

**THE EFFECT OF INTERNAL CONTROL SYSTEMS ON ORGANISATIONAL
PERFORMANCE**

**A CASE STUDY OF
JOINT MEDICAL STORES**

BY

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DEDICATION

This work is dedicated to my family members, friends for their tireless efforts, and all their love, moral and financial support.

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I take this opportunity to thank all people who made a contribution in my academic life so far.

I would like to express heartfelt gratitude to my supervisor, Segawa Edward, whose tireless efforts have made this dream a reality. You restored hope in me when I felt hopeless, you invoked the hitherto hidden abilities in me; a reason I will always walk with my head high. No amount of words can express my sincere gratitude for your unending support during the research period. May the good Lord reward your efforts!

My sincere thanks go to joint medicals staff for providing information on internal controls and how it affects organisations. May God bless you!

Special thanks to my mother, for the foundation she has laid for me to get this education, my friends and acquaintances for upholding it and providing whatever I needed to complete this course. Thank you for all your time, prayers, love, support, encouragement and accepting the inconvenience with pure hearts. May God the almighty keep you healthy, strong and bless you abundantly.

Thank you!

ABSTRACT

The study sought to establish a relationship between internal control and organizational performance of Joint Medical stores. The study objectives were; to establish the effect of control environment on organization performance, to establish the effect of risk assessment on organization performance, to establish the effect of information and communication on organization performance at joint medical stores

A cross sectional survey was used in the course of the study. Both qualitative and quantitative data was gathered in order to establish the relationship between the independent and dependent variables, so as to examine how internal controls are used in Joint Medical Stores and therefore account for the performance levels. The study comprised of 63 employees of Joint Medical Stores. Simple random sampling was used during the data collection process because the technique intended to select a representative without bias .Data was collected using both primary and secondary sources. After collecting data, the researcher organized well-answered questionnaire, data was edited and sorted for the next stage. The data was presented in tabular form, and bar graphs with frequencies and percentages. The researcher used Statistical Package for Social Sciences (SPSS) to analyze the relationship between the variables under study.

The findings revealed that there is correlation between control environment and organization performance with a positive and an insignificant relationship ($r = 0.032$, $p \leq 0.01$), the results also revealed that there was a correlation between risk assessment and organization performance with a positive and an insignificant relationship ($r = 0.034$, $p \leq 0.01$), the results further revealed that there was a correlation between information and communication and organization performance with a negative and significant relationship ($r = -0.0040$, $p \leq 0.01$).

The study conclusions suggest that internal control systems existed in Joint Medical Stores. However, they did not have a significant impact on the level of organizational performance with insignificant positive relationship between internal controls and organizational performance. The researcher therefore recommended that the entity should invest more in improving the effectiveness of internal control through designing more effective internal control systems. And that Management should encourage staff to participate in decision making because Employees feel encouraged and motivated in accomplishing the goals of the company in which they have taken part in formulating.

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CHAPTER ONE

1.0.Introduction

For an organization to be able to function effectively and contribute meaningfully to the stakeholders, the industry must be stable, safe and sound. And for these conditions to be obtained there must be a sound accounting system, which is occasioned by an internal control system. In view of the economic growth in a companies' size and complexities, proper management of modern business undertakings are not possible unless they have an effective system of internal control.

Chapter one contains introduction to the research work which summarizes background to the study as well as the main feature of the effect of internal control on the organizational performance. In this chapter the problem statement, purpose of the study, specific objectives, research questions, scope of the study, justification of the study, significance of the study, conceptual frame work and definition of key terms are also discussed in detail.

1.1.Background of the study

A system of effective internal controls is a critical component of an organizations management and a foundation for the safe and sound operation. A system of strong internal controls can help to ensure that the goals and objectives of an organization will be met, that the organization will achieve long-term profitability targets and maintain reliable financial and managerial reporting. Such a system can also help to ensure that an organization will comply with laws and regulations as well as policies, plans, internal rules and procedures, and decrease the risk of unexpected losses or damage to an organizations' reputation.

The Institute of Chartered Accountants of England and Wales (ICAEW), defined internal control as the whole system of controls, financial or otherwise, established by management in order to carry on the business of an enterprise in an orderly and efficient manner, to ensure adherence to management policies, safeguard the assets and secure as far as possible, the completeness and accuracy of the records.

Internal control is a set of instructions, guidelines and procedures that a company's senior leadership establishes to prevent operating losses resulting from theft error, technological malfunction and employee neglect or carelessness. An internal control also helps an organization/company prevent adverse regulatory initiatives, such as fines or litigation. Accounting principles and internal audit rules require that organizations or companies establish adequate and functional internal controls to improve the management processes. These principles include generally accepted accounting principles and the Institute of Internal Auditors standards.

Basoln (2002)

Mwindi (2008) and awe (2005) have the same idea on internal controls, they both define Internal Controls as processes designed and effected by those charged with governance, management, and other personnel to provide reasonable assurance that the achievement of an entity's objectives with regard to reliability of the financial reporting, undesired risk events will be prevented or detected and corrected, based on either compliance or management initiated concerns effectiveness and efficiency of operations and compliance with applicable laws and regulations

According to Juheno (1999), internal controls play an important role in management. Internal Controls help an organization prepare accurate and complete financial statements at the end of

each month and quarter. A firm may also hedge, or protect against operating risks by implementing functional controls. These risks may relate to manufacturing activities and technological processes. Management consists of all mechanisms, technological processes and physical systems that department heads and segment chiefs put into place to make sure a company operates effectively. Management tools include human resources policies and guidelines, as well as departmental work specifications. These tools may also include external elements, such as laws and regulations.

According to (Kirsty, 2008) an internal control system is an organization's confidence in its ability to perform or undertake a particular behavior. He further asserts that a system of internal controls potentially prevents errors and fraud through monitoring and enhancing organizational and financial reporting processes as well as ensuring compliance with pertinent laws and regulations.

The Basel Committee on Banking Supervision, as well as by the National Bank of Romania (Regulation no. 17/2003) claim that internal controls represent a continuous process which takes part of the board of directors, senior management and all levels of personnel, and whose aim is to ensure that all the established goals will be achieved.

Responsibility for providing an adequate and effective internal control structure rests with an organization's management. Internal Control is important because it single-handedly links with the effectiveness of other managerial functions such as planning. When it comes to planning, it determines whether activities are on going toward the achievement of goals and accomplishment of objectives. Control mechanisms keep the plans running smoothly and up to date. Internal Control is also important in employee empowerment wherein performance of the employees

could be properly managed. Performance is controlled in terms of appraisal, lessening haphazard decisions on allocation of job titles. Nonetheless, control mechanisms are also important in keeping a balance within the workplace especially since controlling means to minimize unethical decisions of the employees and the organization as a whole.

According to Stevenson (2004) Performance is the outcome of an individual or group contribution of development in any activity leading to results (positive / negative). Organizational performance can be measured in terms of customer satisfaction, through reduced customer complaints (Kloot, 1999). In order to be able to perform organizations should critically look at customers and all stakeholders in business and know how best they are satisfying their needs. Kloot adds that organizations should continuously improve their services through assets accumulation, create value, improved quality services and flexibility. Internal control system is intervened with organizations operating activities and it is most effective when controls are built into the organizations infrastructure becoming part of the very essence of the organizations success in terms of continued improvement on performance standards as part of the competitive advantage of the organization.

According to Richard et al. (2009) organizational performance encompasses three specific areas of firm outcomes: i.e.; financial performance (profits, return on assets, return on investment, etc.); product market performance (sales, market share, etc.); and shareholder return (total shareholder return, economic value added, etc.)

1.1.2. Background to the case study

The study focused on joint medical Store .Joint Medical Store is a private-Not-For Profit Non-Governmental Organization which was established in 1979 as a joint venture between the Uganda Catholic Medical Bureau and the Uganda Protestant Medical Bureau Joint Medical Stores is duly registered as a corporate body under the Trustees Incorporation, licensed by the National Drug Authority to engage in the import, export, whole sale of medicines and related health supplies. Joint Medical Store is located in Nsambya 3km from the city centre, off Nsambya estates road. Joint Medical Store has another branch in Arua which supplies products in the west Nile region.

Joint Medical Stores has experienced a steady growth over years with increased annual sales, customer growth throughout the country. According to Biladard Baguma (CEO Joint medical stores), the organization recorded a 19.3% growth in sales of JMS stock and achieved 76% of the target, they also recorded a 7.6% growth in customers attributed to effective governance and risk management, distinct customer care and after sale services, Quality products and services .(NMS annual report 2014/2015).

Considering the progressive growth of Joint medical stores over the past five years, the researcher's interest is to establish whether internal control played a role in the growth of the organization. The purpose of the research therefore is to verifying the conception that internal control has an effect on the performance of organizations.

1.2.Problem statement

Regardless of whether an organization is “for profit” or “not-for-profit”, an important consideration for board is the degree to which the organizations utilize available resources in an efficient and effective manner to achieve stated outcomes. An organization should be in place to measure its performance through the profits, returns on assets and investment, Performance in the market, Innovation ability, and many other indicators. For an organization to attain good performance, internal controls are put in place to help them achieve performance and organizational goals, prevent loss of resources, enable production of reliable reports and ensure compliance with laws and regulations. However many organizations have not performed to the required standards and thus have been kicked out of business, according to Didas Kisembo 2015, Uchumi has not performed to the expectations in east Africa, several reports show that most branches in Uganda, Kenya and Tanzania are being closed because it has failed to compete in the market. (daily monitor 19th October 2015).

According to Julius Businge Bank of Uganda has closed down banks in Uganda over the past 3 years due to non-performance. BOU shut down Global trust bank in 2013 because it failed to become commercially viable accumulating losses of over UGX60bn.

The National Bank of Commerce, formerly owned by top politicians and business people, was liquidated in August 2012. Fina Bank sold out to Nigeria-based Guaranty Trust Bank because it failed to break-even. Profitability among the country’s 25 banks has recently been declining while non-performing assets and loans have been on an upward trend despite the reduction in the first six months of 2014 (The independent 25th august 2015).

Poor performance has continued to occur in many organizations despite the existence of internal controls. This research study therefore intends to establish whether there is a relationship between internal controls and organization performance

1.3.General Objective

The purpose of this research is to establish the relationship between internal control systems and organization performance in joint medical stores

1.3.1. Specific objectives

To establish the effect of control environment on organization performance

To establish the effect of risk assessment on organization performance

To establish the effect of information and communication monitoring on organization performance

1.4.Research questions

What is the effect of control environment on organization performance?

What is the effect of assessment on organization performance?

What is the effect of information and communication monitoring on organization performance

1.5.Scope of the study

1.5.1. Subject scope

The study was confined on internal control as an independent variable and was measured basing on control environment, risk assessment, information and communication, organization

performance on the other hand was the dependent variable and it was measured basing on profitability, sale growth and productivity

1.5.2. Geographical scope

The study was conducted at Joint Medical Stores which is located in Nsambya 3km from the city centre, off Nsambya estates road

1.5.3. Time scope

The time scope was limited to 2012 to 2014 because it's in these years that most of the events as per the stated in the problem statement occurred.

1.6. Significance of the study

The study results will be useful to Management, Board of Governors, and all stakeholders of National medical stores specifically they will use findings from the study to redesign policies aimed at improving on the levels of performance.

Findings will also be available for reference by academicians, researchers who seek to conduct further research in any of the variable under this study

1.7. Justification of the study

Organization performance is one area that is given a lot of attention all over the world, it has been widely researched. A lot of literature has been written on organization performance, and External auditors normally place a lot of emphasis Internal controls as measure to ensure sustainable and improved organization performance, however, it is the perception of the researcher that there is poor performance in some organizations despite the existence of internal controls. This study therefore, tried to establish whether there was a linkage between internal controls and organization performance.

1.8. Conceptual frame work

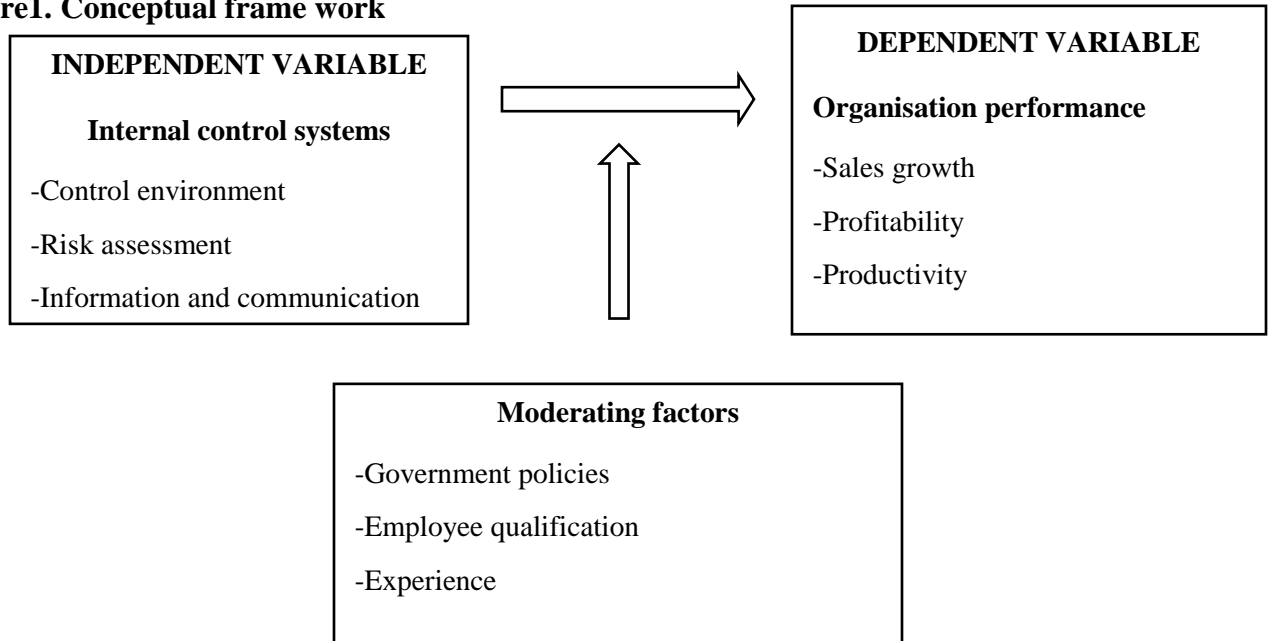
COSO (2002) in their frame work identify five components of internal control which include control environment, entities risk assessment process, information and communication system, control activities and monitoring. COSO further argues that internal control can help an entity achieve its performance and profitability targets and \prevent loss of resources hence establishing a link between internal control and organization performance.

Angella Amudo & Eno L. Inanga have done a study on Evaluation of Internal Control Systems: A Case Study from Uganda in 2009, this study is based on the Regional Member Countries of the African Development Bank Group focusing on Uganda in East Africa and The results found that some control components of effective internal control systems are lacking in these projects. These reason out that the current control structures are ineffective.

William & Kwasi in their research in 2013 to examine the significance of internal control systems in the rural banking sector the study concluded that the internal control systems assist management and auditors in executing their duties. The population for the study included internal auditors, management, account personnel, and other staff in the bank. The employees at senior level, middle levels and lower levels were included in the study too.

The figure below therefore shows the conceptual framework which presents the relationship between independent and dependent variables for the study. Internal control is the dependent variable and the dependent variable is organization performance

Figure1. Conceptual frame work



Source; adopted from COSO 2002 and Angella Amudo & Eno L. Inanga (2009), willian& kwasi 2013 and improved by the researcher

From the above conceptual frame work, it's clear that internal control is independent variable (as measured by control environment, risk assessment, information and communication) affects, organisation performance a dependent variable (as measured by profitability. sales growth and productivity)

However there are also moderating factors like government policies, qualification and experience of employees. These factors affect the relationship between internal and organization performance. For example, if employees are not well qualified in the fields where they operate in an organization, it may affect the application of internal control hence poor organization performance

1.9. Definition of key terms

Internal control

In accounting and auditing, internal control is defined as a process effected by an organization's structure, work and authority flows, people and management information systems, designed to help the organization accomplish specific goals or objectives

Risk assessment

According to COSO, risk assessment refers to the identification and analysis of relevant risks to the achievement of objectives, forming a basis for how the risks should be managed

Control environment

The control environment sets the tone of an organization consciousness of its people. It is the foundation of for all other components of internal control, providing discipline and structure.

Information and communication

Communication is the exchange of useful information between and among people and organizations to support decisions and coordinate activities.

Profitability

Profitability refers to the ability of a business to earn profit. A profit is what is left of revenue a business generates after it pays all expenses directly related to the generation of revenue.

Sales growth

Sales growth refers to the amount by which the average sales of a company's products or services have grown typically from year to year. It entails the amount a company derives from sales compared to a previous, corresponding period in which the latter sales exceed the former

Productivity

Productivity refers to a measure of the efficiency of a person, machines, system etc in converting inputs into useful outputs. Productivity is computed by dividing average output per period by the total costs incurred or resources consumed in the period under consideration. Productivity is a typical determinant of cost efficiency.

1.10. Conclusion

The chapter one of this research focused on background to the study, problem statement, research objectives, researcher questions, scope of the study, significance of the study, justification of the study, conceptual framework that helped to explain the study of the effect of internal control on organization performance.

LITERATURE REVIEW

2.0.Introduction

The research was intended to assess the effect of internal controls on organization performance. The review of available literature therefore attempted to establish whether there is a correlation between Internal Control systems as an Independent variable and organizational performance as a dependent variable. The review particularly focused on Control environment, risk assessment, information and communication as the main components of Internal Control. The other components of internal control were ignored for purposes of this research.

The review also examined organizational performance and in particular focusing on productivity, sales growth, and profitability. All other financial performance measures were ignored for purposes of the study. The review examined the common systems of internal controls employed by organizations.

2.1.Theoretical framework

Agency Theory describes firms as necessary structures to maintain contracts, and through firms, it is possible to exercise control which minimizes opportunistic behavior of agents. Accordingly, Barlie and Means (1932) posit that in order to harmonize the interests of the agent and the principal, a comprehensive contract is written to address the interest of both the agent and the principal. They further explain that the relationship is further strengthened by the principal employing an expert to monitor the agent. This position is also supported by Coarse (1937) who maintains that the contract provides for conflict resolution between the agent and principal, the principal determines the work and agent undertakes the work. He however, proposes that the principal suffers shirking which deprives him or her from benefiting from the work of the agent.

Nevertheless, the theory recognizes the incomplete information about the relationship, interests or work performance of the agent described as adverse selection and moral hazard. Coase (1937) explains that moral hazard and adverse selection affects the output of the agent in two ways; not doing exactly what the agent is appointed to do, and not possessing the requisite knowledge about what should be done. This therefore, affects the overall performance of the relationship as well as the benefits of the principal in form of cash residual.

2.2.Overview of internal controls

The term internal control was adopted by the Anglo- Saxons (“ Internal Auditing “) and it refers to the unit of internal control which aims at the evaluation of the sufficient functioning of the internal control system, that is the secondary functions (Controls) and suggests that there is room for improvements in cases where weaknesses are being discovered (Financial Postman Magazine, 2004). What is indicative of the importance of internal control is the sum of the definitions that have been given for this term.

Internal control, as defined by the APC (Auditing Practices Committee, 1980), is an independent examination and certification from an inspector appointed by the business to control the finances according to the legal framework established each time.

Furthermore, according to Miller and Bailley (1989), internal control is a systematic review and a subjective investigation of one element and encompasses the verification of the specific information as these are determined from the general practice. The internal control helps the company to achieve its goals using a systematic approach of assessing the effectiveness of handling dangers (IIA, 1999).

Under the Committee of Sponsoring Organizations of the Treadway Commission (COSO) internal control -Integrated Framework, a widely-used framework in the United States, internal control is broadly defined as a process, affected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations;
- Reliability of financial reporting;
- Compliance with laws and regulations

According to A. H. Millichamp (2002), Internal Control System is defined as the whole system of controls, financial and otherwise, established by the management in order to carry on the business of safeguard the assets and secure as far as possible the completeness and accuracy of the records. He further analyzed the redefinition as follows;

- 1 The whole system: internal control can be seen as a whole or single system. The whole is more than the sum of parts.
2. Financial and otherwise the distinction is not important. Perhaps the financial would include the use of control accounts and otherwise may include physical access restrictions to computer terminals.
3. Established by Management: internal controls are established by management, either through consultant (external) or internal through internal audit.
4. Ensure Adherence to Management Policies: management has express policies such as budget and the adherence of budget can be achieved through the procedures such as variance analysis.

5. Safeguard Assets: allowing assets to be stolen or broken is unacceptable and procedures are always put in place to safeguard assets.

6. Secure completeness: to check that transactions are duly recorded, checking that all goods leaving the factory must have a delivery note attached to it.

Internal control is the term generally used to describe how management assures that an organization does meet its financial and other objectives. Internal control systems not only contribute to managerial effectiveness but are also important duties of corporate boards of directors. (Verschoor; 1999).

In their publication Whittington and Pany (2001), attempt to explain the meaning, significance of Internal Controls, and the Components of a Company's internal controls. They also attempt to explain the relevancy of internal controls in large-scale business organizations. In their book while borrowing the definition of the Committee of Sponsoring Organizations (COSO); Internal Control- Integrated Framework, Whittington & Pany.2001 define internal control as "a process effected by the entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories; reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations." They emphasize that internal controls is a process and not an end in or of itself. They note that internal controls provide reasonable but not absolute assurance about the attainment of an entity's objectives.

Internal control, as defined by the Hellenic Institute of Internal Auditors (H.I.I.A., 2004) is an independent, objective, adequately designed and organized procedure, which through the technical and the scientific approaches; assess how adequately the system of internal control

functions. From the above definitions, it is clear that the internal control is not just a one-sided tool for controlling the order and rightness of certain situations, but it is also method of detecting the value added up to a company, achieving the index of effectiveness and profitability of the company (Nagy and Cenker , 2002) (Godwin, 2004).

(Adeyemo (2012) suggests that a sound internal control will ensure that transactions are: valid, properly authorized, recorded, properly valued, properly classified, reconciled to subsidiary records and not carried through by a single employee (i.e. ensure separation of duties)

Different writers have come with different types of internal control systems. Milichamp (2002) for example puts the types of internal controls as; Safeguarding assets, Separation of duties, supervision, Verification, Approval and authorization, Documentation, Safeguarding Assets, and Reporting. However, many other authors such as Dr Lousteau (2006), the state university of New York and diNapoli (2005) have agreed that the types of internal controls includes directive controls, preventive controls, compensating controls, detective controls, and corrective actions.

According to Hayes et al., 2005 internal control comprises five components; the control environment, the entity's risk assessment process, the information and communication systems, control activities and the monitoring of controls. However, for purposes of this study, the research will narrow down to only three components of the internal control system. These are; control environment, risk assessment, information and communication. The other components of the internal control systems will be held constant.

2.2.1. Control environment

Millichamp (2002), has mentioned that Control environment is the attitude toward internal control and control consciousness established and maintained by the management and the employees of an organization. It may be viewed as the foundation for other components of internal control providing discipline and structure. Millichamp (2002) further describes control environment as the overall attitude, awareness and actions of directors and management regarding internal controls and their importance in the entity. Seven factors affecting the control environment include management's philosophy and operating style, integrity and ethical values, a commitment to the competence, board of directors or audit committee, organizational structure, assignment of authority and responsibility and human resource policies and practices respectively.

Beneish et al (2008), defines the control environment as the tone of an organization and the way it operates. He further says that it concerns the establishment of an atmosphere in which people can conduct their activities and carry out their control responsibilities effectively. Likewise, COSO (2004) looks at the ethical environment of an organization to encompass aspects of upper management's tone in achieving organizational objectives, their value judgments and management styles.

COSO in their frame work in 2011 state that an organization that establishes and maintains a strong control environment positions its self to be more resilient in the face of internal and external pressures it does this by demonstrating behaviors of integrity and ethical values adequate over sight processes and structures, organizational designs that enable the achievement of objectives. In both the short and long term, it positions its self to be more resilient in the face of

internal and external pressures. They further argue that control environment is sometimes seen as synonymous with internal control culture, in that the elements that make one strong, such as integrity and ethical values, oversight, accountability and performance evaluation, make the other strong as well. Establishing a strong culture considers, for example how clearly and consistently ethical and behavioral standards are communicated and reinforced in practice. As such, culture is part of an organization's control environment, but also encompasses elements of other components of internal control, such as policies and procedures, ease of access to information, and responsiveness to results of monitoring activities. Therefore, culture is influenced by control environment and other components of internal control and vice versa.

ISA400 clearly looks at the control environment to represent management's overall attitude, awareness and actions regarding internal controls.

2.2.2. Risk assessment

Risk assessment is the process used by an organization (management) to decide how it will deal with the risks that pose a threat to achieving its objectives (Furrugia 2002). It entails the identification and prioritization of objectives, the identification of risks and assessment of their likelihood and impact. Consequently, Jones (2008) looks at risk assessment as the identification, evaluation and management of risks. He further notes that risks can relate, to financial statement fraud or to the misappropriation of assets.

According to Lannoye (1999) this component of internal control highlights the importance of management carefully identifying and evaluating factors that can preclude it from achieving its mission. Risk assessment is a systematic process for integrating professional judgment about

probable adverse conditions and events, and assessing the likelihood of possible losses (financial and non-financial) resulting from their occurrence.

According to the Institute of Internal Auditors (1999), risks are assessed in order to determine the likelihood of an event occurring, the impact, and risk tolerance level. Once identified the risks are then classified as high, medium and low. Based on the accuracy of the assessment, risk tolerance level can then be determine. In order to determine whether risk management are effective, relevant risk information should be captured and communicated in a timely manner across the organization, enabling staffs, management and the board to carry out their responsibilities.

Chandra (2002) note that Risk is everywhere and surrounds our personal activities or professional lives. Though it is difficult to eliminate completely, one can minimize risk by employing risk assessment techniques in his personal and professional capacity.

2.2.3. Information and communication

Another primary element of a good internal control system is to be able to obtain information both vertically and horizontally and ensure communication among employees. This is only possible if the management information system and its information subsystems are arranged in a disciplined and responsive manner. Effective communication should be established including all employees at all levels of the corporate. All employees should be informed regarding their positions within the internal control system (Keskin 2006, p. 40).

According to NYSGAAIC Act 2007, communication is the exchange of useful information between and among people and organizations to support decisions and coordinate activities. Information should be communicated to management and other employees who need it in a form

and within a timeframe that helps them to carry out their responsibilities. Communication with customers, Suppliers, regulators and other outside parties are also essential for effective internal control. Information can be communicated verbally, in writing and electronically. While verbal communication may be sufficient for many day-to-day activities, it is best to document important information. This provides a more permanent record and enables managers and others to review the information. Information should travel in all directions to ensure that all members of the organization are informed and those decisions and actions of different units are communicated and coordinated.

Information and Communication focuses on the nature and quality of information needed for effective control that the systems use to develop such information, and reports necessary to communicate it effectively. Information is needed at all levels of organization to assist management in meeting the organization's objectives. The information is used by inside parties as well as outside parties. This information should be communicated from top to bottom level that needs it in a form and within a time frame that helps them to carry out their responsibilities.

Communication is also used by outside parties such as customers, suppliers and regulators. Information about an organization's plans, control environment, risks, control activities, and performance must be communicated up, down, and across an organization. Reliable and relevant information from both internal and external sources must be identified, captured, processed, and communicated to the people who need it in a form and timeframe that are useful. (Douglas (2011)

Gaskill (2000) looks at information and communication component as the identification, capture, and communication of pertinent information in an appropriate form and timeframe to accomplish the financial reporting objectives.

Open channels of communication are necessary to allow information to flow throughout the entity and into the financial statements and therefore management should discuss the identification, capture, and flow of financial information in its report (Richard & Janet 1997).

2.3. Overview on organization performance

Performance is doing today what will lead to measured value outcomes tomorrow. The performance of a firm as viewed from several different perspectives, and various aspects are jointly considered in defining a firm performance Lebas and Euske (2002). Financial performance is one of the most commonly used indicators of a firm's financial health over a given period. It is defined and measured in different ways; each of these different measures capturing a slightly different aspect of financial performance.

Performance; according to (Amalokwu 2008) is the outcome of a firm's activities over a given period. Thus, a firm could experience a poor as well as a good performance. The determinant or measure of performance varies across industries and companies. Measurement of performance includes customer satisfaction, employees and/or shareholders satisfaction, sales growth, market share, return on capital invested

Amoako-Gyampah and Acquaaah (2008) classify performance under two dimensions: market share and sales growth. Where market share is the firm's portion in the entire industry and sales growth is the increase in sales in money value. High performance will mean high market share and high sales growth

2.3.1. Sales growth as a measure of organisation performance

A sale is the pinnacle activity involved in selling products or services in return for money or other compensation. It is an act of completion of a commercial activity. Sales growth is often used as a measure of performance. The assumption is often made that if sales increase, profits will eventually follow (Thomas & Mason, 2007). A key determinant of success is a firm's growth in sales, provided, of course, that the profits and cash flows generated from sales are adequate to cover the costs incurred in generation of the revenue.

Growth is an important stage of lifecycle for all for-profit organizations. The sources of business growth have been subject to a considerable academic attention. At the same time, growth of sales is a normal aspect of the phenomenal growth of a company.

Meltzer (2010) states that a primary function of trade credit is to mitigate customers' financial frictions, thus facilitating increased sales and market share growth (Nadiri, 2009). In addition to resolving financing frictions, trade credit can boost sales by alleviating informational asymmetry between suppliers and buyers in terms of product quality (Long *et al.*, 2003, Smith, 2007). Meltzer's argument is supplemented by Turyahebwa *et al.* (2013) who argues that sales are just made to customers without vetting who should be granted credit and how much credit should be granted.

2.3.2. Profitability as a measure of organization performance

The word 'profitability' is composed of two words, namely; profit and ability. The term profit has already been discussed at length in detail. The term ability indicates the power of a firm to earn profits. The ability of an enterprise also denotes its earning power or operating performance.

According to Harward & Upton, “profitability is the ‘the ability of a given investment to earn a return from its use.’” Profit refers to the total income earned by the enterprise during the specified period of time, while profitability refers to the operating efficiency of the enterprise. It is the ability of the enterprise to make profit on sales. It is the ability of enterprise to get sufficient return on the capital and employees used in the business operation.

Weston and Brigham define profitability as "the net surplus of a large number of policies and decisions. As Weston and Brigham rightly note “to the financial management profit is the test of efficiency and a measure of control, to the owners a measure of the worth of their investment, to the creditors the margin of safety, to the government a measure of taxable capacity and a basis of legislative action and to the country profit is an index of economic progress, national income generated and the rise in the standard of living”, while profitability is an outcome of profit. In other words, no profit drives towards profitability.

However, the term ‘Profitability’ is not synonymous to the term ‘Efficiency’. Profitability is an index of efficiency; and is regarded as a measure of efficiency and management guide to greater efficiency. Though, profitability is an important yardstick for measuring the efficiency, the extent of profitability cannot be taken as a final proof of efficiency. Sometimes satisfactory profits can mark inefficiency and conversely, a proper degree of efficiency can be accompanied by an absence of profit. The net profit figure simply reveals a satisfactory balance between the values receive and value given.

According to Gruber, (2007). Profitability measures the extent to which a business generates a profit from the factors of production: labor, management and capital. Profitability analysis focuses on the relationship between revenues and expenses and on the level of profits relative to

the size of investment in the business. Repayment capacity method measures the ability to repay debt from both firm and non-firm income. It evaluates the capacity of the business to service additional debt or to invest in additional capital after meeting all other cash commitments. Measures of repayment capacity are developed around an accrual net income. Two measures of repayment capacity are the term debt and capital lease coverage ratio and the capital replacement and term debt repayment margin,

2.3.3. Productivity as a measure of organizational performance

According to motwani (2000), the concept of productivity, generally defined as the relation between output and input, has been available for over two centuries and applied in many different circumstances on various levels of aggregation in the economic system. It is argued that productivity is one of the basic variables governing economic production activities, perhaps the most important one.

According to dooley 1992, the term productivity may seem rather easy to understand, however, there are several implications which have caused much confusion. A common mistake is, for instance, to use productivity synonymous to measures of production, which refers to the amount of a product or service produced. As a result of this confusion, people tend to believe that increased production means increased productivity. This is not necessarily true. An important point to keep in mind is that productivity is a relative concept, which cannot be said to increase or decrease unless a comparison is made, either of variations from competitors or other standards at a certain point in time or of changes over time. Basically, improvements in productivity can be caused by five different relationships that is ; Output and input increases, but the increase in input is Proportionally less than the increase in output, Output increases while input stays the same,

Output increases while input is reduced, Output stays the same while input decreases, Output decreases while input decreases even more.

Productivity is in industrial engineering defined as the relation of output to input in the manufacturing transformation process. Productivity is therefore, on the one hand, closely connected to the use and availability of resources. This means in short that productivity is reduced if a company's resources are not properly used or if there is a lack of them.

On the other hand, productivity is strongly linked to the creation of value. Thus, high productivity is achieved when activities and resources in the manufacturing transformation process add value to the produced products.

Furthermore, change for reasons that have little to do with productivity, such as inflation and other external conditions that may bear no relationship to the efficient use of resources.

Miller 1984 argues that productivity is a more suitable measure to monitor manufacturing excellence in the long run rather than profitability, since profits are influenced by many factors in a short-term perspective

2.4. Actual literature review

2.4.1. Effect of control environment on organization performance

As discussed in the previous subsections, control environment includes the attitudes, awareness, and actions of management and those charged with governance concerning the entity's internal control and its importance in the entity. According to (ISA UK and Ireland 315): The control environment encompasses the following elements; Communication and enforcement of integrity and ethical values is an element of control environment; the effectiveness of controls cannot rise above the integrity and ethical values of the people who create, administer, and monitor them. Integrity and ethical values are essential elements of the control environment which influence the

effectiveness of the design, administration, and monitoring of other components of internal control.

An organization that establishes and maintains a strong control environment positions its self to be more resilient in the face of internal and external pressures. It does this by demonstrating behaviors of integrity and ethical values, adequate oversight processes and structures, organizational designs that enable the achievement of entities objectives with appropriate assignment of authority and responsibility. (COSO 2011)

Armstrong (1999) suggests that there are Seven factors affecting the control environment which include management's philosophy and operating style, integrity and ethical values, a commitment to the competence, board of directors or audit committee, organizational structure, assignment of authority and responsibility and human resource policies and practices respectively. He further suggests that managers can use these factors to contribute to enhancing the awareness of ethical issues this is done by;

Deploying professionals to develop and communicate an ethic policy and field the response to it, holding training sessions to help people think through the issues and monitor policy. Second is by contributing to the formation of company strategy especially through touching on mission and values. Lastly by setting an example through professional conduct, on issues such as fairness, equal treatment and confidentiality. Policy statements and codes of conduct can also be used to communicate the entity's values and behavioral standards to personnel and by example. (ISA UK and Ireland 315)

Commitment to competence (ISA UK and Ireland 315) is the second element of the control environment. Commitment to competence includes management's consideration of the

competence levels for particular jobs and how those levels translate into requisite skills and knowledge. Armstrong (1999) assesses that the concept of competency has achieved this degree of prominence because it is essentially about performance. It is directly concerned with the factors contributing to high levels of individual contribution and therefore, organizational effectiveness.

Participation by those charged with Governance, Attributes of those charged with governance include independence from extent of their involvement and scrutiny of activities, the management, their experience and stature, the appropriateness of their actions, the information they receive, the degree to which difficult questions are raised and pursued with management, and their interaction with internal and external auditors. The importance of responsibilities of those charged with governance is recognized in codes of practice and other regulations. Other responsibilities of those charged with governance include oversight of the design and effective operation of whistle blower procedures and the process for reviewing the effectiveness of the entity's internal control (ISA UK and Ireland 315).

Management's philosophy and operating style encompass a broad range of characteristics. Such characteristics may include: Management's approach to taking and monitoring business risks; management's attitudes and actions toward financial reporting

An entity's organizational structure provides the framework within which its activities for achieving entity-wide objectives are planned, executed, controlled, and reviewed. Establishing a relevant organizational structure includes; considering key areas of authority, responsibility and appropriate lines of reporting. An entity develops an organizational structure suited to its needs. It consists of units, function, divisions departments, and formerly constituted: work teams into

which activities related to particular process projects, products, market, customers, geographical areas or professional disciplines are grouped together. The structure indicates who is accountable for directing and carrying out these activities and defines management hierarchies. It spells out broadly who is responsible for whom for what at each level in the organization.

Assignment of Authority and Responsibility; this factor includes how authority and responsibility for operating activities are assigned and how reporting relationships and authorization hierarchies are established. It also includes policies relating to appropriate business practices, knowledge and experience of key personnel, and resources provided for carrying out duties. In addition, it includes policies and communications directed at ensuring that all personnel understand the entity's objectives, know how their individual actions interrelate and contribute to those objectives, and recognize how and for what they will be held accountable.

Human Resource Policies and Practices Pearce II (2011) highlights tactics of human resource as; Recruitment selection and orientation, career development and training, compensation, evaluation discipline and control and labor relations and equal opportunity requirements. Human resource policies and practices relate to recruitment, orientation, training, evaluating, counseling, promoting, compensating, and remedial actions. For example, standards for recruiting the most qualified individuals – with emphasis on educational background, prior work experience, past accomplishments, and evidence of integrity and ethical behavior demonstrate an entity's commitment to competent and trustworthy people. Training policies that communicate prospective roles and responsibilities and include practices such as training schools and seminars illustrate expected levels of performance and behavior. Promotions driven by periodic performance appraisals demonstrate the entity's commitment to the advancement of qualified personnel to higher levels of responsibility.

2.4.2. The effect of risk assessment on organizational performance

According to (COSO 2004) Value is a function of risk and return. Every decision either increases, preserves, or erodes value. Given that risk is integral to the pursuit of value, strategic-minded enterprises do not strive to eliminate risk or even to minimize it, a perspective that represents a critical change from the traditional view of risk as something to avoid. Rather, these enterprises seek to manage risk exposures across all parts of their organizations so that, at any given time, they incur just enough of the right kinds of risk—no more, no less—to effectively pursue strategic goals.

That's why risk assessment is important. It's the way in which enterprises get a handle on how significant each risk is to the achievement of their overall goals.

To accomplish this, enterprises require a risk assessment process that is practical, sustainable, and easy to understand. The process must proceed in a structured and disciplined fashion. It must be correctly sized to the enterprise's size, complexity, and geographic reach. While enterprise-wide risk management (ERM) is a relatively new discipline, application techniques have been evolving over the last decade.

Risk assessment involves a dynamic and iterative process for identifying and assessing risks to the achievement of objectives. Risks to the achievement of these objectives from across the entity are considered relative to established risk tolerances. This risk assessment forms the basis to determining how risks will be managed. A precondition to risk assessment is establishment of objectives linked at different levels COSO (2011)

Risks affect the entities an entities ability to succeed, compete within its industry and maintain its financial strengths and positive reputation and maintain the overall quality of its products, services and people COSO (2011)

2.4.3. Effect of information and communication on organizational performance

According to the fourth internal control standard, for an agency to run and control its operations, it must have relevant, reliable information, both financial and non financial, relating to external as well as internal events. That information should be recorded and communicated to management and others within the agency who need it and in a form and within a time frame that enables them to carry out their internal control and operational responsibilities. (Steihoff 2001) information and communication are essential to effective control. Information about an organization's plans, control environment, risks, control activities, and performance must be communicated up, down, and across an organization. Reliable and relevant information from both internal and external sources must be identified, captured, processed, and communicated to the people who need it in a form and timeframe that are useful.

According to the comptroller's Handbook (2001), accounting, information, and communication systems capture and impart pertinent and timely information in a form that enables the board, management, and employees to carry out their responsibilities. Accounting systems are the methods and records that identify, assemble, analyze, classify, record, and report on transaction. Information and communication systems enable all personnel to understand their roles in the control system, how their roles relate to others, and their accountability. The entity must be able to prepare accurate and timely financial report including interim reports. The Board of Directors and management must ensure that they receive accurate and timely information to allow them to

fulfill their responsibilities. Management must also provide written job descriptions and reference manuals that describe the duties of personnel.

Communication enables the organization to share relevant and quality information internally and externally. Management communicates information internally to enable personnel to understand the entities objectives and the importance of their control responsibilities. Internal communication facilitates the functioning of other components of internal control by sharing information up, down and across the entity. External communication enables management to obtain and share information between an entity and the external parties about risks , regulatory matters , changes in circumstances, customer satisfaction and other information relevant to the functioning of the other components of internal control (COSO 2011)

2.5. Conclusion

From the Literature review, several researchers seem to concur that there is a relationship between Internal Control Systems and performance of an organization. These conclusions will however be confirmed after empirical evidence has been obtained from the research

CHAPTER THREE

METHODOLOGY

3.0. Introduction

Green and Full (1975) defines research methodology as the specification of procedures for collecting and analyzing the data necessary to solve the problem at hand such that the differences between the cost of obtaining various levels of accuracy and the expected value of the information associated with each level of accuracy is optimized.

This Chapter focuses on the methods that were used to collect data and analyze it. It greatly concerns the research design, the population that was studied, the sample selection procedures and sampling techniques used, data collection, methods of verifying reliability and validity of data and methods, matters regarding ethics and the limitations of the methodology used as well as the conclusions drawn from the methodologies used.

3.1. Research design

The research design adopted in this research work is a case study research design which involves employing both qualitative and quantitative techniques that help in the data collection process. The qualitative methods were basically focused on collecting in depth information from the experts and respondents from management through the use of self designed questionnaires in the collection of data. Primary data was collected from Joint Medical Stores in order to determine the effect of internal control on organizational performance.

A cross sectional survey was used in the course of the study. Both qualitative and quantitative data was gathered in order to establish the relationship between the independent and dependent variables. To examine how internal controls are used in national medical stores and therefore account for the organizational performance levels. The researcher chose to use this design because it enabled the researcher to collect data without manipulation of any variables of interest in the study. The design also provides opportunity for equal chance of participation in the study for respondents.

3.2. Area of study

The study was conducted at Joint Medical Stores which is located in Nsambya 3km from the city centre, off Nsambya estates road

3.3. Population of study

The population of study is the census of all items or a subject that possess the characteristics or that have the knowledge of the phenomenon that is being studied (Asiaka, 1991). It also means the aggregate people from which the sample is to be drawn. Population is sometimes referred to as the universe.

According to the human resource manager, joint Medical Stores have 76 employees at the head offices in Nsambya the whole population was chosen because all their responses were relevant for the study. This included top management middle management and tactical departments

3.4. Sample size

The study was based on a sample size of 63 respondents that was drawn from a population of 75 employees. The sample size was determined by using the Morgan and Krejcie table which

asserts that where a total population is 75, a sample size of 63. These included respondents who held management positions and as well took part greatly in decision making which is intended to create an insight into the management perception of the study as well as employees (staff members) of Joint Medical Stores.

3.5. Sampling technique

Probability sampling technique called simple random sampling was used during the data collection process because the technique intends to select a representative without bias this ensured that each member of the target population had an equal and independent chance of being included in the sample.

3.6. Data collection sources

Basically, the source of data collection used in this study is primary and secondary. Primary data is that kind of data that has been gathered for the first time, it has never been reported anywhere. The primary source involves the use of questionnaire.

The secondary data as that kind of data that is available already reported by some other scholars. The secondary source was by means of research into journals abstracts online information, text books, published work in the library as well as newspaper articles.

3.7. Data collection tools

The researcher adopted questionnaire in collecting relevant information for the study. The questions asked in the questionnaire were accompanied by multiple choice answers from which the respondents were asked to pick one.

The main reason for using this method of collecting data was to enable the researcher believe that this method provided the necessary information as well as the ease with which the method facilitated data collection. This ensured balance and comprehensive information reliable enough for conclusion to be drawn.

3.8. Reliability and Validity

Nworgu (1991) contended that after the items in a questionnaire have been written, it is mandatory to subject the questionnaire to validation process. He maintained that in this way the items can be reviewed in terms of their clarity, the appropriateness of the language and expressions, the suitability of each item with references to the research question. It is expected to answer the adequacy of the quantity of items in the questionnaire.

The validity of the data collection instruments was done with the help of an Expert (the Researcher's Supervisor) to edit the questionnaire and the Interview guide and the content validity index was computed as follows

$$CVI = n/N \times 100$$

Where

n = number of items related as relevant

N = total number of items in the in the instrument

The CVI for the questionnaires was 76.9% therefore the instrument was considered valid because the validity was above 70% acceptance level. Amin (2004) observes that in a survey, the least CVI recommended in a study should be 70%. A few other adjustments were made in the instrument to make it more valid

Reliability, according to Miles and Huberman (1994), refers to the extent to which the items in an instrument generate consistent responses over several trials with different audiences in the same setting or circumstances”. The reliability of the instruments and data will be established following a pre-test procedure of the instruments before their use with actual research respondents. The researcher used the cronbachs alpha coefficient value to ensure quality control.

Elements of the independent and the dependent variables were selected and tested from the scales of alpha using the SPSS program producing coefficient alpha values for each variable as indicated in the table below

Table 3.1 Cranach’s alpha value for reliability of data

VARIABLES	ALPHA VALUE
Control environment	0.630
Risk assessment	0.663
Information and communication	0.640
Organization performance	0.409

The table above shows the scored alpha values of tested study variables. The table shows the alpha values above 0.6 when a reliability test was conducted implying that the tools used to collect data were reliable as asserted by Sekaran (2003)

3.9. Data Management and analysis

The data analysis method dealt with how the necessary data collected, through primary source was processed and presented for meaningful analysis. The collected Data was fed into computer

programs using particularly the Statistical Package for Social Scientist with the help of an Expert for easy analysis and interpretation of results.

The data was analyzed using both statistical and narrative methods. Correlation was used as a way of assessing the relationship between internal controls and organizational performance. Narrative analysis was also used to explain the qualitative results of the survey.

3.10. Ethical consideration

The researcher sought authorization from management of the National Medical Stores through an introductory letter from the faculty. Questionnaires were structured in such a way that there was no mention of the Interviewee's name. A statement as to the strict confidentiality with which data was will expressly stated in the questionnaire.

3.11. Limitations of the study

The design of the research was cross section, implying that it was short term in nature. It did not therefore capture an in-depth understanding of the situation

Inadequate finances limited the research because some of the activities like data analysis were complex and expensive therefore the researcher opted for extra financing from friends and family.

The researcher was be faced with limited time to carry adequate research within required time frame because the research required a lot of data collecting from the field, analyzing and processing of data. The researcher therefore worked hard within the given period to meet the deadline through use of different data collection and analysis procedures that minimize the time constraint. There was a high possibility of human error occurrences because of the inadequate and wrong information that was provided by the different respondents which affected the outcome of the research

Not all questionnaires that were sent to the field were answered by the respondents; this had an impact on the results of the research of the study. This was greatly divergent to the expectations of the researcher.

3.12. Conclusions

This chapter presented the methodology that guided the study; the methodology helped the researcher identify which techniques were relevant for study, the assumptions underlying the various techniques and their applicability. This helped in obtaining the appropriate data and setting the base for the presentation and interpretation of data

CHAPTER FOUR

PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.0. Introduction

This chapter presents analyses and discusses the study findings. It is comprised of three sections namely; the section that presents the background information, the section that deals with the presentation of the findings of the study objectives using item mean results and correlation results and the section that studies the combined relationship between the independent variable and the dependent variable using correlation analysis.

4.1. Response rate

Out of the 63 questionnaires sent out to the field, 56 usable questionnaires and 7 were unrecoverable, were returned giving a percentage response rate of 88.8%.

4.2. Background information

The background information of respondents was deemed necessary because the ability of the respondents to give satisfactory information on the study variables greatly depends on their background. The background information of respondents solicited data on the samples and this has been presented below categorized into; gender, education levels, position held, age and length of service in the organization

4.2.1. Gender of the respondents

Frequency tabulation was used by the researcher to present the gender distribution of the respondents. This is as shown in the table 4.1 below:

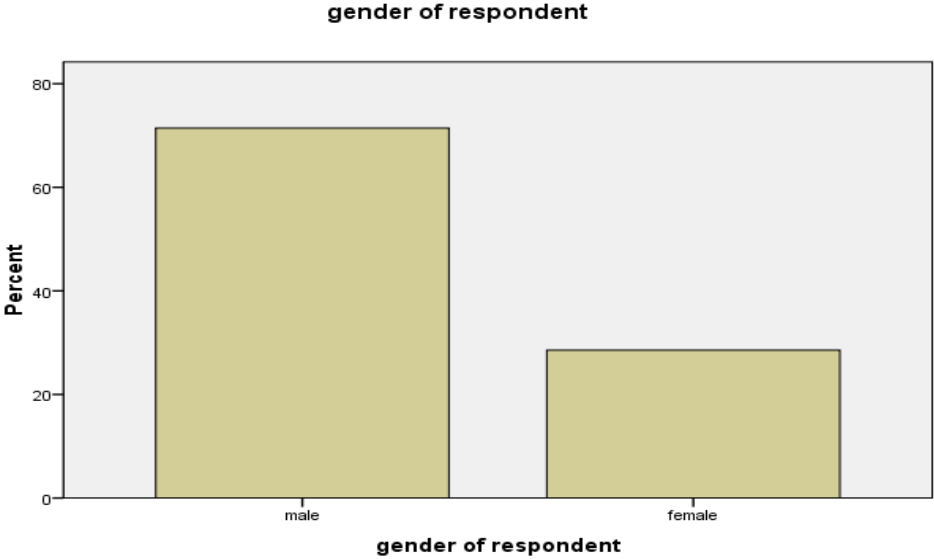
Table 4.1. Gender of respondents

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Valid male	40	71.4	71.4	71.4
female	16	28.6	28.6	100.0
Total	56	100.0	100.0	

Source .primary data (2016)

From the table 4.1 above, the results revealed that the majority of the respondents who provided information were male 71.4% whereas 28.6% were female respondents.

Figure 2 showing the gender of respondents



4.2.2. Age group

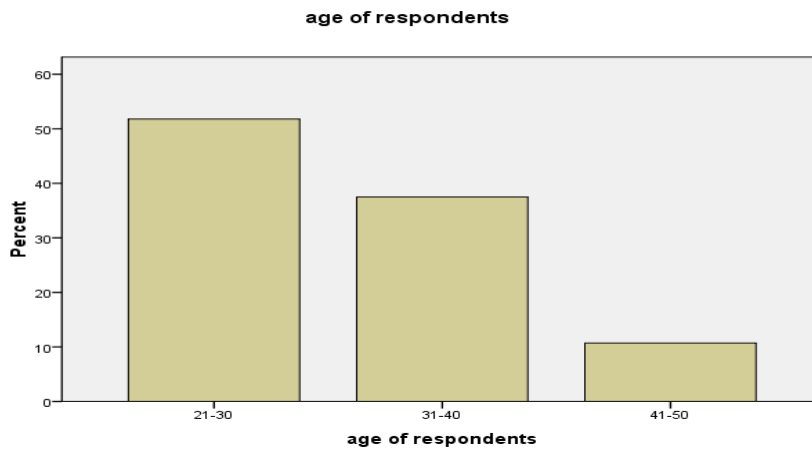
The study captured the different age brackets of respondents in order to establish the most prevalent group, the respondents were asked to state their age. The distribution was as in the table below:

Table 4.2 Age of respondents

Age	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 21-30	29	51.8	51.8	51.8
31-40	21	37.5	37.5	89.3
41-50	6	10.7	10.7	100.0
Total	56	100.0	100.0	

Source .primary data (2016)

Figure 3. Showing the age of respondents



From Table 4.2, above findings indicated that 51.8% of respondents were aged 21-30 years, 37.5% of the respondents were aged between 31-40 years, and 10.7% of respondents were aged both between 41-50 years. It can therefore be concluded that the majority of the respondents are in the most productive age brackets of their life and are reasonably experienced

4.2.3. Education level

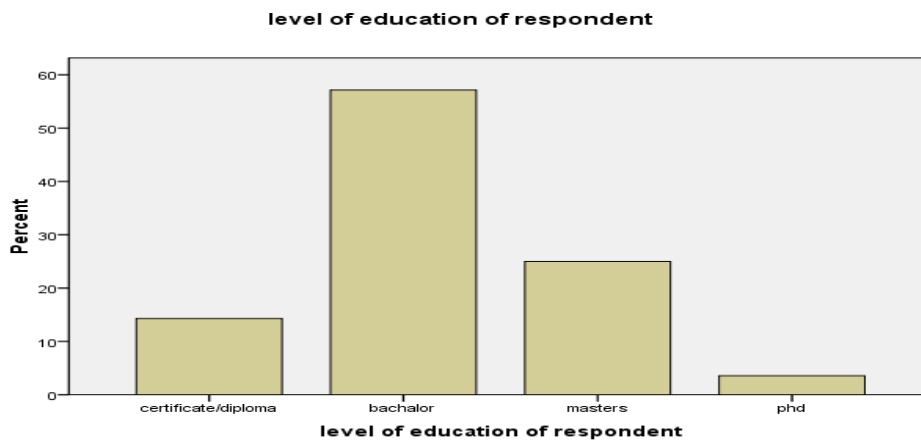
The study also captured data on the level of education of respondents and it is as in the table below:

Table 4.3 showing the level of education of respondents

Level of education	Frequency	Percent	Valid Percent	Cumulative Percent
certificate/diploma	8	14.3	14.3	14.3
bachelor	32	57.1	57.1	71.4
masters	14	25.0	25.0	96.4
PhD	2	3.6	3.6	100.0
Total	56	100.0	100.0	

Source .primary data (2016)

Figure 4. Showing level of education of the respondent



Findings in table 4 above show that 14.3% of the respondents held certificates/diploma, 57.1% degree, 25% Postgraduate and 3.6% held PhD. Majority were degree holders indicating that joint medical stores organizational performance is mainly influenced by an educated staff, thus they can easily evaluate the effectiveness of internal controls used in the organization.

4.2.4. Marital status

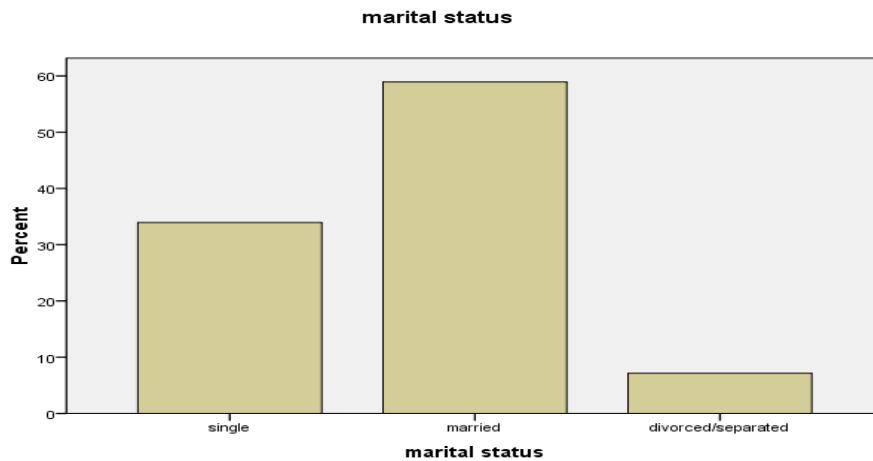
The study also captured data on the level of education of respondents and it is as in the table below:

Table 4.4 showing the marital status of the respondents

Marital status	Frequency	Percent	Valid Percent	Cumulative Percent
Single	19	33.9	33.9	33.9
Married	33	58.9	58.9	92.9
Divorced/separated	4	7.1	7.1	100.0
Total	56	100.0	100.0	

Source .primary data (2016)

Figure 5 showing marital status of respondents



4.2.5. Length of service at joint medical store

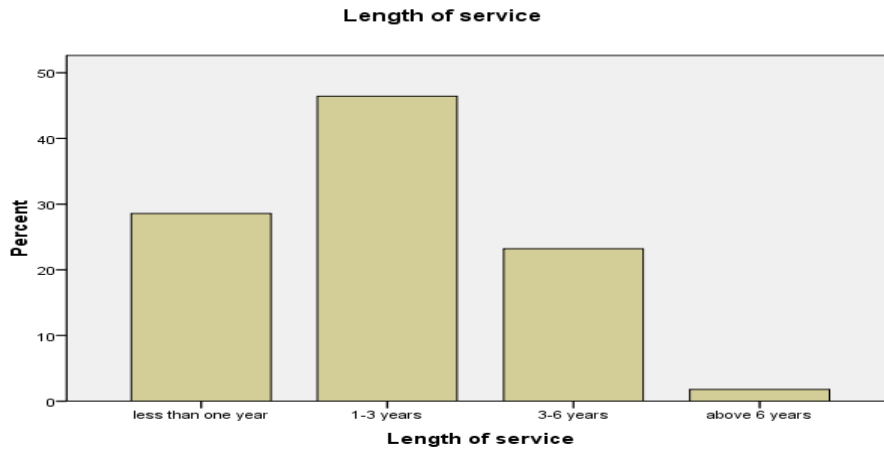
Frequency tabulation was used by the researcher to present the duration spent by respondents in business. This is as shown in the table 4.5 below:

Table 4.5 showing length of service of respondents at joint medical stores

Years	Frequency	Percent	Valid Percent	Cumulative Percent
less than one year	16	28.6	28.6	28.6
1-3 years	26	46.4	46.4	75.0
3-6 years	11	19.6	19.6	94.6
above 6 years	3	5.4	5.4	100.0
Total	56	100.0	100.0	

Source .primary data (2016)

Figure 6 showing the length of service of respondent at joint medical stores



In table 4.5 above, it can be revealed that majority of respondents have worked in the organization for the period 1-3 years (26), followed by less than one year (16), then 3-6 years (11), and lastly, over 6 years (3). These represent 46.4%, 28.6%, 19.1%, and 5.4% respectively. This could also show that majority of the respondents have worked in the Institution for less than 10 years, as per the illustration

4.2.6. Description of the positions of respondents in the organization

The study sought and obtained details about the positions held by the respondents in the Institution for purposes of understanding their role in the variables of study. Details of the respondents and their positions are shown in table 4.6 below

Table 4.6 showing position held by the respondents

position	Frequency	Percentage	Cumulative Percent
Top Management	2	3.6	3.6
Middle management	23	41.1	44.6
supervisory level	10	17.9	62.5
Tactical level	21	37.5	100.0
Total	56	100.0	

Source .primary data (2016)

Figure 7 showing the positions held by respondents in the organization



The analysis results in table 4.3 show that majority of respondents in this study are middle management (23), followed by tactical level (21), then supervisory (10), and top management (2). These represent 41.1%, 37.5 %, 17.9 and 3.6% respectively.

4.3.Descriptive Statistics

Respondents were asked to respond to a number of statements regarding control environment, risk assessment and information and communication. The following were the results;

4.3.1. descriptive statistics on control environment

The study used the questionnaire that was designed and generated using a five-point scale with different levels of agreement for each statement that is, 1-Strongly Disagree, 2-disagree, 3-Undecided, 4-Agree and 5-Strongly Agree. This therefore shows that all responses averaging 3.0 and above accounted for “Agree” whereas all responses averaging below 3.0 accounted for “Disagree”. The descriptive statistics are discussed in the table 4.7 below

Table 4.7: Descriptive statistics for control environment

CONTROL ENVIRONMENT	N	Min	Max	Mean	Std. Deviation
Our organization has an accounting and financial management system	56	2	5	4.39	0.824
Management acts with a great degree of integrity in execution of their roles	56	1	5	4.13	1.010
Ethical values are upheld in all management decisions	56	1	5	4.27	0.944
The organizational structure in national medical stores is clearly defined	56	2	5	4.29	1.004
A person responsible for inventory management is different from the bookkeeper	56	1	5	4.14	0.999
Management provides feedback to the junior officers about the operation of the system	56	1	5	4.00	1.128

Source .primary data (2016)

Our organization has an accounting and financial management system

From table 4.7 above, majority of the respondents agreed that their organization has an accounting and financial management system with a mean of 4.39 although some of the respondents had different views as shown by the standard deviation of 0.824.

Management acts with a great degree of integrity in execution of their roles

Table 4.7 above shows that majority of the respondents agreed that management acts with great integrity in execution of their roles with a mean of 4.13 however; some of the respondents had different views as shown by the standard deviation value of 1.010

Ethical values are upheld in all management decisions

Table 4.7 above shows that majority of the respondents agreed that ethical values are upheld in all management decisions with a mean of 4.29; some respondents however had different views as shown by the standard deviation of 1.004. Upholding ethical values in management decisions is in line with Cohen *et al.* (2002) where he state that “the tone at the top refers to a company’s ethical values, management’s philosophy and operating style” which are reflected in the code of conduct or code of ethics.

The organizational structure in national medical stores is clearly defined

The results of the survey as reflected in table 4.7 suggest that respondents agree that there is a clear definition of the organization structure at joint medical stores this is shown by a mean of 4.29. However a standard deviation of 1.004 is a clear manifestation of varied responses from respondents as far as the definition of the organization structure is concerned!

A person responsible for inventory management is different from the bookkeeper

Table 4.7 above shows that majority of the respondents agreed that a person responsible for inventory management is different from a book keeper with a significant mean of 4.14 , some respondents however had different views as shown by the standard deviation of 0.999. this is also supported by (Adeyemo (2012) who suggests that a sound internal control will ensure that transactions are: valid, properly authorized, recorded, properly valued, properly classified, reconciled to subsidiary records and not carried through by a single employee.

Management provides feedback to the junior officers about the operation of the system (bookkeeper

To results of the survey as reflected in table 4.7 suggest that respondents were indifferent as to whether management provides feedback to junior officers about the operation of the system as revealed by the mean value 4.00. However, a standard deviation of 1.128 reveal varied responses from the respondents about whether junior officers are given feed back by management about the operation of the system. The results are at also in agreement with Whittington and Pany (2001)'s requirement for management to include programs for preparing, verifying and distributing reports and analyses to various level of management to enable them maintain control over a variety of activities.

Table 4.8: Descriptive statistics for risk assessment

RISK ASSESSMENT	N	Min	Max	Mean	Std. Deviation
Joint medical stores specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives	56	1	5	3.98	1.136
The organization considers potential for fraud in assessing risks to the achievement of its objectives	56	1	5	3.98	1.036
Overall strategies for managing important risks been established?	56	1	5	3.88	0.974
Specific assignments and activities necessary to implement the strategies are identified and communicated to the responsible employees	56	1	5	4.13	0.992
Checking arithmetic accuracy of documents is done	56	1	5	4.41	0.804
There is authorization and control of documents	56	1	5	4.16	1.172

Source .primary data (2016)

Joint medical stores specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives

As noted from table 4.8, results show that the respondents agree that joint medical stores specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives with a mean value of 3.98 however; some of the respondents had different views as shown by the standard deviation of 1.136.

The organization considers potential for fraud in assessing risks to the achievement of its objectives

Table 4.8 above shows that the respondents agree that the organization considers potential for fraud in assessing risks to the achievement of its objectives with a mean value of 1.86 however; some of the respondents had different views as shown by the standard deviation of 1.034.

Overall strategies for managing important risks been established

Respondents believe that the overall strategies for managing important risks have been established in the organization. This is revealed by a mean value of 3.88. However, a significant standard deviation value of 0.974 under the same test revealed varied responses from the respondents. This is also in agreement with IIA, (1999) who suggest that internal control helps the company to achieve its goals using a systematic approach of assessing the effectiveness of handling dangers

Specific assignments and activities necessary to implement the strategies are identified and communicated to the responsible employees

From table 4.8, it is be revealed that Specific assignments and activities necessary to implement the strategies are identified and communicated to the responsible employees. This is shown by a mean value of 4.13 although the standard deviation of 0.992 under the same test revealed varied responses from the respondents.

Checking arithmetic accuracy of documents is done

Table 4.8 above shows that checking arithmetic accuracy of documents is done with a significant mean of 4.41; some respondents however had different views as shown by the standard deviation of 0.804

There is authorization and control of documents

Table 4.8 reveals that there is authorization and control of documents. This is shown by a mean value of 4.16 although the standard deviation of 1.172 under the same test revealed varied responses from the respondents. This is also in agreement with Adeyemo (2012) who suggests that a sound internal control will ensure that transactions are: valid, properly authorized, recorded, properly valued, properly classified, reconciled to subsidiary records and not carried through by a single employee (i.e. ensure separation of duties)

Table 4.9 Information and communication

INFORMATION AND COMMUNICATION	N	Min	Max	Mean	Std. Deviation
Relevant information is received regarding legislation, regulatory developments, economic changes, or similar external factors that may affect your organization	56	2	5	4.38	0.828
key information about your organization's operations identified and regularly reported	56	1	5	3.85	1.096
I have communicated joint medical stores standards and expectations to key outside groups or individuals	56	1	5	3.31	1.184
clients complaints are taken seriously, investigated, and acted upon	56	1	5	4.20	1.078
There are adequate policies to ensure effective collection and follow ups of due accounts	56	2	5	4.35	0.751

Source .primary data (2016)

Relevant information is received regarding legislation, regulatory developments, economic changes, or similar external factors that may affect your organization

From table 4.9 above, majority of the respondents agreed that relevant information is received regarding legislation, regulatory developments, economic changes or similar external factors that may affect the organization. This is revealed with a mean of 4.38, however, a standard deviation of 0.824 from the same test revealed varied responses

Key information about your organization's operations identified and regularly reported

Table 4.9 above reveals that the respondents agree that Key information about the organization's operations are identified and regularly reported. With a mean value of 3.85 however; some of the respondents had different views as shown by the standard deviation of 1.096.

I have communicated Joint Medical Stores standards and expectations to key outside groups or individuals

Table 4.9 above reveals that majority of the employees at joint medical stores have communicated the organizations standards and expectations to key outside groups or individuals, with a mean of 3.31 and standard deviation of 1.184 showing that some respondents had different views.

Clients complaints are taken seriously, investigated, and acted upon

The results of the survey as reflected in table 4.9 suggest that respondents agree that clients complaints are taken seriously ,investigated and acted upon this is shown by a mean of 4.20. However, a standard deviation of 1.078 Is a clear manifestation of varied responses from respondents as far as client's complaints are concerned!

There are adequate policies to ensure effective collection and follow ups of due accounts

To results of the survey as reflected in table 4.9 suggest that respondents were indifferent as to whether There are adequate policies to ensure effective collection and follow ups of due accounts as revealed by the mean value 4.35. However, a standard deviation of 0.751 reveals varied responses from the respondents about whether there are adequate policies to ensure effective collection and follow ups of due accounts

4.4.Descriptive statistics for organization performance

Respondents were asked to respond to a number of statements regarding profitability, sales, growth and productivity. The study used the questionnaire that was designed and generated using a five-point scale with different levels of agreement for each statement that is, 1-Strongly Disagree, 2-Disagree, 3-Undecided, 4-Agree and 5-Strongly Agree. This therefore shows that all responses averaging 3.0 and above accounted for “Agree” whereas all responses averaging below 3.0 accounted for “Disagree”.

Table 4.10 Organizational Performance

Organization performance	N	Min	Max	Mean	Std. Deviation
Cost of production has been reducing dramatically for the past two years	56	1	5	3.45	1.214
The organization is now in a better position to serve clients more efficiently and effectively	56	1	5	4.56	.834
Trade credits help boosting sales in our company.	56	3	5	4.56	.536
The organization is able to build customer satisfaction through quality products and services	56	4	5	4.55	.503
Our company has increased product range which has increased sales.	56	3	5	4.55	.603
Segregation of duties improves efficiency and effectiveness of operations	56	3	5	4.33	.579
Overall performance of our firm has been very satisfactory	56	2	5	4.71	.567
According to our market feedback , our customers are satisfied with our products and services	56	1	6	4.49	1.086

Source .primary data (2016)

Cost of production has been reducing dramatically for the past two years

Table 4.10 revealed that majority respondents agree that the company sales have increased in last two years with a mean value of 3.45 however; some of the respondents had different views as shown by the standard deviation value of 1.214.

The organization is now in a better position to serve clients more efficiently and effectively

Table 4.10 reveals that majority respondents agree that the with The organization is now in a better position to serve clients more efficiently and effectively mean value of 4.56 however; some of the respondents had different views as shown by the standard deviation value of 0.834.

Trade credits help boosting sales in our company

The results of the survey as reflected in table 4.10 suggest that respondents agree that Trade credits help boosting sales in the organization this is shown by a mean of 4.46. However, a standard deviation of 0.536 is a clear manifestation of varied responses from respondents about whether trade credits boost sales

The organization is able to build customer satisfaction through quality products and services

To results of the survey as reflected in table 4.10 show that respondents were indifferent as to whether the organization is able to build customer satisfaction through quality products and services as revealed by the mean value 4.55. However, a standard deviation of 0.503 reveals varied responses from the respondents about the same statement.

Our company has increased product range which has increased sales

Table 4.10 above reveals that majority of the respondents agree that the organization has increased product range which has increased sales with a mean of 4.55 and standard deviation of 0.603 showing that some respondents had different views.

Segregation of duties improves efficiency and effectiveness of operations

Table 4.10 revealed that majority respondents agree that Segregation of duties improves efficiency and effectiveness of operations with a mean value of 4.33 however; some of the respondents had different views as shown by the standard deviation value of 0.579

Overall performance of our firm has been very satisfactory

The results of the survey as reflected in table 4.10 show that respondents agree that the Overall performance of our firm has been very satisfactory this is shown by a mean of 4.71. However, a standard deviation of 0.567 is a clear manifestation of varied responses from respondents about whether the firm performance has been satisfactory. This is also in agreement with (COSO 2002) who suggest that internal control can help an entity achieve its performance and profitability targets and \prevent loss of resources

According to our market feedback, our customers are satisfied with our products and services

The results reflected in table 4.10 show that majority of the respondents agree with the fact that customers are satisfied with the organizations products and services this is supported with a mean of 4.49. However some respondents had different issues concerning the same issue reflected with a standard deviation of 1.086. this also seems to agree with (kloot 1999) who observed that Organizational performance can be measured in terms of customer satisfaction, through reduced customer complaints.

4.5. Correlation Analysis

In order to find out the relationship between the independent variable and the dependent variable, correlation analysis using Pearson correlation coefficient was conducted to examine the effect of the different dimensions of the independent variable on the dependent variable and the significance of those effects to the study;

4.6. Effect of control environment on organizational performance

In order to establish the relationship between control environment and organizational performance and the researcher used the Pearson correlation coefficient to determine the relationship as below

Table 4.11: Showing Pearson correlation between control environment and organizational performance

		Control Environment	Organizational performance
Control Environment	Pearson Correlation	1	0.032
	Sig. (2-tailed)		0.81
	N	56	56
Organizational performance	Pearson Correlation	0.032	1
	Sig. (2-tailed)	0.81	
	N	56	56

Source .primary data (2016)

From the results in table 4.11 above, the results revealed that there is a correlation between control environment and organization performance with a positive and insignificant relationship ($r = 0.032$, $p \leq 0.01$). This is also in agreement with (COSO 2011) who suggest that an organization that establishes and maintains a strong control environment positions its self to be more resilient in the face of internal and external pressures. It does this by demonstrating behaviors of integrity and ethical values, adequate oversight processes and structures, organizational designs that enable the achievement of entities objectives with appropriate assignment of authority and responsibility.

4.6.1. Effect of risk assessment on organizational performance

In order to establish the relationship between risk assessment and organizational performance, the researcher used the Pearson correlation coefficient to determine the relationship as below

Table 4.12: Showing Pearson correlation between risk assessment and organizational performance

		Risk assessment	Organizational performance
Risk assessment	Pearson Correlation	1	0.034
	Sig. (2-tailed)		0.80
	N	56	56
Organizational performance	Pearson Correlation	0.034	1
	Sig. (2-tailed)	0.80	
	N	56	56

Source .primary data (2016)

From the results in table 4.11 above, the results revealed that there is a correlation between risk assessment and organization performance with a positive and insignificant relationship ($r = 0.034$, $p \leq 0.01$). This also in agreement with COSO (2011) who argue that Risks affect an entities ability to succeed, compete within its industry and maintain its financial strengths and positive reputation and maintain the overall quality of its products, services and people.

4.6.2. Effect of information and communication on organizational performance

In order to establish the relationship between information and communication and organizational performance, the researcher used the Pearson correlation coefficient to determine the relationship as below

Table 4.13: Showing Pearson correlation between information and communication and organizational performance

		Information and communication	Organizational performance
Information and communication	Pearson Correlation	1	-0.040
	Sig. (2-tailed)		0.77
	N	56	56
Organizational performance	Pearson Correlation	-0.040	1
	Sig. (2-tailed)	0.77	
	N	56	56

Source .primary data (2016)

From the results in table 4.11 above, the results revealed that there is a correlation between information and communication and organization performance with a negative and insignificant relationship ($r = -0.040$, $p \leq 0.01$).

This however disagrees with the comptroller's Handbook (2001), which suggests that accounting, information, and communication systems capture and impart pertinent and timely information in a form that enables the board, management, and employees to carry out their responsibilities and COSO 2011 also suggests that Communication enables the organization to share relevant and quality information internally and externally. Management communicates information internally to enable personnel to understand the entities objectives and the importance of their control responsibilities hence high performance of the entities.

4.7. Conclusion

This chapter presented, analyzed and discussed the findings from the study objective by objective and correlation analysis was also conducted to examine the effect of dimensions of the independent variable on the dependent variable.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0. Introduction

This chapter presents summaries of the study findings as per the study objectives, conclusions based on those findings and recommendations which are based on both the study findings and other relevant literature considered necessary and vital to be used in future to improve the study situation.

5.1. Summary of findings

5.1.1. Effect of control environment and organizational performance

From the findings, the results revealed that there is a correlation between control environment and organization performance with a positive and insignificant relationship ($r = 0.032$, $p \leq 0.01$). This means that there is a relationship between control environment and organization performance however changes in control environment have a slight impact on organizational performance.

5.1.2. Effect of risk assessment and organizational performance

From the findings, the results revealed that there is a correlation between risk assessment and organization performance with a positive and insignificant relationship ($r = 0.034$, $p \leq 0.01$). This means that there is a relationship between risk assessment and organization performance however changes in risk assessment have a slight impact on organizational performance.

5.1.3. Effect of information and communication and organizational performance

From the findings, the results revealed that there is a correlation between information and communication and organization performance with a negative and insignificant relationship ($r = -0.040$, $p \leq 0.01$). This therefore means that there is no relationship between information and communication and organization performance increase in information and communication decrease organizational performance.

5.2.Recommendations

Considering the fact that control environment is insignificant, Emphasis should be put more on the on the aspects of control environment because control environment the corner stone of any organizations success. An organization that establishes and maintains a strong control environment positions its self to be resilient in the face of internal and external pressures

The researcher also recommends that joint medical stores more emphasis should be put on risk assessment in order to be able to detect fraud and other aspects associated with risk assessment.

The researcher further suggests that Risk is everywhere and surrounds personal every organizations activity. Though it is difficult to eliminate completely, therefore joint medical stores can only minimize risk by employing risk assessment techniques in the daily organizations activities

Considering the insignificant relationship the researcher therefore recommends that a lot more effort should be put in to ensure adequate and frequent communication in Joint Medical Stores. Information is needed at all levels of organization to assist management in meeting the organization's objectives. The information should be used by inside parties as well as outside

parties. Communication with customers, Suppliers, regulators and other outside parties are also essential for effective internal control

In light of these results as discussed in chapter 4, a general conclusion can therefore be made that internal controls contributes positively to the performance of Joint Medical Stores. The researcher therefore recommends that the entity should invest more on in improving the effectiveness of internal control through designing more effective internal control systems since they have proved viable in promoting organization performance; Also Management should encourage staff to participate in decision making. Employees feel encouraged and motivated in accomplishing the goals of the company in which they have taken part in formulating.

5.3.Areas for further research

The study did not exhaust all the dependent variables that influence organizational performance thus the need for other researchers to conduct an exhaustive study on variables under listed.

Leadership style and organizational performance

Organizational learning and organizational performance

Consumer behavior and organizational performance

5.4.Conclusions

The study finding from the previous chapter (4) show that control environment has a positive but insignificant impact on the performance of joint medical stores. The finding show that of clear separation of roles, ethical values being upheld in all management decisions, management acts with great dignity in execution of their roles.

The study findings also reveal that there risk assessment has an effect on the performance of Joint Medical Stores, the findings show that The organization considers potential for fraud in assessing risks to the achievement of its objectives, Overall strategies for managing important risks been established, Specific assignments and activities necessary to implement the strategies are identified and communicated to the responsible employees, Checking arithmetic accuracy of documents is done, There is authorization and control of documents, hence the positive impact on the performance of joint medical stores.

The study findings further raveled that information and communication have no effect on the performance of joint medical stores the findings however show that Relevant information is received regarding legislation, regulatory developments, economic changes, or similar external factors that may affect your organization, key information about your organization's operations identified and regularly reported , there is sharing of information externally, clients complaints are taken seriously, investigated, and acted upon, There are adequate policies to ensure effective collection and follow ups of due accounts.

Based on the findings of the study, it can therefore be concluded that the Joint Medical Stores has internal control systems in place as supported by the study findings as per chapter 4 of the study however great emphasis should be put on information and communication. Results from the study show that internal controls have a slight effect on the performance of Joint medical Stores

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APPENDIX 1

QUESTIONNAIRE ON “THE EFFECT OF INTERNAL CONTROL ON ORGANIZATIONAL PERFORMANCE” (A CASE STUDY ON JOINT MEDICAL STORES)

My name is Taboswa Kevin a student at Uganda Martyrs University completing my bachelor’s degree in business administration and management. I am conducting a research dissertation on **the effect internal controls on organizational performance**. You have been chosen through random selection and I would like to seek your cooperation in answering the questions about the topic. Your information will not be disclosed and your views and opinions will be kept confidential

Thank you in advance

SECTION “A”: RESPONDENTS BIO-DATA (please tick(√) the appropriate box)

1. Age (Years): 21-30 31 – 40 41 – 50 Above 50
 2. Gender: Male Female
 3. Marital Status Single Married Divorced/Separated
 4. Level of Education
 5. Certificate/diploma Bachelor Masters PhD
Other/ specify
 6. Length of service at joint medical stores
Less than one year 1 – 3 years 3 – 6 years above 6 years
- Position Held:
- Top management level Middle management level Supervisory level
-

Tactical level

SECTION: B

IN THIS SECTION, THE RESEARCHER SEEKS TO EXAMINE THE FUNCTIONALITY OF INTERNAL CONTROLS IN JOINT MEDICAL STORES

Instruction: please tick (√) as appropriate.

Key; Where 1-strongly disagree, 2- Disagree, 3- undecided, 4-agree, 5- strongly agree

S/N	STATEMENT	1	2	3	4	5
	Control environment					
C.1	Our organization has an accounting and financial management system					
C.2	Management acts with a great degree of integrity in execution of their roles					
C.3	Ethical values are upheld in all management decisions					
C.4	The organizational structure in national medical stores is clearly defined					
C.5	A person responsible for inventory management is different from the bookkeeper					
C.6	Management provides feedback to the junior officers about the operation of the system					

In your opinion has control environment helped Joint medical stores to improve internal control?

.....
.....
.....
.....

SECTION C

S/N	STATEMENT	1	2	3	4	5
	Risk assessment					
R.1	Joint medical stores specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives					
R.2	The organization considers potential for fraud in assessing risks to the achievement of its objectives					
R.3	Overall strategies for managing important risks been established?					
R.4	Specific assignments and activities necessary to implement the strategies are identified and communicated to the responsible employees					
R.5	Checking arithmetic accuracy of documents is done					
R.6	There is authorization and control of documents					

In your opinion, how can joint medical stores reduce risks?

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SECTION D

S/N	STATEMENT	1	2	3	4	5
	INFORMATION AND COMMUNICATION					
I.1	Relevant information is received regarding legislation, regulatory developments, economic changes, or similar external factors that may affect your organization					
I.2	key information about your organization's operations identified and regularly reported					
I.3	I have communicated joint medical stores standards and expectations to key outside groups or individuals					
I.4	clients complaints are taken seriously, investigated, and acted upon					
I.5	There are adequate policies to ensure effective collection and follow ups of due accounts					

How does your organization handle customer complaints?

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.....

SECTION E:

ORGANIZATION PERFORMANCE

Instruction: please tick (√) as appropriate alternative

In this section the researcher seeks to establish the level of organizational performance in joint medical stores

Key; Where 1-strongly disagree, 2- disagree, 3- undecided, 4- disagree, 5-strongly agree

S/N	STATEMENT	1	2	3	4	5
	ORGANIZATION AL PERFORMANCE					
P.1	Cost of production has been reducing dramatically for the past two years					
P.2	The organization is now in a better position to serve clients more efficiently and effectively					
P.3	Trade credits help boosting sales in our company.					
P.4	The organization is able to build customer satisfaction through quality products and services					
P.5	Our company has increased product range which has increased sales.					
P.6	Segregation of duties improves efficiency and effectiveness of operations					
P.7	Overall performance of our firm has been very satisfactory					
P.8	According to our market feedback , our customers are satisfied with our products and services					

In your opinion, what would you consider to be the main measures of organizational performance in joint medical stores?

.....

.....

.....

.....

Thank you

Morgan and Krejcie Table

TABLE FOR DETERMINING SAMPLE SIZE FROM A GIVEN POPULATION

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

“N” is population size

“S” is sample size.

Cranach's alpha value for reliability
Risk assessment

Case Processing Summary

		N	%
Cases	Valid	56	96.6
	Excluded	2	3.4
	Total	58	100.0

a. List wise deletion based on all variables in the procedure.

Reliability Statistics

Cranach's Alpha	N of Items
.663	6

Information and communication

Case Processing Summary

		N	%
Cases	Valid	55	94.8
	Excluded	3	5.2
	Total	58	100.0

a. List wise deletion based on all variables in the procedure.

Reliability Statistics

Cranach's Alpha	N of Items
.640	5

Organization performance

Case Processing Summary

		N	%
Cases	Valid	55	94.8
	Excluded	3	5.2
	Total	58	100.0

a. List wise deletion based on all variables in the procedure.

Reliability Statistics

Cranach's Alpha	N of Items
.409	8

Control environment

Case Processing Summary

		N	%
Cases	Valid	56	96.6
	Excluded	2	3.4
	Total	58	100.0

a. List wise deletion based on all variables in the procedure.

Reliability Statistics

Cranach's Alpha	N of Items
.630	6