

Internal controls, Accountability and Performance of Global Fund in South Sudan

A Thesis report

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DECLARATION

Okello David, do hereby declare that this thesis on, Internal controls, Accountability and Performance of global fund in South Sudan is my original work sourced from both primary and secondary sources and to the best of my knowledge has never been presented for any academic award in any university or institution of learning.

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APPROVAL

This thesis of Okello David entitled, Internal controls, Accountability and Performance of Global fund in South Sudan has been done under my supervision and submitted to the College of economics and management (CEM) with my approval.

Signature: 

Date: 14/11/2016

r. Wandiba Augustine

DEDICATION

dedicate this work to those whose lives have been disabled by HIV/AIDS, Tuberculosis and malaria, the thousands who have died, fallen ill of the HIV and Tuberculosis viruses and those currently suffering from malaria, to the Global Fund donors who are providing grants to fight these pandemic in many parts of the world as well as South Sudan, to the government of the Republic of South Sudan, the National and States Ministries of Health, the National and States HIV/AIDS Commissions, to the County Coordinating Mechanism members and alternate members who volunteered to provide oversight for these grants, to the fund secretariat and the local fund agent for their oversight of the grants and support towards completion of this study, to the fund principal recipients, sub-recipients and sub-sub-recipients whose generous contribution to the implementation of the grants have brought us this far in the combat against HIV/AIDS, tuberculosis and malaria.

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I thank the data collectors who endured much hardship, moving from office to office, following up respondents through telephone to provide their responses. I am grateful to the study respondents who sacrificed their time and cooperated with the data enumerators. It is my hope that by using the information obtained; we can enhance internal controls to improve accountability and fund performance in our various organizations as well as acquaint ourselves of the interplay between internal controls, accountability and performance in a work environment.

I would not have contemplated this road if not for my parents who installed within me the love of creative pursuits, science and language, all of which find a place in this thesis. To my parents, thank you.

ABSTRACT

This study was conducted on internal controls and accountability as independent variables and performance as the dependent variable. The problem was that, there were issues of fund mismanagement, delays in disbursements from the global fund; restricted funding for the CCM Secretariat as well as improved performance of the global fund in South Sudan. This prompted the investigation of the above variables. The objectives of this study were; to identify the forms of internal controls and accountability of the global fund in South Sudan, to examine the performance of the global fund in South Sudan, and to establish the effects of internal controls and accountability on performance of the global fund in South Sudan. This study was carried out by developing a conceptual framework relating internal controls, accountability and performance. This study employed a cross-sectional descriptive design. Relevant data were collected using self-administered questionnaires. The target population was 160 staff with a sample size of 114 staff and a total of 108 questionnaires were received. No data was analyzed using frequency tables, performance of the global fund was analyzed using Pearson's Linear Correlation Coefficient to measure dispersion in responses, and regression analysis was run to measure the effects of independent variables on dependent variable. The findings of this study revealed that, internal controls and accountability are interdependent; there was improved performance of the global fund and delays in fund disbursements were either intentional or due to funding constraints. The results in the regression table 9 shows that Internal controls and accountability explains up to 69.2% variation in performance of the Global Fund. These findings rejected the null hypothesis that internals and accountability have no significant relationship with performance of the Global Fund in South Sudan. Based on the findings the researcher recommended (i) the strengthening of internal controls to enhance accountability and grants performance. (ii) Update the 2011 operational policy manual in line with the new funding mechanism. (iii) A study to establish other variables that explains the 30.8% variation in performance of the global fund in South Sudan.

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LIST OF ACRONYMS

AA	:	Arikanjelo Ali Association.
AIDS	:	Acquired Immune Deficiency Syndrome.
ART	:	Antiretroviral Therapy
CCM	:	Country Coordinating Mechanism.
CCM-SS	:	Country Coordinating Mechanism for South Sudan.
CEO	:	Chief Executive Officer.
CSO	:	Committee of Sponsoring Organizations.
GFATM	:	Global Fund to fight AIDS, Tuberculosis, and Malaria.
HIV	:	Humane Immune Deficient Virus.
ISS	:	Health System Strengthening.
IBBS	:	Integrated Bio behavioral Surveillance
FA	:	Local Fund Agent.
MENA	:	Middle East and North Africa.
NADC	:	Norwegian Agency for Development Corporation
NTP	:	National Tuberculosis Program
OIG	:	Office of Inspector General
OPN	:	Global Fund Operational Policy Manual 2011
PBF	:	Performance Based Funding
LCC	:	Pearson's Linear Correlation Coefficient

PRs	:	Principal recipients
PSI	:	Population Services International
PSM	:	Procurement and Supply Chain Management
ROE	:	Return on Equity
ROI	:	Return on Investment.
SAQ	:	Self-administered questionnaire.
SPLA	:	Sudanese People Liberation Army
SRs	:	Sub-recipients
SPSS	:	Statistical Package for Social Sciences
UNDP	:	United Nations Development Programme
UNICEF	:	United Nations Children's Fund
USD	:	United States Dollar
WHO	:	World Health Organization

CHAPTER ONE

INTRODDUCTION

1.0 Introduction

This chapter covered the background of this study, statement of the problem, purpose of this study, objectives, research questions, hypothesis and scopes of this study, significance of this study and definition of operational terms.

1.1 Background of the study

The background of this study was presented in the form of perspectives namely, historical perspective, theoretical perspective, conceptual perspective and contextual perspectives.

1.1.1 Historical perspective

The global fund to fight AIDS, Tuberculosis and Malaria (GFATM) was created when the world realized its failure to respond to the AIDS epidemic as well as to tuberculosis and malaria in developing countries. This was an exceptional public health and human rights crisis. In April 2001 the united nation secretary General Kofi Anna issued a call to action and a few months later the world endorsed this call at the united nation general assembly special session on HIV/AIDS (Global Fund 2000 G-8 Heads of State meeting in Okinawa accessible from www.theglobalfund.org). In January 2002, the global fund was established to respond to the three diseases and help achieve the millennium development goals (26th United Nations General Assembly Special session dated 25th – 27th 2001). The fund was shaped to mobilize financial resource to combat the three pandemics. It is a partnership of donors, government, civil society, private sector and affected community to rapidly scale up prevention, treatment, care and support interventions for these diseases. The fund attracts, manage and disburse additional

resource through public private partners, country driven, coordinated, and multi-sectorial approach to make sustainable and significant contribution to the reduction of infections, illness and death. The global fund has a secretariat in Geneva and no in-country offices and ownership of resource in the implementing countries. Country coordinating mechanisms were made responsible to oversee the progress of program implementations. The CCM is a central pillar of the global fund's architecture to ensure country-driven, coordinated and multi-sectorial processes for leveraging and effecting additional resources to fight AIDS, Tuberculosis and malaria. To ensure country ownership, the country coordinating mechanisms (CCMs) were established such that countries mobilize resource and ensure their effective implementation by building upon existing structures, where appropriate and ensure quality fund performance and accountability www.theglobalfund.org.

The global fund went through a number of hard grounds in the implementation of the fund. In Indonesia a country with over 255 million people, risk management of financial and programmatic data was found effective in 60% of program sites, most health facilities followed global fund pooled procurement mechanism, program data and reports were well processed and effective from 2003 to 2015. Yet, there were cases of weak forecasting and inventory control, weak TB/HIV collaboration and follow up of HIV patients, stock outs and expiry drugs, 69% of health facilities did not follow good storage practice. In Ukraine, audits of the global fund noted issues of conflict of interest, procurement irregularities, abuse of office, non-compliance to standard grant terms and conditions of agreement, delayed reporting, fragile economic breakdown and armed conflicts but despite all these, the country is working hard to reduce the prevalence of HIV and Tuberculosis (*Global Fund OIG audit report April 2015*).

In Uganda the global fund experienced cases of weak governance, low absorption rate, ineligible expenses, and pervasive stock out of key HIV medicines, unexplained stock differences, poor grants oversight, protracted procurement and recruitment processes and continued transfer of funds to individual accounts. Yet Uganda made a significant headway in the treatment of the three diseases in 2010 and 2014 (*Global fund OIG*

audit report 2014). In South Sudan about USD 935,138 for transactions and bed nets worth USD 431,223 were not accounted for, 56% of buildings constructed under the health systems strengthening project in phase I either have defects or not in use. Yet the country is said to have made notable improvements. Bed nets ownership increased from 53% in 2009 to 66% in 2013 and coverage for pregnant women receiving intermittent malaria preventive treatment increased from 13% in 2009 to 26% in 2013 despite the poor infrastructure in the country (Global fund audit report 2014).

..1.2 Theoretical Perspective

In this study two theories were explored and these were the agency theory and stewardship theory.

..1.2.1 The Agency Theory

The agency theory was developed by R. Zeckhauser (1985). It considers the principal of "one boss and one worker". It assumes that managerial actions depart from those required to maximise shareholders' returns according to (Berle, A. & Means, G. (1932) and that there is an agency loss if the principals or the owners exercised direct control of the corporation, Jensen, M. & Mackling, W. (1976). The theory holds that the principal is too busy to do a given job and so hires the agent. It also assumes that agency loss can be reduced by giving incentive schemes for managers which rewards them financially for maximizing shareholders' interests.

The agency theory "one boss and one agent" does not have much relevance to the global fund architecture which operates on a principal of one boss and many agent or two bosses and many agents. However, the theory has contributed to this study in that, the CCM is the owner and the principal recipients and sub-recipients are the managers of the grants while the global fund provides an overall oversight and guidance to the CCM and PRs, mobilizes and disburse resources based on performance. It also observed that operational cost would be extremely high if the global fund established offices in most countries and exercised direct implementation of the grants, Jensen, M. &

Lackling, W. (1976) but it can be cost effective if in-country ownership and implementing entities are used with reasonable financial reward, Eisenhardt, K (1989). The agency theory also emphasized that the principal recipients always have to behave in the interest of the global fund secretariat and the CCM Secretariat because their relationship is based on performance based contracts. Secondly the CCM and global fund has all the information to verify behaviors of the PRs and SRs and their compliance to policies and procedures.

..1.2.2 Stewardship theory

The stewardship theory was developed by James, Donaldson (1985). It holds that shareholders' interests are maximized by share incumbency of their roles and that there is no essential or general problem of executive motivation. Performance variation arises from whether the structural situation in which the executive is located facilitates effective action by the executive and corporate performance improves if there is inner motivation in the manager not financial incentives. The theory contravenes the agency theory in that it's not financial incentives that improve performance but clear, consistent role expectations, authority and inner motivation that empower senior management to attain superior performance. If roles are ambiguous and challenged performance cannot improve.

..1.3 Conceptual perspectives

The conceptual perspective described the forms of internal controls, accountability and performance.

Internal controls refers to processes instituted in an organization's structure, work and authority flows, people and management information systems designed to help the organization accomplish its specific objectives. Ishumgisa L.K (2001) & Meigs; et-al (1988) described internal controls as a specific set of policies, procedures and activities designed to meet an objective. A control may exist within designed function or activity

n process. A control input may be entity wide or specific to an account balance, class of transaction or application.

Meigs-et-al (1988) continued to say that controls have specific characteristics; they can be automated or manual reconciliations, segregation, safeguarding and accounting for assets, preventing or detecting errors or fraud among others. Control as a process may consist of financial reporting control and operation control (Wales University, 2005). According to COSO (1999) and Anthony, M (2004) there exists five internal control components which must be present in order to conclude that internal control is effective namely the control environment, risk assessment, information and communication, control activities, monitoring and review.

Indicators of internal control include: reconciliations, analysis and reviews of operational performance, segregation of duties, safeguarding of assets, preventing and detecting of errors or fraud, delegation of authority, proper organization, sufficient documentation, timely feedback on performance, strategic goals, compliance with laws and regulations, risks assessment, effective information flow, and monitoring performance and fund utilization. In this study internal control means the control environment, control activities, risk assessment, information and communication and monitoring.

According to Lower, M (1998), an effective control environment is where people are competent; people understand their responsibilities, their limits of authority, are knowledgeable, mindful and committed to doing what is right and doing it the right way. The control environment sets the tone for the organization. Success Pcat (2004) also said the control environment is the consciousness of the organization and compels the organization members to conduct their activities and responsibilities as per laid down control objectives. The control activities according to Craig, David (1999) are administrative actions that management engages in to keep the organization focused and cautious in addition to keeping members effective and efficient in task execution. The control activities include; proper authorization, segregation of duties, analysis,

reconciliation, review of financial documents, physical control of assets and sufficient documentation.

Risks are events that threaten the accomplishment of objectives. They ultimately impact an organization's ability to accomplish its mission. Risk assessment is the process of identifying, evaluating and determining how to manage these risks. According to the global fund local fund agent (KPMG), the term risk was derived from an early Italian phrase *risicare* or to dare, it is an ever present aspect of the business world. Risks can lead to positive as well as negative outcomes for the company. Risks can be managed through transfer of risk to third parties, sharing risks, contingency planning and withdrawal from unacceptable risky activities.

Information and communication flow according to ACCA (2005) is the process through which the right organization members receive the right information at the right time. Pertinent information must be identified, captured and communicated in a form and timeframe that enables people to carry out their responsibilities. Monitoring is a process that assesses the quality of the system's performance overtime. According to Slawomir, J. Magala (2001) & Lary, M (2009) monitoring ensures that planned administrative, operational and financial tasks are carried out in a timely and proper manner such that internal control objectives and organizational performance are achieved.

According to the institute of corporate governance of Uganda (2004), accountability is a concept in ethics and governance with several meanings. It is often used synonymously with such concepts as responsibility, answerability, blameworthiness, liability and other central discussion related to problems in the public sector, non-profit private corporate} worlds. Indicators of accountability include: safeguarding and accounting for assets, preventing errors or fraud, sufficient documentation, timely feedback on performance and strategic goals to stakeholders, compliance with laws, policies and regulations and effective communication among others. According to this study, accountability means: on-going review of disbursements process, annual audit of principal recipients financial statements, audit work plans, assessing accuracy of

reports, review procurement activities and compliance to procurement and supply chain management (PSM) policies and procedures, taking responsibility of global fund assets and finances, being liable for any financial mismanagements, ensuring sufficient documentation, timely reporting, effective communication with all stakeholder on issues or matters affecting performance of the grants, detecting errors and frauds. In this study accountability means; safeguarding and accounting for assets, timeliness, responsibility, and liability, sufficient documentation and effective communication.

Safeguarding and accounting for assets means ensuring security and proper management of assets. Timeliness means compliance to the implementation and reporting timeframe. Activities are carried out and reported as planned. Responsibility and liability means being held accountable for once actions. Documentation involves preserving evidence to substantiate a decision, event, transaction or system. Sufficient documentation means evidence that a transaction or event has taken place is complete, accurate, and recorded promptly. Complete documentation bears copies of initiation, approval and authorization signatures, verification and validation checks signatures/documents, copies of invoices, receipts with clear signatures and stamps among others. Effective communication is communication at all levels of the organization that is, upwards, down wards, across, lateral, internally and externally. The information communicated is also clear, concise and well understood by those to whom it is intended.

Performance refers to the level of achievement of organization's set target against budget and determining whether targets are met, funds are satisfactorily utilized or under spent and the reasons for under spending, over spending or deviation in targets. In this study, the performance is limited to results quality, timeliness, satisfaction, efficiency and effectiveness in service delivery.

Quality results means targets are highly achieved, timeliness means activities were implemented as planned and reported as per reporting timeframe. Satisfaction mean

targets set were met; efficiency means tasks were performed correctly without much losses or delays in the execution process.

..1.4 Contextual perspective

The global fund experienced a lot of challenges in management of the fund from 2002 which includes theft, frauds, unsupported expenditures, poor data quality, lack of compliance to policies and procedures by fund recipients and Country Coordinating Mechanisms among others. However, the global fund investments have grown steadily. As of September 2015 the global fund disbursed US\$ 27 billion to support tuberculosis, HIV/AIDS and malaria programs. 17 million lives saved and on track to reach 22 million lives saved by end of 2016, 8.1 million on ARVs, 13.2 million received TB treatment, 48 million mosquito nets were distributed through malaria programs in the fifty countries receiving global fund grants for tuberculosis, HIV/AIDS, and malaria. More than one third of the global fund investments go for building resilience and sustainable systems for health in 50 countries supported by the global fund in the world. The overall expenditure of the global fund declined through disciplined cost controls in 2014, worth US\$ 500 million was achieved in savings through effective procurements (*Global Fund Corporate results report 2015*). More efforts are put to ensure prudent budgeting framework, and funding models are proactive, flexible and predictable. A cash management system was established by the global fund in 2014. These include quarterly cycle disbursement, regular collection of information from implementers about cash available and anticipated cash requirements, alignment of cash flows from donors to cash outflows from the global fund secretariat, a position for a full time finance person and a recovery committee was set to recover losses through the office of inspector general (*Global fund annual financial report 2014 and Corporate impact and results 2015*).

In two regional conferences of the global fund in the Middle East and North Africa region attended by (Egypt, Ethiopia, Djibouti, Morocco, Syria, Sudan and South Sudan) in 2010 and 2013 issues of drug theft, misuse of funds, delays in disbursements, data

quality issues, frauds, unsupported expenditures, political upheavals among others were noted in many implementing countries. The global fund secretariat responded by terminating grants in Syria, Yemen, Djibouti and Uganda. Sudan, South Sudan and Egypt were applauded for improved grants performances and winning more grants for tuberculosis, HIV/AIDS, Malaria and health system strengthening (HSS). The impact of grants in Africa was said to be high (*Global fund impact and results report 2015*).

South Sudan was categorized as a country with generalized HIV epidemic based on data of South Sudan antenatal (ANC) clinical sentinel surveillance study which estimated HIV prevalence among pregnant mothers in South Sudan at 3.0% (range: 2.6% to 3.4%). A limited number of surveys among at-risk populations have been conducted in recent years including among South Sudan National Army (SPLA) soldiers. Data from 2010 SPLA integrated bio-behavioral surveillance (IBBS) study estimated the prevalence within this sample at 4.4%. In South Sudan public services are still poor in many parts of the country and most are provided by non-governmental organizations and international aid agencies. Government contribution to health is still progressing with oil production as the main source of income accounting for about 98% of government revenue. The country has one of the highest maternal mortality rate (2054/100,000 live births), and under 5 year's mortality (135/1000 live births).

Tuberculosis was a priority disease among major causes of mortality in the country. The global fund provided three tuberculosis related grants (Round 2, 5 and 7). However, most Tuberculosis (TB) grants ended in 2013 and the global fund is now implementing transition funding mechanism (TFM). South Sudan's last regular HIV grant was provided in Round 4. Successive HIV proposals in Rounds 8,9 and 10 were rejected while round 11 proposal was cut short due to cancellation of round 11 proposals by the global fund due to lack of sufficient funds. Round 5 TB/HIV grant ended in 2012 and other global fund grant that have recently ended are round 7 TB, round 7 malaria and round 9 Health System Strengthening grant. The country is now facing a serious funding gap to scale up its TB, HIV and malaria services with limited funding from the TFM.

2 Statement of the problems

In June 2013 reports were received by the CCM through the central ministry of health about malaria drugs being sold in Libya with South Sudan labeling. There were issues of stock out of drugs, misuse of funds, delays in disbursements, data quality, unaccounted for funds (USD 935,138 for transactions and bed nets worth USD 431,223), weak referral systems, and ineligible expenditures by principal recipients and sub-recipients (CCM *minutes of meetings No. 23/2009, 16/2010 and 03/2014*). This was because proper internal controls and accountability mechanisms were not followed (Frost, D. 2000; Jenny McCarthy & Pamela, Anderson 2006). There were also cases of high default rate for tuberculosis treatment at (50-70%) of expected WHO targets and weak referral system (CCM *minutes of meeting no.08/2013*). In 2014 the global fund responded by introducing a new funding mechanism where the global fund secretariat selected the fund recipient (Principal Recipients). The CCM was restricted from getting direct operational funds (LFA *audit report for CCM Secretariat 2014*) the *global fund office of the inspector general audit reports 2014* shows improved performance yet there was no study conducted to measure the influence of internal controls and accountability of the global fund. It was up on this background that, the researcher investigated the effects of internal controls and accountability on performance of the global fund in South Sudan to contribute to knowledge the level of influence of internal controls and accountability on performance.

3 The purpose of the study

The purpose of this study was to establish the relationship between internal controls, accountability and performance of the global fund in South Sudan.

4 Specific objectives

- 1) To identify the forms of internal controls and accountability of the global fund in South Sudan.
- 2) To examine the performance of the global fund in South Sudan.

iii) To establish the effects of internal control and accountability on performance of the global fund in South Sudan.

..5 Research questions

- i. What are the forms of internal controls and accountability for the global fund in South Sudan?
- ii. What is the influence of the global fund’s performance in South Sudan?
- iii. What effects do internal controls and accountability have on performances of the global fund in South Sudan?

..6 Hypothesis

Ho: Internal controls and accountability have no significant relationship with performance of global fund in South Sudan.

..7 Scope of the study

..7.1 Geographical Scope

This study covered the ten states of South Sudan where the Principal recipients, Sub-recipients and Sub-Sub-recipients are implementing Tuberculosis, HIV/AIDS, TB/HIV collaborative, malaria and health system strengthening (HSS) grants. These ten states are: Central Equatorial State, Eastern Equatorial State, Western Equatorial State, Jonglei State, Upper Nile State, Unity State, Lakes State, Warrap State, Northern Bahar-el Ghazal State and Western Bahar-el Ghazal State.

..7.2 Content Scope

This study focused on the independent variables (Internal Controls and Accountability) and the dependent variable (Performance). This study investigated internal control components such as: the control environment, control activities, risk assessments, information and communication and monitoring in influencing accountability apparatus

ke: safeguarding and accounting for assets, taking responsibility and liability, ensuring sufficient documentation, timely feedback, implementation and reporting on strategic goals and performance to stakeholders and effective communication; and how both these internal controls and accountability gadget stimulate performance gears like: quality results, timeliness, satisfaction, efficiency and effectiveness.

..7.3 Time Scope

This study used data on global fund grants in South Sudan for a period of seven years that is, from 2009 to 2015.

..7.4 Theoretical Scope

This study was based on the stewardship theory of James, Donaldson (1985).

..8 Significance of the study

This study was aimed at informing the stakeholders of the global fund as follows:

To the Global Fund:

- (a) To provide valuable information on the performance of the grants that will be used as reference for future funding architectures.
- (b) To provide enough data on other factors that affects performance of the grants which are beyond the control of the global fund but could be addressed through advocacy and negotiation with key government stakeholders. For examples issues of political instability leading to high default rate for Tuberculosis and HIV/AIDS patients.

To the local Find Agent (LFA):

- (a) This study will educate the local fund agents of the extent to which internal controls and accountability tools of the global fund stimulate performance.
- (b) It will also update the local fund agents on the weaknesses of the internal controls and accountability that should be strengthened to improve performance.

(c) The local fund agent will use this study finding to advise the global fund on implementation challenges of the internal controls and accountability apparatuses and propose review of the 2011 operational policy and procedures of the global fund.

To institutions and colleges:

(a) This study finding will provide reference material on the level of performance an organization or institution would realize if strong internal controls and accountability are in place and practiced.

(b) It will provide information on other factors that could be explored to improve performance in an organization.

To students, academicians and researchers

(a) This study will provide literature for future research on the effects of internal controls and accountability on performance.

1.9 Definition of operational terms

Authority: the right to act without prior approval from higher management and without challenge from managing peers.

Conflict of interest: a state of confusion whether to do something or not; it can be within an individual, among or between priorities and authority.

Disbursement: Funds given out for a specific purpose with specified conditions.

Responsibility: Obligation to perform or take a decision/action.

Activity: Action taken by a program or organization to achieve objectives.

Assessment: Reviewing performance processes or activities to determine if services meet specified standards.

Risk: Real or potential events which reduces the likelihood of business objectives.

Recipient: an entity that receives and implements funds on behalf of the global fund.

Principal: the main entity that receives funds from the global fund and disburses to other recipients to implement a program/project.

Secretariat: The body that manages fund portfolio on behalf of the global fund or host country.

Surveillance: medical term referring to investigation on occurrence of an event.

Internal Controls: These are methods or procedures adopted in a business to safeguard its assets, ensure financial information is accurate, ensure compliance to all financial and operational requirements and generally assists in achieving the business objectives.

Accountability: This is the obligation a person, group, or organization assumes for the execution of authority and for the fulfillment of responsibility.

Performance: These are results of a program/project activity or effort compared to its intended purpose.

Quality: A degree to which a product or service meets customer requirements and expectations.

Stakeholder: Any group or individual who is affected by or who can affect the future of an organization for example, clients, employees, owners and other agencies

CHAPTER TWO

2.0 Introduction

This chapter covered the introduction, theoretical review, conceptual framework, review of related literature to this study, related studies and research gaps. The literature review was done using a number of sources that include books, journal, assessment reports, concept papers, internal audit reports, publications, and unpublished research materials, reports from ministry of finance, planning and economic development of Uganda, Entebbe and the internet to mention. The literature review was conducted in order to establish what was already known about the study variables, identify gaps and ascertain methodology, the differences and similarities in the earlier studies.

2.1 Theoretical review

Though the theoretical perspective based on two theories, this study was based on the Stewardship theory of James, Donaldson (1985).

The stewardship theory argued that shareholders' interests are maximized by shared incumbency of their roles. The theory holds that there is no essential or general problem of executive motivation. According to internal controls and accountability, the theory agreed that managers should not be put under greater control or treated as artificial owners by the principals but be empowered to take autonomous executive action. According to the stewardship theory performance variations arise from whether the structural situation in which the executive is located facilitates effective action by the executive. Results of an empirical test provided some support for the stewardship theory that, an organization can achieve good corporate performance if the structures are able to facilitate the executive to formulate and implement plans for high corporate performance (James, Donaldson 1985). He affirms that, the structures should provide clear, consistent role expectations, complete authority and empower the senior management; roles should not be ambiguous and challenged.

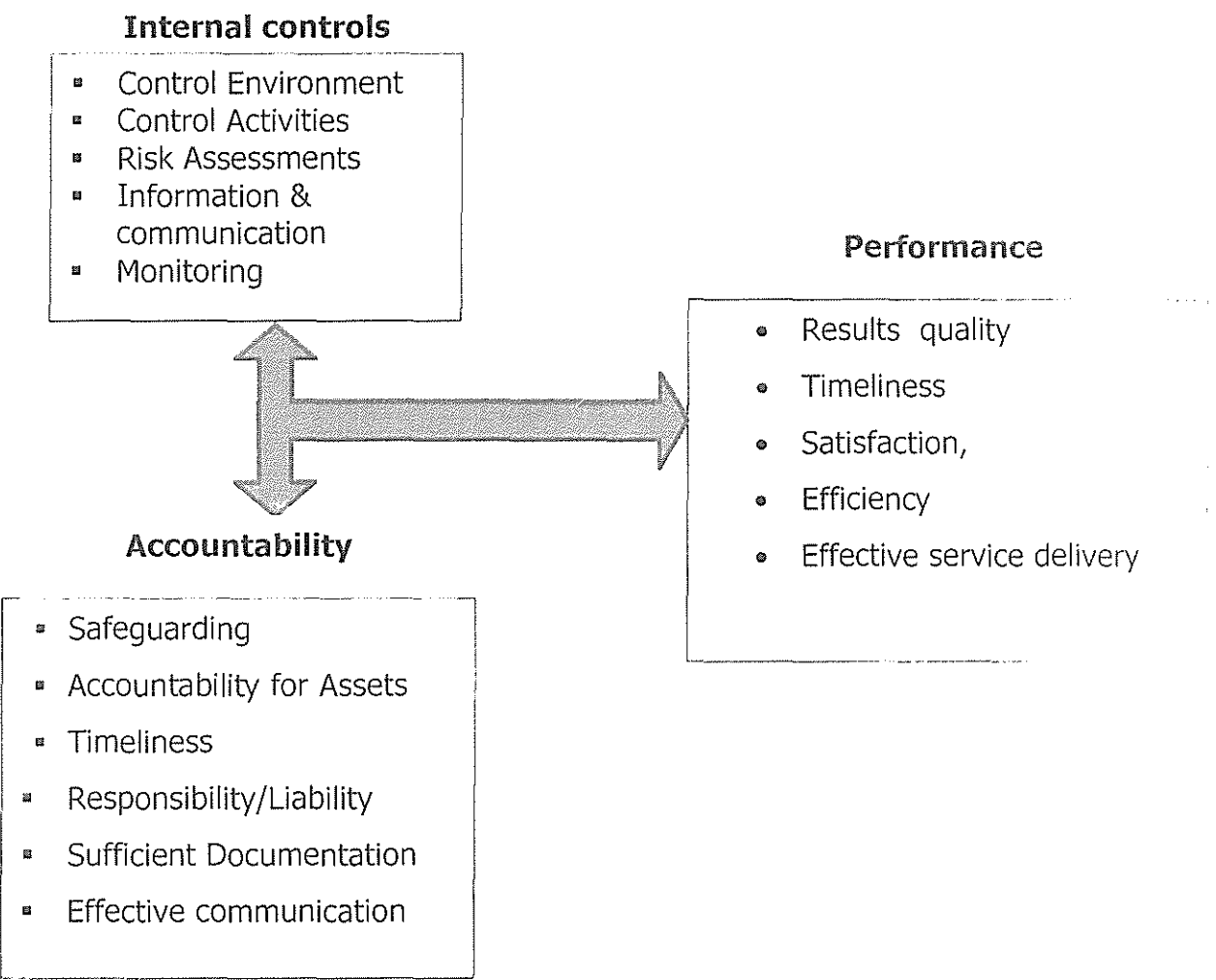
The theory also argued that CEO duality can lead to higher performance if there is inner-motivation in the managers but not due to long-term compensation. If there is no inner-motivation in the manager performance cannot improve no matter the kind of financial incentives he or she may be paid. Studies by G. Fechner & J. Dalton (1991) for 100 corporations which remained as either dual or independent CEO-chair structure each year for a six-year period (1978-1983) found that corporations which had independent CEO-Chair structures had higher return on equity (ROE), return on investment (ROI) and profit margins.

More so, the theory upholds that managers continue to maximize organizational performances so long as the work environment is attractive, the organization is ongoing and the employee contract is active; but when these are threatened they turn to protect their own self-interest and not the organizations' further prosperity because it may have no benefits to them. Scholars like (Yamama, Vance 1987 & Louis, Sullivan 1988) obtained results favorable to stewardship theory. (Zahra, S.A., & Pearce, J.A 1989) also lend some support to the theory. It is on the basis of the merits of the stewardship theory that the study proposed examination of the effects of internal controls and accountability on performances of the global fund in South Sudan.

2.2 Conceptual framework

The conceptual framework described the interdependence between the independent variables (internal controls and accountability) and the dependent variable (performance).

Figure: 1 Relationship between Internal controls, Accountability and Performance



Source: modified from literature of Baguma et al. 2000, Hanushek, E. 2003; & Munnene, J. 2009.

2.2.1 Internal controls

Internal control refers to a specific set of policies, procedures and activities designed to meet an objective (Ishumgisa, L.K. 2001; & Meigs, et al. 1988). There are five components of an effective internal control. These include: the control environment,

control activities, risk assessment, information and communication, monitoring and review (COSO, 1999 & Anthony, M. 2004), the control environment sets the tone for the organization; influence the consciousness of its people and it is the foundation of all the other components of internal controls. According to many scholars, an effective control environment is where competent people understand their responsibilities, the limits of their authority, are knowledgeable, mindful, and committed to doing what is right and doing it the right way, and organization members utilize the available resources efficiently and effectively. In this study, internal control is limited to: the control environment, control activities, risk assessment, information and communication, monitoring and review.

2.2.2 Accountability

Accountability refers to obligations a person, group, or organization assumes for the execution of assigned authority and/or the fulfillment of delegated responsibility. This obligation includes: answering, providing an explanation or justification—for the execution of that authority and/or fulfillment of that responsibility; reporting on the results of that execution and/or fulfillment; and assuming liability for those results.

According to the study, accountability means: on-going review of disbursements process, annual audit of principal recipients financial statements audit work plans, assessing accuracy of reports review procurement activities and compliance to procurement supply chain management (PSM) policies and procedures, taking responsibility of global fund assets and finances, being liable for any financial mismanagements, ensuring sufficient documentation, timely reporting, effective communication with all stakeholder on issues or matter affecting performance of the grants, detecting errors, frauds to mention.

2.2.3 Performance

Performance refers to the level of achievement of organization's set target against budget and determining whether targets are met, funds are satisfactorily utilized or

under spent and the reasons for under spending, over spending or deviation in targets. According to the study, the performance looks at the quality of results, timeliness in implementation, reporting, value for money or satisfaction, efficiency and effectiveness in service delivery among others.

Predictors of internal control accountability as independent variables affect performance as a dependent variable as follows:

First, the control environment is a product of management's philosophy, style, supportive attitude, competence, ethical values, integrity and morale of the organization's people. The control environment provides discipline and standard behavior expected of employees which includes; commitment to honesty and fairness, recognition and adherence to laws and policies, respect for the organization, leadership by example, guarantee for excellence, respect for authority, respect for employees' rights and conformance to professional standards. When employees are competent it means they have the skills, knowledge and ability to perform tasks. These will lead to quality results, satisfactory, efficient and effective services delivery.

Secondly, when there is honesty, commitment and adherence to policies and procedures it means that, assets are safeguarded, frauds are detected, errors prevented, exposure to risk is reduced, tasks are implemented as planned and reports are properly documented. These improve accountability and performance.

Thirdly, when there is obligation for excellence, respect for authority and recognition of professional standards, there will be no cases of unaccounted for expenses and bad decisions cannot be made and as a result accountability and performance will advance.

Fourthly, when risks are identified, protected and prevented through measures such as transfer of risk to third parties, sharing risks, termination of grants, contingency planning, withdrawal from risky activities, locking premises, restricting access to codes, changing computer password regularly, avoiding total control of a process by an individual, independent checks on processes and procedures are carried out. These

activities are both internal control and accountability elements because they aim at safe guarding assets, responsibility, compliance to policies and liability. In so doing there is improvement in quality of results, efficiency and effectiveness in performance.

Not only that, information systems produces reports containing operational and financial compliance related information that makes it possible to run and control the organization. Information also does not only refer to internally generated but involves external events, activities, and conditions necessary for management to make informed decisions about performance. Authors like Saudha, Becker (1999) said lateral communication helps to share information, resolve conflicts and solve problems. While Nyekwaso, I. (2000) said a two-way communication leads to achievement of desired organization performance. Furthermore, when employees are informed about their roles and responsibilities, allowed to report sensitive matters to the management whenever they arise, provided opportunity to make suggestions for improvements; sense of responsibility will increase; there will be compliance to timeliness, quality improvement, satisfaction, efficiency and effective service delivery.

Lastly, monitoring reviews an organization's transactions, events, and activities to assess the quality of performance overtime. Monitoring ensures that activities are functioning well, goals are accomplished, the control environment is appropriate, risks and opportunities are identified and properly addressed, financial documents and reports are thoroughly checked and validated, thus leading to improved performance.

2.3 Review of literature

The review of related literature was done according to objectives.

2.3.1 The forms of internal controls and accountability of the global fund

2.3.1.1 Forms of internal controls

Internal controls of the global fund can be grouped according to five levels these are: the control environment, control activities, risk assessments, information and

communication and monitoring. The control environment involves employees and stakeholders understanding their responsibilities, their limits of authority, are knowledgeable, mindful, and committed to doing what is right and doing it the right way. The control activities are categorized into preventive and protective. These includes: segregation of duties (authorizing, processing, procuring and receiving), analysis, reconciliation, and reviews of financial and programme documents, authorizations, approval of budgets and expenditures, questioning of unusual items, justification of the transaction and review of source documents, compliance to global fund operational policies and procedures, physical control of assets through physical counting and verification of assets registers (*Global Fund OIG-16-007*).

The common risk factors of the global fund are: public scandal, misuse of funds for unspecified or budgeted programs, frauds, insufficient documentation of accountability, lack of compliance to policies and procedures, use of assets for personal gain or at odd hours, political instability in a host country, under performance in targets, over expenditures, use of unreliable information about the entity's progress among others (*Global Fund Operational Policy Manual 2011*).

These risks are addressed through: periodic projects risk assessment and evaluation through on site data verifications, joint field visits by both CCM and fund recipients, independent field visits by the CCM members and alternate members, quarterly performance review meetings, mid-term and end of grant evaluations. Identified or anticipated risks are addressed through transfer of grants to better performing performance indicators, transfer of funds to other projects, tolerance, addressing the risk factors or termination of the grants. Information and communication is assessed based on its relevance, reliability, accuracy, completeness and transparency. Project performance and value for money is measured through: periodic progress updates and disbursement request, timeliness in implementation and performance feedback (*OPN on Conditions and Management Actions*).

2.3.1.2 Forms of accountability

Accountability of the global fund are done through: review of finance and program documents to ensure sufficient documentation, timeliness in implementation and providing feedback on performance and strategic goals to stakeholders, compliance with laws, policies and regulations so as to safeguard and account for assets, prevent errors or fraud, review of procurement activities, disbursements process, annual audit of principal recipients' and sub-recipients' financial statements and work plans, assessing accuracy and quality of reports, holding fund recipients and stakeholders responsible for any resources mismanagements and ensuring effective communication with all stakeholder on issues or matter affecting performance of the grants (*OPN on Conditions and Management Actions*).

These forms of internal controls and accountability are in conformity with various authors such as Bedhin, Nepal (1995), Cox, A. (2000), Donald, Davidson (2005) and ACCA (2005) who demonstrated that where there is effective internal control it means there are functions, activities, policies and procedures designed to meet objectives. Internal controls ensure that financial reports are reliable, there is timely feedback on achievements of operational and strategic goals, compliance with organizational laws and regulations, responsibilities are associated with adequate authority and that duties of all personnel are defined, assets are properly safeguarded, financial records are accurate and where there are accurate financial records, timely feedback, compliance to policies and procedures and personnel understanding their duties/responsibilities and limit of their authority, are knowledgeable, mindful, and committed to doing what is right and doing it the right way means that there is profound accountability. According to Ishumgisa, L.K. (2001) & Meigs, et al (1988) internal controls are specific set of policies, procedures and activities designed to meet an objective. A control may exist within designed function or activity in process. A control input may be entity wide or specific to an account balance, class of transaction or application. However Meigs et al (1988) continued to say that controls have specific

characteristics; safe guarding and accountability for assets, preventing or detecting errors or fraud among others. Control as a process may consist of financial reporting control and operation control (Wales 2005). ACCA (2005) Stressed that internal control focuses on establishing responsibilities through delegation of power and authority. Bedhin, Nepal (1995) said internal control plays an important role in preventing/detecting fraud and protecting the organizations resources both physical such as machinery and intangibles such as reputation, and intellectual property such as trademarks. Donald, Davidson (2005) observed that at the organizational level, internal control objectives relates to the reliability of financial reporting, timely feedback on the achievement of operational or strategic goals and compliance with law and regulations. At the specific transactional level, internal control refers to the action taken to achieve a specific objective; for example how to ensure that organization's payment to third parties are for valid services rendered. Cox, A. (2000) the bureaucratic theory states that, "effective internal control require that all responsibilities are associated with adequate authority and that duties of all personnel are defined as to their specific responsibilities". COSO (1998) divided internal controls in to two complementary forms: that is accounting control and administrative control. Accounting control was viewed as safeguards to control assets and ensure accuracy of financial records while administrative controls are safeguards to provide operational efficiency and adherence to policies and procedures. According to COSO (1999) and Anthony, M (2004) there exists five internal control components which must be present in order to conclude that internal control is effective namely the control environment, risk assessment, information and communication, control activities, and monitoring.

2.3.2 Performance of the global fund in South Sudan.

The Republic of South Sudan is considered a "challenging operating environment" by the global fund. This means that it is difficult to deliver health services to the population because of security problems, poor infrastructure and a general lack of resources after decades of conflicts. Malaria is endemic in the country with 100% of the population at

risk. Tuberculosis is also a leading cause of mortality. Approximately 2.6% of the populations are living with HIV.

Between 2008 and 2011 the national HIV/AIDS programmes have managed gradually to scale up the HIV response across the ten states as a result of financial support from the global fund round 4 and 5 grants. Access and utilization of antiretroviral therapy (ART) have continued to expand considerably rapidly in ART centers in South Sudan. The number of ART centers increased from one in 2006 to nine in 2009, 16 in 2010 and 22 by the end of December 2011. One ministry of health national store has been built in Juba with five other stores at state levels. There is progressive and systematic integration of global fund components and functions into the national pharmaceuticals and products management system. A lot of progresses have been made in improving the existing supply chain management system; however, some key challenges remains. These include; inadequate storage facilities at all levels, timely procurement and disbursement of health products.

The numbers of notified TB patients have increased from 4,844 in 2006 to 7,662 in 2011 while treatment success rate has remained high above 78% over the years. The numbers of health facilities providing tuberculosis services (diagnostic and treatment) have increased from 32 in 2006 to 65 in 2011. Number of staff for the national tuberculosis program (NTP) increased from one (NTP Manager) in 2009 to 24 including 14 staff at the central level and 10 TB coordinators at the state levels in 2011.

During the 2015 audit of the principal and sub-recipients, the grant portfolio in South Sudan found US\$ 935,138 worth for transactions and bed nets worth US\$ 431,223 that could not be accounted for, there was a lack of funding and oversight resulting in low coverage of affected populations and that 56% of buildings funded by the global fund Health Systems Strengthening (HSS) Round 9 in phase I had defects and/or were not in use. However, despite these challenges, the global fund and its partners have made notable headway in the fight against the three diseases. Bed net ownership increased from 53% in 2009 to 66% in 2013. The coverage of pregnant women receiving

intermittent malaria preventive treatment also increased from 13% in 2009 to 26% in 2013. A total of 21,000 new smear-positive tuberculosis cases have been detected and treated. The global fund's investment of US\$ 16 million in construction, health equipment and health worker training has also contributed to improved service delivery. This nature of performance of the global fund confirms to the study findings of Hendricks (2007) that, if one wants to complete the performance information loop completely, one must not only demonstrate good results but also results of what they are doing or we are doing.

2.3.3 The effects of internal controls and accountability on performances of the global fund.

Performances of the global fund was measured based on quality of results that is, targets met against budget, timeliness in implementation and performance reporting, value for money (satisfactory utilization of resources), absence of financial risks such as frauds, grant terminations, insufficient documentation, or under spent and the reasons for under spending, over spending or deviation in targets, efficiency and effectiveness in service delivery among others.

Internal control ensures that financial reports are reliable, there are timely feedback on achievements of operational and strategic goals, compliance with organizational laws and regulations, responsibilities are associated with adequate authority and that duties of all personnel are defined, assets are properly safeguarded, financial records are accurate according to (ACCA, 2005; Cox, A. 2000 & Donald, Davidson 2005). These accurate financial records, timely feedback, compliance to policies and procedures and understanding ones duties and responsibilities, the limit of their authority, being knowledgeable, mindful, and committed to doing what is right and doing it the right way, effective communication of policies and procedures, code of ethics and standards of conduct means that there is profound accountability and where there is sound internal controls in practice there is certainly improvement in performance affirmed by Lower, M. 1998; Jenny, McCarthy & Anderson (2006). Internal

controls mechanism when well-practiced sets the foundation for effective accountability and quality performance. Internal controls, accountability and performance are herefore, inseparable.

According to Frost, D. (2000) there is a strong relationship between accountability and performance; the goal of accountability is to improve performances and not to place blame or deliver punishments. Oliver, E. Williamson (2003) Systems of budget reporting have been established with accounting for public expenditures and the provision of information on performance for use by implementers, managers and politicians. Lawal, Muhammed (2002), the mismanagement and embezzlement of funds by the officials of the local government councils has contributed to poor financial performance. Chen, L.Y. (2002) argued that for accountability to be effective, action should be taken upon institutions, which render inadequate accountability. (Philip Keefer & Stuti Khemani, 2005) said there may be a functioning electoral system, but due to information asymmetries or social polarization, the outcomes may still be biased against the poor. Izabona, A. (2009) sights an example of contracts and financial accountability in Rwanda where the local community has the authority to verify work done before payments are effected on every phase completed. This has ensured quality work and hence reduced ghost contractors. This wide range of cost estimates itself hints at an insufficient level of accountability in programs, while also provoking the important question of what society is receiving as a return on its substantial investment in the program. Richard, Seaworth (2003) commend that, effective accountability to parliament requires that public servants support their minister through their actions, advice and information. Effective and useful accountability measures must be unambiguous, either monotonically increasing or decreasing measures of either costs or benefits; that is, we all agree whether we want more or less of whatever it is and be linked to indicators of quality. Hendricks, L.M. (2007) asserts that, to ensure accountability, the compliance model requires that every step of the program process be thoroughly documented. Formulators and overseers of policy are principals who delegate the task of actual implementation of policy to subordinates or agents. The

principals and their agents are assumed to have more or less diverse, even divergent goals for policy implementation. At the extreme, some rational-choice theorists contend that agents will tend to shrink the implementation work, subvert the policy goals of their principal in order to further the agents own purpose and even steal whatever program resources they can. To solve this agency problem the designers and overseers of policy need to operate an accountability system that will mitigate the supposed tendency of subordinates to shrink, subvert and steal. The agency problem is essentially an accountability problem, Oliver, E. Williamson (2000). The operators who actually deliver services to people might not do so in the proper way if left to their own devices, we must design a system to compel their proper behaviors or force them to account for improper behaviors (Wolf, H & Hassel, E. 2000). Although both agency and stewardship theories offer a lens for understanding accountability they are based on fundamentally different assumptions about human behavior. Hendricks, L.M (2007) pointed out that if one wish to complete the performance information loop completely one must not only demonstrate good result but also note that they are the result of what we are doing. Accountability measures are an attempt to assert more direct controls on programs. They are primarily concerned with resources allocation and fiscal efficiency. While it is completely appropriate for those who pay the bills that is, taxpayers, parents and civil servants to evaluate critically what they get for their money from public programs.

1.4 Relationship between internal controls, accountability and performance.

Controls are done to safeguard assets and these control measures includes; physical security of assets, using security cameras, safes, restricting access to codes, changing computer pass wards regularly, having clear guidelines on persona use of assets. This is in accordance with Lawrence, S. (2000) who disclosed that controls can either be preventive or detective. Preventive controls attempt to prevent undesirable events from occurring. They are proactive controls that help to prevent losses for example; separation of duties, proper authorization, adequate documentation and physical control over assets. When losses are prevented it means there is proper accountability for assets and organizational resources as a results performance improves.

Secondly, controls ensure financial information are accurate, reliable by confirming that assets and liabilities actually exist, that records are complete, and liabilities, rights and obligations are included, all entries have been allocated to the correct accounts and all relevant information have been disclosed. These confirm to findings of Donald, Davidson (2005) who observed that at the organizational level, internal control objectives relate to the reliability of financial reporting, timely feedback on the achievement of operational or strategic goals, and compliance with laws and regulations. These complete, accurate and reliable financial and program reports means there was up to date accountability, sense of responsibility and therefore, performance is enhanced.

Thirdly, controls ensure compliance with financial and operational requirements by assigning responsibility of compliance to a specific officer such as a safety officer, fire warden, processing customer complaints, ensuring staff feedback processes and procedures are well documented and conduct regular audits. This control of assets, accurate and reliable information and compliance improves accountability and performance of an organization. This relationship is in agreement with authors like Donald, Davidson (2005), who observed that, internal control objectives relates to reliability of financial reports, timely feedback on achievements of operational and strategic goals, and compliance with laws and regulations. Dublin, A.(1999) puts it that, the control environment dictates upon the organization members the consciousness that their continued stay in an organization is assured by demonstration of their expected level of competence, comprehension of authority, and responsibility limits and in this respect, organization members feel and realize that they are accountable for the organization. Otieno, Okwach (2000) added that under such an environment, the organization members utilize the available resources efficiently and effectively hence achieving the expected organizational performance.

Moreover, internal controls contribute to achievement of organizational objectives and enhance accountability and performance through; checking accounts, reconciliation of registers, putting strict policies for follow-up of overdue accounts, verification of

payments, checking vendor addresses to match employee address, ensuring that larger bills are broken down into smaller bills and investigating invoices for poorly defined services among others. This argument confirms the findings of Steves, S. (2004). He said that control activities comprise of authorization, segregation of duties, sufficient documentation, and physical control of assets. COSO (2004) also added that control activities occur throughout the organization at all levels and functions. They range from detective to protective and when properly carried out reduces risks, enhances accountability and performance.

Not only that, internal control promotes efficient use of assets, encompasses the total business culture, structure and methods, encourage positive behavior, protect staff and resources through prompt risk identification and devising ways of controlling or preventing negative risk factors. This view is in line with Cochran, G.A. (2000) who considered that the identification of risks is important for achievement of the organizational objectives because an effective internal control no matter how well conceived and operated, can provide only reasonable assurance to management about the achievement of an entity's objectives. In the event that risks are identified, and preventive measures are put in place, cases of misuse of funds, fraud, theft, unaccounted for finances are either avoided or minimized thus enhanced performance.

Furthermore, there is a significant relationship between information and communication as a component of internal control in influencing accountability and performance. Formal channels of communication such as down ward, upwards, horizontal and vertical communications when well identified, captured, processed and communicated in an authentic manner at the right time can influence accountability and performance. Stahl, Ben (1987) agreed to this assertion that, subordinates and management consultations through verbal communications, face-to face discussions and negotiations are pivotal in motivating subordinates towards achievement of expected organizational performance given their democratic nature. Suzanne, R.U & Mahendra, Naidoo (2005) also said that, the top-down channel of communications mostly occurs in an impersonal nature leading to information ambiguity, clear message delivery failure to subordinates contrary to

what is intended by management. However, the bottom-up channels of communication supplements the top-down to enable management attain organizational effectiveness. This point was elaborated further by Saudha, Becker (1999) that organizations using the top-down channel tend to suffer information gaps, misunderstandings and consequently performance deficiencies.

Furthermore, monitoring as an element of internal control improves performance. COSO 1998; Dublin, A.1999; Slawomir, J. Magala 2001 & Lary, M. 2009) bears witness to this statement; both agree that monitoring ensures that planned administrative, operational and financial tasks and activities are carried out in a timely manner such that set internal control objectives and organizational performance are achieved. Spillane, J.P. & Reimer, F. 2000) added that, monitoring aims at determining whether organizational members are carrying their tasks efficiently and effectively as required by the organizational policies and thus improved performance and accountability. On the other hand, the institute of corporate governance of Uganda puts it that, holding employees accountable helps them to know the satisfaction of achieving a goal and performance.

2.5 Empirical Literature

A similar study on internal controls, financial accountability and service delivery in private health providers in Kampala District by Victo Ntongo 94/HD/059 examined the relationship between internal controls, financial accountability and service delivery in private health sector in Uganda.

The findings of this study revealed that there was significant positive relationship between internal controls, financial accountability and service delivery. The findings showed that both internal control and financial accountability were significant predictors of service delivery. However, internal control was the most significant predictor of service delivery.

The findings further, revealed that there are other predictors of service delivery apart from internal control and financial accountability.

The researcher recommended that, private health sector owners should strengthen internal controls to enhance financial accountability and hence ensure efficient, effective and equitable service delivery through policy implementation, recruiting competent and knowledgeable staff, putting in place systems to monitor and evaluate performance.

The study findings were in conformity with findings of Ishmgisa, L.K (2001) who considered that, internal controls comprise five components; the control environment, risk assessments, control activities, information and communication, and monitoring. The author noted that each component influence all aspects of the organization's activities whether administrative, financial or accounting operations. It was therefore; up on these backgrounds that internal control was the most predictor of service delivery.

A second study entitled, Campus Internal Control for the State University of New York conducted by Michele Halstead and Peter Fair-brother; referred to internal control or an internal control system as the integration of the activities, plans, attitudes, policies, and

efforts of people of an organization working together to provide reasonable assurance that the organization will achieve its objectives and mission.

According to the author, the purpose of internal control was to provide orderly, economical, efficient and effective operations, to promote quality products and services consistent with organization's mission.; safe guard resources against loss, waste, abuse, mismanagement, errors and fraud; to ensure adherence to laws, regulations, contracts and management directives; and to develop and maintain reliable financial and management data and accurately present that data timely. The authors established that internal control impacts every aspect of an organization; its entire people, processes, physical structure; it's the basic element that permeates an organization and incorporates the qualities of good management. The author further said, internal control is dependent upon people and will succeed or fail depending on the attention people give to it. He went further to say, internal control is effective when all the people and the surrounding environment work together; it helps an organization achieve its objectives and mission. However, control cannot guarantee success.

These findings confirm to the findings of the study by Victo Ntongo that, internal control was the most significant predictor of service delivery in private health sectors in Uganda. Secondly, the above findings were in line with findings of Susan Campbell CPA and Judy Hartcher on internal controls for small businesses. Campbell found that, no system is perfect. A business owner has to be prepared of potential breakdowns at all times and be prepared to review all systems. Campbell also found that, internal control will lead to good communication, enable new employees to learn the right ways of doing their job and correct procedures needed to fulfill a task, errors, are reduced and staff get comfort that they are protected if they acted in the way prescribed by the internal controls and within their authorization limits. However, as Michele Halstead and Peter, Fair-Brother earlier said, the positive consequences of internal controls are dependent on people and the surrounding environment working together. These mean that if internal controls are to be effective and improve performance of an organization, the people must identify with it and be committed to achieve the intended purpose.

A third study entitled, establishing accountability for performance by Will Artley, at Oak Ridge Institute of Science and Education in the United States of America argued that, the goal of accountability is to improve performance not to place blame and deliver punishment. However, in spite of this fact, some people may look at the term liability and consequences in negative way and see accountability as something to be avoided instead of as a useful management concept. The author said this negative view can be traced to the old approach of accountability used in the mid-1990s. In their book "the 3z-principal getting results through individual and organizational accountability" (Conner, et-al, 1994). The author described this old approach to accountability as reactive accountability and in turn offers a better solution to it in proactive accountability. According to the author, reactive accountability was based on command and control; subordinates are told to do task with little or no planning, direction or guidance, support or resources and then beat them over the head when results were less than expected. Through this approach people learned to react by making excuses, blame someone, or cover the backside and as a result accountability came to mean punishment.

However, in the proactive accountability approach, accountability focuses on improving performance. Accountability is seen as a relationship and process through which performance expectations are planned, defined, and negotiated at the outset, resources are allocated, performance evaluated, and adjustments or corrections are made as necessary. In this process the person/group or organization being held accountable is actively involved in each of these phases and stay focused on improving performance, not explaining a lack of it.

The author further stressed that to establish an effective accountability environment there must be leadership, trust, transparency, clarity, balance, ownership, consistency, consequences and follow-up. These findings were in line with findings of other scholars such as (Carmen, M; Reimer, F; Janmejey, Singh 2004) who argued that, the essence of accountability is to make power holders account for or take responsibility of their actions and resources at their disposal through establishment of an effective and

efficient organization. Guixé, I. 2003; Brown, G. 1998 & Moose, A. 2001) confirms to the findings of Will Artley that, although accountability is viewed as a desirable organizational characteristic by most writers, empirical studies indicated that both leaders and subordinates can avoid accountability and as a result performance will be poor, targets will not be met, resources will be misused and no clear and sufficient documentation will be available. In a way accountability can only improve performance if people are committed to it.

2.6 Research gaps

The literature reviewed covered only one theory that is the stewardship theory of James, Donaldson (1985). Much of the literature was on internal controls and accountability. There were no theories and much literature on performance. There was also no literature on other factors other than internal controls and accountability influencing performance of the global fund.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter contained the research design, population and sampling size, sampling procedure, data collection methods, instruments, measurement of variables, validity, reliability, research procedure, data analysis, ethical considerations and limitations of this study.

3.1 Research design

This study took cross-sectional descriptive and correlational approaches because it was based on variables measured with numbers and analyzed with statistical procedures, mean and standard deviations were used to measure disparities in responses and regression was used to know whether the independent variables affects the dependent variable and to what extent. It was also used to a test hypothesis and infers results or opinions (Creswell J.W. & Sekara, U. 2003). This study was also descriptive because it described interdependence between the variables.

3.2 The study population

In this study the target population involved all 160 staff from the global fund secretariat, the local fund agent, members and alternate members of the CCM drawn from their respective constituencies (National and State ministries of health and HIV/AIDS Commissions, ministries of finance, education, information, youth and sports, gender and social welfare, the SPLA/M–HIV/AIDS Secretariat, the private sector, Civil Society, Faith Based Organizations, People Living with HIV/AIDS and Academic institutions; the principal recipients (UNDP and PSI), Sub-recipients (UNICEF, WHO, VTP, Catholic Diocese of Torit, PSI, Malaria Consortium, Arikanjelo Ali Association (AAA)

and donor agencies (USAID, UNAIDS, UNFPA). This was because these constituents are either directly or indirectly engaged in the implementation of the grants.

3.3 Sampling Size

Out of a total population of 160 staff from the global fund, local fund agents and CCM South Sudan members and alternate members, the sample population was 114 staff using Slovene’s formula.

Sample size was derived using Slovene’s formula given as;

$$n = N / 1 + N(e^2)$$

$$n = \text{sample size}$$

$$N = \text{study population}$$

$$e = \text{level of significance } e^2 = (0.05)^2$$

$$n = \frac{160}{1} + 160 (0.05)^2$$

$$n = \frac{160}{1.4}$$

$$n = 114.285$$

$$n = 114 \text{ respondents.}$$

Table 1: Sample Size

Category	Study population	Sample Size
Global fund country team	10	7
Local fund agent	10	5
Country coordinating mechanism	50	35
Principal recipient	10	9
Sub-recipient	15	10
Ministry of health	10	8
State ministry of health	30	20
South Sudan AIDS Commission	25	20
Total	160	114

Source: primary data, 2015

3.4 Sampling Procedure

This study was done using proportional stratified sampling techniques because the sample frame was already stratified into constituents. Secondly, the research was interested a specific numbers of staff from stratum and characteristics of the sample frame like (gender, years of experience and level of management). These sampling techniques were applied because the list and other details about the staff/respondents were available (Creswell, J.W. & Owolabi, J.C. 2003).

3.5 Data Collection Methods

The researcher used a primary data collection method using researcher devised self-administered questionnaires as the main data collection method because it gives respondents adequate time to give well thought answers, it is possible to get correct information about sensitive issues since respondents fill it privately, its free from biases as responses are respondents own and respondents who are not easily approachable can be reached conveniently (Amin, M.E. 2003).

3.6 Data collection instrument

A self-administered questionnaire (SAQs) was the main research instrument because it's most appropriate. It is cheaper to administer, it gives respondents adequate time to give well thought answers and it is possible to get correct information about sensitive issues. The questionnaire was designed with reference to variable of this study consisting of both structured (closed) and unstructured (open-ended) questions. The structured question type enabled simple data analysis through tabulation as regards frequencies and percentages. The unstructured questions provided opportunity for expression and brought out areas uncovered for better elaboration. Open-ended questions helps to elicit a wide range of responses, provide background answers to questions and evaluate arguments (Payne 1973). This profile was used to come up with questions to address the objectives of this study in numerical terms.

3.7 Measurement of Variables

Questions on internal controls, accountability and performance were measured by a 5 point likert derived from (Bedhin, Nepal, 2001; Halah, L. 2002). The scale ranged from "one to five" where 1 = strongly agree; 2 = Agree; 3 = Undecided; 4 =Disagree; 5 = strongly disagree based on responses obtained from respondents (Mugenda, O.M; & Mugenda, A. (1999). Responses on open-ended questions were used to evaluate arguments in the problem statements that is, delayed disbursements, misuses of resources, lack of compliance to policies and procedures and data quality issues affecting performance of the global fund.

3.8 Validity and reliability

3.8.1 Validity

The researcher ensured content validity (CV) of the said instrument by ensuring that questions in it confirms to the study's conceptual framework. My supervisor reviewed the relevance, wording and clarity of questions in the instrument. However, during data cleaning the researcher found out that there were non-uniformity and inconsistency in responses for two questions in the questionnaire on internal controls and one question on accountability. These were, internal control: Question 2. Both CCM constituents and fund recipients are aware of their job requirements and understand their limits of authority and question 4. When risks are detected, targets are either revised; funds are terminated or re-allocated to best performing targets. Question 2 seemed unclear to some respondents as there were varied answers and question 4 is long and ambiguous. Question 4 on accountability section B2: Audit reports of the local fund agent indicates sufficient sufficiency and compliance to policies and procedures, seems to be ambiguous because some respondent made calls and sent mails to the researcher for clarifications.

Content Validity was calculated from the content validity index (Amin. M.E 2005) given by:

$$CVI = \frac{\text{Number of questions declared valid}}{\text{Total number of questions}}$$

$$CVI = 13/16$$

$$CVI = 0.8125$$

According to (Amin, M.E. 2005) where a content validity index of at least 0.7 is considered valid; the researcher computed content validity was 0.81 leading the SAQs to be declared reasonably content valid.

3.8.2 Reliability

Table 2: Reliability Cronbach's Alpha Coefficient (A)

Variable	Part one	Part two
Performance	.714	.806
Internal control	.779	.711
Accountability	.703	.742

Source: primary data 2015

Reliability was computed by splitting the questionnaires into two half randomly and scores for each part are calculated using the Cronbach Alpha Coefficient as above. According to Amin, M.E. (2003), a Cronbach alpha (α) of at least 0.7 is ideal. Therefore, based on this method the SAQ was declared reasonably reliable.

3.9 Research procedure

After getting an introductory letter from collage of economics and management of Kampala International University the researcher sought permission from the Chairperson of the South Sudan Country Coordinating mechanism (CCM-SS) to conduct research. Then the researcher carried out a pilot study before the actual research in order to check feasibility of the research, so that the research design could be improved or adjusted if necessary.

3.10 Data Analysis

Data on completed SAQs was edited, coded and entered into a computer program known as Statistical Package for Social Scientists (SPSS) for analysis. Bio data was analyzed using frequency tables because they were categorized according to constituents, gender, designation, and years of experience with the CCM or service with the global fund.

Objective 2: Performance of the global fund was analyzed using mean and standard deviation because they were numerical and shows the degree of dispersion in performance.

Objective 3: the effects of internal controls and accountability on performance was measured using Pearson's Linear Correlation Coefficient(PLCC) and regression analysis because they were numerical and aims at examining the influence of independent variables on the dependent variable (Amin, M.E. 2005 & Foster, D 1999). The decision rule for PLCC states that correlation is denoted by "r" ranging from -1 to 1 or $-1 \leq r \leq 1$. When r is positive it means there is positive correlation and when it is negative there is negative correlation. But when r is 0 it means no correlation. While the decision rule for regression analysis denotes that, when the value of independent variable(s) is greater than the P-value (0.000) which is again less than the critical value (0.05) a hypothesis can be accepted and vice versa.

3.11 Ethical Considerations

To guarantee the discretion of the information provided by respondents against unprofessional conduct while carrying out this research like unnecessary pressures which could cause the research findings to be undermined, the researcher did not lie to subjects and record findings on hidden mechanical devices.

The researcher made sure the researcher's personal biases and opinions do not override other interests and the researcher gave both sides fair considerations.

The findings of this research were kept confidential, done under the condition of anonymity to avoid embarrassing and harming respondents especially if the information provided can be used politically or otherwise to harm the respondents.

The researcher sought approval of the University Ethics Committee to make sure this research does not violate any of the Ethical considerations.

3.12 Limitations or Threats to validity

Some of the respondents were not willing to share with the researcher some of the information that they considered confidential but the researcher promised to keep the information got as confidential and only be used for academic purposes.

Choice of sample population caused a limitation, but the researcher tried to choose a sample population that is truly representative in terms of statistics and large enough to give a true picture of the whole population.

Most of the respondents at top level of management were pre-occupied with other responsibilities and therefore, assigned their subordinates (middle level managers) to answer the questionnaire. However, the researcher was able probe deeper to unpack enough information from the few top managers through telephone follow-up.

Majority of the respondent were those with 0 to 4 years of experience in the CCM. This was because the CCM conducted membership renewal in 2012.

Intruthfulness, where some of the respondents could not say the truth, but the researcher probed the respondents further to establish the truth when it deems necessary.

Some questionnaires were ignored while others were not returned or lost due to lack of interest. The researcher had to print more and labored to explain the importance of this study to the respondent's one on one and others on telephone in order to motivate them to participate in this study.

CHAPTER FOUR

DATA PRESENTATION, INTERPRETATION AND ANALYSIS

1.0 Introduction

This chapter analyzed the data in relation to the research objectives of, identifying the forms of internal controls and accountability of the global fund; examining performance of the global fund; and establishing the effects of internal controls and accountability on performance of the global fund in South Sudan.

Descriptive and inferential statistics comprising of simple frequency tables, percentage distribution tables were used. Correlation was used because the independent and dependent variables are numerical and to measure variations and the interdependence of the independent variables. Regression analysis was used to establish whether the independent (internal controls and accountability) variables causes any effect and predicts the dependent variable (performance) and if so to what extent. 160 questionnaires were issued out to 114 sampled respondents and a total of 108 questionnaires were returned representing 71.25%. The findings are therefore, based on the number of questionnaires that were returned.

1.1 Findings from General Information

For the researcher to obtain a clear picture about the characteristics of the sample that was used during this study, general information in section c of the questionnaire was sought. The results are presented below.

Table 3: Respondents' category by constituents

Constituents	population	Sample	Respondents	% of respondent	Cumulative frequency
Global fund country team	10	7	7	6.5	6.5
Local fund agent	10	5	3	2.8	9.3
Country coordinating mechanism	50	35	34	31.5	40.8
Principal recipient	10	9	9	8.3	49.1
Sub-recipient	15	10	9	8.3	57.4
Ministry of health	10	8	8	7.4	64.8
State ministry of health	30	20	19	17.6	82.4
South Sudan AIDS Commission	25	20	19	17.6	100
Total	160	114	108	100	

Source: primary data, 2015

1.2 Respondent's category by Constituents

Results in table 3 above indicated that, 34(31.5%) of the respondents were Country Coordinating Mechanism (CCM) members and alternate members, the States Ministries of Health and South Sudan AIDS Commission representatives formed uniform scores of 9(17.6%) as well as the principals and sub-recipients, 9(8.3%); 8(7.4%) were national ministry of health representatives, 7(6.5%) were global fund country team representatives, and 3(2.8%) were the local fund agent representatives. These showed that the views of the respondents were representative of the CCM members and alternate members who provided direct oversight to the grants implementation supported by the ministry of health and the South Sudan AIDS Commission.

1.3 Respondents' category by gender.

Table 4: Frequency distribution gender

	Frequency	Percentage	Cumulative percentage
Valid Male	67	62.0	62.0
Female	41	38.0	100.0
Total	108	100.0	

Source: primary data, 2015

The result in table 4 above showed that the majority of the respondents were male representing 67(62%) and the female were 41(38%). This confirmed that the male comprised the biggest percentage in the CCM constituents, the global fund country team and local fund agents forms the smallest percentages.

1.4 Respondents’ category by designation

Table 5: Respondents’ category by designation

Constituents	Respondents	Top managers	Middle managers	Lower managers
Global fund country team	7	2	5	0
Local fund agent	3	1	2	0
Country coordinating mechanism	34	8	21	5
Principal recipient	9	7	2	0
Sub-recipient	9	3	5	1
Ministry of health	8	2	6	0
State ministry of health	19	9	10	0
South Sudan AIDS Commission	19	10	7	2
Total	108	42	58	8

Source: primary data, 2015

Results in table 5 above indicated that, 42(38.9%) of the respondents were top managers, 58(53.7%) were middle managers and 8(7.4%) were low level managers. Most top level managers were pre-occupied with other managerial issues and therefore, delegated their subordinates with knowledge of the global fund programs and the CCM alternate members to answer the questionnaires. Nonetheless, the findings showed that the middle level managers were well informed about the global fund and functions of the CCM South Sudan.

1.5 Respondents' Category by years of service in global fund programs

Table 6: Respondents' Category by years of service in global fund programs

Constituent	Respondents	0–4 years	5-9 years	10+years
Global fund country team	7	3	3	1
Local fund agent	3	2	1	0
Country coordinating mechanism	34	19	13	2
Principal recipient	9	7	2	0
Sub-recipient	9	5	3	1
Ministry of health	8	7	1	0
States ministry of health	19	11	6	2
South Sudan AIDS Commission	19	10	8	1
Total	108	64	37	7

Source: primary data, 2015

Results in table 6 above revealed that, 64(59%) of the respondents served in the global fund program or CCM from one to four (0-4) years, 37(34%) served between five to nine (5-9) years and 7(7%) served for more than ten years. The percentage of respondents between one to four years was very high because the CCM carried out CCM membership renewal in 2012 as such most of the constituents representatives were new. While those respondents who served for more than five years where either re-elected to the CCM, secured new contracts with the global fund or worked in similar positions elsewhere.

1.6 The effects of internal controls and accountability on performance of the global fund in South Sudan.

The purpose of this study was to establish the relationship between internal controls, accountability and performance of the global fund in South Sudan. This purpose was broken into three specific objectives.

4.7 Objective 2: Performance of the global fund in South Sudan

Objective two of this study aimed at examining the performance of the global fund in South Sudan. This objective was analyzed using mean and standard deviations with a 5 point likert at the scale of “one to five” as per the questionnaire. Where 1= strongly agree; 2= Agree; 3= Undecided; 4=Disagree; 5= strongly disagree as below.

Table 7: Means and standards deviations on performance

Measures of performance	N	Mean	Std. Deviation
Internal Controls and accountability	108	1.16	
1. The principal and sub-recipients are committed to work and understand their limits of authority.	108	3.84	.455
1. Both CCM constituents and find recipients are aware of their job requirements and efficiency expected of them.	108	2.26	.737
2. Global fund and CCM operational policies and procedure are properly followed when processing, authorizing, procuring and receiving goods and services or reporting.	108	1.18	.673
3. When risks are detected, project targets are either revised; funds are terminated or re-allocated to best performing targets.	108	2.35	.842
4. Project information/reports are properly archived and shared with stakeholder through the CCM Secretariat.	108	2.19	.316
5. There is effective communication with all global fund stakeholders.	108	2.06	.522
5. There is regular independent and joint support supervision of projects to monitor progress and implementation challenges	108	2.44	.716
7. There were issues of drug theft, fraud, fund mismanagement and missing mosquito nets were reported to the CCM.	108	4.28	.631
3. There were delays in disbursements from the global fund, was it true? If so, attach a separate sheet with reasons to the questionnaire.	108	1.32	.706
9. CCM experienced grants terminations	108	4.63	.568
10. Targets were amendments or funds transferred from one project or target to another?	108	1.12	.688
11. Project finances disbursed to fund recipients according to performance and are used to meet set targets.	108	2.12	.865
12. The principal recipients and sub-recipients are held accountable for any mismanagement of the global fund resources	108	4.01	.623
13. Audit reports of the local fund agent indicates sufficiency and compliance to policies and procedure	108	1.74	.548
14. Program and financial reports/documents are submitted timely to the local fund agent and global fund.	108	2.47	.547
15. Financial documents and issues are regularly share with the CCM and local fund agent when required and concerns addressed.	108	4.27	.660

Source: research data, 2015

In response to the table 7 above on measure of performance of the global fund; there were mixed responses but majority of the respondents agreed that there was improvement in performance reflected by; the CCM and fund recipients being aware of their job requirements and efficiency expected of them (mean index=2.26), projects programme and financial reports being submitted timely to the LFA and Global Fund (mean index=2.47), project information being properly archived and shared with stakeholders through the CCM Secretariat (mean index=2.19), there was effective communication with all global fund stakeholders (mean index=2.06), once risks are detected, targets are either revised up wards or down words if they were predicted to be unachievable, fund are terminated or re-allocated (mean index=2.34), there were evidences of independent and joint support supervision to monitor progress, document challenges and find solutions to issues affecting performance (mean index=2.44) and funds were disbursed based on performance and used to meet set targets (mean index=2.12). While some respondents disagreed regarding the principal and sub-recipients being committed to work and understood their limits of authority (mean index=3.84), PRs and SRs being held responsible for any mismanagement of the global fund resources (mean index=4.01), financial documents and issues were regularly shared with the CCM and LFA (mean index=4.27), issues of drug theft, fraud, mismanagement of funds and missing mosquito nets reported to the CCM over the three years (mean index=4.28) and CCM having experienced grants termination over the past years (mean index=4.63). Some respondents strongly agreed that operational policies and procedures of the global fund were properly followed regarding processing, authorizing, procuring and receiving goods and services by the fund recipients and audit reports of the LFA indicates compliance to policies and procedures by the fund recipients (mean index=1.18), targets were amended and funds transferred from one project or target to another (mean index=1.12), and that there were delays in disbursements (mean index=1.32). In summary, the findings revealed that, most of the respondents agreed that there was improved performance of the global fund in South Sudan due to; the CCM and fund recipients 'adherence to policies and procedures, stakeholders being aware of what was expected of them, risks are detected early,

effective communication within stakeholders, regular monitoring and performance feedback, timely project implementation and reporting.

4.8 Objective 3: Effects of internal controls and accountability on performances of the global fund in South Sudan

Objective three of this study focused on establishing the effects of internal controls and accountability on performance of the global fund in South Sudan. This objective was analyzed using mean and standard deviations with a 5 point likert at the scale of "one to five" as per the questionnaire. Where 1= strongly agree; 2= Agree; 3= Undecided; 4=Disagree; 5= strongly disagree and a regression as below.

Table 8: Mean and standard deviations on effects of internal controls and accountability on performance

Variable (indices)	Sample	Mean	Std Dev.	r value	Sig.
Internal controls	108	4.12	0.23977		
Safeguarding of assets	108	4.13	0.69991	0.789	0.000
Responsibility	108	4.25	0.94234	0.728	0.000
Sufficient documentation	108	4.37	0.55743	0.657	0.000
Timeliness (Timely feedback)	108	4.15	0.31848	0.588	0.302
Effective Communication	108	4.51	0.50459	0.669	0.000
Accountability (index)	108	4.22	.5291	0.562	0.746
PERFORM	108	4.36	.41526	0.541	0.786

Source: research data, 2015

The r values in table 8 above indicated that, when there are sound internal controls in place and practiced in an entity, it will lead to a proportionate change in accountability components such as: safeguarding assets($r=0.789$), taking responsibility and liability for ones actions ($r=0.728$), ensuring sufficient documentation ($r=0.657$), providing timely feedback on performance ($r=0.588$), and ensuring effective communication at all levels of the organization ($r=0.669$). This result implies that internal controls and

accountability influence or affect each other and these are reflected into improved performance. According to (Anthony, M; Success Pcat, 2004), the control environment sets the tone for the organization, influences the consciousness of its people, and sets the foundation of all other components of internal controls. According to lower, M (1998) an effective control environment is where competent people understand their responsibilities, their limits of authority, are knowledgeable, mindful, and committed to doing what is right and doing it the right way. All these are accountability gears that once put together makes a positive change in performance. These results brought the researcher to a conclusion that changes in internal controls leads to a 74.6% positive significant change in accountability which in turn creates a proportionate change in performance (sig.=0.746).

4.9 Regression Analysis

Table 9: Regression analysis

Model		Unstandardized		Beta	T	Sig	R.sq	Adjusted R Square	F-statistic	p-value.
		B	Std. Error							
1	(Constant)	142.63	309.21		1.484	.638				
	Internal control	.687	.089	.761	7.32	.000	.701	.692	58.516	.000
	Accountability	.414	.132	.522	6.33	.004				

Source: Primary data, 2015

The results in table 9 above show that the model is significant in predicting performance. The combination of internal control and accountability is significantly explained by up to 69.2% variation in performance (Adjusted R square =0.692) because the P-value is 0.000 less than the critical value 0.05. This means that 30.8% of variations in performance are explained by other variables not considered in this study.

In addition, the results in table 9 also indicated that internal control ($\beta=0.761$, $\text{sig.}=0.000$) was the most significant predictor of performance. This means that a positive change in internal control leads to a 0.761 similar change in performance.

The results further revealed that, accountability ($\beta=0.522$, $\text{sig.}=0.004$) was also a significant predictor of performance where a positive change in accountability leads to 0.522 similar change in performance.

Based on this study finding therefore, the researcher rejected the null hypothesis that, Internal controls and accountability have no significant relationship with performance of global fund in South Sudan because the adjusted R square value (0.692) is greater than the P-value is (0.000) which is again less than the critical value (0.05) showing that internal control and accountability have a significant relationship on performance of the global fund in South Sudan.

In addition to the above findings, the study finding in table 7 above also confirms that there was significant contribution of internal controls and accountability to performance of the global fund as follows:

First, the indication of no grant termination from South Sudan (mean index=4.28) meant compliance to policies and procedures of the global fund (mean index=1.18), grant managers are mindful and committed to the grant agreements and CCM provided adequate oversight. Again CCM and PRs being aware of their roles and responsibilities (mean index=2.6) shows a sense of responsibility and / or liability.

Secondly, the study finding shows prompt risk assessment by both CCM,PRs and the global fund; some malaria round 7 targets were amended and funds from Health System Strengthening round 9 to TB/HIV Round 5 as per CCM executive committee meeting minutes 014/2012 (mean index=1.12). This affirms that assets of the global fund are safeguarded and there is sound accountability.

Thirdly, the study findings confirmed that project information are properly archived and shared with CCM stakeholders (mean index=2.19) and there is effective communication (mean index=2.06). These also affirm that, there is sufficient documentation and the

right information is shared with the right people at the right time (ACCA (2005)). As a result when policies and procedures are properly followed, there is adequate oversight of grants by the CCM and PRs and effective communication and feedback. These means that the global fund resources are safeguarded, there is value for money/satisfaction, efficient and effective service delivery thus performance.

Lastly, the overall expenditure of the global fund declined in 2014 and worth USD 500 million was saved through effective procurement. This was as a result of prudent budgeting framework and proactive funding models (*Global Fund annual audit report 2014 and corporate impact and report reports 2015*).

CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introductions

The chapter presents the discussions, conclusions and recommendations drawn from this study finding of chapter 4 following this study objectives and pertinent hypothesis. The areas for further research are also suggested here.

5.1 Discussion of findings

This study was set to establish the relationship between internal controls, accountability and performance of the global fund in South Sudan which was guided by the following objectives; to identify the forms of internal controls and accountability of the global fund in South Sudan, to examine the performance of the global fund in South Sudan, and to establish the effects of internal controls and accountability on performance of the global fund in South Sudan. Therefore, the discussions are done based on objectives.

5.1.1 Forms of internal controls and accountability of the global fund.

This study established that internal controls and accountability are interdependent as their forms influence each other. These results were in conformity with findings of Dublin, A. (1999) who considered that control activities include: analysis, reconciliation and reviews. Van Horne (2002) also affirms that control activities involves approval of budget expenditures, questioning unusual items, justification of transactions and review of source documents. While (Steeve, Spurrier & COSO (2004) added that control activities are preventive, detective, managerial and administrative. These are all geared towards ensuring accountability.

More so, this study findings were in line with the findings of Meig-et-al (1988) who continued to say that controls can be automated or manual and includes;

reconciliations, segregation of duties, safeguarding assets, preventing or detecting frauds. This study further confirms to the findings of Lower, M (1998) who said an effective control environment is where people are competent, understand their responsibilities, their limits of authority, are knowledgeable, mindful, and committed to doing what is right and in the right way at the right time. These in turn makes the employers feel accountable for their actions.

Lastly, the global fund internal controls such as periodic assessments, onsite data verifications, joint and independent supportive supervisions, evaluations, transfers and termination of grants, review of progress updates and disbursement request, delayed disbursements, adherence to policies and procedure, regular audits among others were all aimed at identifying errors, misuse of resources, risks, frauds, compliance to policies and procedures and value for money leading to efficiency and effectiveness in service delivery.

5.1.2 Performances of the global fund in South Sudan.

The findings of this study in chapter 4 revealed that, no issues of drugs theft, frauds, fund mismanagement and missing mosquito nets were reported to the CCM during the past three years. This finding to a larger extent was not true because according to the global fund office of the inspector general audit report for October 2015. About USD 935,138 for transaction and bed nets worth USD 431,223 were not accounted for and about 56% of the buildings constructed under the health system strengthening project (HSSP) phase I either have defects or not in use. The respondents have not received a copy of this audit report during the time of this study. However, South Sudan is said to have made notable improvement in performance. Bed nets ownership increased from 53% in 2009 to 66% in 2013. These findings were in line with Jenny, McCarthy & Pamela Anderson (2006) who said, internal controls when well-practiced sets the foundation for effective accountability and quality performance.

More so, this study finding also confirms that there were no cases of termination of funds in South Sudan as the case in Syria, Yemen, Djibouti and Uganda. These could be

as a result of the global fund new risk and assurance framework that defines the layers of assurance for monitoring grants implementation and establishment of a sales force technology that supports countries in assessment of country teams. These findings were in line with Oliver, E. Williamson (2000), who said the operators who deliver services to people might not do so in the proper way if left to their own devices. Systems must be designed to compel their proper behavior or force them to account for improper behaviors (Wolf, H; Hassel, E 2000).

The findings further revealed that, there were delays in fund disbursements. These delays according to the global fund internal controls were either intentional to align funding cycle to a new funding mechanism or because of funding constraints, delays in phase II of the grant approval and signing processes or other exceptional circumstance preventing the CCM from submitting performance updates and disbursement request on time. These findings were in line with the introduction of a quarterly cycle disbursement by the global fund to address issues of delayed disbursements.

Lastly, these study findings showed that, the CCM secretariat was restricted from receiving direct funding for its routine operations from the global fund but through a third-party with oversight of the global fund secretariat and the local fund agent due to some risks. This finding affirms to the findings of Hendricks, L.M (2007) who said, to ensure effective accountability every step must be thoroughly documented while Chen, L.Y (2002) added that actions must be taken upon institutions which render inadequate accountability.

In Summary, there were evidence of improved performance of the global fund in South Sudan given the risky environment and poor infrastructure as opposed to performance of the global fund in Uganda and Democratic Republic of Congo characterized by weak records management, ineligible expenses, frauds and insufficient documentation respectively.

5.1.3 Effects of internal controls and accountability on performance of the global fund in South Sudan.

The results of this study also established that a combination of internal controls and accountability affects performance. This implies that if the performance of the global fund is to improve there must be effective internal controls in place and practice. This finding were in line with COSO (1999) that internal controls has five components namely, the control environment, control activities, risk assessments, information and communication, and monitoring. While Anthony, M (2004) said the control environment sets the tone for the organization, influence the consciousness of its people and it is the foundation for all the other components of internal control. Lawrence, S (2000) also said internal control is the heart or an organization. A strong internal control system helps an organization to operate strongly and profitably.

This study finding also confirms to a study on internal controls, financial accountability and service delivery in private health providers in Kampala district by Victo Ntongo 94/HD/059 of Makerere University. He found that internal controls and financial accountability influence service delivery by 38.8%. This implies that though magnitude might defer, there was consensus that internal controls and accountability influence service delivery or performance.

5.2 Conclusions

In this section, the researcher gave conclusions to this study finding in relation to the study objectives.

5.2.1 Objective 1. Forms of internal controls and accountability

Objective one of this study was to identify the forms of internal controls and accountability of the global fund in South Sudan.

Based on this study finding, internal controls and accountability are interdependent. Predictors of internal controls affect accountability predictors. This was in conformity with findings of authors such as (Anthony, M. 2004).

5.2.2 Objective 2. Performance of the global fund

Objective two of this study was to examine performances of the global fund in South Sudan.

Based on this study finding, there was improvement in performances reflected by absence of mismanagement issues, no termination of grants, no cases of missing and expiry of drugs during the last three years and if they were there, were not reported or significant. These was attributed to lessons learnt from other countries and having effective internal controls and accountability mechanisms in practice. There were case of high default rates due to the country's context but did not affect the top ten indicators for performance reporting to the global fund.

Delays in fund disbursements were either intentional or not and when these happens the implementation and reporting timelines are adjusted. This situation might continue given situations in the country and the global economic crisis. Precautionary measures however, were taken by the global fund to address risks and alternatives to enhance oversight role of the CCM.

5.2.3 Effects of internal controls and accountability on performance

Objective three of this study was to establish the effects of internal controls and accountability on performance of the global fund in South Sudan.

Based on the findings of this study, a regression analysis revealed that internal controls and accountability explains up to 69.2% variation in performance. Therefore, 30.8% performances are influenced by other factors.

5.3 Researcher's Contribution to Knowledge

Based on research finding of this study and other related studies like: Internal controls, financial accountability and service delivery in private health providers in Kampala District by Victo Ntongo; Campus Internal Control for State University of New York by

Michele and Peter Fair-brother. The researcher came to a conclusion that internal control does not always work because of:

Error in judgment: This study findings confirmed that respondents disagreed that financial reports and issues were shared regularly with the CCM and LFA (mean index =4.27); CCM members also disagreed that issues of drug theft, missing mosquitos nets were reported over the past three years (mean index=4.63). These could be because the CCM and global fund leadership have provided complete authority and trust for the PRs as managers of the grants and the CCM members as well trusted in their leadership as such situations became favorable for the PRs and SRs to attempt to pervert the rules. Full trust on PRs and SRs also explains why USD 935,138 for transections and USD 431,223 for bed nets under malaria Round 7 were not discovered to have not been accounted for until the time of audit.

Weak procedural manuals:

This study findings reflected that respondents disagreed that the PRs and SRs are committed to work and understand their limits of authority (mean index=3.84) This was because to some respondents, the PRs and SRs assumed full ownership and authority over the grants and neglected CCM members in most issues pertaining to grants oversight, programming and decision making for example on non-cost extensions. Weak procedural manuals could also explains why 56% of building under South Sudan Health System Strengthening grant (HSS) Round 9 phase I either have defects or not in use (*Global fund audit report 2014*). Again the issues of frauds, collusions in procurement of information technology equipment and communication materials, manipulation of tenders, falsification of bid evaluations, non-competitive and non-transparent selection of auditors and executive audit fees in Angola in 2013 is a result of weak operational procedure and full trust (*GF-OIG-16-006-01 Mar 2016*). These contributions to the world of knowledge also confirm to finding of Michele that, the positive consequences of internal controls are dependent on people and the surrounding environment working together.

The protracted procurement and recruitment processes in Uganda bears witness to this thought and explains why only 46% of funds disbursed to ministry of finance government of Uganda between January 2013 and June 2015 were spent during the time of audit (*GF-OIG-16-005-26 Feb 2016*).

Differences in development continuums: Respondents strongly agreed that there were delays in fund disbursement (Mean index=1.32). Apart from intentional delays to either align phase II funding to a new funding mechanism and /or due to funding fatigue from the global fund, respondents said some of the reasons for the delays were due to late submission of performance updates and disbursement request (PUDRs) as a result of poor road networks and lack of communication equipment in some project sites to deliver reports timely to PRs. This finding attests to the finding of Susan Campbell CPA and July Hartcher on "Internal Controls for small businesses" they concluded that no system is perfect. Businesses owners have to be prepared for potential breakdowns at all times and review all systems. These findings draw the researcher to a conclusion that, it's hard to measure suitability of standard operating procedures in a puzzling work environment; flexible, structured or more tailored approaches should be applied in unlike circumstances.

5.4 Recommendations

This section presents the researcher's recommendations arising from the pertinent findings and conclusions of this study.

Based on the findings and relationship between the study variables the researcher came up with the following recommendations.

The findings revealed that there is significant positive relationship between internal control, accountability and performance. This is in line with COSO (1999) & Anthony, M (2004) who stressed that internal controls has five components namely; the control environment, control activities, risk assessments, information and communication, and monitoring while Anthony, M (2004) added that the control environment sets the tone

for the organization, influence the consciousness of its people and it is the foundation for all the other components of internal control; and Lawrence, S. (2000) also added that internal control is the heart of an organization and a strong internal control system helps an organization to operate strongly and profitably. The researcher therefore, recommended that;

1. The CCM and the global fund secretariat need to strengthen internal controls to ensure effective accountability and enhanced grants performance.
2. The global fund need to review and update the 2011 operational policy manual in line with the new transition funding mechanism and ensure more flexible, structured approaches are applied in unlike circumstances.

5.5 Suggested areas for further research

There is need to conduct a study to establish other variables for example, political insecurity, lack of human resources and infrastructure that probably explains the 30.8% variation in performance of the global fund in South Sudan since internal control and accountability explain up to 69.2% of variations in performance.

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APPENDIX 1: QUESTIONNAIRE

SELF-ADMINISTERED QUESTIONNAIRE ON INTERNAL CONTROLS, ACCOUNTABILITY AND PERFORMANCE OF GLOBAL FUND IN SOUTH SUDAN

School of Postgraduate Studies and Research,
Thru: The Dean School of Business and Management,
Kampala International University,

September, 2015

Dear Prof/ Dr/ Mr/ Mrs/ Ms,

I am carrying out a survey in Juba covering all the ten States of South Sudan whose purpose is to examine the extent of the relationship between internal controls, accountability and performance of the global fund grants in South Sudan which is necessary, if the global fund is to measure the effectiveness of its operational policies to performance of the grants and consider ways of enhancing performance and addressing other predictors of performance of its grants. The questionnaire below is targeting the Global Fund Country Coordinating Mechanism (CCM) constituents, the representative of the Global Fund Country team, the Local Fund Agent (LFA), Principal Recipients, Sub-recipients, representatives. It is against this background that you have been selected to participate in the research by completing the questionnaire. It could thus be very helpful if you assist me by answering the attached questionnaire as per the instructions provided at the beginning of each section. Kindly provide the most appropriate answer in your opinion by circling the given space as the case may be. The success of this part of the research entirely depends on your positive cooperation. Your responses will be kept confidential. In any case the questionnaire is anonymous. Please endeavor to fill the questionnaire within two weeks and return it to the CCM Secretariat.

Thank you.

Okello David (Researcher)

DEMOGRAPHICS

SECTION C: BACKGROUND VARIABLES		
To help us classify your responses, avail us the following facts:		
1. Your constituent/department		
2. Your designation		
1 .Top Manager 2. Middle level manager 3. Lower level manager		
3. Your years of experience with Global fund/CCM programs.		
1. 0 to 4 years. 2. 5 to 9 years 3. 10 years and above.		
4. What is your gender? 1. Female 2. Male		

SECTION B: INDEPENDENT VARIABLE: INTERNAL CONTROLS AND ACCOUNTABILITY

This section seeks your responses on two variables (internal controls and accountability). It has been divided into to: B1. Internal Controls and B2. Accountability.

Section B1. Internal Controls					
Please provide your opinion in terms of the control environment, control activities, risk assessments, information, communication and monitoring of the projects. Your respective opinions are to range from 1=Strongly disagree which means disagree without doubt; 2=Disagree means disagree with a bit of doubt; 3=Neither agree nor disagree means neutral; 4=Agree means agree with a bit of doubt 5=Strongly agree means agree without any doubt.					
1. The principal and sub-recipients are committed to work and understand their limits of authority.	1	2	3	4	5
2. Both CCM constituents and find recipients are aware of their job requirements and efficiency expected of them.	1	2	3	4	5
3. Global fund and CCM operational policies	1	2	3	4	5

and procedure are properly followed when processing, authorizing, procuring and receiving goods and services or reporting.					
4. When risks are detected, project targets are either revised; funds are terminated or re-allocated to best performing targets.	1	2	3	4	5
5. Project information/reports are properly archived and shared with stakeholder through the CCM Secretariat.	1	2	3	4	5
6. There is effective communication with all global fund stakeholders.	1	2	3	4	5
7. There is regular independent and joint support supervision of projects to monitor progress and implementation challenges	1	2	3	4	5
8. I understand there were issues of drug theft, frauds and missing mosquito nets reported to the CCM, were they true? If so, provide reason at the back of the questionnaire.	1	2	3	4	5

Section B2. Accountability

Please provide your opinion in terms of safeguarding and accounting for assets, responsibility, liability, sufficient documentation, timeliness and communication. Your respective opinions are to range from 1=Strongly disagree which means disagree without doubt; 2=Disagree means disagree with a bit of doubt; 3=Neither agree nor disagree means neutral; 4=Agree means agree with a bit of doubt 5=Strongly agree means agree without any doubt.

1. Project finances disbursed to fund recipients according to performance and are used to meet set targets.	1	2	3	4	5
2. The principal recipients and sub-recipients are held accountable for any mismanagement of the global fund resources	1	2	3	4	5
3. Audit reports of the local fund agent indicates sufficient sufficiency and compliance to policies and procedure	1	2	3	4	5
4. Program and financial reports/documents are submitted timely to the local fund agent and global fund.	1	2	3	4	5
5. Financial documents and issues are regularly shared with the CCM and local fund agent when required and concerns addressed.	1	2	3	4	5
6. I understand there were delays in disbursements from the global fund, were they true? If so, provide response at the back of the questionnaire.	1	2	3	4	5
7. CCM experienced grants termination over the last three years	1	2	3	4	5
8. Where there amendments to targets, or transfers of project funds from one project or target to another? If so, give reasons why these happened.	1	2	3	4	5

SECTION A: DEPENDENT VARIABLE: PERFORMANCE

Please note that this section specifically seek your responses to the quality of reports, truthfulness of performance results, timeliness, satisfaction and efficiency in service delivery of the global fund projects.

Performance					
Please indicate how performances in terms of quality, truthfulness, timeliness, satisfaction and efficiency: Your respective opinions are to range from 1=Strongly disagree which means disagree without doubt; 2=Disagree means disagree with a bit of doubt; 3=Neither agree nor disagree means neutral; 4=Agree means agree with a bit of doubt 5=Strongly agree means agree without any doubt.					
Performance					
1. Most top ten performance indicators are rated A1, B1 and B indicating quality results.	1	2	3	4	5
2. Implementation and reporting timelines are strictly followed.	1	2	3	4	5
3. Performance reviews are done quarterly with participation of at least majority of the stakeholders.	1	2	3	4	5
4. Overall performance of the grants is satisfactory.	1	2	3	4	5
5. Funds are spent as planed and at times on high impact indicators (top ten indicators selected).	1	2	3	4	5

APPENDIX II: INTRODUCTION LETTER



KAMPALA
INTERNATIONAL UNIVERSITY

Ggaba Road, Kansanga
PO BOX20000, Kampala, Uganda
Mob: +256 – 07723-188-321
E-mail:
Website: <http://www.kiu.ac.ug>

OFFICE OF THE HOD BUSINESS & MANAGEMENT
COLLEGE OF ECONOMICS AND MANAGEMENT

Wednesday, November 25, 2015

INTRODUCTION LETTER FOR OKELLO DAVID REG. MBA/3134/122/DU TO
CONDUCT RESEARCH IN YOUR ORGANIZATION

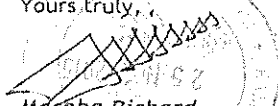
The above mentioned candidate is a student of Kampala International University pursuing a Masters of Business Administration (NGO Management). He is currently conducting a field research for his dissertation titled "*Internal Controls, Accountability and Performance of Global Fund Grants in South Sudan.*"

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

Any information shared with him will be used for academic purposes only and shall be kept with utmost confidentiality.

Any assistance rendered to him will be highly appreciated.

Yours truly,



Masaba Richard
HOD - Business & Management

"Exploring the Heights"

APPENDIX III: ACCEPTANCE LETTER



GLOBAL FUND TO FIGHT AIDS TUBERCULOSIS AND MALARIA (GFATM)
COUNTRY COORDINATING MECHANISM (CCM)
REPUBLIC OF SOUTH SUDAN

The Chairman,
South Sudan Country Coordinating Mechanism,
(CCM-SS)

30th November 2015

To: The Deputy Director Academics,
School of Post Graduate Studies and Research,
Kampala International University,
P.O. Box 20000

KAMPALA – (U)

RE: RESEARCH

This is to confirm to you that your student named Okello David, Reg. No. MBA/3134/122/DU has carried out research in Juba, South Sudan under the title "Internal Controls, Accountability and Performance of the Global Fund in South Sudan" with the CCM stakeholders as required for the partial fulfillment for the award of a Master Degree in Business Administration.

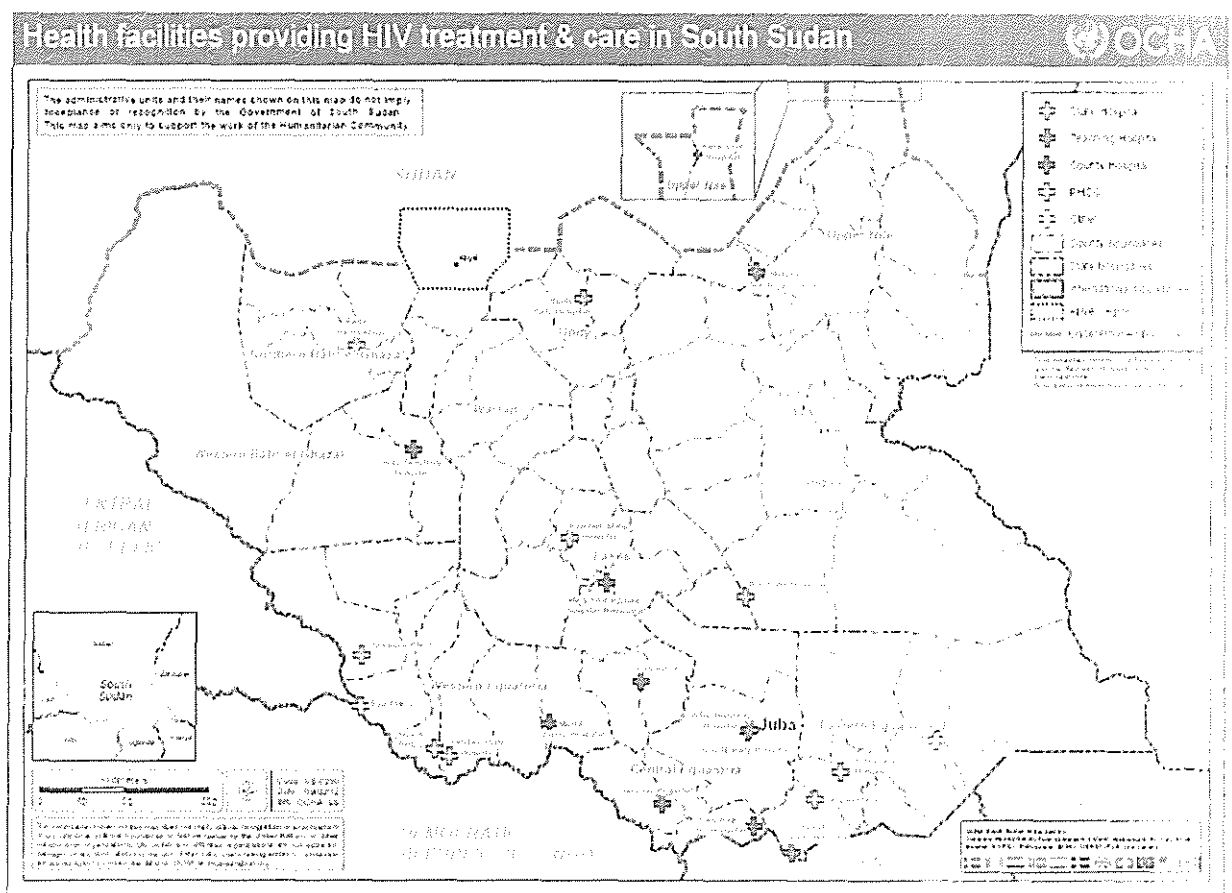
Yours faithfully,



Dr. Samson B. Baba
Chairman, CCM South Sudan/
Director General, PHC,
MOH-RSS

Ministry of Health
Headquarters, Juba South Sudan

APPENDIX IV: MAP OF SOUTH SUDAN



APPENDIX V: COMPUTATION OF SAMPLE SIZE

Sample size is derived using Slovene's formula given as;

$$n = N/1 + N(e^2)$$

n = *sample size*

N = study population

e = level of significance $e^2 = (0.05)^2$

$$n = \frac{160}{1} + 160 (0.05)^2$$

$$n = \frac{160}{1.4}$$

$$n = 114.285$$

n = 114 respondents.