

**IMPACT OF FINANCIAL MANAGEMENT ON THE
PERFORMANCE OF ORGANIZATIONS**

**A CASE STUDY MASAKA DISTRICT ADMINISTRATION
FINANCE DEPARTMENT**

BY

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DECLARATION.

For the partial fulfillment of the award of a **degree** in BUSINESS ADMINISTRATION, I hereby declare that the work presented in this proposal was done personally and that in spite of the assistance in carrying out, documenting the study, the greatest responsibility was mine. To the best of my knowledge such study has never been submitted anywhere for any award, copyright reserved

Signature.....



Student: NALUBEGA GERALDINE

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Date.....



DEDICATION:

I wish to dedicate this piece of work to all those who took part in mothering me. My husband MR. Zziwa Patrick together with my friends who have equally shared the responsibility of bringing me up by contributing much towards my lifestyle plus success in academic.

May the Almighty God bless you all.

ABSTRACT.

The research was carried out on the impact of Financial Management on the performance of organizations case study of Masaka District Administration

Literature reviewed that Financial Managements promote sound financial discipline It was also observed that new accounting techniques by the local government are responsible for the increased productivity on service delivery

The study was cross sectional , descriptive and designed to collect data from respondents like the district treasurers, chief administrative officers, internal auditors, accountants and cashiers

ACKNOWLEDGEMENT

The accomplishment of this study has been as a result of the combined effort of those who eagerly awaited my finalizing with the manuscript.

I wish to extend my appreciation to My husband MR. Zziwa Patrick for the financial support he rendered to me during my course. Special thanks goes to University administration and the academic staff of Kampala International University for the moral and financial support and encouragement rendered to me towards my accomplishment of this course.

MAY THE ALMIGHTY BLESS THE WORK OF YOUR HANDS

A LIST OF ABBREVIATION

- I. NGOS None government organisation
- II. CET Cost Effective Technology
- III. PTA Parent Teachers Association
- IV. SMC School Management Committee
- V. CBA Cost Benefit Analysis
- VI. SFP Sound Financial Policy

CHAPTER ONE

1.0 BACK GROUND

The term financial management has variable meanings including the administration and maintenance of financial assets. The process of financial management may also include identifying and trying to work around the various risks to which a particular project may be exposed.

Some experts refer to financial management as the science of money management-the primary usage of the term being in the world of financing business activities. However, the process of financial management is important at all levels of human existence because every entity needs to look after his finances.

From the organizational stand point, the process of financial management is the process associated with financial planning and financial control. Financial planning seeks to quantify various financial resources available and plan the size and timing the expenditures. In the business world, this means closely monitoring cash flow. The inflow is the amount of money coming into a particular company while outflow is the record of the expenditure being made by the company in various sources.

At the corporate level, the main aim of the process of business organization is to achieve the various goals a company sets at a given point of time. Businesses seek to generate substantial amount of profits with the help a particular set of financial processes. Financial planning aims to boost the levels of resources at their disposal, while also functioning on money invested in them from external investors. Another goal companies have is to provide investors with sufficient amounts of returns on their investments

At the individual level, financial management mostly involves tailoring expenses as per the

financial resources, the particular individual has.

Individuals who are in a favorable financial position, with surplus cash on hand or access to funding, plan to either invest their money for a positive return (which is normally means that they have made more money after calculating the double impact of tax and inflation) or to spend it on discretionary items.

Financial decision-making is also an important part of the modern day financial management process. The particular entities involved in financial management also need to be able to take the financial decisions that are intended to benefit them in the long run and achieve their financial aims, which is the basic premise of financial management.

Therefore it's on the above basis that the researcher after seeing all the importance of sound financial management, she decided to investigate the resultant effects of financial management, because for the successfulness of every business firm depends on good financial policies. Therefore those firms that have poor financial policies, the chances of achieving their goals are also minimal.

1.1. STATEMENT OF THE PROBLEM

Financial mismanagement has been a problem and its still because daily we hear reports in news papers, radio, internet, and website about financial mismanagement. This habit in fact is growing like wild bus fire and even it has turned into hereditary cancer that people are born with it.

Many organization, government and non government have joined hands fight this problem but all in vein. In this struggle to fight financial mismanagement includes, the police, local government, judiciary, religious institution by employing the techniques such as keeping

records that describes the earning and spending of an organization, internal control system to minimize to help the organization not to misuse the money, budgets have also been made for proper expenditure and financial reports to summarize all income and expenditure for certain period of time.

However, organizations have tried to implement the above mentioned tools but still it has not solved the problem of financial mismanagement since they are not followed well, so the Researcher is interested in strengthening these tools such that organizations put them in practice and help to solve the arising problem of financial mismanagement by pointing out what she ought to be done.

The Researcher assumes that for the organization to have a good financial management, it should keep its financial records which was describe the organization's earnings and spenditure. These basic records prove that each and every transaction has taken place and this was help to resist frauds since all transactions are detailed in cashbook. If the organization is keeping its basic records in a good order and writing down the details of each transactions in a cashbook, then it cannot go far wrong.

Also the organization should have proper controls in practice so that its money cannot be misused. The Researcher proposed some controls an organization should have in order to solve financial mismanagement such as keep cashbook in a safe place, follow the budget, monitoring how much money has been spent on what every month, employing qualified finance staff, having an audit every year and carrying out bank reconciliation every month.

The Researcher also found out that the organization must prepare accurate budget and it was only be useful if it worked out by carefully forecasting how much you expect to spend on your activities. Here the organization must identify exactly what it hopes to do and how it

was do it, plan how much income they was generate in order to come up with a good budget, and this was only solve the problem of financial mismanagement if the organization follows the budget.

Lastly, the Researcher found out that for an organization to have good financial management, it should practice financial reporting which summarizes the information held in the cashbook which was summarize the organization's income and expenditure over a certain period of time

1.3. OBJECTIVE OF THE STUDY

The study has two types of objectives and that is to say General objective and specific objectives, these can be seen as under:-

General objective

Under General objective, the Researcher wants to investigate on the causes of financial mismanagement in an organization.

SPECIFIC OBJECTIVES

Under these objectives, the Researcher wanted to investigate on quite a number of objectives in an organization and they were as follows:

- The Researcher first of all wanted to discover the cause of financial mismanagement
- Also the Researcher wanted to identify some of the effects of financial mismanagement in an organization
- Furthermore, the Researcher needs to investigate on the modes employed in financial mismanagement.
- The Researcher needs to investigate on the precaution measures that can be employed to curb the causes of financial mismanagement.
- Again the Researcher wanted to find out the location of the study

-Lastly, the Researcher wanted to investigate on the financial policies that are employed
masaka

1.4 LIMITATIONS AND DELIMITATIONS OF THE STUDY

Language barrier is one of the likely problems to be faced thus limiting the quality and quantity of information to be collected because the area has a mixture of different tribes. This problem can be solved by employing an interpreter which was help to deliver the quality and quantity information from the recipient to respondents and from the respondents back to the recipient.

Bad weather was also another problem faced by the researcher which was hinder them from reaching far to people to acquire information concerning their research, so the researcher was need to improvise water proof devices like rain coats, gumboots etc in order not to be stopped by the rain from carrying out her research.

The Researcher was also face the problem of lack of funds to facilitate the full research programme which was involve transport costs, rewarding of respondents for their appropriate contributions etc, this can be solved by cutting down the number of things that is needed in carrying out the research which was result into decreased costs.

The study may also be limited by poor responses of the public, so in solving this, the researcher must convince them by telling them how crucial and vital her research is to the public in order to win their mind.

Also the study may be limited by poor transportation, so the research was solve this problem by looking for the means for example take a walk in order to get where she wants to carry her research from.

The Researcher was also face the problem of un availability and improper documentation of information which was be encountered in the process of data collection, so the researcher was have to go to the right source in order to get the proper documentation

1.5 SIGNIFICANCE OF THE STUDY

This study was help students to be well equipped with rich financial skills and knowledge. The modules combine management and finance which was help her build profound knowledge in various aspects of business.

This study was also give an opportunity to students to understand financial theory and examine management issues without requiring previous academic experience.

Subsequently, this knowledge to students was provide a solid foundation for the initial technical skills training and relevant professional qualifications that was be undertaken upon starting the job.

This study was also help the Organisations to benefit from having accountancy professionals who understand the financial needs of business and who can evaluate and present effective business solutions.

CHAPTER 2:0

LITERATURE REVIEW

2.0. Introduction

In this chapter, the researcher has presented the literature researched and written by other researchers elsewhere on the areas as per the research objectives. This literature has been reviewed from internet, proposals, dissertations, newspapers, journals and novels.

Barry Elliot and Jamie in their book of financial accounting and reporting, second edition talked about interpretation problems when using consolidated financial statement that there are certain limitations that need to be recognized when analyzing a consolidated balance sheet, making inter company comparisons and forming a judgment on distributable profit based on the consolidated profit and loss account. These are as follows;

The consolidated balance sheet aggregates the assets and liabilities of the parent company and its subsidiaries. The current and liquid ratios that are extracted to indicate the creditors the security of their credit and the likelihood of the debt being settled was only be valid if all creditors have equal rights to claim against the aggregated assets.

Inter company comparisons may be invalidated if groups follow different accounting policies in relation to the choice of consolidation process. For example, one group might organize a combination to fall with in the criteria for treatment as a merger with no good was and book values used for the aggregation, another group might organize a combination so as to be treated as an acquisition with good was arising on consolidation and fair values used the aggregation.

The consolidated profit and loss account does not give a true picture for the profits immediately available for contribution by the holding company to its shareholders. By

aggregating all group profits wherever they reside within the group, the consolidated profit and loss account shows the group profit that could become available for distribution if it was to exercise its influence and control and require all its subsidiary companies and associated companies to declare a dividend of 100% of their profits for the year.

In summary, financial ratio analysis is integral to the assessment and improvement of company performance. Financial ratios help to direct attention to the areas of the business which need additional analysis. In particular, financial ratios provide some measure of the profitability and cash position of a company.

In the book of Financial accounting and reporting, third edition Pg 15, 16 & 17, David and Anne talked about the characteristics of useful financial information and said:-

It is useful not only to consider the purposes for which the information is required, but also to consider the characteristics of useful information. In fact, what do we mean by "information"? The first of these issues is considered in the corporate report. The report first of all summarizes its own conclusion as to the fundamental objective of published accounts.

The fundamental objective of corporate reports is to communicate economic measurements of information about the resources and performance of the reporting entity useful of those having reasonable rights to such information

The corporate report suggested seven characteristics and they are as follows:-

Relevance:

This sounds obvious, but on reflection is difficult to define and therefore to achieve. A report must give the user what he wants. As already indicated this presupposes that as the accountants preparing the report know:-

-Who the user is

-What his purpose is

-What information he requires for this purpose.

Understandability

Different users was obviously have different levels of ability as regards understanding accounting information. Understandability does not necessarily mean simplicity. It means that the reports must be geared to the abilities and knowledge of the users concerned. Complex economic activities being reported to an expert user may well require extremely complicated reports. Simple aspects being reported to users with little or no background knowledge was need to be very simple. The problems really arise when we have the task of reporting on complex activities but to the non-expert user.

Reliability

The user should be able to have a high degree of confidence in the information presented to him. This does not necessarily mean that the information has to be factually correct, but it should be as credible, as believable as possible preferably. It should be independently verified, e.g. by an independent qualified auditor. However, unverified or unverifiable – information may be better than no information.

Completeness

The use should be given a total picture of the reporting business as far as possible. The report uses the words a rounded picture of the economic activities of the reporting entity. This is a tall order. It implies large and complex collections of information. It may also imply problems of understandability.

Objectivity

The information presented should be objective or un biased in that it should meet all proper user needs and neutral in that the perception of the measurer should not be biased towards the

interest of any one user group.

Timeless

Essentially, this means that the information should be made available to the user in time for him to actually make use of it. Information presented should be as up-to-date as possible. Approximate information, made available in time to assist with some decision or action, is likely to be more useful than precise and accurate information presented after decision has already been made.

Comparability

Information about any one business for any one period should be presented so that;

- It can be easily compared with information about the same business for a different period and
- It can be easily compared with information about a different business for the same, or even a different period.

Clearly consistency of treatment is very important here – the application of generally accepted standards.

Bodie and Robert in their book of Finance defined the term finance as the study of how people allocate scarce resources over time. They went on mentioning at least five good reasons of studying finance which follow under

- To Manage your personal resources
- To deal with the world of business
- To pursue interesting and rewarding career opportunities.
- To make informed public choice as a citizen
- To expand your mind

First, knowing some finances help to manage your resources, can you get a long without knowing anything about finance? perhaps. But if you are completely ignorant, then you are at the mercy of others. Remember the old adage “a fool and his money are soon parted”. In some cases, you may seek the help of experts. There are many finance professionals and financial – service firms that provide financial advice-bankers, stock brokers, insurance brokers and firms selling mutual funds and other financial products and services. Often the advice is “free” if you are a potential customer. But how do you evaluate the advice you are given? The study of finance provides a conceptual framework for doing so.

A second reason to study finance is that a basic understanding of finance is essential in the business world. Even if you don’t intend to specialize in finance, you must have a sufficient understanding of the concepts, techniques and terminology employed by financial specialists to communicate with them and recognize the limits of what they can do for you.

Third, you may be interested in a career in finance; there are a varied and potentially rewarding career opportunities in the field of finance and many possible paths one can follow as finance professional. Most finance professionals are employed in the financial services sector of the economy – such as banking, insurance or investment management. However many others work as financial managers in non financial firms or in Government.

Fourth, to make informed public choice as a citizen, you should have a basic understanding of how the financial works. The financial system is an important part of the infrastructure of any market-oriented society.

Fifth, finance can be fascinating field of study on purely intellectual grounds. It expands one’s understanding of how the real world works. The scientific study of finance has a long history.

In the book of Financial Management Module 3 Head teachers training series , the writers said that for any organization or school to succeed it should have estimated budget. The head teacher is the main planner of the school. He plans how to obtain and use resources. He helps to translate school needs into financial plans.

These plans indicate the kind of school activities and programmes selected for support during a given school term or year. When translating school needs into a financial plan, the head teacher draws up a school budget.

Budgeting is the process of preparing a statement of expected income and proposed expenditure. In the case of your school, budgeting is the process of preparing a summary of school plans reflecting expected revenue and expenditure. The summary sentence is called the “budget” or “budget estimate”.

Schools too have many needs. Usually their incomes are not big enough to cater for all of these needs. When this happens, school managers are usually forced to cut out or reduce items they are not immediately needed. They identify less important items to eliminate or reduce. In short, they prioritize possible expenses and act accordingly. When prioritizing school needs, you will realize that some items are essential or necessary, some are desirable but not really necessary, and others are less desirable.

Essential, these are the things that the school cannot do without in order to achieve its mission and objectives for example, wages, allowances, stationary, and food are examples of essential items at many schools.

Highly desirable, these items that are needed very much but are not essential Students desks and benches are examples of highly desirable items.

Desirable, these are items that are nice to have but are more of a than a necessity. As a result, these should only be purchased if funds permit. School excursions and flowers planted around the school are examples of desirable items.

You and your school do not have enough money to meet all the school needs. As a result, you and other managers of the school should think about and prioritize each potential expenditure item as being either essential, highly desirable. Doing this will help you to spend the school funds on the most important items.

It is important that you follow proper procedures when preparing a school budget. By doing so, you will avoid possible conflicts. A good procedure to follow is this one; possible sources of income. Identify and list activities to be carried out during the budget period. Cost and prioritize expenditure items. Estimate the amount or cost of each income and expenditure items. Prioritize possible expenditure items as explained in the previous sections.

Prepare a draft budget.

Present the draft budget to the school staff for discussion. Do this during a general staff meeting. In this way, your staff will have an opportunity to contribute their views and proposals to the budget estimates made. Submit the draft budget to the school management committee. Submit the revised budget to the SMC for its views and possible revision.

Submit the draft budget to the PTA. Where the parent teachers association contributes significant resources and funds to the school, the SMC should submit the budget to the PTA for its consideration, suggestion, and possible assistance.

Obtain SMC approval. A final budget estimate should be prepared and approved by the SMC.

Submit to the DEO submit a copy of the final budget estimate which was approved by the

SMC to the DEO Office.

This book also went on to mention the functions of budgeting.

Budget serves as planning tool for the school. A budget estimate is a type of plan. It should be prepared for a specific period of time, such as a term or a year. It then guides the Headmaster carrying out of programmes during the time period.

Budgets guide school managers and administrators. They provide for delegation of financial duties since they indicate what activities are to be carried out with what amount of money. For example, if the head teacher is away and has delegated financial duties to the deputy head teacher, the deputy can implement planned programmes using the budget to guide him or her on financial matters.

The budget helps to ensure controlled and guided expenditures with an approved budget, the head teacher or others can not decide to haphazardly spend school funds. The budget was guide, control, and coordinate those who spend school money.

The budget can be used to help evaluate school performance and financial management. For example, it can be used later in the year to see if financial plans made have been carried out as intended. In satisfying the four functions mentioned above, a school budget helps to ensure focus on areas of priority where resources should be directed. Crucial areas where attention and action are required are clearly shown.

Cost effectiveness. That is, the budget helps to control income and spending so that the school implements its programmes as intended at minimal cost.

Good financial management for example the budget helps the school to avoid deficits. It also

helps you to coordinate and carry out school plans.

Also in this book page 47, it says the sources of a school partly depend on how finances are managed.

Financial management in a school is a process where the head teacher ensures that available funds are used to achieve the school mission and objectives. A major part of good financial management is keeping proper records.

There are two major types of financial records;

- Records about the receipt and banking of income and
- Records about the expenditure or disbursement of funds.

According to this book page 51-72 states that a number of records can be kept and used to keep track of money that comes into a school or organization. These include;

- Receipts
- A pupil –account register
- A bank deposit slips
- Ledger books
- An analysis book
- A debtor's register

Receipt books ,As a head teacher, you often receive funds to the school. This transfer of money is called a financial transaction.

During any financial you should issue a receipt as soon as you receive the money even if it is only a small amount.

A receipt is a document which acknowledges that the school has received funds and that some one has paid money

To a parent it is evidence that he has met his obligation to pay the school fees. A good receipt should have the following;

- a) The name of the school
- b) A receipt number
- c) The date of issue
- d) The name of the person or organization paying
- e) The sum of money paid both in words and in figures
- f) What the money was paid for
- g) A bank slip number for schools where pupils pay directly into a school bank account
- e) Space for the receiver of the money to write his or her name and signature

Pupil accounts register, the pupils accounts register is a book which can help a busy head teacher to quickly trace any pupil who has or has not paid his dues. It is also a pupil's enrolment record for each class. Every class is recorded on it's own separate sheets in the register.

A typical pupil accounts register contains the following information;

- Name and registration number of the pupil
- Expected income from the pupil
- Receipt number
- Amount paid and any outstanding balance

After giving out a receipt for funds received, the duplicate of the receipt is used to record the amount received in the pupil accounts register. This should be done promptly so that the register is up-to-date.

Banking funds received, the ministry of education requires that a head teacher banks all the money received by the school before any of the money is used.

As a chief executive of the school, you should ensure that all funds received by the school are deposited in a bank account without delay for several reasons.

- Banking funds is the safest method of keeping funds. It satisfies others and it helps you and others avoid temptations regarding the misuse of money.

- The bank pay in slip, this is a form which parents can use to pay school fees and contributions directly to the bank.

- Ledger book, the ledger is a book where the head teacher puts information about money received and payments made. The purpose of a ledger is to record financial transactions at the end of the month.

- Analysis book, this book helps you as a manager to monitor income and expenditure based on the budget. It normally has a heading on each column based on the items of the budget.

- Debtor's register, due to lack of money a number of pupils may complete an entire school term before paying the school fees and other charges. Pupils who have not paid are technically referred to as defaulters. At the end of the term, a list of defaulters should be made and recorded in a debtor's register. All the other amounts owed to the school are also recorded in this register.

The procedure of completing the debtor's register is as follows;

- Record all the defaulters on the left hand side of the register. Also record all other amounts owing on the same side.

- If some of the defaulters clear before you close for the month, record the date, name and amount paid on the right hand side of the debtor's register. Also write the receipt number for each payment made.

At the end of the month, show the remaining un cleared balance on the income and expenditure statement under other information.

Again this book from page 129, said that many head teacher do not know enough about their school's financial situation. They may not know exactly how much money the school has. They do not know if it is spending too much. They can not explain to others how the school money was spent.

As a result, the head teacher some times makes mistakes such as, spending too much money. He or she may not notice errors that the bank has made with the school accounts or mal practices of others who have used school money. People such as school management committee members and parents may also be up set because the head teacher can not clearly explain what has been done with the school money. On page 136, it says as a financial manager who deals with a bank's day -to-day running of its business may affect your school's account.

A bank statement is a summary that shows how you and the bank dealt with your school bank account during a given period of time. This summary is sent to you by the bank. It includes information about transaction that took place on the school's bank account. It also tells you how much money is in the account.

On page 144, talked about bank reconciliation that after establishing a difference between the bank statement and the analysis book, the next step is to prepare a bank reconciliation so that.

ACCOUNTING MANUALS FOR THE MANAGEMENT OF FUNDS IN IN DISTRICT AIDED COLLEGES AND SECONDARY SCHOOLS

(LOCAL GOVERNMENT EXPENDITURE POLICY)

District are representatives of the government and they are charged with the reasonability of making sure that all the funds sent the primary schools in form of UPE FUNDS, COLLEGE DEVELOPMENT FUNDS, NURSING COLLEGES ETC

2.1 Roles of bursars and accounting

Bursar

The traditional role of a bursar is to receive school fees and ensure that the students' fees records are in order. The bursar also has the role of providing school management with the details of the student debtors and a times was responsible for following them up.

An accountant's role is mainly to maintain record for funds received by an organization and make payments on behalf of the organization and maintain the records. The accountant also performs a checking role to ensure the accuracy of the accounting records and records and reports submitted.

In a number of Health Training Institutions the role of Bursar and that of the Accountant are merged into one and one person usually undertakes all the duties. Whatever the practice of

- The HTI the underlying internal control system principles are:

the accountant/bursar reports to someone who is more senior and who checks the accountant's work;

- There is segregation of duties. Here; if the accountant prepares a payment; it must be approved

by someone else:

- All reports prepared by the accountant are checked to ensure accuracy of the records and the report submitted.

For purpose of this manual; the bursar position has been used interchangeably with the position of the Accountant.

2.2 Minimum requirements for the bursar's office

The bursar's Office should have the following features at a minimum:

- A desk with a large worktop for the bursar with lockable drawers;
- A lockable door; to restrict access to the office to unauthorized people;
- Space and extra chairs for visitors, students and parents;
- Adequate lighting either natural lighting through windows; or extra artificial lighting;
- A safe for the safety of the cash on hand and the petty cash;
- There should be a lockable file cabinet for the sensitive documents such as the payroll, the

Cheque books and local purchase Order book.

- Several shelves to accommodate both of the accounting records of the Health Training Institution, and the school fees related records. The shelves should be able to accommodate

At least 70 box files.

2.3 ROLES WITHIN THE FINANCE FUNCTION

The finance function usually includes the supervisory role, the approval role and the implementation

Roles which are:

- the accountant's/ bursar's role
- the cashier role, and
- the storekeeper's role

Approval Role; It is more likely at the Health Training Institutions that the person handling the supervisory Role is the same person handling the Approval Role and this are usually held by the principal.

The principal is the Accounting Officer of the HTI and at the end of the day is therefore responsible for all the finances of the Health Training Institution. The principal should therefore approve all expenses of the HTI above a certain limit; which can be set at Ushs 100,000. The accountant should submit all Payment Vouchers ready for payment to the principal for approval.

Supervisory Role:

The principal supervises all staff involved in the accounting function, however, (s) he directly supervises the accountant. The accountant also supervises the other personnel performing accounts related functions: this includes the cashier, if the function is handled by another person, and storekeeper.

The Accountant/Bursar's role:

These functions are usually handled by the same person at the Health Training Institution (see 2.1 above). The duties usually carried out by the accountant /bursar include:

1. Receive fees on behalf of the Health Training Institution,
2. Make payment on behalf of the HTI
3. Performs banking activities for the HTI,
4. Provide management report for the HTI management to aid in the decision making processes of the District
5. Performs any other duties as assigned in the accountant's job description.

The cashier role:

This role is usually done by the accountant in the Health Training Institutions. The cashier's role includes, receiving of fees on behalf of the HTI, making payments on behalf of the HTI

and maintenance of the petty cash float. These payments should have been duly approved by the relevant persons.

The storekeeper's role; The storekeeper's role| function should be done by someone else other than the accountant. This is because the procurement function usually involves the accountant. The storekeeper's duties include:

- Ensuring that the stocks are securely kept,
- Issuing out stocks only on receipt of duly approved stock requisition forms,
- maintaining the stock records; updating the stores ledger and bin cards on issue out and receipt of stock items,
- Ensuring that the stores are clean and organized, and
- Carrying out periodic counts to ensure that the records are correct.

2.4 Reporting channels

The reporting channels differ from one institution to another; depending on the organizational structure. Regardless of the reporting structure; the principles of the internal control system above hold.

Business transactions can be examined in terms of the ways in which they impact on the following groupings of financial information.

1. Assets
2. Liabilities and Equity
3. Expenses
4. Revenues

(a) Assets

Health Training Institutions usually have two categories of Assets; Fixed Assets and Current Assets include the following categories:

- Land and Buildings, these can include freehold land, leasehold land and buildings
- Motor vehicles which includes truck ,saloon cars and motorcycles
- Laboratory and training equipment
- furniture and other equipment
- Computer and computer equipment, which includes computers, printers, scanners and projectors.

Current Assets include cash, accounts receivable, and inventory.

B) Liabilities and equity

Liabilities include short term and long term liabilities. Short term liabilities are those which have to be settled in a period of less than 12months. These includes Accounts payable and accruals such as taxes and wages; as well as short term loans and overdraft .Long term liabilities are usually long term loans and mortgages.

Equity is the capital contributed by the owners plus earnings retained in the business since the day it began . It is the difference on the balance sheet between all asserts and all liabilities.

Equity is made up of share capital, donation and retained earnings.

C) Income

The Health Training Institution have two main sources of funds. These are school fees from students and the Government. The other sources of funds for the different schools include:

>School /students fees

>Interview fees

> Funds from the hospital which are sometimes run by the same management

> Donors

d) Categories of expenses

Districts have the following main categories of expenses:

> Staff costs

> Meals

> Motor vehicle costs

> Utilities

> Allowances and field trips

2.6 Internal control system

Internal control system vary from one entity to another. The control objectives and feature are dependent on the organizational complexity and management objectives for that entity. Regardless of the differences in entity size and technical specialization , however , certain characteristics must be present in all system .

These include:

- An structural plan of the organization that provides the frame work for the division of authority, responsibility, and duties in an appropriate manner.
- An accounting system designed to measure results of operations and financial position.
- An appropriate chart of accounts, which is the account structure the district record transactions and maintain financial account balances.

The following specific control objectives are widely accepted as elements of good control and should be used management

- Authorization –ensuring that management approves all transactions

- Segregation of duties – that closely related tasks are not handled by the same person ;
e.g procurement of supplies and custody of the store.
- Capture- ensure that all transactions are recorded
- Validation –ensuring that all recorded transactions represent real transaction
- Valuation –ensuring that all amounts recorded for transactions are accurate
- Classification -ensuring that all transactions recorded are assigned to a proper categories (i.e ,assets, liabilities, revenues expenses) and subcategories (i.e type of expenses)
- Cut-off –ensuring that transactions recorded in the appropriate accounting period.

Access- ensuring that only authorized individuals, consistent with their job responsibilities, have appropriate assets a well-designed system of controls must include written policies and procedures to ensure that control objectives is met.

Accounting policies

Management of the District administration shall select accounting policies so that the financial statements comply with the requirements of the terms of the agreements between the department and its donors as well as complying with GoU required policies. These policies include the following:

a) Basis of Accounting

The financial statements are prepared on an accrual basis. Transactions and events (Revenues and Expenses) are recognised when the right to receive payment has been established; and /or responsibility to pay has been established, e.g School Fees for entire term is recognized when the student reports for the school term. Revenues and expenses are recorded in the accounting records and reported in the financial statement of the period to which they related

Consistency Of Presentation

The presentation and classification of items in the financial statements shall be retained from one period to the next unless there has been a significant change in the operations of the HIT; a change in is required by a change in the reporting requirement.

(Revenue recognition

Interest income on advances and deposits and income earned on investments is recognized on an accrual basis. Fees, commissions and other income are recognized when the company's right to receive payment has been established.

property and Equipment property and equipment are stated at cost less accumulated depreciation. Depreciation is calculated to write off the cost of property and equipment on either the straight –line basis or reducing balance method over their expected use full lives.

The suggested annual depreciation rates are listed under section 6.5 below.

Foreign Currency Transactions

Transaction during the converted into Uganda shillings at rates ruling at the transaction dates. Monetary assets and liabilities at the balance sheet date, which are denominated in foreign currencies, are resulting difference from conversion and dealt with in the profit and loss account.

Disclosure

Full disclosure shall be made of all matters relating to the financial position of the HTI as required by the terms of agreements between the HTI and its donors/ financiers and GoU. Obligations and commitments shall be reported in full.

Cash and Cash equivalents

Cash and Cash equivalents comprise cash at bank, cash in hand and short-term deposits with an original maturity of three months or less

Records and documents maintained

The source is the original record of a transaction. These are usually received from various external sources and are sometimes generated by the accounting system/ accounts office.

Source of documents include:

- Bank Deposit Slips

- Cash receipts

- Supplier invoices

- Delivery note

- Payment requisitions

Source documents are attached to the internally generated documents such as receipts and payment vouchers. Source documents should be kept safely because they are evidence that a transaction took place and that funds were paid out or received.

CASH ANALYSIS) BOOK

Cashbook

A cash book is used to record the funds received and the expenses incurred in the HTI. The cashbook is used to record both cash and bank transactions. If an Institution uses cash and the bank then more than one cashbook should be maintained. If an Institution operates more than one bank account, then a separate cashbook was be maintained for each bank account.

The cashbook is the point in an accounting system where cash transactions are captured. So it is very important that it is always accurate and complete, and it should be update every day.

The proposed cashbook has 7 columns as follows:

- > Date
- > Payment Voucher Number
- > Particulars /Details
- > Page No. for reference to the Cash Analysis Book
- > Credit column for the payments/expenses, and
- >Debit column for the receipts/ income

The cash book should be backed up by physical records, made up of files of document supporting each transaction: The following documents should be stapled together for each transaction :receipts/ invoices, payment vouchers/receipt vouchers and authorization /supporting forms . Payment and receipts should be filed separately, and records for each account should be separated. The files should always be kept in orderof payment vouchers and receipt vouchers. These vouchers should make it easy to to find physical records for any transactions listed in the cash book. The format of the cash book is attached under.

Cash Analysis Book

A cash Analysis book is similar to a cash book but has additional columns into which the various and expenses can be categorized (analysed).It helps the accounts staff to prepare report s according to the categories of expenses and income.

The larger departments may prefer to maintain a General ledger (see section 3.4 below);because there may be more accounts and transaction involved . If this is the case with the HTI; then the cash Analysis Book may not be necessary.

PETTY CASH BOOK

Health Training Institutions usually incur petty/small expenses in the Ugandan situation, most suppliers will request for cash and not accept cheque payment for expenses below Ushs 100,000. It is, therefore, advisable for the schools to have a petty cash float to cater for these expenses. The imprest system is the best way to maintain petty cash. With this system an upper limit is set for the petty ; and when funds have been spent to a certain amount ; the same amount is refunded to petty cash. The refund should be equal to the payments made so far and should bring the petty cash to the upper limit.

A petty cashbook is usually maintained with six columns. The columns are in the order below:

- Date
- Payment voucher number
- Description
- Income /replenishments
- Expenses, and
- Running balance

Examples of a petty cash book

Masaka Nursing School					
Petty Cash book					
Date	PV Number	Description	Debit (Income)	Credit (Expenses)	Running Balance

The Petty Cash be maintained an analysis format; where the amount spent are classified according to the categories of expenses.

GENERAL LEDGER

The General ledger is the register in which a summary of all accounts is maintained. The accounts are posted to the General ledger on a monthly basis. For a Health Training Institution using one bank account; the cash Analysis Book can work as a General Ledger. However, Where the HTI operates more than one bank account or has a large number of transactions; then the maintenance of a General Ledger is advisable. The chart of accounts acts as the table of contents to the general ledger. In a manual system summary totals from all of the journals are entered into the general ledger each month, which maintains a year-to-date balance for each account.

In a computerized system, data is typically entered into the system only once. Once the entry has been approved by the user, the software includes the information in all books in which the relevant account number appears. For example an advance was affect the cash book and was update the advance register at the same time. Most software packages allow the user to produce a general ledger which shows each transaction include.

DEBTORS LEDGER

The main source of the HTI's funds is the school fees from students. The bursar should determine the expected amount of school fees for a given term through discussion with the principal. The amount expected is then posted to the debtors' ledger in anticipation of the school fees. This ledger is a useful tool in determining the proportion of students who have paid school fees at any one time. This can be divided into three months where the amount is accrued on a monthly basis; or it can be accrued at once for the entire term with the amount reducing each time the students settle the school fees.

Example of a Debtors'

Masaka Nursing school						
Debtors Ledger.						
Date	Description	Student Name	Cadre& Year	Debit(DR) (Amount Expected)	Credit (Received From Student)	Balance

ADVANCED LEDGER

Some funds are advanced for an activity for which the final cost is not known. The cash cannot be recorded as expenses as soon as it is paid out; but has to be recorded in a register until the person receiving the advance has accounted for the funds. The register in which this payment is recorded is an advances register and the payment is known as an advance.

Separate page may be maintained for each person receiving advances depending on how often they receive advances. This does not affect the general format of the Debtors Ledger.

When the funds are paid for an advanced, the entry was be posted to the advances column in the cash analysis book. The advances register may also have a section for salary advances, with a similar format; which was be used to keep truck of salary advances to staff members.

At the end of each reporting period; the amounts on each individuals page are summarized to the total debtors and advances page respectively. These was be included in the management and other periodical accounts as the total debtors' and advances amount.

Example of an Advances Register

Masaka Nursing School					
Advances Ledger					
Date	PV Number	Decription	Debit (Received)	Credit (Accounted for)	Balance

When an advance is accounted for or refunded : a credit is entered into the advances register to show that the advance has been accounted for. If there is a refund of cash then this is also indicated and a corresponding entry was be made in the petty cash book to indicate that cash has been received.

At the end of each month, Quarter or year. a list is com piled of all the outstanding advances and the total for this list included in the balance sheet report that is prepared. The monthly total for this list should be equal to the monthly total in the advances column of the Cash

Analysis Book. Any differences between the two amounts should be investigated, and any errors should be corrected.

Creditor’s ledger

There are instances where an institution may receive an advance or debit that was be refunded when school fees is received. This advance may be in cash or in kind, e.g. food, stationary, etc.

The Institution would have to open up a ledger in the book of account to record and keep track of these debts, which would enable management to know how much debt the institution has. This is the opposite of the debtor’s ledger and can also be used to include items like electricity bills ; water bills, and other bills. The format for this register | ledger is similar to the format for the debtors’ register| ledger.

These represent expenses where the cash has not been paid. Each creditor could have a separate page. The separate pages would be summarised to a page for the total creditors as at a certain time.

Example of a creditors ledger.

Masaka Nursing School					
Creditors Ledger					
Creditor: Kampala Food Sellers					
Date	Invoice Number PV Number	Description	Debit (paid)	Credit (Expense incurred)	Balance

When a debt is paid by the institution; a debit is entered into the creditors register to show that a debt has been paid. The outstanding balance is the unpaid portion of the debt. At the end of each month, Quarter or year, a list is compiled of all the creditors and the total is included in the balance sheet report that is prepared.

Fixed assets register

Health Training Institution acquires fixed assets to enable them to carry out the various activities. A fixed assets is an asset that is used by an organization for more than one year.

Fixed Assets are usually categorized as follows:

- >land and buildings
- >motor vehicles
- >laboratory and training equipment
- >furniture and other equipment
- >computers and computer equipment

A register should be maintained to keep track of these fixed asserts. The institution may carry out a periodical physical count to ensure that all the asserts are kept. This register should be updated wherever fixed asserts has been acquired or an old assert has been sold off beyond repair or written off. A full page may be reserved for each group of items in the fixed Asserts register. The fixed asserts register was have the following columns:

- >Date of purchase
- >Serial number
- >internal registration number
- >Description
- >location
- >Cost
- >Net book value

>Depreciation rate (if this is applied by the HTI)

Fixed asserts counts

The HTI should perform a full verification exercise of all HTI fixed asserts at least once a year, to ensure that the information on the fixed asserts register is up –to –date. It is assumed that the results of the count was be reconciled to the asserts register and any differences was be investigated.

Cheque registers

Whenever a payment is being made by cheque: the cheque number, payee and date are entered into a book called a cheque register. The cheque signatories sign besides the row containing the cheque details to indicate that they have signed the cheque. This register is to enable the institution maintain all the records of the cheques issued out and the payee of the cheques. Cheque registers are usually maintained in counter books. The cheque register may have the format indicated below:

Example of cheque register

Masaka Nursing school						
Cheque register						
Bank : central Bank limited						
date	Cheque number	payee	Description	Amount	Signatories	
					A	B

In Addition To Cheque Register, it is advisable that the HTI maintains another register for cheques collected.

Payroll book

The payroll book is the book where all salaries are posted with details. It has columns for:

- Date
- Staff No.
- Staff Name
- Gross salary
- Pay as you earn (PAYE) deductions
- Advances deductions
- Other deductions, and
- Net salary
- National social security fund (NSSF deductions)

The computations for PAYE and NSSF deductions are discussed in the manual. The staff salary advance deducted should correspond to the entry for the month in the advances register.

Vote book

The Vote Book is where the amounts are inserted per the approved budget. Ideally a page is maintained for each account. As the funds are spent, the expenses are deducted and the end balance is the balance on the budget line. The vote book is therefore used to ensure that the budget limits are not exceeded. The format of the vote book is similar to that of the petty cash book.

Store Register

HTIs often purchase certain items in bulk, and do not at once but over a relatively short period of time. These items include stationary, food bought in bulk, etc. These items are usually kept in a store and issued out on demand. The record of the items received and the items issued are known as a stores register. It is advisable to maintain a page for each stock item in

the register; however, this would depend on how busy the stores system is and many different items are kept in the store.

Example of Stores register

<div>Masaka Nursing School</div> <div>Stores Register</div> <div>Stock Item: Printing paper</div>					
Date	Stores Requisition No. /Goods Received Note	Number and Details of Items requested	Received Into stores	Issued out	Balance

DOCUMENTS FOR TRANSACTIONS

The accounts office was use a number of internally generated documents to carry out their laily tasks. The formats for these documents are in Appendix I. These include the following:

Payment Requisition/Claim

The Payment Requisition/Claim is a dual purpose voucher that can be used by an officer to request for a document to be made to a supplier, or it can be used by an officer to claim for a refund for an expense incurred on behalf of the HTI.

his form can also be used by an officer to request for an advance.

ccountability Form

he accountability form is used by officers/ staff members to account for funds advanced. It cludes a section indicating the funds received and a section were the staff members

provides details of how the funds were spent. Supporting documents such as receipts, attendance register and signatures for receipt of funds should be attached to this form when handed in. This form is checked by the account personnel. And approved by a senior person; once approved the advanced entry was be reversed from the staff members spent more than was advanced; then a refund was be made for a staff member after appropriate approval has been received.

Cheque Payment voucher

The Cheque payment voucher (PV) is prepared when a payment is due, and after the receipt of payment requisition, an invoice or quotation. The accountant prepares cheque PV as evidence that a cheque has been prepared and paid out. Ideally the cheque PV should be serially numbered and a completed PV includes details of the payee; the reason for payment and the signatures of the preparer and the person approving. The voucher must be signed by the accountant to indicate that the details have been cheque.

After preparation of the cheque PV, the cheque register updated with the details of the cheque and payment. The source documents are attached to the cheque PV and the register are then forwarded to the principal for approval of the payment. on signature of cheque, the cheque PV and the cheque register must be signatories in the appropriate areas as evidenced that the cheque has been signed. If the cheque is to be cashed then the payee of the cheque was be the accountant and not the final payee.

As soon as the cheque is collected, the PV and the supporting documents should be stamped 'PAID' to prevent the re-presentation of the documents for payment. The stamped PVS are then filed in separate files for each bank account.

Petty Cash Payment Voucher

The petty cash is also prepared when a payment Requisition or an invoice is received by the accountant. The Petty Cash PV should be serially numbered to ensure completeness of the records; and it is advisable that the Petty Cash PV be completed in duplicate.

A completed Petty Cash PV includes details of the payee; the payee's address, the reason for the payment and the signatures of the preparer and the person approving. The completed petty cash PV should be attached to the source document; such as the invoice, payment Requisition and the receipt received after payment of cash.

The Petty Cash PV and all attached documents are stamped 'PAID' as soon as the cash is paid out and the petty cash book should be updated with the payment by the end of the day. The stamped Petty Cash PVs should then be filed according to PV number.

Stores Requisition Form.

The stores Requisition form is the form filled out to request for the items described in the Stores Register section. A completed form has the name of the person requisitioning, the items and quantity requisitioned; the preparer's signature and the signature of the person approving. There was also be a column for the balance on hand for each items to indicate the balance remaining after the issue out and a section for the recipient to sign as having received the items. The stores Register should be updated after the items have been issued out and the Stores Requisition forms should be filed in order of date. The stores Requisition Form should be numbered by the store keeper and thereafter filed by number.

Journal Voucher

The purpose of this is to post or recognize entries that do not involve the movement of cash. This includes, bank charges, advances recovered from salary, accountability for advances, etc.

These should be serially numbered and could have a reference to month of posting. For example, the recognition of petty cash expenses at the end of every month, expenses from an accountability form, etc. A completed journal voucher (JV) was have the date of preparation, details of the transactions, the date the transaction took place, the accounts affected and the signature of the person preparing. Sometimes the JV may have to be approved; however this was depend on the system in place at the HTI.

Local Purchase Order

The purpose of the local Purchase Order is to ensure that all purchases are made in accordance with the standing regulations and that all purchases of items above a specific threshold are appropriately approved.

Motor Vehicle Logbook

-The objective of the Motor Vehicle Logbook is to check that the movement of vehicles was for official purposes, to measure fuel usage and ensure economy.

-All drivers must fill in the located logbook with the particulars of each journey made, along with the mileage at the beginning and end of each journey.

Each logbook page may be filled in duplicate using a carbon paper. When each log-book is completed; the originals are detached and submitted to the accountant for checking and filing.

-The duplicate was be kept in the book; which was also be handed over to the Accountant for safekeeping.

General Receipt

A general receipt is issued out when funds are received. It should be serially pre-numbered ensure completeness of records and to avoid duplication. It is also advisable to prepare the receipts in triplicate (three copies); the original is given to the person paying, the duplicate (second copy) is attached to the supporting documents and the triplicate remains in the receipt

book for record purposes. A complete receipt has a date; the amount in both words and figures; the reason for the and the corresponding amount, the balance to be paid and the signature of the prepare. The signature is an acknowledgement that the cash has been received.

On completion of the receipt; the petty cash book is updated and the other supporting documents are attached to the receipt; after which the receipt and supporting documents should be filled, in order of the receipt numbers.

However, the HTI may want to bank all cash received instead of including it in the petty cash. In this case, as soon as the funds are banked; the banking slip was be attached to the receipt and the other source documents and filled. After this; the cashbook should be updated with the amount and the other relevant details. The receipt, banking slip and other source documents should then be filed in order of date.

Goods Received Note

This is a document issued out when the HTI receives goods from the supplier. It is confirmation to the supplier that the quality and quantity of the goods is agreeable.

A completed Goods Received Note has the date of receipt, the items received, the quantity received of each item and the balance that is yet to be

CHAPTER THREE: METHODOLOGY

INTRODUCTION

This part of the proposal gave the over all plan of how the study was executed. It included research design, study areas and study population, sample selection procedures, data collection procedures, data analysis and processing, data presentation, pre – field work arrangements and encountered problems of the study.

RESEARCH DESIGN

Research was done in both qualitative and quantitative aspects for effective collection and interpretation of the information. Data was gathered from respondents by use of interviewing, questionnaires, observations focus group discussions.

The quantitative methods was to examine the impacts of financial management in Organizations and qualitative design was investigate whether the measures of financial management have met in the implementation process by Organizations.

3.3. STUDY AREA AND STUDY POPULATION

Research was carried out in– Masaka District. Masaka district is located about 37kms away from the Equator towards the south and lies between 0o- 25o South and 34o East, having an average altitude of 115m above sea level. The district is bordered by Sembabule in the North West, Mpigi district in the North, Rakai district in the west and south and Kalangala District in the East. The District Headquarters is 120 km from Kampala. Masaka district has a population of 831,300 people with 420,000 females and 411,300 males. The population of is basically rural, with 754,000 rural dwellers and 77,300 urban dwellers.

The study population used for the research comprised of three populations. The first population was the Accountants, the treasurer and the third population was Cashiers at the

different departments. All the three populations were used due to the fact that they were well conversant with the impact of financial mismanagement in Organizations

SAMPLING SELECTION PROCEDURE AND TECHNIQUES

The Researcher choose a part of the population to represent the entire population for the entire area of the study.

The Researcher used a multi stage random sampling method for the first population that is Managing Directors.

The Researcher was also administering interviews to 30 respondents who was be randomly selected from the area of study.

The Research also applied the show ball sampling techniques where in the second population was to identify accountants who qualify to be in the sample and identify sample elements that was be acted upon at subsequent stages and this was mainly help the Researcher for further identification of Organizations .

Further more, the Researcher also used accidental sampling techniques guided by systematic list and the confidence they had during the selection of Accountants and cashiers.

DETERMINATION OF SAMPLE SIZE

The study targeted 80 (30) respondents only randomly selected from one village out of the villages which constitutes the study area.

The sample village was Nyendo: out of which 15 were be Managing Directors, 10 accountants and 5 cashiers. The following was the steps followed by the Researcher to justify the numbers in the sample.

The survey population N, which was be the total number of respondents, was be established 80. This was aim at helping the Researcher to calculate the sampling fraction 30%, of this was be Managing Directors (35), Accountants (25) and cashier (20).

The sampling fraction was be calculated as (n) and survey population (N) was be got by dividing “n” by sampling fraction which is n/N i.e. $30/80=0.4$

(i) The number of Managing Directors that was be interviewed at the end of research was be got by multiplying n by sampling fraction. So $35*0.4 = 14$. So only 14 Managing Directors out of 35 was be interviewed.

(ii) The number of Accountants were also be interviewed at the end of research by multiplying n by sampling fraction $25*0.4 = 10$. So, only 10 out of 25 Accountants were be interviewed.

(iii) The number of cashiers was also be interviewed at the end of research by multiplying n by sampling fraction $20*0.4 = 8$. So, only 8 out of 20 cashiers was be interviewed.

To determine the sample size by the villages, so in this case, the Researcher was not change anything because she was carry her research in only one place.

DATA COLLECTION PROCEDURES

The Researcher employed the following methods of data collection to ensure effective and efficient data collection.

Interview guide

The Researcher used interview guide instrument to collect information from respondents.

This was administered because the mentioned types of population were busy and they may not get time to sit down and fill on the questionnaires. Also the Researcher preferred this method because the population was to give her a chance to produce information concerning the study and this was to help her to avoid misinterpretation and distortion of answers.

Questionnaires

The Researcher also used questionnaires to collect information from respondents. This was administered especially in these three types of population since they are literate enough and they know how to read and write. And this is because it is a quick way of gathering information from large population.

5.3. Observation

The Researcher also used observation checklist in order to confirm whether what she was told reflects the reality on ground, and this observation was based on the impacts of financial mismanagement in Organizations.

5.4. Library review / documentary

The Researcher also consulted the already documented data like newspapers, text books, proposals, dissertations profiles and websites to supplement on the collected data.

5.5. Focus group discussion

The Researcher also used this method or tool on the first population that is to say accountants policy makers, district education officers This is intended to extract a deeper understanding of the impact of financial mismanagement in Organizations.

Data analysis and processing

After data was collected, data pieces for each group of population was put in a separate file.

This data in each category was labelled by use of letters for each questionnaire letter A for data piece of Accountants, questionnaire B for the middle managers and questionnaire C was for cashiers. The data was processed and analyzed and this took the following methods.

Editing

The form required editing after every field work in order to ensure completeness, comprehensiveness, errors made in recording and clear out inconsistencies in responses.

Coding

After editing, the Researcher categorized responses to each question into mutually exclusive and exhaustive categories including the development and specification of themes and sub-themes of analysis.

Tabulation

This was done after a specific code of data has been categorized for specific aspects and responses that entail quantitative statistical analysis. These include calculation of percentages and frequencies.

Pre – field work arrangement

The Researcher took a review of existing literature both at national and international on the impact of financial mismanagement. The Researcher made a preliminary visit to the area of study where she meet the accountants, middle managers and cashiers.

Data presentation

The data gathered was compiled in the well constructed tables, at this level; data was ready for presentation. The Researcher used tables to help her avoid repetition of establishing the class intervals between various variable

Also the Researcher used pie chart to represent the data collected from the field. The aim was
give a visual impression of the study.

CHAPTER FOUR:

PRESENTATION OF DATA AND DISCUSSION OF FINDINGS

Introduction

This chapter presented the findings of the study in tabular forms as sequences and percentage to give a basis for discussions. The presentation was done along the study objectives as topical headings, though it being with the demographic characteristic of the sample.

Demographical characteristics of the Respondents

The research required the respondent to give their background information relative to their occupation / position, sex, age, marital status, residence, religion education, income, access to social service, family, size and other person data. And the findings are presented in table below;

TABLE 4. 1: Official position held

Position	Frequency	Percentage
Administrator (chiefs)	05	10
Politician (LC. III, II and I	20	40
Technocrats	15	30
Locals	10	20
Total	50	100

Source: primary source

The table above summarizes the categories of respondents that were used in the study presented in frequencies and percentages. The technique used to categorize the sample was of purposive nature. Politicians were more than any other category because they are the policy makers who also hold the mandate of the electorates and charged with accountability in form service delivery from the taxes collected and money received as grants in their

administrative units in the decentralized system.

TABLE 4.3: SEX OF RESPONDANTS

	Administrators	Politicians	Technocrats	locals	total	%
Male	04	16	10	05	35	70
Female	01	04	05	05	15	30
Total	05	20	15	10	50	100

Source: primary Data

The above table reflects that most of the respondents in the study were male who constituted 70% of the respondents. Female had the smaller percentages in most of the categories apart from the local where the percentages were equal. The female constituted 30% of the total respondent. The dominance of male in the above case signifies the gender imbalance that still exists in financial decision making.

TABLE 4.10: CONTROL TECHNIQUES HAS DISORGANIZED THE ADMINISTRATION AND MANAGEMENT OF SERVICES

Case	Administration	%	Politician	%	Technocrats	%	locals	%	total	%
Case 1	04	88	07	35	06	40	07	70	24	48
Case 2	01	20	09	45	07	47	00	00	17	34
Case 3	00	00	01	05	00	00	00	00	01	02
Case 4	00	00	02	10	01	6.5	00	00	03	06
Case 5	00	00	01	05	01	6.5	03	30	05	10
Case 6	05	100	20	0	15	100	10	100	50	100

Source: primary data

The above shows that many of the respondent generally agreed that the control techniques introduced such as EFT has disorganized the administration and management of service delivery in decentralized local governments 82% (48 +34). This percentage was a contribution of local council members, 40% and 50% administrators. This is because the two categories are beneficiaries in forms of allowances and vote winning especially for politicians. Technocrats made a contribution of 43.5%, justification is that technocrats used to get allowances and facilitations for easy services local government the justification is simple because the locals are realizing a negative impact in service delivery because of the proper finance management policies. It should be noted that the government had embarked on the strategy for financing of local government which among other things was establish the role of locals revenues, conditional, un conditional and equalization grants. However, there is still a big gap as regards recovering from the deficit caused by the graduated tax suspension as reflected in the progress report (200).

**TABLE 4.11: THE INTRODUCTION EFT AS MEANS OF PAYMENT HAS
REDUCED EMBEZZLEMENT OF DISTRICT FUNDS**

Response	Administration	%	Political	%	technocrats	%	locals	%	total	%
		age								
S. Agree	03	60	08	40	05	33	06	60	22	44
Agree	03	40	0909	45	07	47	00	00	18	36
Neutral	00	00	0100	00	00	00	00	00	00	00
Disagree	00	00	0201	05	01	07	00	00	02	04
S. Agree	00	00	02	10	02	13	04	40	08	16
Total	05	100	20	100	15	100	10	100	50	100

Source: Primary data

From table 12 above, it can be deduced that the electronic funds transfer has reduced the embezzlement of funds in the District administration This is evidenced by the percentage of

respondents who agreed (36%) and contribute the largest percentage of local revenue with enough flexibility to deliver services in accordance to the local priorities unlike grants which are conditional and attached with a lot of strings. The final accounts for the years from 2001-2002, 2002-2003, 2003-2004, 2004-2005, 2005-2006, 2006-2007, 2007-2008, shows an increasing in local revenue balances.

The respondents revealed that the local governments budgets fell far below the expected percentage ever since graduated tax was suspended in 2004. Hence a decline in service delivery by the local government

Table 4.12: Management is facing financial problems

Response	Admin	%	Politician	%	Technocrats	%	Locals	%	Total	%
S. agree	05	100	10	50	07	47	10	100	32	64
Agree	00	00	09	45	05	33	10	100	14	28
Neutral	00	00	01	05	01	07	00	00	02	04
Disagree	00	00	00	00	01	07	00	00	01	02
S. Disagree	00	00	00	00	01	06	00	00	01	02
Total	05	100	20	100	15	100	10	100	50	100

Source: Primary data

A substantial percentage agreed that the management is facing financial problems 28% and 4 strongly agreed according to table 13 that's to say that a big percentage of 92% agreed that the management is facing financial problems. 100% administrators strongly agreed, 95% politicians strongly agree 50% +45% agreed 100% locals strongly agreed while 80% technocrats also agreed with 47% strongly agreed and 33% agreed. This implied that the conditional grant is a big contribution to the problem. Since the procedures on expenditure are already laid

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.0. This chapter presented the conclusion, summary and recommendations that should be implemented for proper and sound financial policies.

5.1 CONCLUSION

The impact of financial management on the performance of organizations was carried in Masaka District Administration, finance department.

Therefore the researcher winded up her research by saying that the district has a number of techniques in the management of finance which included the following .

-Books of accounts such as cash books, ledger, vote book, receipt books and analysis book are some of the book used in the accounts section.

This development was most observed in the area of managing funds sent to government colleges like masaka nursing school , government aided secondary schools like universal secondary educations, universal primary education funds which are directly monitories by district education accounts department

EFT Another development which has promoted proper financial management is the electronic funds Transfers which is used in remitting payments to clients without physical contacts.

This has impacted on the performance of organizations in the way that quick payments are made electronically

Financial management has impacted on the performance of organization in way that corruption and embezzlement of funds is now minimal as district accounting officer have

tight regulations which guide the expenditure.

Lastly there an integrated funds management system where a combination of devices have been linked together to monitor and tracking of payments plus any documents containing accounting information.

Therefore in short the impact of financial management on the performance of organization has promoted efficiency and effectiveness which has reduced corruption and embezzlements of district funds.

5.2 RECOMMENDATIONS.

-Basing on the findings of the study, the following recommendations should be put into consideration.

-Disciplinary actions should be undertaken on those officers who fail to implement fund financial management policies as laid down by local government accounting manual and district education expenditure policies.

-Budgets should be made and presented for discussion in advance before they are approved .

-Let the parliament accounts committee establish district and regional offices for tracking fraudulent officers.

-The office of the auditor general should confidently audit the book of district time to time.

APENDIX A

Questionnaire

Dear respondents,

You have been selected to participate in the study entitled the impact of financial mismanagement in organizations.

Effects of the supervision of graduated tax on the fiscal resource in the sub country.

The researcher presented items to the respondents that sought their opinion and recommendations on issues that were thought to be impacting on the administration and management of service delivery in the decentralized local government system as a result of the suspension of graduated tax in their sub-country. The responcess from the respondents were organized and presented in the table below:

Section A

Personal data

Name:.....

Age:.....

Level of education:.....

Department:.....

Position:.....

company? Please explain. Some examples might be;			
a. Accounting entries are supported by appropriate documentation; e.g. purchase orders and vouchers.			
b. Separation of responsibility in the receipt, payment, and recording of cash.			

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