



**BUSITEMA  
UNIVERSITY**  
*Pursuing Excellence*

**INTERNAL CONTROLS AND FINANCIALMANAGEMENT  
OF PUBLIC UNIVERSITIES IN UGANDA**

**BY**

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**BU/GS19/MBA/15**

**A RESEARCH DISSERTATION SUBMITTED TO THE DIRECTORATE  
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**PLAN A**

## DECLARATION

I the undersigned, declare that this research dissertation is a result of my original work and that no part of it has ever been presented for another degree in this university or elsewhere for a degree or any award in any university.

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## APPROVAL

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## **DEDICATION**

I dedicate this research work to my children, for the continuous spiritual, moral and financial support that were extended to me during the period of my research work.

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## **LIST OF ACRONYMS**

ACCA	Associated of Chartered Certified Accountants
COSO	Committee of Sponsoring Organization of Trade Way
FM	Financial Management
IC	Internal Controls
ICT	Information Communication Technology
MoFPED	Ministry of Finance, Planning, and Economic Development
NCHE	National Council of Higher Education
OAG	Office of the Auditor General

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## DEFINITION OF KEY TERMS

**Financial Management:** Is defined as a managerial function which deals with planning, controlling and organizing of the financial resources of the firm (Sambo&Imiete, 2018).

**Internal Controls:** Are mechanisms that organizations adopt to promote the integrity of accounting and financial systems in order meet and transmit operational and productivity arrangements to achieve set objectives (Akinselure, 2016: Asiligwa, 2017: Ngari, 2017).

**Control Activities:** Is defined as the procedures that are geared to ensure that necessary control strategies are implemented to regulate financial activities (COSO, 2013).

**Control Environment:** Refers to the supportive attitude, style, management philosophy and ethical values of those involved in financial activities of an organization (Ngari, 2017).

**Risk Assessment:** Is defines as the spotting, evaluating and analysis of risks which may affect the preparation and management financial statements (Kaplan,2013).

## ABSTRACT

This study aimed at establishing the relationship between internal controls and financial management in public universities. The study was grounded on three objectives: to examine the relationship between control activities and financial management, to establish the relationship between control environment and financial management and to examine the relationship between risk assessment and financial management of public universities. The study was anchored on agency and management control theories. The study targeted 60 administrative staff from the 12 public universities in Uganda who are directly involved in financial management. The researcher used simple random sampling technique to choose the twelve public universities as guided by Yamane (1967). The 60 respondents were purposively selected from the 12 public universities. The study adopted a cross sectional research design with quantitative approach. A structured closed-ended questionnaire was used to collect data. Validity and reliability analysis were tested using both expert judgment and Cronbach's Alpha Coefficient to determine the content validity and internal consistency of the research instruments respectively. The collected data were analyzed using descriptive and inferential statistics, and later presented using tables and figures. The findings confirmed the stated hypotheses by indicating that control activities, control environment and risk assessment have positive significant effect on financial management. The study therefore, concluded that effective internal controls are a pre-requisite for proper financial management of public universities. The study recommended that public Universities should strengthen internal controls by establishing strong organizational structures, ensuring segregation of duties, clear authorization of duties develop a risk management plan and always do a background check up through the audit department. This will enable all those concerned with direct management of financial resources in the university arena to execute their duties with the highest level of efficiency and effectiveness so as to curtail the possibility of perpetrating fraud, poor accountability and loss of financial resources. The study suggested that future researchers should conduct a comparison study by covering both private and public institutions of higher learning since this study was limited to public universities.

# CHAPTER ONE: INTRODUCTION

## 1.0 Introduction

This section presents the study background, problem statement, purpose, specific objectives, study hypothesis, scope of the study, significance, and the conceptual framework.

## 1.1 Background to the study

Financial management is critical to the development of public institutions as it helps in proper financial reporting, making prudent financial accountability, better decision ensuring compliance with tax and accounting regulations (Akindele&Akinselure, 2016; Eton *et al.*, 2018; Mehta, 2018; Mandalika, 2020).

However, in the global domain, poor financial management tops most discussions in the financial management literature. For instance, Gamage and Fernando (2015) in the United States of America noted that 65% of explosive scandals of the world were driven up by inappropriate financial management systems especially non-compliance with the financial regulations, poor accountability and poor decision making that even led to the collapse of Enron corporation in 2001 and WorldCom in 2002 (Agyapong, 2017). In the Asian giants like China, Tingting-Hou(2017) found out that there is poor accountability control, delays in financial reporting and high corruption levels that make institutions to incur huge financial loss. Relatedly, Kimanzi and Njonde (2014) in Kenya have stated that 58% of government resources have been mismanaged resulting from poor decision making, lack of accountability of resources and delayed remittance of government taxes that delays financial reporting.

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