

Internal Auditing and Financial Performance of Private Biomedical Companies in Uganda: A Case Study of Biomedics Products Limited

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Introduction

The study examined the extent to which internal audit contributes to financial performance in Biomedics Products Limited.

Objectives

The study was guided by three objectives namely;

1. to examine how internal auditing ensured profitability at Biomedics Products Limited,
2. to examine how internal auditing ensured proper utilisation of funds at Biomedics Products Limited,
3. to assess how internal auditing ensured value for money at Biomedics Products Limited.

Methodology

The study adopted both positivism-phenomenological approaches called the combination approach. It used hypothesis testing and explaining, and both quantitative and qualitative information. The study population was 65 out of whom a sample of 65 respondents was utilised.

Key findings

The Adjusted R square was .700 which is an indication that 70.0% of the changes that occurred in the financial performance (profitability, proper funds utilisation, and value for money) of Biomedics Products Limited were due to changes in internal auditing.

Results of ANOVA tests returned $F= 138.461$, $p<0.05$, the null hypothesis that there was no significant relationship between internal auditing and financial performance at Biomedics Products Limited was rejected. This means that there was a significant relationship between internal auditing and financial performance at Biomedics products limited.

The results of the correlation coefficient indicated that distribution internal auditing had $Beta=.840$. The $t=6.708$ was statistically significant with $p<0.05$ (0.01), indicating that the model fit the data and that there was a significant relationship between internal auditing and the financial performance of Biomedics Products Limited.

Key recommendations

The study suggested that Biomedics products Limited should maintain the existing control environment and information and communication, assurance services. It also recommended continuous improvement of control activities. Procedures and policies should be regularly revised at least annually to meet the changing and complicated business environment and ensure they are communicated to the implementers.

Key references

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