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Internal Controls and Fraud Prevention in Non-profit Organizations: A Survey of Selected Churches in Lagos, Nigeria

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Abstract:

This paper examines the importance of internal controls in the operation of churches in Nigeria. This research is driven by the arguments that non-profit organizations particularly the ecclesiastical arm lack internal control as a result they end up failing in their responsibilities. Different scholars are of the opinion that internal controls play a vital role in preventing the misapplication of resources. The research was designed to investigate the issue of controls and frauds by assessing whether churches have effective internal controls and if such can prevent fraud. This was done by obtaining information through questionnaires from one hundred (100) randomly selected respondents who are church workers, from which hypotheses were formed, and relevant statistical tools applied and conclusion derived that internal controls are in place in the administration of churches but only few of them have experienced staff knowledgeable about controls. It is noted that internal controls in these churches are based on trust and not on the basic accounting principles hence they are not in a position to maximize the effectiveness of internal controls to their advantage. This study would be of benefit to churches as it would provide a guideline upon which their assets will be secured. Based on the findings, the study concludes that despite the trace of internal control in place, churches need to work particularly on the authorization and personnel controls to avoid incidence of fraud.

Keywords: Church, fraud, internal controls, resource management, staff training

1. Introduction

The management of ecclesiastical organizations is rarely researched into due to assumed sacred nature of their activities. This assumption has led to a distinct sense of the inferiority of accounting issues to any non-monetary issues, which often results in ignoring managerial control of churches' finances (Myers, 2012; Ahiabor & Mensah, 2013). Furthermore, the relationship between the churches stakeholders and the management is complicated by non-contractual, when dealing with financial matters hence it is seen as more of spiritual rather than monetary issues (Myers, 2012; West and Zech, 2008).

The various secular financial scandals have created the need to institute an effective internal control mechanism even if the motive of the organization is not to make profit (Petrovits, Shakespeare and Shih, 2009; Ahiabor & Mensah, 2013; Abdulkadir, 2014).

Internal control, according to COSO (2012) "is a process, effected by an entity's board of directors, management and other personnel. This process is designed to provide reasonable assurance regarding the achievement of objectives in effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations". Internal controls in general serves as tools of detecting fraud and errors, protect the organization assets, and promote accountability (Kieso, 2010). Apart from being a process, it is a means to an end, but not an end in itself. Such controls should reduce the risks associated with undetected errors or irregularities (Petrovits et al, 2009). Controls are restraining and directive influences over the activities of a system (West and Zech, 2008). Controls can either be preventive and or detective. Preventive control is a control that prevents error from occurring. Detective control detects and controls errors that have occurred (Etuk Ifiok, 2011). Where internal controls are not in place or ineffective the propensity to defraud the church is high. Fraud is the act of dishonesty, deceit and imposture. A person who pretends to be another fellow is perpetuating fraud, hence fraud includes embezzlement, theft and conversion/misuse of assets into another without approval of an authority (Ebhodaghe, 2014; Etuk Ifiok, 2011). In non-profit organizations, internal controls should play a crucial role since revenue is derived from income obtained from donors/church members, grants and fundraising, an effective use of such fund will attract additional streams of income from existing and or potential donors. The internal control system defines whether the policies, procedures, and practices designed and approved by management and the board are in place and operating as prescribed. The internal control system must be designed to provide reasonable assurance regarding the effectiveness and efficiency of operations, reliability of reporting and compliance with the applicable laws and regulations (Dzomira, 2014). In a local church setting where truth is the basis of activities, fraud can be carried out undetected if the control system is spiritualized (West and Zech, 2008; Ahiabor & Mensah, 2013). It is pertinent for church management to put in extra efforts to install an effective, efficient and reliable internal control system devoid of influences; at least to give stakeholders the confidence to continue to give liberally.

Several studies have examined the impact of effective internal control system on an organization's performance- both profit and nonprofit (Ebhodaghe, 2014; Ozigbo & Orife, 2011; Badara & Saidin, 2013; Dzomira, 2014; Wood & Wood, 2014; Ahiabor & Mensah, 2013;

Abdulkadir,2014; Myers,2012)none has explored the impact of controls and fraud on the administration of Nigerian churches-which is the focus and objective of this research paper.

The dual distinct purpose of this research are: First, while business organizations are expected to have effective internal controls due to need for stewardship, nonprofit organizations due to public perceptions are expected to avoid financial scandals especially among religions bodies, hence the need for a working internal control mechanism that will effectively block loopholes (Wood and Wood, 2014; Myers, 2012; Ahiabor & Mensah, 2013; Ozigbo & Orife, 2011). Also, the mixed research findings on the cost benefits of installing effective internal control by nonprofit organizations (Dzomira, 2014; Ahiabor & Mensah, 2013;Abdulkadir, 2014; Myers, 2012) is another reason. In covering this research gap, this paper makes key contributions to the literature on the subject matter. It provides evidence on the knowledge of internal control as it affects church administration and management, the need to put in place internal controls despite its nonprofit orientation, how effective internal control curtail fraud and the need for churches to have documented system a major criterion of assessing controls.

The research questions on which this paper attempts to provide answers to are :(i) is there any significant difference between churches that have effective internal control system and others in terms of fraud prevention? (ii) Are there challenges hindering Nigerian churches from installing effective internal control system?

The rest of the paper is structured into four parts. Part 2 discusses the literature part 3, the methodology. Part 4 explains the analysis and implications of findings while part 5 is the conclusion and recommendations

2. Literature Review

2.1. Internal Controls and Ecclesiastical Organizations (Non-profit making)

Internal controls can be defined as systems of policies and procedures that safeguard an organization's assets and other usable resources, accurate and reliable financial reporting assurance, rules or laws and regulations compliance promotion, and attainment of efficient and effective operations (Dzomira, 2014). Internal controls differ according to the size and nature of operation and activities of an organization. Controls are restraining and directive influences over the activities of a system. The complexity of controls depends on the type of operations carried by the organization, its size and location. Internal controls procedures include: handling funds received and expended by the organization, preparing appropriate and timely financial reporting, conducting the annual audit of the organization's financial statements, evaluating staff and programs, maintaining inventory records of real and personal property, and implementing personnel and conflicts of interest policies. The Institute of Internal Auditors (IIA) opined that effective system of internal controls aid in ensuring the organizational processes functioning properly, securing reliable financial information and application of regulations. It is also noted that the business implements controls to protect them from fraud and abuse (Dzomira, 2014). Internal controls consist of all the measures taken by the organization for the purpose of: protecting its resources against waste, fraud, and inefficiency; ensuring accuracy and reliability in accounting and operating data; securing compliance with the policies of the organization; and evaluating the level of performance in all units of the organization (Ehbodaghe, 2014; Ozigbo & Orife, 2011). Dzomira (2014) describes "Fraud as the act of artifice (trickery or guile) to defraud or deceit encountered in misrepresentation which is normally intentional, or concealment of documents, or non-disclosure for the purpose of inducing another or to surrender a legal right or obtaining money or other properties through false pretences, representations or promises. This could also be the use of one's occupational position to enrich him/her via deliberate misuse or misapplication of organization's resources". Fraudulent activities are usually done through collaboration where internal controls are lagging. Fraud can be grouped into two classes, institutional and external, while the former is caused by work volume, ineffective staff supervision, exposure to cash, poor staff training, non-segregation of duties, staff negligence, maintenance of incomplete records, and management lapses, the latter is caused by societal/peer pressure and poor legal system (Ehbodaghe,2012; Myer,2014).

In general, there are five components of internal controls that will make it effective in tackling fraud: (i) Control environment, this refers to the attitude of the organization, management, and staff (including volunteers) about internal controls and its application on their activities. If it is taken with levity any loopholes will be catch on to perpetuate fraud (Aldridge& Colbert,1994). (ii) Risk assessment, to have a good internal control, management must identify its riskiest areas and implement controls to prevent or detect errors or fraud that could result in material misstatements. For example, management of a church must consider the risk of cash pilfering especially during weekly cash donations through tithe, pledges and offerings (Myer, 2012; Ahiabor & Mensah, 2013). (iii) Control activities, these are the policies and procedures that help ensure that management's directives are enforced and applied without limitation. For example is the church policy that all cash received be recorded before banked strictly adhered to (Aikins,2011) (iv) Information and communication, the internal control system should be understood by all involved without any ambiguity (Amudo&Inaga,2009).(v) Monitoring, to be effective management should monitor its controls and its application on activities, controls without monitor is worthless and cannot achieve its aim, hence it is pertinent to have an internal audit department to perform this function (Ogundana, Ojeka,Ojua and Nwaeze,2015).

Millichamp (2002) concluded that internal control encompasses organization, segregation of duties, physical controls, authorization and approval, arithmetic and accounting, personnel management, and management controls. While Mawanda (2008) in his review of the topic describes internal controls as the processes designed and effected by those charged with governance, management, and other personnel to provide reasonable assurance about the achievement of an organization's objectives. The design of internal controls is link to the success of an organization. Yang (2012) affirms that to ensure the efficiency of internal controls, administrators should ensure that attention is paid to the design of internal controls to ensure that the peculiarities of the organization is embedded. The

establishment of internal control systems in an organization is critical to ensure the reliability of accounting records, since an effective internal control system reduces over indulgence of management and possible random errors by staff (Bongani, 2013).

Petrovits et. al (2009) opined that despite the extensive academic researches on internal controls in corporate and trading organizations, there is little research on internal control systems in the non-profit sector. Abdulkadir (2014) in a review of internal control system among Kenyans Non-Government Organization (NGO) discovers inherent limitations of internal controls and pressure among the managers of the NGOs casting doubt about the credibility of controls hence showing lack of benchmark as per internal control system. He concluded that cases of fraud and other malpractices are rarely published by media, it is probable that misuse of funds due to lack of financial control systems is a reality. Ahiabor & Mensah (2013) discussed the impact of internal control on Ghanaian churches, they discovered that challenges and difficulties encountered by churches in enforcing controls include: Segregation of incompatible duties is limited, management personnel have increased opportunities for override of internal controls, finding qualified persons to serve as volunteers, hiring and retaining qualified accounting personnel, and a lack of resources to maintain appropriate controls. Wood & Wood (2014) discussed the methods of defrauding churches including the use of credit cards to divert church fund and the involvement of third parties in the fraud due to lack of internal controls, they concluded by advising churches to subject fraudulent cases to secular punishments.

Frauds peculiar to nonprofit organizations especially churches are: overstatement of event cost to gain undue personal advantage, ignoring the agreed projects donations were made for, misrepresenting the portion of donations. Apart from the difficulty in separation of duties, the management of non-profit organizations commits frauds by: misleading of donors through expenses misclassification, donation sum, on-disclose of significant related party transactions, revenue inflation through holding records opens beyond the period under consideration, account payable/receivable and inventory variations, teeming and lagging, unauthorized use of church collections, non-recording of fund collected and staff taking collections without the knowledge of the church (Dzorima,2014;Myers,2014; Wood & Wood ,2014; Shaibu,2013; Ahiabor & Mensah, 2013).

Several religious denominational researches were carried out on internal controls and accounting systems in a church set up (Booth, 1993; Laughlin, 1990; Duncan, Flesher, and Stocks, 1999; Wooten, Coker, and Elmore, 2003; West and Zech, 2008), the outcome shows that internal control is closely related to the size of the church and the perceptiveness of the spiritual head of the denomination, the various results suggest that churches that are small or facing financial distress report more internal control problems than others. If internal controls do not exist in churches, there is the chance that church employees and volunteers who are not involved in fraud is subjected to accusations from stakeholders, which will breed distrust and cause conflicts to arise among congregants and church leadership (Ahiabor & Mensah, 2013). Internal control systems are not created equally because of their different goals; a church/organization may have very weak controls for accuracy but very strong controls for fraud prevention purposes and vice versa (Myers, 2012). In another independent research work, Persson and Tabellin (2000) posited that though churches financial reports (which are not standardized) are not required by members, their confidence in the church leadership remains unshaken regarding their financial propriety. Shaibu (2013) advised churches to ensure proper reconciliation especially of donations (tithes, offerings and pledges) from members and other parties to avoid cash pilfering, also expenses should be formalized and handled like corporate environment.

In general churches as non-profit organizations need effective internal control to satisfy themselves of judicious use of resources even if members are not interested in querying such (Myers, 2012; Ahiabor & Mensah, 2013; Wood & Wood, 2014). Dzorima (2014) discussed internal controls and fraudulent activities among NGOs he opined that loyal and trusted staff/volunteers are involved in fraud due to loopholes inherent in the system. He identified the fraud triangle-pressure to steal, opportunity to steal due to perceived loopholes and justification to steal due to working condition or social influence. He concluded by insisting on a good internal control system to avoid losses among nonprofit organizations.

Furthermore, an efficient and good internal control system in churches will: assist in the alignment of performance of the entity with the corporate objective, encourages controlling of the set targets with the actual achievements and such reports should be received by the management timely highlighting any variances and deviations, provide assurance and evaluate reliability and proper financial reporting in line with the set standards, provide protection to the entity's assets including physical, intellectual property and monetary assets from fraud, theft and errors, provide detection and prevention of fraud and error, the system should quickly identify errors and fraud if and when they occur, mediate exposure to risks, provide the base for establishing parameters on power delegation and authority to guide, supports the remediation effort by examining the limits of authority as defined, test and report on compliance with those established parameters (Ogundana et al,2015;Dzorima,2014;Myers,2012; Petrovits et. al, 2009). However, a good internal control system without monitoring will effectively be non-existing because it will not be efficient but open to abuse by staff through collaboration which will negate the sacred goals and stewardship of the spiritual leadership of the church (Ahiabor & Mensah, 2013; Irvine, 2005). Myers (2014) advised church leadership to evaluate internal control system often to meet with perceived inadequacies to ensure that it is reviewed periodically to avoid financial scandal.

It is pertinent to note that from various research works done on church internal control systems (Duncan et al,1999; Wooten et al,2003; West and Zech, 2008;Myers,2012; Ahiabor & Mensah, 2013),it is difficult to rate a churches' internal control environments as weaker or stronger relative to others in terms of any classification (Myers,2012).In general, given any level of church financial environment, the following are the features and majorly the challenges of any efficient internal control system: staff competence, the internal control policy must be documented, fair sharing of responsibilities, segregation of duties, line of authority well understood by all parties, effective supervision, internal checks/audit in place, physical control of assets/documents, and monitoring to enforce compliance. The yardstick of measurement is the presence of internal control that prevents fraud and loss of assets by nonprofit organizations especially churches whose accounting system is not as complete as a corporate organization.

Based on the foregoing, the following hypothesis is proposed:

- H_0 There is no relationship between internal controls and occurrence of frauds among Nigerian churches
- H_0 There are no challenges militating against the installation of effective internal control system among Nigerian churches.

3. Research Methods

The survey research method was adopted in this study as adopted in previous researches on church and internal controls (Myers, 2012; West and Zech, 2008; Ahiabor & Mensah, 2013). This study was designed to investigate the effectiveness of existing internal control mechanism in preventing and detecting fraud among Nigerian churches. Survey research is concerned with identifying real nature of problem and formulating relevant hypothesis to be tested. Data were collated from churches founders/pastors/priests, accountants and randomly selected members of the congregation. Sampled churches were recognized through information gathered from the local Christian Association of Nigeria (CAN)-Badagry chapter, Lagos state. The collected data were analyzed statistically to establish the findings. Badagry area of Lagos was chosen because of the presence of several mix of churches that suit this research (Myers, 2012, Ahiabor & Mensah, 2013).

3.1. Sampling Procedure

The participating churches were selected by random sampling. The criteria to participate in this study were that (a) the congregation qualify as a church small based on the CAN standard (b) the participants must have good knowledge of the church's operation, (c) the participants were ready to provide information required (d) the church has been operating for at least five (5) years.

A random sample of one hundred (100) participants was drawn as a subset of the total population of all church staff or management around the geographical area. One hundred (100) respondents were chosen because it representative enough for the research work given the secrecy attached to exchange of ecclesiastic information in Nigeria. According to Fowler (2002), there are three attributes that must be considered in connection with a sampling frame: (a) comprehensiveness, (b) probability of selection, and (c) efficiency.

Data for the study were obtained through the primary source. The primary data were generated through self-administered questionnaire. The instrument was administered on participants to determine their rate of compliance with internal control. Due to the difficulty encountered in generating requisite data on performance, exclusive use of self-administered questionnaire to generate data on relevant variables was adopted. The questions in the questionnaire were divided into ten based on the five components of internal controls namely control environment, risk assessment, control activities, information/communication and monitoring.

Relevant statistical tools such as the percentages and tables are used for the data analysis. The first hypothesis was analyzed using a survey questionnaire with a - 5 Likert scale response options of Strongly Agreed (SA), Agreed (A), No Effect (NE) Disagree (D), and Strongly Disagreed (SD) with weights of 5,4,3,2 and 1 respectively. It was structured in line with the first research question and hypothesis 1 of the study. Pearson Product Moment Correlation Coefficient was used for data analysis, it measures the relationship between effective internal control and occurrence of fraudulent activities in Nigerian churches. The survey consisted of identical questionnaires shared the aforementioned participants. All questionnaires were returned, because this researcher personally collected questionnaires one after the other. The study and methods applied for analysis are similar to work done by Myers, 2013 and Ahiabor & Mensah, 2013.

The second hypothesis was analyzed with the use of primary data through the returned questionnaires by calculating some statistical indicators such as percentages, weighted arithmetic means, and standard deviations.

4. Data Presentation, Analysis and Interpretation

4.1. Test of Hypothesis

- Hypothesis 1: There is no relationship between internal controls and occurrence of frauds among Nigerian churches

Responses	5	4	3	2	1	Mean	Ranking	SD
All concerned staff have above average knowledge of general principles of internal control	30 30%	35 35%	10 10%	15 15%	10 10%	3.6	4	1.54
The control environment in the church is adequate to forestall fraud in income collection and expenses billing	40 40%	30 30%	15 15%	10 10%	5 5%	3.9	3	1.67
The major risk assessment challenge is identified as accounting for cash donations-tithes, offerings and pledges	50 50%	35 35%	5 5%	10 10%	0 0%	4.25	1	1.89
The church applies appropriate internal checks like different staff checking donations to reduce vulnerability	10 10%	5 5%	15 15%	20 20%	50 50%	2.05	9	1.70
The control activities like physical counts and data comparison detect errors and fraud quickly	23 23%	17 17%	13 13%	40 40%	7 7%	3.09	6	1.42
Written manual guides the control activities of management and staff of the church and prevents fraud.	12 12%	8 8%	10 10%	40 40%	30 30%	2.32	8	1.57
Relevant church staff are free to make suggestions on how to improve the internal control system.	18 18%	7 7%	13 13%	42 42%	20 20%	2.61	7	1.47
Updates on changes to internal control system is communicated as soon as possible to avoid conflict.	45 45%	25 25%	12 12%	15 15%	3 3%	3.94	2	1.70
Supervision and monitoring by experienced accountants/management assist in checking loopholes in the church administration.	28 28%	37 37%	13 13%	11 11%	11 11%	3.6	4	1.54
The church internal audit dept. exists and active for monitoring purpose.	5 5%	7 7%	13 13%	15 15%	60 60%	1.82	10	1.84
Weighted mean = 3.12								

Table 1: Responses on internal controls and occurrence of fraud
Source: Researcher's computation

Applying the Pearson Product Moment Correlation Coefficient (r) and the responses further grouped into (X) strongly Agreed and Agreed, and (Y) Disagreed and strongly disagreed sides. The mid-point (no effect) is neither here nor there, that is, it assumes zero (0) coefficient. Taking these points as X and responses as Y.

$$r = \frac{n\sum xy - (\sum x)(\sum y)}{\sqrt{n[\sum x^2 - (\sum x)^2][\sum y^2 - (\sum y)^2]}}$$

We have the following result: $n=100$, $\sum x=467$, $\sum x^2=14751$, $\sum y=414$, $\sum xy=6915$, $\sum y^2=14064$

Applying the formula above:

$$r=498,162/1245958.91$$

$$r= 0.4$$

Table 1 above shows the responses of relevant church workers on the relationship between internal control and fraud. The control environment is well organized in most churches, most workers have good knowledge of the operation of the control system, 30% strongly agreed and 35% agreed that control environment exist with 70% (40% strongly agreed and 30% agreed) opined that the controls curtailed fraud.

Risk assessment is well established and acknowledged by 85% of respondents that cash pilfering is a major challenge to churches, however staff rotation to reduce vulnerability is widely practiced.

Due to trust and keeping of incomplete records written manuals to act as guide are not available among sampled churches. It is expected that church workers knows what to do hence only 20% approved of such arrangement of having a manual, while 40% disagreed with curbing fraud with written instructions. Risk assessment ranks first with the highest standard deviation indicating that churches acknowledged that cash pilfering is a major fraud among their establishment.

Down-top chain of communication and information dissemination to strengthen internal controls are not appreciated by the church leadership. However, 70% of respondents acknowledged that information from top-down is strictly adhere to, hence poor communication link on internal control between leadership and staff.

Monitoring of internal control compliance is very poor among Nigerian churches with only 12 churches having the trace of internal audit department, while the church leadership can supervise, monitoring requires a professional to ensure compliance. Monitoring through internal auditing ranks 10th indicating less importance to such arrangement.

Decision: Table 1 shows that there is weak correlation between internal control system and occurrence of fraud. The r calculated of 0.4 is less than 0.5 level of significance hence the null hypothesis H_0 is hereby accepted, that the relationship between internal control system and fraud occurrence is very low or non-existing. These results show that churches still rely on 'trust' and other unconventional methods to curb fraud instead of internal control. This is further justified by the weighted mean in table 1 of 3.12 which is greater than the expected mean of 3 indicating a less application of internal control.

- Hypothesis 2: There are no challenges militating against the installation of effective internal control system among Nigerian churches.

Responses	5	4	3	2	1	Mean	Ranking	Std dev
The ecclesiastical nature of churches does not permit the installation of effective of internal control system	29 29%	28 28%	16 16%	17 17%	10 10%	3.49	2	1.5
Unqualified staff and administrative acumen deficiency make effective internal control impracticable.	25 25%	38 38%	15 15%	12 12%	10 10%	3.56	3	1.52
The cost implication of installing internal control system in a church setting is too exorbitant	40 40%	25 25%	20 0%	5 5%	10 10%	3.8	1	1.62
Negligence and inadequate training for staff make internal control difficult to implement in a church setting.	35 35%	32 32%	11 11%	12 12%	10 10%	3.7	2	1.6
The poor remuneration and working condition make enforcement of internal control least priority	32 32%	32 32%	11 11%	10 10%	15 15%	3.56	3	1.52
Church leadership adhere to internal control system in churches financial and operational activities.	20 20%	12 12%	2 2%	38 38%	28 28%	2.58	5	1.48
General Weighted Mean-3.45, sample=100, sig 0.05								

Table 2: Responses to challenges hindering the installation of internal control among Nigerian churches
Source: Researcher's computation

Table 2 above shows that respondents acknowledge the existence of hindrances and challenges which prevent churches from installing effective internal control system in which all the weighted arithmetic mean is 3.45 is slightly different from the individual mean of each question. The standard deviations are also close with slight difference meaning that the hindrances are the major reasons for the less than impressive use of internal control by churches. The ranking column shows the cost of installing internal control is high (it came first in the ranking based on the value of the mean) hence since the aim of churches is not making profit then full installation might not be required. The respondents were unanimous in agreeing that the church structure does not allow for the corporate type internal control system 57% (29% strongly) of respondents agrees with this assertion (Myers, 2013, Ahiabor & Mensah, 2013). Staff training is extremely poor in the non-profit organizations (Dzorima, 2014), 63% of the respondents agree with this, making effectiveness near impossible. Church workers are seen as volunteers here are poorly remunerated hence are open to creating loopholes to commit fraud (64%). Management of the churches do not help matters as they usually ignore existing internal controls in carrying out transactions, this is confirmed by 68% of respondents. From these results, we reject the second hypothesis, and affirmed that there are several hindrances and challenges facing nonprofit organizations especially churches in installing internal control system.

5. Conclusions and Recommendation

The aims of this study are to examine the efficacy of internal control system put in place by churches and to review the barriers hindering the attainment of working internal control system. The first hypothesis formulated was tested using the data obtained from the questionnaires distributed among selected officials of sampled churches. It was tested using Pearson Moment Correlation Coefficient. Since the calculated value of 0.4 is less than 0.5 level of significance; the null hypothesis is accepted and concluded that there is no relationship between internal control system and fraudulent activities in Nigerian churches. The second hypothesis was tested using the applied approach by using statistical tools to ascertain the factors hindering the installation of internal control system. It was discovered from all the calculated values that large cost of installing internal control, the limited knowledge of the subject matter, unqualified personnel, management interference in established internal controls, inadequate staff welfare, stakeholders perceived trust on existing system, negligence, inadequate monitoring and non-segregation of duties were hindrances to the installation of an efficient internal control system. The findings of this study show that virtually all churches have a form of internal

control system depending on the aim of establishing such but compliance is a challenge, because staff generally are not educated on the importance. A church may have weak controls for collections recording but a water-proof controls for fraud prevention purposes hence without controls churches can curtail fraud. Most church officers employed full time or as volunteers are not well prepared for internal control and are mostly untrained, and are employed without background checks. It must be emphasized that the attitudes of management and church leadership is not encouraging as they ignore the internal controls to carry out most transactions. This, therefore calls for policy shift to first broaden the limited knowledge of internal control among church stakeholders by installing efficient control system, employment of professionals/adequate staff compensation even as volunteers and avoidance of management over-ride of established controls.

Further recommendations are:

- Separation of spiritual leadership from church administration to avoid overdue interference in church internal control system. Suggestions should be allowed for administration improvement.
- Collection management should be made more thorough by ensuring that staff involved with cash count, recording and banking are different and rotated periodically to avoid collusion that leads to fraud. Members that contribute tithe should be acknowledged through a message stating the sum paid, it will make staff avoid pilfering. Since cash is susceptible to fraud, misapplication and theft, the internal control on cash count and disbursement should cover the physical custody of the funds, the segregation of duties, authorization, cash recordings, banking transactions and periodic reconciliations
- Churches should embrace the use of accounting soft wares for recording of transactions and ensure the issuance of documented manuals to guide relevant staff.
- There should be internal check, internal auditing as form of monitoring on the part of management to ensure adequate internal control on all activities/assets which encourages compliance.
- Churches are encouraged to expose fraudulent staff to the secular authorities for appropriate punishments to serve as deterrent to others. The publication of churches' financial reports will go a long way to give credence to the leadership.

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