AN EVALUATION OF THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEMS OF LOCAL AUTHORITIES IN MINIMISING FRAUD. A CASE STUDY OF BINDURA RURAL DISTRICT COUNCIL.

BY

MUNAKI CONSTANCE  
(B0823053)

SUPERVISOR: MR NZARO

DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE BACHELOR OF BUSINESS STUDIES (HONOURS) DEGREE IN BANKING AND FINANCE

OCTOBER 2011
ABSTRACT

The research study was carried out at Bindura Rural District Council at Manhenga. The main objectives of the study were to identify control procedures, evaluate their effectiveness in minimizing cash frauds and to make recommendations based on the findings from the study. The research used the case study design. The population consisted of forty four employees from which a subject of twenty two was selected for the sample consisting of three managers, three heads of departments, three executive officers, one data capturer, three mastering clerks, three receipting clerks, four expenditure clerks and two security guards. Stratified random sampling was used to ensure that sample had a fair representation from staffs of all levels. The study showed that there were a number of properly instituted internal control procedures at the council including segregation of duties, authorization and execution of expenditure and having at least two signatories to the bank account. The research study showed that most of the internal controls that were in place were not being adhered to, rendering the internal control system ineffective. The major recommendations the researcher made included strict supervision of staff, increasing the number of spot checks, improving the computer system’s effectiveness and increasing the frequency of intact banking.