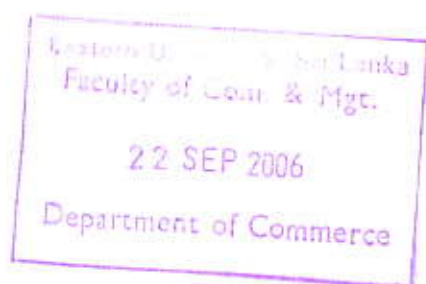


**A STUDY ON THE EFFECTIVENESS OF INTERNAL
CONTROL SYSTEM ADOPTED IN NORTH EAST
PROVINCIAL COUNCIL**



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ABSTRACT

The success and survival of an organization depends on effective utilization of resources. Every Organization needs to adopt effective internal control system in order to get optimum utilization from their resources.

Internal control is at the core of every organizations fulfilling its mission and achieving its goals while providing safeguards to protect organizational resources. Management of each organization is responsible for implementing appropriate internal control activities that are appropriate to their organization's processes; while keeping in mind that effective internal controls benefit, rather than encumber management. It is vital that everyone understand the concept and importance of internal controls.

The researcher derived the research problem question that, whether the effective Internal Control System is adopted in NEPC.

The objectives are to evaluate on the prevailing effectiveness of internal control system, to identify which factors are mostly influencing the effectiveness of the internal control system and to recommend a crackdown action and suitable structured changes. Conceptualization model includes organization, acknowledgement of performance, segregation of duties, budgeting, arithmetical & accounting, internal auditing, physical safeguards, physical control, access control, record management and information system to evaluate the effectiveness of internal control system in NEPC.

To analyse the effectiveness of internal control system, 100 employees were taken as sample from the 5 ministries and provincial treasury. Data were collected from Data entry operators and employees related with accounting works by issuing questionnaires. It was analyzed through SPSS package and spreadsheet. Method of analysis specifically considered univariate analysis only. The results are illustrated by pie chart. Based on the value indicated in the questionnaire, mean value is lying in the range between 1 and 5, which is strongly disagreeing to strongly agreeing statement with 5 scale measures.

According to mean value acknowledgement of performance and information system are ineffective in NEPC and other variables are averagely effective in NEPC. To rectify these ineffectiveness, it was recommended, assistance should be provided to strengthen Government Accounting and Auditing, strengthening Public Sector Accountability through Legislative Amendments, Appoint Accountants to Provincial Council Boards, strengthening Provincial Council Internal Auditing & Controls, Publish a Scorecard of Public Sector Institution Reporting and Create Chief Financial Officer Positions in Ministries and Departments.

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