WOLKITE UNIVERSITY

COLLEGE OF BUSINESS & ECONOMICS

DEPARTMENT OF ACCONTING & FINANCE

THE ROLE OF ACCOUNTING INFORMATION SYSTEM FOR INTERNAL CONTROL (IN CASE STUDY OF HIBRET BANK IN WOLKITE BRANCH)

A SENIOR ESSAY SUBMITTED TO THE DEPARTMENT OF ACCOUNTING AND FINANCE: COLLEGE OF BUSINESS AND ECONOMICS, WOLKITE UNIVERSITY FOR THE PARTIAL FULFILMEMT OF THE REQUIREMENT OF BACHELOR OF ART (BA) DEGREE IN ACCOUNTING AND FINANCE

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CERTIFICATION

I certify that this is a genuine work of Mr. Yonas done under my close guidance and supervision for the award of BA Degree in Accounting and Finance.

Dr. Aron Abraham (PhD)

Signature _____

Date _____

DECLARATION

I here declare that the work presented in the research paper, entitled **"The Role Of Accounting Information System for Internal Control (in Case Study Of Hibret Bank in Wolkite Branch)"** which was submitted to Wolkite University, in partial fulfilment of the requirement for the Award of the BA Degree in Accounting and Finance, is an original piece of research work conducted under the guide of Dr. Aron Abraham is my original work, and has not been presented for a degree in any other university.

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ABSTRACT

This study was aimed at determining the role of accounting information system for internal control in case study of Hibret bank in wolkite branch. The general objective of the study was to investigate whether the application of accounting information system affects the quality of internal control. Hibret bank in wolkite branch have total of 21 employees. The researcher contacted with 15 employee respondents by distribution of questionnaires for the employees of the bank and interview with the branch manager of the bank. The study was concerned on qualitative data which was collected from primary sources & Case study type of research design was adopted for the study. The researcher used descriptive analyzing method to analyze data. The study showed that accounting information system play vital role for internal control in reducing risk, error and frauds for effectiveness and efficiency information and to prepare financial statement. On this basis, it's recommended that AIS of Hibret bank of wolkite branch collect store and process data to support supply of or provides information needed for decision making, producing managerial reports and financial statements effectively and efficiently by using computer system. However further research is needed on the main branch of the bank which is located in Addis Ababa or the bank wholly in all branches in Ethiopia.

KEY WORDS: **Accounting information system, internal control,**

Acronym

A.I.S - Accounting Information System

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CHAPTER ONE: INTRODUCTION

Accounting Information System (AIS) is a system that involves the collection, storage, and processing of financial and accounting data used by internal users to report information to investors, creditors, and tax authorities. It is generally a computer-based method for tracking accounting activity in conjunction with information technology resources. An A.I.S. contains various elements important in the accounting cycle. Although the information contained in a system varies among industries and business sizes, typical AIS includes data relating to revenue, expenses, customer information, employee information, and tax information. Specific data includes sales orders and analysis reports, purchase requisitions, invoices, check registers, inventory, payroll, ledger, trial balance, and financial statement information. An accounting information system must have a database structure to store information. This database structure is typically programmed with query language that allows for table and data manipulation. An AIS has numerous fields to input data as well as to edit previously stored data. In addition, accounting information systems are often highly secured platforms with preventative measures taken against viruses, hackers, and other external sources attempting to collect information.

The various outputs of an accounting information system exemplify the versatility of its data manipulation capabilities. An AIS produces reports including accounts receivable aging reports based on customer information, depreciation schedules for fixed assets, and trial balances for financial reporting. Customer lists, taxation calculations, and inventory levels may also be reproduced. However, correspondences, memos, or presentations are not included in the AIS because these items are not directly related to a company's financial reporting or bookkeeping. accounting information system strives to interface across multiple departments. Within the system, the sales department can upload the sales budget. This information is used by the inventory management team to conduct inventory counts and purchase materials.

An integral part of accounting information systems relates to internal controls. Policies and procedures can be placed within the system to ensure that sensitive customer, vendor, and business information is maintained within a company. (ALICIA TUOVILA November 19, 2020 Reviewed by JANET BERRY-JOHNSON)

1.1 Back ground of the study

Accounting Information System (AIS) is the information subsystem within an organization that accumulates information from the entity's various subsystems and communicates it to the organization's information processing subsystem. The accounting information system (AIS) has traditionally focused on collecting, processing, and communicating finance– oriented information to a company's external parties such as investors, creditors and tax agencies and internal parties principally management. (Moscove 2010). Today, however, the accounting information system (AIS) is concerned with non-financial as well as financial data and information. In general, bank's accounting information system (AIS) has the same role as in other companies that is to provide financial and non-financial information to banks external parties (such as investors, creditors and tax agencies) and internal parties (principal management).

Initially accounting information systems were predominantly developed in house as legacy system. Today AIS are more commonly sold as prebuilt software packages from vendors such as Microsoft, Sage Group, SAP and Oracle where it is configured and customized to the organizations business process. As the need for connectivity and consolidation between other business systems increased, accounting information system is merged with large more centralized systems known as Enterprise Resource Planning (ERP). Before with separate application to manage different business function, organizations had to develop complex interfaces for the systems to communicate with other. Source: Romney, M. B., & Steinbart, P. J. (2003). *Accounting information systems*. Upper Saddle River, N.J: Prentice Hall.

Accounting information system has two positive effects regarding to the relationship between accounting information technology relevance and production of quality information in the banking industry. First, accounting information technology can reduce banks' operational costs (the cost advantage). Second, accounting information technology can facilitate transactions among customers within the same and different network effect. It cannot be denied that the advancement of information technology was a necessity of the current era. Businesses need to adopt and embrace new technologies to provide excellent business operation and services to their clients Information, therefore, is data that will be process into meaningful and usable form, and it contains knowledge that reduces uncertainly in particular situation. Much information needs by

management to control finances and operation come from the AIS. One of managements major responsibilities is stewardship on internal control extend over a wide range of activities such as maintenance of inventories, the consumption of supplies and the payment of bills within allowed discount period.(Wilkinson, 2003).

Therefore, one could study of AIS is an important system that support and promote decision-making and effective internal control. Source: Romney, M. B.,& Steinbart, P. J. (2003). *Accounting information systems*. Upper Saddle River, N.J., Prentice Hall.

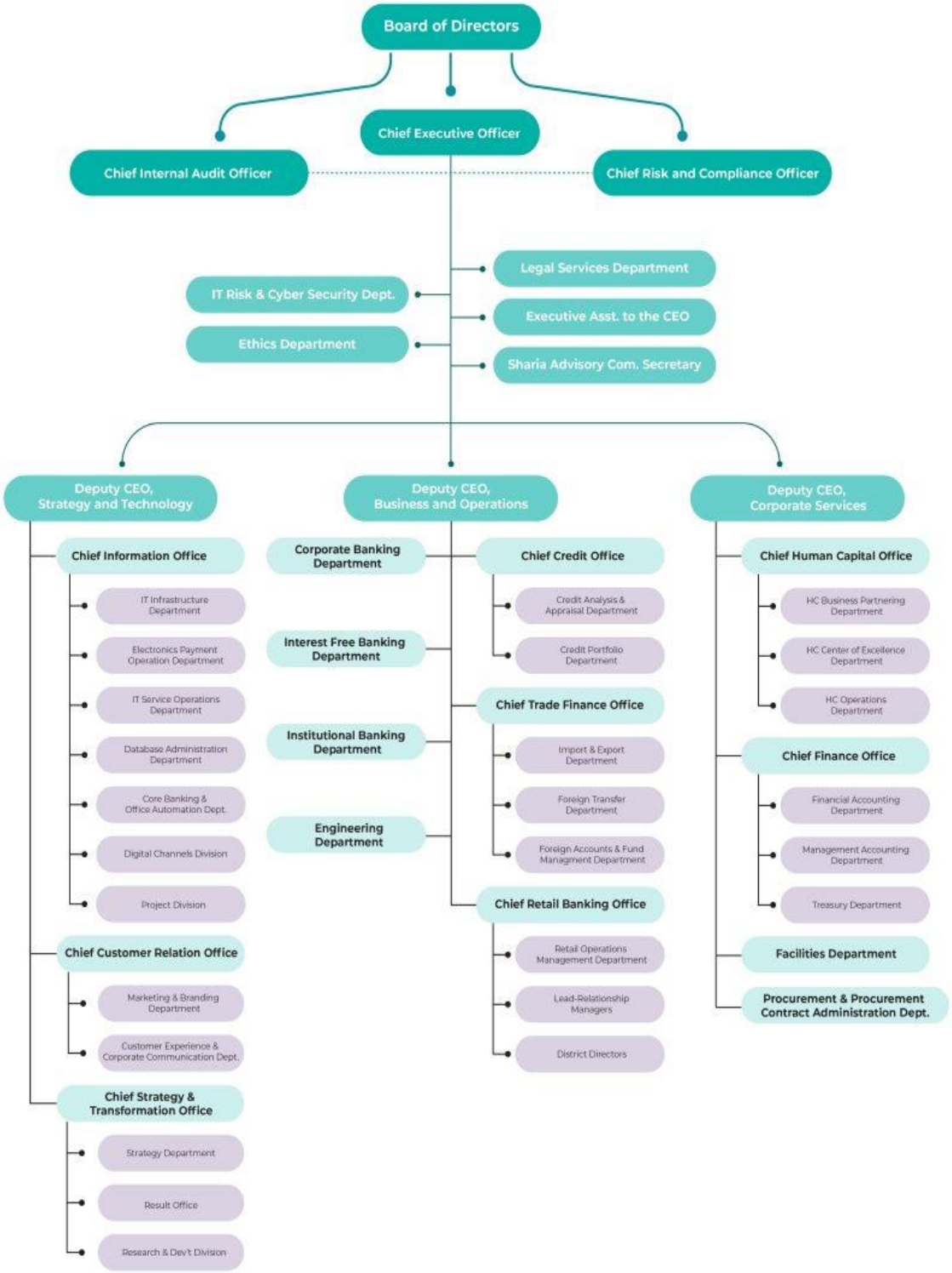
1.2 Background of the organization

Establishment of Hibret (United) Bank S.C.: Hibret Bank was incorporated as a Share Company on 10 September 1998 in accordance with the Commercial Code of Ethiopia of 1960 and the Licensing and Supervision of Banking Business Proclamation No. 84/1994. The Bank obtained a banking services license from the National Bank of Ethiopia and is registered with the Trade, Industry and Tourism Bureau of the Addis Ababa City Administration. Over the years Hibret Bank built itself into a progressive and modern Banking institution, endowed with a strong financial structure and strong management, as well as a large and ever-increasing customer and correspondent base. Today, Hibret Bank is a full-service bank that offers its customers a wide range of commercial banking services with a network of over 417+ branches, 9 sub-branches, and a number of additional outlets on the pipeline. Hibret Bank's priority in the coming years is to strengthen its capital base, maximizing its return on equity and benefiting from the latest technology in order to keep abreast with the latest developments in the local and international financial services industry.

Nowadays, Hibret bank wolkite branch gives all bank services including the following;

- Accepting deposit from clients
- Issue and management of payment instrument and credit
- Payments
- Fund transfers
- Transaction in the clients' accounts; now a day's united bank full networked and currently uses automatic teller machines (ATM).

1.3 Organizational structure of the Bank



1.4 Statement of the problem

Accounting information system is an important mechanism of an organization that vital for effective management decision making, controlling and administering organization activity and vital for internal organizational control. Assessing the role of accounting information system in the bank activity is extremely important in the orientation of bank. The AIS impacts management‘s operations to prepare financial reports that identifies and records all valid financial transaction, ensure the integrity, confidentiality and reliability of critical data that reduces risks and fraud, AIS focus on internal control (control environment, risk assessment, information and communication and monitoring) activities of various categories of business enterprises.

According to other researchers’ Recommendation, until yet there are little studies that have been completed to inspect the nature impact of applying (AIS) on the improving the banks success according to banks managers perspective, Although few studies that argued the (AIS) effect on the banks success in developing countries, and most studies didn't investigate this issue independently as main study problem; they discussed it in the context of other financial and accounting topics. Such as decision-making, improving the company's performance, or improving the quality of accounting information see (kanakriyah, 2016).

Accounting information focus on in internal control (control environment, risk assessment, the information and communication system, control activities and monitoring) activities of various categories of business enterprises. Since accounting data comes from accounting information system, knowledge and skills are critical to an accounts career success. Interacting with an accounting information system is one of the most important activities that an accountants Performed. An accounting information system with the proper internal control structure can help to protect system failures and disasters (Marshall B. Romney). This research aimed to explore the role of accounting information system for internal control in Hibret bank in wolkite branch. It is clear that inadequate accounting information system of internal control can expose the organization to various problems. Primary, absence of best internal control in the organization will result in lack of sufficient accounting information system. Secondly, lack of utilizing accounting information system and mismanagement of accounting information related problems will exist.

1.5 objective of the study

1.5.1- The general objective

- Of the paper is to identify the role of accounting information system for internal control in case study of Hibret bank wolkite branch.

1.5.2- Specific objectives

1. To identify the function of AIS in Hibret bank, wolkite branch.

2. To identify the way in which AIS affects operational efficiency of Hibret bank wolkite branch

3. To identify importance for the integrity, confidentiality, and reliability of critical data in united bank wolkite branch.

4. To assess AIS contribution in achieving prescribed managerial policy.

1.6 Research questions

1. What are the functions of AIS for internal control in united bank of wolkite branch?

2. What are the contributions of AIS for internal control reducing risk of error and fraud?

3. How does AIS used to keep integrity, reliability and confidentiality of financial report?

4. How AIS able to adherence with prescribed managerial policies in united bank in united branch?

1.7 Significance of the study

The significance of the study for the bank is: It has increased the status of managers to know where the bank stands in its performance and to take action in the future. It enabled to create awareness how management at the present and future implement accounting information system (AIS). It also suggested some possible solution to the problem faced by bank that enables it to improve its accounting information systems (AIS) management.

Generally, this research paper will have the following importance:

1, the output of this study has helped to correct AIS problem of the branch.

2, the researcher have developed research skill's and increased knowledge on preparing research papers.

3,the study can serve as a stepping-stone for further studies on the same or related subject/ initiate other researcher for further investigation and finding on the region.

4,suggestion and recommendation forwarded by the research paper have been helpful to the concerned body by providing highlights that assess the role of AIS on particularly in Hibret bank wolkite branch. This has enabled the management to identify its **objectives and goals effectively and efficiently.**

1.8 Scope of the study

-This research paper focused on Role of accounting information system in case of Hibret Bank in wolkite branch. It was better to study the overall of AIS issues of the bank generally, but due to some limitation the study was delimited to only wolkite branch.

1.9 Limitation of the study

During the study; The study was examine the case of wolkite branch office only; hence this may not show the real picture of the role of accounting information system for internal control in Hibret bank s.co as a whole. The researcher have faced some external variables that affect the smooth implementation of the study, some the following problem:-

- Lack of time
- Shortage of finance
- Lack of experience
- Lack of reference book.

2.0 Organization of the study

It's organized by five chapters. The first chapter I.e. the introduction section which contains ;back ground of the study, statement of the problems, objective of the study, research questions, significance of the study, scope of the study, and limitation of the study. The second chapter is Literature review I.e. Theoretical review, empirical review and knowledge gap. The third chapter is methodology of the study I.e. research design, source of data, data collection method, target popn, sampling techniques, sample size, methods of data analysis & presentation. The fourth chapter include Data analysis & presentation. The fifth chapter is conclusion & recommendation.

CHAPTER TWO: LITERATURE REVIEW

- In this section the Role of accounting information system, theoretical review, and empirical review on similar study and finally summary of the section have been discussed.

2. Introduction

2.1 Definition of accounting information system

2.1.1 Accounting

Accounting as an information system that employs systematic operations to generate relevant information, accounting has several levels of meaning. First, it is the combined activities of (1) recording economic data, (2) processing and analyzing these data, and (3) presenting the resulting information in financial terms. Second, "accounting is the language of business" it provides the means by which the key affairs of business enterprises are expressed and summarized. Finally, it may be viewed as the information a business enterprise i.e., affirms uses to achieve efficient operations and effective management. Source: Ansoff, H.1. and Weston, J.F. (1962) Merger objectives and organization structure, *Quarterly Review of Economics and Business*, August, 112-26. Anthony, R.A. (1988) *The Management Control Function*. Harvard Business School! Press, Boston.

2.1.2 Information

Information is produced by all processes and it is the values of characteristics in the processes' output that are information. Generally, information consists of processed data; information is the set of out puts from AIS or any information system. A financial statement such as income statement is an example of an information output. Other example includes a printed monthly statement for customer, a video display of cost analysis for an accounting employee, and an avoid response of achieving account balance for a bank depository. Source: Ryan, B., 2008. *Finance and accounting for business*. 2nd ed. London: South-Western/Cengage Learning.

2.1.3 System

A system is an integrated entity that attempts to achieve a set of objectives. Numerous types of systems exist. Many systems are natural, such as the solar system and the nervous of an animal. Other systems are man-made such as a traffic system of a city and heating system of a building. Most systems are open; they accept inputs and produce out puts. Most are also tangible they function with physical resources. In addition to this, all systems have certain characteristics in

common, such as boundaries that separate them from their environments. Source: Wood, F. and Sangster, A., 2015. *Business accounting 1*. 13th ed. Harlow: Pearson Education Limited.

2.2. Accounting Information Systems

Accounting Information Systems are critical to the production of quality accounting information on a timely basis and an important mechanism for organizations' effective management, a decision-making tool for controlling and coordinating the activities of an organization.

Accounting information system (AIS) is a system that collects store and process data to produce information for decision makers. It includes people procedures and instruction data, software, information technology infrastructure and internal control and security measures. Accounting information system consists of people procedures and information function that looks to prove the users with quantitative information on the other hand. Accounting information system is organized means of the collecting interring, processing and storing, managing information. So that organization function possible accounting information system process data and transaction to prove user with information they need to plan, control and operate their business.

2.2.1. Features of Accounting Information System

Information system is perceived as an entirely of information processing system and resource of an enterprise meant to form and disseminate information has been established that the system of information is a set of un ominously operating people, data and procedures for the purpose of providing useful information contemporary is cannot function without computers and other technical means to measure primary information gather and register is in carries: process and transmit it to consumers. For this reason computerized information system (CIS) are designed and implemented. (Mahdi Salehi P.1, 2010).

AIS can be manual system or a computerized system using computer regardless of the type. AIS is designed to collected, enter, process, store and report data and information. (RomneyetalP 2006) The focus of AIS is all qualitative aspect of information processing then on quantitative problem solving. The accountants' jobs have changed dramatically with advances in computer technology.

- **Features of a good accounting system** Darnell September 22, 2014Business Technology, Cloud Accounting

Reliable: The information itself needs to be error free. If you are second-guessing your accounting system, there is a major problem. Before you blame the system itself though, make sure you have firstly set everything up correctly and your entries are correct; the system can only work with the information it is fed**.**

Relevance: Information is relevant if it influences business decisions. For an accounting, system to provide relevant information the information must be available on time and have a level of detail significant enough to show trends, comparisons and other information that fuels business decisions.

Easy-to-Understand: The more guesswork involved in an accounting system, the more prone a company is to error. If the accounting system is user friendly and easy-to-understand, the more chance the accounting system has of being implemented to its full capacity.

Comparability: A great accounting system has easy to access reports that can are comparable across business units and periods to identify trends. To be comparable, accounting reports must belong to a period, use common unit of measurement and a common format of reporting.

Software: Being organized is one thing, but the less effort it takes to be that way, the better. We are big fans of Cloud software as unlike traditional software, updates happen automatically removing the need for constant manual upgrades or purchases. The Cloud also offers users flexibility and greater transparency between accountants, bookkeepers and clients. Not to mention the ability to login anywhere, any time.

Accessible: When running your business, it is essential that you are able to quickly and efficiently access data to troubleshoot and map out plans for not only efficiency but also success.

Usability: Employees and managers need to be able to use the accounting system with minimal effort and a small learning curve. An otherwise good system that is counter-intuitive to your

accounting needs can hinder productivity. Communicate with your employees as to what would work best.

2.2.2. Importance of Accounting Information System

Users of the accounting information system, accountants with in any organization must use the accounting information system to accomplish the functions of accounting, generating accounting reports, and using accounting reports the accounting information system is the mechanism that allows the accounting staff to accomplish those functions. (https://www.oreilly.com). Accounting information system is the whole of the related components that are put to gather to collect information, row data or original data and transaction, then in to financial data for the propose or reporting them to decision makers.

The accounting information system that is created in the business is directly related to organizational culture, level of strategic planning and the information technology that specific business.(Marshall B. Romney).A well designed accounting information system can add value to an organization by improving the quality and reducing the costs of products or service. Improving efficiency, sharing knowledge and improving the efficiency and effectiveness of its supply chain, improving the internal control structure and improving decision making. (Marshall B. Romney).

The main advantage of an optimal use of accounting information system in an organization are: better adaptation to a changing environment, better management of arm's length transaction and a high degree of competitiveness. There is also a boost to the dynamic nature of firms with a greater flow of information between different staff levels and the possibility of new business on the network and improved external relationships for firm, mainly with foreign customers accessed through the firm's web. (Elena Urquiagrande, Et al. (2010)

Accounting information system has a lot of benefit to any company and corporation as follows: for good corporation, to meet the need of multi-users, to control after wards, and control in advance and in current (Mahdi Salehi P. , 2010)

Accounting is information, Identification, development measurement and communication process; accounting education should help students in capturing the following three essential concepts.

- The use of information in decision making
- The nature, design used and implementation of AIS and
- Financial information reporting

To reach these goals we need to understand how AIS is used to gather, process, store and disclosed information (Daniel A., (2008).

2.2.3. AIS and decisions

The main sources generating accounting information in bank activities are-

- Client accounts, which are available in bank accounts, current accounts, stock accounts or credit accounts in this accounts the payment instruments, encasement card operations, etc., are registered.
- Bank entity accounts, which refers specially to cash accounts, inter-bank settlement accounts, income and spending accounts of the bank, etc.
- Bank computerized programs, which manage accounting data and statistical data, bank management, etc.
- In banks the main sources for collecting accounting information come from the front office clientele operations and inter-banking operations.

An organization is a collection of decision making units that exists to pursue objectives as a system every organization accept inputs and transform them into outputs that take form of products and services. The user of accounting information falls into two broad groups:

External user and Internal users

External users: include stock holders, investors, creditors', government agencies, customer and competitors, labor unions and the public at large. External users receive and depend on a variety of outputs from an organizations accounting information system. Many of these outputs are of routine in nature.

Internal users: comprise manager whose requirement depends on their level in an organization or on the particular function they perform.

There are different information needs and demand at different managerial level, in an organization. The AIS summarizes and filters the data available to decision makers by processing the data and AIS influences organizations decisions. The production of useful information is constrained by the environmental of AIS and the cost benefit structure inherent in user's decision. Various government agencies, private agencies, and legislation set statutory requirement for record keeping and report. (Marshal 2009)

2.3. Internal control system (ICS)

The Turnbull Report, first published in 1999, defined internal control and its scope as follows: 'The policies, processes, tasks, behaviors and other aspects of an organization that taken together: Facilitate effective operation by enabling it to respond in an appropriate manner to significant business, operational, financial, compliance and other risks to achieve its objectives. This includes safeguarding of assets and ensuring that liabilities are identified and managed.

Ensure the quality of internal and external reporting, which in turn requires the maintenance of proper records and processes that generate a flow of timely, relevant and reliable information from both internal and external sources.

Ensure compliance with applicable laws and regulations and also with internal policies. 'Turnbull's explanation focuses on the positive role that internal control has to play in an organization. Facilitating efficient operations implies improvement, and, properly applied, internal control processes add value to an organization by considering outcomes against original plans and then proposing ways in which they might be addressed.

At the same time, Turnbull also conceded that there is no such thing as a perfect internal control system, as all organizations operate in a dynamic environment: just as some risks recede into insignificance, new risks will emerge, some of which will be difficult or impossible to anticipate. The purpose of any control system should therefore be to provide reasonable assurance that the organization can meet its objectives.

The five components of internal-control provide the auditor with important information about the risk of material miss representation in financial statements and fraud. Auditors are therefore, the required to obtain sufficient knowledge of the internal controls' to plan their audits.

2.3.1 The Importance of Internal Control

- The reason the company establishes a system control is to help achieve its performance and profitability goals and prevents loss of resource by fraud and other means.

- Internal control can also help to insure reliable financial reporting and compliance with laws and regulation.

- The entity "internal control system'' consists of many specific policies and procedures designed to provide management with reasonable assurance that the goals and objectives it believes important to the company will be met (hays and Schilder 1999).

2.3.2 Internal Control on an Accounting Information System

In accounting system certain controls are needed to ensure that employees are doing their jobs properly and ensure that the form of internal and external control for the system. The internal controls are the checks that are placed in the system by the company's own management and direction. Today more and more companies are moving from the manual accounting system to computerized accounting information system. The advantage of computerized are increases in the speed and accuracy of processing accounting information. Marshall B. Romney**).**

2.3.3 Components of internal control

Internal control of an organization may be viewed as including five components these are:- the control environment, risk assessment, the accounting information and communication system control activities and monitoring.

2.3.4 Control environment

The control environment sets the tone of an organization by influencing the control consciousness of the people it is viewed as the foundation for the other components of the internal control. The following are the major control environment factors:-

- Integrity and ethical value
- Commitment to competence

- Board of directors
- Management's philosophy and operating style
- Organizational structure
- Human resource policies and procedures
- Assignment of authority and responsibility

(Whittingpany. P, 246-254, 2001)

2.3.5 Risk assessment

Risk assessments are management's process of identity and analyzing the risk that might prevent the organization from achieving its objectives. Risk arises from both external and internal factors. Risk from external factors affects the organizations as the whole they including risk from economic or technological change, government regulation and natural catastrophes. (Whittingpany P.255, 2001)

- Risk from internal factors related specifies activities of the organization. The includes eruption of the information system. Error, due to untrained or unmotivated employees or to changes the management responsibility employees and the result of an effective board of directors or and it committee change is a source of risk for all organization. (Basu, (2008)

An organization needs a process to identify changed condition that can significantly the organizations ability to achieve its objective management's responsibility is to identify risks to organization objectives estimates the significations of each risk, assess its likelihood and identity action that should be taken to reduce its significance or likelihood into provide risks. Management may for example identify alternatives supply sources, expand product line and obtain more relevant operating reports or improve training programs. (Whittingpany p.255, 2001).

2.3.6 Control activities

Control activities are policies and procedures that help ensure that management's defectiveness are carried out. These policies and procedures promote actions that address the risk that face the organization while there are many different types of control activates performed on the organization, but only the following types are generally elegant of the organization financial statement. These are:

- **Performance review**

This control includes: review of actual performance as compare to budgets, forecasts and prior period performance relating to different sets of data to one another and performance over all reviews of performance, reviews provide management with an overall direction of whether personnel at various levels are effectively pursuing the objectives of the organization. By investigating the reasons for unexpected performance, management may make timely changes in strategies and plans or take other appropriate corrective action.

- **Information processing control**

Verify of control activities is performed to check the accuracy, completeness and authorization of transaction. The two broad category of information processing control includes general control activities, which apply to all information processing procedures and application control activities, which apply only to one particular activity. Example of general control activities would include those that help insure the reliability of all information processing activities.

- **Physical Controls**

This control include those that provide physical security over both records and other asset activity that safeguard may include maintaining, control, at-all time over uninsured per numbered, documents as well as other journals, ledgers and restricting access to computer programs and data files.

- **Segregation of Duties**

Fundamental concept of internal control is that no one department or person should handle all aspect of transaction from beginning to end. in a similar manner, no one individual should perform more than one of the function of authorized transaction, recording transactions and maintains custody over assets. Also to the extent possible individuals, exercising the specific transactions should be segregated from these functions.

2.3.7 Information and communication

Information refers to the organization's accounting system which consist of the methods and records established to identify, assemble, analyze, classify, record and report the organizations

transaction and to maintain accountability for the related asset and liabilities maintain organizations have systems that are able to process, huge number of various type of transaction.

Information systems are designed. Good communication requires effective oral communication. Adequate procedures manners policy manual and other type of documentation. (G. H. Bodnar. And W.Hopwood ('2007)

An internal audit function is common in large organization to monitor and evaluate controls on an ongoing basic. The expended span of control and the growth in the volume of transaction associated with large organization whose factors in the emergence of internal control function, the objective internal audit function is to service management by furnishing management with the results of analysis and appraisal of such activities and systems as:

- The organization's information system
- The organizations internal control structure
- The external of compliance to operating policies, procedures and plan
- The quality of performance by company personnel.

External auditor may performances in monitoring control it is common practice for external auditors to provide lists of specific recommendations for management to improve internal control.

2.3.8 Monitoring

Monitoring activities: deals with ongoing or periodic assessment of the quality of internal control by management to determine that controls are operating as intended and that they are modified as appropriate for changes in conditions.

An internal audit function is common in large organization to monitor and evaluate controls on an ongoing basic. The expended span of control and the growth in the volume of transaction associated with large organization whose factors in the emergence of internal control function, the objective internal audit function is to service management by furnishing management with the results of analysis and appraisal of such activities and systems as:

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External auditor may performances in monitoring control it is common practice for external auditors to provide lists of specific recommendations for management to improve internal control.

2.3.9 Analysis of internal control process

The analysis of internal control requires an understanding of the process both as it designated and as it is actually operate. The actual process may or may not conform to expectations.

Documentation may be out dated and the structure may be operating under new procedures internal control process routinely collect information concerning fulfillment of internal of duties. Transfer of authority is approval and verification. This unique internal of control duties must be examined to evaluate the reliability of the system's operations. Reliability is dependent on the people who administer control processers. Designing an internal control process is only the first part of the problem it is essential that internal control duties are actually performed as prescribed. (G. H. Botnar and W Hopwood P. 194, 2000)

2.4 Limitation of Internal Control

A company's system of internal control is generally designed to prove reasonable assurance. Those assets are properly safe guarded and that the accounting records are reliable the concepts of reasonable assurance rest on the promise that the costs of establishing control procedures should not exceed their expected benefits. (Wey Gandit, Kieson, Kimmel 2003).

Internal control is a relative term no system of internal control is totally fool profit. An entity's size affects the degree of control that it can option. In general, large organizations are able to devote a substantial amount of resource to safe guarding assets and records because the companies have the assets to justify the cost. Because the installation and maintenance of controls can be costly; an internal audit staff is a luxury that many small businesses cannot afford (Gary A and Curts L. 2011).

2.5. Banking and Accounting information system

Information systems are widely used in the banking sector. This system is particular appropriate because banking organization by their nature are information intensive. Information system plays a control role in the service sector that they are called the back bone of services organization only thing bankers manufactures is information. The use and invest the information system by banking organization are important to take two reasons.

1. many customer and bank employees are using this system to manage their money, account and saving information.

2. banking information system is important to enhance effectiveness and efficiency by improving service delivery and reduce cost. Banking information system input includes a type of accounts, data and account of deposit and withdrawals. Their input consists of statements this shows interest paid of owned balance and other information.

Now a day people can make cash withdrawal through information system called automatic teller machines (ATM). Clients can now receive information a system over the phone and through home computer. (Harangas and Daniela P.379, 2005)

2.7.1 Importance of AIS in banking activity

Accounting information allows commercial bank to speculate up on opportunity of attractive business in placements and resource attraction, the role of accounting information of bank management towards successful strategies. By exercising the main function, constrained by law, banks generated extremely useful accounting information for both customers and bank management. The main generating sources accounting information in bank activity are client accounts, bank accounts and bank computerized program (which bank management etc). The classification of bank operations into active and passive operations underlines the importance of accounting information in the whole bank activity.

The role and importance of accounting system in the bank activity is derived from the role and function of commercial banks themselves. These function or operations traditional for the banks, confirmed by law, generators of accounting information refer mainly to:

- Accepting deposit from clients
- Issue and management of payment instrument and credit
- Payments
- Fund transfer s
- Transaction in the clients' accounts & - Mandate operations etc.

2.6 Empirical Review

- By using ANOVA (Analysis of Variance) in 2012; Margaret by using distributing a questionnaire to the sample of employee of 1522 concluded that proper use of Accounting Information helps the management in the making efficient and effective decisions in a business organization (Nnenac, 2012, pp .34-40).
- Esters(2009), hare found that there is no difference in the perception of the managers of various department in terms of the benefit of AIS implementation ; (Esters ,2009 , pp. 122-35). By using to statistics test 15 and P value By using econometrics approach trough different test is can be concluded that the effectiveness of the decision making is influenced by the accounting Information system .The more extensive use of AIS influence the quality of the decision making. This means that the quality of the AIS will fated the effectives of the decision making in the managers tasks (www.iiste.org)
- Peretet, (2011),by using Analysis is found that SMES(small scale industry)which use AIS for their bank and fiscal management there was a significant relationship with the performance indicators based on ROA(return on asset) and ROE(return on equity)SNES which using AIS for bank management have higher profitability than those lot using it.
- Nwinee et al. (2016), examined how applying AIS enhances the management efficiency and decreased the cost of control to achieving firms' goals. Although Tan (2016), test the impact of AIS on internal auditors in Turkey, he revealed the importance role of accounting information systems in companies through enable all levels of management to access comprehensive information that goes into the planning and controlling of activities within business organizations. In addition, AIS provide high quality of information to internal and external users and typically cover six main aspects: people, procedures, data, software, information technology infrastructure, and internal controls.

- Alnajjar (2016), investigate the impact of accounting information systems on the management performance and organizational performance. The result detect that the accounting information systems significantly impact the management performance and organizational performance. Through applying accounting information systems, the obtain information will be more useful, for decision making in order to achieving the company's goals and objectives, which increase the company performance.
- Samuel (2011), indicate that Accounting Information Systems are essential means for organizations' effective management, for decision-making and controlling activities, also AIS is very effective tool for controlling and coordinating the activities of an organization. Moreover, AIS consider a serious factor to produce high quality of accounting information.
- According to The Empirical review; some results obtain a positive relationship B/n investment in AIS & Financial profitability, (Menachemi et al., 2006; Huang and Liu, 2005; Ravichandran and Lertuangsatien, 2005; Verhees and Meulenberg ,2004; Brynjolfsson and Hitt, 2003; Santhanam and Hartono, 2003; Bharawadj, 2000; Li and Ye, 1999; Powell and Dent-Micallef ,1997; Barua et al., 1995; Dos Santos and Peffers, 1995; Abdallah, 2013: Adrian-Cosmin, 2015; Zakaria et al. 2017). While from other hand few researches shows that no clear relationship exists between applying AIS and improving performance indicators, such as (Jose Antonio Perez Méndez and Angel Machado-Cabezas 2015; Soudani, 2012; Dibrell et al., 2008; Bharadwaj, et al. 1999; Rai et al., 1996; Jawabreh and Alrabei 2012). Depending on that, this study come to discover the nature relation between using AIS on banks success, and how actually AIS effect on banks positively or negatively, used different techniques for measuring the variables, in order to obtain more precise results.

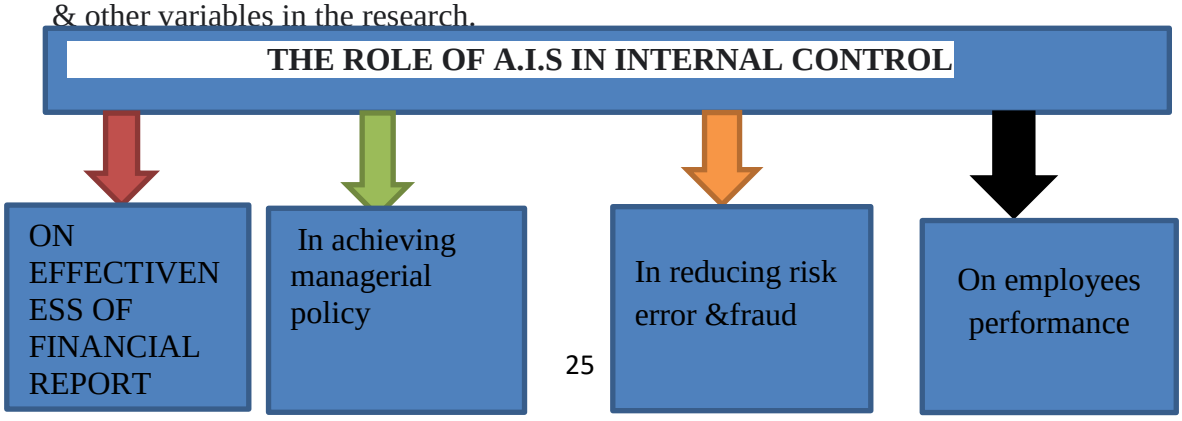
2.7 Knowledge GAP

- What makes the research important that initiate the study to be conducted/when we come specifically to the bank: lack of other research in the area previously (most research's was done at a global level), other researchers tries to investigate The Role of AIS at different place of the globe/world, but when we came to Ethiopia There are few research study conducted in this title. Further when the researcher makes it specific to wolkite region there is a few (if any) research conducted; lack of properly utilized accounting information system, and mismanagement of the accounting information technology, it may cause weak Internal control : Accordingly; low productivity, loss of the accounting information technology system as well as loss of important and confidential data have been major problems in the banking industry generally & in the branch office particularly ; In addition to this lack of experience and awareness of the importance of AIS by the employees of the bank , makes the branch as well as the Main bank Unprofitable & competitively poor. Therefore; the above problems Initiate the researcher to make this study & assess the Actual implementation's of A.I.S related to the Hibret bank case study in wolkite branch so as to fill the gap & give recommendations. Since we all know that benefits & importance of AIS is crucial for the success of a bank activity especially for strong internal control. the researcher tried to investigate Role & contribution of A.I.S in the bank performance (specially in Internal control) case of united bank.

2.8 Conceptual frame work

- A conceptual framework is **a representation of the relationship the researcher expect to see between the characteristics or properties of the topic to study**. Conceptual frameworks can be written or visual and are generally developed based on a literature review of existing studies about your topic.

  - The following frame work will be on the relationship b/n role of A.I.S in internal control & other variables in the research.



CHAPTER THREE: Research Methodology

The following chapter shows the research methodology, which reflects how the study is conducted. The chapter also looks at the reason why the researcher chose each of the options used in the study. According to Catherine (2002), the research methodology is the philosophy or general principle which guides the research. The research problems, personal experiences and different philosophy of research methodology show the choice of appropriate research methods. The main themes which are discussed under this chapter are: research design, sources and types of data, data collection method, and target population, sampling procedure, sample size, method of data analysis and method of data presentation.

3.1 Research design

- The researcher used descriptive research design & case study to conduct the research. - -

--- Descriptive research aims to accurately and systematically describe a population, situation or phenomenon. It can answer *what*, *where*, *when* and *how* questions, but not *why* questions. A descriptive research design can use a wide variety of research methods to investigate one or more variables. Unlike in experimental research, the researcher does not control or manipulate any of the variables, but only observes and measures them.

The researcher assumed that descriptive research design is suitable for the described condition, situation and event of the research. Since a single bank in one branch is the source of data for the research. The data collected is mixed containing both open ended and closed ended questions. To depth understanding the researcher has used both qualitative and quantitative research design.

3.2. Source of data & Data collection method

The researcher used both primary & secondary source of data:

- The primary source of data was collected through questionnaires and interview from employees and a manager of the bank.
- The secondary data was collected from various documents, brushers, annual reports, directives, and various books written on issues related to the topic.

However: This study mainly focused on primary data to its successful accomplishment Questionnaires and interview outline were used for the method of data collection. The researcher constructs number of questions in a logical order. Besides, the researcher also asked question in face to face interview with the bank manager.

3.3 Sampling technique

The researcher used judgmental sampling techniques to claim selected employees from the bank, rather than taking employees of the bank which are not concerned to the questionnaires and interviews. In judgmental sampling method, the researcher or some other "expert" uses his/her judgment in selecting the units from the population for study based on the population's parameters.(University of Guelph, 2021)This type of sampling technique might be the most appropriate if the population to be studied is difficult to locate or if some members are thought to be better (more knowledgeable, more willing, etc.) than others to interview.

- hence; the researcher focused on those employees working in the area of accounting, financial management and some other management positions.

- The rationale behind is employees assuming management positions are most likely knows about the contribution of accounting information system on the bank's internal control. Hence in additional to the questionnaire, face to face interviews has been conducted with the employees having management position to get additional and sufficient information.

3.3 Target population

- The population of this study includes all employees of Hibret bank of wolkite branch including managers, internal auditor, junior accountants & other supporting officials.

3.3.2 Sample size

From the total 21 employees working in the Hibret bank of wolkite branch, the researcher has been contacted 15 employee respondents by distributing questionaries' and the manager of the bank has been selected for interview questions and the rest has been excluded because of several reasons like unrelated field, lack of knowledge or awareness about AIS.

3.4 Method of data analysis and presentation

After completion of data collection, descriptive method of analyzing has been used to analyze the data collected from respondents. Finally, the results from questionnaires were presented in written form supported by tables and percentage.

CHAPTER FOUR- DATA ANALYSIS AND PRESENTATION

4. Introduction

The main purpose of this chapter is to analyze data collected through questionnaires, interview, & observation: related to Accounting Information systems (AIS) Role for internal control of Hibret bank wolkite Branch. As indicated in chapter three relevant data were gathered through questionnaires and interview. The questionnaires administered and collected from the employees of the branch office and personal interview was held with the branch manager of the bank. As clearly stated in chapter three of the paper, the collected data from the questionnaires were analyzed through quantitative method of descriptive data analysis, including tables and percentages and qualitative method for interviews.

4.2 personal profile of the respondent

***Table 1:- Gender distribution* of the respondents**

Sex	**Frequency**	**Percentage**
Male	11	73.3%
Female	4	26.6%
Total	15	100%

As observed from the above table from the total respondents of 15 employees of Hibret bank branch Office 73.3% are male and the rest 26.6% are female. This data indicate that the majorities of the respondents as well as employees of the organization are male.

Table 2:- position of respondents

Job position	**Frequency**	**Percentage**
Branch Manager	1	6.6%
Assistance manager	2	13.3%
Finance officers	2	13.3%
Internal Auditor	1	6.6%
Teller	4	26.6%
IT and system supervisor & auditor	2	13.3%

Customer service clerk	3	20%
Total	15	100%

As indicated on the above table, 20% of the respondents are accountants (Tellers), 20% of the respondents are customer service clerk, 13.3% of the respondents are IT and system auditor and 13.3% of the respondents are Finance officers. The largest portions of respondents are Tellers & customer service clerk (IT and system auditors are those who have a career in information systems, in particular, auditing, control, and security)

Table 3:- Education level of respondents

Education level	**Frequency**	**Percentage**
Below diploma	-	-
Diploma	-	-
BA degree	11	73.3%
MA degree	4	26.6%
PHD	-	-
Total	15	100%

It is clear from the above table that majority (73.3%) of the respondents are Bachelor degree holders, and followed by Master Degree holders (26.6%). Nowadays most bank have at least one PHD holder for more efficient & effective work conditions, this cocktail may reduce the bank profitability as a whole.

Table 4: work experience

Work experience	**Frequency**	**Percentage**
No experience	-	
1 -year	3	20%
1 -5 year	6	40%
5 year and above	6	40%
Total	15	100%

The above table shows the work experience of respondents working in the organization and it shows that from the total employees of 15 respondents, 20% has worked 1 year & less in the

banking activity and 40% has worked in the range of 1-5 years, the remaining 40% has worked 5 years and above. The questionnaires were initially prepared for work experience of <1 year, 1-5 years, 6-10 years, above 10 years. But the actual finding differed from the estimated one & presented in table above. Hence, from the above data the researcher concluded that the majority of employees are moderately experienced & knowledgeable in the banking industry.

4.3 The functions of AIS on internal control

Table 5:- function of AIS on internal control

Questionnaires	Response									
	Strongly agree		Agree		Neutral		Disagree		Strongly disagree	
	Frequency		Frequency		Frequency		Frequency		Frequency	
	Amount	Percentage (%)	Amount	%	Amount	%	Amount	%	Amount	%
AIS support supply of/ provide information needed for decision making, producing managerial reports and financial statements.	6	40	9	60	-		-		-	
AIS used to keep information secretly and integrity in preparing financial reports.	2	13.3	13	86.6	-		-		-	
AIS used to initiate strong moral principle of work for the employees of the Bank.	4	26.6	9	60	2	13.3	-		-	

Do you think AIS to adherence prescribed managerial policies in your bank	3	20	8	53.7	3	20	1	6.3	-	

Source: researcher own observation, From the above table we can see that 40% of respondents strongly agreed and 60% of respondents agreed that AIS support supply of/provide information needed for decision making, producing managerial reports and financial statements. This indicates that accounting information system of Hibret bank wolkite branch Office support supply of/ provides information needed for decision making, producing managerial reports and financial statements properly. As shown in the above table based on the respondents perception on the use of accounting information system to keep information secretly and integrity in preparing financial reports, 86.6% of the respondents agreed, and 13.3.6% of the respondents strongly agreed. This shows that accounting information system of Hibret bank wolkite branch used to keep information secretly and integrity in preparing financial report.

As indicated in the above table (table 5 question no. 3) 60% of the respondents agreed, 26.6% of the respondents strongly agreed, and the remaining 13.3% were neutral on the proposition. This indicates that in Hibret bank wolkite accounting information system is one of the most important systems to initiate strong moral principle of work for the employees of the bank.

As shown in the above table 53.7% of the respondents agreed on AIS is important to adherence the prescribed managerial policies in the bank, 20% strongly agreed, 6.3% disagreed and the remaining 20% were neutral on the proposition. This indicates that AIS adherence prescribed managerial policies in Hibret bank wolkite branch. Which means AIS play a great for internal controls to ensure that management has accurate, timely and complete information, including accounting records, in order to plan, monitor and report business operations.

4.4 The role of AIS for internal control

Table 6: The role of AIS for internal control

Questionnaires	Response

	Strongly agree		Agree		Neutral		Disagree		Strongly disagree	
	Frequency		Frequency		Frequency		Frequency		Frequency	
	count	%	count	%	count	%	Count	%	count	%
AIS collect and store data and also process financial reports effectively and efficiently.	4	26.6	9	60	1	6.6	1	6.6	-	
Do you think AIS has a contribution in reducing financial risk, errors and frauds in your bank?	3	20	11	73.3	1	6.6	-		-	
Do AIS used to make sure control accurately record and process data of the bank	5	33.3	10	66.7	-		-		-	
The internal control auditor discovers error and fraud in activities of managers while practicing AIS	3	20	10	66.7	1	6.6	1	6.6	-	

From the above table we can see that 60% of respondents agreed and 26.6% of respondents strongly agreed that on the AIS collect and store data and also process financial reports effectively and efficiently, 6.6 respondents disagreed and the remaining 6.6% respondents were neutral on the proposition. This data shows that Hibret bank wolkite branch used accounting information system mainly for the purpose of collecting, storing and processing financial reports effectively and efficiently. Concerning with the respondent's perception on the contribution of AIS to reduce financial risk, errors and frauds in the bank, 73.3% of the respondents agreed, 20% of the respondents strongly agreed, and 6.6% were neutral on the proposition. This shows that

AIS contribution in reducing financial rrisk, error and frauds by using different controlling methods in the bank.

As indicated in the above table (table 6 question no. 3) 66.7% of the respondents agreed, and 33.3% of the respondents are strongly agreed on the uses of AIS to make sure controls accurately record and process data of the bank. This indicates that in Hibret bank of wolkite branch accounting information system used to make sure controls accurately record and process data of the bank. As shown in the above table (table 6 question no. 4) 66.7% of the respondents agreed, 20% strongly agreed, 6.6 disagreed, and the remaining 6.6% were neutral. This shows that internal auditors has a great role to discover error and fraud in activities of employers while practicing AIS.

4.5 Components of AIS

Table 7: Components of AIS

Questionnaires	Response	Frequency	Percentage
Components of AIS system are people, procedures and instructions, data, software, information technology infrastructure, and internal controls.	YES	15	100%
	NO	-	-
	Total	15	100%

As shown on the above table all of the respondents said YES. This shows that AIS in Hibret bank of wolkite branch has different components such as people, procedures and instructions, data, software, information technology infrastructure, and internal controls.

4.6 Scope of AIS

Table 8: Scope of AIS

Questionnaires	Response	Frequency	Percentage
AIS produces reports which	YES	13	86.7%

include accounts receivable aging reports based on customer information, depreciation schedules for fixed assets, and trial balances for financial reporting	NO	2	13.3
	Total	15	100%

As shown in the above table 86.6% of the respondents said YES and the remaining 13.3% said NO. This indicates that in Hibret bank of wolkite branch AIS produces reports which include accounts receivable aging reports based on customer information, depreciation schedules for fixed assets, and trial balances for financial reporting. This means the scope of AIS is wide and extends in business, trade, government, and financial institutions mainly in banks.

4.3 Interview analysis

In this part researcher listed out interview questions & their respective answers with analysis, or the bank manager about accounting information system in internal control of the Hibret bank of wolkite branch.

4.3.1 AIS in Hibret bank of wolkite branch

According to the response of the manager of the bank the accounting information system of Hibret bank of wolkite branch is in the primitive (infant) stage. They have separate AIS department. From the above discussions, conclude that the banks made their banking operation through combination of both manual and computerized system. They use computerized system generally for operating, data transferring and storing purposes. But the impact of computerized AIS is not significant. Although they maintain a web-site, but all the transactions are not web based. They regularly prepare financial statements for external reporting and performance evaluation they prepared financial statements and published annually.

- The manager said, The users of AIS were satisfied about their AIS and internal control system. They record and collected their source document through computer. They think their AIS are cost beneficial and flexible.

- They use real time and batch processing for updating their information. But their AIS were not so effective to provide information. They give more emphasis on internal control system, safeguarding assets and information generation or reporting system. .

4.3.2 AIS process and prepare reports

According to the response of the manager of Hibret bank of Wolkite branch, accounting information system (AIS) is a system that collects records, stores and process data to produce information for decision makers. A.I.S is generally a computer-based method for tracking accounting activity in conjunction with information technology resources. Generally two types of operational systems are contained in AIS that are manual process and computerized process. Useful accounting information system has some characteristics, principles and key components. A proper structural Accounting Information System (AIS) is so important part of the branch, The bank maintain separate department for Accounting Information System (AIS). For performing their activities they need the help of Information Technology Department (IT). IT department help them by providing computerized and technological support. They maintain both manual and computerized AIS, and web based accounting information system. To maintain multi types of accounting information system The branch face some problems in AIS. In manual system records are kept on papers and it's done by paper-pen work, which required more manpower and time. On the other side in computerized accounting information system data are decentralized for that there is a risk of breakdown of the systems, loss of transactions, loss of secrecy and possibility of hacking.

4.3.3 Method of maintaining integrity, confidentiality and reliability of critical data and financial information in Hibret bank of wolkite branch.

The manager of the Bank said that, the main method for maintaining integrity, confidentiality and reliability of critical data and financial information in the branch Office is password policy. This enables the employers to secure the information and transfer information for concerned party. A password policy is a set of rules designed to enhance computer security by encouraging users to employ strong passwords and use them properly. A password policy is often part of an organization's official regulations and may be taught as part of security awareness training.

4.3.4 AIS support operational efficiency in Hibret bank of wolkite branch

As the information obtained from the manager of the bank, AIS supports operational efficiency definitely. It increases profitability by decreasing operational cost. Accounting Information

System (AIS) is a source of technological improvement in the branch Office as it processes data and transactions to provide users with the information needed to plan, control and operate their business.

Accounting information system is a very vital part of the organization as a whole as it involves the accumulation of accounting information and relevant data, processing or analyzing such data for the purpose of preparing the financial statement to be used by management for decision making and control.

AIS has transformed the traditional banking practices to technology based banking operations and improved performance. Thus, eliminating long queue often associated with bank operations in branch Office. Also, the study revealed further that deployment of technology innovations such as internet banking, mobile-banking and ATM has improved operations and performance of the bank.

4.3.5 How AIS used to reduce risk of error and fraud in your bank

As a system when it becomes computerized the internal control for that system has to be adopted accordingly. In manual system there is appear train for the auditor has clearly documentation proof of what has transpired. But in computerized accounting system the clear appear trial to follow is rare. Since all the shorts of the information done by computer and the compare processes and does most of the calculation, there would not be the amount of information or documentation as there would in manual system.

According to manager of the bank, to minimize risk of error and fraud occurring in the system various controls have to be taken. Those controls may be segregations of accounting duties, this means that no one create and control over transactions and this ensures no one can control and create the system. The others are establishing a strong environment and initiate annual examination for risks of error, and rotation or shift workers. This control allows the auditor to determine the exact action of employees and used to determine the error and improper actions that have occurred. Record journal properly, material representations are other controls for risk of fraud.

CHAPTER FIVE: SUMMARY OF FINDING, CONCLUSION AND RECOMMENDATION

5. Introduction

The aim of this chapter is to give a general summary about the whole study and make broad conclusions drawn from the findings of the results. Finally, based on the findings the researcher put some recommendations for the branch office & future research studies.

5.1 Summary of the study

Based on the data analysis and presentation made in the preceding chapter four, the role of accounting information system for internal control in Hibret bank of wolkite branch is summarized as follows:

- Most respondents are BA degree holders and the largest portions of respondents are males and works in the position of Accountant (teller) and customer service clerk, work experienced from 1-5 years.
- Mostly accounting information system is well practiced in internal control of the organization.
- Mostly preparation of financial statements to administer internal control depends on accounting information system.
- AIS is a means for reliable decision making and financial reporting.
- There is a high link between accounting activities and computerized AIS.
- What obtained from the respondents indicates that AIS in Hibret bank of wolkite branch maintain confidentiality within the bank and employees' of bank.
- The information obtained from the respondents indicates that AIS adheres prescribed managerial policies in Hibret bank of wolkite branch.
- It shows that computer based AIS in Hibret bank of wolkite bank has a contribution in order to reducing financial Risk, Error and Frauds using different controlling methods.
- As information obtained from the branch manager of Hibret bank wolkite branch AIS supports operational efficiency definitely.
- In general as information obtained from respondents indicates that AIS has a great contribution for internal control and in the overall operation of the bank.

5.2 Conclusion

From the analysis made in the preceding chapter the following conclusions are drawn. The conclusions drawn about the role of accounting information system for internal control are the following:

- The researcher conclude that, AIS of Hibret bank of wolkite branch collect, store and process data to support supply of or provides information needed for decision making, producing managerial reports and financial statements effectively and efficiently by using computer.
- AIS motivate or initiate workers of the Hibret bank of wolkite branch, by making the working process simple, in time & at efficient cost; this increase moral satisfaction & innovation of the employers.
- AIS minimize the problem by improving decision making process, quality of accounting information and internal control.
- Accounting information system is used to encourage adherence to prescribe managerial policies of the bank.
- It can be concluded that, computer based AIS in Hibret bank of wolkite branch has a contribution in reducing financial Risk, Error and Frauds using different controlling mechanisms.
- The branch manager of the bank said that, the main method for maintaining integrity, confidentiality and reliability of critical data and financial information in Cooperative Bank of Oromia is password policy. This enables the employers to secure the information and transfer information for concerned party.
- As the information's obtained from the branch manager of Hibret Bank of wolkite branch ; computerized AIS supports operational efficiency definitely. It increases profitability by reducing operational costs and time needed for the same tasks in manual accounting system.
- The researcher concludes that in Hibret bank of wolkite branch most activities performed by using computerized accounting information system.
- The internal control department discovers errors and frauds in activities of employees openly and secretly and there is a well relationship between recording accounting activities and computerized accounting information system.

- Accounting information system is used to make reliable decision and for reliable financial reporting in Hibret bank of wolkite branch.
- Preparation of financial statements can administer internal control and every transaction undertaken by Hibret bank of wolkite branch and used to administer and control most assets of the bank.
- The branch office uses computerized accounting information system, both the internal control department and information system department are always done together for efficient and effectiveness of internal control and for the banks development.
- Generally, the researcher founded that for a strong internal control system effective & efficient accounting information system have to be implemented.

5.3 Recommendation

The following part of the Research gives some recommendation based on the discussion and conclusions provided in the forgoing paragraphs. As mentioned earlier the aim of this paper is to test the role of accounting information system of internal control in Hibret bank of wolkite branch. Therefore, the researcher derived the following recommendation as remedies for further importance of information system and efficient internal control. Those remedies are:-

- In Hibret bank of wolkite branch, most of employees are moderately experienced and educated that may reduce the bank to give quality service for customers. Hence, in order to increase its profitability & keep its competitive advantage the bank should add or employee more well experienced ethically good & educated/knowledgeable employees.
- On the other hand in Hibret bank of wolkite branch female employees' participation are low. So the bank should emphasis to increase the number of female employees in the bank for an affirmative action & having goodwill on female customers.
- The other point is Hibret bank of wolkite branch uses password policy to control unauthorized access to its financing and reporting system to maintain confidentiality. So, the bank should periodically change passwords to make it safer.
- The bank's managements should be flexible to cop up with the changing environment and continuous improvement of information system.
- Both information system department (ISD) and internal control department (ICD) must do together for efficient and effective operation of the bank.
- For an appropriate and effective AIS practice the management of the bank should give adequate training for those employees who have no accounting information system knowledge Hibret bank of wolkite branch should provide sufficient available resource and improve technological advancement.
- For other researchers, the main limitation of the was that since only one branch of one bank was studied, this research may not disclose the Role of A.I.S of internal control in Hibret bank as a whole, next researcher should study the main branch of the bank which is located in Addis Ababa or the bank generally in all branches in Ethiopia.

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Appendix

Wolkite University

College of Business and Economics

Department of Accounting and Finance

Questionnaires to be filled by employees

Dear respondents:

This is a questionnaire designed to collect data on the role of accounting information system for internal control in case of study on Hibret bank wolkite which will be used as an input for a thesis in a partial fulfillment of BA degree in Accounting and Finance. I would like to emphasis that your response are extremely valuable for the successful completion of this paper and I would immensely appreciate your response for all questions genuinely. I can assure you that the information you provide will be completely anonymous and will not be used for any other purpose it will use only for academic purpose.

Thank you in advance for your cooperation!

General Instructor:

- ❖ No need of writing your Name

The following questions are prepared to get general information. Please respond by

Putting (√) or writing

1. Gender. Male ☐ female ☐
2. Job position.....
3. Education status. Below diploma ☐ Diploma ☐ Degree ☐ MA ☐ PHD ☐
4. Work experience. <1 year ☐ 1-5 years ☐ 6-10 years ☐ above 10years ☐

Please tick (√) the appropriate choice of your response that shows your level of agreement and disagreement to the statement provided. **NB: (AIS means Accounting Information System)**

No	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
1	AIS support supply of/provide information needed for decision making, producing managerial reports and financial statements.					
2	AIS used to keep information secretly and integrity in preparing financial reports.					
3	AIS used to initiate strong moral principle of work for the employees of the Bank.					
4	AIS collect and store data and also process financial reports effectively and efficiently.					
5	Do you think AIS to adherence prescribed managerial policies in your bank?					
6	Do you think AIS has a contribution in reducing financial Risk, errors and Frauds in your bank?					
7	Do AIS used to make sure controls accurately record and process data of the bank					

8. Do you think that accounting information system (AIS) able to adherence with prescribed managerial policies in your Bank?

YES ☐ NO ☐

9. For question number 8 if your answer is "NO" please give your justification?

.....

.....

10. Do you think that accounting information system has a contribution in reducing the financial risk in your Bank?

YES ☐ NO ☐

11. If you say "YES" which method is used by your bank?

A. Determining the level of risk
B. Lower each asset type's risk
C. Allocating assets widely
D. Managing Account receivable
E. All
F. Others

12. Do you think that accounting information system has a contribution in reducing risk of fraud in your bank?

YES ☐ NO ☐

13. If you say "YES" which method is by used your bank?

A. Recording journal properly
B. Material representation
C. All
D. Others

14. If you say "NO" what is the reason?

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.....

15. Do you think that accounting information system has a contribution in reducing risk of error in your bank?

YES ☐ NO ☐

16. The internal control auditor discovers error and fraud in activities of employers while practicing AIS?

Agree ☐ Strongly agree ☐

Disagree ☐ Strongly disagree ☐ Neutral ☐

17. If your answer for question number16 is agree in what way?

Openly ☐ secretly ☐ both openly and secretly ☐

18. Is people, procedures and instructions, data, software, information technology infrastructure, and internal controls are components of AIS system employed?

YES ☐ NO ☐

19. Is an AIS produces reports which include accounts receivable aging reports based on customer information, depreciation schedules for fixed assets, and trial balances for financial reporting ?

YES ☐ NO ☐

20. For question number 19 if your answer is "NO" please give your justification?

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Interview question

1. Please tell us about the branches AIS?
2. How the AIS process and prepare reports?
3. What are the methods of maintaining integrity, confidentiality and reliability of critical data and financial information in your bank?
4. How the AIS support operational efficiency of Cooperative Bank of Oromia?
5. How AIS used to reduce Risk of Error and Fraud in the bank?