However, if the information is not adequate, it may end up in the wrong decisions from the management. Judgment is a vital part of internal control systems. Many companies base their internal controls on professional judgment. If these judgments are compromised, they may end up in a company using the wrong internal control systems, which results in an ineffective process.
6. Cost and Benefit consideration: Full implementation of control as well as properly segregation of duties requires high cost to carry out. Thus sometimes the cost may outweigh the benefits, especially for small companies. Therefore by considering this cost and benefit, some control or proper segregation of duties might not be properly carried out.
7. Improper communication or training: Sometimes, employees may circumvent the internal control process. It may occur due to several reasons, for instance, inappropriate control environment. Similarly, it may occur due to improper communication with employees about their roles in the internal control systems. Furthermore, improper training to employees of a company. If the employees do

not know their roles or do not deem internal controls are necessary, they will never follow the controls put in place for them.

8. Unforeseen circumstances: The process of internal controls depends on the management of a company forecasting all the risks that may occur and introducing systems to prevent or control them. However, the management cannot foresee all possible problems or circumstances. There will always be random variables or events that can render internal controls futile. These circumstances may come from different sources, either internal or external. However, when these events take place, internal controls cannot prevent them. Similarly, making controls for these circumstances can also be costly if they rarely occur. Therefore, in unforeseen circumstances, internal controls may limit use. The process of internal controls depends on the management of a company forecasting all the risks that may occur and introducing systems to prevent or control them. However, the management cannot foresee all possible problems or circumstances. There will always be random variable or events that can render internal controls futile. These circumstances may come from different sources, either internal or external. However, when these events take place, internal controls cannot prevent them. Similarly, making controls for these circumstances can also be costly if they rarely occur. Therefore, in unforeseen circumstances, internal controls may have limited use.

Conclusion: Internal controls consist of processes, mechanisms, and procedures put in place to safeguard a company's assets, ensure the integrity of its financial statements, help risk management, and much more. While internal controls are necessary for every company, they might have some limitations. Some of the most common limitations of internal controls include providing reasonable assurance, collusion, human error, control override, poor judgment, cost and benefit consideration, improper communication to or training of employees, and unforeseen circumstances.

2.7 Empirical Studies

Many financial scandals that have shaken financial markets and investors globally have certainly contributed to the recognition of the important role of the internal control system in the governance of firms. Theories have been documented, and they have formed the basis of the design of internal control systems. According to the agency and stewardship theories, the internal control system contributes to the protection of investors. Interests both by promoting and giving assurance on the reliability of financial reporting and by focusing the boards attention to the timely identification, evaluation and management of risks that may compromise the attainment of corporate goals.

Internal control system cannot be directly observed by investors in order to appreciate its effectiveness because it is composed by internal managerial mechanisms, activities and process put in place within the organization (Deumes & Knechel, 2008). Thus, investors must rely on management discretionary disclosure in order to get specific information on its design and implementation. For this reason, both regulation and codes of corporate governance across the world have called for increased internal control disclosure (Directive 2003/51/EU “Modernization”; combined code- discussion draft FRC, 2009).

Etengu R. O & Amony M. (2016) investigated the role of internal control system in the financial performance of non-governmental organization in Uganda. They found a significant relationship between control environment, control activities, monitoring, and financial performance of international union for conservation of nature. Additionally, performance standards should be established and communicated to employees of international union for conservation of nature in a bid to improve financial performance.

Michael O.O. (2016) investigated the issue of controls and frauds by assessing whether churches have effective internal controls and if such can prevent fraud. They concluded that the trace of internal control in place, churches need to work particularly on the authorization and personnel controls to avoid the incidence of fraud. Magu J.K & Kibati P. (2016) aimed to establish the influence of internal control system on the financial performance of KFA Ltd.

William & Kwasi in 2013 have done research on the significance of internal control in the rural banking sector, they wanted to examine whether effective internal control system is adopted by

the bank in the Eastern Region of Ghana. The population for this study includes internal auditors, management, account personnel, and other staff in the bank. The employees at senior level, middle levels and lower levels were included in the study too. The study concluded that the internal control systems assist management and auditors in executing their duties. Internal controls are established by management by adopting policies and procedures with each system of control having specific function to perform, the computers should be provided with passwords to provide security for the information's of the bank to prevent fraudulent acts, and auditors should employ professional judgment to assess and design audit risk procedures in order to minimize audit risks, substantive test should be used by auditors to appraise the performance of internal accounting controls and identified weaknesses communicated.

According to study conducted on the internal control system of the Ethiopian airlines, Addis Ababa branch, by Salih (1983), there was no segregations of duties in the purchasing department, and that the organization structure was questionable as there was not internal audit division and the accounting unit was answerable to the sales, giving weak internal internal control system and so possible malpractices.

Esmailjee (1984), in his evaluation of the internal control systems of Nyayo Bus Service corporation, a profit making organization, cited inadequate segregation of duties and poor physical control in the stores as possible trouble spots. The organizational structure was also doubtful, with the internal auditor reporting to the general manager. Within a period of seven years, since the takeover of the parastatal from National Youth Service operations, the firm collapsed, with rapid expansionist policy cited as the focal reason.

In summary, while benefits may ensue from the implementation of collaborative internal control system, this will require together an effective and comprehensive change programs, and the competences to support the change. Understanding and implementing internal control system should bring about dramatic changes in work and business process, positively resulting to efficiency, in quality service at the least cost.

2.8 Conclusion and Knowledge gap

Most literature shows how the organizations invest massive amount of resources included technological knowledge, money and skilled man power to establish sound internal control to improve and achieve their daily operating and financial objectives.

Literatures settle that there are different types of internal control, while most of the classifications are based on purpose of the controls; some other classifies them based on the control methods applied in the system. However, the objectives of every internal control system were to achieve organizational efficiency and effectiveness, meet corporate objective and ensure adherence to rules and regulations. Internal control is integration of element which is used to operate and control its system. The shared elements are control environment, control activities, risk assessment, information and communication and monitoring. Control activities are policies and procedures used to operate the internal control system, nonetheless the internal control is not without limitation. In other hand internal control system is not absolute assurance for free of errors and fraud performance, due to the internal control system designed and operated by people, who can cause failure of internal control by inherent nature of errors or an deliberate conspiracy. The empirical literature indicated that, though internal control is reasonably a preventive shield of fraud and misappropriation of warden of resources, several reported cases of multibillion dollar fraud and reporting humiliation over the world have so far refueled public policy debates on internal control. This issue becomes core emphasis for policy makers and management to avoid those frauds. Therefore it is not in doubt that studies and continuous improvements of internal control system are needed to resolve the issues.

In the context of Ethiopian microfinance internal control system, even if Ethiopian microfinance institutions contribute very big roles for the country's economic stability and development, there are still abundance of fraud and improper internal controlling system on the sector. Government of Ethiopia specially after new reform, it gives more attention to the microfinance sector to minimize unemployment and support entrepreneurs to eradicate poverty of the nation; and this study focuses on to determine microfinance internal control gaps and contribute some remedies to resolve or minimize issues.

2.9 Conceptual Framework

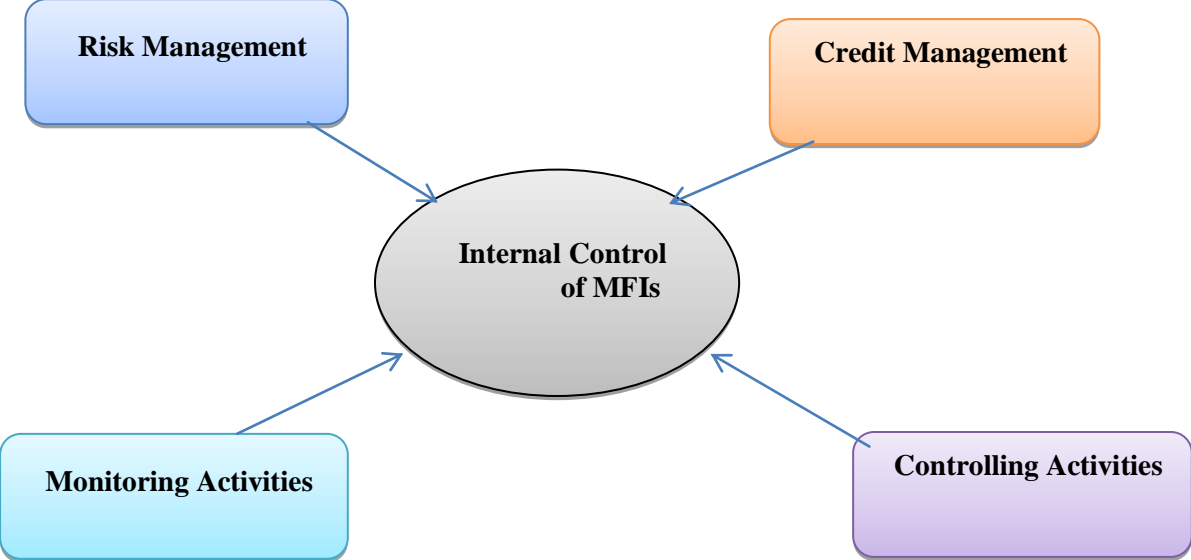


Figure 2.1

CHAPTER THREE

RESEARCH METHODOLOGY

3. Introduction

This chapter focuses on details of research design to be used to achieve the objective stated earlier in the study. Under this chapter research design, population and sampling techniques, data collection and source of data and data analysis are presented in details.

3.1 Research Design

The study followed a descriptive research design because it seeks to describe the manner things exist (Mugenda and Mugenda, 2013). Using this design, information on the various factors influencing the MFIs were studied and discussed. This research is concentrated more on the factors influencing effectiveness of internal controls at selected MFIs in Addis Ababa. Given the nature of the sector, an accurate and precise sample was the representative of the whole population. In addition both quantitative and qualitative research approaches were employed. This also allowed the researcher to gain quality and in depth information.

3.2. Data Sources and Data Collection Techniques

3.2.1 Data Sources

The data employed includes detailed information on the internal control using both primary and secondary sources. The primary source of data was collected from sample respondents relating to the risk management, Credit management. Monitoring and controlling activities values on effective internal control system of selected microfinance to come up with the data required.

3.2.2 Data Collection Techniques

The study utilized both primary and secondary data. Secondary data was obtained from existing literature and company documents while primary data have been collected from the respondents

using questionnaires. The questions adopted the likert scale which facilitated quick collection of data from the respondents.

The data collection technique that the researcher employed is closed ended questionnaires. This questionnaire was employed for collecting information from employees of all levels. Due to their highly structured format, questionnaires were used where the aim is to generate quantitative data from a large sample to test research questions and/or hypotheses (Tharenou, et al. 2007). The questions related to the risk management, credit management, monitoring and controlling activities are all collected by using structured questionnaires. Finally what I want to add is the data collection is not made simply by distribution of questionnaires only rather the researcher devoted his time and other resources by reading and clarifying the questions to them were followed by recording respondents' feedback through taking notes and at the collecting the questionnaires from the respondents.

3.3 Target Population and Sampling Technique

All of the 41 MFIs currently operating in Ethiopia are considered as population of the study, from which ten of them were, selected due to that the targeted population for this research considering time and resource constraints. The sample taken for this study consists of respondent from top managerial position to the lower clerical positions. One individual from every position will be participated to fill out the questioner from each selected sample institutions. This study randomly selected 10 Microfinance institutions out of total population 41 MFIs which are currently found in Addis Ababa using purposive sampling technique.

The target population of the study encompassed all the 1100 employees of 10 selected MFIs found in Addis Ababa purposively. Accordingly, to determine this sample size the researcher used Yamane's formula which is very general to determine sample size.

The formula is given as,

$$\text{Sample size (n)} = N/1+e$$

$$N = \text{Population size} \quad n = \text{sample size} \quad e = \text{marginal of error}$$

Accordingly, the total population of the study is 1100, at 5% (DE), the sample size would be: $1000/1+1000(0.05) = 1100/3.75 = 225$

For this study the researcher determined sample size of 225 respondents from total of 1100 currently employing in selected MFIs by using the above formula.

3.4. Method of Data Analysis

Through the closed ended questionnaires used managers views/intention recorded through reading the questionnaires followed by clarifying and taking notes of their feedback. The researcher employed to describe the data first to have figures using tabulation and assigning percentages by using SPSS version 27; next task is analyzing the information gathered. This is done in combination with the findings and the literature review. One of the important things that given much emphasis by the researcher when analyzing the information gathered is through the following procedures; first the questionnaire data were collected from both the managers and employees. Next the questionnaire that is gathered from the managers and employees described on the appropriate manner by computing percentages.

The data will be analyzed using inferential and descriptive statistics. In addition, the information will be presented in form of tables and figures. Finally, the analyses will be made by including the views of the two parties and the available literature.

3.5 Validity and Reliability Test

After collecting the data through different techniques, the researcher will organize and prepare the various data depending on the sources of information. Moreover, in order to ensure logical validity and consistency of responses, data editing will be carried out each day by the researcher. Identified mistakes and data gaps will be rectified as soon as possible.

Cronbachs alpha is a coefficient of reliability. It is commonly used as a measure of the internal consistency or reliability of a psychometric test score for a sample of examinees. It was first named by Lee Cronbach in 1951, as he had intended to continue with further coefficients. The measures were viewed as an extension of the Kuder-Richardson Formula 20 (KR-20), which is an equivalent measure for dichotomous items. (http://en.wikipedia.org/wiki/Cronbach's_alpha).

3.6 Ethical Considerations

Ethical clearance will be obtained from Saint Mary University, College of Business and Economics, School of Graduate Studies while the proposal was approved and then Accounting and Finance department will allow the data collection with pre-planned work plan. Informed verbal consent was be secured to each of study subjects. Each respondent patient will be informed about the objective of the study and assurance of confidentiality, risks and benefits.

CHAPTER FOUR

DATA PRESENTATION AND INTERPRETATION

Response Rate

From total distributed questionnaire to 225 respondents, the researcher got 200 respondents questionnaire (88.8%) both collected and scored valid.

Table 4.1 Response Rate

	Frequency	Percentage
Total distributed questionnaire	225	100 %
Collected/responded questionnaire	200	88.8 %

4.2. Demographic Analysis of Respondents

4.2.1. Age of respondents

Regarding to Age of respondents Table 4.2 below reveals; 65.93 % of the respondents age ranges 18- 25, 23.44 % of respondents ages were between 26 to 35 years where age 46-55 constitutes only 3.66 % of respondents and age 36-45 is 5.49 %. Only 1.46 % of the respondents were above year 55.

Table 4.2 Age of respondents

Age of respondents	Frequency	Percent
18- 25	132	65.93%
26-35	47	23.44%
36-45	11	5.49%

	46-55	7	3.66%
	Above 55	3	1.46%
	Total	200	100.00%

4.2.2. Sex of respondents

Figure 4.1 below discloses Sex of respondents as partial 136 (68.12 %) of them were males whereas females are only 64 (31.88 %) among 200 total respondents.

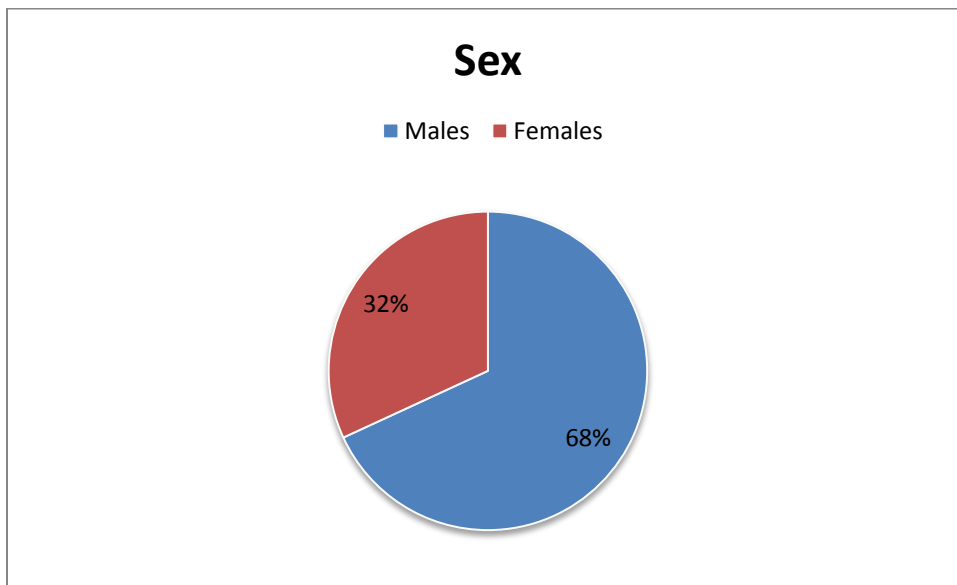


Figure 4.1 Sex of respondents

4.2.3. Marital status of respondents

Table 4.3 Marital status of respondents

	Marital status	Frequency	Percent
	Single	67	33.33 %

	Married	128	64.10 %
	Divorced	5	2.56 %
	Total	200	100.0%

With regard to marital status of respondents as observed from below table 33.33 % or 26 of the respondents were single while 64.10 % of them were married and only 2.56 % respondents from the total were divorced.

4.2.4. Educational background of respondents

Concerning to educational background of respondents (Figure 4.2) 20.9 % of the respondents possessed diploma/ TVET level education and 77% of them were graduate of Degree level and while Masters and above holders were only 2.1 % of them. Amazingly no respondents' educational background is at masters and above level.

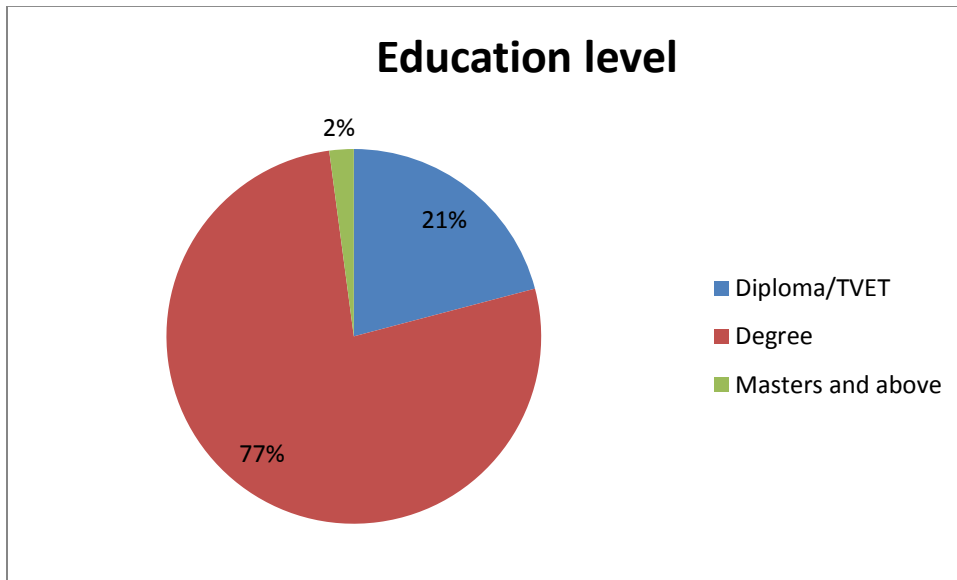


Figure 4.2 Educational backgrounds of respondents

4.2.5. Working experience of respondents

The descriptive analysis on Table 4.4 shows 15.38 % of the respondents working experience were between one to three years and 28.02 % of them worked in Selected MFIs for 4-6 years

while only 38.46 % respondents among total has 6-7 years working experience and the remaining 17.94% have served for more than seven years.

Table 4.4 Working experience of respondents

	Working experience in years	Frequency	Percent
	1 - 3 years	30	15.38 %
	4 - 6 years	56	28.02%
	6 - 7 years	77	38.46%
	7 years and above	35	17.94%
	Total	200	100.00%

4.2.6 Organizational position of employees

The descriptive analysis on Table 4.5 shows 55% of the respondents were working at administrative level, 15 % of them were working as an accountant/ Auditor, 12.5% loan officer, 10% branch Manager and the remaining 7.5% working in a supervisor position.

Table 4.5 Organizational position of employees

	Organizational positions	Frequency	Percent
	Administrators	110	55 %
	Supervisor	15	7.5 %
	Branch Manager	20	10 %
	Accountant/ Auditor	30	15%
	Loan Officer	25	12.5%
	Total	200	100.00%

4.3. Factors Related to Effectiveness of Internal Control

4.3.1 Factors related to Risk Management

The data collected was analyzed using descriptive statistics, and the result reveals majority of the respondents (64.09%) strongly agree and agree with the statement, Has enabled establishment of clear, consistent organization objectives . 6.41% and 10.25% of the respondents disagree and strongly disagree with the statement respectively.

Table 4.6 Factors related to Risk Management

		Frequency	Percent
Has enabled establishment of clear, consistent organization objectives.	Strongly disagree	8	10.25%
	Disagree	5	6.41%
	Neutral	15	19.23%
	Agree	28	35.89%
	Strongly agree	22	28.20%
	Total	78	100.00%

Source: SPSS Output

Respondents' analyzed result from descriptive analysis shows that 38.46 % and 23.07 % of respondents strongly disagree and disagree to the statement has enabled ease in the identification and analysis of relevant risks associated.

		Frequency	Percent
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Has enabled ease in the identification and analysis of relevant risks associated	Strongly disagree	30	38.46%
	Disagree	18	23.07%
	Neutral	18	23.07%
	Agree	7	8.97%
	Strongly agree	5	6.41%
	Total	78	100.00%

Source: SPSS Output

Respondents were also asked to rate their agreement level using the likert scale framed. Table below shows us 42.30 % and 38.46 % of respondents strongly agree and agree that Ensures right personnel for the job are on board respectively, and whereas together 15.38 % of respondents strongly agree and agree with the argument.

		Frequency	Percent
Ensures right personnel for the job are on board	Strongly disagree	5	6.41%
	Disagree	7	8.97
	Neutral	3	3.84%
	Agree	30	38.46%
	Strongly agree	33	42.30%
	Total	78	100.00%

Source: SPSS Output

Result on table below shows us 28.20 % and 26.92 % of respondents have strongly disagreed and disagreed to the statement that Has established physical control to secure and safeguard vulnerable assets, and whereas together 38.35 % of them supported the argument and 6.41 % of them remains neutral.

		Frequency	Percent
Has established physical control to secure and safeguard vulnerable assets	Strongly disagree	22	28.20%
	Disagree	21	26.92%
	Neutral	5	6.41%
	Agree	16	20.51%
	Strongly agree	14	17.94%
	Total	78	100.00%

Source: SPSS Output

SPSS output on table below shows us together 76.91 % of respondents have showed disagreement to the argument that says Has enabled validation of the propriety and integrity of both organizational and individual performance, and whereas together only 23.07 % of them have supported the argument.

		Frequency	Percent
Has enabled validation of the propriety and integrity of both organizational and individual performance	Strongly disagree	17	21.79%
	Disagree	43	55.12%
	Neutral		
	Agree	10	12.82%

	Strongly agree	8	10.25%
	Total	78	100.00%

Source: SPSS Output

4.3.2 Factors related to Credit Management

Result on above table below shows us together 88.00 % of respondents strongly disagree and disagree that the MFIs encourages group lending whereas together 5.00 % of respondents strongly agree and agree with the argument.

On another hand 51.5 % and 37.48 % of respondents have agreed and strongly agreed to the statement that the MFIs provide clear delegation of authority and responsibility and whereas together 9.50 % of them opposed the argument and only 1.49 % of them remains neutral.

Concerning to the MFIs Enhancement of maintaining of employee competence 48.10 % and 45.00 % disagree and strongly disagree to the statement; MFIs Enhances maintenance of employee competence respectively, while 5.01 % and 3.11 % of the respondents rated agree and strongly agree to the argument.

Table 4.7 Factors related to Credit Management

Credit Management	Likert Scale	N	%
Encourages group lending	Strongly disagree	65	32.50%
	Disagree	115	57.50%
	Neutral	10	5.00%
	Agree	6	3.00%
	Strongly agree	4	2.00%

Provides clear delegation of authority and responsibility	Strongly disagree	7	3.50%
	Disagree	12	6.00%
	Neutral	3	1.50%
	Agree	103	51.50%
	Strongly agree	75	37.50%
Enhances maintenance of employee competence	Strongly disagree	90	45.10%
	Disagree	96	48.00%
	Neutral		2.50%
	Agree	10	5.00%
	Strongly agree	6	3.10%
Enhance provision of constructive counseling, and performance appraisals	Strongly disagree	73	36.50%
	Disagree	110	55.00%
	Neutral	5	2.50%
	Agree	7	3.50%
	Strongly agree	5	2.52%
Clearly defines key areas of authority and responsibility and lines of reporting	Strongly disagree	4	2.00%
	Disagree	6	3.00%
	Neutral		0.00%

	Agree	104	52.06%
	Strongly agree	86	43.00%

SPSS output on table above shows us together 91.50 % of respondents have showed disagreement to the argument that says; MFIs enhance provision of constructive counseling, and performance appraisals, and whereas together 8.00 % of them have supported the argument and 2.52 % of them remains neutral.

Analyzed result as on above table shows us 52.06 % and 43.20 % of respondents have agreed and strongly disagreed to the statement that; MFIs clearly defines key areas of authority and responsibility and lines of reporting. Altogether 5.00 % of them supported the argument.

4.3.3 Monitoring Activities related factors

The study findings show that the majority of the respondents agreed monitoring helps to determine whether controls under the microfinance are effective (Mean=4.106, Standard Deviation =1.207), while minority or the lest of the respondents stated that monitoring helps to assess the quality of performance of the microfinance over time (Mean=3.941, Standard deviation = 1.213).

Table 4.8 Factors related to Monitoring Activities

Monitoring Activities	Mean	Std dev.
Monitoring is important if the microfinance is to achieve its set objectives	4.031	1.209
Monitoring helps to assess the quality of performance of the microfinance over time	3.941	1.213
Monitoring helps to determine whether controls under the microfinance are effective	4.106	1.207

The microfinance considers audit findings and recommendations and takes adequate management actions	3.971	1.267
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Based on the findings of the study, it can be concluded that monitoring is significant if the microfinance is to realize its set objectives, helps to evaluate the quality of performance of the microfinance over time, helps to decide whether controls under the microfinance are effective, covers the evaluation of the effectiveness of the microfinance in achieving set objectives and is the foundation of taking adequate management actions. These findings supplement the observations of DiNapoli, (2007) that management should emphasis monitoring efforts on internal controls and the achievement of the organization’s mission.

4.3.4 Factors related to Control Activities

The study analysis in Table 4.9 below demonstrates how control activities influence effectiveness in internal control. A study of the deviation of the means on table 4.9 below shows that majority of the respondents agreed and strongly agreed that control activities ensures: qualified and continuous supervision is provided to ensure that internal control objectives are achieved (Mean=3.815 Standard deviation = 1.145), ensuring completeness and accuracy of information processing (Mean=3.900, Standard deviation = 1.254) , that actions are taken to address risks in that no one individual should control all key aspects of a transaction or event(Mean=3.803, Standard deviation = 1.220), comparison of actual performance to expected results throughout the organization for effective decision making (Mean=3.670, Standard deviation = 1.077), work force is provided with the right training, tools, structure, incentives, and responsibilities for effective job execution (Mean=3.829, Standard deviation = 1.090).

Based on the results of the study, it can be concluded that control activities ensures that: qualified and continuous supervision is provided to ensure that internal control objectives are achieved; completeness and accuracy of information processing; actions are taken to address risks in that no one individual should control all key aspects of a transaction or event.

Table 4.9 Factors related to Controlling Activities

Control Activities	Mean	Std dev.
Ensures qualified and continuous supervision is provided	3.815	1.145
Ensuring completeness and accuracy of information processing	3.900	1.254
Ensures that actions are taken to address risks	3.803	1.220
Enhances comparison of actual performance to expected results	3.670	1.077
Ensures work force is provided with the right training, tools, structure, incentives, and responsibilities	3.829	1.090

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1. Conclusion

In this section the researcher concluded that findings from the effectiveness of internal control in case of selected MFIs based on the formulated research questions as follows.

1. Credit management delivers discipline and structure as well as the climate which influences the quality of internal control. It also reassures group lending, reduces default rate, provides a platform for setting and maintaining the organization's ethical tone. It can also be seen that credit management affords guidance for proper behavior and removing temptations for unethical behavior in the organization, while at the same time facilitates clear delegation of authority and responsibility for operating activities, reporting relationships, and authorization protocols. From the study it can be deduced that credit management effectively enhances maintenance of employee competence that allows them to realize their assigned duties, provision of candid and constructive counseling. Furthermore, credit management ensures effective performance appraisals, provides management's framework for planning, directing, and controlling operations to achieve organization objectives.

2. Risk management has enabled establishment of clear, consistent organization objectives, enabled ease in the identification and analysis of relevant risks associated with achieving the objectives. It has also ensured right personnel for the job are on board, established physical control to secure and safeguard vulnerable assets, enabled putting up controls for validating the propriety and integrity of both organizational and individual performance measures and indicators. Finally it has ensured transactions are promptly recorded to sustain their relevance and value to management in controlling

3. Monitoring is important if the microfinance is to achieve its set objectives as it helps to assess the quality of performance of the microfinance over time and to determine whether internal controls under the microfinance are effective. It also covers the evaluation of the effectiveness of the microfinance in achieving set objectives and is the basis of taking adequate management actions.

4. Control activities ensures that qualified and continuous supervision is provided to ensure that internal control objectives are achieved and that completeness and accuracy of information processing; actions are taken to address risks in that no one individual should control all key aspects of a transaction or event. Control activities enable comparison between actual performance to expected results throughout the organization for effective decision making; while at the same time availing employee with the right training, tools, structure, incentives, and responsibilities for effective job execution. Control activities enhance performance evaluation and feedback and reward systems ensuring organization's success.

5.2. Recommendations

Selected MFIs should implement appropriate internal control system for better financial performance and even survival. Based on the above findings the researcher recommended as follows:

- Financial institutions should build and administer a helpful whistle – blowing culture to create a more effective internal control with regard to staff related theft, fraud, noncompliance with policies and unethical behavior. Whistle-blowing can act as a crucial and important part of the internal control system and business surroundings of an organization. Whistle blowing can play an essential role as a preventive and detective control system, if the company embeds a system of reporting that reveals the occurrence of bad behavior into its system of control. Whistle-blowing can play an important role in the internal control environment of an organization. These Whistle-blowers may be internal or external to an organization.
- Due to changes in economic, industry, regulatory, technology and operating conditions, adequate and frequent training is needed to keep all the staff of all non-bank and banking financial institutions abreast with changes to be able to identify and deal with the new and emerging risks. This will ensure that employees understand and follow principles of conduct in the preservation of rules and regulations. To bring awareness and minimize the risk of fraud and non-compliance, each employee should be required to participate in annual fraud and compliance awareness training programs.

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APPENDIX

የተማሪዎች መመሪያ ጥናት

በማይክሮ ፋይናንስ ኢንተርፕራይዝ ስራተኞች የሚመለጥ ጥያቄ

ውድ መላሾች ይህ ጥያቄ የተዘጋጀው በተመረጡ አዲስ አበባ ውስጥ በሚገኙ ማይክሮ ፋይናንስ ድርጅቶች የሚሞላ የውስጥ ቁጥጥር ስርአታቸውን ለመወሰን በተዘጋጀው የማስተርስ ዲግሪ የጥናት ዕቃ ለማዘጋጀት ነው።

የጥናቱ አከናዎኝ የተዘጋጀውን ቃለመጠይቅ በተቻለ መጠን በቅንነት ለመሙላት ውድ ሰዓታችሁን እንድትሰው በትህትና ይገልጻል። የጥናት አከናዎኝ የምትሰጡት መረጃ ለትምህርት አላማ ብቻ የሚውል እና በሚስጥርነት የሚያዝ መሆኑን ይገልጻል። ስለሆነም በዚህ ቃለ መጠይቅ ማንኛውም ቦታ ላይ ስማችሁን እንድትፀፉ አይጠበቅባችሁም።

ማንኛውም አይነት ጥያቄ ካላችሁ የጥናት አከናዎኝ Bekelefg@gmail.com ወይንም በተንቀሳቃሽ ስልክ ቁጥር 0930363892 መገናኘት ትችላላችሁ

መመሪያ በመረጡት ምርጫ ላይ ሀሳብዎን ለማንፀባረቅ ይህንን ምልክት ያኑሩ ✓

ክፍል አንድ

የመልስ ሰጪዎች ጠቅላላ መነሻ ታሪክ (የስነ ህዝብ መረጃዎች)

1. የታ

- ወንድ
- ሴት

2. እድሜ

1. 18-25

2. 26-30
3. 31-35
4. 36-40
5. ከ40 በላይ

3. የጋብቻ ሁኔታ

1. ያላገባ
2. ያገባ
3. ፍቺ የፈፀመ

4. የትምህርት መነሻ

- ዲፕሎማ/የቴክኒክ እና ሙያ ትምህርት
- የባችለር ሳይንስ/ዲግሪ/ቢ.ኤ ዲግሪ
- ማስተርስ ዲግሪ/ኤንኤ እና ከዛ በላይ

5. በድርጅቱ ውስጥ ያለ የስራ ኃላፊነት

1. አስተዳደር
2. ተቆጣጣሪ
3. ስራ አስኪያጅ
4. ባለሙያ

6. በድርጅቱ ውስጥ ያለ አገልግሎት አመት ከ1እስከ 3 አመት

- 1-3 አመት
- 4-6 አመት
- 4-6 አመት
- ከ7 አመት በላይ

7. በመጨረሻ ኃላፊነቱ የነበረት የአገልግሎት ዘመን

- ከ1 አመት ያነሰ
- ከ2 - 3 አመት
- ከ4 - 6 አመት
- ከ7 አመት በላይ

ክፍል ሁለት: የመላሾች አዝማሚያ ጥያቄ

የስጋት ቁጥጥር የዱቤ አያያዝ ቁጥጥር እና ክትትል የተመለከቱትን የሚከተሉትን ጥያቄዎች ተገቢ ነው ባሉት ምላሽ ላይ የመለያ ትርጓሜውን በመከተል እባክዎ ✓ ምልክትዎን ያድርጉ።

1. በእጅጉ እቃወማለሁ (በእ)
2. እቃወማለሁ (እ)
3. መካከለኛ (መ)
4. እስማማለሁ (እ)
5. በእጅጉ እስማማለሁ (በእ)

ሀ. የስጋት ቁጥጥር

	በእ	እ	መ	እ	በእ
ግልፅ የሆነ የድርጅት አላማ መተዳደሪያ ለመመስረት ችሏል					
ተገቢ በሆኑ ክስጋት ጋር ግንኙነት ያላቸውን ለመለየት እና ለመተንተን ችሏል					
በቦርድ ውስጥ ያሉ ስራዎችን በአግባቡ የሚያከናውኑ ትክክለኛ ሰራተኞች መኖራቸውን አረጋግጧል					
ለአደጋ ተጋላጭ ንብረቶችን ደህንነት በተመለከተ አካላዊ ቁጥጥር የሚያደርግበት አሰራር መስርቷል					
የድርጅት እና የግለሰብ የስራ ክንውኖች የንብረት እና ታማኝነት ዋጋ ያለው ተፈጻሚ እንዲሆን አስችሏል					

ለ. የክሬዲት ቁጥጥር

	በእ	እ	መ	እ	በእ
የቡድን አመራርን ያበረታታል					
አግባብነት ላለው ባህሪ መመሪያ ያቀርባል					
ግልፅ የሆነ የስልጣን እና ኃላፊነት ምደባን ያቀርባል እንዲሁም የሰራተኞችን ብቃት አያያዝ አረጋግጧል					
ገንቢ የሆነ ምክክር እና የስራ ክንውን ግምገማ ማቅረቡን					

አረጋግጧል					
የስልጣን እና ኃላፊነት እና የሪፖርት አቀራረብ ቁልፍ የስራ ቦታዎች በግልፅ ተለይቷል					

ሐ. ቁጥጥር

	በእ	እ	መ	እ	በእ
የተቀመጠለትን አላማ ለማሳካት የማይክሮ ፋይናንስን አስፈላጊ ቁጥጥር ያደርጋል					
የማይክሮ ፋይናንስ የትርፍ ሰአት ስራ ክንውኖች ጥራትን ለመገምገም የሚረዳ ቁጥጥር ያደርጋል					
ቁጥጥሩ በማይክሮ ፋይናንስ ውጤታማነት ላይ ክትትል መደረጉን ለመወሰን ይረዳል					
ማይክሮ ፋይናንስ የአዲት ግኝቶችን አፅኖት ይሰጣል ምክረ ሀሳቦችን እና በቂ የሆነ የስራ አመራር ተግባርን ይፈፅማል					

መ. ከቁጥጥር ተግባሮች ጋር የተያየዙ ተግባሮች

፫

	በእ	እ	መ	እ	በእ
ጥራቱን የጠበቀ ተከታታይነት ያለው ቁጥጥር መቅረቡን አረጋግጧል					
የመረጃ ሂደቱ የተሟላ እና ትክክለኛ መሆኑን አረጋግጧል					
ስጋቶችን ተደራሽ ያደረገ ተግባር መወሰዱን አረጋግጧል					
የተግባር ክንውኖች የሚጠበቁትን ውጤት ማምጣታቸውን አረጋግጧል					
የስራ ግብረሀይል ትክክለኛ ስልጠና መሰሪያ መዋቅር እና ማበረታቻ እንዲሁም ኃላፊነት እንቀረበላቸው አረጋግጧል					

