The Evaluation of personnel's role in the implementation of internal control in Gaza Strip NGOs

تقييم دور الموظفين في تطبيق الرقابة الداخلية في المنظمات الأهلية العاملة في قطاع غزة

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أنا الموقع أدناه مقدم الرسالة التي تحمل العنوان:

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The Evaluation of the personnel's role in the implementation of internal control in Gaza Strip NGOs

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دور الموظفين في تطبيق الرقابة الداخلية في المنظمات الأهلية العاملة في قطاع غزة

أقر بأن ما اشتملت عليه هذه الرسالة إنما هو نتاج جهدي الخاص، باستثناء ما تمت الإشارة إليه حيثما ورد، وأن هذه الرسالة ككل أو أي جزء منها لم يقدم من قبل الاخرين لنيل درجة أو لقب علمي أو بحثي لدى أي مؤسسة تعليمية أو بحثية أخرى.

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نتيجة الحكم على أطروحة ماجستير

بناءً على موافقة شئون البحث العلمي والدراسات العليا بالجامعة الإسلامية بغزة على تشكيل لجنة الحكم على أطروحة الباحث/ أحمد خليل ابراهيم مراد لنيل درجة الماجستير في كلية *التجارة/* قسم إدارة الأعمال وموضوعها:

تقييم دور الموظفين في تطبيق الرقابة الداخلية في المنظمات الأهلية العاملة في قطاع غزة

The Evaluation of Personnel's Role in the Implementation of Internal Control in Gaza Strip NGOs

وبعد المناقشة التي تمت اليوم الاثنين 23 شعبان 1437 هـ، الموافق 2016/05/30م الساعة الحادية عشرة صباحاً، اجتمعت لجنة الحكم على الأطروحة والمكونة من:

أ.د. سالم عبد الله حلس	مشرفاً و رئيساً	....
د. هشام كامل ماضي	مناقشاً داخلياً	....
د. محمد زيدان سالم	مناقشاً خارجياً	....

وبعد المداولة أوصت اللجنة بمنح الباحث درجة الماجستير في كلية *التجارة/* قسم إدارة الأعمال.

واللجنة إذ تمنحه هذه الدرجة فإنها توصيه بتقوى الله ولزوم طاعته وأن يسخر علمه في خدمة دينه ووطنه.

والله ولي التوفيق ،،،

نائب الرئيس لشئون البحث العلمي والدراسات العليا

أ.د. عبدالرؤوف علي المناعمة

Abstract

This research studies the implementation of Internal Control process using a purposive sample of 40 Non-Governmental Organizations who's mainly have more than 15 staff members working in the Gaza Strip. The study looks at the perspectives of the executive director, project officers, project coordinators, finance managers and accountants about their role in the implementation taking in consideration the management styles and levels, provision of training, orientation, works systems and procedures and employees' awareness and knowledge. The study methodology is a descriptive analytical one where both primary and secondary data have been utilized and combined. To address the research questions, a structured questionnaire including 42 close ended questions has been designed and applied with the study sample with a response rate of 88%.

The main findings of the study; according to the study sample, personnel role affects the implementation of internal control process, there is no effect in the personnel role in the implementation of internal control process due to the personal characteristics of the respondents (Job Title, Sex, Educational Qualifications, Age, Years of Experience and Major Specialization) and also there is no effect in the personnel role in the implementation of internal control process due to the organizational characteristics of the respondents (Age of organization from the date of establishment and Number of staff).

To enhance the Internal Control process, the study recommends Gaza Non-Governmental Organizations to concentrate their improvement starting from the provision of training courses about the Internal Control to increase awareness of staff about its importance and to help adopting the Internal Control concepts, also Gaza Non-Governmental Organizations should have a periodic internal audit whether a full time employee or designated team member/s perform this task to review and give feedback on Internal Control implementation with the organization, it should provide the new and old staff orientation instructions about the Internal Control and its components, also it should conduct a periodic workshops and in-house coaching to familiarize their staff with methods of implementing the Internal Control system in the way that serve the organizational goals, strategies and objectives and finally should adopt the concept of exchange of information and effective communication between the employees, departments and administrations.

الملخص

من خلال هذا البحث تم دراسة تقييم دور الموظفين في تطبيق عملية الرقابة الداخلية باستخدام عينة غرضية مكونة من 40 منظمة من المنظمات الأهلية العاملة التي يعمل لديها أكثر من 15 موظف في قطاع غزة من وجهة نظر كلٍ من : المدير التنفيذي للمؤسسة، مدير المشاريع، منسق المشاريع، المدير المالي و المحاسب من خلال دراسة دور الموظفين في التطبيق لعملية الرقابة الداخلية من حيث المستوى الإداري، أنماط الإدارة، توفر التوجيهات والتدريبات اللازمة والسياسات والإجراءات الداخلية للمنظمة.

وقد استخدم الباحث في هذه الرسالة المنهج الوصفي التحليلي حيث استعان في ذلك بالمصادر الأولية والثانوية للمعلومات. وقد تمثلت الأداة الرئيسية للبحث في استبيان تم إعداده خصيصا للبحث. يحتوي هذا الاستبيان على 42 سؤال مغلق من أجل الاجابة على أسئلة هذه الدراسة وكان معدل الاستجابة 88%.

تمثلت النتائج الرئيسية للبحث حيث أنه و بحسب المبحوثين ، هناك دور مهم للموظفين يؤثر في تطبيق عملية الرقابة الداخلية في المنظمات الأهلية العاملة في قطاع غزة ، بينت الدراسة عدم وجود فروق ذات دلالة إحصائية بين دور الموظفين في تطبيق عملية الرقابة الداخلية يمكن أن تعزى للصفات الشخصية للمبحوثين مثل (المسمى الوظيفي، الجنس، المؤهل العلمي، سنوات الخبرة والتخصص العلمي) و بينت الدراسة عدم وجود فروق ذات دلالة إحصائية بين دور الموظفين في تطبيق عملية الرقابة الداخلية يمكن أن تعزى لخصائص المنظمات الأهلية مثل (عمر المؤسسة من تاريخ التأسيس وعدد الموظفين)

أهم التوصيات التي توصل إليها البحث أن على المنظمات الأهلية بغزة تركيز جهود التحسين في المجالات التالية حتى تصبح أكثر فعالية ونجاحا في تطبيق عملية الرقابة الداخلية بداية من تدريب الموظفين حول الرقابة الداخلية وزيادة الوعي حول أهميتها واعتماد مبدأ الرقابة لتصحيح الأداء وليس لتصيد الأخطاء ، يجب على المنظمات الأهلية بغزة القيام بالتدقيق الداخلي من خلال موظف متفرغ لهذه المهمة أو فريق مختار حتى يقوم بعملية المراجعة الدورية واعطاء الملاحظات والتغذية الراجعة حول تطبيق الرقابة الداخلية ، أن تسعى المنظمات الأهلية بغزة بتوفير التوجيهات والارشادات للموظفين الجدد والقدامى حول أهمية ومكونات الرقابة الداخلية ، على المنظمات الأهلية بغزة بذل المزيد من الجهد لعقد ورشات عمل والتمارين الداخلية لضمان إلمام الموظفين بكيفية تطبيق نظام الرقابة الداخلية بالطريقة التي تخدم أهداف واستراتيجيات المنظمة وأخيراً تبني مبدأ تبادل المعلومات والاتصال الفعال بين الموظفين، الأقسام والإدارات.

Dedication

To my Parents, Wife, Brothers and Sisters, Family and Friends.

To my colleagues Nadia Albayoumi, Ragheb Besiso and Tahany Qishta for their help and support.

To my Professors that taught me and were patient with my unending questions and arguments.

Acknowledgment

First and foremost we would like to thank Allah for what we are and for everything I have.

I am so grateful for the help given to me by my advisor, Dr. Salem Helles, for his knowledge, guidance and advice where vital for the accomplishment of this thesis.

Also, I want to thank the Islamic University of Gaza, especially the Commerce Faculty for giving me the opportunity to be a part of their MBA programme.

And, I would also like to thank the members of the discussion Committee for accepting the discussion of this research.

Thank you all for helping me to accomplish this thesis.

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List of Abbreviations

CSOS	Committee of Sponsoring Organization
EA	External Audit
GAAP	Generally Accepted Accounting Principles
HRD	Human Recourse Development
IA	Internal Audit
IC	Internal Control
MFIs	Microfinance Institutions
MSH	Management Sciences for Health
MW	Material weakness
NGOs	Non-Governmental Organizations

Chapter 1:
The General Framework
of the Research

Chapter 1 : The General Framework of the Research

1.1 Introduction

The Non-Governmental Organizations (NGOs) sector in Gaza Strip has historically played a remarkable role whether before or after the establishment of the Palestinian authority. Recently, more than ever before, NGOs are considered the other resort for getting breathes from the de facto situation as it best supply the people's needs and wants based on the funds come through the foreign and local donors (Shaheen, 2007). According to 2009 statistics, there are more than 890 registered NGOs in the Gaza Strip (Bseiso, 2011).

At the time the role of NGOs is widely visible and appreciated by the public, the extent to which fund management and internal controls inside most of these organizations adhere to best practices and international standards is not clear enough. It is believed that NGOs likely will obtain higher credibility when they increase the visibility of their process and solidify their control system (Shaheen, 2007).

NGOs receive a huge bulk of international fund. NGOs need to watch this flow of money in order to ensure that it is allocated and spent efficiently for the favor of their intended results. NGOs when implement efficient, transparent, and systematic internal control process, they will then increase the likelihood of boosting their credibility.

Internal control is a process that each employee in the organization influence and influenced by. Therefore, personnel role in terms of applying the policies and procedures may yield to positive or negative consequences on the reputation and survival of the organization. In it is turn, personnel role may be influenced by other factors such as personal characteristics of the employees, the management system, and improvement opportunities for the employees (Modallal, 2007).

1.2 Purpose (Research Importance)

The ultimate goal of this research is to evaluate the personnel's contribution in the internal control function inside local NGOs through examining the key factors affecting the personnel role and defining which among these factors are the most responsible for enhancing this role.

1.3 Problem Statement

It is agreed in the literature that the major responsibility for the sound implementation of internal control process rests on Management. However, all staff shares this responsibility as the entire process touches their area of daily tasks and duties.

Effective internal control requires planning and assessment by the organization from the outset. This is particularly true for NGOs especially because their human and financial resources are often limited. Therefore, personnel who are regarded as organizational assets should take part of the process of internal control, the matter which saves resources and helps personnel identify with their organizations.

On a broader level, organizations that highly valued their credibility in the front of the public and seek more credibility, trust, transparency shall first and foremost enhance the employee's role in internal control.

At the time some researchers examined to what extent NGOs perform internal control, few addressed the role of employees in the process leaving it unclear neither how do organizational characteristics, managerial levels and management aspects such as capacity building, supervision, and management support influence the personnel's role nor the extent to which personnel's' characteristics, nature of work, and personal commitment shape the features of their role in internal control. This research acts as a serious effort to uncover these relationships and tries to identify the major factors affecting role of employees in internal control. In addition to determining both direction and magnitude of these factors. This study fills an information gap pertaining to the role of personnel in implementing internal control process in Palestinian NGOs and factors undermining it.

1.4 Research Objectives:

The research aims to achieve the following objectives:

1. To appraise the level of involvement of personnel's in applying internal control in Palestinian NGOs.
2. To explore the effect of personnel characteristics on their role of the internal control process.

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3. To understand the main internal organizational aspects, nature of the work and their effect on personnel's role in internal control.

4. To discern management aspects that affects the personnel's role in internal control.

5. To put forth feasible recommendations that can lead to/enhance more effective institutionalized role of personnel in the internal control function.

1.5 Research Hypotheses:

The following are the main and secondary hypotheses that are adopted by the researcher:

1.5.1 There is no statistical difference at significant level ($\alpha \leq 0.05$) in the personnel role in the implementation of internal control process, due to the personal characteristics of the respondents (Job Title, Sex, Educational Qualifications, Age, Years of Experience and Major Specialization).

1.5.2 There is no statistical difference at significant level ($\alpha \leq 0.05$) in the personnel role in the implementation of internal control process, due to the organizational characteristics of the respondents (Age of organization from the date of establishment and Number of staff).

1.6 Research Questions:

The following are the main questions to be answered through the research:

1. To what extent management levels, styles, direct supervision and monitoring affect the personnel role in IC implementation.

2. What effect may receiving orientation, training, and capacity development interventions have on the role of personnel in relation to the implementation of IC?

3. Does the nature of business, policies and age of the organization affect role of personnel in IC?

4. What are the possible variations of different personnel role in terms of internal structure and policies?   (Business ethics, Code of Conducts, incentive and disciplinary systems).

5. Do the experience, qualifications, age, sex, education and disability affect the level of involvement and role of personnel in IC?

6. Dose the knowledge (awareness) about IC concept play a role?

1.7 Previous Studies:
1.7.1 Local and Regional (Arabic) Studies:

* (Alazzam et al., 2013) entitle " The Reality of the Internal Control in Industrial Companies in Aqaba City" ; the purpose of this study is to show the extent of administrations of the industrial companies in Alaqaba city seeking to achieve the goals and objectives of the internal control, to show if there is presence of an appropriate organization structure for the internal control, to show the extent of strengthening of executive control over the internal control, and to show the presence of sufficient capacity to assess the risks. The sample was the administrations of the industrial companies in the Al Aqaba city. The present study found that the administrations of the industrial companies in Alaqaba city seek to achieve the goals and objectives of the internal control, although the administrations do not revise the plans and financial policies consistently, and they do not adopt the concept of information exchange and communication between the employees, departments and administrations. The study also found that there is an appropriate organizational structure for the process of strengthening the internal control, although it is not flexible enough. The findings also indicate that executive control strengthen the internal control, although the employees do not have enough knowledge about the laws, regulations, instructions, tasks and programs relating to the work of the company, and there is sufficient capacity to assess risks.

The study recommended that industrial companies in Aqaba should take more care in revising plans and financial policies consistently, to adopt the concept of information exchange and communication between employees and divisions and administrations. The study also recommended that the organizational structure should be developed towards greater flexibility so that they can make any adjustments to it in the future, to provide employees with enough laws, regulations, instructions, tasks and programs

relating to the work of the company and to develop a mechanism for improving processes that reduce and control the risks.

* (Oqba, 2012) entitle "The Role of the Audit Committee in Raising the Efficiency of the Internal Control System to Combat Money Laundering in Jordanian Banks"; This study aims to indicate the role of the Audit Committee in raising the efficiency of the internal control system to combat money laundering through the tasks assigned to evaluate internal control systems, and support the work of internal audit department in considering internal control systems to combat money laundering and in developing the appropriate mechanism to ensure the bank compliance with application of anti-money laundering instructions. It also aims to support the external Audit in evaluating the bank procedures and policies related to internal control system for anti-money laundering, and the bank administration compliance with the application of the provisions of anti-money laundering law and the report thereto in the annual report. The sample of the study was all banks of Jordan which are total of 13 bank, and external auditors to these banks. The most important results were:

- The Audit Committee contributes to a high degree of efficiency in the internal control system to combat money laundering in the Jordanian banks through its activities in the evaluation of internal control system.

- The Audit Committee contributes to a high degree of efficiency in the internal control system to combat money laundering in the Jordanian banks through its activities in support of the internal audit function.

- The Audit Committee contributes to a high degree of efficiency in the internal control system to combat money laundering in the Jordanian banks through its activities in support of the external audit.

The most important recommendations were:

- The need for activating the role of the Audit Committee in monitoring the internal audit plan relating to money laundering controls and holding periodical meetings with audit management to discuss the controls relating to money laundering.

- The audit committees should disclose in their reports, which should be included in the annual reports of banks in evaluation of the internal control

system for combating money laundering, and activities that can contribute to raising the efficiency of internal control systems to combat money laundering.

- Developing an appropriate mechanism to assess the internal controls relating to combating money laundering to protect the bank from the risk of these operations.

* (Modallal, 2007) entitle **"The role of the internal audit function in controlling the financial and administrative performance (Case Study on the public corporations companies listed in Palestine market for securities)"** ; the aim of the study is to clarify the role of internal auditing function in controlling the financial and managerial performance at the Palestinian Public Corporation and

the sample of the study was 26 of the Public Listed Companies in Palestine Securities Exchange (PSE).The most important results that the internal audit units exercise a good role in controlling the financial and Managerial performance and contribute in supporting corporate governance through its role in evaluating the internal control system, and evaluate and enhance risk management and measuring efficiency and effectiveness of its performance, and there is a great relationship between role of the internal auditor in evaluating and strengthening the risk management and controlling the managerial and financial performance in the public corporations. The study recommended that there is a necessity of providing the internal audit department with sufficient financial and human resources in the Palestinian public corporations and important necessity of conducting and arranging training courses for internal auditors to get the sufficient knowledge about the internal audit standards issued by the Institute of Internal auditors.

* (Shaheen, 2007) entitle "The reality of the internal administrative control in non-profit organizations in the Gaza Strip"; the aim of the study is to highlight the one of the most significant administrative functions undertaken by the management, i.e. the internal administrative control. The study seeks outlining the important role played by this control in achieving the targets of private organizations through analysing its tasks and functions. Moreover, the study focuses on certain factors that influence the internal control in these organizations, mainly the organizational hierarchy, control techniques, assessment of performance and communication, in addition to measuring to what

extent control systems applied at private organizations have achieved their goals and the extent of their contribution of limiting negative phenomena inside these organizations. The sample of the study was 120 private organizations in Gaza Strip operating in different development and social areas. The most important results were that the organizational structure factors are available in a high degree at the private organizations in Gaza, which indicates the existence of an organizational hierarchy suiting the activities of these organizations and achieving their goals, the existence of direct relationship between the existence of internal control factors and the realization of their goals and the internal control systems applied at private organizations in Gaza Strip achieve their goals.

The study recommended that:

- It is necessary to spread awareness of the significance of control work and its purpose of which is correcting the performance.
- There should be flexibility to introduce modifications on the control criteria.
- Accredited and objective standards should be laid down for compiling reports.
- More attention should be paid to complaint boxes as a control tool.
- Continued updating of applied control techniques.

* (Kullab, 2004) entitle "The reality of the internal control in the governmental sector (A field study on the ministries of the Palestinian National Authority in the Gaza Strip)" The aim of the study were to identifying and analysing the current status of internal control in the Palestinian National Authority Ministries, and finding out whether such internal control has obtained the basic administrative and financial constituents, and the extent of the application of what is available of these constituents, if compared with the integrated and effective internal control systems. The study also aimed at pointing out the importance of internal control in maintaining and better use of public money and upgrading the performance of productivity in Palestinian National Authority Ministries. Moreover, the study aimed at identifying the aspects of malfunctions in internal control and their negative effects such as financial and administrative problems, over employment, and weakness of general performance. In addition, the study aimed to identify the main reasons and obstacles which prevent the application and development of good internal control systems in Palestinian National

Authority Ministries. The sample of the study is the control employees working in the internal control units in Palestinian National Authority Ministries in the Gaza Strip. The most important results were there was a weakness in the availability and level of application the constituents of the internal control in the Palestinian Authority Ministries, a thing which has been reflected in the weakness of the internal control systems and their failure to achieve the assigned objectives, the spread of negative phenomena such as financial and administrative problems, over employment, mismanagement, weakness of general performance and absence of accountability and transparency.

The most important recommendations were:

- Developing and approving of the organizational structures of the ministries of the Palestinian Authority, so that based on the general objectives for each ministry, and take into account the involvement of employees at various levels in their preparation, and to be clear-cut, and supported by job description of each position.
- Preparation and implementation of an annual assessment program of internal control of the Palestinian government sector.

1.7.2 International Studies:

* (Burt, 2014) entitle "An Understanding of the Differences between Internal Auditors (IA) and External Auditors (EA) in Obtaining and Assessing Information about Internal Control (IC) Weaknesses"

This study helps external auditors, managers and regulators understand conditions under which the internal auditor can maintain their objectivity when performing an internal control assessment. Specifically, this research examines the potential importance of cueing internal auditors through the use of a strong code of ethics, such as the code of ethics enacted by the Institute of Internal Auditors, to the maintenance of the objectivity of all internal auditors.

The results and recommendations of the study were as the following:

It is very important for the EA to use the IA, or the IAs previous work, during the IC assessment process. Due to the IA's status within the organization, the IA has a comparative advantage over the EA to gain information from employees. Both management and EAs are expected to report on internal control weaknesses found at three levels; deficiencies (low severity), significant deficiencies (medium severity) and material weaknesses (high severity).

Overall, the thesis demonstrates that a strong organizational identity is a benefit to the IA, as the IA and their others believe. The strong identity an IA has with their organization can help the IA obtain more information from employees than would be possible from an outsider, such as an EA or an outsourced IA. The concern from critics, that IAs with a strong identity will be less objective, was only slightly substantiated within my thesis. An IA with a strong organizational identity may have an in-group bias, but having a salient professional standard for the IA would not only ensure the any bias would not affect their objectivity, but would also cause the IA to be even more conservative in their assessments. I also found in my thesis that EAs should be more willing to rely on the IA. This reliance could help to lower audit costs, by limiting duplicate work and improve the overall audit process. Overall, a strong organization identity and salient professional standards for the IA will provide more pertinent information to the audit process, ensure IA objectivity and increase EA reliance on the IA, which can only improve the audit process as a whole.

* (Ayom, 2013) entitle "Internal Controls and Performance in Non-Governmental Organizations: A Case Study of Management Sciences for Health South Sudan"; The purpose of this study was to assess the impact of internal controls on performance of Non-Governmental Organizations (NGO) case study of Management Sciences for Health (MSH) Juba South Sudan. The populations of 70 respondents were selected and it comprised of MSH staff drawn from different departments of accounting and finance (13), internal audit (06), Human resource (04), procurement and logistic (07) and Field officers (25).

The findings were that internal controls affect the performance of an organization this could be positively or negatively depending on how it has been done.

It was established that internal controls were in place but there was need for more follow-up by management to ensure the implementation takes place. The financial and accounting and reporting procedures need to be enhanced this can be made possible by allowing further training for the staff in the accounts sections and close supervision of the audit department on the activities of accounts and finance through regular audits and check-up. There is need for improvement in the procurement process and emphasis should be made on procurement procedures already in place this requires the active involvement of both the internal Auditors and the procurement manager.

* (Douglas, 2011) entitle "Internal Control and its Contributions to Organizational Efficiency and Effectiveness: A Case Study of ECOBANK GHANA LIMITED". The purpose of this study was to provide a common language, understanding and a practical way for companies to assess and improve their internal control systems, to determine whether internal control exist, to examine the consciousness of employees, to examine the measures adopted to enhance the effectiveness of internal Controls in credit risk management and to recommend appropriate policy measures that will improve the effectiveness of internal controls in managing risk.

The target population of the study is banks in the Ashanti Region.. According to the Kumasi main 42 manager of Ecobank Ghana Limited. The target population for this study is the twelve (12) branches in the region. The study revealed the following findings.

- Internal control systems do exist at Ecobank Ghana Limited and they are the responsibilities of country management team. The Ecobank Ghana Limited has well defined organizational structure. Expectations and policies are communicated to staff members.
- Employees of Ecobank Ghana Limited are conscious of the internal control system at the work place and relevant information regarding legislation, regulatory developments, economic changes, changes in operation and other external factors that may affect the organization are communicated and explained.
- Management was seen as being solely responsible for setting up internal control and that no one particular person was in control of decision or activities.

The following recommendations are offered to assist in improving on the effectiveness of internal control systems in Ecobank Ghana Limited.

Ecobank Ghana Limited should set internal audit units for each branch across the country, so that there shall always be the availability of internal audit personnel's to ensure compliance to the internal controls that exist in their organization.. In doing so, they will report directly to the country management team. The internal audit personnel should also be rotated at regular intervals to avoid any form of malpractices.

* (Emnert and Johansson, 2010) entitle "Internal Auditors, what is their role?" the purpose of the study was to explain what role the internal auditors undertake and what internal auditors do.

The research sample was the Swedish companies that are listed on a regulated market in Sweden follow the Swedish code of Corporate Governance.

The results of the study were as the following:

- Different groups of companies and different groups of internal auditors are more alike than different. This suggests that the profession theory and institutional theory explain the internal auditor's role and work assignments the best.
- Internal auditors' reports to a broad range of functions were audit committees are the most frequent.
- The role of internal auditing as a profession is more influenced by internal factors than external factors.

The study recommended that:

- Explain more the characteristics of the internal auditor which can include such information as background, education, knowledge needed and personality characteristics and to connect these to the role of the internal auditor and what the internal auditor does.
- To compare internal auditing across countries, looking at similarities and differences in e.g. risk management etc.

* (Wright, 2009) entitle "Internal Audit, Internal Control and Organizational Culture

The purpose of this study is to look at the organizational culture of organizations and their internal audit operations from the perspective of operational audit. Three organizations within the same economic sector were examined to see how culture affected their use of operational internal audit, and how the operational internal audit responded.

The results suggest that:

- The operational internal audits of organizations generally have their own cultural orientation, and these orientations are independent of the organizations' own cultural orientations.
- The operational internal auditor has a unique culture within an organization different from the organization's culture as a whole.
- The operational internal auditors see themselves as being "superior" to the run of the mill line managers from whom they have been selected.
- Tensions between the organization and the operational internal auditor will exist because of the cultural difference, and the strong bureaucratic/hierarchical culture of the operational internal auditor which is reflected in the strong desire to follow rules.

This study is a series of three case studies, and therefore, while the inferences drawn may fit a general model of organizational behaviour relative to internal control and audit, there is a need to expand the data if the understanding of the area is to move from inference to statistical confidence. Accordingly there is opportunity for further research to be undertaken across a wider selection of organizations in different fields of activity besides transport, to discover if the inferences can be extended to general rules. This specific research would indicate that such general research would yield useful data. There are, however difficulties involved because of the depth of data required.

* (Goh, 2007) entitle "Internal Control Failures and Corporate Governance Structures"; the study examines the causes and consequences of material weaknesses.

The Research sample was the firms that disclosed weaknesses under SOX 302. The results of the study were as the following:

- Using 184 firms that reported MW from August 2003 to December 2004 and a matched-pair sample of control firms, it was found that firms with lower audit committee financial expertise, smaller audit committees, and lower board independence are more likely to have material weaknesses.
- It was found that material weaknesses firms have significantly higher turnover of their audit committee members and outside directors than the control firms following the material weaknesses detection.
- There is some empirical support that the top management in the material weaknesses firms is more likely to leave the firm than their counterparts in the control firms.
- The results indicate that material weaknesses firms experience greater improvement in their governance structures than the control firms.

The study recommended that:

- To examine whether the same results hold for material weaknesses disclosed under SOX 404, especially on the impact of MW disclosed under SOX 404 on the governance structures.
- To examine whether non-accelerated filers, impose similar reputational penalties on those individuals charged with internal control monitoring, and face similar incentives to improve their governance structures as the accelerated filers.
- To examine whether non-accelerated filers, which are required to comply with SOX 404 at a later date, impose similar reputational penalties on those individuals charged with internal control monitoring.

* (Campion, 2000) entitle "Improving Internal Control for Microfinance Institutions (MFIs)"; the purpose of this study is to advocate a new approach to internal control that integrates control mechanisms into a larger risk management framework.

The Research sample was:

Four institutions and their staff as follows: Bank Rakyat Indonesia (Indonesia), Association for Social Advancement (Bangladesh), Mibanco (Peru) and Alexandria Business Association (Egypt).

The results of the study were as the following:

- MFIs should link internal control to risk management.
- MFIs lack information on fraud.
- In general, MFIs have limited controls to protect against fraud.
- The industry needs to learn more about controls for savings operations.

The study recommended that:

- MFI experiences. MFIs need to be more willing to discuss fraud, to learn from their experiences and to learn from the experiences of other MFIs.
- Institutionalize a risk management process.
- Ensure active board involvement in internal control.
- Technical assistance. MFIs can benefit from outside experts to help them set up and make improvements to their internal control systems.
- Donor role. Donors should require MFIs to have some type of internal control mechanism, appropriate to the MFI's level of development.
- Practitioner networks. Microfinance practitioner networks can promote and encourage increased discussion on how to improve internal control.
- Regulatory requirements. Regulators should become familiar with microfinance and possibly adjust their requirements to suit the nature of microfinance operations.

Comments on the previous studies:

Through examining the previous studies on the role of personnel in implementing internal control in different types of organizations and with different positions. The researcher examined 12 studies in total, 7 are international studies and 5 local and regional studies where the researcher has benefited from those studies, especially for the enrichment of the theoretical framework of the study, developing the study tool, and in the interpretation of the findings of the researcher of the study.

There is lack of previous studies on the personnel role in IC implementation in NGOs in Gaza strip as the researcher conducted a comprehensive study about IC as a shared responsibility and the personnel role is the key success factor in its applicability unlike the previous studies.

It was clear from these studies that there is a clear focus for both local, regional and international studies on the Internal Control System in general in terms of its effect on the operational efficiency of the organization.

The following are the most important results:

- The international studies addressed many issues and topics regarding IC process, Internal Controls and Performance in Non-Governmental Organizations, Internal Audit, Internal Control and Organizational Culture, Internal Control and its Contributions to Organizational Efficiency and Effectiveness, Improving Internal Control for Microfinance Institutions (MFIs) and Internal Control Failures and Corporate Governance Structures.

- Most of international studies recommended of the need for improvement in the IC and IA processes between departments, linking IC applicability with its activities and IC importance for achieving the organization goals and objectives.

- The local studies addressed IC administration functions undertaken by management, IC importance for productivity and better use of money, role of audit in raising the efficiency of IC system and extent of achieving IC goals and objectives.

- According to the research sample, all studies focused on the specific employees considering them the only influencer of IC process such as management, control employees, administrators and branch managers.

- The local and regional studies used the descriptive, analytical method. Besides, these studies used the questionnaire as a data collection tool.

- The international studies used a combination of both qualitative and quantitative research methods. Besides, the studies involved the use of in depth interviews, and questionnaires.

- Through examining the previous studies, the study variables has been identified to achieve the research objectives.

- This study is one of the first detailed studies which seeks the evaluation of personnel role in implementation of IC process, especially for the NGOs, and what distinguishes this study is that its comes to shed the light on the linkages between personnel role and management aspects, organizational characteristics and personnel characteristics which may contribute to the IC success within the NGOs. A function that is thought to enhance the NGO management to aspire the NGOs' objectives in an efficient way.

1.8 Conceptual Framework:

The Personnel role takes many forms and ways. This research will focus on the most important factors thought to be vital for the implementation of internal control including:

- Management: (managerial level and management style, provision of training, orientation and capacity building, direct supervision and monitoring).

- Organizational characteristics: (nature of the business and sector in which NGO works, internal policies and procedures, NGO internal structure, business ethics and Code of Conduct, incentive and disciplinary systems, age of organization).

- Personnel characteristics: (demographic factors and nature of assigned duties, awareness and knowledge).

Internal Control System

Management	Organizational Characteristics	Personal Characteristics
• Management Level and Style. • Providing Training, Orientation and Capacity Building. • Direct Supervision and Monitoring.	• Nature of the business and sector in which NGO works, Policies, Procedures and Internal Structure. • Business Ethics and COC, incentive and disciplinary systems • Age of Organization.	• Experience and Qualifications • Demographic Factors and Nature of assigned duties • Awareness and Knowledge

Personnel Role

Figure 1.1: Conceptual Framework

Chapter 2:
Theoretical Framework

Chapter 2 : Theoretical Framework

2.1 Internal Control

2.1.1 Definitions of the Internal Controls

(Pfister, 2009) defines Internal Control as an entity's system of internal control consists of policies and procedures designed to provide management with reasonable assurance that the company achieves its objectives and goals in regard to effectiveness and efficiency of operations, reliability of internal and external reporting, and compliance with applicable laws, regulations, and internal policies. The structure and sophistication of any control system will depend on the size and complexity of the operations of the institution in which it is to operate. The internal control system should be efficient and manageable.

Systems of Auditability and Control defines internal control as a set of processes, functions, activities, sub-systems, and people who are grouped together or consciously segregated to ensure the effective achievement of objective and goals (Whittington and Pany, 2004). (Basoln, 2002) defines internal control as a set of instructions, guidelines and procedures that a company's senior leadership establishes to prevent operating losses resulting from theft, error, technological malfunction and employee neglect or carelessness. An internal control also helps an organization/company prevent adverse regulatory initiatives, such as fines or litigation.

Definition of Internal Control, It is a means by which an organization's resources are directed, monitored, and measured. It plays an important role in preventing and detecting fraud and protecting the organization's resources, both physical (e.g., machinery and property) and intangible (e.g., reputation or intellectual property such as trademarks). At the organizational level, internal control objectives relate to the reliability of financial reporting, timely feedback on the achievement of operational or strategic goals, and compliance with laws and regulations. At the specific transaction level, internal control refers to the actions taken to achieve a specific objective (e.g., how to ensure the organization's payments to third parties are for valid services

rendered.) internal control procedures reduce process variation, leading to more predictable outcomes (COSO, 2008).

According to (Millichamp, 2002) Internal Control System is defined as the whole system of controls, financial and otherwise, established by the management in order to carry on the business of safeguard the assets and secure as far as possible the completeness and accuracy of the records.

Besides, (Hevesi, 2005) also defined internal control as the integration of the activities, plans, attitudes, policies, and efforts of the people of an organization working together to provide reasonable assurance that the organization will achieve its objectives and mission.

All the above definitions of internal control systems have identified the main objectives of internal controls to be the assurance that organizational resources will be put to economic, efficient and effective use in order to achieve the objectives for which the organization was set up.

Practitioners often confuses internal control with internal audit, which is an integral part of internal control. While internal audit focuses solely on evaluating risk management "ex-post" (after operations), internal control comprises both the "ex-ante" and "ex-post" (before and after operations) measures to control risks. In other words, internal audit is just one component of the internal control process (Rebecca, 2008).

Despite the importance of the above mentioned components to the success of the implementation of internal control system, the Personnel are the key factor in the success or failure of the internal control system. No matter how much the system is efficient, clear, and straightforward, unless there are qualified, motivated, efficient staffs, with an active role in the internal control process (Shaheen, 2007).

2.1.2 Objectives of Internal Control

According to (COSO, 2007) the objectives of internal control are aimed at ensuring that:

- Laws and regulations are complied with the laws and regulations are made to regulate the institution. It is essential to enforce them in order to maintain standards of conduct that the institution incorporates into its compliance objectives.

- Directions and instructions given by management are implemented Instructions and directions from executive management define and explain the employers' expectations from employees as well the scope of work to be done. There must be a clear communication of all these laws and regulations to the employees. The set objectives of the institution must be fairly allocated to each employee. A clear guidance on the implementation of activities must be provided.

- The internal processes of an institution are properly functioning, and assets are protected the monitoring indicators and standard principles must be established in order for all processes to function correctly. Management must be vigilant and proactive to avoid fraud and theft of assets.

- Financial information is reliable faithful recording can enhance reliable financial information. It is necessary that departments maintain and improve quality on the systems of internal control. There are three ways into which quality on control systems can be improved, namely:

  a) Separation of duties between record retention, operational duties and recording duties.

  b) Descriptions of different functions, which should enable the user to identify the recipients of the information as well as the origin of the produced information.

  c) General and specific instructions must be followed in maintaining an accounting internal control system that is compliant with generally accepted accounting principles (GAAP).

According to (Hevesi, 2005) while the overall purpose of internal control is to help an organization achieve its mission, internal control also helps an organization to:

- Promote orderly, economical, efficient and effective operations, and produce quality products and services consistent with the organization' mission.
- Safeguard resources against loss due to waste, abuse, mismanagement, errors and fraud.
- Promote adherence to laws, regulations, contracts and management directives.
- Develop and maintain reliable financial and management data, and accurately present that data in timely reports.

2.1.3 Role players in Internal Control

According to (Visser, 2011), several role players can be identified that are involved in ensuring that appropriate internal controls as well as an internal control system operate properly within a public institution. The respective roles of the structure are discussed below.

Management:

It is the responsibility of management to establish a system of internal control in order to control and safeguard the resources of a public institution. This responsibility of management is included in the overall management process that entails planning, organizing, directing and controlling. Although these management functions can be clearly identified, they cannot be separated from one another. Management's responsibility and involvement in internal control can, therefore, not be overemphasized since the whole management process revolves around it.

Other responsible officials

Every official that works according to certain procedures, instructions or directives must also contribute to the functioning thereof by adhering to the controls that are in place.

Internal control section

Internal control section operates within each financial division, and its main functions are the following:

- To verify the correctness of financial data entry forms and transactions by checking that these forms were filled in accordance with the prescribed procedures.

- To verify that all transactions were authorized by an official delegated to do so.
- To verify whether the expenditure and income are correctly reflected in the financial records of a public institution.
- To determine whether the various sections and offices that generate payments and collect income follow the correct procedures and instructions, which is called compliance checking.

To assist the responsible section, since they cannot check every transaction for correctness. As such, the internal control section does the daily checking of transactions, which is known as continuous checking. Auditors, on the other hand, perform periodic checking.

2.1.4 Components of Internal Control

The basic elements of an effective internal control system generally require the following:

1. Control Environment - an environment or culture where control is recognized and emphasized.

2. Risk Assessment - the establishment of policies and procedures for risk assessment.

3. Control Activities - the recognition that all activities require some measure of control.

4. Accounting, Information and Communication Systems - the institution of accounting, information and communication systems.

5. Self-Assessment or Monitoring - the establishment of policies and procedures for self-assessment and monitoring (Ramos, 2008).

2.1.4.1 Control Environment

It refers to a set of policies and procedures that must be followed in the implementation of internal controls within an institution. The environment creates a frame of mind within which an internal control system can function at all levels in the institution (COSO, 2013).

This entails integrity, ethical values, and competence and direction of the accounting officer. The senior management together with the accounting officer (head of department) establish the modus operandi with regard to the role of internal control.

(Anthony, 2004) noted that control environment sets the tone for the organization, influencing the consciousness of its people. It is the foundation for all the other components of internal controls. Also it states that control environment is the consciousness of the organization, thus, the atmosphere that compels organizational members to conduct their activities and responsibilities as per the laid down control objectives.

(Jenny and Pamela, 2006) assert that "a governing board and management enhance an organization's control environment when they establish and effectively communicate written policies and procedures, a code of ethics, and standards of conduct". They also enhance the control environment when they behave in an ethical manner - creating a positive tone at the top – and when they require that same standard of conduct from everyone in the organization.

(Okwach, 2000) views control environment as an enabler of execution of tasks by organization members as set by the board members and departmental managers through attitudes and actions that encourage the highest level of integrity, appropriate leadership philosophy, operating style 13 and personal and professional standards, thereby leading to reasonable compliance and operational efficiency levels.

(Ishumgisa, 2001) also noted that control environment makes organizational members aware of the job requirements and efficiency expected of them to carry out tasks that translate in the overall organizational performance.

2.1.4.2 Risk Assessment
Every entity faces a variety of risks from external and internal sources. Risk is defined as the possibility that an event will occur and adversely affect the achievement of objectives. Risk assessment involves a dynamic and iterative process for identifying and assessing risks to the achievement of objectives. Risks to the achievement of these objectives from across the entity are considered relative to established risk tolerances. Thus, risk assessment forms the basis for determining how risks will be managed. A precondition to risk assessment is the establishment of objectives linked at different

levels of the entity. Management specifies objectives with categories relating to operations, reporting, and compliance with sufficient clarity to be able to identify and analyse risks to those objectives. It also considers the suitability of the objectives for the entity (COSO, 2013).

Risk Management versus Internal Control Systems

There is a misunderstanding as to whether risk management is a sub-division of internal control or vice versa or they go together. The management of risks is very important and significant to the achievement of business objectives and therefore plays a key role in a company's system of internal control and corporate governance.

(Leitch, 2004) published an article on Risk Management versus Internal Control. In this article, he noted that there is no difference between these two topics in principle. He went on to point out that the scope of each phrase seems to be getting wider. However, there are big differences in emphasis, with many practical implications. In the researcher's opinion, the management of risks and their control measures are inseparable. First, risks must be identified, assessed, then managed and mitigated by putting in place or implementing a strong system of internal control. As a result of separation of ownership from control, both the corporate world and governments turn to risk management and internal controls to give calm and reassurance (Collier et al., 2007).

2.1.4.3 Control Activities

An internal control system contains certain control activities, including policies and procedures with regard to approval, authorization, verification, reconciliation, review of operational activities, safeguarding of assets, and segregation of duties (Visser & Erasmus, 2008).

(COSO, 2004) considers control activities as policies and procedures established to address risks and to achieve the entity's objectives. To be effective, control activities must be appropriate, function consistently according to plan throughout the period, and be cost effective, comprehensive, reasonable, and directly relate to the control objectives. Control activities occur throughout the organization, at all levels and functions. They include a range of preventive and detective activities for example; authorization and approval procedures, segregation of duties (authorizing, processing,

procuring recording, receiving), controls over access to resources and records, verifications, reconciliations, reviews of operating performance, reviews of operations and activities, and supervision (assigning, review in and approving, guidance and training), among others.

According to (Pandey, 1998), (COSO, 1998) and (Anthony, 2004); control activities comprises of the policies and procedures that help to ensure that management directives are carried out. They contend that activities supported by policies and procedures when carried out properly and in a timely manner, manage or reduce risks. In the same way that managers are responsible for identifying financial and compliance risks for their operations, they also have line responsibility for designing, implementing and monitoring their internal control systems added (Bazzoli et al, 2000).

2.1.4.4 Information and Communication

(ACCA, 2005) considers information flow as a process through which the right organizational members receive the right information at the right time. Here, formal and informal channels information flows are noted. Formal channels comprises of downward or top down, upward or bottom up and horizontal or lateral forms. The informal channels comprises majority grapevine. It is further noted that for information to achieve its intended purpose, it must be identified, captured, processed and communicated in an authentic, useful and timely manner. In addition, the information communicated must be reliable, accurate, complete, specific, understandable, directed to the right people and relevant to the intended users.

According to (Suzanne & Naidoo, 2005), the top down channel mostly occurs in an impersonal 17 nature leading to information flow ambiguity, clear message delivery failure to subordinates contrary to what is intended by management. However, the bottom up channel supplements the top down to enable management attain desired organizational effectiveness.

(Byekwaso, 2000) emphasized the need for a two way form of information flow to achieve the desired organizational performance because both information flows facilitate the implementation of planned activities. However, he stressed the need for guidance of this information by internal control objectives.

Internal controls also cover the aspects of information and communication systems or processes that support the identification, capture, and exchange of information in a form and time frame that enables people to carry out their responsibilities Walker, (Shenkir & Burton, 2003).

(Chen, 2004) said that information systems provide reports containing operational, financial and compliance related information that make it possible to run and control an organization. However, information and communication are essential to effecting control; information about an organization's plans, control environment, risks, control activities, and performance must be communicated up down and across an organization (Wales, 2005).

2.1.4.5 Monitoring

(Lary, 2009) view monitoring as needed to ensure that planned administrative, operational and financial tasks and activities are carried out in a timely and proper manner such that set internal control objectives and organizational performance are achieved. Monitoring aims at determining whether organizational members are carrying out or have carried out their tasks efficiently and effectively as required by the organization's policies Spillane & Reimer, (2000).

According to (Athony, 2004) the purpose of monitoring is to determine whether internal control is adequately designed, properly executed, and effective. Internal control is adequately designed and properly executed if all the five control components (control environment, control activities, risk assessment, information and communication and monitoring) are present and functioning as designed. Internal control is effective if management and interested stake holders have reasonable assurance that they understand the extent to which operational objectives are achieved, published financial statements are being prepared reliably, applicable laws and regulations are being compiled.

2.1.5 Characteristics of Internal Control

According to (Kroon in Visser & Erasmus, 2008) internal control systems possess certain characteristics contributing to their uniqueness. These characteristics are as follows:

- Timelines: An internal control system should detect potential or actual deviations early enough, ensuring that management takes corrective action 25 timeously and limits unnecessary costs.

- Economy: Systems of control must be executed in such a way that the benefit is more than the implementation cost. Although a system of control must give surety on the achievement of an institution's objectives, this should ensure minimum cost and the least undesirable side effects possible (Visser, 2011).

- Accountability: An internal control should ensure that staff is held accountable for its assigned responsibilities and tasks. This is achieved by applying prescribed procedures.

- Placement of records: The internal control system should be implemented clearly at all times. The records must be placed safely so that they can be accessed in the future.

- Flexibility of controls: Changing work environments are inevitable, particularly as politics dominate the approach to service delivery in the public sector. Internal controls are preferably designed to accommodate changes without themselves requiring change, since control changes that match administrative and operational changes tend to create additional confusion and, thus making management of change more difficult(Visser & Erasmus, 2008).

- Cause identification and corrective action: Internal controls should be able to identify the challenge in order for managers to take appropriate action. Management can prepare responses in advance and implement them when an internal control points to the cause of an event (Visser & Erasmus, 2008).

2.1.6 Operational means of Internal Control

There are certain means that exist according to which public managers can ensure that internal control is applied. These means of internal control include organizational structure; existing policies; administrative and operational procedures; personnel matters; accounting; budgeting; reporting; internal review; and strategic planning as well as internal auditing.

Organizational structure in the context of a public institution, an organizational structure refers to the planned structuring of the roles and responsibilities assigned to

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different functionaries on different levels, which are supposed to contribute to and ensure that internal controls are implemented and maintained within the institution. The South African Government requires that the organizational structure for every government department must first be approved before it can be implemented. The organizational structure indicates and demonstrates the accountability levels and hierarchies within a public institution as well as the reporting lines (Visser & Erasmus, 2008).

Policies all public institutions must have policies in place to regulate their functions and also to give guidance in terms of implementation. These policies can be in the form of legislation, regulations, or directives as well as White Papers. They provide the statutory framework within which public officials and managers execute their responsibilities and duties. Some of these refer specifically to the implementation of internal controls in the institutions. Visser and Erasmus (2008: 289) cited that public policies legally require that officials carry out these duties while being aware that if they do not adhere to legislative policies, corrective measures will be taken against them.

Procedures are referred to as ways used to perform certain functions in conformity with regulations. (Visser and Erasmus, 2008) suggested that these procedures must be followed correctly in terms of their implementation so as to avoid possible irregularities. Procedures must first be outlined to the officials before any activity can be implemented, so that they are able to follow step by step as they action the task given to them.

Personnel should be hired or assigned according to the skills, competencies, experience and qualifications that they possess to do a certain job. According to (Visser and Erasmus, 2008) it is necessary that a high standard of supervision is exercised to ensure that personnel do perform according to set standards.

Accounting is considered to be one of the most important financial controls over activities and resources, and if followed as set out, financial information derived can be analysed and variances can be utilized as a form of internal control in establishing its cause. It provides an organizational framework for transactions and is the backbone of a public institution's operational activities.

Budgeting Budgets are statements of expected results expressed in numerical terms. The budget of a public institution and the allocations made in terms of such a budget provides management with a monetary framework within which money may be spent.

2.1.7 Possible Problems of an Internal Control System

Although a system of internal control has benefits, there are some shortcomings that can be encountered (Visser, 2011). These shortcomings are as follows:

- Cost of control Visser (2011: 89) cited that an internal control may keep a function or activity on course, but it may happen at a price, both of monetary and human nature. 30

- Excessive, redundant and obsolete controls, these may cause confusion and frustration amongst employees and lead to the avoidance of the application of those controls. Controls should, therefore, be monitored for continued relevance in order to ensure that they respond to a specific need and do not become counterproductive.

- Provision of the information that an internal control provides may not be understood, or it can be transmitted to the wrong person. In certain cases, the information can be so detailed that it is actually useless.

- As controls increase, they reach a point where their effectiveness may actually decrease. They may therefore cost more than the exposure that they are designed to guard against.

- Overemphasis on controls Officials may work to satisfy procedural controls and lose sight of the operational objectives that must be met. As such, internal controls can produce mental rigidity and reduce flexibility. They can also create a slavish adherence to procedures that may substitute the application of reason and common sense.

- Resistance to controls People generally resist controls, especially if they were not involved in the development of the controls or do not understand the objective that must be 31 achieved. Controls that are perceived as unreasonable can, in fact, stifle creativity and initiative. Except for those cases where

controls become a basis for rewards and punishment, controls may take on undue importance in the eyes of those affected.

Influence of behavioral aspects must be taken into account when internal controls are designed and enforced. It can be done through communication to employees or by involving affected employees in the design of the controls. If people accept controls willingly, they will understand what will be achieved with the application of the controls. Several perfectly reasonable internal control systems have failed in the past because behavioral aspects were not taken into account.

2.1.8 Types of Internal Control

Internal controls are of different types and are grouped into preventive, detective and corrective control. However, different writers have come out with different types of Internal Control Systems. (Milichamp, 2002) indicates that the types of Internal Controls are safeguarding of assets, separation of duties, supervision, verification, approval and authorization, documentation and reporting. Other authors such as (Lousteau, 2006), the State University of New York and (DiNapoli, 2005) have agreed that the types of internal controls includes directive controls, preventive controls, compensating controls, detective controls, and corrective actions. These types of internal controls are explained below.

Preventive Controls

(Lacotelli, 2009) Preventive controls are measures put in place by management to deter and prevent noncompliance with directives, policies and procedures. These preventive controls are intended to prevent risk of error, frauds and irregularities from occurring in transactions and prevention of loss. These preventive controls are in the form of segregation of duties, proper authorization and approval, establishment of organizational chart to allocate jobs to responsible officers, adequate documentation, physical control over assets and constant training of staff.

Detective Controls

These are controls which are aimed at detecting and uncovering problems such as fraud, irregularities and errors after they have been committed. Although, detection is necessary prevention is more desirable. These controls are in the form of post-audits, exception reports and validation. They provide evidence that a loss has occurred but

do not prevent a loss from occurring. Examples of detective controls are reviews, analyses, variance analyses, reconciliation, physical inventories and audits. However, detective controls play critical role in providing evidence that the preventive controls are functioning and preventing losses (Wells, 2006).

Corrective Controls

The corrective controls are put in place to address anything which is foreign and every problem that has occurred in the system. Examples of corrective control are system re-design, follow-ups, post audits and application of punishments by management for wrong doing (Simmos, 1995).

Directive Controls

Directive Controls refers to policies and procedures put in place by top management to promote compliance with independence rules. The policies and procedures from management that are important must pervade the organization and must be clear and consistent in order to ensure compliance (Rittenberg et al., 2007).

Compensating Controls

Compensating controls are put in place for lack of controls elsewhere in the system. For example, firms with an electronic database could maintain a hard copy of the client list in the office library. Such a list would compensate for downtime in electronic systems and difficulties in locating client names in an electronic system.

2.1.9 Limitation of Internal Controls

Internal control systems cannot guarantee that an organization will meet its objectives. Instead, internal control can only be expected to provide reasonable assurance that a company's objectives will be met. The effectiveness of internal controls depends on the competency and dependability of the organization's people. Limitations of internal control include faulty human judgment, misunderstanding of instructions, errors, management override of controls, and collusion (Hughes, 2007). Further, because of cost-benefit considerations, not all possible controls will be implemented. Because of these inherent limitations, internal controls cannot guarantee that an organization will meet its objectives (Loustea, 2006).

2.2 Management, Organization's and Personal's Characteristics

2.2.1 Management Levels

Three basic levels of management are illustrated as follows:

Top Management

Top management normally consists of a relatively small group of executives who control the organization and who takes ultimate responsibility for executing the strategy. Top management normally focuses on long-term planning and they manage the strategic planning process. Top managers develop the goals, policies and strategies for the organization.

Middle Management

Middle managers coordinate employee activities, including that of the first-line managers. They are responsible for carrying out top management's directives by delegating authority and responsibility. This means they are responsible for certain functional areas of the business and are primarily accountable for executing the policies, plans and strategies determined by top management. They are responsible for medium- and long-term planning and organizing, translating the general strategies from top management into specific goals and plans for first line managers to implement. Middle management is also concerned with managing group performance and allocating resources. This group of managers is required to develop its subordinates and ensure open lines of communication.

First-Line Management

First-line managers are responsible for the production of goods or services. They are technical experts who are able to teach and supervise employees in their day-to-day tasks. First-line managers, sometimes referred to as lower management, are responsible for smaller segments of the organization. They supervise the finer details of organizing. It is important to state that, depending on the size of the organization, there may be more or less levels of management. There are also different types of managers in an organization, namely: Functional management and general management. Functional management refers to specialized managers that are in charge of specific functions in the organization, i.e. financial management, human resource management, marketing management, etc. These functional managers plan, organize, lead and control their units/ departments. General management is different from other

specialized functions in that it integrates all the others. Having pointed out the different management levels, it is important to note that, at each level, different managerial skills are required. (Du Toit, Erasmus & Strydom, 2010: 184).

2.2.2 Management Styles

Management style is a managerial parlance often used to describe the how of management. It is a function of behavior associated with personality (McGuire, 2005).

There are different types of management styles when it comes to managing in the workplace and choosing the right type of style to lead with could have a big impact in terms of how your staff produces for you (Amis, 2004). There are four major types of management styles including democratic, autocratic, paternalistic, and Laissez- faire. But knowing the four different leadership styles in management does not mean that you can simply pick one and then that is going to work. In most cases, the traits of the staff that you are managing will help to define the management styles you will use, something blending a combination of the different categories (Amis, 2004).

Autocratic Management Style

An autocratic manager makes decisions without the consultation of others, instead serving as a dictator type in communicating orders because they like to be in control of situations (Bynum, 2002). This style of management leads to work getting done on time because there are less people involved in the decision making process.

Democratic Management Style

A democratic manager is willing to share work with his staff by delegating it to get the job done. You are banking on the competency of your team to get the job done on time and to have it done correctly (Sidney, 2001). Employees love this type of management style in business because they feel involved and part of the process. Their job performance is likely to be better than in an autocratic setting, though giving them the authority to do the work may lead some to rely on other to bear the brunt of the work on the project (Khanus, 2007). Also, depending on what type of work it is, employees may feel like the work is being pushed off on them because you as a manager don't feel like doing it. Getting too many people involved in the project or process could slow the work down. It could also mean less time for you to concentrate on your work

as your team asks questions and waits on your answers before proceeding to the next steps (Khanus, 2007).

Participative Management Style

Also sometime known as consultative management style, this decision making style in management revolves around getting lots of feedback from your staff before coming to a conclusion and making a decision (Sidney, 2001). This means that the process can take a bit longer as there are more voices to be heard, but getting a consensus on major decisions can lead to buy in from those who might otherwise have been opposed to the implementation of such changes. The downside to this style of management and leadership is that employees may feel that you don't value their opinion or are too stubborn if after all of the feedback is received you go off and make the decision in your own without incorporating any of their feedback (Amis, 2004). If you are going to make company or departmental policy changes, this type of style can make the team feel involved and more apt to go with the flow of whatever changes are coming down (Amis, 2004). This style also works well for brainstorming sessions as a manager work on new product ideas or marketing promotions.

Laissez Faire Management Style

In this leadership management style, the team is given the freedom to complete the job or tasks in any way they deem it should be done. It is hands off approach at the management level in terms of direction, but the manager is there to answer questions and provide guidance as needed (Bynum, 2002). This is a good way to help develop individual contributors into leaders which is only going to serve to make your team stronger ion the long run (Bynum, 2002). On the flip side, it can lead to conflict on the team because some employees may try to assume the role as a leader in the interim or to dictate to others how their work should be done.

2.2.3 Management Support

Work Motivation

Work motivation has been defined as "a psychological process resulting from the reciprocal interaction between the individual and the environment that affects a person's choices, effort, and persistence" (Latham & Ernst, 2006). In other definitions work motivation is associated with the goal attainment. People are motivated to do something if they believe it is likely that it will bring desired result. People who are

well motivated take action that they expect will achieve their clearly defined goals (Armstrong, 2007).

Managerial Coaching

Managerial coaching is an effective managerial practice that helps employees learn and become more effective (Ellinger & Bostrom, 1999; Evered & Selman, 1989; Peterson & Hicks, 1996). It is conceptualized as a form of coaching that is provided by a supervisor or manager serving as a facilitator of learning. The manager or supervisor enacts specific behaviors that enable the employee (coachee) to learn and develop, and thereby improve performance" (Ellilnger, Hamlin, & Beattie, 2010, p. 277). Managerial coaching is identified as a desirable type of managerial action in the current study.

Training and development

Training and development (HRD) is a major HRM function that focuses on three main areas; individual development such as skill development, interpersonal skills, career development, etc; occupational and group development in which training and development needs occur for group of workers; and organization development (Wilson, 2005).

Besides, HRD is concerned with the provision of learning, development and training opportunities in order to improve individual, team and organizational performance. HRD is essentially a business-led approach to developing people within a strategic framework (Armstrong, 2012).

Training

Training is the activities designed to provide learners with the knowledge and skill needed for their present jobs. Formal training is a planned, structured, and occurs when people are called away from their workstations to participate in this exercise (Mondy et al., 2005). It also can be defined as the learning experience that provides relatively lasting or constant positive change in employees towards improving their performance (DeCenzo et al., 2010).

Development

Development involves learning that goes beyond today's job and has a more long-term focus, it prepares employees to keep pace with the organization as it changes and

grows. Training and development methods include classroom programs, mentoring and coaching, simulation, distance learning and videoconferencing, E-Learning, on the job training and corporate universities, etc (Mondy et al., 2005).

Career Planning and Development: is the set of policies and practices an organization uses to shape the progression of individuals within it, in accordance with assessment of organizational needs and the performance, potential and preferences of individual members of the enterprise (Armstrong, 2001).

The importance of training and development is to recognize an organization's skill gaps; the gaps are among the skills which existing employees have and the skills which their organizations require them to learn or improve (Holland and Cieri, 2006). Training and development helps the organization's management meet its HR needs and requirements as well as improving their market value (Nel et al., 2008).

2.2.4 Business ethics and Code of conduct

Ethics is believed to be a set of moral beliefs and conduct that discourages acts of self-gain and encourages honest and modest ways of generating business income (Ghosh et al., 2011). Ethics plays an important role in developing a business' strategic plan as it serves as the backbone of the firm's principles. The firm's goal is to provide services and products, and acquire profit through the business' sales and operations (Kalshoven et al., 2011). In spite of the business' goal to acquire profit and their return of investment, it is important that the strategies they employ in their operations are bound by moral and ethical standards for their stakeholders (Lewis, 2002). Such measures are not only applicable to their customers, but also to their employees, the community they operate in, the government, and the media (Johnson, 2004; Elango et al., 2010). However, common business practice dictates ethics and corporate social responsibilities to be overlooked due to the firm's drives to increase sales and revenue (Ghosh et al., 2011).

Since businesses are a type of human activity, aside from evaluating them from an economic perspective, one must also put into consideration the moral obligations (Georgescu, 2012).Understanding and identifying the employees' common values and priorities is a determinant of the present culture the organization has ((Koonmee et al., 2010). Because of this belief, companies have then focused on instilling a company

standard of work ethics to employees, in order for them to slowly adapt into the company's environment (Arnaudov and Koseska, 2012).

The Concept of Ethics

Pearl and Hughes (2008) conducted a study that suggested that ethics cannot make the lives of people perfect in the empirical world that exists, but ethics can prevent, or decrease the amount of certain harm from transpiring. What the discipline of business ethics can and must do is to provide an approach for improving the lives of the stakeholders (Ethisphere, 2010; Kalshoven et al., 2011). Furthermore, ethics can help with the improvement of policy evaluation and also aid in exploring how morality affects the economic behavior of companies and their employees (Tota and Shehu, 2012).

Ethics in the Business Culture

Business associations are like other organizations whose members have shared beliefs, values, and formal and informal norms, and mechanisms for monitoring member behavior, sanctioning noncompliance, and rewarding compliance with norms (Johnson, 2004; Elango et al., 2010).

(Kaptein, 2010) has developed a model that measured ethics in the business culture. The said mode utilized three business ethics theories, namely: (1) virtue ethics, (2) deontological ethics, and (3) consequential ethics. The three ethical theories represent intentions, actions, and effects, respectively. He measured the perceptions of employees and managers on these three theories to determine the degree of ethical culture that is present in their organization. The conclusion was that the more present these theories are in the workplace, the more ethical the organization.

Ethical Investment Research Services (2005) defines business ethics as how a company conducts its business and the behavior of its employees. Therefore, in present times, it is expected that most, if not all companies should have a code of ethics and also an ethical identity.

(Orlitzky, Schmidt and Rynes, 2003) describes business ethics can be simply seen as the application of moral philosophies to issues in business and its goal is to describe morally good behavior for managers and corporations as a whole. It can also be defined

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as the study of business situations, activities and decisions where issues of right and wrong are addressed and it deals with those issues not explicitly covered by law.

Code of conduct

Constructs of Code of conduct and ethics

The values of integrity, transparency and accountability in public administrations have enjoyed resurgence within the past three decades or so. Sound public administration involves public trust. Citizens expect public servants to serve the public interest with fairness and to manage public resources properly on a daily basis. Fair and reliable public services and predictable decision-making inspire public trust and create a level playing field for businesses, thus contributing to well-functioning markets and economic growth (Elia, 2005).

Challenges faced in formulating code of ethics:

According to (Buchholz, 1982) if codes of ethics are too detailed, they might appear rigid and boring to employees (cited in Heather, 2001).Therefore, code of ethics must be easy to understand and interestingly presented without losing its essence altogether. One of the main reasons for this is that the ethical code of conduct of an organization has an important influence on the organizational ethical climate. Based on organization's ethical codes, people have to make many ethical decisions under economic, professional and social circumstances in the organization. In other words, we can say that ethical codes are necessary because of developments in business life. As a result, ethical codes should be well known by employees because ethical codes establish a positive ethical climate in organizations.

2.3.5 Incentive and Disciplinary System

Reward Systems

Reward systems are methods of achieving control in organizations as well as defining the relationship with the individual employee and the organization (Kerr and Slocum, 2005). Equally, a reward system denotes what is expected of the individual employees and what they may expect in return. Further, reward systems are ways of promoting individual and organizational behavior needed to achieve the organizational strategy and the organization's goals (Lawler, 1995; Kerr and Slocum, 2005).

Incentives

Similar to reward systems, what kind of incentives the organization offers to its employees will influence the behavior of individuals within the organization (Baker, Jensen and Murphy, 1988). An external incentive is defined by Locke (1968), "...as an event or object external to the individual which can incite action". Therefore, offering the right incentives to the organization's employees will benefit the organization. In a paper by (Kadefors and Badenfelt, 2009), the authors define three roles for incentives in organizations. The first role being, incentives as sources for extrinsic motivation, here the focus is on the direct effect incentives have on individuals. The symbolic role of incentives is also recognized, meaning that intrinsic motivation, trust and collaboration may be enhanced or decreased based on how the underlying incentive is perceived. Lastly, the third role relates incentives to the influence on organizational processes and is called; incentives as process generators (Kadefors and Badenfelt, 2009).

Meanwhile (Banjoko, 2006) generally regards incentive as variable payments, which are made to employees or a group of employees on the basis of the amount of output or based on the achieved result. Optionally, it can be the payment made with the aim of pushing employee daily work performance in an attempt to reach a common goal. Incentive could also be defined as compensation other than basic salaries or wages that usually fluctuates based on employee exceptional performance and their attainment of some standard set by the organization (Martocchio, 2006).

Compensation and Benefits Compensation is the total of all rewards provided to employees in return for their services and includes direct and indirect financial compensation (Mondy et al., 2005, p.284).

a. Financial Compensation: is the direct financial compensation that consists of the pay that a person receives in the form of wages, salaries, commissions and bonuses.

b. Non-Financial Compensation: consists of the satisfaction that a person receives from the job itself or from the psychological and/or physical environment in which the person work. The job as a total compensation factor includes; skill variety, task identity, task significance, autonomy,

and feedback. While the job environment has important features including; sound policies, competent supervisors, congenial co-workers, appropriate status symbols, and pleasant physical working conditions.

Types of Disciplinary System

Discipline can be defined as action or behavior on the part of the authority in an organization (usually management) aimed at restraining all employees from behavior that threatens to disrupt the functioning of the organization (Nel et al., 2007). The primary objective of disciplinary action is to motivate an employee to comply with the company's performance standards. The failure to perform as expected could be directly related to the tasks performed by the employee or to the rules and regulations that define proper conduct at work. A second objective of discipline is to create or maintain mutual trust and respect between the supervisor and subordinate. Improperly administered discipline can create such problems as low morale and resentment between the supervisor and the subordinate. The proper administration of discipline will not only improve employee behavior but will also minimize future disciplinary problems through a positive supervisor-subordinate relationship (Grobler, Warnich, Carrell, Elbert & Hatfield, 2006).

Employee discipline is described in a variety of ways. Some explain it in terms of improving productivity or achieving the values of an organization (Franklin & Pagan, 2006).

Webster's Dictionary definition of discipline is "punishment" but also "a rule or system of rules governing conduct or activity" (Merriam Webster Dictionary). Punishment has been defined as "the presentation of a negative consequence in order to change undesirable subordinate behavior" (Ball, Trevino, & Sims Jr., 1994, p. 299). These descriptions together explain the employee disciplinary process or as described in some organizations, the corrective action process.

(Meddles, 2012) defines Disciplinary action or process – the method and progression of reprimanding employees who fail to adhere to the organizations performance standards, policies or rules.

Disciplinary action is usually initiated by management in response to unsatisfactory work performance or unacceptable behavior on the part of the workers. However, a proper procedure must be followed when exercising discipline. The Labour Relations Act's codification of unfair dismissal and Code of Good Practice relating to dismissal is regarded as the basis for policy statements on disciplinary procedures (Finnemore, 2006). It is evident in the context of current employment law that discipline is regarded as a corrective rather than punitive measure. A disciplinary code endorses the concept of corrective or progressive discipline, which regards the purpose of discipline as a means for employees to know and understand what standards are required of them. It empowers employers to seek to correct employees' behavior by a system of graduated disciplinary measures such as counselling and warnings (Nel et al., 2007).

According to (Johnson, 2005) the following are the main types of disciplinary system:

- Traditional Discipline System - An employee discipline system that seeks to punish non-compliant employees in order to prevent future transgressions. The manager in such a system has no flexibility, but rather must rigidly impose the punishment required under the terms of the system's rules or "commandments".

- Progressive Discipline System - A twentieth-century development in which employees are punished commensurate with the degree of severity of their violation. Through such a process- or step-oriented system, employees are provided opportunities to correct their non-compliant behavior at three or four steps along an increasingly severe system of punishment.

- Affirmative Discipline System - A new employee discipline system developed primarily in the private, for-profit sector over the past twenty years in which "rehabilitation", not punishment, is the goal. This type of system emphasizes "coaching" or "counseling" the non-compliant employee. The goal of such affirmative systems is to save a failing relationship between manager and employee.

Obstacles of Disciplinary Process

Managers in the public sector generally don't have authority to terminate (Selden, 2006). Some private sector businesses have an at-will policy and may simply remove

someone from the schedule instead of using the disciplinary process. Employment at will generally means the employer's right to terminate an employee without a reason and that employee's right to leave when they want. Private sector businesses in the United States have used this type of system; however, fears of litigation for wrongful termination as well as federal and state laws protecting employees have placed limits on terminations for both private and public sector businesses (Selden, 2006). Therefore, it may benefit both private and public organizations to require formal steps for discipline.

3.1 The NGO Sector

3.1.1 Introduction

In this research the aim is to study the personnel role in the implementation of internal control NGOs in Gaza strip. First it is worth mentioning that this section has been researched in depth and diversity by more than seven Master researchers during the past ten years namely like (Shper, 2004), (El-Ashqer, 2006) and (Awad, 2006), (El-Aff, 2007), (Ghalayini, 2007), (Judily, 2008), (Nasser, 2010). The researcher examined these studies to have more in-depth information about the Arabic perspective of the issue. Accordingly, only a brief summary of the issue was formulated to enable the reader of these research studies to have a basic understanding of the issue. The summary was formulated based on both local, regional and international literature to present a balance view of the issue.

Through examining the previous studies about personnel role in the implementation of internal control, there is a lack of direct studies that's examine the concepts of internal control and the role of personnel in its implementation.

Most of the researches on NGOs field studied different concepts as example: Auditing, Strategic planning, Institutional Sustainability, Good Governance, responsibility accounting, the leadership styles and internal administrative control. This Study is the first detailed one on the personnel role in the implementation of internal control, especially for the NGOs.

3.1.2 The Term NGO

The (World Bank, 2001) defines NGOs as "private organizations that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services, or undertake community development".

According to (Prodi and Kinnock, 2000), the term "NGO" can nevertheless be used as shorthand to refer to a range of organizations that normally share the following characteristics:

- NGOs are not created to generate personal profit. Although they may have paid employees and engage in revenue-generating activities they do not distribute profits or surpluses to members or management.

- NGOs are voluntary. This means that they are formed voluntarily and that there is usually an element of voluntary participation in the organization.
- NGOs are distinguished from informal or ad hoc groups by having some degree of formal or institutional existence.
- Usually, NGOs have formal statutes or other governing document setting out their mission, objectives and scope. They are accountable to their members and donors.

According to Al- Saied, there are two major narrow and broad dimensions of defining non-profit organizations:

The broad definition: states that any organization in the society is not a part of the government, so the organizations that work in the civil society are nongovernmental. Thereby, organizations that work as political groups, labors, syndicates, religious groups, institutions, sporting clubs, artistic & cultural associations, vocational federations, or commercial chambers are regarded as voluntary organizations. It's clear that this broad definition has a problem regarding including a great deal of various organizations that are not of joint elements except they are all non- governmental. (Cited in Besaiso, 2011).

On the other hand, the narrow definition: refers to a specific type of organizations working in development field and advocating people to improve their social and economic position. Yet, this definition has its own problems since it's so narrow beside it could be broad.

The report of "non-profit organizations "which is adopted by the Common Wealth shall formulate a definition appointing four criteria for non-profit organizations as follows:

1) Volunteerism: It means that all participants in those organizations including board members, members, and beneficiaries give a portion of their time as volunteers.

2) Independence: Such a type of organizations cannot be supervised or managed but by those who founded them.

3) Non-profit: Profits and revenues of those are not to be distributed on members but for the development aspired.

4) Responsible people do not work practice personal service: Key persons must not practice activities that violate the public interest. (Al–Saied, 1997)

(Thomas, David, 1986; Fottler, 1981) define non-profit organizations as: Non-profit organizations are private institutions work for the public service field depending on donations, grants, and governmental allowances, but those organizations are founded out of the governmental and legislative framework.

3.1.3 The NGOs according to the Palestinian Law

The Othman law of 1908 was the first law applied in Gaza strip and organized the establishment of civil societies. This law became obsolete with the issuing of the Palestinian authority law # 1 for the Year 2000. The new law have organized the establishment of new NGOs and clarified the issues related to the work of both old and new NGOs under the umbrella of the PA ministries. It also identified the rights and obligations imposed on these organizations. Furthermore the new law addressed issues of merger and splitting of existing NGOs and organized the work of international organizations working in the Palestinian Territories.

The definition of the NGO in the Palestinian Law of 2000 "An independent illusory identity resulting from an agreement between not less than seven individuals for the purpose of achieving legitimate goals that serve the community interest while avoiding the attaining of personal profit of benefit for any of the members. (Palestinian Law, 2000).

3.1.4 The Role of the Palestinian NGOs

(Abdel Hadi and El Nahass, 2002) had identified four reasons for the existence and development of civil society:

- Improve the daily lives of individuals in general aspect
- Fulfillment of social needs that are beyond the responsibility or the concerned of the official authority.
- Improve the lives of the poor and marginalized.
- Participate in the social change through affecting lows, public policies, and advocacy.

In a more recent study (Songco, Nijem and El Farra, 2006) had identified five major roles for Palestinian NGOs:

- Asserting and advancing national sovereignty
- Delivering basic services
- Strengthening civil society
- Promoting Dialogue and interaction
- People empowerment

3.1.5 Number of NGOs

NGOs working in Palestine are registered at:

1) Ministry of Interior according to the Palestinian Law No. 1/2000.

2) Ministry of Commerce as non-profit companies according to Companies' Law No. 18/1929.

(MAS, 2007, p. 9) studies showed that the number of NGOs that are operating at the Palestinian Territories is about 1,495. MAS had information for about 1,388 organizations who had answered the questionnaire of MAS. Around 68.5% of these 1,388 NGOs are located in the West Bank and around 31.5% are located in the Gaza Strip (MAS, 2007, p. 11).

(MAS, 2016) According to the Ministry of Interior the number of NGOs that are operating at Gaza Strip was 553 organizations, table (1) show how NGOs were distributed based on the geographical areas, and table (2) (Besiso, 2011) show how NGOs were distributed based on the work sector categories.

Table 2.1: NGOs Categories based on geographical area in the Gaza Strip in 2015

Number	Category	Number of NGOs
1.	Jabalia	38
2.	Khanyounis	106
3.	Der Al Balah	45
4.	Gaza	319
5.	Rafah	45
	Total	**553**

Source: (MAS, 2016)

Table 2.2: NGOs Categories –Ministry of Interior, 2011

Work Sector	Responses	
	N	Percent
Islamic	34	3.8 %
Union	39	4.4 %
Brotherhood	3	0.3 %
Foreign	68	7.6 %
Tourism and Antiques	2	0.2 %
Agricultural	39	4.4 %
Higher Education	14	1.6 %
Human Rights	7	0.8 %
Alumni	8	0.9 %
Youth and Sports	56	6.3 %
Handicapped	32	3.6 %
Environmental	12	1.3 %
Maternal and Child	42	4.7 %
Culture and Art	69	7.7 %
Social	401	44.9 %
Education	13	1.5 %
Family and Children	14	1.6 %
Medical	37	4.1 %
Friendship Societies	4	0.4 %
Total	**894**	100.0 %

Source: (Bseiso, 2011)

2.1.6 Funding of NGOs

 (MAS, 2007, pp. 15-17 and 36) had revealed that Palestinian NGOs received funding from variety of sources: external, self-funded, governmental, local funding, within the Green Line, and others. The total revenues for the NGOs in the West Bank and the Gaza Strip had reached USD 223,607,358 in 2006. It was USD 112,736,506 in 1999. The following is a summary of the funding received by the Palestinian NGOs from different sources broke-down as follows:

- 60.9% from external sources.
- 21.5% from self-funding activities.
- 9.3% from the local society.
- 3.7% from sources inside the "Green Line".
- 0.7% from governmental sources.

Chapter 3:
Research Design and Methodology

Chapter 3 : Research Design and Methodology

3.1 Introduction:

This chapter describes the methodology that was used in this research. The adopted methodology to accomplish this study uses the following techniques: the information about the research design, research population, questionnaire design, statistical data analysis, content validity and pilot study.

3.2 Research design

The design of this study is descriptive, analytic and cross-sectional, since it will best achieve the objective of the research. It will be used to describe the extent to which the role of personnel affects the implementation of internal control in Gaza NGOs. Analytic research generates new knowledge about concepts and identifies relationships between variables (Burn and Grove, 1997). Cross sectional design reflects the existing facts at the same point of time of data collection, it consumes less time than other longitudinal studies (Fathalla, 2004).

The primary source is mainly through using a questionnaire which was specifically designed for this study. The secondary sources include academic works such as articles, reports, books, special studies and other material.

The second phase of the research included a summary of the comprehensive literature review. Literatures on claim management was reviewed.

The third phase of the research included a questionnaire which was conducted with the personnel of the top 40 NGOs in the Gaza Strip.

The fourth phase of the research focused on the modification of the questionnaire design, through distributing the questionnaire to pilot study, The purpose of the pilot study was to test and prove that the questionnaire questions are clear to be answered in a way that help to achieve the target of the study. The questionnaire was modified based on the results of the pilot study.

The fifth phase of the research focused on distributing questionnaire. This questionnaire was used to collect the required data in order to achieve the research objective.

The sixth phase of the research was data analysis and discussion. Statistical Package for the Social Sciences, (SPSS) was used to perform the required analysis. The final phase includes the conclusions and recommendations. 191 questionnaires were distributed to the research population and 168 questionnaires are received.

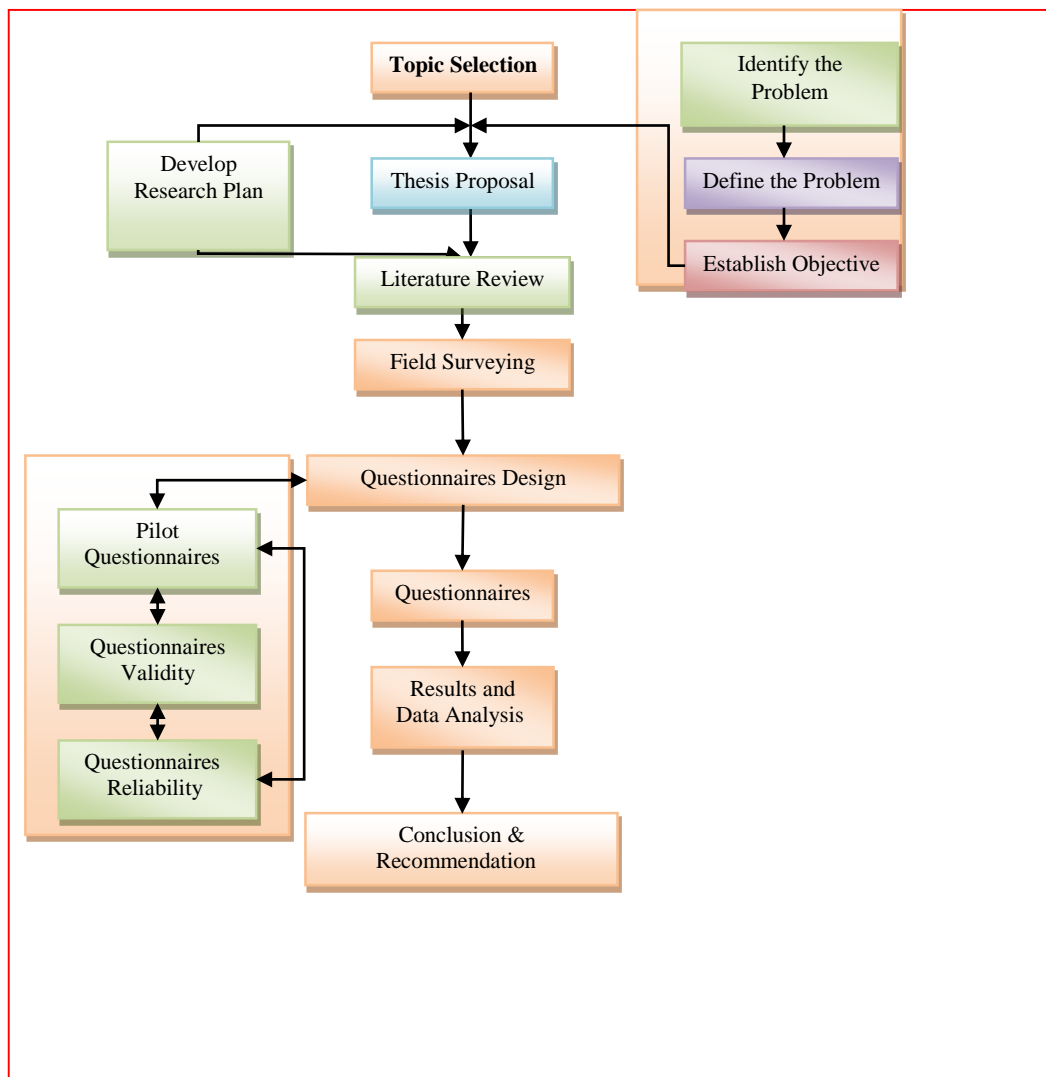**Figure 3.1: Methodology flowchart, which leads to achieve the research objective.**

3.3 Research Sample

The sample of this study would were the general directors, projects managers, officers, and coordinators, finance officers, accountants and operation /procurement persons of NGOs that are working in the Gaza Strip that are local, has an official legalized presence and include at least 15 employees as full time.

Besiso, (2011) The UNSCO directory of Non-Governmental Organizations in the Gaza Strip (2007) had been used to determine the names, numbers and locations of NGOs that were considered in this research, where the directory contained 262 NGO, include 246 Palestinian organization. The UNSCO directory was selected because it contains the best NGOs working in Gaza Strip, despite that there are other resources.

3.4 Sampling

The selection criterion has been adopted to focus only on the local NGOs which meet the sample criteria. The research sample used purposive sample to assure sufficient organizational complexity in their project management work especially in finance, to assist in effective analysis of their role in internal control process.

The criteria for selecting the NGOs were the following:
• To be a local Palestinian NGOs.
• To be of official legalized presence.
• NGOs that employ more than 15 persons as full time employee.
• To be unrepresentative – not limited to specific sector such as student unions or workers unions and professional unions.

3.5 Data Collection

In this study, one tool for primary data collection of a direct relationship with the subject of the study, Questionnaires used.

3.6 Data Entry and Analysis

In this study, by using Statistical Package of Social Science (SPSS) program for data entry and analysis so that utilizing the following statistical tools:

1) Cronbach's Alpha for Reliability Statistics.
2) Pearson and correlation for Validity.
3) Frequency and Descriptive analysis.
4) Kolmogorov-Smirnov test of normality.
5) Parametric Tests (T tests, Analysis of Variance).

The Independent Samples T-test will be used to examine if there is a statistical significant difference between two means among the respondents toward the role of personnel in implementation of internal control in NGOs working in Gaza Strip due to personal characteristics.

The One- Way Analysis of Variance (ANOVA) is used to examine if there is a statistical significant difference between several means among the respondents toward the role of personnel in implementation of internal control in NGOs working in Gaza Strip due to personal characteristics.

3.7 Pilot Study

A pilot study for the questionnaire has been conducted before collecting the results of the sample. It provides a trial run for the questionnaire, which involves testing the wordings of question, identifying ambiguous questions, testing the techniques that used to collect data, and measuring the effectiveness of standard invitation to respondents, a group of 10 academic experts and professional participated in this step.

3.8 The Questionnaire Design

The questionnaire designed in the Arabic language to make it more understandable. English has been attached also. Unnecessary personal data, complex and duplicated questions were avoided. The questionnaire provided with a covering letter which explained the purpose of the study, the way of responding, the aim of the research and the security of the information in order to encourage high response.

A structured questionnaire was specially designed for the study and it consists of three main sections:

- The first section is general information about the respondent.
- The second section is general information about the organization characteristics.
- The third section is the main body of the questionnaire and it is divided into 3 sub-sections related to the effects of the personnel role in internal control process.

3.9 Data Measurement

In order to be able to select the appropriate method of analysis, the level of measurement must be understood. For each type of measurement, there is/are an appropriate method/s that can be applied and not others. In this research, ordinal scales had been used. Ordinal scale is a ranking or a rating data that normally uses integers in ascending or descending order. The numbers assigned to the important (1, 2, 3, 4, 5) do not indicate that the interval between scales are equal, nor do they indicate

absolute quantities. They are merely numerical labels. Based on Likert scale we have the following:

Table 3.1: Likert Scale

Item	*Strongly Agree*	*Agree*	*Neutral/Do not Know*	*Disagree*	*Strongly Disagree*
Scale	5	4	3	2	1

3.9 Validity

The questionnaire was evaluated by a group of eight experts to assess its relevance, and their comments were taken in consideration as clarified in Annex 4.

3.9.1 Internal Validity

Internal validity of the questionnaire is the first statistical test that used to test the validity of the questionnaire. It is measured by a scouting sample, which consisted of 10 questionnaires through measuring the correlation coefficients between each paragraph in one field and the whole field that examine responses to the questionnaire and how they understand it. This enhances the validity of the questionnaire after modifying it to be better understood.

Table (3.2) clarifies the correlation coefficient for each item of the "Management Style and Personnel's role in the implementation of Internal Control" and the total of the field. The p-values (Sig.) are less than 0.05, so the correlation coefficients of this field are significant at $\alpha = 0.05$, so it can be said that the items of this field are consistent and valid to be measure what it was set for.

Table 3.2: Correlation coefficient of each item of "Management Style and Personnel's role in the implementation of Internal Control"

No.	Item	Pearson Correlation Coefficient	P-Value (Sig.)
1.	My management level is influencing the implementation of Internal Control	.567	0.000*
2.	The adopted management style affects the personnel's role in the implementation of Internal Control	.399	0.003*
3.	The adopted management style assist in promoting the principle of mutual accountability between the management and the staff	.654	0.000*

No.	Item	Pearson Correlation Coefficient	P-Value (Sig.)
4.	The management provides a flexible work environment and adequate support for the success of implementation of Internal Control	.716	0.000*
5.	The ongoing monitoring and evaluation process contributes for the success of implementation of Internal Control	.753	0.000*
6.	Internal control implementation process is done through a shared responsibility between the project staff and financial staff	.525	0.000*
7.	Coordination with other departments is done to ensure compliance with the working procedures at the organization	.727	0.000*
8.	My participation in the implementation of the Internal Control support the institutional development of the organization	.709	0.000*
9.	I have got enough orientation / instructions about the Internal Control	.700	0.000*
10.	I have participated in training courses about the Internal Control	.696	0.000*
11.	I have enough information about the Internal Control components in the organization	.826	0.000*
12.	Participation in training about internal control helps the employee to benefit his colleagues at work	.410	0.000*
13.	Training on internal control leads to increased efficiency of the Organization	.491	0.000*
14.	The new staff get orientations concerning the organization's financial and administrative policies such as manual or guide or Charters….	.677	0.000*
15.	Instructions and guidance have been issued on how to implement the Internal Control system of the Organization	.605	0.000*
16.	I have been informed if I didn't follow the administrative procedures of the organization	.658	0.000*
17.	I am committed to implement the financial and administrative policies of the organization completely	.633	0.000*
18.	I am participating in making sure that the financial and administrative policies of the organization have been implemented	.616	0.000*
19.	I have sufficient awareness of the policy of conflict of interests	.528	0.000*
20.	I am familiar with the organization's code of conduct	.761	0.000*
21.	I report the abuses that are inconsistent with the organization's policies	.604	0.000*

No.	Item	Pearson Correlation Coefficient	P-Value (Sig.)
22.	I know the authorizations vested in me and others working in the organization	.670	0.000*
23.	As an employee, I have an important role in Internal Control implementation	.744	0.000*
24.	I have a clear understanding for my role in Internal Control implementation in the organization	.803	0.000*

* Correlation is significant at the 0.05 level

Table (3.3) clarifies the correlation coefficient for each item of the "Work systems and procedures and personnel's role in implementation of the Internal Control" and the total of the field. The p-values (Sig.) are less than 0.05, so the correlation coefficients of this field are significant at α = 0.05, so it can be said that the items of this field are consistent and valid to be measure what it was set for.

Table 3.3: Correlation coefficient of each item of "Work systems and procedures and personnel's role in implementation of the Internal Control"

No.	Item	Pearson Correlation Coefficient	P-Value (Sig.)
1.	The organization have tools for accountability	.739	0.000*
2.	There is a clear policy to report about the abuses through clear channels	.738	0.000*
3.	The authorities, responsibilities and roles are clear and specified between the employees	.857	0.000*
4.	Effective tools are used in Internal Control implementation	.825	0.000*
5.	There is a clear policy concerning the delegations of authorities	.697	0.000*
6.	The organization has a clear and effective disciplinary measures	.724	0.000*
7.	The organization follow a clear policy for employees performance appraisal	.741	0.000*
8.	There is a clear policy for hiring procedures	.682	0.000*
9.	There is a clear segregation of duties between the financial staff in the organization.	.736	0.000*
10.	The organization shall periodically review the Internal Control system to identify the areas required for improvements.	.783	0.000*

No.	Item	Pearson Correlation Coefficient	P-Value (Sig.)
11.	The organization shall periodically review process and address the weaknesses in the Internal Control system	.784	0.000*
12.	Are the finance staff involved in reviewing the letter of recommendations form the externa auditor and the donors, and also the management response to it?	.628	0.000*
13.	Does the organization deal seriously with the notes of the evaluation of internal control system by external auditor and donors?	.579	0.000*
14.	The financial and administrative manuals are updated periodically	.826	0.000*
15.	The organization performs a periodic internal audit	.801	0.000*
16.	The organization performs an annual external audit	.644	0.000*
17.	The organization has a clear system for incentives, promotions and compensation	.787	0.000*
18.	The organization shall apply its systems for incentives, promotions and compensation	.719	0.000*

* Correlation is significant at the 0.05 level

3.9.2 Structure Validity of the Questionnaire

Structure validity is the second statistical test used to test the validity of the questionnaire structure by testing the validity of each field and the validity of the whole questionnaire. It measures the correlation coefficient between one field and all the fields of the questionnaire that have the same level of liker scale.

Table (3.4) clarifies the correlation coefficient for each field and the whole questionnaire. The p-values (Sig.) are less than 0.05, so the correlation coefficients of all the fields are significant at $\alpha = 0.05$, so it can be said that the fields are valid to be measured what it was set for to achieve the main aim of the study.

Table 3.4: Correlation coefficient of each field

No.	Field	Pearson Correlation Coefficient	P-Value (Sig.)
1.	Management Style and Personnel's role in the implementation of Internal Control	.961	0.000*
2.	Work systems and procedures and personnel's role in implementation of the Internal Control	.955	0.000*

* Correlation is significant at the 0.05 level

3.9.3 Reliability

The reliability of an instrument is the degree of consistency which measures the attribute; it is supposed to be measuring. The less variation an instrument produces in repeated measurements of an attribute, the higher its reliability. Reliability can be equated with the stability, consistency, or dependability of a measuring tool. The test is repeated to the same sample of people on two occasions and then compares the scores obtained by computing a reliability coefficient. To insure the reliability of the questionnaire, Cronbach's Coefficient Alpha should be applied (George & Mallery, 2006).

3.10 Cronbach's Coefficient Alpha

Cronbach's alpha is designed as a measure of internal consistency, that is, do all items within the instrument measure the same thing? The normal range of Cronbach's coefficient alpha value between 0.0 and + 1.0, and the higher values reflects a higher degree of internal consistency. The Cronbach's coefficient alpha was calculated for each field of the questionnaire (George & Mallery, 2006).

Table (3.5) shows the values of Cronbach's Alpha for each field of the questionnaire and the entire questionnaire. For the fields, values of Cronbach's Alpha equals 0.972 for the entire questionnaire which indicates an excellent reliability of the entire questionnaire.

Table 3.5: Cronbach's Alpha for each field of the questionnaire

No.	Field	Cronbach's Alpha
1.	Management Style and Personnel's role in the implementation of Internal Control	0.943
2.	Work systems and procedures and personnel's role in implementation of the Internal Control	0.953
	All items of the questionnaire	0.972

Thereby, it can be said that the test proved that the questionnaire was valid, reliable and ready for distribution for the study sample.

Chapter 4:
Data Analysis and
Discussion

Chapter 4 : Data Analysis and Discussion

4.1 Personal Characteristics

4.1.1 Job Title

Table (4.1) shows that 10.7% of the sample are "Executive Managers", 10.7% of the sample are "Projects Managers", 19% of the sample are "Projects Coordinators", 14.9% of the sample are "Finance Managers", 26.2% of the sample are "Accountants" and 18.5% of the sample are "other positions". This study indicates that majority of the research sample have job title related to IC issues. This properly reflects their level of influence on the success of the implementation IC process regardless of their positions.

4.1.2 Sex:

Table (4.1) shows that 44.6% of the sample are Males and 55.4% are Females. This is expected due to the Palestinian work culture and the equality in opportunities for both males and females and always mentioning in jobs postings that female applicants are preferred.

4.1.3 Educational Qualifications

Table (4.1) shows that 72.6% of the sample are "Bachelor degree" holders and 20.8% of the sample are "Master degree " holders. This reflects the high level of education that the respondents have which reflects on their skills and abilities in implementing IC process, and dealing with questionnaire sections.

These results match with the results of (Ghalayini, 2007) study which showed that 91.8% of the research population has a bachelor degree or higher, and with the results of (Kullab, 2004) study which showed that 85.05% has a bachelor degree.

4.1.4 Age:

Table (4.1) shows that 28.6% of the sample are "25- less than 30 Year", 38.7% of the sample are of "30–less than 40 years old" and 28% of the sample are "40 years and Older". This indicates that majority (95.3%) of the respondents' age 25 or more. This properly shows that youth is the dominant in Palestinian community population structure, also the nature of work in NGOs differs from public or private sector whereas in public sector can provide job security for longer periods unlike NGOs

which mainly depends on limited duration contracts based on projects, which drive youth to take the risk and work for NGOs in comparisons with older people who prefer stable jobs.

These results match with the results of (Ghalayini, 2007) study which indicated that majority (65.5%) of the respondents' age 40 or more, and with the results of (Alazzam, et al., 2013) indicated that majority (97.4%) of the respondents' age 25 or more.

4.1.5 Years of Experience

Table (4.1) shows that 14.3% of the sample have experience " Less than 3 years " , 13.7% of the sample have experience "3 – Less than 5 years", 28% of the sample have experience "5 – Less than 10 years" and 44% of the sample have experience " 10 years and higher " . This clearly shows that most of the respondents have enough experience to successfully implement IC process.

These results match with the results of (Ghalayini, 2007) study which showed that 65.6% of the research population has over 10 years of experience, with the results of Alazzam, et al., 2013) which showed that 68% of the research population has over 10 years of experience and with the results of (Modallal, 2007) which showed that 51.7% of the research population has over 10 years of experience.

4.1.6 Major Specializations

Table (4.1) shows that 58.9% of the sample their major is "Commerce" which is the majority of the percentage, 9.5% of the sample their major is "Education", 8.9% of the sample their major is "Science", 5.4% of the sample their major is "Literature", 8.3% of the sample there major is "Engineering" and 8.9% of the sample their major is "Other". This clearly shows that the respondents have different educational background which is expected because since the NGOs they have worked for different fields of work, which require different specialization.

This study results differ than (El-Aff, 2007) study which showed that 65% of employees have degrees other than Business Administration and Engineering and agree with (Kullab, 2004) which showed that 74.77% of employees have degrees of Commerce.

Table 4.1: Personal Characteristics   (N=168)

Personal Characteristics		Frequency	Percent
Job Title	Executive Manager	18	10.7
	Projects Manager	18	10.7
	Projects Coordinator	32	19.0
	Finance Manager	25	14.9
	Accountant	44	26.2
	Others	31	18.5
Sex	Male	75	44.6
	Female	93	55.4
Educational Qualifications	Diploma	10	6.0
	Bachelor	122	72.6
	Master	35	20.8
	PhD	1	0.6
Age	less than 25 Year	8	4.8
	25 - less than 30 Year	48	28.6
	30- less than 40 Year	65	38.7
	40 Years and over	47	28.0
Years of Experience	Less than 3 years	24	14.3
	3- Less than 5 years	23	13.7
	5 -Less than 10 years	47	28.0
	10 years and higher	74	44.0
Major Specialization	Commerce	99	58.9
	Education	16	9.5
	Science	15	8.9
	Literature	9	5.4
	Engineering	14	8.3
	Others	15	8.9

4.2 NGO Organizational Characteristics

4.2.1 Date of establishments

Table (4.2) shows that 6.5% of the sample are " 5 - Less than 10 years ", 12.5% of the sample are "10 − Less than 15 years" old and 81 % of the sample are" 15 years and higher". This indicates that the majority (81%) of the NGOs have more than 15 years of existence which reflects their sustainability and strategic success.

These results match with the results of (Ghalayini, 2007) study which showed that 80.3% of the NGOs have more than 10 year of existence, and with the results of

(Besiso, 2011) which showed that 64.2% of the NGOs have more than 15 years of existence.

4.2.2 Number of staff:

Table (4.2) shows that 20.8% of the sample have "15 – Less than 20" employees, 10.1% of the sample have "20 – Less than 30" employees, 14.9% of the sample have "30 – Less than 40" employees, and 54.2% of the sample have "40 and higher" employees. These results consistent with the selection criteria that were set up by this research.

These results also consistent with the results of (El-Aff, 2007) study which showed that 57.5% of the NGOs have more than 50 employees, and with (Ghalayini, 2007) study which showed that 68.8% of the research population employs 20 persons or more, and this match the researcher selection criteria. These results does not consistent with the results of (Shaheen, 2007) study which showed that 53.3% of the research population employs 10-15 persons more.

4.2.3 Work sector:

Table (4.2) shows that 18.4% of the sample are working in " Social services and relief " sector , 14% of the sample are working in " Health and rehabilitation " sector, 13.1% of the sample are working in " Education and training " sector, 4% of the sample are working in "Culture and sport", 14.6% of the sample are working in "Women and child" sectors , 14.2% of the sample are working in " Social development ", 8.1% of the sample are working in " Democracy and human rights", 7.8% of the sample are working in " Economic development" sectors , 5.7% of the sample are working in " Agriculture and environment " sector . This shows that the research sample was representative for most NGOs population work sectors presented in table (2.2).

4.2.4 Does the organization have a Financial Manual, Administrative Manual and Personnel Manual?

Table (4.2) shows 97.6%, 94% and 87.5% of the sample have "Financial Manual", "Administrative Manual" and "Personnel Manual" respectively. These results shows that low percentage of employees think that they don't have these manuals "financial and admin" whereas 12.5% don't have personnel manual. This could be attributed to the lack of employee's awareness on the importance of such manual to be available and effectively used by their organizations. The high percentages are expected since

both the financial/administrative manual are considered as the basics for sound internal control procedures.

This study does not match with (Kullab, 2004) study which indicates that 63% of the respondents believed that they don't have such manuals at their organizations.

Table 4.2: NGOs Organizational Characteristics   (N=168)

NGO Organizational Characteristics		Frequency	Percent
Age of organization from the date of establishment	3– Less than 5 years	-	-
	5–Less than 10 years	11	6.5
	10–Less than 15 years	21	12.5
	15 years and higher	136	81.0
Number of staff	15–Less than 20	35	20.8
	20–Less than 30	17	10.1
	30–Less than 40	25	14.9
	40 and higher	91	54.2
Work sector	Agriculture and Environment	27	5.7%
	Culture and Sport	19	4.0%
	Social Development	67	14.2%
	Women and Child	69	14.6%
	Education and Training	62	13.1%
	Democracy and Human Rights	38	8.1%
	Health and Rehabilitation	66	14.0%
	Economic Development	37	7.8%
	Social Services and Relief	87	5.7%
Does the organization have a Financial Manual	Yes	164	97.6
	No	4	2.4
Does the organization have an Administrative Manual	Yes	158	94.0
	No	10	6.0
Does the organization have a Personnel Manual	Yes	147	87.5
	No	21	12.5

4.3 Analysis for each field

4.3.1 Management Style and Personnel's role in the implementation of Internal Control

Table (4.3) shows the following results:

- The mean of item 22 "I know the authorizations vested in me and others working in the organization" is 4.25 (85.00%), Test-value = 22.38, and P-value = 0.000 which is smaller than the level of significance $\alpha = 0.05$. The sign of the test is positive, so the

mean of this item is significantly greater than the hypothesized value 3. The study concludes that the respondents agreed to this item.

- The mean of item 10 "I have participated in training courses about the Internal Control" equals 3.10 (62.10%), Test-value = 1.16, and P-value = 0.124 which is greater than the level of significance $\alpha = 0.05$. Then the mean of this item is insignificantly different from the hypothesized value 3. The study concludes that the respondents (Neutral / Do not Know, neutral) to this item.

- The mean of the field "Management Style and Personnel's role in the implementation of Internal Control" equals 3.93 (78.55%), Test-value = 24.94, and P-value=0.000 which is smaller than the level of significance $\alpha = 0.05$. The sign of the test is positive, so the mean of this field is significantly greater than the hypothesized value 3.

In general the results for all statements of the field show that the majority of the respondents agreed to field of "Management Style and Personnel's role in the implementation of Internal Control ".

This means that the management style and level in Gaza NGOs have a great influence on the personnel's role in IC implementation and also the provision of training, orientation, clear capacity building plan to have all staff regardless of the position aware and informed for all policies and procedures, and clear mechanism for supervisory role which enforce the shared responsibility between the finance/operation and programs staff.

This study match with the following studies:
(Shaheen, 2007) study which showed that there is direct relationship between the existence of clear organizational hierarchy, and management role and internal control factors towards the goals attainability.

(Alazzam, et al., 2013) study which showed that there are appropriate organizational structure to achieve and strengthen the IC but there is no existence for the required flexibility to achieve such goals, also it agrees that employees don't have enough knowledge about the laws, regulation, instructions and tasks of the company and also management doesn't adopt the concept of information exchange and communication between the employees, departments and administrations.

(Douglas, 2011) Study showed that it's the management responsibility to do the required monitoring and review to enhance the compliance with implementation of control policies and procedures and also assessing the risk.

(Ayom, 2013) study showed that management should do more follow up to ensure that ICs is in place and also study showed that organizational procedures need to be enhanced which will be which will be provided through training for the staff and close supervision of the audit department through regular audits and checkup.

Table 4.3: Mean values and Test values for "Management Style and Personnel's role in the implementation of Internal Control"

	Item	Mean	S.D	Proportional mean (%)	Test value	P-value (Sig.)	Rank
1.	My management level is influencing the implementation of Internal Control	4.03	0.78	80.60	16.98	0.000*	9
2.	The adopted management style affects the personnel's role in the implementation of Internal Control	4.17	0.73	83.45	20.94	0.000*	5
3.	The adopted management style assist in promoting the principle of mutual accountability between the management and the staff	3.99	0.77	79.88	16.63	0.000*	12
4.	The management provides a flexible work environment and adequate support for the success of implementation of Internal Control	3.86	0.87	77.13	12.67	0.000*	18
5.	The ongoing monitoring and evaluation process contributes for the success of implementation of Internal Control	4.11	0.77	82.13	18.28	0.000*	7
6.	Internal control implementation process is done through a shared responsibility between the project staff and financial staff	4.01	0.72	80.24	18.17	0.000*	11
7.	Coordination with other departments is done to ensure compliance with the working procedures at the organization	3.92	0.73	78.33	16.29	0.000*	15

	Item	Mean	S.D	Proportional mean (%)	Test value	P-value (Sig.)	Rank
8.	My participation in the implementation of the Internal Control support the institutional development of the organization	4.20	0.84	83.95	18.48	0.000*	4
9.	I have got enough orientation / instructions about the Internal Control	3.74	0.82	74.85	11.69	0.000*	20
10	I have participated in training courses about the Internal Control	3.10	1.15	62.10	1.16	0.124	24
11	I have enough information about the Internal Control components in the organization	3.54	0.91	70.79	7.58	0.000*	22
12	Participation in training about internal control helps the employee to benefit his colleagues at work	3.92	0.74	78.31	15.90	0.000*	17
13	Training on internal control leads to increased efficiency of the Organization	4.20	0.80	84.05	19.13	0.000*	3
14	The new staff get orientations concerning the organization's financial and administrative policies such as manual or guide or Charters….	3.71	0.95	74.17	9.66	0.000*	21
15	Instructions and guidance have been issued on how to implement the Internal Control system of the Organization	3.45	0.95	69.05	6.19	0.000*	23
16	I have been informed if I didn't follow the administrative procedures of the organization	3.84	0.83	76.85	13.10	0.000*	19
17	I am committed to implement the financial and administrative policies of the organization completely	4.20	0.73	84.10	21.13	0.000*	2
18	I am participating in making sure that the financial and administrative policies of the organization have been implemented	4.02	0.82	80.36	15.95	0.000*	10

	Item	Mean	S.D	Proportional mean (%)	Test value	P-value (Sig.)	Rank
19	I have sufficient awareness of the policy of conflict of interests	3.92	0.87	78.32	13.65	0.000*	16
20	I am familiar with the organization's code of conduct	3.95	0.91	78.93	13.47	0.000*	14
21	I report the abuses that are inconsistent with the organization's policies	3.96	0.95	79.29	13.20	0.000*	13
22	I know the authorizations vested in me and others working in the organization	4.25	0.72	85.00	22.38	0.000*	1
23	As an employee, I have an important role in Internal Control implementation	4.12	0.80	82.38	18.07	0.000*	6
24	I have a clear understanding for my role in Internal Control implementation in the organization	4.05	0.82	80.96	16.51	0.000*	8
	All items of the field	3.93	0.48	78.55	24.94	0.000*	

* The mean is significantly different from 3

4.3.2 Work systems and procedures and personnel's role in implementation of the Internal Control

Table (4.4) shows the following results:

- The mean of item 16 "The organization performs an annual external audit" equals 4.45 (88.93%), Test-value = 26.83 and P-value = 0.000 which is smaller than the level of significance $\alpha = 0.05$. The sign of the test is positive, so the mean of this item is significantly greater than the hypothesized value 3. The study concludes that the respondents agreed to this item.

- The mean of item 18 "The organization shall apply its systems for incentives, promotions and compensation" equals 3.27 (65.48%), Test-value = 3.33, and P-value = 0.001 which is smaller than the level of significance $\alpha = 0.05$. The sign of the test is positive, so the mean of this item is significantly greater than the hypothesized value 3. The study concludes that the respondents agreed to this item.

- The mean of the field "Work systems and procedures and personnel's role in implementation of the Internal Control" equals 3.79 (75.77%), Test-value = 16.08, and P-value=0.000 which is smaller than the level of significance $\alpha = 0.05$. The sign of the test is positive, so the mean of this field is significantly greater than the hypothesized value 3. The study concludes that the respondents agreed to field of "Work systems and procedures and personnel's role in implementation of the Internal Control ".

In general the results for all statements of the field show that the majority of the respondents agreed to field of "Work systems and procedures and personnel's role in implementation of the Internal Control ".

This mean that the work systems and procedures affect the personnel's role in IC implementation in terms of the availability of the clear accountability tools, map of authorities, clear responsibilities for each position, roles, sound delegations and segregation of duties and authorities, performance appraisal and development plan and finally the periodic review and update of manuals in terms of applicability and areas for enhancements.

This study match with the following studies:

(Kullab, 2004) study which showed that the weakness in the in the availability of IC leads to weak IC system and failure to achieve the assigned objectives such as financial and administrative problems and absence of accountability and transparency.

(Alazzam, et al., 2013) study which showed there is a problem in achieving the objectives of IC due to the absence of revision of the plans and financial policies consistently.

(Ayom, 2013) study showed that there is a need for active involvement between IAs and procurement manager to update and improve the procumbent process and procedures.

Table 4.4: Means and Test values for "Work systems and procedures and personnel's role in implementation of the Internal Control"

#	Item	Mean	S.D	Proportional mean (%)	Test value	P-value (Sig.)	Rank
1.	The organization have tools for accountability	3.96	0.87	79.17	14.26	0.000*	6
2.	There is a clear policy to report about the abuses through clear channels	3.75	0.94	75.06	10.28	0.000*	10
3.	The authorities, responsibilities and roles are clear and specified between the employees	3.91	0.88	78.20	13.41	0.000*	8
4.	Effective tools are used in Internal Control implementation	3.73	0.82	74.64	11.64	0.000*	11
5.	There is a clear policy concerning the delegations of authorities	3.71	0.86	74.13	10.62	0.000*	12
6.	The organization has a clear and effective disciplinary measures	3.42	0.95	68.33	5.68	0.000*	16
7.	The organization follow a clear policy for employees performance appraisal	3.61	1.03	72.26	7.74	0.000*	13
8.	There is a clear policy for hiring procedures	3.94	0.89	78.81	13.64	0.000*	7
9.	There is a clear segregation of duties between the financial staff in the organization.	4.04	0.82	80.71	16.41	0.000*	3
10.	The organization shall periodically review the Internal Control system to identify the areas required for improvements.	3.47	0.95	69.40	6.36	0.000*	15
11.	The organization shall periodically review process and address the weaknesses in the Internal Control system	3.48	0.94	69.63	6.54	0.000*	14
12.	Are the finance staff involved in reviewing the letter of recommendations form the externa auditor and the donors, and also the management response to it?	4.04	0.97	80.71	13.90	0.000*	3
13.	Does the organization deal seriously with the notes of the evaluation of internal control system by external auditors and donors?	4.26	0.75	85.18	21.51	0.000*	2
14.	The financial and administrative manuals are updated periodically	3.81	0.93	76.19	11.23	0.000*	9

#	Item	Mean	S.D	Proportional mean (%)	Test value	P-value (Sig.)	Rank
15.	The organization performs a periodic internal audit	3.96	0.85	79.28	14.67	0.000*	5
16.	The organization performs an annual external audit	4.45	0.70	88.93	26.83	0.000*	1
17.	The organization has a clear system for incentives, promotions and compensation	3.40	1.05	67.98	4.92	0.000*	17
18.	The organization shall apply its systems for incentives, promotions and compensation	3.27	1.06	65.48	3.33	0.001*	18
	All items of the field	3.79	0.64	75.77	16.08	0.000*	

* The mean is significantly different from 3

In General: To what extent the IC process is implemented in major Palestinian local NGOs.

Table (4.5) shows the following results:

The mean of all paragraphs of the questionnaire equals 3.86 (77.16%), Test value =20.51, and P-value=0.000 which is smaller than the level of significance a= 0.05. **This means that the respondents agreed to all paragraphs of the IC implementation process.**

Table 4.5: Mean values and Test values for "Work systems and procedures and personnel's role in implementation of the Internal Control"

Item	Mean	Proportional mean (%)	Test value	P-value (Sig.)
All paragraphs of the IC process.	3.86	77.16	20.51	0.000*

* The mean is significantly different from 3

In general the results for all statements of the field show that the majority of the respondents indicated that the NGOs are already implemented IC process.

4.4 Research Hypothesis Analysis (Testing)

4.4.1 There is no statistical difference at significant level ($\alpha \leq 0.05$) in the personnel role in the implementation of internal control process, due to the personal characteristics of the respondents (Job Title, Sex, Educational Qualifications, Age, Years of Experience and Major Specialization).

This hypothesis can be divided into the following sub-hypotheses:

a) **There is no statistical difference at significant level ($\alpha \leq 0.05$) in the personnel role in the implementation of internal control process, due to job title.**

Table (4.6) shows that the p-value (Sig.) is greater than the level of significance $\alpha = 0.05$ for each field, then there is insignificant difference among the respondents toward each field due to job title.

This means that respondents' job title has no effect on each field. These results were expected since all of the research sample belongs to the same NGOs field and they participate in most of daily duties and activities related to project and financial management as there are many similarities in their nature of work in terms of applying the IC procedures as IC process is a shared responsibility between all staff regardless of the job title.

This study results match with the studies of (Kullab, 2004) and (Shaeheen, 2007) that there is no statistical significant difference among the respondents toward each field due to job title.

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Table 4.6: ANOVA test of the fields and their p-values for job title

No.	Field	Means						Test Value	Sig.
		Executive Manager	Projects Manager	Projects Coordinator	Finance Manager	Accountant	Others		
1.	Management Style and Personnel's role in the implementation of Internal Control	4.07	3.90	3.88	4.09	3.78	3.99	1.977	0.085
2.	Work systems and procedures and personnel's role in implementation of the Internal Control	3.86	3.67	3.72	3.80	3.67	4.04	1.574	0.170
	All items of the questionnaire	3.98	3.80	3.81	3.97	3.73	4.01	1.717	0.133

b) **There is no statistical difference at significant level ($\alpha \leq 0.05$) in the personnel role in the implementation of internal control process, due to Sex.**

Table (4.7) shows that the p-value (Sig.) is greater than the level of significance $\alpha = 0.05$ for each field, then there is insignificant difference among the respondents toward each field due to Sex.

This means that respondents' Sex has no effect on each field. These results were expected since both type of sex (male and female) belongs to the same job title and both have the same education, duties and responsibilities.

These results match with (El Ashqer, 2006) study which showed that there were no statistical differences due to the respondents' sex.

Table 4.7: Independent Samples T-test of the fields and their p-values for Sex

No.	Field	Means		Test Value	Sig.
		Male	**Female**		
1.	Management Style and Personnel's role in the implementation of Internal Control	3.87	3.97	-1.308	0.193
2.	Work systems and procedures and personnel's role in implementation of the Internal Control	3.78	3.79	-0.072	0.943
	All items of the questionnaire	3.84	3.89	-0.740	0.460

c) There is no statistical difference at significant level (α ≤ 0.05) in the personnel role in the implementation of internal control process, due to Educational Qualifications.

Table (4.7) shows that the p-value (Sig.) is greater than the level of significance α = 0.05 for each field, then there is insignificant difference among the respondents toward each field due to educational qualifications.

This mean that respondents' educational qualifications has no effect on each field. These results were expected since the work in the NGOs sector depends on experience, more than educational qualification, except in some special high level project management and finance positions, experience in addition to educational qualification is required. More over the work in the project management does not needs a high educational qualification.

These results match with studies of (Kullab, 2004) and (Shaeheen, 2007) that there is no statistical significant difference among the respondents toward each field due to educational qualifications.

Table 4.8: ANOVA test of the fields and their p-values for educational qualifications

No.	Field	Means			Test Value	Sig.
		Diploma	Bachelor	Master/ PhD		
1.	Management Style and Personnel's role in the implementation of Internal Control	3.89	3.91	3.99	0.423	0.656
2.	Work systems and procedures and personnel's role in implementation of the Internal Control	3.82	3.84	3.61	1.746	0.178
	All items of the questionnaire	3.86	3.88	3.83	0.130	0.878

d) **There is no statistical difference at significant level (α ≤ 0.05) in the personnel role in the implementation of internal control process, due to Age.**

Table (4.9) shows that the p-value (Sig.) is greater than the level of significance α = 0.05 for each field, then there is insignificant difference among the respondents toward each field due to age.

This mean that respondents' age has no effect on each field. These results were expected as the most the respondents' ages (95%) more than 25 years and as long as there are clear policies and procedures, there won't be any problem to implement IC regardless of the age.

These results match with (Kullab, 2004) that there is no statistical significant difference among the respondents toward each field due to age.

Table 4.9: ANOVA test of the fields and their p-values for age

No.	Field	Means			Test Value	Sig.
		less than 30 Years	30- less than 40 Years	40 Years and over		
1.	Management Style and Personnel's role in the implementation of Internal Control	3.85	3.96	3.98	1.244	0.291
2.	Work systems and procedures and personnel's role in implementation of the Internal Control	3.71	3.77	3.91	1.266	0.285
	All items of the questionnaire	3.79	3.88	3.95	1.310	0.273

e) There is no statistical difference at significant level ($\alpha \leq 0.05$) in the personnel role in the implementation of internal control process, due to years of experience.

Table (4.10) shows that the p-value (Sig.) is greater than the level of significance $\alpha = 0.05$ for each field, then there is insignificant difference among the respondents toward each field due to years of experience.

This mean that respondents' years of experience has no effect on each field. These results were expected as long as are clear policies and procedures, there won't be any problem to implement IC regardless of the years of experience however it's preferred to have management role very supportive to ensure sound IC implementation.

These results match with (Shaheen, 2007) that there is no statistical significant difference among the respondents toward each field due to years of experience while it disagree partially with (Kullab, 2004) study concerning the availability of the elements and components of IC for the employees who possess experience less than 9 years.

Table 4.10: ANOVA test of the fields and their p-values for years of experiences

No.	Field	Means				Test Value	Sig.
		Less than 3 years	3- Less than 5 years	5 -Less than 10 years	10 years and higher		
1.	Management Style and Personnel's role in the implementation of Internal Control	3.73	3.94	3.89	4.01	2.298	0.079
2.	Work systems and procedures and personnel's role in implementation of the Internal Control	3.84	3.63	3.68	3.89	1.638	0.183
	All items of the questionnaire	3.78	3.81	3.80	3.96	1.508	0.214

f) There is no statistical difference at significant level ($\alpha \leq 0.05$) in the personnel role in the implementation of internal control process, due to major specialization

Table (4.11) shows that the p-value (Sig.) is greater than the level of significance $\alpha = 0.05$ for each field, then there is insignificant difference among the respondents toward each field due to major specialization.

This means that respondents' major specialization has no effect on each field. These results were logic since, there are difference in the NGOs work sector and nature of work, which requires different specializations, but this differences will not changes the IC process at all as this process is shared responsibility between all employees regardless of their specialization.

This study agree with (Shaheen, 2007) study that there is no statistical significant difference among the respondents toward each field due to major specialization.

Table 4.11: ANOVA test of the fields and their p-values for major specialization

No.	Field	Means						Test Value	Sig.
		Commerce	Education	Science	Literature	Engineering	Others		
1.	Management Style and Personnel's role in the implementation of Internal Control	3.95	3.88	3.97	3.70	4.06	3.83	0.815	0.541
2.	Work systems and procedures and personnel's role in implementation of the Internal Control	3.77	3.72	4.05	3.64	4.02	3.59	1.323	0.257
	All items of the questionnaire	3.87	3.81	4.00	3.67	4.04	3.73	1.094	0.366

4.4.2 There is statistical difference at significant level (α ≤ 0.05) in the personnel role in the implementation of internal control process, due to the organizational characteristics of the respondents (Age of organization from the date of establishment and Number of staff).

This hypothesis can be divided into the following sub-hypotheses:

4.4.2.1 There is no statistical difference at significant level (α ≤ 0.05) in the personnel role in the implementation of internal control process, due to age of organization form the date of establishment.

Table (4.12) shows that the p-value (Sig.) is greater than the level of significance α = 0.05 for each field, then there is insignificant difference among the respondents toward each field due to age of organization form the date of establishment.

This means that respondents' age of organization form the date of establishment has no effect on each field.

This argument does not apply since this study focuses on the major NGOs, and for sure major NGOs entails greater age, reflects experiences, the size of funding, the size and the number of services provided , as those NGOs have a clear strategic direction, and vision , and it seems to be model organization in the NGOs sector. Moreover, the implementation of IC process requires such type of NGOs that are able to link their

goals, objectives and strategies with projects, which was already done in those major NGOs. Further, the donor usually provide their support to active and experienced NGOs. That said, the researcher argues that regardless of the age of the organization, applying IC in full compliance with policies and procedures still a concern.

This result matches with (Shaheen, 2007) study that there is no statistical significant difference among the respondents toward each field due to age of organization from the date of establishment.

Table 4.12: ANOVA test of the fields and their p-values for age of organization form the date of establishment

No.	Field	Means			Test Value	Sig.
		5–Less than 10 years	10–Less than 15 years	10 years and higher		
1.	Management Style and Personnel's role in the implementation of Internal Control	3.97	3.92	3.93	0.041	0.960
2.	Work systems and procedures and personnel's role in implementation of the Internal Control	3.94	3.92	3.76	0.934	0.395
	All items of the questionnaire	3.96	3.92	3.85	0.351	0.704

4.4.2.2 There is no statistical difference at significant level (α ≤ 0.05) in the personnel role in the implementation of internal control process, due to number of staff.

This mean that respondents' number of staff has no effect on each field. These results were expected since the sample taken for NGOs that it with greater budget and have to follow a greater level of control over their projects, and this part of the donors funding procedures and also whenever the number of staff increase, it require more work to put a balanced organizational structure to serve IC implementation and ensure that all policies and procedures are applied efficiently.

This study match with (Shaheen, 2007) study that there is no statistical significant difference among the respondents toward each field due to number of staff.

Table 4.13: ANOVA test of the fields and their p-values for number of staff

No.	Field	Means				Test Value	Sig.
		15–Less than 20	20–Less than 30	30–Less than 40	40 years and		
1.	Management Style and Personnel's role in the implementation of Internal Control	3.90	3.86	3.76	4.00	1.841	0.142
2.	Work systems and procedures and personnel's role in implementation of the Internal Control	3.74	3.75	3.69	3.84	0.473	0.702
	All items of the questionnaire	3.83	3.81	3.73	3.93	1.211	0.307

Chapter 5:
Conclusions and
Recommendations

Chapter 5 : Conclusions and Recommendations

5.1 Introduction

This chapter presents the main conclusions related to the field work and the recommendations that are likely assist addressing the weaknesses or pitfalls related to the implementation of IC process.

5.2 Conclusions:

According to the study sample, personnel role affects the implementation of internal control process by 77.16%. This conclusion is somehow expected since the study had concentrated on the large and active NGOs (the ones that have 15 employees or more, have more than 5 year of existence and not limited to specific sector such as student unions or workers unions and professional unions) of the Gaza Strip.

The following is a summary of the conclusions that can be drawn from this study based on the research field:

5.2.1 Management Style and Personnel's role in the implementation of Internal Control

The study sample are implementing IC process in terms of management style and personnel's role by 78.55%, which means that the study sample Gaza's NGOs identify that the management level and style have a great influence on the personnel's role in IC implementation. The provision of training, orientation, having clear capacity building plan, and availability of clear mechanism for supervisory role also affect the personnel role in IC implementation and results are as follows:

- According to the sample, the majority of personnel at local NGOs in the Gaza Strip did not participate in training courses about the Internal Control and do not have enough information about the Internal Control components in the organization.

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- The study sample have not issued and/or circulated clearly instructions and guidance among staff on how to implement the Internal Control system of the organization

- The study sample did not provide the new staff with the required orientations concerning the organization's financial, administrative and personnel policies.

- The study sample NGOs did not feedback the staff if they did not implement the financial and administrative procedures of the organization in an efficient way.

5.2.2 Work systems and procedures and personnel's role in implementation of the Internal Control

The study sample Gaza Strip NGOs are implementing IC process in terms of work systems and procedures by 75.77%, which mean that the study sample Gaza's NGOs identifies that the work systems and procedures affect the personnel's role in IC implementation in terms of the availability of the clear accountability tools, map of authorities, clear responsibilities for each position, roles, sound delegations and segregation of duties and authorities, performance appraisal and development plan and finally the periodic review and update of manuals in terms of applicability and areas for enhancements, all of that affect the personnel role in IC implementation and results are as follows:

- Gaza NGOs do not apply its systems for incentives, promotions and compensation aw well they do not have clear system for incentives, promotions and compensation.

- Gaza NGOs have not a clear and effective disciplinary measures policy.
- Gaza NGOs do not periodically review the IC system to identify the weaknesses and areas required for improvements.

- Gaza NGOs do not follow a clear policy for employees' performance appraisal.

5.3 Recommendations

In the context of the results of the current research, the research recommends the following:

1. NGOs in the Gaza Strip should provide their staff with training courses about the Internal Control to increase their awareness about its importance and train them on how to adopt the IC concept of corrective and improving actions not searching for errors.

2. NGOs in the Gaza Strip should have a periodic internal audit whether performed by a full time employee or a team designated to do this task. Periodic feedback on IC implementation and progress is crucial for NGOs' development.

3. Develop a practical clear manual for IC in terms of achieving the control objectives accurately and efficiently in a flexible way.

4. NGOs in the Gaza Strip should develop and apply clear systems for incentives, promotions and compensation. Ideally, the system should be linked to staff performance. Therefore, applying performance appraisal in terms of merit increases and development plans is advisable.

5. NGOs in the Gaza Strip should provide both new and old staff orientation instructions about the Internal Control and its components.

5.1 It is recommended to conduct periodic workshops and in-house coaching to have their staff familiar with how to implement the IC system in the way that serve the organizational goals, strategies and objectives.

6. Clear and effective disciplinary policy is needed to define the potential abuses and determine measures to handle each case separately.

7. NGOs in the Gaza Strip should periodically review and upgrade the IC system.

8. Taking practical steps to build and promote a learning culture helps the holistic improvement of the NGOs and boost their adherence to best practices including sound application of IC system.

9. Donor community should give more attention during the funding process; NGOs should be encouraged to reflect the IC process through supporting the development of systems, training of staff, and also through considering how transparent the NGO is during taking the funding decision.

10. NGOs in the Gaza Strip should adopt the concept of information exchange and communication between the employees, departments and administrations.

11. NGOs in the Gaza Strip are advised to request their external auditor to evaluate IC and propose improvements plans in the letter of recommendations.

12. NGOs in the Gaza Strip should work on complaint system as IC tool to uncover any negligence and work problems, thus, the complaints can be discussed objectively to take proper actions to address them.

5.4 Proposed Future Studies

Regarding the research recommendations of preceding studies in this area, the following points are suggested:

1. To what extent the external auditors evaluate the IC area.
2. Evaluation of the existence of internal audit function in Gaza NGOs and its role in reviewing the IC process.

3. Evaluation of the International and National Donors' role in evaluation of IC in Gaza NGOs.

4. Evaluation of the Ministry of Interior and Economy role in evaluation of IC in Gaza NGOs and Not-for-Profit Companies.

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Annex 1 – Questionnaire in English

The Islamic University - Gaza
Deans of Graduate Studies
Faculty of Commerce
Department of Business Administration

Dear Gentlemen Staff

The questionnaire that you have received is the research study tool which was specifically designed for the fulfillment of the Master of Business Administration degree, the research about "*The Evaluation of personnel's role in the implementation of internal control in Gaza Strip NGOs*".

Study Background:

The ultimate goal of this research is to evaluate the local NGOs personnel's contribution in the internal control function through examining the key factors affecting their role and defining those among them most responsible for enhancing this role.

The study reflects the influencing variables on the personnel role in Internal Control implementation through the management level, management styles, the provision of the required trainings and orientations and also the organizations' internal policies and procedures.

Therefore, kindly I request your assistance in obtaining required information and data through putting the signal (X) in the box, which meet your choice noting that data collected with this questionnaire will be treated confidentially and presented only in summary form without disclosing the name or any personal information of the respondent. It will be only used for the purpose of academic research.

Thanks a lot for your cooperation,

Researcher: Ahmed Murad

First Section:

First: Personal Characteristics:

1- Job Title:					
□ Executive Manager	□ Projects Manager	□ Projects Coordinator	□ Finance Manager	□ Accountant	□ If others, please specify ----------
2- Sex:					
□ Male			□ Female		
3- Educational Qualifications:					
□ Diploma	□ Bachelor		□ Master	□ Ph.D.	
4- Age:					
□ Less than 25 years	□ 25 – Less than 30 years		□ 30 – Less than 40 years	□ Older than 40 years	
5- Years of Experience:					
□ Less than 3 year	□ 3 – Less than 5 year		□ 5 – Less than 10 year	□ 10 years and higher	
6- Major Specialization:					
□ Commerce	□ Education	□ Science	□ Literature	□ Engineering	□ If others, please specify ----------

Second: NGO Organizational Characteristics:

1- Age of organization form the date of establishment:			
□ 3 – Less than 5 years	□ 5 – Less than 10 years	□ 10 – Less than 15 years	□ 10 years and higher
2- Number of staff:			
□ 15 – Less than 20	□ 20 – Less than 30	□ 30 – Less than 40	□ 40 and higher
3- Work sector (you can select more than one sector):			
□ Agriculture and Environment □ Culture and Sport □ Social Development □ Women and Child □ Education and Training □ Democracy and Human Rights □ Health and Rehabilitation □ Economic Development □ Social Services and Relief			
4- Does the organization have a Financial Manual:			
□ Yes	□ No		
5- Does the organization have an Administrative Manual:			
□ Yes	□ No		
6- Does the organization have a Personnel Manual:			
□ Yes	□ No		

Second Section: Evaluation of the personnel's role in the implementation of internal control

Out of your practical experience in the organization you are working in, please put the sign that meet your choice.

Directions:
For each of the statement below, please but a sign on the answer that best describes how much you agree or disagree with the statement:

Strongly Disagree (SD) Disagree (D) Neutral (N) Agree (A) Strongly Agree (SA)

#	Management Style and Personnel's role in the implementation of Internal Control	SA	A	N	D	SD
1.	My management level is influencing the implementation of Internal Control					
2.	The adopted management style affects the personnel's role in the implementation of Internal Control					
3.	The adopted management style assist in promoting the principle of mutual accountability between the management and the staff					
4.	The management provides a flexible work environment and adequate support for the success of implementation of Internal Control					
5.	The ongoing monitoring and evaluation process contributes for the success of implementation of Internal Control					
6.	Internal control implementation process is done through a shared responsibility between the project staff and financial staff					
7.	Coordination with other departments is done to ensure compliance with the working procedures at the organization					
8.	My participation in the implementation of the Internal Control support the institutional development of the organization					
9.	I have got enough orientation / instructions about the Internal Control					
10.	I have participated in training courses about the Internal Control					
11.	I have enough information about the Internal Control components in the organization					

#	Management Style and Personnel's role in the implementation of Internal Control	SA	A	N	D	SD
12.	Participation in training about internal control helps the employee to benefit his colleagues at work					
13.	Training on internal control leads to increased efficiency of the Organization					
14.	The new staff get orientations concerning the organization's financial and administrative policies such as manual or guide or Charters….					
15.	Instructions and guidance have been issued on how to implement the Internal Control system of the Organization					
16.	I have been informed if I didn't follow the administrative procedures of the organization					
17.	I am committed to implement the financial and administrative policies of the organization completely					
18.	I am participating in making sure that the financial and administrative policies of the organization have been implemented					
19.	I have sufficient awareness of the policy of conflict of interests					
20.	I am familiar with the organization's code of conduct					
21.	I report the abuses that are inconsistent with the organization's policies					
22.	I know the authorizations vested in me and others working in the organization					
23.	As an employee, I have an important role in Internal Control implementation					
24.	I have a clear understanding for my role in Internal Control implementation in the organization					

2.	Work systems and procedures and personnel's role in implementation of the Internal Control					
1.	The organization have tools for accountability					
2.	There is a clear policy to report about the abuses through clear channels					
3.	The authorities, responsibilities and roles are clear and specified between the employees					
4.	Effective tools are used in Internal Control implementation					
5.	There is a clear policy concerning the delegations of authorities					
6.	The organization has a clear and effective disciplinary measures					

2.	**Work systems and procedures and personnel's role in implementation of the Internal Control**					
7.	The organization follow a clear policy for employees performance appraisal					
8.	There is a clear policy for hiring procedures					
9.	There is a clear segregation of duties between the financial staff in the organization.					
10.	The organization shall periodically review the Internal Control system to identify the areas required for improvements.					
11.	The organization shall periodically review process and address the weaknesses in the Internal Control system					
12.	Are the finance staff involved in reviewing the letter of recommendations form the externa auditor and the donors, and also the management response to it?					
13.	Does the organization deal seriously with the notes of the evaluation of internal control system by external auditors and donors?					
14.	The financial and administrative manuals are updated periodically					
15.	The organization performs a periodic internal audit					
16.	The organization performs an annual external audit					
17.	The organization has a clear system for incentives, promotions and compensation					
18.	The organization shall apply its systems for incentives, promotions and compensation					

The researchers appreciates your cooperation in completing this questionnaire and thanks a lot for your patience and consideration.

"Best Regards"

Annex 2 – Questionnaire in Arabic

<div dir="rtl">

الجامعــة الإسلاميــة ـ غزة
عمادة الدراسـات العليـا
كليــة التجــارة
قسـم إدارة الأعمـال

السادة الموظفين الكرام

تحية طيبة وبعد،

الاستبانة التي بين أيديكم هي أداة لدراسة مصممة خصيصاً لإستكمال متطلبات درجة الماجستير في إدارة الأعمال،
وعنوانها، **"تقييم دور الموظفين في تطبيق الرقابة الداخلية في المنظمات الأهلية العاملة في قطاع غزة".**

نبذة عن الدراسة:

تهدف هذه الدراسة للتعرف إلى تقييم دور الموظفين في تطبيق الرقابة الداخلية ـ وهي التأكد من أن كل شئ يتم
حسب الخطة الموضوعة والتعليمات الصادرة والمبادئ القائمة ـ وهدف الرقابة هو تشخيص نقاط الضعف
والأخطاء، ثم تصحيحها ومنع حدوثها في المستقبل. وتتم ممارسة الرقابة على الأشياء والناس والإجراءات.
وتقوم الدراسة بعكس الضوء على المتغيرات المؤثرة على دور الموظفين في تطبيق الرقابة الداخلية من حيث
المستوى الإداري، أنماط الإدارة، توفر التوجيهات والتدريبات اللازمة والسياسات والإجراءات الداخلية للمنظمة.

لذا، أرجو من سيادتكم المساعدة في الحصول على المعلومات والبيانات المطلوبة من خلال وضع إشارة (X) في
المربع الذي يوافق خياركم. مع العلم بأن كافة المعلومات التي ستقدمونها سوف تستخدم لأغراض البحث العلمي
فقط، ولن يتم تداولها مع أية جهة أخرى.

شاكراً لكم حسن تعاونكم

الباحث:
أحمد خليل مراد
موبايل رقم: 0599217865

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القسم الأول:

أولا: البيانات الشخصية

1 - المسمى الوظيفي:				
□ أخرى حددها ------	□ محاسب	□ مدير مالي	□ منسق مشاريع	□ مدير مشاريع	□ مدير تنفيذي
2- الجنس:				
	□ ذكر			□ أنثى
3-المؤهل العلمي:				
□ دكتوراه		□ ماجستير	□ بكالوريوس	□ دبلوم
4-العمر:				
□ أكثر من 40 سنة	□ 30 - أقل من 40 سنة	□ 25 – أقل من 30 سنة	□ أقل من 25 سنة
5- سنوات الخبرة:				
□ 10 سنوات فأكثر	□ من5 سنوات - أقل من 10 سنوات	□ من 3 سنوات - أقل من 5 سنوات	□ أقل من 3 سنوات
6 - التخصص:				
□ أخرى حددها ---------	□ علوم □ تربية	□ آداب	□ هندسة	□ تجارة

ثانيا: البيانات الخاصة بالمنظمة

1- عمر المنظمة من تاريخ التسجيل			
□15 سنة فأكثر	□من10- أقل من 15 سنة	□ من 5 - أقل من 10 سنوات	□3- أقل من 5 سنوات
2- عدد الموظفين			
□أكثر من 40	□30-أقل من 40	□ 20 – أقل من 30	□15- أقل من 20
3- مجال العمل ـ من الممكن اختيار أكثر من مجال			
□ زراعة وبيئة □ ثقافة ورياضة □ تنمية اجتماعية □ مرأة وطفل □ تعليم وتدريب			
□ ديمقراطية وحقوق إنسان □ صحة وإعادة تأهيل □ تنمية اقتصادية □ خدمات اجتماعية وإغاثة			
4- هل لدى المنظمة دليل مالي؟			
□ لا			□ نعم
5- هل لدى المنظمة دليل إداري؟			
□ لا			□ نعم
6- هل لدى المنظمة دليل شؤون الموظفين؟			
□ لا			□ نعم

القسم الثاني: تقييم دور الموظفين في تطبيق الرقابة الداخلية

من واقع تجربتك العملية في المنظمة التي تعمل بها حالياً، يرجى وضع علامة على الإجابة التي تصف بشكل أفضل:

غير موافق بدرجة جدا	غير موافق بدرجة	موافق بدرجة متوسطة	موافق بدرجة كبيرة	موافق بدرجة كبيرة جدا	سمات الادارة ودور الموظفين في تطبيق الرقابة الداخلية	1.
					يؤثر مستواي الإداري في المنظمة للموظف في تطبيق الرقابة الداخلية	1.
					يؤثر نمط الادارة المتبع في المنظمة على دور الموظفين في تطبيق الرقابة الداخلية	2.
					يساعد نمط الادارة المتبع في المنظمة في تعزيز مبدأ المسائلة المشتركة بين الموظفين والادارة	3.
					توفر الادارة بيئة عمل تتصف بالمرونة والدعم الكافي لانجاح تطبيق الرقابة الداخلية	4.
					تساهم عملية المتابعة والتقييم المستمرة في انجاح تطبيق الرقابة الداخلية	5.
					تتم عملية تطبيق الرقابة الداخلية من خلال مسؤولية مشتركة بين موظفي المشاريع والموظفين الماليين	6.
					يتم التنسيق مع الأقسام الأخرى لضمان الامتثال لاجراءات العمل في المنظمة	7.
					مشاركتي في تطبيق الرقابة الداخلية يدعم التطور المؤسسي للمنظمة	8.
					أحصل على توجيهات كافية حول الرقابة الداخلية	9.
					شاركت في دورات تدريبية حول الرقابة الداخلية	10.
					لدي معلومات كافية حول أنظمة الرقابة الداخلية في المنظمة	11.
					تساعد المشاركة في التدريب حول الرقابة الداخلية الموظف/ة في إفادة زملاؤه/ها في العمل	12.
					يؤدي التدريب حول الرقابة الداخلية الى زيادة كفاءة المنظمة	13.
					يحصل الموظفين الجدد على توجيهات بخصوص السياسات المالية والادارية للمنظمة ك دليل أو ميثاق أو غيره	14.

غير موافق بدرجة كبيرة جدا	غير موافق بدرجة كبيرة	موافق بدرجة متوسطة	موافق بدرجة كبيرة	موافق بدرجة كبيرة جدا	سمات الادارة ودور الموظفين في تطبيق الرقابة الداخلية	1.
					يتم اصدار توجيهات وارشادات حول كيفية تطبيق نظام الرقابة الداخلية في المنظمة	15.
					يتم ابلاغي في حال لم أقم باتباع الاجراءات الادارية في المنظمة	16.
					التزم بتطبيق الاجراءات والسياسات المالية والادارية للمنظمة بالكامل	17.
					أشارك في ضمان تطبيق النظم المحاسبية والادارية للمنظمة	18.
					لدي وعي كافي بسياسة تضارب المصالح	19.
					أنا على اطلاع بمدونة السلوك الخاصة بالمنظمة	20.
					أقوم بالابلاغ عن التجاوزات التي تتعارض مع سياسات المنظمة	21.
					أعرف الصلاحيات المخولة لي ولغيري من العاملين في المنظمة	22.
					كموظف لدي دور هام في تطبيق الرقابة الداخلية	23.
					لدي فهم واضح لدوري في تطبيق نظام الرقابة الداخلية في المنظمة	24.

					أنظمة العمل والاجراءات ودور الموظفين في تطبيق الرقابة الداخلية	2.
					يتوفر لدى المنظمة أدوات للمحاسبة والمساءلة	1.
					توجد سياسة واضحة للابلاغ عن التجاوزات ضمن قنوات واضحة	2.
					السلطات والمسؤوليات والأدوار واضحة ومحددة بين العاملين	3.
					يتم استخدام أدوات فاعلة في الرقابة الداخلية في المنظمة	4.
					توجد سياسة واضحة فيما يتعلق بتفويض الصلاحيات	5.
					لدى المنظمة سياسة خاصة بالإجراءات التأديبية	6.
					تتبع المنظمة سياسة واضحة فيما يتعلق بتقييم أداء الموظفين	7.
					توجد سياسة واضحة فيما يتعلق باجراءات التوظيف	8.
					يوجد فصل واضح في المهام بين الموظفين أصحاب المسؤوليات المالية في المنظمة	9.

					أنظمة العمل والاجراءات ودور الموظفين في تطبيق الرقابة الداخلية	2.
					تراجع المنظمة بشكل دوري نظام الرقابة الداخلية لتحديد نقاط الضعف	10.
					تجري المنظمة عملية مراجعة دورية ومعالجة لنقاط الضعف في نظام الرقابة الداخلية	11.
					هل يتم اشراك الموظفين الماليين في الاطلاع على ملاحظات المدقق الخارجي والممولين وردود إدارة المنظمة عليها	12.
					تتعامل المنظمة بجدية مع ملاحظات تقييم نظام الرقابة الداخلية من قبل المدقق الخارجي والممولين	13.
					يتم تحديث الأنظمة المالية والادارية للمنظمة بشكل دوري	14.
					تجري المنظمة تدقيق داخلي بشكل دوري	15.
					تجري المنظمة تدقيق خارجي بشكل سنوي	16.
					لدي المنظمة نظام واضح حول الحوافز والترقيات والتعويضات	17.
					تقوم المنظمة بتطبيق نظامها المتعلق بالحوافز والترقيات والتعويضات	18.

Annex 3 – List of NGOs

رقم الاتصال	المنطقة	عدد الموظفين	اسم المنظمة	#
2531081	دير البلح- شارع النخيل - مقابل صالة النخيل	314	جمعية الصلاح الإسلامي	1
2847488	غزة - دوار حيدر عبد الشافي	220	المركز الفلسطيني للديموقراطية وحل النزاعات	2
599784263	غزة - شارع فلسطين - بجانب مسجد فلسطين	154	جمعية أطفالنا للصم	3
2641903	غزة - شارع تل الهوا بجانب مستشفى القدس	112	جمعية الهلال الأحمر لقطاع غزة	4
2860146	غزة - شارع سعيد العاص - الرمال	84	جمعية اتحاد الكنائس	5
2863211	غزة - برج الشفاء - الرمال	80	اتحاد لجان الرعاية الصحية	6
2641512	غزة - الشيخ عجلين -مقابل النادي البحري	69	برنامج غزة للصحة النفسية	7
2634011	غزة - أرض الكتيبة	66	مؤسسة فلسطين المستقبل للطفولة	8
2868138	غزة - شارع النصر	64	جمعية أرض الإنسان الفلسطينية الخيرية	9
2051299	رفح - حي الأمل - خلف الهلال الأحمر الفلسطيني	62	جمعية مؤسسة الثقافة والفكر الحر	10
2862559	غزة - شارع فلسطين -مسجد فلسطين	61	جمعية النجدة الاجتماعية	11
2837033	غزة - عمارة المعتز 2 دوار حيدر - بجوار بنك الدم	57	مركز العمل التنموي " معا"	12
599065155	غزة - شارع الشهداء بجانب الاتصالات	56	المركز الوطني لتأهيل المعاقين	13
2874914	غزة - شارع المشتل - النصر - خلف مدرسة ابن سينا	54	الجمعية الفلسطينية لتأهل المعاقين	14
2835990	غزة - الرمال - غزة قرب عمارة الوادية انصار	52	جمعية الإغاثة الطبية الفلسطينية	15
2825893	غزة - شارع عمر المختار- الرمال	50	المركز الفلسطيني لحقوق الإنسان	16
2641955	غزة - شارع بيروت تل الهوا مقابل وزارة الاسرى	48	الوداد للتأهيل الاجتماعي	17
598940211	جباليا - خلف مدينة زايد	46	جمعية الوئام الخيرية	18
2534192	دير البلح - الشارع العام موقف السيارات مخيم دير البلح	45	جمعية دير البلح للتأهيل	19
2063370	خانيونس- حي الأمل - بالقرب من مديرية الشؤون الاجتماعية	37	جمعية إعمار للتنمية والتطوير	20
2452090	بيت حانون - شارع السكة	35	الجمعية التعاونية الزراعية	21
2071950	خانيونس - عمارة أبو رابعة المحكمة القديمة- بني سهيلا	34	جمعية الهدى التنموية بني سهيلا	22

2136779	رفح ـ شارع مصبح ـ خلف محطة العبادلة	34	جمعية الأمل لتأهيل المعاقين	23
2071525	خانيونس ـ شارع الشهداء ـ بني سهيلا	34	جمعية الأقصى الخيرية	24
2644322	غزة ـ الشيخ عجلين شارع عمان بجوار عمارة بيروت	32	طاقم شؤون المرأة	25
2877311	غزة شارع اللبابيدي ـ عمارة السعيد	30	مركز شئون المرأة	26
2555244	المغازي ـ مقابل بلدية المغازي	27	جمعية المغازي للتأهيل الاجتماعي المغازي	27
2820442	غزة ـ بالقرب من دوار حيدر	27	مركز الميزان لحقوق الإنسان	28
597989804	غزة ـ شارع الميناء	27	الاتحاد العام للمراكز الثقافية	29
2879959	غزة ـ شارع النصر ـ غرب مستشفي النصر للأطفال	27	اتحاد لجان العمل الزراعي	30
2458807	جباليا ـ الشارع العام ـ مخيم جباليا	26	جمعية جباليا للتأهيل جباليا	31
2833987	غزة ـ شارع الجلاء ـ بناية سلامة بسيسو	25	فاتن ـ الفلسطينية الإفراض والتنمية	32
2557209	النصيرات ـ أرض أبو سليم ـ شارع شهداء القدس	24	جمعية منتدى التواصل	33
2488752	محافظة شمال غزة ـ بيت حانون ـ السكة	22	جمعية العطاء الخيرية	34
2820092	غزة ـ قصر الحاكم ـ عمارة المعتز 1	20	جمعية إنقاذ المستقبل الشبابي	35
2875918	غزة ـ شارع اللبابيدي ـ عمارة السعيد	19	جمعية الخريجات الجامعيات	36
595381239	رفح ـ عمارة قشطة الطابق الثاني ـ دوار العودة	18	جمعية يبوس الخيرية	37
2476275	جباليا ـ شارع الشهداء مقابل بركة الشيخ راشد	17	جمعية الحياة والامل	38
2826660	الرمال ـ غزة قرب عمارة الوادية انصار	17	الضمير لحقوق الانسان	39
59576630	رفح ـ تل السلطان ـ بجوار قرية الأطفال SOS	15	جمعية تأهيل المعاقين حركياً	40

Annex 4 – List of Arbitrators

#	Name	University
1	Dr. Ali Shaheen	The Islamic University of Gaza
2	Dr. Nafez Barakat	The Islamic University of Gaza
3	Dr. Bassam Abu Hammad	Al-Quds University
4	Dr. Sabri Mushtaha	Al-Quds Open University
5	Dr. Hamdi Zoarob	The Islamic University of Gaza
6	Dr. Yasser Al Shurofa	The Islamic University of Gaza
7	Dr. Hisham Madi	The Islamic University of Gaza
8	Dr. Khaled Dehleez	The Islamic University of Gaza