

## **CHAPTER ONE**

### **BACKGROUND**

#### **1.1 Introduction**

According to CIMA, (2006) Financial Management is defined as “the management of all the process associated with the efficient acquisition and development of both short and long term financial resources”.

It is believed that Health is the most important thing to all people in the world. Therefore, much attention should be given to health services in every Nation. In order to provide better health services there should be proper financial management in the health sectors.

The implementation of the World Bank’s Structural Adjustment Programme (SAP), which suggest for full payment of fee for medical treatment has over burdened patients in every Nation. In view of this Nations have tried to adopt systems that will be helpful to its citizens. The National Health Services (NHS), British Institution which was established in the year 1948 as a major part of the “welfare state” created by the Labour Government of 1945 to 1951 is one of such systems. It was part of the Social Reforms recommended by Sir William Beveridge, a civil servant, during World War II. Previously the Health Care in United Kingdom consisted of a mixture of charitable and private provision, the latter paid for by private and state sponsored insurance (WHO, 1998).

The aim of the founders of the National Health Services (NHS) was that, the state should care for its citizens. Its establishment involved the compulsory take-over of almost all health provision in the country.

This was made simpler by the extensive powers of direction which government agencies had exercised during the war.

In Ghana the Ministry of Health (MoH), the government's agency responsible for Health administration and management in the country is the largest provider of health services.

The Ghana Health Services and Teaching Hospital (GHS) Act 523 was passed by parliament since 1996. The existing function of the MOH as a policy maker and service deliverer has been divided into two. The MOH would be focusing on sector wide policy formulation, monitoring and evaluation of progress in achieving targets in health in its entirety. Ghana Health Service (GHS) on the other hand as an autonomous body would be responsible for service delivery through the Regional Health administration (RHA) and the District health administration (DHA) structures. Ghana has two teaching hospitals situated at Accra (Korle Bu Teaching Hospital) and Kumasi (Komfo Anokye Teaching Hospital). The teaching hospitals are now managed as self-governing institutions. The teaching hospitals however, receive government funds and operate within national policies, strategies and conduct.

The specialized hospitals are the three psychiatric health institutions in the country. They report directly to the Director General of GHS. Other agencies of the MOH include the Regulatory bodies such as Ghana Medical and Dental Council, the Nurses and Midwives Council and the Pharmacy Council.

In Ghana, the government recognizing its duty to ensure that its citizens stay healthy has decided to make quality health care affordable for all. In view of this it had introduced the National Health Insurance Scheme (NHIS) 2004 to replace the cash and carry system.

For every Institution to be effective there should be proper financial management policies. In view of this, the ministry of Health has come out with a manual called the Accounting Treasury for Financial Reporting, which contains the guidelines for financial management in the Health Sector. On account of this there have been many changes in the health sector financial management in order to provide efficient services for the people and to control cost.

## **1.2 Statement of the Problem**

The success of every business depends mostly on how funds are generated and managed. In most institutions there is a problem of finances and its management and the Health Sector is not an exception.

There are many ways in which funds can be generated in the Hospitals. These ways includes: Government Subventions (GoG), Donor Pool Funds (DPF) and Internally Generated Funds (IGF). The problems associated with the generation of these funds include: Delayance in the release of Government Subventions, Inadequate Government Subventions, Inadequate control measures associated with internally generated funds, At times people in control do not disburse money to the right corners of the Hospitals, A problem of Programmed Funds which can not be used for other important projects. Inadequate funds from internally generated funds since patients are not charged even to cover cost. The study, therefore, seeks to find out the extend to which these problems affect the hospitals in the Kumasi Metropolis and to suggest possible ways of solving them.

### **1.3 Significance of the study**

The study is on improving financial management in the Health Sector. It will inform readers more about a hospital, its location and its system put in place to achieve effective financial management. This study will also help the Hospital Administration, the Metropolitan Health Administrator as well as the Regional Health Administrator to have information about how to improve financial management in the hospital in addition to the already existing ones. The results of the study when implemented can help Government to formulate policies in the Health sector.

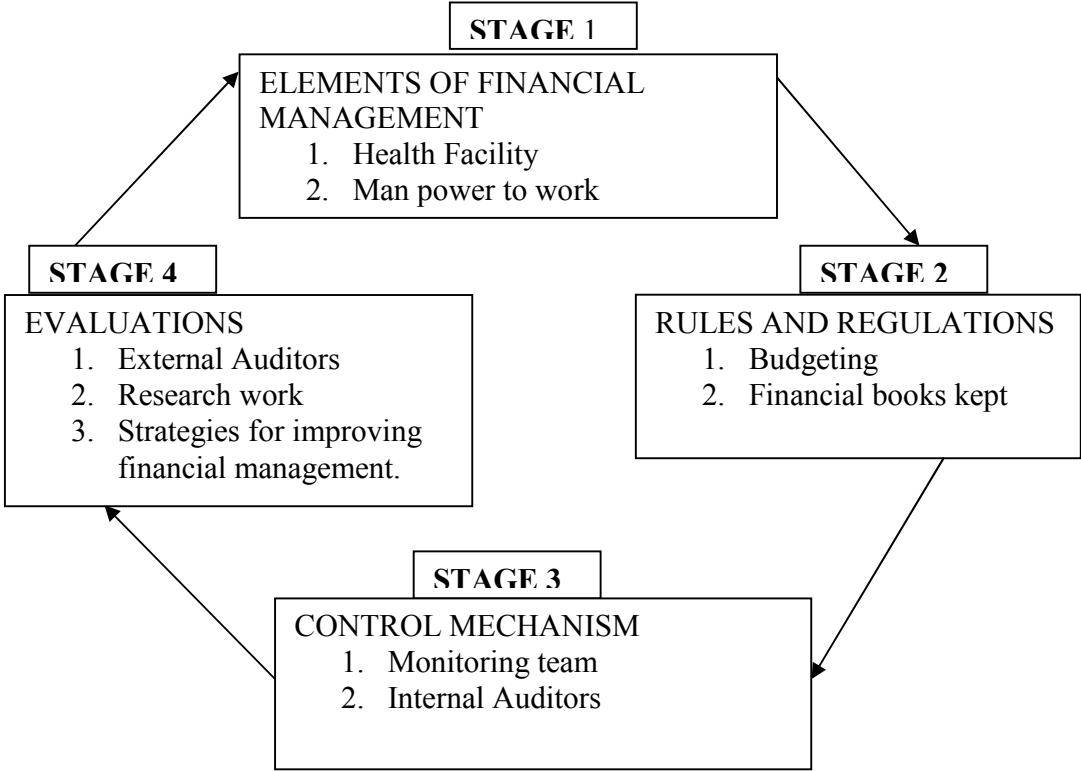
This study may also serve as a reference material to students who may want to take a study about this topic.

### **1.4 Conceptual framework**

The Ghana Health Services (GHS) works under defined guidelines. It was observed that for the financial management in the various hospitals to be effective, some factors should be taken into considerations.

Figure below shows the conceptual framework of the financial management of the hospital

**Figure 1.1 Conceptual framework of financial management of Suntreso government hospital**



Source: Author's construct.

**Stage 1.**

Elements of Financial Management: Element of financial management concerns itself with the organization, the manpower to work in the organization, the educational levels or qualification of its staffs and how the whole organization is been financed.

**Stage 2.**

Rules and Regulations: Rules and Regulations are laid down principles and practices that govern the activities in the organization.

**Stage 3.**

Control Mechanisms: are the monitoring activities to ensure that organizational goals are been accomplished.

**Stage 4.**

Evaluation: Evaluation compares the activities that have been done with the desired standard.

**1.5 Research questions**

The research questions for the study were:

- i) What are the sources of funds to the Hospitals?
- ii) What are the financial rules, regulations and control mechanisms used in the hospital?
- iii) What are strategies for improving financial management in the Hospitals.

**1.6 The objectives of the study****General Objective:**

The general objective of the study is to assess and improve upon financial management of the hospitals in the Kumasi Metropolis.

**Specific Objectives:**

- i) To find out the sources of funds to the Hospitals.
- ii) To assess the financial rules, regulations and control mechanisms instituted in the Hospitals.
- iii) To find out strategies for improving financial management in the hospitals.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

In the past years, a lot of literature had been written by many authors, researchers, scholars and health service administrators on financial management. This chapter reveals literature related for the work.

#### **2.1 Management**

According to Bedeian, (1996) “Management is the process of achieving desired result through efficient utilization of human and material resources’. It has been the most influential force in the modern times. Bedeian also states that “It is management that explains why for the first time in human history, we can employ large number of knowledgeable, skilled people in a productive work.”

Again, according to Fayol, (1961) one of the eminent authorities in management, “to manage is to forecast and plan, to organize, command, co-ordinate and to control”. In other words, to manage simply means to guide and to have under control. Brech, (1972) in his books, the principles and practice of management, also refers to management as “a social process which basically consists of planning, controlling, coordinating and motivating so that expected results may be achieved successfully”.



## **2.2 Financial management**

According to CIMA (2006) Financial Management is defined as “the management of all the process associated with the efficient acquisition and development of both short and long term financial resources”. In a large company a finance function may be split between treasury and financial control with both functions reporting to the chief financial officer. The financial control function is concerned primarily with the allocation and effective use of resources and it is responsible for investment decision.

### **2.2.1 The role of financial management**

According to Knott, (1993) “an enterprise whether ran by one person or many, having a profit objective or not, needs money to acquire resources to operate”. Resources include the skills and expertise of people, raw materials and land each of which are limited by ownership and supply and therefore command a price. By this, money for investment is also a resource – been limited in supply and certainly commanded a price.

Money for investment is referred to as finance and it is available because it has been withheld from competition. Finance may have been accumulated and contributed by the owners of an enterprise and it may have been borrowed from outsiders. Whatever its source, the responsibility for its acquisition, allocation and conservation is largely province of financial management.

The role of financial management embraces.

1. Investment decision (Allocation of finance)
2. Financial decision (Acquiring finance)
3. Controlling resources (Conserving Finance)

## **2.3 Elements of financial management**

Stage one talk about elements of financial management which comprises of:

### **2.3.1 Health Facility (An Organization)**

An organization has different interpretations for different people at the same time. For example an organization may mean an entity or institution or a conceptual framework for dividing a piece of work among personnel and assigning appropriate responsibilities, accountability and authority relationships.

An organization as an entity refers to institutions such as schools, the military, church, hospital, public and private establishment.

In the field of business management an organization may be defined as the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority and establishing relationships for the purpose of enabling people to work effectively to accomplish goals. (Turkson, 1997).

On the other hand, organizations are a collection of interacting and inter dependent individuals who work toward common goals and whose relationship are determined according to a certain structure (Bedeian,1996)

### **2.3.2 Manpower To Work**

Manpower to work is the same as human resources or staffing in the organization or institution to do the work.

Human resources are regarded as one of the vital ingredients for the success of every organization, it is therefore necessary to institute a process or machinery that will ensure that competent and qualified people are employed. The staffing function is aimed at procuring, developing and retaining the human resources of an organization. (Turkson,1997).

Manpower is a “work force centered” directed mainly at the organizations employees. People who work in an organization are the starting points. “Torrington and Hall”. (Lourie, 2002).

### **2.3.3 Education**

A required personnel or human resources to an organization should have a level of educational background. That is the determination of personnel skills, ability, experiences and other human attributes required of the worker for the successful performance of the work. (Turkson,1997).

#### **2.3.4 Sources Of Finance**

One of the major problems which managements of many business organizations face is how to get money to finance its operations. In other words, management needs money to buy assets such as buildings, office furniture, vehicles, office equipment and tools.

In addition to the acquisition of these fixed assets, money is also needed to pay for wages and salaries of all employees and to pay for other operational expenses. The need for money to discharge all these financial obligations means that there should be regular and reliable sources from which money can be readily made available.

#### **2.4.0 Rules and regulations**

Stage two of the conceptual framework talks about rules and regulations in the organization. Rules and regulations are laid down principles and practices that govern the activities in the organization. The rules and regulation in an organization includes budgeting and the financial books used.

#### **2.4.1 Budgeting**

According to Glautier and Uderdown, (1997) Budgeting serves two purposes in most organization, which should not be confused. The first function is that of financial control, the control of financial resources of the enterprise, and the second, that of management control, the task of ensuring that the diverse activity of different parts of the enterprise are coordinated into a coherent package.

Although both functions are necessary for the well being of the enterprise, they have quite different characteristics and required very different skills to manage. Because an accountant is usually in charge of the budgetary control system, it is all too easy for the requirement of financial control to be allowed to dominate the needs of overall management control. According to Lucy, (2002), budget is a quantitative statement for a defined period of time which may include planned revenues, expenses, assets and liabilities and cash flows. A budget provides a focus for the organization, aids the coordination of activities and facilitates control. Planning is achieved by means of a fixed master budget, whereas control is generally exercised through the comparison of actual cost with a flexible budget.

#### **2.4.2 Financial Books**

A very important aspect of financial management is the financial books kept. According to Okuma-Abrokwa, (2000) the following are some of the books kept in an organization.

**1. Subsidiary Books-** these are also known as books of prime entry or books of original entry. These are used to record transactions first before entering them into the ledgers.

These include:

- a. Cash Book
- b. Sales day book
- c. Purchase day book
- d. Sales return day book
- e. Purchase return day book
- f. General journal

### 2.5.0 Control mechanism

Stage three talks about control mechanism. Control mechanism as Griffin, (1999) defined it, is “monitoring activities to ensure that they are being accomplished as planned and the correcting of any significant deviation. All managers should be involved in the control function even if their units are performing as planned. Managers cannot really know if whether the units are performing properly until they have evaluated what activities have been done and have compared the actual performance with desired standard.

According to Bedeian, (1996) control mechanism is the process of ensuring the efficient accomplishment of organizational goals. According to the conceptual framework, the control mechanism includes monitoring team and internal auditors.

#### 2.5.1 Monitoring Team

According to Bedeian, (1996) monitoring team by contrast, artificially created systems, such as business firms, health care facilities, educational institution, do not have automatic controls. Their performances must be continually monitored to detect and adjust for deviations from such standards.

From systems perspective an organization’s performance can be monitored and thus, controlled at three points: before, during or after an activity is completed, that is;

Input —→ transformation —→ output.

- **Input:** - Monitor inputs to ensure that they meet the standards necessary for successful transformation.
- **Transformation:** Monitor the transformation of input into output to ensure that they conform to set standards.

- **Output:** Monitor output to ensure that they meet set standards.

### **2.5.2 Internal Auditor**

According to Botsio, (2001), an Internal audit is a capacity instituted by management to regularly review its internal controls and accounting systems as well as non-financial controls and to advice on how business or organizations assets and interests can be safeguarded and enhanced for effectiveness, efficiency and economy, while operating within the internal controls system. To achieve effectiveness, all levels of management should be involved in working on a regular and onward basis.

### **2.5.3 The Role of the Internal Audit Department**

He also said, the work carried out by the internal auditor of a company would depend on the type of company and the nature of its business. The internal audit department, constitute part of the internal controls system instituted by the management to safeguard assets and interests and to ensure financial and operational efficiency. The department is operated as a service to the management of the organization. The more independent it is, the more reliable it should be. ( Botsio, 2001).

#### **2.5.4 Below are some of the functions of the internal auditor**

1. Considering the potency of the accounting system to capture all financial transactions.
2. The ability of the accounting system to collect, collate, classify and record all financial transactions of the organization captured by the accounting system, should be reviewed.
3. The procedure is available to ensure that all material errors and omissions are detected as well as collected by the accounting system.
4. The internal controls exist and are in effect over all the transactions of the organization.
5. That the internal checks, authorization and approval controls are actively monitored, evaluated and revised to take care of perceived weakness at periodic intervals. ( Botsio, 2001).

#### **2.6.0 Evaluation**

Stage four which is the last stage talks about evaluation. That is comparing activities that have been done with the desired standard. The evaluation comprises of:

##### **2.6.1 External Auditor**

External auditor is an independent auditor who conducts his work independently from the organization books he is auditing, whose independence is guaranteed by law.



The role of an external auditor is to determine how the appropriated funds have been used.

The auditor has a part in the establishment of the policies carried out in the spending organization. The auditor cannot therefore question the policies but his work can be:

1. To question whether the goals which the policy decisions are meant to serve have been established.
2. To examine whether management have themselves established adequate procedures and criteria to assess the effectiveness of their policies.
3. To report on whether the goals have in fact been achieved.
4. To suggest alternative ways in which the goals might have been more effectively met. (Adu-Daako, 2003)

### **2.6.2 Strategies for improving financial management**

According to Strickland, (1996), a strategy is a commitment to undertake one set of actions rather than another. Strategy is grounded in the array of competitive moves and business approaches management depends on to produce successful performance. Strategy in effect is management game plan for strengthening the organization position, pleasing customers and achieving performance targets. Managers devise strategies to guide how the company's business will be conducted and to help them make reasoned cohesive choicest among alternative course of action.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Introduction**

To ensure the collection of reliable and accurate information for the research work, certain procedures and methods were adopted. This chapter deals with the methods that were used by the research team in collecting data for the purpose of the research. It discloses the research design, population, sampling and sample size, variables of the study, data collection techniques and tools, methods used in data analysis, a brief profile of the study area and the limitations of the study.

#### **3.1 Research Design**

The study was conducted using a case study approach. A case study is a type of research which gives an opportunity for one aspect of a problem to be studied in-depth within a limited time scale. This research should be considered as descriptive. The aim of descriptive research is to describe or define a problem, often by creating a profile of a group of problems, people or events (Blumberg et al. 2005).

This study combined quantitative and qualitative research methods (mixed methods). A mixed method approach according to Creswell (2003) is one in which the researcher collects, analyzes, and integrates both quantitative (quan) and qualitative (qual) data in a single study or in multiple studies in a sustained program of inquiry.

The research was a case of the Suntreso Government Hospital. Data was collected from the Hospital by researchers, to provide a better insight into the improvement of financial management from which conclusion can be made. The data are both quantitative and qualitative in nature. Primary data was gathered from the hospital. Secondary data was gathered from the hospitals documents in their library.

### **3.2 Research population**

For this study, the population of interest comprises the list of all public health facilities in Kumasi operating under the Ministry of Health and the Ghana Health Service. The Suntreso Government Hospital was chosen out of the population to represent the health sector for the purpose of this work.

#### **3.3.1 Sampling techniques**

Sampling implies an attempt to statistically represent a population, argues Seale (2004). In order to determine a realistic outcome of the study, the researchers made use of purposive and convenience sampling techniques. Purposive sampling was used because of the depth of knowledge and skills in identifying the respondents groups. Convenient sampling refers to a sample that is simply available to' the researcher by virtue of its accessibility (Bryman, 2004). Convenience sampling technique was used to sample the Suntreso Government Hospital.

### **3.3.2 Sample size**

Operating within the resources available to researchers, five respondents were interviewed. These comprises of the hospital administrator, the senior accountant and other three staff from the various departments. These five respondents were selected because these respondents have depth of knowledge in financial management due to their line of work.

### **3.4 Operationalization of variables of the study**

Data collection for the research was undertaken with the use of self-constructed questionnaires, and interviews. Questionnaires were used because they are direct and precise. They are correct instruments for collecting information quickly and relatively cheap. They also allow respondents enough time to answer the questions. The researchers applied the utilization of both interviews and questionnaires to obtain information from the selected respondents. This enabled the researchers to obtained relevant, reliable and accurate data for the research study.

### **3.5 Data collection techniques and tools**

Data collection instruments for the study were questionnaire, interview schedule and library books. The data source included the examination of research findings and secondary data from several published research works and brochures in the hospital library in order to identify the key variable and the state of knowledge in the subject area. Primary data was collected using questionnaires as the data instrument.

Data was collected by the use of written questionnaires hand delivered to management and accounts staff of the hospital.

Questionnaires were filled out by participants and returned to the researcher. The questionnaires asked the respondents some basic questions on how to improve financial management in the organization. The use of questionnaires was adopted for its convenience and to ensure a 100% returning rate of the questionnaires.

Data were collected by the use of various tools and techniques which is shown in the table below.

Table 3.1 Techniques and Tools for Data Collection

TECHNIQUES	TOOLS
Interviews	Interview schedule
Written Questionnaire	Questionnaires
Library Search	Library books, pens, papers

**3.6 Data analysis procedures**

Chi-Square tool of Software Package for Social Scientists (SPSS) was used to prepare and analyze the responses into a meaningful data for effective interpretation.

Descriptive methods were used in analyzing and collection of the data.

Data was analyzed using SPSS and presented by the use of tables, pie chart and other statistical tools where necessary. This was done to ensure that the readers understand the information presented.

### **3.7 Profile of Suntreso government hospital (case study)**

The Suntreso Government Hospital, located at the North-Suntreso area in Kumasi was established in 1963 as an urban health centre to provide primary healthcare to residents of the Bantama metropolitan area and its environs. It will serve the Bantama Metropolis namely: North Suntreso, South Suntreso, Bantama, Abrepo, Abrepo Junction, Amanfrom, Bohyen, Suame, Ohwim, Sofoline, Kwadaso, Kwadaso Estate, Complex, Asuoyebo, Adoato, Patasi and so many areas in the metropolis.

In January 1964 the centre began operations after it had been commissioned on the 22nd of November, 1963 with one medical officer and an assistant, five nurses' dispensary technician and other administrative health workers. The centre became a polyclinic in 1980 due to the massive expansion in its activities and the enormous increase in patients' turnout. As this continued the Ghana health services in 1996, upgraded the clinic to a District hospital to enable it handle more challenging health issues in the Bantama Sub-metro and its environs. The hospital and its activities have since been departmentalized severally with two of the clinical departments (the Obstetrics and Gynaecology and the Sexually Transmitted Diseases departments) headed by specialist consultants. The other departments are the Out-patient department (OPD), In-patient department (IPD), Dental, Ear, Nose and Throat (DENT) department, Surgery department, Mother and Baby Unit (MBU), Public health department, pharmacy department, Diagnostic department, and the

Administration and finance department. The hospital currently has staff strength of one hundred and forty-nine (149) with the president of the Ghana Medical Association as the medical superintendent. There are seven medical officers (MOs) and four medical assistants (MAs).

### **3.8 Limitations of the study**

The problem encountered during the research in our study includes the following:

- a) Administrative secrecy – that is the refusal to make available important materials or information due to the oath of secrecy.
- b) The unwilling behaviors of respondents and target groups in the Hospitals.
- c) Financial problem - enough funds were not able to be raised in conducting the research.
- d) Time Factor – the time for the project work was short and limited for both researchers and respondents.

## **CHAPTER FOUR**

### **RESULTS AND DATA ANALYSIS**

#### **4.0 Introduction**

This chapter deals with the analysis and findings of the data collected for the study of which the final conclusion and recommendations shall be made.

The analyzed data have been presented in a combined form taking into consideration all questionnaires and information gathered from interviews, observations and other documentary sources.

#### **4.1 Elements of financial management**

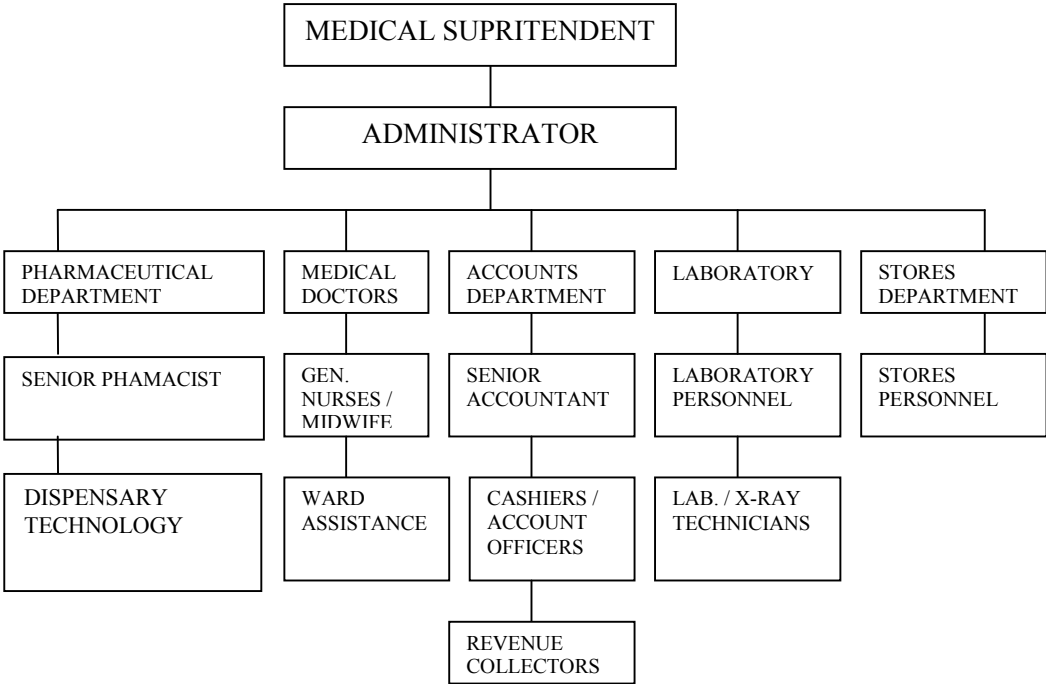
Financial management depends largely on the elements of financial management which comprises of the organizational structure, manpower, education, and finance of the health facility.



4.1.1            **Organizational Structure of the Health Facility**

The figure below shows the organizational structure of Suntreso hospital which was used as a case study of this project work.

**Figure 4.1 Organizational Chart Of Suntreso Government Hospital**



**Source: Researcher’s construct 2013.**

The above structure shows how communication flows in this health facility. In the accounts department, the senior accountant is the head, the cashiers and accounts officers take instructions from him and the revenue collectors also take instructions from these account officers.

#### **4.1.2 Manpower**

Manpower is the same as human resources or the staffing in the organization or institution to execute the work. It's therefore very important to have adequate staff or workers in an organization to do the work.

Respondent were asked to list the categories of staff in the accounts department. The following results were obtained:

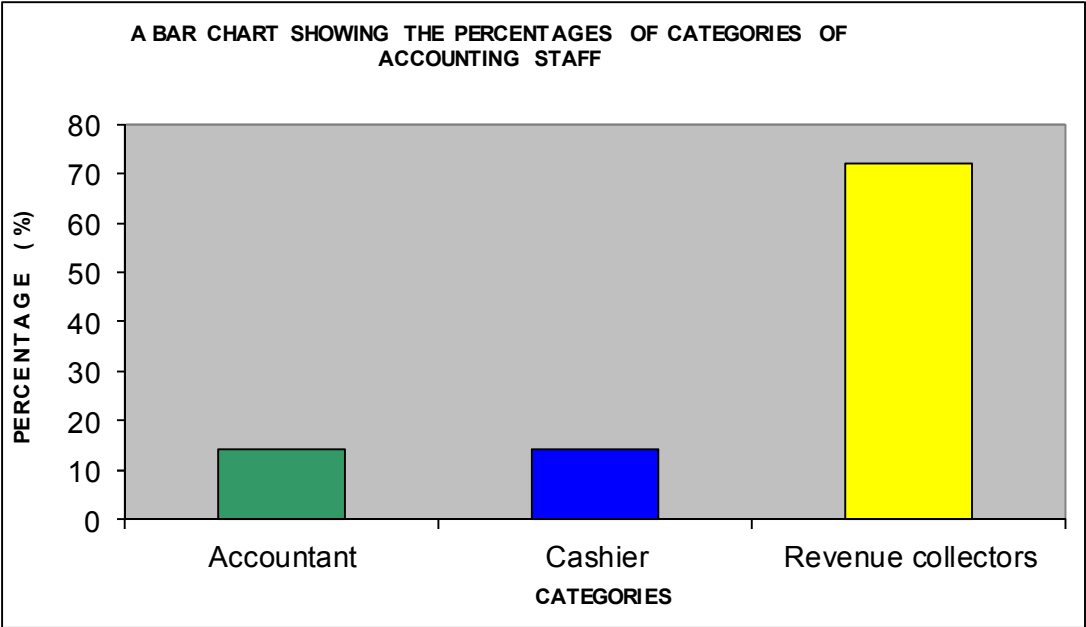
Below shows the categories of staff in the accounts department.

**Table 4.1      (A table showing categories of accounting staff)**

<b>CATEGORY</b>	<b>NUMBER OF STAFF</b>	<b>PERCENTAGE OF STAFF</b>
Accountant	2	14
Cashier	2	14
Revenue collectors	10	72
Totals	14	100

**Source: Researcher's construct 2013.**

**Figure 4.2     A bar chart showing the percentage of categories of accounts staff**



The above table and figure indicate that the accountants form 14%, the cashiers also form 14% of the total percentage of the accounting staff and rest 72% is made up of revenue collectors.

**4.1.3 Education**

A required human resource or personnel should have a specified or an efficient level of educational background. Questions were formulated to find out the educational level of these accounting staffs.

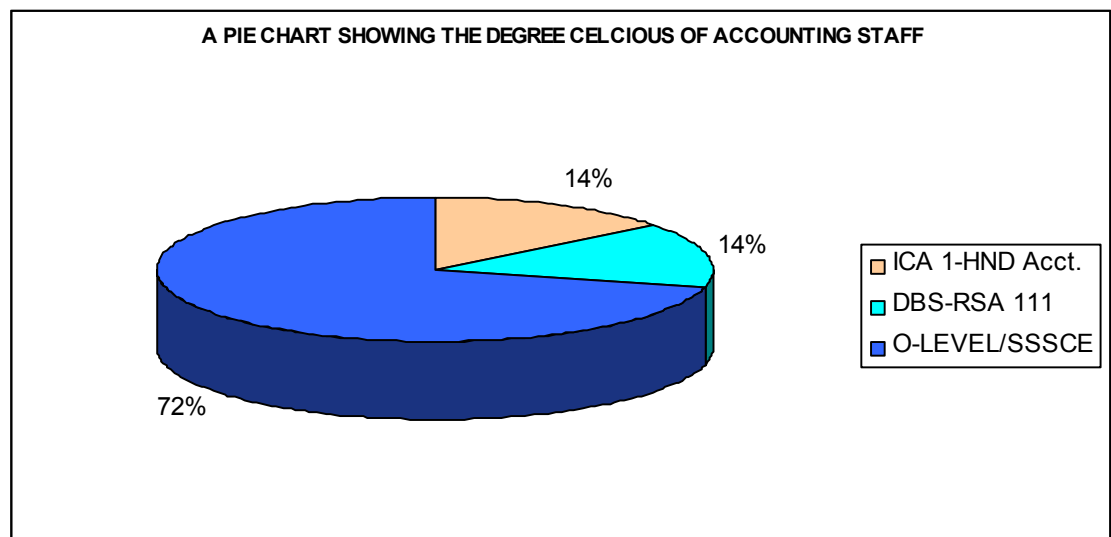
The table below shows the educational level of the accounting staffs.

**TABLE 4.2 Showing Education level of accounting Staff**

QUALIFICATION	NUMBER OF STAFF	PERCENTAGE
ICA 1/ HND ACCT.	2	14
DBS / RSA 111	2	14
O-LEVEL / SSSCE	10	72
Total	14	100

Source: Researcher's construct 2013.

**Figure 4.3 A pie chart showing the degree celcious of accounting staff**



The above table and figure show that two staffs have the qualification of ICA part one / HND accountancy, these are two accountants forming 14% and two staffs also have the

qualification of DBS/RSA stage III, these are cashiers forming 14% while those with the qualification of O LEVEL/ SSSCE also forming 72% who are the revenue collectors of ten in number.

#### **4.1.4 Finance**

One major problem which management of many businesses or organizations face is how to get money or funds to finance the businesses or the organizations operations. Therefore respondents were asked to indicate the sources of funds to the hospital and how often these funds were received.

The responses were that the sources of funds to the hospital are:

- a) Internally Generated Fund (I.G.F.): this is revenue generated from the service rendered or offered by the hospital. It consists of consultations fees, accommodations fees, income from sales of cards to patients, income from sale of drugs, etc. These funds are received on daily basis.
- b) Donor Pooled Fund (D.P.F.): This include funds which are approved or donated by international or local donors such as USA International Department (USAID), Overseas Development Agency (ODA), World Health Organization (WHO), United Nations Child Education Fund ( UNICEF), Traditional Council, District Assemblies, Other organizations and individuals to finance the activities of the health sectors. These funds are received on quarterly basis.
- c) GoG subvention accounts: these are funds given to the hospital by the government of Ghana (GoG) and are received on quarterly basis.

- d) Financial Encumbrance; these are also funds received from the government of Ghana (GoG) and are received on monthly basis.

Through a personal interview with the hospital accountant it was realized that the internally generated fund is the greatest source of fund to the hospital and also the Government of Ghana (GoG) subventions are not always received as expected.

## **4.2 Rules and regulations**

Rules and regulations are necessary for the smooth financial management of any organisation. Questions were formulated to find out whether the hospital has defined rules and guidelines in the preparation of the financial books and what are some of these guidelines. Responses from respondents indicated that there are guidelines in preparing the financial books kept. The main guidelines for the financial management of the hospital are the Accounting Treasury and Financial Rules and Regulations (ATF) designed by the Ministry of Health in 1998.

### **4.2.1 Budget**

The preparation of budgets is very important aspect of financial management in a business or an organisation. Questions were designed to find out whether the organisation prepares budgets. The responses indicated that budgets are prepared twice a year for revenue and expenditure. Some of the components of the budgets on the revenue side are consultations, drugs, laboratory, etc. On the expenditure side of the budget are found travel and transport, fuel, consumables, repairs and drugs etc.

There is no periodic budgeting system in the hospital. The study also showed that even though budgets were prepared for the hospital there is no budget implementation team.

#### **4.2.2 Financial Books Kept**

A very important aspect of financial management is the financial books kept. The following are some of the books kept and their uses given by respondents:

- Cash Book – this is used for the recording of receipts and the payments of voucher.
- Ledgers – these are use to regulate revenue and expenditure budgets.
- Debtors Ledger – this is used for recording the debtors of the hospital.
- Internally Generated Fund (IGF) Cash Book – this is used for the recording of the income realised from the services rendered in the hospital.
- Donor Pool Fund (DPF) Cash Book – this is used for recording donations or transaction from the donors.
- Government of Ghana Subvention (GOG) Cash Book – this is also used for recording funds received from the Government of Ghana.

#### **4.3 Control mechanism**

This is also another important control system which should be instituted in the organisation to regulate the inflow and outflow of funds of the organisation.

#### **4.3.1 Monitoring Team**

Respondent indicated that there is a monitoring team, formed by a section of staff from various departments. The team meets on daily basis.

#### **4.3.2 Internal Auditors**

The study showed that the internal audit which has its own administrative structure independent of the account department was not established but rather the accounts department does the pre audit test.

### **4.4 Evaluations**

Evaluation is also another important part of financial management because it measures standards against actual and a decision can be made on the variance.

#### **4.4.1 External Auditors**

Respondents indicated that external auditors do audit the books of the hospital and this is done twice a year.

#### **4.4.2 Research Work.**

Questions were formulated to find out whether there have been any research work conducted on financial management in the hospital and how often this research work were done. The response was that some research work has been conducted on financial management of the hospital. These have been done as and when the need arises.



The study showed that the conducting of research work in the hospital is not often or periodically done (which can not also help to know how the financial management is improving).

#### **4.4.3 Strategies For Improving Financial Management**

There are some strategies used for improving the financial management of the hospital and these are;

- a) The core management meets twice weekly to assess and find problems associated to financial management,
- b) By the help of the monitoring team the management checks the financial irregularities in the hospitals.

With a personal interview with the hospital medical superintendent, it was outline that there was financial irregularities and pilfering of logistic in the hospitals, for instance workers could print their own receipt and issue to patients and also logistics send to the wards were stolen by the workers.

He suggested some strategies he has adopted in improving the financial management other than charging high fees, which shall be listed in the recommendation of this projected report.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.0 Introduction**

This chapter summarizes the findings of the research, conclusions drawn and recommendations made as per the objectives of the research in chapter one. It also gives some recommendations that may help improve financial management in the health sector and ultimately to help in the provision of quality healthcare in the country. It also outlines the problems at the hospital and its recommendations as to how best the hospital could improve upon its performance.

#### **5.1 Summary of findings**

The research revealed that the delay in the release of the Government Subvention is a problem facing the hospital; some activities cannot be taking place when there are not enough funds. It was also realized that there are no internal auditors who stand separate from the accounts department and therefore does not comply with the segregation of duties.

It was also revealed that a periodic research work on financial management, which could aid to know how improvement is going on, was not also done. Also, the intervals at which external auditors do audit the books are not encouraging. It was again discovered that there are financial irregularities and pilfering in the hospital, which needs to be tackled with much attention.

Based on these it is therefore concluded that there is the need to adopt strategies to improve upon the financial management in the hospital.

## **5.2 Conclusions**

The following are the conclusions made according the analysis of data in chapter four.

### **5.2.1\_\_Elements of Financial Management**

Health facility/Organisation: From the study it can be concluded that Suntreso Hospital is one of the biggest or largest hospital in the Kumasi Metropolis. From the hospital's organizational structure it is realised that the medical superintendent is the head of the hospital.

Manpower: It can also be concluded that the manpower to work, that is the categories and number of staff in the accounts department is sufficient.

Education: It can also be concluded that the educational background level of some the accounting staff is not sufficient, for instance the SSSCE holders being the revenue collectors.

Finance: From the study it can be concluded that the internally generated fund (IGF) is the major source of fund to the hospital.

### **5.2.2 Rules and Regulations**

Budgets: From the study it is realised that budgets are prepared twice a year but there is no implementation team in the hospital.

Financial Books kept: Through the study it can be concluded that a lot of various financial books are kept or used in keeping records and transaction in the hospital, which is a good practice that can help to improve or avoid financial irregularities.

### **5.2.3 Control Mechanism**

Monitoring team: From the study it can be concluded that the monitoring team may be effective since members are selected from various departments.

Internal auditors: Through the study it can be concluded that some part of the internal control might be weak since there is no internal audit department standing separate from the accounts department to do the pre- audit test

### **5.2.4 Evaluations**

External auditors: From the study it can be concluded that the interval at which external auditors do audit the books will not impose a very effective evaluation since the auditing is done twice a year only.

Research work: From the study it can be concluded that how often research work is conducted in the hospital on financial management is not adequate or sufficient because comparisons cannot be made at short intervals to know how much improvement or no improvement is made.

Strategies for improving financial management: From the study it can be concluded that there are strategies used in improving the financial management in the hospital.

### **5.3 Recommendations**

Financial management is very crucial to the well being of every organisation. It is in this line that the researcher, based on the study conducted, makes the following recommendations:

#### **5.3.1 Elements of Financial Management**

##### **Manpower**

- I. The Ghana Health Services (GHS) should employ workers or personnel with a bit high educational background level such as DBS and RSA III to replace the SSSCE holders who are the revenue collectors.

##### **Education**

- I. The Ghana Health Services (GHS) should establish a periodic training for the general staff especially for those in the accounts and internal audit departments.

## **Finance**

- I. The Ghana Health Services (GHS) should try and eliminate all the bottlenecks involve in releasing government subvention in order not to delay the activities of the hospitals.
- II. The Ghana Health Services (GHS) should also release adequate subvention to the hospital to run its activities smoothly.
- III. Also the hospital management should introduce more services in the hospital to generate more funds or revenue.

### **5.3.2 Rules and Regulations**

#### **Budget**

- I. The government should make sure budget implementation teams are established in hospitals to prepare budgets and to make sure the budgets are implemented and to achieve the hospital objectives.
- II. Also these budgets should be prepared on a periodic basis.

#### **Financial Books Kept**

The internal auditors should ensure that the financial books kept are used to record the right transactions and these books should be frequently cross checked

### **5.3.3 Control Mechanism**

#### **Monitoring Team**

The authorities in charge of the hospital should make sure that the daily meeting of the monitoring team is carried out everyday. In order to achieve the objectives of the team, that is to avoid the financial irregularities in the hospital.

#### **Internal Auditors**

The government should ensure that an internal audit department is established to do part of the internal controls work such as the pre audit test other than the accounts department. Moreover, this will enhance an effective segregation of duties in the hospitals.

### **5.3.4 Evaluations**

#### **External Auditors**

The Ghana Health Services (GHS) should make sure that the external auditors audit the hospital book four times a year that is every three months or on quarterly basis.

#### **Research Work**

The Ghana Health Services (GHS) should also establish research committee to periodically conduct a research on the financial management of the hospitals.

## **Strategies Used**

The hospital management should continue to apply the strategies in improving financial management in addition to those mentioned above.

Below are some of the strategies adopted by the hospital's medical superintendent for improving the financial management in the hospital:

- ❖ By controlling the way logistics are procured and used in the hospital in order to avoid the frequent purchase of these logistics.
- ❖ By introducing more services in the hospital such as X-ray and laboratory to generate more revenue.
- ❖ By using well designed receipt books which are signed, stamped and issued by the medical superintendent in order to avoid staff issuing fake receipts to patients.
- ❖ Also, once in a while cross check the receipts numbers against those recorded in the cash received books.

The researcher believes that when all these recommendations are implemented or taken into considerations there will be an improvement in the financial management of the hospitals.



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## RESEARCH QUESTIONNAIRE

### CHRISTIAN SERVICE UNIVERSITY COLLEGE

This questionnaire is solely for academic purpose. Our project is to assess and improve upon the financial management in the ‘Ghana Health Sector (Hospital). Any information given will be held highly confidential.

#### General Information

01. Position/Title of Respondent -----
02. Sex: (a) Male [ ] (b) Female [ ]
03. What is the name of the Hospital? -----
04. (a) What is the number of the following: Accounting staffs:
  - i) Accountants .....
  - ii) Cashiers .....
  - iii) Revenue collectors .....
- (b) Qualification:
  - i) Accountant .....
  - ii) Cashier .....
  - iii) Revenue collectors .....

Objective 1- Sources Of Funds

05. What are the sources of funds to the Hospital?
- i) .....
- ii) .....
- iii) .....
- iv) .....
06. How often do you receive these funds?
- (a) Monthly (b) quarterly (c) ½ yearly (d) yearly
07. Are these funds enough? (a) Yes [ ] (b) No [ ]
08. If No, what do you suggest? .....
- .....
- .....

Objective 2- Rules And Regulations

09. Do you have defined guidelines in preparing your books?
- (a) Yes [ ] (b) No [ ]
10. If yes, what are some of the guidelines? .....
- .....
- .....
11. Do you prepare Budgets? (a) Yes [ ] (b) No [ ]
12. If yes, how often do you prepare it? .....
- .....
- .....

13. What are the components of the Budget?

	<u>Revenue</u>	<u>Expenditure</u>
a.	.....	a.....
b.	.....	b.....
c.	.....	c.....
d.	.....	d.....
e.	.....	e.....

What are the financial Books kept and their uses?

<u>Book</u>	<u>Uses</u>
.....	.....
.....	.....
.....	.....

Objective 3- Control Mechanism

15. Do you have a Budget implementation team?

(a) Yes [ ] (b) No [ ]

16. If yes, who are the officers forming this team? -----  
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17. Do you have monitoring team? (a) Yes [ ] (b) No [ ]

18. If yes, who are the officers forming this team -----  
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19. How often do they meet?
- i. The Budget implementation team -----
  - ii. The Monitoring team -----
20. Do you have internal auditors? (a) Yes [ ] (b) No [ ]
21. If yes, do they conduct pre-audit test? (a) Yes [ ] (b) No [ ]

Objective 4- Evaluation

22. Do external auditors audit your books? (a) Yes [ ] (b) No [ ]
23. If yes, how often is it done? -----  
-----  
-----
24. Have there been a research work conducted on financial management?  
(a) Yes [ ] (b) No [ ]
25. If yes, how often? -----  
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Objective 5– Strategies For Improving Financial Management

26. Are there any strategies used in improving the financial management in the Hospital? (a) Yes [ ] (b) No [ ]

27. If yes, what are some of the strategies? -----

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28. If No, what do you suggest? -----

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