The Role of Internal Control Systems in the Financial Performance of Private Universities in Uganda: A Case of Busoga University

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Introduction

This study was about the role of internal control systems in the financial performance of private universities in Uganda.

The study objectives

The study objectives were:

1) to examine how the control environment ensured the financial performance of Busoga University,

2) to examine how risk assessment associated with the system ensured the financial performance of Busoga University, and

3) to assess how adherence to laws and regulations enhanced the financial performance of Busoga University.

Methodology

The researcher used a case study design and obtained data from a sample of 106 of whom 95 were the respondents. The researcher adopted both positivism and phenomenology approaches known as (the combination approach). The researcher also used both the qualitative and quantitative research approaches. Further, the researcher employed interviews, questionnaires, and documentary analysis, as data collection methods.

The population of the study comprised the finance officer and finance-related departments of the University. In particular, the study targeted the vice-chancellor's, the University Secretary's, and the Academic Registrar's offices, and the library, procurement office, human resource department, academic and administrative staff, the security office, computer library, the dean of students' office, and the quality assurance office. the researcher selected a sample of 106 people targeting a population of 145 as per the Morgan table(1970).

The researcher used the purposive sampling technique to choose specific respondents based on their knowledge of the subject and their readiness to volunteer information. The researcher also used simple random sampling to select the respondents to make inferences to the population.

The data were collected using both primary and secondary data collection techniques. Primary data were gathered through structured questionnaires and interviews while Secondary data were gathered through the review of available financial records including audited financial statements, auditors' letters to the management of the University, and other records of the University.

Key study findings

The study found a significant relationship between the control environment and the financial performance of Busoga University. The observed value of 0.372 of R square was not positive; meaning that the control environment had policies and procedures in place, that the management reviewed the University's financial performance, that the control environment had an operating plan that specified the University's functions, activities, and objectives.

There was a linear regressional relationship between the control environment and the financial performance of Busoga University. The study revealed that R square $= 0.661$. And with the observed value of 0.661, there was a significant and positive relationship showing that at Busoga University, the University Council reviewed key risks to ensure the integrity of the University's financial reporting and that the Council monitored the effectiveness of management practices.

Thus, risk assessment improved the financial performance of Busoga University. It was established that risk assessment (ß=0.661, t=.320, $P<0.000$) was an effective way to ensure the integrity of financial reporting, and that there was effective risk assessment that improved the University's financial performance.

The study concluded that R square $= 0.699$ of the observed variability of Busoga University, with the observed result of 0.699—was significant, which implies that there was adherence to the laws and regulations of financial management. It was established that adherence to laws and regulations (ß=0.699, t=.5161, P<0.000) resulted in the preparation of financial information following high-quality financial standards, that the University had effective policies and procedures, and that the University Council monitored the activities of the Management

of the University, among others. Those efforts influenced the financial performance of the University.

Key recommendations

The study recommended that there should be strengthening of the control environment, for example, strengthening internal and external audits to ensure stronger financial compliance, that there should be an intensification of the risk assessment system to ensure that there are no loopholes for financial fraud and that there should be an intensification of adherence to financial laws and regulations in order enhance financial compliance and improve financial performance at Busoga University.

Key references

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