

# THE ROLE OF INTERNAL CONTROL IN THE RURAL DEVELOPMENT OF CAMEROON: THE CASE OF THE SOUTH WEST DEVELOPMENT AUTHORITY (SOWEDA)

*Visemih William Muffee*

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**Abstract:** The good performance of any organisation depends on the internal control system established by the management. Such a system will ensure that the organisation's assets, liabilities and capital are carefully safeguarded from unauthorised use or disposition. It will also ensure that financial and other information is properly maintained on a timely and reliable basis. The system will help to eliminate errors, and irregularities will be quickly discovered and promptly corrected making sure that operational efficiency is maximised. It makes sure that managerial policies, organisational laws and regulations, sound accounting, judiciary principles and practices are adhered to.

This paper carefully examines the role of internal control in the rural development of Cameroon's South West Development Authority (SOWEDA) as case study. SOWEDA has been chosen because of its role in rural development (i.e. the disbursement of loans for rural development). The article suggests that where internal control is weak, failure will set-in and funds earmarked for rural development may be misdirected.

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## INTRODUCTION

Control is an important element of any organisation. It is absolutely necessary that all organisations should maintain a good and well-designed internal control system - a good and well-designed survival of all organisations. Most organisations especially non governmental organisations (NGOs) are poorly controlled. This means that funds earmarked for rural development will not reach the rural areas owing to lack of proper internal control of the funds.

The purpose of this paper is to carefully analyse the role of internal control in the rural development of Cameroon. The work analyses the behaviour of the South West Development Authority (SOWEDA) leadership in the distribution of loans for rural development. It is necessary to examine the role of internal control in the various activities of SOWEDA because of the fact that SOWEDA is given aid from organisations abroad for rural development which may be mismanaged and thus never reach the beneficiaries.

The South-West Development Authority (SOWEDA) was created by Presidential decree 'in 1987 but never became operational until 1994. The main objective behind its creation however, was to enhance urban and rural development in the South West Province of Cameroon.

Since its inception in 1994 the activities of SOWEDA have been very erratic, the reason being lack of good management and poor internal control system. Its main sponsor is the African Development Bank. The lack of a good internal control acts as an encouragement to corruption which creates poverty and other ills in rural Cameroon. The growth of mismanagement and the lack of careful accountability are the roots carefully planted by the lack of internal control in organisations.

The leadership of the South West Development Authority (SOWEDA) have if anything failed in their stewardship duty. The leadership should and must maintain a good and reliable internal control system so as to prepare and present to the community both comprehensive and pertinent records of their activities. Lack of a good internal control system leads to a lack of a good management tool which is necessary for the leadership's performance of their duties as required to satisfy the communities concerned.

This paper carefully assesses the internal control system in SOWEDA, the usefulness of internal control, the application of internal control, the essentials of internal control and the components of internal control.

## WHAT IS INTERNAL CONTROL?

The statement of Auditing Standards (SASS)

300, 400, 1008 and the guideline to standard Number I of the Institute of Chartered Accountants of England and Wales (ICAEW), defines internal control as "the whole system of controls, financial and otherwise, established by the management in order to carry on the business of the enterprise 'in an orderly and efficient manner, ensure adherence to management policies, safeguard the accuracy of the records.'" The individual components of an internal control system are known as controls or internal controls.

The definition of internal control has an all-embracing nature and can be carefully explained as follows:

*The whole system* - this refers to all the controls built into the accounting system of the organisation. Woolf (1995) points out that internal control is concerned with all the controls operative "in every area of corporate activity, and with the way 'in which individual controls relate to each other.'" Thus internal controls are single procedures designed to achieve operational success. It is a carefully designed chain of controls to effect efficient management.

*Financial and otherwise*-there are financial as well as physical controls. Financial controls 'include the use of control accounts, bank and other reconciliation statements and the trial balance. Physical controls will 'include physical access restrictions to certain restricted areas such as warehouses, store rooms and computer terminals or confidential files.

*Established by management* - all the controls necessary to run the business smoothly must be established by management. This is always done with the help of the internal audit department or careful use of accounting personnel. External consultants such as external auditors may provide advice on how an effective 'internal control system can be set up.

*Carry on in an efficient manner* - all managers desire success. The word failure is a taboo to a manager. Clearly the converse is unacceptable 'in any organisation,' but in Cameroon leadership always fails, because of the

satisfaction of personal rather organisational objectives.

*Ensure adherence to management policies* - most organisations do not have expressed policies. Even where there is an express policy in the form of a budget it is never adhered to. Adherence to a budget can only be achieved where there is internal control which is adequately followed as laid down by management. Such policies as fixing of selling prices, wages and cheque payment procedures must be carefully laid down by management with controls to ensure that the procedures are adhered to.

*Safeguard the assets* - allowing organisation's assets to be broken, lost and stolen is absolutely unacceptable. Proper procedures should be carefully established in order to safeguard them. This 'involves locking up assets and all organisation's property that is very vulnerable, such as plant register and debtor balances or list. This means that paying the organisation's money to employees or other persons who have no right is tantamount to lack of safeguard of the organisation's assets. It applies to any situation 'in the organisation where there is a set up of liabilities, where no benefits have been received that is, fraudulent purchases and any kind of embezzlement of funds earmarked for rural development. This may happen when management because of their position may carefully misappropriate funds owing to lack of accountability brought about by poor internal controls.

*Secure as far as possible the completeness of transactions* - it is absolutely important that all transactions be carefully recorded and processed, so that accountability is facilitated. Where there is completeness in records keeping it will always make it easy for historic information about the organisation to be prepared and presented to stakeholders.

*And accuracy of the records* - records should not only be complete, they should be very accurate. All stewardship activities must be backed by accurate records. The converse is unacceptable

and to achieve accuracy requires that one clerk must check carefully the work of another. This is where the help of control accounts, reconciliation statements and the trial balance are necessary.

#### COMPONENTS OF INTERNAL CONTROL

For the South West Development Authority (SOWEDA) to satisfy the community that there is complete transparency in its activities, the management must make sure that there is good internal check and audit in all its activities.

Internal audit is "an independent appraisal activity within an organisation for the review of accounting, financial and other operations as a basis for service to management. It is a managerial control which functions by measuring and evaluating the effectiveness of other controls." This definition of internal audit has been put forward by the Institute of Internal Auditors which is an 'independent professional body which is well established on both sides of the Atlantic. Its members have an important role to play in the world of commerce and industry (Woolf, 1995). SOWEDA actually has no internal audit department and this is a clear indication of weaknesses in its internal control.

Internal audit is an overall monitoring activity with responsibility to management for carefully assessing the effectiveness of control procedures which are the responsibility of other functional managers. It carefully establishes an independent assessment of the organisation's operations as a whole. It has an all-embracing feature and is structured in the organisation as a separate entity responsible only to top management (i.e. the Internal Auditor should only report to the General Manager or Director General as the case may be). Internal audit permits periodic and independent reviews and evaluation of the system of controls. It carefully determines the extent to which management and staff adhere to the controls in order to achieve efficiency. The internal audit function carefully helps management in four fronts, namely: advisory to executive (or implementive), reporting and routine testing.

Internal check is concerned with detailed administrative aspects of an organisation designed purely for the purposes of preventions or early detection of errors and fraud. It 'involves a system of checks and balances, or measures carefully designed by the organisation's management to minimise losses resulting from errors and irregularities. On this basis the internal controls that 'involve internal check include operational controls which ensure broadly that no single task should be performed from its beginning to its conclusion by only one person. Therefore the work of each clerk engaged upon a task must be subject to independent checks in the course of another clerics duties. It means checking on the unnecessary delay of files in offices. This provides a good reason for careful and good form design in order to collect data for recording in the organisation. A well-designed form should possess a column for time limit for the treatment of particular files. Delays 'in processing' files constitute a weakness 'in internal control. 'Red tapism,' is an evil bug in an organisations system. Internal checks advocate bureaucracy, but not red tape. The presence of red tape is a clear indication of lack of internal check. Where there is lack of internal check implies a lack of internal control which is a great impairment to all rural development.

In the South West Development Authority (SOWEDA), where funds are provided for rural development, the absence of internal audit and internal checks is a clear indication that such funds will end up in the wrong hands. They will never be used for rural development and for this reason rural development in Cameroon in general and the South West Province in particular is very slow.

#### ESSENTIALS OF INTERNAL CONTROL

In Cameroon the presence of internal controls is non-existent, especially in government departments and para-government establishments. It is important that SOWEDA should carefully design its internal control system and

follow it up to the properly if 60% of the funds given out are to be used for rural development.

Due to poor internal control systems most of the funds received are not earmarked for rural development. The management of para-government organisations have the belief that they have been appointed to positions to amass wealth for themselves rather than work to improve the rural community. However, for any internal control system to be complete the following essential elements must be present.

### *Organisation*

A good organisational plan should be made which will carefully divide the organisation's operations into appropriate divisions and sub divisions. This means that clear lines of responsibilities must be carefully established between each division and sub division and the top management. The organisation's activities must be carefully coordinated overall, follow a proper definition and allocation of duties. Every function or unit and submit of the organisation should be under the careful charge of a specified person called the responsible official. This is not the case in SOWEDA. The organisational aspect is none existent and therefore no delegation of duties exist. This is lack of internal control and transparency.

### *Segregation of Duties*

All duties within the various units and sub-units of the organisation must be carefully segregated so that no one person should be responsible for the recording and process of a complete transaction, hence internal check. The tactical involvement of responsible people reduces the risk of any manipulation or accidental errors. In SOWEDA the directors and managers dictate what is to be done and by whom without following any good duties segregation system.

### *Physical*

Physical controls concern physical custody of assets and involves the design of procedures

limiting access only to authorised persons. Physical controls are there to safeguard the assets of the organisations and are particularly important in the case of valuable, portable, exchangeable and desirable assets. Where safes are used to restrict access, there must be proper procedures for hand of the keys. Access to computer files must be by means of a password. In SOWEDA there is absolute lack of physical control especially on motor vehicles. They are used without reasonable care. No account as to how assets are utilised.

### *Authorisation and Approval*

This control requires that all transactions should be initiated following authorisation, may be in Board meetings or otherwise and should be approved by an appropriate person. Limits must be carefully set on authorisation and approval functions. The following must be authorised and approved: loan requisitions, purchase of fixed assets, overtime work/salaries, office stationery

Authorisation and approval makes sure that the organisation's property is in proper custody, that property is not misapplied, that careless expenditure is not incurred, that expenditure is properly accounted for and that all revenue e.g. loan repayment are accounted for. In SOWEDA there is authorisation and approval only at the top level after that the managers do as they please. There is absolute lack of this aspect of internal controls. People enter and go out as they please both visitors and employees.

### *Arithmetical and Accounting*

They are controls 'in the recording function which help to check that all transactions have been correctly recorded and accurately processed. Checking the arithmetical accuracy and making sure that the transactions have been accurately recorded are actually those authorised and approved. Here control accounts, reconciliation statements and the trial balance are used for checking the arithmetical accuracy

of all the records. In the case of SOWEDA, this involves the adding up of all loans given to all regions, manually, before input into the system and then checking to make sure that the computer total agrees with the manually produced total. There is lack of qualified accounting staff in the organisation and the system of recording though good cannot be properly maintained. The information that may result may be sub-standard and may mislead management during decision-making.

### *Personnel*

Personnel controls are designed to ensure that only competent personnel are allowed to handle the systems in the organisation. This may not be the case with SOWEDA, because there is some degree of nepotism. Personnel in Cameroon in some organisations are not chosen by merit but by the region or ethnic background from which they originate. This is against internal control principles (i.e blatant violation of internal controls). Personnel when engaged should be carefully motivated to carry out the tasks assigned to them in good faith. The proper functioning of any system depends on the competence and reliability of the operating personnel. Personnel therefore must be of good calibre and should be given appropriate remuneration for appropriate work. Personnel must be given promotion chances and career development prospects and they should be carefully assigned to tasks of the right level.

### *Supervision*

All operations of the organisation at all levels must be placed under strict supervision. Supervisory policy should be clearly documented and carefully communicated to all supervisors and all employees. Within SOWEDA this aspect of internal control is ignored and staff behave like lost sheep, not knowing their responsibility and whom to be responsible to when reporting. For this reason reports are scarcely written, and management make decisions on a trial and error basis.

### *Management*

Management controls should be carefully exercised by management. They are not routine controls. The managers or directors should carefully review the organisation's operations and position (taking the temperatures) at regular and frequent intervals by:

- Examining interim accounts and reports;
- Examining and taking action on variances generated by budgets;
- Carefully reviewing of specific areas e.g. wages, stock fish, cash etc.

The overall authority must carefully and regularly change or rotate leadership organisation. No leader's should be allowed to learn an organisation for too long. This weakens internal control creating loop holes for manipulation by management. This applies especially to appointed leasers, because they are actually round pegs in square holes. In SOWEDA all of the above is never done and the result is that poor decisions are always made. The organisation is in trouble because of neglect and lack of internal control.

### *Acknowledgment of Performance*

This control requires any person performing any job, especially in data processing operations, to acknowledge performance by signing his/her signature against work done. This allows blame to be levied and rewards to be awarded where they are due. This principle has not been implemented and therefore no staff take care in doing their job. All they want is a large pay pocket.

### *Budgeting*

Budgeting involves both planning and control of shared responsibilities. Once agreed upon, budgets should be compared with actual performance and the differences investigated so that corrective action can be taken. Budgets set limits of action on management staff and are means of delegating authority and

maintaining internal controls. In SOWEDA there is absolute lack of control. There is no planning and therefore the organisation always takes a leap in the dark. This always leads to failure.

#### APPLICATION OF INTERNAL CONTROL IN SOWEDA

According to Bagshaw (1998), the application of internal controls depends on the control environment and the control procedures involved in the organisation. The control environment has to do with the overall attitude, awareness and action of directors and management. The control environment has a significant effect on the effectiveness of specific procedures, namely: the maintenance, review and approval of reconciliation control accounts and trial balances. In SOWEDA the application of internal controls is non-existent because most of the controls are not even there. The organisation has problems, because of lack of control.

Table 1: Summary Number of Loan Disbursement to Groups in Cash in Rural

Division	Disbursement Organisation		
	NIS-CAM <sup>2</sup>	WICOF <sup>3</sup>	TOTAL
Fako	19	15	34
Kupe Manenguba	18	22	40
Lebialem	8	9	17
Manyu	35	12	47
Meme	26	14	40
Ndian	7	12	19
<b>Total</b>	<b>113</b>	<b>84</b>	<b>197</b>

Table 2: Summary of Loan Disbursement to Groups Credit-in-kind in Rural Areas

Division	Disbursement Organisation		
	NIS-CAM	WICOF	TOTAL
Fako	74	25	99
Kupe Mwienguba	6	13	19
Lebialem	11	20	31
Mainyu	27	11	38
Meme	130	54	184
Ndian	23	30	53
<b>Total</b>	<b>271</b>	<b>153</b>	<b>424</b>

Source: SOWEDA, 1998-1999

Table 3: Summary Number of Loan Disbursement to Individuals in Cash in Rural Areas

Division	Disbursement Organisation		
	NIS-CAM	WICOF	TOTAL
Fako	2	138	140
Kupe Manenguba	17	20	37
Lebialem	26	8	34
Manyu	1	21	22
Meme	31	21	52
Ndian	27	3	30
<b>Total</b>	<b>104</b>	<b>211</b>	<b>315</b>

Table 4: Summary of Loan Disbursement to Individuals Credit-in-kind in Rural Areas

Division	Disbursement Organisations		
	NIS-CAM	WICOF	TOTAL
Fako	-	5	5
Kupe Manenguba	-	24	24
Lebialem	-	-	-
Manyu	-	-	-
Meme	-	-	-
Ndian	-	5	5
<b>Total</b>	<b>NIL</b>	<b>34</b>	<b>34</b>

Source: SOWEDA 1998-1999

Tables 1 through 4 must, for internal control purposes, be added up manually and input into the system checked to reconcile any difference that may exist. To reconcile, management should ensure that 970 loan items are inputted into the system and not more. Output totals must agree with input totals. This is known as checking the arithmetical accuracy of records.

Good application of an internal control systems in any organisation will depend again on the size of the organisation. In small organisations the directors may design very few internal controls because of the few operations involved and limited staff. However, in larger organisations it is necessary that all the controls necessary for running the organisation smoothly be carefully designed and implemented. For an organisation like SOWEDA the internal control environment is both within and outside the organisation. Such a situation implies that who will monitor its loans outside the organisation should be stipulated, otherwise they may be bad controls in and outside SOWEDA and their

Careful implementation will necessitate success in running both the organisation and developing the rural environment.

The successful application of internal controls will depend on their design and cost effectiveness in implementing them. Some controls are less cost effective depending on the amounts of cash involved. Internal controls need to be carefully documented and physically controlled (i.e. physical maintenance of internal controls). This process in itself costs money. All necessary controls for an organisation must be carefully documented, therefore due regard must be paid not only to procedures designed to ensure the reliability of records, but physical controls over assets must also be carefully considered.

With this in mind the management of SOWEDA must make ensure the effective and active presence of all the 970 loan seekers. This physical control must be carefully implemented because some of the loan seekers may obtain the loan for rural development but may use it for other purposes. This may render repayment impossible, because the loan was not used for its intended purpose. It is an indication of failure of internal controls which must be rectified otherwise the loan will not be recovered and the development goal will not be achieved.

Table 5: *Summary Amount of Loan Disbursements to Groups in Cash in Rural Areas*

Division	Disbursement Organisation		
	NIS-CAM (£)	WICOF (£)	TOTAL (£)
Fako	23,900	6,650	30,550
Kupe Manenguba	29,500	6,784	36,284
Lebialem	10,000	3,350	13,350
Manyu	37,090	5,550	42,590
Meme	41,287	4,235	45,522
Ndian	8,241	12,929	21,170
Total	150,018	39,448	189,466

Looking at tables 5 to 8, they indicate that a total of £999,821 CFA francs was disbursed as loan to rural areas. £726,86 CFA francs of these loans were disbursed in materials. This amount will certainly be used for rural development in

Table 6: *Amount of Loan Disbursement to Groups Credit-in-kind in Rural Areas*

Division	Disbursement Organisation		
	NIS-CAM (£)	WICOF (£)	TOTAL (£)
Fako	23,900	41,173	182,520
Kupe Manenguba	29,500	8,410	17,033
Lebialem	10,000	6,735	13,139
Ma,nyu	37,090	9,944	41,323
Meme	26,656	115,316	376,972
Ndian	34,679	54,730	89,409
Total	484,088	236,310	720,399

Table 7: *Amount of Loan Disbursement to Individuals in Rural Areas*

Division	Disbursement Bank		
	NIS-CAM (£)	WICOF (£)	TOTAL (£)
Fako	950	28,297	29,249
Kupe Manenguba	3,246	4,207	7,453
Lebialem	7,881	1,300	9,181
Ma,nyu	3,813	7,019	10,832
Meme	11,145	5,220	16,365
Ndian	9,625	800	10,425
Total	36,660	46,843	83,503

Table 8: *Amount of Loan Disbursements to Individuals Credit-in-kind in Rural Areas*

Division	Disbursement Organisation		
	NIS-CAM (£)	WICOF (£)	TOTAL (£)
Fako	-	1,442	1,442
Kupe Manenguba	-	3,135	3,135
Lebialem	-	-	-
Manyu	-	-	-
Meme	-	-	-
Ndian	-	1,875	1,875
Total	NIL	6,453	6,453

Source: SOWEDA 1998-1999

the form of road building, farming, construction of schools, bridges, etc. The rest of the loans disbursed in cash could be used for anything other than rural development. Loans taken by individual and in cash may not be used as per loan agreement. Some follow-up has to be made by the organisation to make sure that the loan

is used for purposes originally intended. Loan policy for rural development only recognises groups of people rather than individuals. It is easier to recover loans from groups of people than it is for individuals. By giving loans to individuals SOWEDA acted against policy and therefore violated internal control principles.

Table 9: *Number of Loans in Percentages - Disbursements*

	<i>Groups</i>	<i>Individuals</i>	<i>Total</i>
Cash	20.3	43.7	67
Cash-in-kind	32.5	3.5	36
Total	52.8	47.2	100

Table 10: *Amount of Loans in Percentages - Disbursement*

	<i>Groups</i>	<i>Individuals</i>	<i>Total</i>
Cash	18.9	8.4	27.3
Credit-in-kind	72.0	0.7	72.7
Total	90.0	9.1	100.0

Tables 9 and 10 show summaries of the loans disbursed by SOWEDA between August, 1998 to June 1999. 20.3% in terms of loan items involving about 18.9% of the amount of money was disbursed in cash to groups, 32.5% in terms of loan items involving about 72.0% of the amount of money was disbursed in materials to groups. 43.7% in terms of loan items involving about 8.4% of the amount of money was disbursed in cash to individuals. Finally, 3.5% in terms of loan items involving about 0.7% of the amount of money was disbursed in materials to individuals. In total 64% of loan items absorbed amounts of 27.3% paid in cash and 36% of loan items absorbed amounts of 72.7% paid in materials.

#### USEFULNESS OF INTERNAL CONTROL

Internal control is always the responsibility of management. Its design will always require outside assistance, because management alone may not have the right expertise for its design, set up and implementation. The internal controls must carefully apply to all the organisation's units and activities. To be very useful the designers must reflect carefully the organisation's size, structure, and all its areas of activities

geographically and product wise. Internal control is an all-embracing feature in the organisation which requires detailed written procedures authorisations, reporting functions, recording systems, etc., pertaining to all of the organisation's activities, departments, divisions, and products which enables the execution of an effective Organisation.

A good internal control system will help in monitoring any exposure due to errors and irregularities (Millichamp, 1996). SOWEDA would use its internal control system to detect with and other commitments not in conformity with loan policy as laid down in the credit manual. They would use the internal control system to avoid loan losses that may have arisen from unauthorised credit extensions (ie unacceptable credit risk). Also a good internal control system should check over concentration of loans or loan categories, e.g. the 72.7% of credit-in-kind as against 27.3% cash.

A good internal control system should do well to check (in the case of SOWEDA) against unauthorised loans for personal benefit of management, directors, employees or any third parties. It should check against any fictitious loans, loans extended for political purposes and any other loans in violation of regulations and granted for the direct or indirect benefit of the lending officers. This will always happen where the internal control linking SOWEDA and the disbursement organisation is not very strong.

#### ASSESSMENT OF INTERNAL CONTROL

Internal control systems enables the organisation to run smoothly. Management may not be the people to check whether the internal control system is functioning well or not. The only person who can properly determine the adequacy of internal controls is the auditor. The external auditor's work in any area of the organisation's activities will bear a direct correspondence with the respective strengths and weaknesses that exist in the system, operated by the organisation (Woolf, 1995). The auditor has the important duty of carefully investigating



the functioning of the system of internal controls before he can determine how much reliance to place on it.

In assessing the internal control system, the auditor will perform compliance tests which are defined by the auditing standards as "those tests which seek to provide audit evidence that internal control procedures are being applied as prescribed."

Millichamp (1996) points out that the first thing the auditor should do in assessing the reliability of internal control is to review carefully the effectiveness of the system in operations. This is done by using an internal control evaluation questionnaire containing key assessment questions. For example, is a loan given to an unqualified applicant? If the results of the compliance test prove the system is defective or weak, then the auditor should apply stronger tests (ie substantive tests). Substantive tests are "those tests of transactions which take the form of analytical review which seeks to provide audit evidence as to the completeness, accuracy and validity of the information contained in the accounting records or in the financial statements." Using substantive tests the auditor can proceed in his work. Using the correlation coefficient *r* for the input the following formula:

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

Table 11: *The Correlation Coefficient of Loans Issued by SOWEDA for Rural Development*

Loans to Groups	<i>r</i>	Loans to individuals	<i>r</i>
cash	0.95	cash	0.89
credit-in-kind	0.99	credit-in-kind	0.97

The correlation coefficient in table 11 has been obtained as a result of regressing the number of loans issued against the amounts issued in each division. The results reveal that there is no

abnormality in the distribution of the loans by SOWEDA.

Some abnormality correlation indicating where there is negative correlation indicates that abnormally high loans were issued to a few groups or individuals leading to lack of good internal control. This will render recovery of the loans impossible, resulting from poor credit risk assessment.

### CONCLUSION

Internal control is very necessary to all organisations be it in the public or private sector. The internal control of SOWEDA may be weak, because 43.7% of the total amount of loan absorbed 8.4% of the total amount of loan funds to individuals. The 8.4% funds given to individuals instead of groups may end up in wrong hands and would not be used for rural development. Towers (1986), points out that anything greater than 5% is material. 8.4% in absolute terms is a substantial amount of money and indicates that owing to poor internal control 8.4% of funds earmarked for rural development may not have been used for the purpose. It may have been diverted to other less important things leaving development lagging behind.

No organisation can achieve success without internal control. Where internal control is weak or non-existent the organisation will always suffer (SOWEDA is a good example) performing poorly. SOWEDA lacks internal controls therefore no work can be done properly. SOWEDA's feet are not firm on the ground because of lack of internal controls. The loans already given out may never be recovered or most of it may not be recovered. Internal control should be carefully reviewed and strengthened so that the Organisation can regain its reputation.

## END NOTES

- <sup>1</sup> Red Tapism is the unnecessary delay of files and decisions which frustrate free flow of transactions 'in a system. It is very common in Cameroon. Most people do it for personal gains.
- <sup>2</sup> NIS-CAM: National Investment and Savings - Cameroon - It is a co-operative Bank based in Douala, Cameroon. It help in the management of rural development Finance. It disburses SOWEDA Funds to groups and individuals in the rural areas of the South-West Province of Cameroon.
- <sup>3</sup> WICOF: Women Information and Co-ordination Forum - It is a Non-governmental Organisation based in Buea, Cameroon. It also helps in the management of rural development finance. SOWEDA is using its services to disburse funds earmarked for development in rural areas.

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