

**FINANCIAL TRANSACTIONS AND INTERNAL CONTROL**  
**IN SELECTED FINANCIAL INSTITUTIONS**  
**IN MOGADISHU,**  
**SOMALIA.**

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A Thesis

Presented to the College of  
Higher Degrees and Research  
Kampala International University  
Kampala, Uganda

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In Partial Fulfillment of the Requirements for the Degree of  
Master of Business Administration in  
Finance and Banking

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January, 2012



## DECLARATION B

"I confirm that the work reported in this thesis was carried out by the candidate under my supervision".

Dr. Mawla

Name and Signature of Supervisor

16 Jan 2012

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## APPROVAL SHEET

This thesis entitled "**Financial Transactions and Internal Control** in **Selected Financial Institution** in **Mogadishu, Somalia**" prepared and submitted by Mr. Mohamed Abdullahi Mohamed in partial fulfillment of the requirements for the degree of Master of Business Administration in Banking and Finance has been examined and approved by the panel on oral examination with a grade of **PASSED**.

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## **DEDICATION**

This thesis is dedicated to my Mother Hawa Farah, my father Abdullahi Mohamed, my wife Fadumo Abdullahi Sadik, the whole family of Faaraxeey and my daughter Suhayla Mohamed Abdullahi.

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## **ABSTRACT**

This study sought to establish the relationship between financial transactions and internal control in financial institutions in Mogadishu, Somalia. The study was guided by four research objectives; to determine the demographic profile of the respondents in terms of age, gender, educational qualification and number of years experience in financial institutions; to determine the extent of financial transactions; to determine the level of internal control and to establish whether there is significant relationship between the extent of financial transactions and the level of internal control in financial institutions , it utilized descriptive survey design using questionnaire as the research instruments. A target population was 134 the sample of the respondents 100 for Dahabshiil and Salama Somalia Bank equally, Simple random sampling method was used to identify the respondents. The data collected was analyzed using SPSS for means to determine the level of dependent and the extent of independent variables, using Person's Linear Correlation Coefficient the correlation between two variables was determined. The findings discovered that there is strongly positive relationship between financial transactions and internal control, while null hypothesis rejected. It recommended that financial institution improve financial transactions and internal control in order to increase firm's productivity. The study concluded that the financial transactions significantly influence internal controls in Mogadishu's financial institutions.

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## **LIST OF ACRONYMS**

1. ACCA      Association of Chartered Certified Accountants
2. CHDR      College of Higher Degrees and Research
3. COSO      Commission Of Sponsoring Organizations
4. CVI      Content Validity Index
5. DVC      Deputy Vice Chancellor
6. KIU      Kampala International University
7. PLCC      Pearson's Linear Correlation Coefficient
8. SPSS      Statistical Package for Social Sciences
9. UNDP      United Nation Development Program

## **CHAPTER ONE**

### **THE PROBLEM AND ITS SCOPE**

#### **Background of the Study**

Somalia has been engulfed in a civil war for over two decades. "The impact of state failure on human development in Somalia has been profound, resulting in the collapse of central state institutions, the destruction of social and economic infrastructure and massive internal and external migration" (UNDP/World Bank Somalia, 2003). As a result, Somalia is one of the poorest countries in the world. It is estimated that in 2003 over 43% of the country's population lived in extreme poverty (defined as individuals living on less than one US dollar a day) whilst over 73% of the population lived in general poverty (defined as individuals living on less than two US dollars a day).

Despite the absence of a central Somali state and its financial, economic and social institutions, combined with other challenges, the traditional Somali spirit of entrepreneurship remains strong and the private sector resilient and robust. Indeed, the private sector has managed to grow impressively in the decade since the onset of the civil war, particularly in the areas of trade, commerce, transport, remittance services and telecommunications, as well as in the primary sectors, notably in livestock, agriculture and fisheries (Karlen, 2003).

The private sector now provides a host of services, including those traditionally provided by the state such as power, telecommunications, water and education and quasi banking services. Various economic sectors are now, however, becoming either stagnant or their growth is hindered due to the lack of investment, insufficient human resources and the absence of a relevant legal and regulatory framework to enforce rules and regulations, common standards and quality control.

The collapse of the central government in Somalia in 1991 gave way to the ultimate collapse of the country's commercial banking sector. There are currently no formal financial institutions neither operating in Somalia nor any fully functioning formal financial sector regulatory bodies. The absence of a formal banking sector has significantly constrained Somalia's private sector in terms of its ability to access credit and other financial services. Further, the scarcity of capital has made it impossible to encourage and harness domestic savings. "The long absence of a national government has further prevented access to international capital markets as well as the establishment of economic management institutions and regulatory bodies" (UNDP/World Bank Somalia, 2003).

Since the collapse of Somalia's central government, the disintegration of its banking system and the onset of internal and external migration have meant that Somali remittance companies, which have operated in Somalia for over four decades, have grown significantly. Remittance companies now provide a vital lifeline for a significant proportion of Somalia's population (Karlen, 2003).

Remittance companies are currently the only functioning financial institutions operating in Somalia. They have filled a major void that has emerged since the collapse of the country's central government, providing basic banking services and providing a vital channel for the transmission of remittances that a large proportion of the Somali people depend on. UNDP, with its mandate to ensure sustainable human development through poverty reduction, capacity building and institutional strengthening, recognizes the role of the Somali remittance sector and has designed the Somali Remittance Initiative (the 'Initiative') to assist Somali remittance companies in formalizing their operations to ensure their continued existence. Further, in accordance with UNDP's commitment to bridging the gap between reliefs to development in Somalia, the Initiative seeks to assist in developing a formal banking sector in Somalia (Karlen, 2003).

Even though the remittance sector plays a vital role in the current Somali economy, the existing financial sector can be characterized by the following:

- Virtual lack of financial intermediation i.e. deposit-taking and lending through financial intermediaries, although some limited lending does take place through non-governmental organizations in form of micro-finance;
- Lack of public confidence in a banking system especially where the government is a key player. This is not surprising given that the public has lost their monies in the past.
- The provision of very limited banking services, such as money transfers, foreign exchange and deposit facilities, provided by the remittance companies operating informally.

- Failure to adopt professional financial management practices leading to increased cases of financial malpractice and misappropriations as a result of no or weak internal controls.

Though a number of factors could be responsible for the weaknesses in financial institutions, the current study sought to determine the relationship between the financial transactions and internal controls in Somalia's financial institutions taking Salaam Somali Bank and Dahabshiil financial institutions.

### **Statement of the Problem**

Since the collapse of Somalia's central government, the disintegration of its banking system and the onset of internal and external migration have meant that Somali remittance companies, which have operated in Somalia for over four decades, have grown significantly. Remittance companies now provide vital financial services for a significant proportion of Somalia's population (Mahil, 2006).

Despite the fact that these informal financial institutions play a vital role in the financial sector the financial institutions are characterized by inadequate business processes, lack of knowledge in basic financial transaction procedures, weak or no internal controls, this combined with the uncertainty of the business environment often leads the financial institutions into losses, fraud and misappropriation of funds.

The current study therefore sought to determine the relationship between financial transactions and internal controls with a view of making recommendations to improve the general performance of the financial institutions in Mogadishu Somalia.

## **Purpose of the Study**

The following are the reasons why the study proposed:

1. To test the hypothesis of no significant relationship between the variables in this study
2. To generate new information on based the findings of this study
3. To bridge the gaps identified from the related literature and related studies
4. To refine existing information about the variables in this study.

## **Research Objectives**

**General:** To correlate financial transactions and internal control of selected financial institutions.

**Specific:** To be sought further in this study were as follows:

1. To determine the profile of the respondents in terms of:
  - 1.1 Age
  - 1.2 Gender
  - 1.3 Educational qualification
  - 1.4 Number of years experience in financial institutions.
2. To determine the extent of financial transactions in selected financial institutions in Mogadishu, Somalia.
3. To determine the level of internal control in selected financial institutions in Mogadishu, Somalia.
4. To establish if there is a significant relationship between the extent of financial transactions and the level of internal control of selected financial institutions in Mogadishu, Somalia.

## **Research Questions**

1. What is the profile of the respondent in terms of:
  - 1.1 Age?
  - 1.2 Gender?
  - 1.3 Educational qualification?
  - 1.4 Number of years experience in financial institutions?
2. What is the extent of financial transactions in selected financial institutions in Mogadishu, Somalia?
3. What is the level of internal control in selected financial institutions in Mogadishu, Somalia?
4. Is there a significant relationship between the extent of financial transactions and the level of internal control of selected financial institutions in Mogadishu, Somalia?

## **Null Hypothesis**

1. There is no significant relationship between the extent of financial transactions and the level of internal control.

## **Scope**

### ***Geographical Scope***

The research environment of this study was in Mogadishu, Somalia especially in selected financial institution Dahabshil Bank and Salama Somali Bank.



### ***Content Scope***

This study focused on and intended to examine for the following:

- I. The profile of the respondents in terms of age, gender, educational qualification and number of years experience in financial institutions.
- II. The extent of financial transactions in financial institutions.
- III. The level of internal control in financial institutions.
- IV. The relationship between financial transactions and internal control of financial institutions.

### ***Theoretical Scope***

The study adopted the Treasury management theory by Chastain and Harford (1999).

### ***Time Scope***

The study was proposed April 2011 introduction letter obtained from college of higher degrees and research data was collected August analyzed and interpreted October finally defended January 13<sup>th</sup> 2012.

### **Significance of the Study**

1. The research is to benefit the management of financial institutions in Mogadishu, Somalia. Through providing information on effective and efficient financial transactions and internal control.
2. The research is to promote the business enterprise for security and accuracy of financial transactions in financial institutions

3. The research is to benefit the researcher in that, through interacting with various respondents and ability, skills are widened and enhanced through literature to be gained in research.
4. The research is to benefit Kampala International University, as it would be added on to its existing literature in the library.
5. The study is aimed at providing information on effective and efficient financial transactions and internal control system to be utilized by other interested parties for literature

### **Operational Definitions of Key Terms**

For the purpose of this study, the following terms are defined as they are used in the study:

**Financial Transactions** is the way the institutions manages and record the financial operation activities

**Cash inflow** is that the system or procedures received by cash for the company.

**Cash outflow** is that system or procedures for the payment of cash for the company.

**Purchase transaction on accounts** this refers the purchasing assets to the institution for use or for consumption by credit.

**Reconciliation** In accounting, reconciliation refers to a process that compares two sets of records (usually the balances of two accounts) to make sure they are in agreement.

**Receivables** refer to the amount due from individuals and companies. Receivables are claims that are expected to be collected in cash.

**Inventories** the raw materials, work-in-process goods and completely finished goods that are considered to be the portion of a business's assets that are ready or will be ready for sale

**Investments** refer to the process of placing funds to obtain an asset with the expectation of receiving future gains.

**Payroll** involves the calculation of amounts due the employee, such as hourly wages, a salary consisting of a certain amount per calendar period, or pay to salespersons on commission, as well as reimbursement for employee-paid expenses such as travel (calculated either based on actual amount paid by the employee or utilizing a per diem rate).

**Accounts payable** is a file or account sub-ledger that records amounts that a person or company owes to suppliers, but has not paid yet (a form of debt), sometimes referred as trade payables.

**Property Assets** are economic resources. Anything tangible or intangible that is capable of being owned or controlled to produce value and that is held to have positive economic value is considered assets

**Internal control** refers to operating practices and procedures that an organization adopts to achieve its goals and objectives and avoid or prevent the loss or misuse of resources.

**Profile** of the respondents is attributes looked for in this study in terms of gender, age, educational qualifications and number of years experience in financial institutions.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

#### **Concepts, Ideas, Opinions from Authors/ Experts**

##### **Financial Transactions**

According to Pindado (2001) basic financial transactions refers to that part of the working capital that makes up the optimal level needed by a company treasury. However, if the profit opportunities available in the process of cash flow creation are to be maximized, this scope must be broadened to take in more operational decisions, since optimum cash levels are influenced by other factors outside.

##### **Control of cash flow**

The Statement of cash flow is to report all major cash receipt (inflow) and Cash payment (out flow) during period. (Weygand, 2005).

##### ***Inflows***

During the business cycle, you will have more money flowing in than flowing out. This will allow you to build up cash balances with which to plug cash flow gaps, seek expansion and reassure lenders and investors about the health of your business. With inflows often lagging behind. Your aim must be to speed up the inflows and slow down the outflows.

Banks can receipt cash in to different ways must source of cash inflow are:

Payment for goods or services from your customers, Receipt of other bank loan, Interest on saving and investments, shareholder investments and increased bank overdrafts or loans.

## ***Outflow***

Cash out flow is payments of cash to any purpose, the source of cash out flow are:

Purchase of stock, raw materials or tools. Wages rents and daily operating expenses purchase of fixed assets-PCs, Machinery, Office furniture. Loan repayments, Dividend payments and reduced overdraft facilities.

Many of your regular cash outflows, such as salaries, loan repayments and tax, have to be made on fixed dates. You must always be in a position to meet these payments in order to avoid large fines or a disgruntled workforce, (Fess, 1995).

## ***Reconciliation***

Balance all cash receipts daily to the accounting system and supporting documentation (daily deposit slip, system receipts, and system reports) and resolve all discrepancies. Balance the total monthly receipts to the monthly bank account statements and accounting system monthly reports and resolve all discrepancies (Sullivan and Shefrinn, 2003).

## **Receivables**

Refer to the amount due from individuals and companies. Receivables are claims that are expected to be collected in cash. An asset designation applicable to all debts, unsettled transactions or other monetary obligations owed to a company by its debtors or customers. Receivables are recorded by a company's accountants and reported on the balance sheet, and they include all debts owed to

the company, even if the debts are not currently due (Sullivan and Shefrinn, 2003).

### **Inventories**

The raw materials, work-in-process goods and completely finished goods that are considered to be the portion of a business's assets that are ready or will be ready for sale. Inventory represents one of the most important assets that most businesses possess, because the turnover of inventory represents one of the primary sources of revenue generation and subsequent earnings for the company's shareholders/owners (Grant, 2005).

### **Investments**

Investment refers to the process of placing funds to obtain an asset with the expectation of receiving future gains. Gains that may come from the asset invested in could be in the form of interest, income or appreciation in the value of the asset (Sullivan and Shefrinn, 2003).

Investment is putting money into something with the expectation of gain, that upon thorough analysis, has a high degree of security for the principal amount, as well as security of return, within an expected period of time

### **Payroll**

Payroll is one of a series of accounting transactions dealing with the process of paying employees for services rendered, after processing of the various requirements for withholding of money from the employee for payment of payroll taxes, insurance premiums,

employee benefits, garnishments and other deductions (Sullivan and Shefrinn, 2003).

Payroll involves the calculation of amounts due the employee, such as hourly wages, a salary consisting of a certain amount per calendar period, or pay to salespersons on commission, as well as reimbursement for employee-paid expenses such as travel (calculated either based on actual amount paid by the employee or utilizing a per diem rate) (investopidea.com).

### **Account payable**

Accounts payable is a file or account sub-ledger that records amounts that a person or company owes to suppliers, but has not paid yet (a form of debt), sometimes referred as trade payables. When an invoice is received, it is added to the file, and then removed when it is paid.

An accounting entry that represents an entity's obligation to pay off a short-term debt to its creditors. The accounts payable entry is found on a balance sheet under the heading current liabilities

### **Property assets**

Assets are economic resources. Anything tangible or intangible that is capable of being owned or controlled to produce value and that is held to have positive economic value is considered an asset. Simply stated, assets represent ownership of value that can be converted into cash although cash itself is also considered an asset (Warren, 2005).

## **Internal Control**

Internal control can be defined as systematic procedures done by an organization (Warren 1997). These procedures are consisting of doing review, checking and balancing as well as methods and measures.

The objectives of doing internal control within an organization are to conduct its business in systematic control and efficient approach, protect its assets and property identifies errors, fraud and theft, ensure accurateness and completeness of its accounting records, construct consistent and appropriate financial and management information and to ensure faithfulness to its policies and procedure.

### **Type of internal control**

Most internal controls can be classified as preventive or detective.

**Preventive controls** are designed to discourage errors or irregularities.

A computer application which checks validity prevents the entry of an invalid account number.

Reading and understanding business Human Resource policies, such as Work Hours, helps prevent violations of the Federal Fair Labor Standards Act.

A manager's review of purchases for propriety and validity prior to approval prevents inappropriate expenditures.

**Detective controls** are designed to identify an error or irregularity after it has occurred. An exception report detects and lists incorrect or invalid entries or transactions.

A comparison of validated Cash Receipt Vouchers to monthly financial statements will detect deposits posted to erroneous accounts.



The manager's review of long distance telephone charges will detect improper or personal calls that should not have been charged to the account

According to COSO (1992) published the report "Internal Control Integrated Framework", there are five Factors of Internal Control.

As defined in COSO Report, Internal Control consists of five interrelated components, Monitoring, Information & Communication, Control Activities, Risk Assessment, and Control Environment, as defined below:

All five internal control components must be present to conclude that internal control is effective.

#### **A. Control Environment**

The control environment sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure. Control environment factors include the Following:

- i. Integrity and ethical values
- ii. Commitment to competence
- iii. Board of directors or audit committee participation
- iv. Management's philosophy and operating style
- v. Organizational structure
- vi. Assignment of authority and responsibility
- vii. Human resource policies and practices

The auditor should obtain sufficient knowledge of the control environment to understand management's and the board of directors' attitude, awareness, and actions concerning the control environment, considering both the substance of controls and their collective effect.

The auditor should concentrate on the substance of controls rather than their form, because controls may be established but not acted upon. For example, management may establish a formal code of conduct but act in a manner that condones violations of that code. When obtaining an understanding of the control environment, the auditor considers the collective effect on the control environment of strengths and weaknesses in various control environment factors. Management's strengths and weaknesses may have a pervasive effect on internal control (COSO, 1992).

Alternatively, management's failure to commit sufficient resources to address Security risks presented by IT may adversely affect internal control by allowing improper changes to be made to computer programs or to data, or by allowing unauthorized transactions to be processed. Similarly, human resource policies and practices directed toward hiring competent financial, and accounting, personnel may not mitigate a strong bias by top management to overstate earnings.

## **B. Risk Assessment**

An entity's risk assessment for financial reporting purposes is its identification, analysis, and management of risks relevant to the preparation of financial statements that are fairly presented in conformity with generally accepted accounting principles. For example, risk assessment may address how the entity considers the possibility of unrecorded transactions or identifies and analyzes significant estimates recorded in the financial statements. Risks relevant to reliable financial reporting also relate to specific events or transactions

According COSO, (1992) Risks relevant to financial reporting include external and internal events and circumstances that may occur and adversely affect an entity's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Risks can arise or change due to circumstances such as the following:

- (i) Changes in operating environment
- (ii) New personnel
- (iii) New or revamped information systems
- (iv) Rapid growth
- (v) New technology
- (vi) New business models, products, or activities
- (vii) Corporate restructurings
- (viii) Expanded foreign operations
- (ix) New accounting pronouncements

An entity's risk assessment differs from the auditor's consideration of audit risk in a financial statement audit. The purpose of an entity's risk assessment is to identify, analyze, and manage risks that affect entity objectives. In a financial statement audit, the auditor assesses inherent and control risks to evaluate the likelihood that material misstatements could occur in the financial statements.

### **C. Control Activities**

Control activities are the policies and procedures that help ensure that management directives are carried out. They help ensure that necessary actions are taken to address risks to achievement of the entity's objectives. Control activities, whether automated or manual, have various objectives and are applied at various organizational and functional levels. Generally, control activities that may be relevant to

an audit may be categorized as policies and procedures that pertain to the following:

- i. Performance reviews
- ii. Information processing
- iii. Physical controls
- iv. Segregation of duties

The auditor should obtain an understanding of those control activities relevant to planning the audit. As the auditor obtains an understanding of the other components, he or she is also likely to obtain knowledge about some control activities.

The auditor should consider the knowledge about the presence or absence of control activities obtained from the understanding of the other components in determining whether it is necessary to devote additional attention to obtaining an understanding of control activities to plan the audit. Ordinarily, audit planning does not require an understanding of the control activities related to each account balance, transaction class, and disclosure component in the financial statements or to every assertion relevant to them COSO (1992).

For purposes of evaluating the effectiveness of internal control over financial reporting, the auditor's understanding of control activities encompasses a broader range of accounts and disclosures than what is normally obtained in a financial statement audit.

General controls are policies and procedures that relate to many applications and support the effective functioning of application controls by helping to ensure the continued proper operation of information systems. General controls commonly include controls over

data center and network operations; system software acquisition and maintenance; access security; and application system acquisition, development, and maintenance COSO (1992).

#### **D. Information and communication**

Information and communication are essential to effecting control; information about an organization's plans, control environment, risks, control activities, and performance must be communicated up, down, and across an organization.

#### **E. Monitoring**

Monitoring is the assessment of internal control performance over time; it is accomplished by ongoing monitoring activities and by separate evaluations of internal control such as self-assessments, peer reviews, and internal audits.

According COSO (1992) one of the important factors in designing internal controls is continuous monitoring and controls. Agency heads are to set up and maintain a program of internal review that is designed to identify internal control weaknesses. Needed changes are to be implemented to correct any weaknesses. Other factors in internal control systems are:

**Documentation:** Internal control systems, as well as all transactions and other significant events are to be clearly documented. Such documentation is to be readily available for examination. This standard requires written evidence of an agency's internal control objectives, techniques and accounting systems.

## **Control objectives**

Each internal control has some objectives. Internal control objectives are to be identified or developed for each agency activity. They are to be logical, applicable, and reasonably complete. Internal control objectives should be tailored to an agency's operations. We can demonstrate all of any agency operations as agency cycle.

***The financial Reporting Cycle*** encompasses the year-end accounting procedures and financial statement preparation. The cycle includes the recording of accruals and compilation of financial statement information.

***The Budget Reporting Cycle*** includes the establishment, revision, reporting and administration of the budgets as directed by the entity and Office of State Budget and Management.

***The Cash Receipts Cycle*** involves the preparation of receipts, deposits, and special reports for the funds received by an entity. The cycle could also include petty cash transactions. An entity may have more than one receipting area.

## **Control techniques**

Internal control techniques are the means by which control objectives are achieved. Techniques include such things as policies, procedures, separation of duties, and physical arrangements. This standard requires that internal control techniques continually provide a high degree of assurance that the internal control objectives are being achieved. To make sure the control objectives are being achieved; the techniques must be effective and efficient. To be effective, techniques should fulfill their intended purpose in actual application.

They should provide the coverage and operation as intended. As for efficiency, techniques should be designed to derive maximum benefit with minimum effort. Techniques tested for effectiveness and efficiency should be those in actual operation and should be evaluated over time (Saunders, Lewis, and Thornhill 2003).

#### **Recording of transaction and events:**

According Larsson, (2000) this standard requires that transactions and other significant events be promptly recorded and properly classified. Transactions must be promptly recorded if information is to maintain its value to management in decision-making and in controlling operations.

#### **Execution of transaction and events:**

Transactions and other significant events are to be authorized and executed only by persons acting within the scope of their authority. Such authorization deals with decisions to exchange, transfer, use, or commit resources for specified purposes and conditions.

#### **Separation of duties:**

It is necessary to reduce the risk of error, waste, or wrongful acts as well as the risk of such acts going undetected. This is achieved by making sure no one individual controls all key aspects of a transaction or event. Duties and responsibilities should be assigned to different individuals to be sure those effective checks and balances exist.

Financial statements and reports present a picture of the activities and status of an organization. In order to have confidence that transactions are reliably reported, internal controls are employed. Internal controls minimize errors in recording a large number of activities and help to ensure the reliability of financial reports. Accountants record financial activities according to a set of rules and thereby measure the effects of economic activity (Awan, 2001).

Cash is the asset mostly likely to be diverted and used improperly by employee. In addition, many transactions either directly or indirectly affect the receipt or payment of cash. It is therefore necessary that cash is effectively safeguarded by special control. Cash either on hand or in bank, one of the major devices for maintaining control over cash is the bank account (Madura, 1995).

### **Theoretical Perspectives**

Treasury Management Theory by Myers & Mjluf, (1984) and Developed by Chastain and Harford (1999) state that Treasury management theory "basic cash management propitiates the development of administrative techniques conducive to optimizing the level of disposable assets to be maintained by a company. To prevent breaks or gaps in the trading cycle due to lack of cash, administrators must calculate the cash amount best suited to their level of activity, plan the timing of the relevant payments and collections and draw up a policy of investment in assets with high liquidity that can be converted to cash at a low transactional cost to serve as support for the treasury"



## **Related Studies**

According to Larsson (2000), Cash management is not a new phenomenon and organizations have always considered how their liquid capital in the best way should be managed. Even though managing liquid capital always have been done, the term cash management has brought new light managing liquid capital with focus on the time-dimension of cash flow. During the fifties the first cash management-model were presented and the concept cash management was taken in use. Larsson (2000) holds that cash management can be defined as "theories and methods for handling liquid capital".

According Larson (2000) financial transactions for internal Control Policies and Procedures Manual is primarily concerned with cash receipts; however, that does not change its basic meaning in a financial setting. Internal controls are to safeguard assets, record financial transactions, and set standards for implementing financial policies and procedures that promote productivity and efficiency in the organization.

COSO describe Internal Control as follow. Internal controls are the methods employed to help ensure the achievement of an objective. In accounting and organizational theory, internal control is defined as a process affected by an organization's structure, work and authority flows, people and management information systems, designed to help the organization accomplish specific goals or objectives. It is a means by which an organization's resources are directed, monitored, and measured.

According to Clark (1997), some of the factors in internal controls are those factors to ensuring about atmosphere of strong internal control throughout all agencies. These factors are:

Reasonable assurance: Internal control systems are to provide reasonable assurance that management objectives are accomplished. A sound system recognizes that the cost of internal control should not exceed the benefits achieved, and reasonable assurance equates to a satisfactory level of confidence given the considerations of costs, benefits and risks.

Supportive attitude: This standard requires that management and employees maintain and show a supportive attitude toward internal control at all times. Attitude affects the quality of performance and the quality of internal control. A positive and supportive attitude is started and fostered by management

Competent personnel: Managers and employees are to have personal and professional integrity. They are to be qualified to perform their assigned duties, as well as to understand the importance of ensuring sound internal controls.

According Larson (2000) Internal control is accomplished through procedures designed to safeguard assets, generate appropriate accounting data, and ensure efficient productivity. Controls are established primarily to prevent and minimize errors and fraud. Strong systems of internal controls ensure that an organization achieves its goal and objectives both long term profitability targets and maintain reliable financial and managerial reporting.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **Research Design**

This study utilized the descriptive correlation design; the descriptive design was adopted because the study sought to describe the demographic characteristics of the respondents, and the extent of financial transactions and the level internal controls in Mogadishu's financial institutions.

The simple correlation design was adopted because the study sought to test the relationship between the extent financial transactions and the level of internal controls in Mogadishu's financial institutions

The study was largely quantitative in approach because by nature the study sought to test hypothesis such an endeavor can only be accomplished when quantitative approaches are adopted.

#### **Research Population**

The target population included a total of 134; 67 employees from Salaam Somali Bank and 67 employees from Dahabshiil in Mogadishu, Somalia.

#### **Sample Size**

In view of the nature of the target population where the number for finance directors, staffs and internal control department, a sample was taken from each category. Appendix IV-A showed the respondents of the study with the following categories: Salaam Somali Bank and

Dahabshiil target population and sample size. The Sloven's formula was used to determine the minimum sample size for each category. The sample size was 100. (See Appendix IV-A for the formula).

### **Sampling Procedure**

The study used purposive sampling technique to select the two financial institutions to participate in the study. Salaam Somali Bank and Dahabshiil were selected because they are the major financial institutions in Mogadishu. They could therefore provide an optimal focus for the study.

Simple random sampling technique was used to select the respondents to the study. A list of employees from each of the financial institutions was obtained; the names were put in rote and were randomly selected. This technique was used because it allows for easy generalizability of the findings and offers least bias.

### **Research Instrument**

The research tools that were utilized in this study was a questionnaire. It was structured as thus; (1) *face sheet* to gather data on the respondents' demographic profile (gender, age, Education qualifications, number of years experience in financial institutions (2) *researcher devised questionnaires* to determine the extent of Financial Transactions and level of Internal Control. These consisted of options referring to Property assets (4 items), Payroll transactions (4 Items), Cash Outflow (5 Items), Cash Inflow (7 Items), Reconciliation (3 Items), Inventories (6 Items), Investment (3 Items), Receivable Transactions (7 Items) and Account Payables (2 Items). For the level

of internal control, policies and procedures (15 Items), Monitoring (5 items), Computer operations (4 items), File Maintenance (2 items) and Banking operation (6 Items). The responses modes for Financial Transactions and internal control scoring are as follows: (1) strongly disagree; (2) disagree; (3) agree; (4) strongly agree.

For further, a standardized instrument adopted for the extent of Financial Transactions and the level of internal control.

## **Validity and Reliability of the Instrument**

### **Validity**

Validity refers to the extent to which a measurement procedure actually measures what it is intended to measure rather than measuring something else, or nothing at all. To ensure validity, the questionnaire was developed and given to three expert judges who scored the relevance of each question in providing answers to the study. After which, a Content Validity Index was calculated using the formula  $CVI = \text{number of valid items} / \text{total number of items on the questionnaire}$ . The CVI was 0.80 which is acceptable.

### **Reliability**

Reliability refers to the consistency or dependability of measuring instrument (Leary, 2004). Cronbach's alpha reliability coefficients were generated using the statistical package for social scientists (SPSS) computer programmed to estimate the reliability of the questionnaire. The Cronbach's alpha reliability coefficient for the questionnaire was 0.918, which is acceptable (Sekaran, 2003). See appendix IV-B for calculation of CVI and Reliability.

## **Data Gathering Procedures**

### ***Before the administration of the questionnaires***

1. An introduction letter was obtained from the School of Post Graduate Studies and Research for the researcher to ask for approval to conduct the study from financial institutions.
2. When approved, the researcher secured a list of the qualified respondents from the financial institutions in charge and select through systematic random sampling from this list to arrive at the minimum sample size.
3. The respondents explained about the study and requested to sign the Informed Consent Form (Appendix III).
4. Reproduce more than enough questionnaires for distribution.

### ***During the administration of the questionnaires***

1. The respondents were requested to answer completely and not left any part of the questionnaires unanswered.
2. The researcher emphasized retrieval of the questionnaires within five days from the date of distribution.
3. On retrieval, all returned questionnaires were checked if all are answered.

### ***After the administration of the questionnaires***

The data was gathered collated, encoded into the computer and was statistically analyzed using the Statistical Package for Social Sciences (SPSS) package.

## Data Analysis

After the questionnaires were filled by the respondents, the data edited, coded and entered into the computer Statistical Package for Social Scientists (SPSS). Data then was processed and analyzed using descriptive statistics showing frequencies and percentage distribution to determine the demographic characteristics of the respondents.

The mean and percentage applied to indicate the extent of Financial Transactions and level of internal control related to financial institutions. The Pearson's Linear Correlation Coefficient (PLCC,  $r$ ) was used to correlate the variables and to test for existence of significant relationships between the studies variables. The 0.05 level of significance, popular in social sciences is used to confirm existence of statistical significance between study variables.

In the questionnaire each item under the independent and dependent variables was measured using a 4 point Likert scale of 1=strongly disagree, 2=disagree; 3= agree; 4= strongly agree. To interpret the extent of financial transactions and the level internal control related to financial institutions.

The following mean range was used to arrive at the mean of the individual indicators and interpretation:

For the financial transactions and internal control

Mean range	Respondents mode	Interpretation
3.28 - 4.03	Strongly agree	Very Good
2.52 - 3.27	Agree	Good
1.76 - 2.51	Disagree	Fair
1.00 - 1.75	Strongly disagree	Poor

A correlation coefficient to test the hypothesis on correlation (Ho #1) at the 0.05 level of significance. The regression analysis R<sup>2</sup> (coefficient of determination) computed to determine the influence of the independent variables on the dependent variable.

### **Ethical Considerations**

The data collected from the respondents' kept as confidential and used for the purpose of the fulfillment of the requirement for the award of the degree of Master of Business Administration in Finance and Banking. The respondents were informed of the content of the research and its aims.

### **Limitations of the Study**

In view of the following threats to validity, the researcher claimed an allowable 5% margin of error at the 0.05 level of significance. Measures were also indicated in order to minimize if not to eliminate the threats to the validity of the findings of this study.

**1. Testing:** The use of research assistant can bring about inconsistency in the administration of the questionnaires in terms of time of administration, understanding of the items in the questionnaires and explanations given to the respondents. To minimize this threat, the research assistant oriented and briefed on the procedures to be done in data collection.

**2. Attrition/Mortality:** Not all questionnaires maybe returned neither completely answered nor even retrieved back due to circumstances on the part of the respondents such as travels, sickness, hospitalization and refusal/withdrawal to participate. In anticipation to this, the researcher reserved more respondents by exceeding the minimum



sample size. The respondents were also reminded not to leave any item in the questionnaires unanswered and closely followed up as to the date of retrieval.

**3. Intervening variables:** This was beyond the researcher's control such as respondents' honesty, personal biases and uncontrolled setting of the study.

## **CHAPTER FOUR**

### **PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA**

#### **Profile of the respondents**

This section gives the characteristics of the respondents in terms of gender, age, highest level of education and number of years of experience in financial institutions. In each case, respondents were asked through a closed ended questionnaire, to provide their respective profile information, to facilitate the researcher classify and compare them accordingly. Their responses were analyzed using frequencies and percentage distribution as summarized in table 1 below;

**Table 1**  
**Profile of the Respondents**  
**(n=100)**

Category	Frequency	Percentage
<b>Gender</b>		
Male	71	71
Female	29	29
<b>Total</b>	<b>100</b>	<b>100</b>
<b>Age</b>		
20-39 (Early adult hood)	58	58
40-59 (Middle adult hood)	26	26
60 and above (Late adult hood)	16	16
<b>Total</b>	<b>100</b>	<b>100</b>
<b>Educational Qualifications</b>		
Certificate	8	8
Diploma	7	7
Bachelors	24	24
Master	43	43
PhD	18	18
<b>Total</b>	<b>100</b>	<b>100</b>
<b>Number of Years Experience in Financial Institutions</b>		
1 years - 3 years	47	47
4 years - 6 years	18	18
7 years - 9 years	20	20
10 years and above	15	15
<b>Total</b>	<b>100</b>	<b>100</b>

Source: Primary Data 2011

Table 1 shows that most respondents in the study were male (71%), indicating that the area of the study is dominated by men as compared to women.

Ages of the respondents, majority of them were in their early adult hood between the ages of 20-39 years (58%) while 40-59 years 26% and 60 and above 16% for middle adult hood and late adult hood respectively.

Regarding educational level, the results signify that employees of financial institutions in Mogadishu, Somalia more than half of the respondents are relatively educated with 43% having Master degree, while 31% have a bachelor's degree, 18% PhD and the remaining have certificates.

At least 47% of the respondent had working experience of between one and three years, 20% had working experience of seven to nine years, and 18% of the respondents had 4 to 6 years working experience while 15% of the employees had ten years and above working experience with financial institutions.

### **The extent of Financial Transactions**

The independent variable for this study was financial transactions was measured using nine indicators each minimum two and maximum seven items. All of them scaled using four points ranging between 1= strongly disagree, 2= disagree, 3 agree and 4= strongly agree. The first objective in this study was set to determine the extent of financial transactions, respondents were required to indicate the extent to which they agree with each of the item by written the number that best describes their perceptions

**Table 2**  
**The Extent of Financial Transactions**  
**(n=100)**

Indicators	Mean	Interpretation	Rank	G.Rank
Property Assets				
All assets tagged, and assigned a unique asset	3.32	Very Good	1	1
Adequate asset listings detailing description, location, asset number, serial number cost, depreciation allowances and net book values maintained and reviewed by management.	3.12	Good	2	
Capital asset purchases approved by the appropriate level of management	2.95	Good	3	
Annual physical inventory of equipment taken as a control over assets	2.93	Good	4	
Average Mean	3.08	Good		
Transactions Payroll				
Proper separation of duties so that persons preparing the payroll do not perform other payroll duties	3.19	Good	1	2
The appropriate supervisor examines and approves the time cards for accuracy	3.04	Good	2	
Time attendance recorded maintained and payment make by check.	2.99	Good	3	
The payroll account reconciled by an employee who does not prepare the payroll, Sign checks or handle the pay off	2.93	Good	4	
Average Mean	3.04	Good		
Cash out flow				
Cashiers provided separate cash drawers to establish accountability	3.09	Good	1	3
Cash drawers locked during a cashier's absence	3.09	Good	2	
Most sources of cash payment are Purchase of Assets, operating expense loan repayment.	3.00	Good	3	
Cash drawers assigned to one person and not shared across shifts/employees	2.99	Good	4	
Cash register procedures reflect proper daily checkout and documentation	2.93	Good	5	

<b>Average Mean</b>	<b>3.02</b>	<b>Good</b>		
<b>Cash Receipts</b>				
There is someone specialized for Cash receipts.	3.24	Good	<b>1</b>	4
Receipt books regularly reviewed for missing receipt numbers by someone other than a cashier	3.11	Good	<b>2</b>	
Receipts issued in sequence and duplicate copies of receipt retained	3.00	Good	<b>3</b>	
Cash counted and verified when cashiers receive their drawers	2.96	Good	<b>4</b>	
Receipt is a given for all transactions that are conducted in person-whether by cash register or pre-number receipt.	2.78	Good	<b>5</b>	
All Cash Receipts are received by check.	2.68	Good	<b>6</b>	
For the payment received from Customers is receipted by mail.	2.32	Fair	<b>7</b>	
<b>Average Mean</b>	<b>2.87</b>	<b>Good</b>		
<b>Reconciliation</b>				
Deposit slips prepared in at least duplicate form	3.10	Good	<b>1</b>	5
Cash register summary reports reconciled to the cash count at the close of a shift.	2.78	Good	<b>2</b>	
Reconciliations are prepared for employee separate for cash office	2.71	Good	<b>3</b>	
<b>Average Mean</b>	<b>2.86</b>	<b>Good</b>		
<b>Inventories</b>				
Perpetual inventory records maintained.	3.14	Good	1	6
All inventory transactions evidenced by the proper supporting documentation. Purchase orders, requisitions, adjustment memos, physical counts.	2.93	Good	2	
Stock item activity reports maintained for each stock item.	2.86	Good	3	
The person responsible for inventory someone other than the Bookkeeper	2.71	Good	4	
Inventory valuation method been adopted	2.42	Fair	5	
Periodic physical inventories taken.	2.12	Fair	6	
<b>Average Mean</b>	<b>2.70</b>	<b>Good</b>		
<b>Investments</b>				
All investment transactions reviewed and	2.80	Good	1	

approved by the governing board or an authorized board committee.				7
There a written investment policies	2.44	Fair	2	
The policy been approved by the governing board within Last one year	2.30	Fair	3	
<b>Average Mean</b>	<b>2.51</b>	<b>Fair</b>		
<b>Receivables Transactions</b>				
There are some employees specialized for counting receivables	2.96	Good	1	8
Special employees are recorded for subsidiary ledgers for receivables.	2.94	Good	2	
Accounts Receivable Sub-ledgers maintained by someone having no access to the cash handling or deposit functions	2.59	Good	3	
The company use allowance method for account receivables.	2.46	Fair	4	
Accounts Receivable Sub-ledgers reconciled to General Ledger balances On a monthly basis	1.90	Fair	5	
Receivables are collected within 30 days.	1.70	Poor	6	
Monthly statements sent to all Client	1.60	Poor	7	
<b>Average Mean</b>	<b>2.31</b>	<b>Fair</b>		
<b>Payables</b>				
Suppliers' monthly statements compared with recorded liabilities regularly	2.42	Fair	1	9
Someone other than the bookkeeper always do the purchasing	1.71	Fair	2	
<b>Average Mean</b>	<b>2.07</b>	<b>Fair</b>		
<b>Overall Total</b>	<b>2.72</b>	<b>Good</b>		

Source: Primary Data 2011

According to Table 2 above, as regards property assets management, the financial institutions scored highly mean $\approx$ 3.08. The results indicate that the property and asset management transactions of the financial institutions in Mogadishu are good.

As regards payroll transactions, most of the respondents perceived their firms to be highly effective as far as this aspect was concerned mean  $\approx 3.04$ . The results indicate that most of the pay roll transactions of the financial institutions in Mogadishu are good.

As far as cash outflow is concerned, most of the respondents perceived their financial institutions to be highly effective as far as cash flow is concerned, mean  $\approx 3.02$ . The results could suggest that the cash flow transactions of the financial institutions in Mogadishu are good.

Cash receipt transactions were also scored highly by the respondents' mean  $\approx 2.87$ . The results indicate that the cash receipt transactions of most financial institutions in Mogadishu are good.

As far as reconciliation is concerned, most of the respondents perceived their financial institutions' reconciliation transaction to be high, mean  $\approx 2.86$ . The results indicate for most financial institutions in Mogadishu, the reconciliation transactions are good.

Asked to give their opinion about inventories transactions in their financial institutions, most of the respondents perceived the inventory transactions of their institutions to be fair as attested to by a somewhat good mean score of 2.70. The results could indicate that for most financial institutions in Mogadishu, the inventory transactions are good.

The financial institutions scored rather fairly on investments with a mean score of 2.51. This could indicate that the investment



transactions of most firms in Mogadishu are fair as attested to by the results in table two above.

As far as receivable transactions are concerned, the respondents perceived their financial institutions to be rather poor on receivable transactions, mean $\approx$ 2.31. This indicates that the receivable transactions of most financial institutions in Mogadishu are fair.

Asked to give their attitudinal disposition about payables and purchases, the respondents perceived their financial institutions to be somewhat poor on the payables and purchases transactions, mean $\approx$ 2.06. The results indicate that the payables and purchases transactions of the financial institutions in Mogadishu are fair.

The overall mean score for all the items under financial transactions was computed and the overall score was 2.72 which is good. The result indicates that the financial transactions of the financial institutions in Mogadishu are good. These results should however be approached with caution since they are based on perceptual data and may not necessarily reflect the actual situation.

## **The Level of Internal Control**

The dependent variable in this study was internal control which is under five indicators namely policy and procedures, banking operation, computer operation, (control activities), file maintenance and finally monitoring, the components for policy and procedure is fifteen items of the questionnaire. The components of banking operation are five items of the questionnaire. The component of computer operation which means control activities are four items in the questionnaire. The components of file maintenance are two items in the questionnaire. The components of monitoring are five items in the questionnaire. Each question was rated with four point scale ranking between one and four, where 1= strongly disagree, 2= disagree, 3= agree and 4= strongly agree.

The second objective in this study was set to determine the level of internal control, for which respondents were required to rate the level of internal control by indicating the extent to which they agree with each item in the table. They had to do this by ticking the number that best describes their perceptions. Their responses were analyzed and described using means as summarized in table 3 below;

**Table 3**  
**The Level of Internal Control**  
**(n=100)**

Indicators	Mean	Interpretation	Rank	G. Rank
<b>Policy and Procedure</b>				
The department of finance has policies and procedures for cash handling.	3.29	Very Good	1	1
Internal control appear adequate for the cash receipts system overall	3.10	Good	2	
The department complies with universal requirements regarding receipt recording, safeguarding, deposit and reconciliation of receipts.	3.04	Good	3	
The payment receipt to receipt record reconciliation regularly reviewed by Management	3.04	Good	4	
Budgetary controls in effect to preclude incurring obligation in excess of total funds available for an award.	2.98	Good	5	
Records keeping duties for the receipt and the payment of cash separated.	2.96	Good	6	
Management investigates all substantial variations form norms such as register voids, errors, revenue levels.	2.95	Good	7	
Cash overages and shortages recorded in the financial system.	2.94	Good	8	
These policies and procedure support internal control	2.93	Good	9	
There cash budget in the organization	2.91	Good	10	
All personnel who handle cash have access to, and knowledge of, the applicable university policies	2.89	Good	11	
Visible indicators of management reviews evident on reconciliations and other Reports	2.87	Good	12	
All accounting entries for supported by documentation that gave rise to the transaction.	2.82	Good	13	
The receipt record to deposit slip reconciliation regularly reviewed bay Management	2.81	Good	14	

You Company performs background checks and fingerprinting on all new employees who handle cash.	2.50	Fair	15	
<b>Average Mean</b>	<b>2.93</b>	<b>Good</b>		
<b>Monitoring</b>				
All overages and shortages reported to management	3.24	Good	1	2
Management investigates all substantial variations from norms such as cash register voids, no sales, refunds, errors.	2.98	Good	2	
Management verifies the cash and check amount on the deposit slips to the summary register tapes.	2.95	Good	3	
Unusual variations in revenue investigated by management.	2.94	Good	4	
All cashiers required to take annual vacations, and the responsibilities handled by someone else during their absence their absence	2.76	Good	5	
<b>Average Mean</b>	<b>2.79</b>	<b>Good</b>		
<b>Computer Operations</b>				
Virus protection software installed on each computer used routinely and update at least monthly.	3.18	Good	1	3
Only one person has access and authorization to establish and maintain passwords and access rights.	3.14	Good	2	
Users have a unique password that is changed at least monthly	2.00	Fair	3	
The computer stored in a limited access area that prevents unauthorized physical access.	1.88	Fair	4	
<b>Average Mean</b>	<b>2.55</b>	Good		
<b>File Maintenance</b>				
Papers and electronic records are maintained in accordance with the company policy requirements	2.55	Good	1	4
Files logically organized, readily accessible and up to date with the financial records segregated from other case administration record.	2.22	Fair	2	
<b>Average Mean</b>	<b>2.39</b>	<b>Fair</b>		
<b>Banking Operations</b>				

There is password or access controls such as that only you or, at most, one authorized employee can electronically open and close the accounts and access or transfer funds between accounts within the same state.	3.01	Good	1	5
A fraud prevention measure, the bank monitor NSF checks until resolved or collected.	2.35	Fair	2	
Notifying the bank of error and discrepancies within 30 days of receiving the bank statements	2.12	Fair	3	
Banking system allows you to open and close accounts on line	1.84	Fair	4	
Reviewing of bank statements and cancelled checks within 10 days of receipt	1.72	Poor	5	
Staffs open international bank accounts as soon funds are received	1.53	Poor	6	
<b>Average Mean</b>	<b>2.10</b>	<b>Fair</b>		
<b>Overall Total</b>	<b>2.54</b>	<b>Good</b>		

Source: Primary Data 2011

According to Table 3 above, policy and procedures as an internal control measure was perceived to be high among the financial institutions in Mogadishu as attested to by a very high mean score of 2.93. This indicates that most of the financial institutions in Mogadishu use computer operations as an internal control measure and that this mechanism is effective.

Monitoring as an internal control measure was perceived by the respondents to be high as attested to by a mean score of 2.79. The results indicate that monitoring is often used as an internal control measure by the financial institutions in Mogadishu and it is perceived to be an effective tool.

The mean scores for company computer operations as an internal control measure is somewhat high (mean $\approx$ 2.55). This indicates that the financial institutions in Mogadishu use company policy and procedures as internal control measures and that these procedures are somewhat effective.

File maintenance received mean rating of 2.39, which is slightly high. The result suggests that file maintenance is used as an internal control measure by the financial institutions in Mogadishu and that file maintenance is effective as an internal control measure.

As regards banking operations the overall mean score for items under this measure were somewhat low (2.10). Indicating that the financial institutions in Mogadishu consider internal control measures like using passwords, reviewing of bank statement and having fraud prevention measures in their bank operations albeit the low application of these procedures.

The overall mean score for all the items under internal controls was computed and the overall score was 2.54 which is just good. The result indicates that the internal control measures of the financial institutions in Mogadishu are just good.

## Relationship between financial transactions and internal controls

The fourth and the last objective in the study were to determine the relationship between financial transactions and internal control in financial institution in Mogadishu, Somalia. For which it was hypothesized that the two variables are not significantly correlated. To test this null hypothesis, the researcher correlated all the mean perception computed in table 2 and 3 above, using the Pearson's Linear Correlation Coefficient (PLCC,  $r$ ). Results of this test are presented in table 4 below;

**Table 4**  
**Relationship between Financial Transactions and Internal**  
**Control**  
**(n=100)**

### Correlations

		Financial Transactions	Internal Control
Financial Transactions	Pearson Correlation	1	.849**
	Sig. (2-tailed)		.000
	N	41	32
Internal Control	Pearson Correlation	.849**	1
	Sig. (2-tailed)	.000	
	N	32	41

\*\* . Correlation is significant at the 0.01 level (2-tailed)

Sources: Primary data 2011

The result in table 4 indicates that financial transactions are positively and significantly correlated with internal control of the financial institution. The correlation coefficient for the two variables is ( $r \approx 0.849$  and  $p\text{-value} < 0.05$ ). The researcher thus rejects the null hypothesis which predicted no significant relationship between financial transactions and internal controls and accepts the null hypothesis. The results suggest that in Mogadishu's financial institutions, financial transactions are related with internal controls. In other words, the more financial transactions are carried out, the more internal controls measures are exercised.



**Table 5**  
**Regression Analysis between the Dependent and Independent**  
**Variables**  
**(n=100)**

**Regression**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.849 <sup>a</sup>	.721	.718	.196

a. Predictors: (Constant), Financial Transactions

**ANOVA<sup>b</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	9.709	1	9.709	252.772	.000 <sup>a</sup>
	Residual	3.764	98	.038		
	Total	13.473	99			

a. Predictors: (Constant), Financial Transactions

b. Dependent Variable: Internal Control

### Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.447	.157		2.845	.005
Financial Transactions	.866	.054	.849	15.899	.000

a. Dependent Variable: Internal Control

Source: Primary data 2011

According to the regression output in the model summary table above, an adjusted R square of 0.721 means that 72.1% of the variation in internal controls is explained by financial transactions.

The F-Value of 252.772 and the  $p \approx 0.000$  in the ANOVA table indicate that financial transactions significantly influence internal controls in the financial institutions in Mogadishu.

In the coefficients table, the beta value of 0.849 and  $p \approx 0.000$  indicate that a one unit increment in financial transactions will lead to a significant increment in internal controls by 0.849 units.

The results in the regression output above generally indicate that financial transactions significantly influence internal controls. The results mean that internal controls in Mogadishu's financial institutions are influenced by financial transactions. Thus the researcher rejects the null hypothesis and concludes that there is sufficient evidence at

the 0.05 level of significance that financial transactions significantly influence internal controls in Mogadishu's financial institutions.

## **CHAPTER FIVE**

### **FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

#### **FINDINGS**

This study set out to establish the relationship between financial transactions and internal control of financial institutions in Mogadishu, Somalia. This was guided by the following objectives:

To determine the demographic profile of the respondents in terms of gender, age, highest educational qualification and number of years experience in financial institutions; to determine the extent of financial transactions; to determine the level of internal control and finally to establish whether there is significant relationship between financial transactions and internal control of financial institutions in Mogadishu, Somalia.

#### **Summary of findings**

##### **Demographic profile of the respondents**

The majority of the respondents were male (71%), while the rest were female. A big proportion of the respondents (58%) were in their early adult hood (20-39 years) while only a few were in their late adulthood.

Most of (61%) the respondents had a post graduate level of education and had working experience of between 1 and 3 years with financial institutions.

## **The Extent of Financial Transactions**

The study found that the property and asset management transactions of most financial institutions in Mogadishu are good.

The study established that most of the payroll transactions of the financial institutions in Mogadishu are good. It was established that the cash flow transactions of the financial institutions in Mogadishu are good.

This research found that the cash receipt transactions of most financial institutions in Mogadishu are good. The results indicate for most financial institutions in Mogadishu, the reconciliation transactions are good.

It emerged that for most financial institutions in Mogadishu, the inventory transactions are good.

It was established that the investment transactions of most firms in Mogadishu are just fair.

The study found that the receivable transactions of most financial institutions in Mogadishu are fair.

The payables and purchases transactions of the financial institutions in Mogadishu are fair.

Overall, it was established that in general terms, that the financial transactions of the financial institutions in Mogadishu are good.

## **The Level of Internal Control**

Most of the financial institutions in Mogadishu use computer operations as an internal control measure and that this mechanism is effective.

Monitoring is often used as an internal control measure by the financial institutions in Mogadishu and it is perceived to be an effective tool.

The financial institutions in Mogadishu use company policy and procedures as internal control measures and that these procedures are effective.

File maintenance is used as an internal control measure by the financial institutions in Mogadishu and that file maintenance is effective as an internal control measure. However, a lot remains to be desired in the area of file maintenance.

The financial institutions in Mogadishu consider internal control measures like using passwords, reviewing of bank statement and having fraud prevention measures in their bank operations. However, the institutions are still lacking in this area since they scored poorly.

Overall, it was established that in general terms, the internal controls of the financial institutions in Mogadishu are just good.

## **The relationship between financial transactions and internal controls**

The study found a significant relationship between financial transactions and internal controls in Mogadishu's financial institutions. Regression analysis indicated that financial institutions significantly influence internal controls in Mogadishu's financial institutions.

## **CONCLUSIONS**

### **The Extent of Financial Transactions**

This research found that the financial transactions of the financial institutions in Mogadishu are good. Meaning that despite the poor business environment in Mogadishu characterized by turmoil and political instability, financial institutions are still able to conduct successful financial transactions. The implication for financial institutions in Mogadishu is that they should strengthen the financial transactions if firms are to survive in the turbulent economic and political environment in present day Somalia.

### **The Level of Internal Control**

The study established that the internal controls used by financial institutions in Mogadishu are good and effective. The results mean that the financial institutions in Mogadishu are able to exercise internal controls despite the fact that they operate in an unpredictable economic and political environment. However, management should make an effort to improve some aspects like file maintenance and banking operations.

### **The relationship between financial institutions and internal control**

This research found a significant relationship between financial transactions and internal controls. Regression analysis also found that financial internal control is significantly influenced by financial transactions. From the above findings, it can be deduced that financial



transactions significantly influence internal controls in Mogadishu's financial institutions. The implication for management is that they should strengthen financial transactions if they are to improve internal controls.

## **RECOMMENDATIONS**

### **Financial Transactions**

The financial institutions in Mogadishu should strengthen property and asset management by tagging and assigning assets with unique numbers; list assets detailing description, location, asset number, serial number cost, depreciation allowances and net book values maintained and reviewed by management and conducting an annual inventory of equipment.

The financial institutions should make an effort to improve the accounts receivable transactions by ensuring that sub ledgers are reconciled to general ledger balances on a monthly basis, ensuring that there are employees specialized for counting receivables, accounts receivables should be maintained by someone who has no access to cash handling and functions, monthly statements should also be sent to clients and management should make an effort to collect receivables within 30 days.

Management should also improve payables and purchases by ensuring that the suppliers' monthly statements are compared with recorded liabilities regularly and that someone other than the book keeper does the purchasing.

## **Internal Control**

The financial institutions should improve file maintenance by making sure that Papers and electronic records are maintained in accordance with the company policy requirements; Files are logically organized, readily accessible and up to date with the financial records segregated from other case administration record.

The financial institutions should also improve banking operations by making sure that; there is password or access controls such that only at most, one authorized employee can electronically open and close the accounts and access or transfer funds between accounts within the same state; institute a fraud prevention measure, that monitors checks until resolved or collected; notifying the bank of error and discrepancies within 30 days of receiving the bank statements; introducing online account opening and reviewing of bank statements and cancelled checks within 10 days of receipt.

## **SUGGESTED AREAS FOR FUTHER RESEARCH**

There is need to do research in loan management and internal control among financial institutions. Further research can also be done in financial transaction and online recording

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**APPENDIX I A**  
**TRANSMITTAL LETTER**



**KAMPALA  
INTERNATIONAL  
UNIVERSITY**

Ggaba Road - Kansanga  
P.O. Box 20000, Kampala, Uganda  
Tel: +256- 41- 266813 / +256- 41-267634  
Fax: +256- 41- 501974  
E- mail: admin@kiu.ac.ug,  
Website: www.kiu.ac.ug

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**OFFICE OF THE COORDINATOR, BUSINESS AND MANAGEMENT  
SCHOOL OF POSTGRADUATE STUDIES AND RESEARCH (SPGSR)**

May 14, 2011

Dear Sir/Madam,

**RE: REQUEST FOR MOHAMED ABDULLAHI MOHAMED  
MBA/33312/111/DF: TO CONDUCT RESEARCH IN YOUR ORGANIZATION**

The above mentioned is a bonafide student of Kampala International University pursuing a Masters of Business Administration.

He is currently conducting a field research of which the title is "**Financial Transactions and Internal Control in Selected Financial Institutions in Mogadishu, Somalia.**"

Your organization has been identified as a valuable source of information pertaining to his research project. The purpose of this letter is to request you to avail him with the pertinent information he may need.

Any information shared with him from your organization shall be treated with utmost confidentiality.

Any assistance rendered to him will be highly appreciated.

Yours truly,

for 

**Mr. Malinga Ramadhan  
Coordinator  
Business and Management, (SPGSR)**



**APPENDIX I B**  
**TRANSMITTAL LETTER FOR THE RESPONDENTS**

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Dear Sir/ Madam,  
Greetings!

I am a Master of Business Administration in Finance and Banking candidate of Kampala International University. Part of the requirements for the award is a Thesis. My study is entitled, **Financial Transactions and Internal Control Selected Financial Institutions in Mogadishu, Somalia**. Within this context, may I request you to participate in this study by answering the questionnaire kindly does not leave any option unanswered. Any data you will provide shall be for academic purposes only and no information of such kind shall be disclosed to others.

May I retrieve the questionnaire within five days?

Thank you very much in advance.

Yours faithfully,

Mohamed Abdullahi Mohamed

**APPENDIX II**  
**CLEARANCE FROM ETHICS COMMITTEE**

Date \_\_\_\_\_

**Candidate's Data**

Name \_\_\_\_\_

Reg.# \_\_\_\_\_

Course \_\_\_\_\_

Title of Study

\_\_\_\_\_  
\_\_\_\_\_

**Ethical Review Checklist**

**The study reviewed considered the following:**

- \_\_\_ Physical Safety of Human Subjects
- \_\_\_ Psychological Safety
- \_\_\_ Emotional Security
- \_\_\_ Privacy
- \_\_\_ Written Request for Author of Standardized Instrument
- \_\_\_ Coding of Questionnaires/Anonymity/Confidentiality
- \_\_\_ Permission to Conduct the Study
- \_\_\_ Informed Consent
- \_\_\_ Citations/Authors Recognized

**Results of Ethical Review**

- \_\_\_ Approved
- \_\_\_ Conditional (to provide the Ethics Committee with corrections)
- \_\_\_ Disapproved/ Resubmit Proposal

**Ethics Committee (Name and Signature)**

Chairperson \_\_\_\_\_

Members' \_\_\_\_\_

**APPENDIX III**  
**INFORMED CONSENT**

I am giving my consent to be part of the research study of Mohamed Abdullahi Mohamed that will focus on Financial Transactions and Internal Control in selected financial institution in Mogadishu, Somalia.

I shall be assured of privacy, anonymity and confidentiality and that I will be given the option to refuse participation and right to withdraw my participation anytime.

I have been informed that the research is voluntary and that the results will be given to me if I ask for it.

Initials: \_\_\_\_\_

Date \_\_\_\_\_

## APPENDIX IV A

### COMPUTATION OF SAMPLE SIZE USING SLOVEN'S FORMULA

Respondents	Target Population	Sample size
Dahabshiil Bank	67	50
Salaam Somali Bank	67	50
<b>Grand Total</b>	<b>134</b>	<b>100</b>

$$n = \frac{N}{1 + N a^2}$$

Where *n* is the required sample size, *N* is the target population size and *a* is the standard error or level of significant, which is popular known to be equal **0.05** or **5%**.

## APPENDIX IV B

### CALCULATION FOR THE CONTENT VALIDITY INDEX (CVI) AND RELIABILITY OF THE INSTRUMENTS USING ALPHA CRONBACH

#### 1. CONTENT VALIDITY INDEX (CVI)

Procedure for calculating the CVI of the instruments three experts were consulted and requested to look at each item then selected the smaller rater, judge whether it was:

1: Not relevant, 2: Somewhat relevant, 3: Quite relevant or 4: Very relevant.

The researcher then put the item in 2 categories with 1 and 2 in one and 3 and 4 in another place. They were then put in a table, after which the researcher calculated the content validity index (CVI).

CVI= total quite relevant items plus Very relevant/ total number of item in the questionnaire.

a. For the profile of the respondents

Rater	1 or 2	3 or 4	Total
F Rater 1 0	0	4	4
Rater 2	0	4	4
C Rater 3 V	1	3	3
T Total	Selected rater 3 for 3+4		3

for Profile=QR+VR/ TNQ in profile

$$CVI=3/4$$

$$=0.75$$

- b. For the extent of Financial Transactions 9 indicators contains 41 items the below table explains the rating.

Rater	1 or 2	3 or 4	Total
Rater 1	0	41	41
Rater 2	6	35	41
Rater 3	3	38	41
Total	Selected rater 2 for 3+ 4		35

for Financial Transactions =  $QR+VR/TNQ$  in financial transactions item

$$=35/41$$

$$=0.85$$

- c. For the level of Internal Control

For Internal Control contains 5 indicators 32 items the below table explains the rating.

Rater	1 or 2	3 or 4	Total
Rater 1	3	29	32
Rater 2	6	26	32
Rater 3	4	28	32
Total	Selected rater 2 for 3+ 4		26

For the level of Internal Control =  $QR+VR/TNQ$  in Internal Control items

= $26/32$  which equal 0.81

Finally, Computation of whole questionnaire (Average) CVI = CVI for profile + CVI for financial transactions+ CVI for internal control/3

= $0.75+0.85+0.81/3$

=  $2.41/3$

=**0.80**

Leg End:

QR=Quick Relevant

VR=Relevant Very

TNQ=Total Number of Questions

## 2. RELEBILITY

Using Alpha Cronpach for SPSS the reliability for the data as follows:

### Case Processing Summary

		N	%
Cases	Valid	100	100.0
	Excluded(a)	0	.0
	Total	100	100.0

a List wise deletion based on all variables in the procedure.

### Reliability Statistics

Cronbach's Alpha	N of Items
.918	73

## APPENDIX V

### Legal Authority letters from Financial Institutions (Dahabshiil Bank Finance Department)



**Dahabshiil**  
Fast Money Transfer you can trust

To Whom It May Concern:

As **Finance Department** I am delighted to share with you that we have allowed, the information which he has requested from the company in the form of questionnaire under title of “**Financial Transactions and Internal Control in Selected Financial Institutions in Mogadishu, Somalia.**”

We have given him this information after he has brought us a request letter from **Kampala International University** which was dated on 13<sup>th</sup> May 2011.

We hope success to him and the university as whole.

Yours truly,

Finance Department



*[Handwritten Signature]*  
DAHABSHIIL BANK



(Dahabshiil Bank, Management)

**Dahabshiil**  
Fast Money Transfer you can trust

To Whom It May Concern:

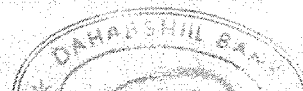
As **Deputy, Management** I am delighted to share with you that we have allowed, the information which he has requested from the company in the form of questionnaire under title of “**Financial Transactions and Internal Control in Selected Financial Institutions in Mogadishu, Somalia.**”

We have given him this information after he has brought us a request letter from **Kampala International University** which was dated on 13<sup>th</sup> May 2011.

We hope success to him and the university as whole.

Yours truly,

Deputy Management



(Salaam Somali Bank)

**SALAAM SOMALI BANK**



**بنك سلام الصومالي**

**Ref No: ACCDEPT-SOM-110901**

**Date: September 01, 2011**

**TO WHOM IT MAY CONCERN**

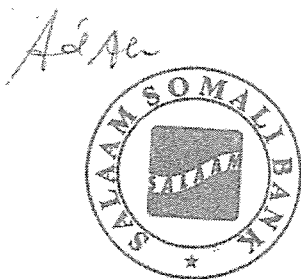
As the Deputy Head of Accounting Department of **SALAAM SOMALI BANK**, I am delighted to share with you that we have allowed Mohamed Abdulahi Mohamed, the information which he has requested from the company in the form of questionnaire under title of **Financial Transactions and Internal Control in Selected Financial Institutions in Mogadishu, Somalia.**

We have given him this information after he has brought us a request letter from Kampala International University which was dated on 14<sup>th</sup> May 2011.

We hope success to him and the university as whole.

Yours sincerely

Deputy Head of Accounting Department



## APPENDIX VI

### RESEARCH INSTRUMENTS

#### FACE SHEET

**Code #:** \_\_\_\_\_ **Date received by the respondent:** \_\_\_\_\_

#### PART 1: RESPONDENT'S PROFILE

Gender: \_\_\_\_\_

Age: \_\_\_\_\_

Highest Educational Qualifications: \_\_\_\_\_

Number of Year Experience in Financial Institution: \_\_\_\_\_

\*\*\*\*\*

#### PART 2: FINANCIAL TRANSACTIONS QUESTIONNAIRE

**Direction 1:** Please write your rating on the space before each option which corresponds to your best choice in terms of **FINANCIAL TRANSACTIONS** in your financial institutions. Kindly use the scoring system below:

Response Mode	Rating	Interpretation	Legend
Strongly agree	(4)	Very Good	VG
Agree	(3)	Good	G
Disagree	(2)	Fair	F
Strongly disagree	(1)	Poor	P

---

#### 1. Cash Receipts

- \_\_\_\_\_ 1.1 For the payment received from Customers is receipted by mail.
- \_\_\_\_\_ 1.2 All Cash Receipts are received by check.
- \_\_\_\_\_ 1.3 There is someone specialized for Cash receipts.
- \_\_\_\_\_ 1.4 Cash counted and verified when cashiers receive their drawers.
- \_\_\_\_\_ 1.5 Receipt is a given for all transactions that are conducted in person-whether by cash register or pre-number receipt.
- \_\_\_\_\_ 1.6 Receipts issued in sequence and duplicate copies of receipt retained
- \_\_\_\_\_ 1.7 Receipt books regularly reviewed for missing receipt numbers by someone other than a cashier.

#### 2. Cash out Flow

- \_\_\_\_\_ 2.1 Cash drawers assigned to one person and not shared across shifts/employees.
- \_\_\_\_\_ 2.2 Cash register procedures reflect proper daily checkout and documentation.
- \_\_\_\_\_ 2.3 Cashiers provided separate cash drawers to establish accountability.

\_\_\_\_\_ 2.4 Cash drawers locked during a cashier's absence.

\_\_\_\_\_ 2.5 Most sources of cash payment are Purchase of Assets, operating expense loan repayment.

### **3. Reconciliation**

\_\_\_\_\_ 3.1 Cash register summary reports reconciled to the cash count at the close of a shift.

\_\_\_\_\_ 3.2 Reconciliations are prepared for employee separate for cash office.

\_\_\_\_\_ 3.3 Deposit slips prepared in at least duplicate form.

### **4. Receivables**

\_\_\_\_\_ 4.1 There are some employees specialized for counting receivables

\_\_\_\_\_ 4.2 Accounts Receivable Sub-ledgers maintained by someone having no access to the cash handling or deposit functions

\_\_\_\_\_ 4.3 Accounts Receivable Sub-ledgers reconciled to General Ledger balances On a monthly basis

\_\_\_\_\_ 4.4 Special employees are recorded for subsidiary ledgers for receivables.

\_\_\_\_\_ 4.5 Receivables are collected within 30 days.

\_\_\_\_\_ 4.6 The company use allowance method for account receivables.

\_\_\_\_\_ 4.7 Monthly statements sent to all Clients

### **5. Inventories**

\_\_\_\_\_ 5.1 The person responsible for inventory someone other than the Bookkeeper

\_\_\_\_\_ 5.2 Periodic physical inventories taken.

\_\_\_\_\_ 5.3 Perpetual inventory records maintained.

\_\_\_\_\_ 5.4 Stock item activity reports maintained for each stock item.

\_\_\_\_\_ 5.5 Inventory valuation method been adopted.

\_\_\_\_\_ 5.6 All inventory transactions evidenced by the proper supporting Documentation. Purchase orders, requisitions, adjustment memos, physical counts.

### **6. Investments**

\_\_\_\_\_ 6.1 There a written investment policies

\_\_\_\_\_ 6.2 The policy been approved by the governing board within Last one year

\_\_\_\_\_ 6.3 All investment transactions reviewed and approved by the governing board or an authorized board committee.

### **7. Payroll**

\_\_\_\_\_ 7.1 Time attendance recorded maintained and payment make by check.

\_\_\_\_\_ 7.2 The appropriate supervisor examines and approves the time cards for accuracy

\_\_\_\_\_ 7.3. Proper separation of duties so that persons preparing the payroll do not perform other payroll duties

\_\_\_\_\_ 7.4 the payroll account reconciled by an employee who does not prepare the payroll, Sign checks or handle the pay off

## **8. Account payable and purchases**

\_\_\_\_\_ 8.1 Someone other than the bookkeeper always do the purchasing

\_\_\_\_\_ 8.2 Suppliers' monthly statements compared with recorded liabilities regularly

## **9. Property Asset**

\_\_\_\_\_ 9.1 Adequate asset listings detailing description, location, asset number, serial number cost, depreciation allowances and net book values maintained and reviewed by management.

\_\_\_\_\_ 9.2 All assets tagged, and assigned a unique asset number

\_\_\_\_\_ 9.3 capital asset purchases approved by the appropriate level of management

\_\_\_\_\_ 9.4 annual physical inventory of equipment taken as a control over assets

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**Source:** Ann-Marie Hogan, City Auditor, CIA, CGAP Teresa Barkeley, Audit Manager, and Frank Marietty, Sr.Auditor, CIA CGAP. Presented to City Council on February 19, 2001.

### PART 3: INTERNAL CONTROL QUESTIONNAIRE

**Direction 1:** Please write your rating on the space before each option which corresponds to your best choice in terms of **Internal Control** in your Financial Institution. Kindly use the scoring system below:

Response Mode	Rating	Interpretation	Legend
Strongly agree	(4)	Very Good	VG
Agree	(3)	Good	G
Disagree	(2)	Fair	F
Strongly disagree	(1)	Poor	P

#### 1. Policy and Procedures

- \_\_\_\_\_ 1.1 You Company performs background checks and fingerprinting on all new employees who handle cash.
- \_\_\_\_\_ 1.2 All personnel who handle cash have access to, and knowledge of, the applicable university policies.
- \_\_\_\_\_ 1.3 The department of finance has policies and procedures for cash handling.
- \_\_\_\_\_ 1.4 The department complies with universal requirements regarding receipt recording, safeguarding, deposit and reconciliation of receipts.
- \_\_\_\_\_ 1.5 These policies and procedure support internal control.
- \_\_\_\_\_ 1.6 Cash overages and shortages recorded in the financial system.
- \_\_\_\_\_ 1.7 Management investigates all substantial variations form norms such as register voids, errors, revenue levels.
- \_\_\_\_\_ 1.8 The payment receipt to receipt record reconciliation regularly reviewed by Management.
- \_\_\_\_\_ 1.9 The receipt record to deposit slip reconciliation regularly reviewed bay Management.
- \_\_\_\_\_ 1.10 Visible indicators of management reviews evident on reconciliations and other Reports.
- \_\_\_\_\_ 1.11 Internal control appear adequate for the cash receipts system overall.
- \_\_\_\_\_ 1.12 Records keeping duties for the receipt and the payment of cash separated.
- \_\_\_\_\_ 1.13 All accounting entries for supported by documentation that gave rise to the transaction.
- \_\_\_\_\_ 1.14 Budgetary controls in effect to preclude incurring obligation in excess of total funds available for an award.
- \_\_\_\_\_ 1.15 There cash budget in the organization

## **2. Banking Operations**

- \_\_\_\_\_ 2.1 Staffs open international bank accounts as soon funds are received.
- \_\_\_\_\_ 2.2 Banking system allows you to open and close accounts on line,
- \_\_\_\_\_ 2.3 There is password or access controls such as that only you or, at most, one authorized employee can electronically open and close the accounts and access or transfer funds between accounts within the same state.
- \_\_\_\_\_ 2.4 Reviewing of bank statements and cancelled checks within 10 days of receipt.
- \_\_\_\_\_ 2.5 Notifying the bank of error and discrepancies within 30 days of receiving the bank statements.
- \_\_\_\_\_ 2.6 A fraud prevention measure, the bank monitor NSF checks until resolved or collected.

## **3. Computer operations**

- \_\_\_\_\_ 3.1 The computer stored in a limited access area that prevents unauthorized physical access.
- \_\_\_\_\_ 3.2 Users have a unique password that is changed at least monthly.
- \_\_\_\_\_ 3.3 Only one person has access and authorization to establish and maintain passwords and access rights.
- \_\_\_\_\_ 3.4 Virus protection software installed on each computer used routinely and update at least monthly.

## **4. File maintenance**

- \_\_\_\_\_ 4.1 Papers and electronic records are maintained in accordance with the company policy requirements.
- \_\_\_\_\_ 4.2 Files logically organized, readily accessible and up to date with the financial records segregated from other case administration record.

## **5. Monitoring**

- \_\_\_\_\_ 5.1 Management verify the cash and check amount on the deposit slips to the summary register tapes.
- \_\_\_\_\_ 5.2 All overages and shortages reported to management.
- \_\_\_\_\_ 5.3 Unusual variations in revenue investigated by management.
- \_\_\_\_\_ 5.4 Management investigate all substantial variations from norms such as cash register voids, no sales, refunds, errors.
- \_\_\_\_\_ 5.5 All cashiers required to take annual vacations, and the responsibilities handled by someone else during their absence

---

**Source I:** Gary Mc Gee and Co. (2003), [http://www.google.com/internal questionnaires](http://www.google.com/internal_questionnaires).  
Retrieved date: April 14, 2011.

**Source II:** United State Trustee (2005),  
<http://www.usdoj.gov/ust/library/cahpter07/ch7lib.h>

## RESEARCHER'S CURRICULUM VITAE

### Personal Profile

Sur Name : MOHAMED ABDULLAHI  
Other Name : Mohamed  
Birth day : 13 February 1980  
Nationality : Somali  
Married Status : Married With Three Kids  
Current Address : Tel: +256-791848491  
Home Address : Tel: +252-615526444  
Email : Mohamed\_yariisow@live.com

### Educational Background

2006 : SIMAD University, Bachelor Degree of Accounting  
2004 : Somali Institute of Management and  
Administration Development, Diploma in  
Accounting.  
2002 : Imam Shafi'I Primary and Secondary School,  
Secondary Certificate.  
1994 : Imam Shafi'I School, Primary and intermediate  
Certificate

### Work Experience

2005-2006 : Anshur Foam Factory, Cashier.  
2007-2008 : Badrudin Super Market, Accountant  
2008-2009 : Anshur Foam Factory, Financial Controller  
2010-up to current : SIMAD University, Internal Auditor



## **Interest**

Reading Novels

Listening Radio

Watching TV

Playing Football

## **Language**

Somali : Home Language

English : for Education

Arabic : for Holy Quran

## **Reference**

1. Abdirahman Mohamed Hussein Odawa, SIMAD Rector, Tel: +252-699961956.
2. Eng Ahmed Qaalib Ismacil, Dahabshil General Trading Financial Manager, Bur'o. Email: engqaalib@hotmail.com

