

INTERNAL CONTROLS AND FINANCIAL MANAGEMENT AT UNITED  
BANK OF AFRICA (UBA) JINJA-ROAD BRANCH

BY

NINSIIMA EVARLYNE

1153-05014-01439

A RESEARCH REPORT SUBMITTED TO THE COLLEGE OF ECONOMICS  
AND MANAGEMENT IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE AWARD OF A DEGREE OF  
BACHELOR OF BUSINESS ADMINISTRATION  
(ACCOUNTING OPTION) OF KAMPALA  
INTERNATIONAL UNIVERSITY

---

JUNE, 2018

## APPROVAL

This research report titled "Internal controls and Financial Management at United Bank of Africa (UBA) Jinja-Road Branch" has been submitted by Ninsiima Evarlyne for examination with my approval as the University Supervisor, and it's now ready for presentation for the award of a Bachelor of Business Administration of Kampala International University.

Signature : .....  ..... Date: 26/06/2018 .....

R. KIRABO KYEYUNE B. JOSEPH

Supervisor)

## DEDICATION

I dedicate this piece of work to my parents Mrs. Pulikeria Mugabirwe, and late dad Mr. Kakooza John, my Step dad Mr. Sabiiti Jackson among others, my sisters Stellah, Josephine, Abius, savior, Zipora and Leotinah, my brother Dickson for their tireless and valuable support extended to me through this course.

I also dedicate it to my beloved grand mum, Aunts, uncles and my dad Baguma Tadeo for being on my side always financially, spiritually.

May God reward them for their deeds.

## ACKNOWLEDGEMENT

First and foremost, I pass a word of thanks to the Heavenly Lord for being there for me always in my academic career for this success I count on today.

In especial way I thank my supervisor Dr. Kirabo Kyeyune B. Joseph, for the ideal and practical guidance he offered to me to conceptualize and analyze what the research owes me and what I owe to it.

I am grateful to my late father Mr. Kakooza John, my Step dad Mr. Sabiiti Jackson my mother Pulikeria Mugabirwe, my sisters Stellah, Josephine, Abius, savior, Zipora and Leotinah my beloved brother Dickson my friends; Mukonyezi Lucy Ireem, Bonefance, Denis among others for their endless support extended to me thought this course.

Special thanks also go to my beloved one Ssebugenyi, Dicikens whose love, devotion and determination has been a source of inspiration. I thank God for him.

I thank all my friends, David and outside studying circles who have always supported me towards the report evolvement and the entire course.

In this special regard I extend special gratitude to the staff of Kampala International University (KIU) specifically college of economics and management whose advice and support have been so much instrumental in my pursue of this course.

I extend my sincere gratitude to the staff of United Bank Of Africa (UBA) Jinja-Road Branch for setting aside their valuable time to respond to the requirement of the research instruments, which has laid a basic ground for the report compilation.

## TABLE OF CONTENTS

DECLARATION .....	i
APPROVAL .....	ii
DEDICATION .....	iii
ACKNOWLEDGEMENT .....	iv
TABLE OF CONTENTS .....	v
LIST OF TABLE .....	ix
LIST OF ABBREVIATIONS .....	x
ABSTRACT .....	xi
CHAPTER ONE .....	1
INTRODUCTION .....	1
1.0 Introduction .....	1
1.1 Background to the study .....	1
1.1.1 Historical Perspective .....	1
1.1.2 Theoretical Perspective .....	3
1.1.3 Conceptual perspective .....	4
1.1.4 Contextual Perspectives .....	4
1.2 Statement of the problem .....	4
1.3 General objective .....	5
1.4 Specific objectives .....	5
1.5 Research questions .....	5
1.6 Scope of the study .....	5
1.6.1 Subject scope .....	5
1.6.2 Time scope .....	5

1.6.3 Geographical scope.....	6
1.7 Significance of the study.....	6
<b>CHAPTER TWO.....</b>	<b>7</b>
<b>LITERATURE REVIEW .....</b>	<b>7</b>
2.0 Introduction.....	7
2.1 Conceptual framework.....	7
2.2 Internal controls .....	7
2.3 Internal control methods on financial management organizational plan or chat .....	8
2.4 Other specific internal controls in organizations in areas of financial management .....	9
2.4.1 Internal controls over financial transactions .....	10
2.4.2 Internal controls over petty Financial Transactions.....	10
2.5 Financial management .....	11
2.5.1 Importance of Financial management.....	12
2.5.2.1 Transaction motive.....	12
2.5.2.2 Precautionary motive .....	13
2.6 The relationship between internal controls and financial management.....	13
<b>CHAPTER THREE.....</b>	<b>14</b>
<b>METHODOLOGY .....</b>	<b>14</b>
3.0 Introduction.....	14
3.1 Research design .....	14
3.2 Study population .....	14
3.4 Sources of data.....	15
3.5 Data collection instruments.....	15

3.6 Reliability of the instruments.....	16
3.7 Validity of instruments .....	16
3.8 Data analysis .....	16
3.9 Ethical consideration.....	16
<b>CHAPTER FOUR .....</b>	<b>17</b>
<b>PRESENTATION OF FINDINGS &amp; INTERPRETATION.....</b>	<b>17</b>
4.0 Introduction.....	17
4.1 Response rate .....	17
4.2 Background Information.....	18
4.2.1 Gender of the respondents .....	18
4.2.2 Age composition of respondents.....	19
4.3 Highest Level of Education Attained by the Employees.....	20
4.4 The Internal Control methods used by United Bank of Africa.....	21
4.5 To identify the importance of Financial management at United bank of Africa.....	24
4.6 To control activities and risk assessment at United bank of Africa.....	26
<b>CHAPTER FIVE .....</b>	<b>30</b>
<b>SUMMARY, CONCLUSION AND RECOMMENDATIONS.....</b>	<b>30</b>
5.0 Introduction.....	30
5.1 Summary of findings.....	30
5.2 Conclusion .....	30
5.3 Recommendations.....	31
5.4 Areas for Further Research.....	33

REFERENCES .....	34
APPENDICES.....	40
APPENDIX I: RESEARCH INSTRUMENT: QUESTIONNAIRE.....	40
APPENDIX II: BUDGET .....	45
APPENDIX III: WORK PLAN AND TIMEFRAME .....	46



## LIST OF TABLE

Table 1: 4.1 Response rate.....	18
Table 2: Gender composition of respondents.....	18
Table 3: 4.3 Age composition of the respondents.....	19
Table 4: 4.3: Showing academic qualification attained.....	20
Table 5: 4.5 Presenting the occupation of the respondents. ....	21
Table 6: 4.5 The Internal Control methods used by United Bank of Africa .....	22
Table 7: 4.6 Showing importance of financial performance .....	25
Table 8: Shows the relationship between internal controls and financial management.....	27

## LIST OF ABBREVIATIONS

ICFM	Internal controls and Financial Management
ACCA	Association of Chartered Certified Accountants
FMA	Financial Markets Authority
COSO	Committee of Sponsoring Organizations
GOU	Government of Uganda
HCs	Health Centers
MDC	Millennium Development Goals
NADC	Norwegian Agency for Development Corporation
NGO	Non-Governmental Organization
PNFPs	Private Not - For Profit Providers
PPPH	Public Private Partnership for Health
SPSS	Statistical Package of Social Sciences

## ABSTRACT

*Internal control all over the world has taken different forms depending on the country's specific objectives. Most significantly, emphasis has been put forward by Internal Control Standards Committee of the International Organization of Supreme Audit Institutions (INTOSAI, 1998) which issued Guidelines for Internal Control Standards. This has also attracted large investments by governments in the general academic, technical and financial institution. The study was based on three specific objectives: To establish the impact of increase in human population on wildlife Conservation in protected areas in Uganda, to establish the challenges of human activities on wildlife conservation around protected areas in Uganda in Queen Elizabeth National Park and, to establish conservation measures by either government or local communities in wildlife conservation. The study was based on three specific objectives; To establish the internal control methods used by United Bank of Africa, to identify the importance of Financial management at United bank of Africa and to establish the relationship between internal controls and financial management at United bank of Africa. It was based on a descriptive research design basing on the use of qualitative and quantitative approaches that were being adopted to establish to establish the relationship between internal controls and financial management at United Bank of Africa. Data was collected from both primary and secondary sources. Data was processed and analyzed using formal tables, narrative text, to find out to establish the relationship between internal controls and financial management at United Bank of Africa. A total of 36 respondents were considered out of the entire population in the united bank of Africa. The findings reveal that effective internal controls enhances financial management of organizations whilst in conclusion, it was recommended that, Management should ensure that there are adequate organizational controls and that each staff knows his duties and equally ensures effective segregation of duties so as to reduce interference in terms of funds; and assets management and controls. The internal control system should be remolded and strengthened to position the staff in carrying out their duties efficiently and effectively and at the same time evaluated periodically to strengthen its weaknesses in the organization so as to reduce the likelihood of perpetrating fraud and loss of organizations funds by the staff amongst others. It was found out that the two are related in way that concluded that if the organization does not put into consideration its size, nature and other factors in designing its internal controls on Financial, it is likely to lose all profits and objectives of growth because the internal controls will be inefficient. Internal controls by management on financial management face many limitations. Recommendation, in order to reduce the weak internal controls like staff colluding internally or with outsiders to avoid the controls, internal controls covering only routine transactions, abuse of controls by those with authority. Internal controls need to be strong enough to manage finances (cash) very well. The research is therefore centered at assessing the different means in which internal controls should lead to proper financial management.*

## CHAPTER ONE

### INTRODUCTION

#### 1.0 Introduction

This chapter includes the background of the study, the problem statement, the objectives, research question and the scope of the study, the significance of the study and the definition of key terms.

#### 1.1 Background to the study

##### 1.1.1 Historical Perspective

Approaches to internal control all over the world have taken different forms depending on the country's specific objectives. Most significantly, emphasis has been put forward by Internal Control Standards Committee of the International Organization of Supreme Audit Institutions (INTOSAI, 1998) which issued Guidelines for Internal Control Standards. This has also attracted large investments by governments in the general academic, technical and financial institution (Anthony, Puxity, (2006). The standards set forth in the guidelines were intended for use by government management to implement an effective internal control structure and by government auditors to help evaluate those structures. INTOSAI's first internal control general standards states that internal control structures are to provide reasonable assurance that the general objectives was accomplished. Reasonable assurance equates to a satisfactory level of confidence under given consideration of financial management, costs, benefits, and risks.

New Zealand, for example, reports that each auditor of a financial institution has an obligation as responsible manager for establishing and maintaining a system of internal control procedures that provides reasonable assurance as to the integrity and reliability of financial reporting (Internal Control Report, 2004/6).

On the other hand, in the Republic of South Africa, government internal controls are reported to not yet at a satisfactory level nor effective due to several factors, including the large size of its departments and slack controls. Compounding these problems, management does not always have the knowledge to implement the appropriate internal controls and to maintain them in a working order. Although the republic of South Africa internal control environment does not

currently provide reasonable assurance that adequate internal controls are in place and operating as intended, the government realizes this problem and is addressing them by means such as implementing an internal audit function in all government entities internal report of 2004/05.

In Uganda, internal controls on Financial management in financial institutions bank is a concern for this research because effective internal control mechanisms are meant to be a risk measure to prevent the organization from any potential loss, internal controls therefore refer to the whole system of controls, financial and other wise, established by the management to carry out the tasks of an organization in an orderly manner, ensuring adherence to organization's policies, safe guard its assets and secure as far as possible the accuracy and reliability of its records (Gupta, 2006) .the performance of financial institutions and organizations as regards Financial management is seen to be poor because it is characterized by miss- management of Financial and funds, manipulation of accounts and massive issuing of fault cheques and fraud actions.

Financial institutions and organizations have set internal controls to guide the proper running of their business but it seems they are not followed thus leading to massive closure (Johnston S., 2013). Criteria of control describe internal controls as actions that foster the best result for an organization. It indicates that control comprises; those elements of an organization (including its resources, systems, processes, culture, structure and tasks) that taken together, support people in the achievement of the organization's objectives. Financial management on the other hand is a board term that refers to the collection, concentration and disbursement of cash.

The goal is to manage the financial balances of an organization in such a way as to maximize the availability of Financial not invested in fixed assets or inventories in such a way as to avoid the risk of insolvency. By the very fact that internal controls have failed to play their role in the organizations and financial institutions and therefore it has led to massive failure of banks like United Bank of Africa (UBA) and Trans Africa bank in just one week by the bank of Uganda. It i against this back ground that the researcher will assess the contribution of internal controls on financial management in UBA (Johnston S, 2013)

It is conceivable that internal control preceded auditing and other elements of the accounting profession. Internal control emerged as a common-sense, natural product of the profit motive. As

soon as the first entrepreneurs contrived a method for making a profit, they contrived ways of controlling and protecting employment of others, it was recognized that complete truth was not the most profitable policy and that some form of control should be established. Kenneth, Gupta, (2006).

Kenneth Most has stated that there is concrete evidence that internal control existed in the Mesopotamian civilization as early as 3600 B.C. Most points out that the Sumerian recorded commercial transactions on stone dating back to 3600 B.C. and 400 years later on clay. It was customary for summaries to be prepared by scribes other than those who had provided the original lists of payments. Further, the Strong gives an account of internal control in the Persian civilization of 549 to 330 B.C. he reports that Darius (521-486 B.C.) used governments scribes, called the "King's eyes and ears," to perform an important function in the control of his extensive empire. For convenience of administration the empire was sectioned into satrapies each with a "satrap as the administrator and tax collector.

### **1.1.2 Theoretical Perspective**

The term was adopted by the Anglo-Saxons ("Internal Auditing") and refers to the unit of Internal Control which aims at the evaluation of the sufficient.

Functioning of the Internal Control System, that is the secondary functions (Controls) and suggests that there is room for improvements in cases where weakness scribing discovered (Financial Post magazine, 2004). What is indicative of the importance of Internal Control is the sum of the definitions that have been given for this term. According to the AICPA,(1963) a system of internal control extends beyond those matters which relate directly to the functions of accounting and the financial statements.

In the area of information, internal audit is established as an essential means for the exact management of any business economic resources. However, the necessity which issues from the administration, for distinguished management of the available resources, incalculable expenses, limitation and evasion of misconduct, imposes internal auditing as a key factor in the business management effort. An attempt is being made, via an extended literature review, to investigate the current status and to approach development trends and future prospects of the internal audit analyzing the usefulness of auditing in them. More specifically, this article intends to

theoretically investigate the concept of internal audit. The results of this extended literature review indicate that, internal audit is a key operation, which approaches the shortcomings and recommends realistic solutions in the increasingly competitive business environment.

### **1.1.3 Conceptual perspective**

The independent variable is conceptualized as internal controls while the dependent variable is conceptualized as financial management. Internal control is further conceptualized as auditing and records and financial management.

### **1.1.4 Contextual Perspectives**

Under this context, the federal government is expected to be well managed with the prudent stewardship of public funds, the safeguarding of public assets, and the effective, efficient and economical use of public resources. It also sets an expectation for reliable reporting that provides transparency and accountability for how government spends public funds to achieve its designed programs while the policy includes all controls, its main focus for direction and accountability is for internal controls over financial reporting. Departments are required to demonstrate that they have an effective system of internal control over financial reporting through the departmental Statement of Management Responsibility Including Internal Control over Financial Reporting that accompanies the financial statements that are linked to and published concurrently with Departmental Performance Reports.

### **1.2 Statement of the problem**

Every organization needs strong internal control mechanisms such as authorization of access to assets and accounting record, regular independent verifications, a system of internal checks (segregation of duties), suitable documents to capture transactions, proper procedures for processing transactions, and employment of honest and capable employees. Despite the fact that such control measures have been put in place by management, there is still misappropriation of funds, fraud actions and errors in response to Financial management (UBA, annual report 2012) This is probably being caused by weak internal controls like staff colluding internally or with outsiders to avoid the controls, internal controls covering only routine transactions, abuse of controls by those with authority. Internal controls need to be strong enough to manage finances

(cash) very well. The research is therefore centered at assessing the different means in which internal controls should lead to proper financial management. Purity,(2006).

### **.3 General objective**

. To assess the contribution of internal controls on financial management in United Bank of Africa.

### **.4 Specific objectives**

- i. To establish the internal control methods used by United Bank of Africa.
- ii. To identify the importance of Financial management at United bank of Africa.
- iii. To establish the relationship between internal controls and Financial management at United bank of Africa.

### **5 Research questions**

- i. What internal control methods are being used by United Bank of Africa?
- ii. What is the importance of financial management in United Bank of Africa?
- i. What is the relationship between internal controls and Financial Management at United Bank of Africa?

### **Scope of the study**

#### **.1 Subject scope**

e study covered the effect of internal controls on financial management and the ways of  
fecting them (internal controls).

#### **2 Time scope**

e study covered the period of 2016-2018 and it took the researcher a four months period to  
yout research.



### **1.6.3 Geographical scope**

The study was carried out at United Bank of Africa head office found along Jinja-Road in Kampala central business district. It is located along Jinja-Road Kampala; plot 22 Jinja-road Spear House.

### **1.7 Significance of the study**

The study was to help to show the weakness of internal controls as regard financial management. The study was to help United Bank of Africa Jinja-Road branch to manage its finances properly after getting the findings from the field carried by the researcher. The findings are to help build on the existing knowledge and literature about internal controls and Financial management. The findings were to be used by other researchers to mitigate related problems that are faced by banks in as far as controls and financial management is concerned. The study was a requirement to the researcher for partial fulfillment of a bachelor's degree in Business Administration of Kampala International University and equips him with skills of research methods.

## CHAPTER TWO

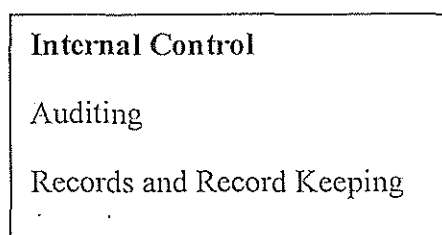
### LITERATURE REVIEW

#### 2.0 Introduction

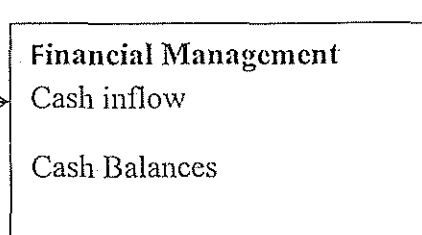
This chapter brought out the *existing* literature about internal controls and financial management and the information got was used to review the relevance of internal controls on financial management in organizations and financial institutions.

#### 2.1 Conceptual framework

##### Independent Variables Intervening factors



##### Dependent Variables



Source: Adapted from, 2018

Other than internal controls that contribute to financial management other intervening factors like government policy that requires all commercial Banks to provide reports and deposit a minimum requirement with the control bank influences financial management. Other factors include the resource in the hands of the bank and finally the skills that they employ in implementing internal controls.

#### 2.2 Internal controls

~~Internal controls are the structures which consist of policies and procedures established to provide reasonable assurance that the organization's related objectives will be achieved. They can also be steps taken by the organization to prevent employee fraud (Pandey, 2002). The concept of reasonable assurance recognizes that, there is no system that is perfect and that the cost of installing internal controls for an organization should not exceed the benefits expected to be derived. Some of the benefits include ability to safe guard assets from being misused,~~

elimination of fraud and error actions, promotion of accuracy and reliable accounting records (Pandey, 2002).

According to (Woolf, 2007). Internal controls is the whole system of controls, financial and otherwise established by the management in order to carry on the business of the enterprise in an orderly and efficient manner, ensure adherence to management policies, safe guarding assets and secure as far as possible, the completeness and accuracy of records. Walgambech (2000), reported that "the plan of the organization and all of the coordination methods and measures within a business to safe guard its assets, check, accuracy and reliability of its accounting data and adherence to prescribed managerial policies and the internal controls.

### **2.3 Internal control methods on financial management organizational plan or chat**

In this case there should be a clear line of delegation of duties to particular financial and accounting duties, each person should know his duties and responsibility using the organization chart and if this chart is followed there can be efficient financial management (Pandey 1999).

**Segregation** There should be no single person who should complete a transaction from the beginning to the end i.e. different people in recording and processing the documents, For example, the person ordering goods should be different from the person receiving them and the person inspecting them should be different from the paying and preparing the invoices to pay for the goods and, this reduces the risk of internal manipulation of Financial (Meigis, 2002).

#### **Authorization and approval controls**

All transactions are authorized by responsible officials whose limits of authority are defined such that they match transactions they authorize. Approval should be segregated from authorization e.g. credit sale must be controlled by the credit control department (Woolf, 2007).

---

#### **Accounting controls**

This control is used to check for the recording function of Financial in the organization and ensure that transactions in the financial statements are genuine and are accurately recorded and this leads on efficient financial management (Beckett, 2003)

**Personal controls:**

For proper financial management, financial transactions should be operated by a person of integrity, competence and qualified to understand the essence of the controls and this is normally achieved at the point of recruitment and training of employees to deal in financial transactions (Woolf, 2001).

**Supervision:**

There should be a team that is designed to supervise the transactions made by the individuals in the organizations on the weekly, monthly yearly basis. There should be low level supervision, middle level supervision and top supervision to control the entire organization for efficient financial management (Woolf, 2007).

**Recording and record keeping**

For efficient financial management there should be adequate documentation of any transaction that take place in the organization and financial institutions in terms of Financial and the recording must be reliable and complete and they should be kept properly to avoid losses due to alternations, they should be always checked and matched against other transactions for comparisons (Beckett, 2003).

**Internal audit:**

This internal audit should also be in places of financial management because it checks whether the internal control procedures in the organizations and financial institutions are being properly followed and there is no deviation from the organizational plans and if all internal controls are followed all this leads to efficient financial management (Malin, 2002).

**2.4 Other specific internal controls in organizations in areas of financial management**

There are also other specific internal controls in areas of financial management which include the following;

#### **.4.1 Internal controls over financial transactions**

Most of the functions relating to Financial handling are concerned with the finance department under the direction of the treasurer and below are the controls imposed (Pandey, 2008).

Record Financial receipts immediately.

Depositing Financial received each day immediately and it should be done by the different person in the bank.

Financial balance maintained at adequate levels not excessive and not in deficits.

Forecast financial payments and receipts.

Do not permit employees to handle transactions from the start to the end.

#### **4.2 Internal controls over petty Financial Transactions**

According to (Pandey, 2008). Petty Financial is the money that left to cater for transacting small and simple items and the controls include the following; -

Petty cashier should be different from the main cashier

Serially numbered petty financial vouchers should be used and signed by the person who receives the money.

Petty Financial vouchers should be checked and approved by the senior officials. There should be surprise and planned counting of petty Financial floats by management or the internal audit.

#### **Internal controls over financial disbursements**

According to (Pandey, 1999), they include the following; -

All disbursements should be made by cheque except for payment of minor items like petty financial items.

There should be use of cheque signing machines and monthly reconciliation of payments. For maintaining adequate financial balance, the payments should not exceed the earnings.

ii) Internal controls over financial receipts.

According to (James, 1994), internal controls over Financial include the following;

On Financial sales the organization should use centrally located cashiers to receive finances along with sales tickets prepared by another person and when they are serially numbered.

All Financial received and cheques received should be banked immediately.

Adequate security should be there all over holding and receipt areas and all over financial transmissions.

There should be different people responsible for selling goods, making deliveries and receiving Financial or payment.

In conclusion the above are the internal controls both general to the whole organizations and specific internal controls that should be put on financial management in both financial institutions and organizations.

## **2.5 Financial management**

Financial management refers to the planning for financial flows into and out of the firm, managing financial flows within and financial balances held by the firm at a point of time by financing deficit and investing surplus cash. In this case sales generate surplus Financial that is invested and in case of deficit some money is borrowed. (Pandley, 2002). Financial is the money which any firm can spend or disburse immediately without any restriction. It includes cheques, bank balance, coins and currency (Pandey, 1999). Sometimes Financial may be in near Financial items like marketable securities and bank time deposits that can easily be converted in to Financial in the nearby time or shortest time possible (Pandey, 2002) In Financial management financial institutions and organizations use strategies like Financial planning procedures, managing the Financial flows, optimum Financial levels and investing the surplus Financial to

reduce surpluses (Pandey, 1988) All the above strategies control surplus and deficit in cash., they help the firm to decide appropriate levels of Financial to use and investing the surplus cash (Pandey,2002)

According to Jerry (1984), financial management refers to the implementation and daily operation of financial system and increasing the productivity of our Financial and bank balance. He said that weekly financial reports and forecasts should be submitted to management. Jerry continued to say that Swanson's top management was up to date in firm's financial position Swanson in 1970 instituted a regular financial management meeting attended by the firm's top general and financial managers. According to (Kakuru, 2002), financial management is asset of guidelines established by the business to ensure that it has optimal financial balance at any. A firm should seek to match the financial receipts and disbursement so that there is no redundant or surplus financial balance.

#### **2.5.1 Importance of Financial management**

According to (Pandey, 1979), the importance of Financial management includes the following: -  
It helps to predict Financial flows accurately particularly in flows and out flows relationship

Financial management helps to accomplish the financial cycle at minimum cost.

Financial management seeks to achieve liquidity and control.

Financial management helps to keep plans for Financial that meets the firm's obligations.

#### **2.5.2 Motives of holding Financial by financial institutions**

The motives of holding Financial include the following;

##### **2.5.2.1 Transaction motive**

This is money that is kept by organizations for conducting business and meeting the day today obligations of the business and the amount that is kept aside for this motive is called transaction balance. (Pandey, 1999).

### **2.5.2.2 Precautionary motive**

This is the desire to hold money in Financial intended to meet certain commitments that require immediate expenditure and act when they are not planned and forecasted e.g. operational breakages and the amount kept for balance is called precautionary balance. (Pandey, 2001).

### **2.5.2.3 Speculative motive**

This is when people keep money for earning money and profits through speculation e.g. speculating that the prices of bonds or securities was increase and then invest in them and the amount maintained for this motive is called speculative balance (Pandey, 2000).

## **2.6 The relationship between internal controls and financial management**

Internal controls in context to financial management involve financial inflows and Financial out flows and they cannot be separated. Separating internal controls and financial management means failure in many organizations and internal controls explain the financial out flows in the organizations and they help to show how financial resources are managed. In this case internal controls must be adhered to by management in achieving proper financial management. (Kakuru, 2002) According to (Copper, 1984), he therefore. concluded that if the organization does not put into consideration its size, nature and other factors in designing its internal controls on Financial, it is likely to lose all profits and objectives of growth because the internal controls will be inefficient. Internal controls by management on financial management face many limitations.

In this case it is the responsibility of management to decide on the appropriate for situation. Internal controls vary from organization to organization; they also depend on the size and nature of business and the factors affecting financial management so they should be designed on the organizational circumstance to achieve proper financial management (Pandey, I 988)



## CHAPTER THREE

### METHODOLOGY

#### 3.0 Introduction

This section was to include the methods to be used to collect data, research design, study population, sample size, sample procedures, data collection tools, data analysis techniques, reliability and validity.

#### 3.1 Research design

The researcher used a descriptive research design. This was to be used to cater for qualitative methods of data that would be related to the study. The major goal of the descriptive design is to describe events phenomena and situations since descriptive is made on the basis of scientific observation.

#### 3.2 Study population

The study focused on employees of united bank of Africa who work in different departments. A total of 36 employees will be used as the study population. The above population was to be selected because of the need to have a well presented sample for this study and was to be interviewed as the key informants. Therefore, these categories of people who were to be included in the study helped the researcher to get different ideas on the research topic based on the objectives. (Saunders, 2007).

#### 3.3 Sample size

The sample size comprised of a representative sample of thirty (30) employees in total within the institution. This sample size gave a confidence level of 95% and a margin of error (degree of accuracy) of 0.05(5%). In selecting the department for the study, stratified sampling was to be used based on the departments to the study. The sample size was to be calculated using Solver's formula as follows;

The researchers used random sampling method in this study. This was used to obtain data from number of respondents.

By using Solver's Formula.

$$n = \frac{N}{1 + N(e)^2}$$

Where;

- n = the required sample size  
N = the known population size  
e = the level of significance, which is fixed at 0.05

$$\begin{aligned} n &= \frac{36}{1 + 36(0.05)^2} \\ n &= \frac{36}{1 + 36(0.0025)} \\ n &= \frac{36}{1 + 0.195} \\ n &= \frac{36}{1.195} \\ n &= 30 \end{aligned}$$

### 3.4 Sources of data

Data was to be collected using both primary and secondary sources of data through the use of personal interviews, and self-administered questionnaires with respondents. A secondary source of data was to be got from the business records that will include among others, financial books, ledgers and financial statements. The researcher used records from the banks, organizational records, text books, and business journals, newspapers like new vision and daily monitor, internet and procurement magazines as other sources of data for study. Primary data included; answers gathered by the researcher from respondents using the questionnaire. (Lewis, 2007)

### 3.5 Data collection instruments.

In order for the researcher to obtain exhaustive information and compile it from different departments, the researcher will use personal interviews and self-administered questionnaires tools of data collection.

### 3.6 Reliability of the instruments

Reliability is dependability or trustworthiness and in the context of a measuring instrument, it is the degree to which the instrument consistently measures whatever it is measuring (Amin, 2005). Samples of validated questionnaires will be prepared for pilot study to verify that it produces the same results whenever it is used repeatedly from the same respondents even by another researcher.

$$\begin{aligned}\text{CVI} &= \frac{\text{No. of items regarded relevant by judges}}{\text{Total No. of items}} \\ &= \frac{26}{30} \times 100 \\ &= 87\%\end{aligned}$$

### 3.7 Validity of instruments

Validity is the ability to produce findings that are in agreement with theoretical or conceptual values; in other words, to produce accurate results and to measure what is supposed to be measured (Amin, 2005).

To know the validity of the instruments, content validity will be used to ensure that the content of the instrument corresponds to the content of the conceptual framework. The validity of the data collection instruments was done with the help of an Expert (the Researcher's Supervisor) to edit the questionnaire and the Interview guide.

### 3.8 Data analysis

A comparison and contrast was made from various scholars about the variables. Point of convergence and divergence were to be established to obtain harmonized view about the variables under study

### 3.9 Ethical consideration

The data collected from the respondents was to be kept as confidential and was to be used for the purpose of the fulfillment of the requirement for the ward of the degree of bachelor of business Administration. Key ethical issues such as privacy, anonymous of the respondents, maintenance of the conditions of the data provided by individuals will be given priority. The respondents were informed of the content of the research and the result of the study was to be given to the respondents.

## CHAPTER FOUR

### PRESENTATION OF FINDINGS & INTERPRETATION

#### 4.0 Introduction

Internal Controls and Financial Management at United Bank of Africa (UBA) Jinja-road branch

This chapter presents the findings of the study on. The findings serve to reinforce the existing knowledge proven about the Internal Controls and Financial Management. Using United Bank of Africa (UBA) Jinja-road branch as a case study. This chapter covers presentation, analysis and interpretation of the study findings. Data is presented, analyzed and interpreted according to the research objectives. It is presented in the form of tables and figures basing on the responses got from the study respondents that were selected during the process of data collection. The discussion of findings has been arranged in accordance with demographic characteristics of respondents' and objectives of the study as were formulated in chapter one of this report. These objectives include; To establish the internal control methods used by United Bank of Africa, to identify the importance of Financial management at United bank of Africa, to establish the relationship between internal controls and Financial management at United bank of Africa. The interpretation of the data is intended to enable the researcher make appropriate conclusions and recommendations for better understanding of the research problem.

This chapter presents and discusses the findings of the study on Internal Controls and Financial Management at United Bank of Africa (UBA) Jinja-road branch. A self-administered Questionnaire (Appendix comprising of questions and observation guide were used to collect the data upon which this chapter was based. 30 questionnaire were distributed out of which (26%) were returned. Observation guides were used. Results discussed in this chapter were derived from questionnaire and observation guides. The analysis and interpretation of data in this chapter is in accordance with the four objectives for this study.

#### 4.1 Response rate

A total of 30 respondents were sampled of questionnaires administered to them at United Bank of Africa (UBA) Jinja-road branch. However by the end of the data collection process, 26 questionnaires were returned posing a respondent rate of 87% and non-respondent rate of 13%

as shown in the table below. It implied that more than half the target population participated in the process giving high level of precision to the findings of the study as shown in table 4.1

**Table 4.1: Response rate**

Questionnaires distributed	Frequency	Percentage
Respondents	26	87%
Non response	4	13%
<b>Total</b>	<b>30</b>	<b>100</b>

**Source: Researcher Field Data, 2018**

The feedback received from the pilot study showed that more respondents took time to fill in the questionnaires and the discrepancy of 13% could be caused by the respondents who failed to get time to fill the questionnaires.

## **4.2 Background Information**

### **4.2.1 Gender of the respondents**

The gender of respondents was established. This aimed at knowing how males and females as community members actively participated in wildlife conservation in Uganda. The study targeted both male and female which gave a variety of findings that were not biased making it gender sensitive. The findings are as in table 4.2 below:

**Table 4.2: Gender composition of respondents**

Gender	Frequency	Percentage %
Male	10	38%
Female	16	62%
<b>Total</b>	<b>26</b>	<b>100</b>

**Source: Primary Data 2018**

According to the study findings as in table 4.2, most of the respondents were female as compared to the male. The number of females who participated in the study was represented 62% as compared to 38% of the male respondents. Further findings by the study revealed that the

difference in percentage arose as a matter of fact that most women were participating in the finance department at United Bank of Africa (UBA) Jinja-road branch and were selected during the study. The above finding clearly indicates that females participated in financial management than male within the study area.

#### 4.2.2 Age composition of respondents

The age composition of the study respondents was also an important factor in the process of understanding internal audit and performance of local governments. This was so because different age groups were assumed to understand the study variables differently yet considered vital to the study. According to the study findings the respondents views were as in table 4.2 below.

Table 4.3: Age composition of the respondents

Age range	Male	Female	Frequency	Percentage
20 – 29	3	4	7	27%
30 – 39	2	3	5	19%
40 – 49	1	2	3	12%
50-59	1	2	3	12%
60-69	2	2	4	15%
70 and above	1	3	4	15%
Total	10	16	26	100

Source: Primary Data 2018

The table 4.3 above shows that most of the respondents were between the ages of 30 – 39 accounting for 19%. This implied that were likely to understand better the relationship between internal control and financial management which they were in position to provide to the study information as majority reported to had stayed practicing in financial department for a long time.

The other category of the respondents were in the age range of 20 -29 as reported by 27% of the study respondents and these respondents' views were very important for the study as most of them were making accountability as part of enhancing internal controls the activities that were assigned on their disposal. More, 30% of the study respondents were in the category age of 60 – 69 and above. These respondents' views were so great in the process of analyzing the study variable that helped to understand the problem.

This could mean that, banking institution has age limit that could have attributed to the people in such group to be less than any other age group of the respondents studied during data collection.

### 4.3 Highest Level of Education Attained by the Employees

Respondents were also asked to identify their educational levels and below are the responses

**Table 4.4: Showing academic qualification attained**

Response	Frequency	Percentage (%)
Certificate	6	23
Diploma	10	38
Degree	8	31
Masters	2	8
None	0	0
Total	26	100

Source: Primary Data 2018

Table 4.4 shows the respondents who work with DBA bank Jinja Road Branch were certificate holders with 23%, 38% of the respondents were diploma holders, 31% had a degree and finally 8% who were master holder. This means that DBA bank Jinja Road Branch considered education and experience highly when selecting its employees to ensure quality work. Therefore, management should uphold the present standard.

Table 4.5: Presenting the occupation of the respondents

Response	Frcquency	Percentage (%)
Below 1 year	3	12%
1-2years	5	19%
3-4 years	9	34%
5-6 years	3	12%
7-8 years	6	23%
Above 8 years	00	100
Total	26	100

Source: Primary Data 2018

The table 4.5 above shows that most of the respondents were between the ages of 3-4years for 34% served in the organization were majority of the respondents at UBA bank Jinja road branch. This implied that were likely to understand better the relationship between internal control and financial management which they were in position to provide for better services to the study information as majority reported to had stayed practicing in financial department for a long time.

The other category of the respondents were in the age range of below 1 year and 5-6 years as reported by 24% of the study respondents and these respondents' views were very important for the study as most of them were making accountability as part of enhancing internal controls the activities that were assigned on their disposal. More, 23% of the study respondents were in the category age of 7-8 years. These respondents' views were so great in the process of analyzing the study variable that helped to understand the problem.

4.4 The Internal Control methods used by United Bank of Africa

The first research objective was to establish the internal control methods used by United Bank of Africa. The data collected based on the four likert scale is presented and interpreted as provided below.



Table 4.6 The Internal Control methods used by United Bank of Africa

Internal Control methods used by United Bank of Africa	Strongly Agree		Agree		Not sure		Disagree		Strongly Disagree		Total	
	F	%	F	%	F	%	F	%	F	%	F	%
Our institution has an accounting and financial management System.	7	27	10	38	01	4	03	12	03	12	26	100
Management is committed to the operation of the system	10	38	08	31	00	0	03	12	05	19	26	100
Management closely monitor the implementation of Internal Control Systems in our institution.	9	35	7	27	00	0	04	15	06	23	26	100
Management provides feedback to the junior officers about the Operation of the system.	06	23	02	8	01	4	7	27	10	38	26	100
Appropriate measures are taken to correct misfeasance in the Operation of our accounting & Finance management System.	10	38	7	27	04	15	02	8	03	12	26	100
Management acts with a great degree of integrity in the execution of Their roles.	04	15	8	31	02	8	10	38	02	8	26	100
Moral values are upheld in management decisions	02	8	04	15	01	4	10	38	9	35	26	100
Our Institution has objectives, independent and active audit committee revenue generated.	11	42	10	38	00	0	02	8	03	12	26	100

Source: Primary Data 2018

Table 4.6 above present's findings on the Internal Control methods used by United Bank of Africa. The table presents information regarding Internal Controls and Financial Management at

United Bank of Africa (UBA) Jinja-road branch. The data collected was based on the Likert scale of strongly agreed, agreed, disagreed and strongly disagreed. The table presented a mechanism through Internal Controls and Financial Management at United Bank of Africa (UBA) Jinja-road branch. Concerning the Internal Controls and Financial Management has increased our institution has an accounting and financial management System according to the findings the 27% of the respondents strongly agreed, 38% agreed while 12% of the respondents disagreed while 12% of the respondents strongly disagreed with the findings of the study.

The findings indicated that Management closely monitor simple mentation of Internal control Systems in our institution affected by increased human settlement as indicated by responses 35% of the respondents who strongly agreed, 15% agreed while 19% disagreed and 26% of the respondents strongly disagreed.

The findings on management is committed to the operation of the system as indicated by responses 38% of the respondents strongly agreed, 31% agreed with the findings, 12% disagreed while 19% of the respondents strongly disagreed.

The findings indicated that the management closely monitor simple mentation of Internal control systems in our institution as indicated by responses 9(35%) of the respondents who strongly agreed, 7(27%) of the respondents, 4(15%) of the respondents disagreed while 6(23%) of the respondents strongly disagreed.

The study findings also indicated that management provides feedback to the junior officers about the Operation of the system with 6(23%) of the respondents who strongly agreed while 2(8%) of the respondents agreed while 7(27%) of the respondents disagreed and 10(38%) of the respondents strongly disagreed.

The study findings revealed that appropriate measures are taken to correct misfeasance in Operation of our Accounting & Finance Management System. The results reveal that 10(38%) of the respondents strongly agreed, 7(27%) agreed, 2(8%) of the respondents disagreed while 3(38%) of the respondents strongly agreed.

The study findings also indicated that management acts with a great degree of integrity in execution of their roles with 4(15%) of the respondents who strongly agreed while 8(31%) of the

respondents agreed while 10(38%) of the respondents disagreed and 2(8%) of the respondents strongly disagreed.

The study findings revealed that ethical values are upheld in all management decisions. The results reveal that 2(8%) of the respondents strongly agreed, 4(15%) agreed, 10(38)% of the respondents disagreed while 9(35%) of the respondents strongly agreed.

The study findings revealed that our Institution has objective, independent and active audit Committee revenue generated. The results reveal that 11(42%) of the respondents strongly agreed, 10(38%) agreed, 2(8) % of the respondents disagreed while 3(12%) of the respondents strongly agreed.

The study findings reveal that active audit committee revenue generated had a negative bearing on the financial management at United Bank of Africa Jinja – road branch.

#### **4.5 To identify the importance of Financial management at United bank of Africa.**

The second research objective was to identify the importance of financial management at United Bank of Africa. The study was presented based on the findings from the field as presented in the values assessed below.

Table 4.7 Showing importance of financial performance

Importance of financial performance.	Strongly Agree		Agree		Disagree		Strongly Disagree		Total	
	f	%	f	%	f	%	f	%	f	%
Our institution has enough cash to meet its obligations effectively (as and when they fall due)	11	42	4	15	8	31	3	12	26	100
The interest charges by our institution are appropriate to cover the costs of running the courses.	9	35	7	27	4	15	6	23	26	100
The Institution's profits have greatly increased overtime	14	54	5	19	4	15	3	12	26	100
Financial statements produced by Nyadri farmers savings and credit, cooperative society comply with the international account.	9	35	7	27	4	15	6	23	26	100
Our Institution's Accounting system adequately identifies the Receipts and expenditure of grant contracts.	10	38	6	23	2	8	8	31	26	100
The Institution's asset base has greatly increased overtime.	12	46	7	27	3	12	4	15	26	100

Source: Researcher Field Data, 2018

The study findings in table 4.7 provided that the results identify the importance of financial management at United Bank of Africa. The findings in the table provided that the importance of financial management was prevailing.

The findings indicated that our institution has enough cash to meet its obligations effectively (as and when they fall due) by responses 11(42%) of the respondents strongly agreed while 4(15%) disagreed while 8(31%) of the respondents of disagreed while 3(12%) of the respondents strongly agreed on the study provided.

The study findings also indicated the interest charges by our institution are appropriate to cover the costs of running the courses as indicated by responses 9(35%) of the respondents who strongly agreed while 7(27%) of the respondents, 4(15%) of the respondents while 6(23%) of the respondents who strongly disagreed.

The findings revealed that the Institution's profits have greatly increased overtime as indicated by responses 14(54%) of the respondents strongly agreed, 5(19%) of the respondents agreed while 4(15%) and 3(12%) disagreed and strongly disagreed respectively.

The findings revealed that Financial statements produced by Nyadri farmers savings and credit, cooperative society comply with the international account as indicated by responses 9(35%) of the respondents who strongly agreed, 7(27%) agreed while 4(15%) disagreed while 6(23%) strongly disagreed in that regard.

The findings revealed that our Institution's accounting system adequately identifies the Receipts and expenditure of grant contracts as indicated by responses 10(38%) of the respondents who strongly agreed, 6(23%) agreed while 2(8%) disagreed while 8(31%) strongly disagreed in that regard.

The findings revealed that the Institution's asset base has greatly increased overtime as indicated by responses 12(46%) of the respondents who strongly agreed, 7(27%) agreed while 3(12%) disagreed while 4(15%) strongly disagreed in that regard.

The importance of financial management at UBA indicate that the Institution's profits have greatly increased overtime by response of 54% and our Institution's asset base has greatly increased overtime by 46%

#### **1.6 To control activities and risk assessment at United bank of Africa**

The third research objective was to control activities and risk assessment at United Bank of Africa. The data collected from the field presents findings that can be interpreted as follows.

Table 4.8: Shows the relationship between internal controls and financial management

Control activities and risk assessment	Strongly Agree		Agree		Not sure		Disagree		Strongly Disagree		Total	
	F	%	F	%	F	%	F	%	F	%	F	%
Each institution has clear separation of roles.	9	35	2	8	04	15	10	38	1	4	26	100
Every employee's work checked by the others.	10	38	06	23	03	12	4	15	03	12	26	100
There is appropriate supervision by senior staff on the work of Their juniors corrective action is taken to address weaknesses	9	35	03	12	2	7	7	27	5	19	26	100
Staff is trained to implement the accounting and financial management system.	9	35	7	27	4	15	4	15	2	8	26	35
Each Institution has a well-developed Chart of Account	11	42	4	15	6	23	2	8	3	12	26	100
It is impossible for one staff to have access to all valuable information without the consent of senior staff.	11	42	10	38	00	0	02	8	03	12	26	100
Controls are in place to exclude incurring expenditure in excess of allocated funds.	06	23	02	8	01	4	7	27	10	38	26	100
Departments have budget reviews where actual expenditure is compared with budgeted expenditure and explanations for the variances given.	7	27	10	38	01	4	03	12	03	12	26	100
Each security system identifies and safeguards Institutional assets.	9	35	7	27	00	0	04	15	06	23	26	100
Each Institution carries out job rotation.	7	27	10	38	01	4	03	12	03	12	26	100
Each Institution payments are subject to authorization	10	38	08	31	00	0	03	12	05	19	26	100
Each Institution gives loans according to regulations.	9	35	7	27	00	0	04	15	06	23	26	100

Source: Primary Data 2018

The study findings on the relationship between internal controls and financial management.

The study findings revealed our institution has clear separation of roles as indicated by responses 9(35%) of the respondents strongly agreed, 2(8%) of the respondents agreed while 10(38%) of the respondents disagreed while 1(4%) of the respondents strongly agreed with the findings.

The study findings indicated every employee's work check on the others. The result revealed that 10(38%) of the respondents strongly agreed, 6(23%) of the respondents agreed while 4(15%) disagreed while 3(12%) of the respondents strongly disagreed according to the respondents.

The study findings revealed that there is appropriate supervision by senior staff on the work of Their juniors corrective action is taken to address weaknesses which indicated 9(35%) of the respondents strongly agreed, 3(12%) of the respondents agreed, 7(27%) of the respondents who disagreed and finally 5(19%) who strongly disagreed.

The findings on staff is trained to implement the accounting and financial management system as indicated by the responses 9(35%) of the respondents strongly agreed while 7(27%) of the respondents agreed while 4(15%) disagreed and 2(8%) strongly disagreed.

The study findings also revealed that our Institution has a well-developed Chart of Account as indicated by responses 11(42%) of the respondents strongly agreed, 4(15%) of the respondents agreed while 2 (8%) disagreed and 3(12%) strongly disagreed.

The study findings also revealed that It is impossible for one staff to have access to all valuable Information without the consent of senior staff Account as indicated by responses 11(42%) of the respondents strongly agreed, 10(38%) of the respondents agreed while 2(8%) disagreed and 3(12%) strongly disagreed.

The study findings also revealed that controls are in place to exclude incurring expenditure in excess allocated funds as indicated by responses 6(23%) of the respondents strongly agreed, 2(8%) of the respondents agreed while 7(27%) disagreed and 10 (38%) strongly disagreed

The study findings also revealed that the departments have budget reviews where actual expenditure is compared with budgeted expenditure and explanations for the variances given as

ndicated by responses 7(27%) of the respondents strongly agreed, 10(38%) of the respondents agreed while 3(12%) disagreed and 3 (12%) strongly disagreed.

The study findings also revealed that our security system identifies and safeguard institutional assets as indicated by responses 9(35%) of the respondents strongly agreed, 7(27%) of the respondents agreed while 4(15%) disagreed and 6 (23%) strongly disagreed.

The study findings also revealed that our Institution carries out job rotation as indicated by responses 7(27%) of the respondents strongly agreed, 10(38%) of the respondents agreed while

The study findings also revealed that in our Institution payments are subject to authorization as indicated by responses 10(38%) of the respondents strongly agreed, 8(31%) of the respondents agreed while 3(12%) disagreed and 5 (19%) strongly disagreed.

The study findings also revealed that our Institution gives loans according to regulations as indicated by responses 9(35%) of the respondents strongly agreed, 7(27%) of the respondents agreed while 4(15%) disagreed and 6 (23%) strongly disagreed.

On average of risk management has a positive relationship on internal control and financial management at United Bank of Africa shows that our Institution has a well-developed Chart of Account and it is impossible for one staff to have access to all valuable information without the consent of senior staff the findings had over 42% levels of agreement on the areas provided / studied or selected.



## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.0 Introduction

This chapter contains a summary, conclusion and recommendation to the findings.

#### 5.1 Summary of findings

The findings on the first objective provided that our Institution have objectives, independent and active audit Committee revenue generated affects the financial management, increased effective movement of services at UBA. It was noted that active audit committee revenue has increased in profit accumulation which have boosted the organization.

The second research objectives provided the Institution's profits have greatly increased overtime and the Institution's asset base has greatly increased overtime and has increased profits for employees and employers for survival.

The interest charges by our institution are appropriate to cover the costs of running the courses which has led to our Institution's Accounting system adequately identifies the Receipts and expenditure of grant contracts by top management.

The finding on the third research objective was to control activities and risk assessment at United Bank of Africa, that government sensitization awareness to the public that our security system identifies and safeguard Institutional Assets. In this case it is the responsibility of management to decide on the appropriate for situation. Internal controls vary from organization to organization; they also depend on the size and nature of business and the factors affecting financial management so they should be designed on the organizational circumstance to achieve proper financial management (Pandey, 1988)

#### 5.2 Conclusion

Based on the discussions above, the researcher thus concludes as follows;

Effective internal control will have a significant effect on proper use of organization funds and assets.

Weak internal control system will have a significant effect on fraud perpetration and loss of revenue in an organization.

Effective internal controls will have a significant effect on financial statement preparation and presentation by organizations.

Internal control activities will have a significant effect on proper keeping of records in organizations.

Effective internal audit systems will have significant effect on keeping to organizational financial budgets.

The financial management of any organization can be measured by the standard or the effectiveness of the internal control system and as well as the policies implemented by the management. A well-managed business entity will not only attract interest of outsiders such as investors and others, but will also retain the zeal of the existing owners and users of the financial information. Therefore in conclusion, it will be said that the financial management of any organization cannot do without internal control as true and fair presentation of financial statement may never be possible if the board and senior management are not committed to providing a well-planned internal control system. This is in line with the works of Ewa and Udoayang (2012); Okoli (2012) and Muazu (2012). All these works assert that proper and efficient internal control and internal audit system ensures sound financial management in organisations.

In accordance with the second objective of the study which was to identify the importance of financial management at United Bank of Africa, the researcher concluded that indeed The importance of financial management at UBA indicate that the Institution's profits have greatly increased overtime by response of 54% and our Institution's asset base has greatly increased overtime by 46%

It was found out that the two are related in way that concluded that if the organization does not put into consideration its size, nature and other factors in designing its internal controls on Financial, it is likely to lose all profits and objectives of growth because the internal controls will be inefficient. Internal controls by management on financial management face many limitations.

**5.3 Recommendations**

The role, responsibilities and procedures to be adopted by the management, internal audit department as well as the account department to the overall management of an organization should be focused on ensuring the safety of the assets and soundness of their operations.

Based on the findings of the study, the following recommendations are suggested:

Management should ensure that there are adequate organizational controls and that each staff knows his duties and equally ensures effective segregation of duties so as to reduce interference in terms of funds; and assets management and controls.

The internal control system should be remolded and strengthened to position the staff in carrying out their duties efficiently and effectively and at the same time evaluated periodically to strengthen its weaknesses in the organization so as to reduce the likelihood of committing fraud by the staff. Organisations should upgrade their internal control designs as this will be deterrence to staff who may want to commit fraud. In addition, they should also pay serious attention to the life style of their staff members as this could be a red flag to identifying frauds.

There should be adequate training of workers in the accounts section especially the internal audit staff. This will help in creating the much needed understanding as to the roles of auditing and how the internal auditing system works as well lead to understanding of reporting requirements.

The internal auditors at all times should be adequately independent of members of various departments within the organisation so that they can carry out their duties effectively. In addition, there should be regular evaluation of control in order to determine their effectiveness in operation and identify weaknesses, so that corrective action can be taken.

There should be a clear organisational structure and clear explanation of organizational targets and budgets so as to ensure that the internal auditors as well as management do not neglect it. Also there should be clear information dissemination within the various departments in the entire organisation on the control measures taken, so that each department would comply with the respective control systems especially regarding limits and budgets.

Finally, the management of the organization should be reviewed periodically so as to cope with modern trends in organizational fraud detection, prevention as well other modern systems of control such as the use of ICT etc.

In order to reduce the weak internal controls like staff colluding internally or with outsiders to avoid the controls, internal controls covering only routine transactions, abuse of controls by those with authority. Internal controls need to be strong enough to manage finances (cash) very well. The research is therefore centered at assessing the different means in which internal controls should lead to proper financial management. (Purity, 2006).

#### **5.4 Areas for Further Research**

Similar studies can be conducted for different geo graphical areas of the Nation and result compared to that of this research.

---

Similar studies can as well be done for different industries whilst result compared to see the difference as against this study.

Other measures of financial management such as asset and liability management can as choosing the right tools for controlling internal controls on financial management in united bank of Africa. This is a very important aspect for the employer to consider. The researcher was not satisfactorily able to make a thorough study on how to choose the right tool for improving employee aid therefore recommends it for further research.

## REFERENCES

- Adams, M. B. (1994). Agency Theory and the Internal Audit, *Managerial Auditing Journal*, Vol. 9 Iss: 8, pp.8 – 12).
- Adeniyi, A(2003). Auditing and Investigation, El-toda Ventures Limited, Nigeria. Pp 165-175.
- AICPA,(1963). Internal Control Systems and Financial Management 21<sup>st</sup> edition.
- American Institute of Certified Public Accountants (2005). Audit committee toolkit: New York Inc.
- Anthony, Puxity, (1991). Financial Management, 2<sup>nd</sup> edition, an Nostrand, Reinhold
- Anthony, puxity, (2006).Financial Management. 2<sup>nd</sup> edition anostrand, Reinhold.
- Arens, A. A., & Loebbecke, J. K., (1997). Auditing, (7th ed.). New Jersey: Prentice Hall.
- CBN(2010). Annual Statistical Bulletin. Lagos, Nigeria.
- Arnest I. Hanson, James C. Hamre, Paul H. Walgenbach (1987) Principles of Accounting: (4<sup>th</sup> ed) San Diego Harcourt Bracc Jovanovich Inc.
- Beckette. Jane L. Reimers, (2003). Accounting Control and Internal Control Report. (2004 / 2016)
- Chambers, A.U (1979) The Structure of Internal Audit New York Ronney Inc.
- Charles T. Homgren. Walter T. Harrison (2006). Financial Accounting: (6<sup>th</sup> ed Upper Sandal River, Peason Prentice I-fall MT.
- Charles T. Hongren, Linda Smith Bamber, Walter T. Hongren Jr (2002) Accounting: (5<sup>th</sup>ed) Upper Sanddle River, Prentice Hall.
- Chuke, C.I (2001) Basic Principles of Financial Management, Ibadan Prentice Hill International.

- Colbert, J. L., & Bowen, P. L. (1996). A Comparison of Internal Controls: CobiT, SAC, COSO and SAS 55/78. *IS Audit and Control Journal*, 4, 26-35.
- Committee of Sponsoring Organizations of the Treadway Commission (COSO). (1994), *Internal Control-Integrated Framework*. Two-Volume edition 1994, Pp 4-50
- Cooper and Lybrand (1985). *Manual Auditing*. 4<sup>th</sup> edition, Gee and Company
- Copper (1 984) *Manual Auditing*. 4<sup>th</sup> Edition, Gee and Company.
- Crawford, R. L., & Weirich, T. R. (2011). Fraud Guidance for Corporate Counsel Reviewing financial Statements and Reports. *Journal of Financial Crime*, 18 (4), 347-360.
- Curtis L. Norton, Gary A. Porter, (2003) *Financial Accounting the Impact on decision: (3Td ed)* Fort worth, Harcourt Inc.
- Deumes, R., and Knechel, R.W. (2008). E
- Ding, C. S. (2006). Using Regression Mixture Analysis in Educational Research, Practical Assessment. Res.
- Doyle, J., Ge, W., and S. McVay, S. (2007), Determinants of Weaknesses in Internal Control Over Financial Reporting. Working paper, Utah State University of Washington, and New York University.
- Edward E. Milan, Francis M. McNair, Thomas P. Edmond, Phillip R. Olds (1998) *Fundamental Woolf* (1978). *Auditing today*. 3<sup>rd</sup> edition, Gee and Company.
- Edward P. Milan, Francis M. McNair, McGraw- Hill Irwi Thomas P. Edmond (2003) *Fundamental Financial Accounting Concepts: (4<sup>th</sup> ed)*
- Eko, S. & Hariyanto, E. (2011). Relationship between Internal Control, Internal Audit, and Organization Commitment with Good Governance: Indonesian Case. *Managerial Auditing Journal*, 32(5): 6-13 Eval. (11), pp 1-11.

- Fairfax County of Virginia (2008). Ten Principles of Sound Financial management. [http://www.fairfaxcounty.gov/dmb/10\\_principles\\_sound\\_financial\\_management.htm](http://www.fairfaxcounty.gov/dmb/10_principles_sound_financial_management.htm)
- Reeve. Warren, (1993) Management Accounting: (6th ed) Irwin McGraw I-Till Inc.
- Fisher, J.G., (1998). Contingency theory, management control systems and firm outcomes: past results and future directions. *Behavioral Research in Accounting* 10 (Supplement), 47–57.
- 
- Gupta, (2006). Case in financial management. 2nd edition, Mifflin publishing group, Houghton. [http://www.ajournal.co.uk/pdfs/BSvolume5\(1\)/BSVol.5%20\(1\)%20Article%209.pdf](http://www.ajournal.co.uk/pdfs/BSvolume5(1)/BSVol.5%20(1)%20Article%209.pdf).
- [http://www.westerncape.gov.za/text/2003/normative\\_measures\\_for\\_fm\\_phase\\_1.pdf](http://www.westerncape.gov.za/text/2003/normative_measures_for_fm_phase_1.pdf). Assessed on 01/10/2014.
- Internal Control—Integrated Framework: Executive Summary. The Committee of Sponsoring Organizations of the Treadway Commission (1992). Sourced from <http://www.coso.org/icintegratedframework>.
- James, (1994). Financial Management and Policy. 9<sup>th</sup> Edition, Prentice
- Jensen, K. L. (2003). A basic study of Agency Cost Source and Municipal use of Internal Versus External Control. *Accounting and Business Research*, vol. 35 no. 1, pp. 53-67.
- Jerry (1984) Financial Management and Bank balance 4<sup>th</sup> Edition
- Johhston S. (2003). Financial Accounting Information for Decision Making: (2hldled), New York, McGraw Hill/Irwin.
- Kakuru, J. (2002). Finance Decisions and The Business. Revised 2<sup>nd</sup> Business Publishing House, Kampala
- Kakuru, J. (2005). Finance Decisions and The Business. Revised 2<sup>nd</sup> Business Publishing House, Kampala

Maltin, (2002) Essentials of Financial Management, 6<sup>th</sup> edition vikas Publishing House, New Delhi.

Maltin. 1. (2008). Essentials of Financial Management. 7<sup>th</sup> edition, vikas Publishing House, New Delhi.

Merchant K A, (2007). Review of The Literature on Controls and Accountability. Handbook of Management Accounting Research: (Ed.) C. S. Chapman, A. G. Hopwood, and M. D. Shields, 7 85-804, Amsterdam: Elsevier Press.

---

N. James D. Stice PHD (2002) Financial Accounting (10<sup>th</sup>ed) John Wiley & Sons Inc. Toronto.

National Treasury Publication (2003). Normative Measures of Financial Performance.

Ogneva, M., Subramanyam, K. R., and Raghunandan, K. (2007). Internal control weakness and cost of equity: Evidence from SOX Section 404 disclosures. *The Accounting Review*, Vol. 82, No. 5, pp. 1255-1297

Okoli, M, N (2012). The Role of Internal Audit in Financial Institutions: A Study of Nigerian Agricultural and Corporate Bank, First Bank of Nigeria and United Bank for Africa Plc. British Journal of Science, May 2, pp 72-82.

Pandey (2001). Track Record of Financial Institutions in Assisting the Poor in Asia: ADB Institute Research Paper, No 49. 2nd ed., Essex: Prentice Hall.

Pandey (2002), Paul J Steinbart (2006), Accounting Information System, edition, New Jersey: Pearson Prentice hall.

Pandey (2008) Essentials of Financial Decision and The Business. Revised Edition Publishing House. Kampala

Pandey, I. (2011). Essentials of Financial Management. 7<sup>th</sup> edition, vikas Publishing House, New Delhi.



Pandey, I.M. (2007). Financial Management 9<sup>th</sup>, Edition. New Delhi, India Vikas Publishing house PVT LTD pp;3.5

Pandey. (2003). Finance Decisions and The Business. Revised 2nd Business Publishing House, Kampala

Pandley (1999), Internal Control and Financial Flows (3<sup>rd</sup> ed) Publishing House Mc Graw Hill.

Pandley, I. (2002) Essentials of Financial Management. 7<sup>th</sup> Edition, Vikas Publishing House, New Delhi.

Robert F Meigs, ary A. Meigs, Mar K. Bertner and Ray Witttington, (1993) Accounting the basis for Business Decision: (10<sup>th</sup> ed) New York McGraw Hill/Irwin

Ronald W. Hilton (1977) Managerial Accounting Creating Value in Dynamic Business Environment: (5<sup>th</sup> ed) Irwin, Homewood Illinions

Samuels I. M and Wilkes F. M, (1980). Management of Company Finance. 3<sup>rd</sup> edition and Van nostrud rein hold (publisher), United Kingdom.

Saunders, M., Lewis, P., & Thornhill, A. (2007). *Research methods for business students*. Harlow, England, Financial Times/Prentice Hall.

Sawyer, L.B., Dittenhofer, M. A., Scheiner, J. H. (2003). *Sawyer's Internal Auditing*. 5<sup>th</sup> Edition. USA: The Institute of Internal Auditors.

Statement of Accounting Standard (SAS) NO-1, Section 320-321.

Stephen, Emasu. (2007). Public Financial Management – Concepts & Practiccs.

Steve Jackson, Roby Sawyers (2001) Managerial Accounting: (12t1 ed) John Wiley & Sons Inc. Toronto

JBA, Annual Report (2012). Financial Rccords Management Meeting with Board of Director.inja Road Uganda

University of California (2003) Understanding Internal Control a Reference Guide for Managing University Business Practices.

Valgambech (2000). Book keeping, Accuracy Reliability and Accounts. 10<sup>th</sup> edition, HFL

Weisbach, M. S., (1988). Outside directors and CEO turnover. *Journal of Financial Economics*, Vol .20.

Whittington O. R., & Kurt P. (2001). *Principles of auditing and other assurance services*. Irwin/McGraw- Hill. New York.

---

Woods, M. (2009). A contingency theory perspective on the risk management control system within Birmingham City Council. *Management Accounting Research*, 20, 69-81

Woolf (2001) Financial Management and Transactions (4<sup>th</sup> Edition).

Woolf (2007) Internal Control and Financial accounting: (4<sup>th</sup> ed) Irwin Mc Graw Hill.

## APPENDICES

### APPENDIX I: RESEARCH INSTRUMENT: QUESTIONNAIRE

Dear Respondent, I am Ntnsiima Evarlyne, carrying out a study on *Internal Controls and the financial management at United Bank of Africa (UBA) Jinja-Road Branch*. This study is going to be conducted as a partial fulfillment for the award of *Bachelors of Business Administration (Accounting)* of *Kampala international University*. The information provided will be confidential and only used for purposes of this study. Kindly spare your valuable time and respond to all the following questions.

#### SECTION A: BACKGROUND INFORMATION

*Please tick the correct box*

1. What is your position in the institution?

Manager	Assistant manager	Teller	Loans officer	Assistant Loans Officer	Compliance/ Internal	Human Resource	Others specify
							.....

2. Sex

Male	Female

3. In what age bracket do you fall?

20 - 29	30-39	40-49	50-69	60-69	70 and above

4. What is your highest level of education?

Certificate	Diploma	Bachelor's Degree	Postgraduate	Master's Degree	Doctorate	Others Specify
						.....

5. For how long have you served in your organization?

Below 1 year	1-2 year	3-4 years	5-6 6year	7-8 year	Above8 years

**SECTIONB: To examine the functionality of Internal Control systems of Bank of Africa (UBA) Jinja Road Branch**

Please evaluate the following statements by ticking under the appropriate figure basing on the scale below:

Strongly disagree	Disagree	Not sure	Agree	Strongly agree			
	2	3	4	5			
Statement			1	2	3	4	5
Control environment			1	2	3	4	5
Our institution has an accounting and financial management System							

Management is committed to the operation of the system					
Management closely monitor simple mentation of Internal control Systems in our institution					
Management provides feedback to the junior officers about the Operation of the system					
Appropriate measures are taken to correct misfeasance in Operation of our Accounting & Finance Management System					
Management acts with a great degree of integrity in execution of Their roles					
Ethical values are upheld in all management decisions					
Our Institution has an objective, independent and active audit Committee					
<b>Control activities and risk assessment</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Our institution has clear separation of roles					
Every employee's work check on the others					
There is appropriate supervision by senior staff on the work of Their juniors					
Corrective action is taken to address weaknesses					
Staff is trained to implement the accounting and financial management system					
Our Institution has a well-developed Chart of Account					

It is impossible for one staff to have access to all valuable Information without the consent of senior staff					
Controls are in place to exclude incurring expenditure in excess Allocated funds					
Departments have budget reviews where actual expenditure is compared with budgeted expenditure and explanations for the variances given					
Our security system identifies and safeguard Institutional Assets					
Our Institution carries out job rotation					
In our Institution payments are subject to authorization					
Our Institution gives loans according to regulations					
<b>Financial Performance</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Our institution has enough cash to meet its obligations effectively (as and when they fall due)					
The interest charges by our institution is appropriate to cover the costs of running the courses					
The Institution's profits have greatly increased overtime					
Outstanding loans are dully paid in time(before New loans are given)					
Financial statements produced by Nyadri farmers savings and credit, cooperative society comply with the international account					
Our Institution's Accounting system adequately identifies the Receipts and expenditure of grant contracts					
The Institution's asset base has greatly increased overtime					

**SECTION C:**

**To examine the contribution of the control activities to Bank of Africa**

In your opinion, do you think there is any contribution made by control activities to the financial management of your company?

.....  
.....

If yes, is the contribution positive or negative?

.....  
.....

*Thank you for your cooperation*

### APPENDIX III: WORK PLAN AND TIMEFRAME

Activity	Duration (days/weeks/months)	Responsible
Locate Respondents	Before 15 <sup>th</sup> June 2018	Researcher
Designing Pretesting data collection tools	Before 22 <sup>nd</sup> June	Researcher
Data Collection	Before 8 <sup>th</sup> July	Researcher
Data Coding	Before 15 <sup>th</sup> July	Researcher
Data interpretation and Reporting	Before 5 <sup>th</sup> August	Researcher
		Researcher

*Thank you for your cooperation*

End



**KAMPALA  
INTERNATIONAL  
UNIVERSITY**

Ggaba Road, Kansanga\* PO BOX 20000 Kampala, Uganda  
Tel: +256 777 295 599, Fax: +256 (0) 41 - 501 974  
E-mail: mugumetm@gmail.com,  
\* Website: <http://www.kiu.ac.ug>

**COLLEGE OF ECONOMICS AND MANAGEMENT  
DEPARTMENT OF ACCOUNTING AND FINANCE**

**May, 24<sup>th</sup> 2018**

To whom it may concern

Dear Sir/Madam,

**RE: INTRODUCTORY LETTER FOR NINSIIMA EVARLYNE  
REG NO 1153-05014-01439**

This is to introduce to you the above named student, who is a bonafide student of Kampala International University pursuing a Bachelor's Degree in Business Administration, Third year Second semester.

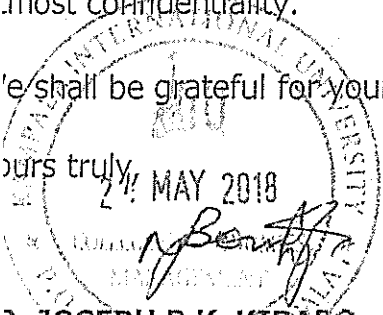
The purpose of this letter is to request you avail her with all the necessary assistance regarding her research.

**Topic: - INTERNAL CONTROLS AND FINANCIAL MANAGEMENT  
AT UNITED BANK OF AFRICA (UBA) JINJA – ROAD  
BRANCH.**

Any information shared with her from your organization shall be treated with most confidentiality.

We shall be grateful for your positive response.

Yours truly,

  
24 MAY 2018

**R. JOSEPH B.K. KIRABO  
HOD – ACCOUNTING AND FINANCE  
072323344**