

AF 130

INTERNAL CONTROL PRACTICES IN GOVERNMENT COMMERCIAL BANKS IN NORTH CENTRAL PROVINCE (NCP)

Abstract

Banking sector is one of major sectors in the economy. The need for internal control system in the organizations especially banks cannot undermine, due to the above facts. Internal control must be consistently applied and understood by the bank staff. The internal controls consist Segregation of duties, Physical control, Authorization, Personal control, Supervision, Management control, Acknowledgement of performance, Budgeting etc. The objectives of this study are to identify the tools and variables relate to the practice of internal control system in the government commercial banks in NCP, evaluate the relationship and importance of those tools. Data is obtained from both the primary and secondary sources, such as interviews, structured questionnaire, journal publications, text books and selected web sites. Though there are nearly 42 governments' commercial bank branches in NCP, the study is focused only the 35 branches. The study is considered the two years time period as 2009 and 2010. Data were evaluated using the five point likert scale. The statistical tools were adapted to test of the study such as percentage analysis, correlation analysis. All the tests were considered at 5% level of significance and all the analyses were carried out using SPSS - 17.0 version. The study has revealed that the government commercial banks are practiced proper and strong internal control systems as tools they apply, hierarchy, rotation of job, compulsory leave, segregation of duties, authority level, mechanical devices, close supervision and review. Same time it is found that there are strong relationship among authority levels, hierarchy and job rotation.

Key words:

Internal Control, Commercial, Government, Banks, Practice.

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