

**EFFECT OF INTERNAL CONTROL SYSTEMS ON SERVICE DELIVERY IN NON
GOVERNMENTAL ORGANIZATIONS (NGOs) IN UGANDA**

A CASE STUDY OF WORLD VISION UGANDA

**A POSTGRADUATE DISSERTATION PRESENTED TO THE FACULTY OF
BUSINESS ADMINISTRATION AND MANAGEMENT IN PARTIAL
FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE
OF MASTER OF BUSINESS ADMINISTRATION**

UGANDA MARTYRS UNIVERSITY

BY

NUWOMUGIZI JASCINTA

2012- M102 -20054

APRIL 2015

DEDICATION

This research is dedicated to my family, The Tayebwas Louis, Jeremiah, Nehemiah, my royal help Prosy and to my education mentor and encourager Happy Charles.

ACKNOWLEDGEMENT

My sincere acknowledgement to God who gave me strength throughout the time when I had to run up and down to complete the MBA.

I thank all people who have contributed in one way or the other towards my education so far I have come. My sincere heartfelt appreciation for my two supervisors Rev.Fr.Ssemwogerere Edward and Mr. Segawa Edward who have guided me throughout the whole process of writing this research. My lectures for knowledge acquired, my fellow students for academic and moral support given and my dear respondents the employees and partners of World Vision Uganda for the time taken to respond to me.

I take this opportunity to thank my entire extended family for the support given to me during the study of my MBA. Thank you for the love, care, understanding during these rigorous two years. I am particularly indebted to my husband Louis sons Jeremiah and Nehemiah Tayebwa whose time was greatly compromised during this time of MBA study.

Lastly, let me take note of all people who have contributed positively to my life, my employer and fellow employees, the World Vision Uganda family, my friends Daphen, Christine & Joshua Kasibbo, Peninah, Happy and Karugaba.

TABLE OF CONTENTS

DECLARATION	i
APPROVAL	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENTS.....	v
LIST OF ABBREVIATIONS.....	ix
LIST OF TABLES	x
LIST OF FIGURES	xi
DEFINITION OF TERMS AND CONCEPTS	xii
ABSTRACT.....	xiii
CHAPTER ONE.....	1
INTRODUCTION	1
1.1 Introduction.....	1
1.2 Background of the study.....	1
1.2.1 Background of World Vision Uganda	4
1.3 Statement of the problem.....	5
1.4 Purpose of the study.....	6
1.5 Objectives of the study	7
1.6 Research questions.....	7
1.7 Scope of the study.....	7
1.8 Justification of the study.....	8
1.9 Significance of the study.....	10
1.10 Conceptual framework.....	10
1.11 Limitations of the study	13
1.12 Conclusion	13
CHAPTER TWO.....	14

LITERATURE REVIEW	14
2.1 Introduction.....	14
2.2 Theoretical Framework.....	14
2.3 Actual review	17
2.3.1 Internal Control systems	17
2.3.2 Internal Audit.....	18
2.3.4 Control Environment	20
2.3.5 The effect of Control Environment on service delivery in NGOs.....	23
2.3.6 Control Activities.....	23
Risk Assessment	25
Information and Communication.....	25
Monitoring	26
Segregation of Duties.....	26
2.3.7 The effect of Control Activities on service delivery in NGOs.....	28
2.3.8 Internal Audit and Service delivery	28
2.3.9 Service delivery by NGOs	35
2.4 Conclusion	38
CHAPTER THREE	39
METHODOLOGY	39
3.1 Introduction.....	39
3.2 Research Design	39
3.3 Area of study.....	40
3.4 Study Population.....	40
3.5 Sample size and Selection.....	40
3.6 Sampling Techniques.....	41
3.7 Methods of data collection.....	42
3.9 Data Management and Analysis	44
3.10 Validity and Reliability of the research instruments	45
3.11 Research procedure.....	46

3.12 Measurement of variables	47
3.13 Ethical considerations	47
3.14 Limitations and Solutions	48
3.15 Conclusion	48
CHAPTER FOUR.....	49
DATA PRESENTATION AND DISCUSSION	49
4.1 Introduction.....	49
4.2 Response Rate.....	49
4.3 Demographic characteristics of WVU staff and Beneficiaries	50
4.4 Attitudinal disposition of respondents at WVU on internal control system and service delivery	57
4.4.1 Respondents’ opinion on control environment in WVU	57
4.4.2. Respondents’ opinion on internal audit in WVU.....	59
4.4.3 Respondents’ opinion on control activities.....	62
4.4.4. Respondents’ opinion on service delivery	65
4.5 Effect of Internal Control Systems on service delivery	66
4.5.1 Effect of control environment on service delivery in WVU.....	66
4.5.2 Effect internal audit on service delivery in WVU	67
4.5.3 Effect of control environment on service delivery in WV.....	68
4.6 Regression Analysis.....	69
4.8 Conclusion	71
CHAPTER FIVE	73
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	73
5.1 Introduction.....	73
5.2 Summary of findings	73
5.2.1 Existence and functionality of Internal Control Systems	73
5.2.2 Effect of Internal Control Systems on service Delivery	74
5.2.3 Conclusions.....	74

5.3 Recommendations.....	75
5.4 Suggestions for further research	77
References.....	78
APPENDICES	82
Appendix One: Questionnaire:	82
Appendix Two: Interview Guide	89

LIST OF ABBREVIATIONS

IC- Internal Controls

CE- Control Environment

NGO -Non Government Organization

UMU-Uganda Martyrs University

WVU -World Vision Uganda

SLT- Senior Leadership Team

SMT -Senior Management Team

OAG- Office of Auditor General

ACCA- Association of Chartered Certified Accountants

IFRS- International Financial Reporting Standards

ERP- Enterprise Resource Planning

SOX- Sarbanes- Oxley Act

CVI -Content Validity Index

COSO- Committee of Sponsoring Organizations

SAS- Statement of Auditing Standards

ABA- American Bar Association

APC -Auditing Practices Committee

AICPA- American Institute of Certified Public Accountants

ICPAU- Institute of Certified Public Accountants of Uganda

IIA-UK- Institute of Internal Auditors- United Kingdom

UN –United Nations

IFAC- International Federation of Accountants

LIST OF TABLES

Table 3.1: Sample Size	41
Table 3.2 showing results for reliability and validity of data	46
Table 4.1. Gender of WVU staff and beneficiaries	50
Table 4.2. Level of education of WVU staff and beneficiaries	51
Table 4.3. Areas of operation of WVU staff and beneficiaries	52
Table 4.4. Position held in WVU.....	54
Table 4.5. Age group of WVU staff and beneficiaries	55
Table 4.6. Time period spent by staff and beneficiaries at WVU	56
Table 4.7. Attitudinal disposition of WVU respondents on control environment.....	58
Table 4.8. Attitudinal disposition of WVU respondents on internal audit	60
Table 4.9. Attitudinal disposition of WVU respondents on control activities.....	63
Table 4.10. Attitudinal disposition of WVU respondents on service delivery	65
Table 4.11 Correlations between control environment and service delivery	66
Table 4.12 Correlations between internal audit and service delivery	67
Table 4.13 Correlations between control activities and service delivery	68
Table 4.14 Model Summary	69
Table 4.15 Regression coefficients between internal control systems and service delivery ...	70

LIST OF FIGURES

Figure 1 Conceptual framework	11
Figure 2 Gender of WVU staff and beneficiaries	50
Figure 3 Level of education of WVU staff and beneficiaries.....	52
Figure 4 Operational areas or regions.....	53
Figure 5 Position Held at WVU.....	54
Figure 6 Age groups of WVU staff and beneficiaries	55
Figure 7 Years spent at WVU.....	56

DEFINITION OF TERMS AND CONCEPTS

Internal control system is defined as a process affected by an organization's structure, work and authority flows, people and management information systems, designed to help the organization accomplish specific goals or objectives. It is a means by which an organization's resources are directed, monitored, and measured-

Service delivery is simply defined as goods and services reaching the intended beneficiaries in the intended time frame. By mentioning service delivery it means that the final intended beneficiary gets the intended good or service in the intended time frame.

Non-Governmental Organization (NGO) refers to any non-profit, voluntary citizens' group which is organized on a local, national or international level. Task-oriented and driven by people with a common interest, NGOs perform a variety of service and humanitarian functions, bring citizen concerns to Governments, advocate and monitor policies and encourage political participation through provision of information. Some are organized around specific issues, such as human rights, environment or health.

ABSTRACT

This study examined the Effect of internal control systems on service delivery in NGOs in Uganda. To resolve to study this topic the researcher was prompted by the many NGOs in Uganda with almost full funding available by the sponsors and across the whole country yet with all those resources there still evidently seen poor service delivery in NGO work . Even with almost the best internal control systems in place, NGOs still are not utilizing them properly to service deliver on their promises to the poor. The research was based on the following objectives. To examine the effect of Control Environment on service delivery ,to examine the effect of Internal Audit on service delivery and to examine the effect of Control Activities on service delivery in World Vision Uganda.

The research design was case study following both quantitative and qualitative approaches and the study was also cross sectional in nature carried out from Western and Eastern Uganda. Simple random sampling techniques were used in selecting the most of sample, also purposive sampling was used to select key informants of the study. Questionnaire was the main instrument of data collection and the Statistical Package for Social Sciences (SPSS) was used for analysis. Information got using interview guide was very useful during interpretations and making conclusions too.

The findings of the study revealed that that according to the study objective one, control environment positively affects service delivery($r=0.390$, $p < 0.01$), a significant relationship between internal audit and service delivery ($r=0.127$) although the relationship is weaker than the control environment and control activities. Also on the third objective, the findings showed a significant positive relationship between control activities and service delivery ($r = 0.451$, $p < 0.01$). In general there is a significant positive relationship between the two variables studied (Internal Control Systems and Service Delivery). Furthermore, the findings showed that strong internal control systems are significant determinants of good service delivery. In addition, it was revealed that there were also other predictor of service delivery apart from an organization having in place good internal control systems. Therefore researcher recommends that NGOs should establish or strengthen their internal control systems in order to enhance service delivery so as to ensure efficient, effective, and equitable service delivery. More so NGOs should emphasize policy implementation, recruiting competent/knowledgeable staff, putting in place systems to monitor and evaluate performance, and providing refresher courses on leadership and management to management and other staff.

CHAPTER ONE

INTRODUCTION

1.1 Introduction

The concern of the researcher was to examine the Effect of Internal Control systems on Service delivery in Non Governmental Organization (NGO) a case study of World Vision Uganda. This chapter looked at background of the study, statement of the problem, purpose of the study, general and specific objectives of the study, research questions , conceptual framework, scope of the study, significance and justification of the study.

1.2 Background of the study

Any organization of whichever form or size must put in place its own system of internal controls in order to achieve its objectives (Mwindi, 2008). A system of effective internal controls is a critical component of company management and a foundation for the safe and sound operation of organizations. However, ineffective internal controls result in ineffective programs and eventually leading to losses or failure of projects (Olumbe, 2012). While writing a report on Capital Markets Regulators Reign in on Rogue Firms for the Standard Media in May 2013, James Anyanzwa stated that the recent incidences of corporate failures are mostly preceded by failure in companies internal control structures. The Board of Directors and its Audit committee are responsible to ensure that the internal control system in place aid projects to go on smoothly not to be hindrance which some stringent internal control systems pause. This research was intended to look and examine the Effect of Internal Control systems on

Service delivery in Non Governmental Organization (NGO) a case study of World Vision Uganda.

Due to the important role that effective internal control systems play in the achievement of organizational objectives, the country director continued to say that plans are under way to upgrade the Internal Control (Audit) unit to help achieve the objectives of the organization.

From the above, the researcher found it prudent and therefore imperative to say that, internal control systems play a significant role in helping managers to achieve or not achieve their goals hence the need which prompted the researcher to examine the Effect of internal control systems on service delivery in NGOs a case study of World Vision Uganda.

Hamed (2009), defines Internal Control System as an organized amalgamation of functions and procedures, within a complete system of controls established by the management and whose purpose is the successful function of the business. Internal Control System is all the methods and procedures followed by the management in order to ensure, to a great extent, as much successful cooperation as possible with the director of the company, the insurance of the capital, the prevention and the detection of fraud, as well as the early preparation of all the useful financial information (Keitany, 2000). Hongming and Yanan (2012), assert that Internal Control System resembles the human nervous system which is spread throughout the business carrying orders and reactions to and from the management. It is directly linked to the organizational structure and the general rules of the organization.

Whittington (2001) argued that a system of internal control extends beyond those matters which relate directly to the functions of accounting and the financial statements. In addition,

he notes that internal control system is a systematic procedure which will lead to evaluate the degree of correlation between those established criteria and the real results of the business.

Internal Control, as defined from 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.

From the forgoing therefore, the objective purpose of Internal Control system is on one hand, the allowance of specific and high level of services offered towards the management, and on the other hand, the allowance of assistance towards the members of the organization for the most effective practicing of their duties. Internal Control Systems are being implemented in businesses as tools that add up value to the company. In this way, we can achieve a systematic approach towards the most effective operation of the organization, as a unity (Schleifer and Greenwalt, 1996). Finally, as mentioned by the COSO report internal control system is defined as a procedure which offers fundamental security to the business concerning the credibility of financial affairs.

This report defines internal control systems and describes a framework for internal control systems. But the difference of this report is that it also provides criteria for the management to utilize so as to evaluate controls.

So to achieve the above targets, the management of World Vision Uganda must adopt measures to ensure that available resources are prudently used to obtain value for money from resources allocated to them. Management in turn should generate operational data with which they evaluate the efficiency and effectiveness of their operations. It is fundamental aspect of management stewardship responsibility to provide interested parties with reasonable assurance that their organization is effectively controlled and that the information they receive is

accurate and dependable. Developing a strong system of internal controls provides this assurance.

1.2.1 Background of World Vision Uganda

World Vision is an International, Christian, Child Care and Development Organization which started in Asia in 1950 to assist children orphaned by the Korean War. In Uganda World Vision started in 1986 as a small organization to address the post war needs in Luwero triangle (World Vision Uganda strategic plan, 2008). The organization provides support to these children through providing holistic care in the areas of health, nutrition, education Child Protection and home construction.

The organization is under obligation to meet certain performance standards set by the stakeholders mainly the donors as a condition for continuation of donor support. However, for the last two to three years, the organization has not been able to fully achieve this (Monitoring and Evaluation Report, 2012). As a result of underperformance the organization and children under its support risks losing out on the much needed donor support.

In a bid to improve performance, the organization introduced a number of controls and development programs like employee training and development workshops, encouraging employee participation in decision making, and empowering employees to do their work. Despite efforts made by management to improve service delivery and organizational performance, there is still late submission of reports, delay in submission of annual objectives by employees and supervisors, failure to implement set activities and failure to utilize approved budgets. This is a clear pointer towards poor service delivery at World Vision Uganda. Though a number of factors could be responsible for the underperformance of the organization, there is need to examine the Effect of internal control systems on service

delivery with the aim of suggesting practical recommendations to improve service delivery and strong internal control systems.

To be able to come up with an NGO that would be representative, the researcher looked at various big NGOs in Uganda like Save the Children, CARE, but chose World Vision Uganda because of its size both in budget and presence across the country. World Vision Uganda is the biggest NGO in Uganda after UN agencies. World Vision International was founded in 1950 and currently operates in 97 countries which Uganda is one of them. World Vision Uganda head office is located in Kampala along Nakasero road. It operates in all the 5 regions of Uganda with regional offices situated in Mbale for Eastern Region, Hoima for Western and Central and Southern Regions, Gulu for Northern Region and Karamoja Region has its offices located in Kotido. Looking at such rich statistics gave the researcher confidence that WVU can well represent NGOs in Uganda.

1.3 Statement of the problem

Slanislav (2006) highlighted that the heightened interest in internal control systems is, in part, as a result of significant losses incurred by several organizations. He explained that, an analysis of the problems related to losses indicated that they could probably have been avoided had the organizations maintained effective internal control systems. Such systems would have prevented or enabled earlier detection of problems that led to losses in the institution, thereby limiting damage to the organization. This same idea is reflected in Kaplan (2007), that, poor standards of corporate governance had led to insufficient controls being in place to prevent wrong doing in the United States in the 1990s, as demonstrated by the collapse of Enron and WorldCom. The incidence of internal control weaknesses,

unsatisfactory and deteriorating service delivery have the undesired effect of not only weakening the organization's ability to effectively deliver the services but also encourages collusion, fraud, embezzlements, loss of cash , assets conversion genuine and deliberate mistakes, corruption, lack of transparency and accountability for funds given and other assets. Despite considerable funding, service delivery is unsatisfactory and degenerating. For the enhancement of the attainment of the mission and goals of the organization, it is therefore necessary that these hindrances be removed. The management of World Vision Uganda should familiarize themselves with internal control procedures that will ensure effective service delivery and the desired goals.

Despite the internal controls that exist in World Vision Uganda, service delivery remains below target and resources are poorly utilized. This may be because the internal control systems that are in the World Vision Uganda are weak or are undermined by the employees.

World Vision Uganda recognized under spending, unfinished projects and delayed implementation as major threats to service delivery and led to development of the World Vision Uganda 3 year strategic plan World Vision Strategic Plan (2012-2015), which laid emphasis on leadership, transparency and business reform and modernization with the aim of reducing and ultimately eliminating any gaps in service delivery.

Thus, the purpose of this research was to examine the Effect of internal control systems in operation in World Vision Uganda with a view of knowing whether existing internal controls have a positive or negative effect on service delivery.

1.4 Purpose of the study

The purpose of this study was to examine the Effect of Internal Control systems on Service delivery in Non Governmental Organization (NGO) a case study of World Vision Uganda.

1.5 Objectives of the study

1. To examine the effect of Control Environment on service delivery in World Vision Uganda.
2. To examine the effect of Internal Audit on service delivery in World Vision Uganda.
3. To examine the effect of Control Activities on service delivery in World Vision Uganda.

1.6 Research questions

1. What is the effect of Control Environment on service delivery in World Vision Uganda?
2. What is the effect of Internal Audit on service delivery in World Vision Uganda?
3. What is the effect of Control Activities on service delivery in World Vision Uganda?

1.7 Scope of the study

The research was set and focused on the Effect that internal control systems have on service delivery in NGOs in Uganda a case of World Vision Uganda.

1.7.1 Geographical Scope

World Vision Uganda has operations in 27 districts located in the five regions of Uganda that is Eastern Uganda, Western Uganda, Northern Uganda ,Central and Southern Uganda and Karamoja Region. The focus of this study was majorly focused in two regions that is Western and Eastern regions. The western region office is situated in Hoima and Eastern Region Office in Mbale. This enabled the researcher to compare results from two regions.

The study was also carried out in World Vision Uganda Head office in addition to the two selected two regional offices; this helped the researcher to achieve the top level strategic thinking.

1.7.2 Content Scope

The study was focused on the Effect of internal control systems on Service delivery of NGOs, World Vision Uganda as a case study. The independent variable was internal control systems with particular focus on the dimensions of control environment, the internal audit and the control activities. The dependent variable was service delivery with consideration of dimensions of service delivery as timely and quality services delivered.

1.7.3 Time Scope

The study covered the period of three financial years 2011-2013 because this was the time when there was a big challenge with budget utilization and other issues of service delivery in NGOs in Uganda and particularly World Vision Uganda ,World Vision Strategy (2012-2015)

1.8 Justification of the study

The NGO led model which was lauded by neo-liberal development debates including the World Bank, (World Bank 1994, 1995) argued that NGOs should take their primary responsibility as service delivery to the poor while being transparent, promotes decentralized governance and ownership of these projects to the grass root beneficiaries and communities. Scholars argue that NGOs participation in service delivery is only at micro-level thus NGO thrive on the backs of the poor whom they purport to represent. There are vividly many reasons as to why the NGOs are constrained in delivering service to the poor. This study report particularly took concern in the NGO led service delivery in western (Hoima) and Eastern (Mbale) Uganda, two regions that are major or central to NGO work of World Vision Uganda and other NGOs intervention.

There was need to conduct a study on the effect of internal control systems on service delivery. This was because World Vision Uganda put a lot of emphasis on internal control

systems and yet no study had been conducted to ascertain the Effect of internal control systems on service delivery in World Vision Uganda. This research report narrowed that Gap yet still there is a lot to even study further on the same topic.

While in the past research had been conducted on the Effect of internal control systems on service delivery, most of it had been conducted in private organizations and public sector but not in NGOs. Research on the Effect of internal control systems on service delivery in the NGO sector in the Ugandan context was so scanty. Therefore need to conduct such study in order to replicate the findings to the NGO sector in Uganda was the heart for justification for the study.

There has been always a commonly held belief that effects of internal control systems on service delivery is positive, however during the study the researcher found out that there are negative effects that even good internal control systems have on service delivery. There was need to explain these negative effects. There was not much literature in the study about NGO-led service delivery in relation to internal control systems in place in these different NGOs in Uganda. This study was therefore designed to underscore the gap by studying further the extent to which NGOs like World Vision Uganda are constrained in service delivery to the poor despite the increased funding from donor agencies.

The study looked at a case of World Vision Uganda, a member NGOs operating in five regions of Uganda but the focus was Western and Eastern Region. The researcher was motivated by the Annual Cash budget of for each of these regions where by Western Regional had for the last three years approximately \$8 million annual cash budget as allocated budget for WVU implementations in this region alone and approximately \$7.5M for Eastern Region.

1.9 Significance of the study

The researcher is confident that the findings of this study presented in this report will provide NGOs in Uganda with insights on how to effectively and efficiently utilize internal control systems to smoothen service delivery.

These findings will provide information to policy makers at top of the NGO governance and the Board of Directors how to bring both internal controls and service delivery at an agreeable or compromising position in order to achieve both objectives.

Through interaction between the researcher and the respondents, the researcher's knowledge, skills and understanding of research improved.

This research report is a big contribution to the existing literature on internal control systems and service delivery in NGOs which in future students doing further research in this area will find very helpful.

More so this research report in particularly will help World Vision Uganda to improve the way of doing business as far as service delivery is concerned.

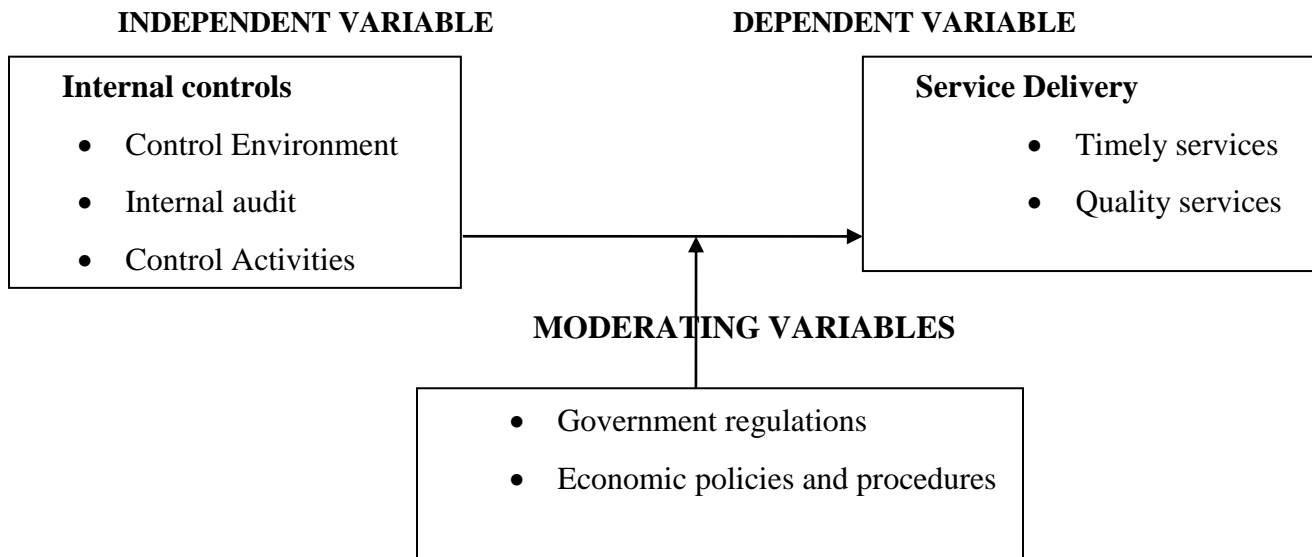
As an individual who has completed this study, I have found satisfaction because from the start there were so many questions in my mind why NGOs in Uganda are not impacting our society yet many of them are well funded. This study may not have fully answered the questions but to a great extent it has.

1.10 Conceptual framework

This is conceptual model showing the relationship between internal control systems and service delivery. The conceptual framework is the one which the researcher based her data Collection and analysis. It described the components of the variables and their relationship.

According to the model, the internal control systems must be in place in order to conclude whether they are effective namely the control environment, risk assessment , information and communication, control activities and monitoring. Adam (2002), Martin and Terblancle (2003), Anthony (2004) and the AMF Working Group (2007). This framework confirmed that internal control systems should be the concern of everyone working in firm to achieve the objectives set by firm and should be the main focus of the firm culture in order to have effective and sound internal control systems leading to proper accountability and hence enhance service delivery in the organization. Each company is responsible for its own organization and hence its internal control systems developed within an overall framework of sound governance (AMF Working Group, 2007).

Figure 1 Conceptual framework



Source: Developed from Literature review, Adams (2002), Anthony (2004) and AMF working group and The COSO (1992) Internal Control-Integrated Framework

This model was based on two variables; Internal controls as the independent variable and three components considered that is the control environment, the internal audit and control

activities. Further classified as Financial internal controls which include Level of approvals Authorization, Dual control, Audit, Risk assessment and Financial systems/Information Management system and Also Management internal controls which include Signature control sheet, Security and clearance, Approval levels and Authorization also confirmed the relationship.

The dependent variable being service delivery with two indicators namely; timely services and quality services. Customer satisfaction was not considered for this research because its hard to measure and its determinants go beyond internal control systems. Quality service delivery further was looked at in the context of NGOs to be achieved through quality supply of agricultural inputs, advanced technology development, quality training and sensitization all delivered in a timely manner aiming at improving quality of life for the beneficiaries served.

Moderating variable considered were namely; Government regulation and economical policies and procedures.

In this study the researcher considered WVU work in rural Uganda to deliver its different objectives to selected beneficiaries using selection criteria that are set as per the WVU Strategic Plan (2010-2012). These objectives are Education support outputs, Water and sanitation services, child protection services and agricultural services is to increase productivity, food and income security, so that the poor live a sustainable livelihood and improved quality of life. The ultimate end of delivering the services to the poor is poverty reduction as enshrined in the Poverty Eradication Action Plan (PEAP), The National Development Plan (NDP, 2010).

1.11 Limitations of the study

The major limitation to the study was where as Internal control systems and service delivery had a lot of search done in the past, these were done in public and private sectors. There is not enough literature on the topic about NGO work. The motivation of the researcher was to narrow this gap. Though it was not very direct, the scattered literature on the topic that the researcher found was well able to inform the study.

Another limitation to the study was time allocation to exhaustively look at available scattered literature and discuss with different NGOs in Uganda about the study. Everyone approached seemed so busy to create time for the study however the literature reviewed, the other NGOs though few approached and responded were able to inform the study and eliminate this limitation.

1.12 Conclusion

This chapter opened with introduction of the topic by the researcher and then she continued to explain the background of the study by explaining why the topic was chosen and why WVU was chosen given the many NGOs in Uganda. Thereafter discussion of the statement of problem followed by with the major concern being the fact that WVU seemed to have internal control systems in place yet there was continued poor service delivery. Then the purpose of the study followed, the study objectives, research questions, scope of the study where by clearly the reasons why the geographical scope had to be limited to East, West and head office was explained. There followed the justification of the study, significance of the study, the conceptual frame work presenting the relationship between variables and finally the limitations of the study were discussed in this chapter.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The research was intended to examine the effect of internal control systems on service delivery in NGOs in Uganda. The in depth review of available literature therefore aimed at establish whether there is a correlation between Internal Control systems as an Independent variable and service delivery as a dependent variable. The review particularly focused on Control environment, Internal Audit and Control activities as the chosen components of internal control system. The other components of internal control were not considered for purposes of this research. For the dependent variable, service delivery the research concentrated on timely and quality services. Customer satisfaction as a measure of service delivery was ignored for purposes of the study. The ultimate objective of this review was to examine the Effect of internal control systems on service delivery in NGOs in Uganda.

2.2 Theoretical Framework

The Institutional Theory

Institutional theory focuses on the deeper and more resilient aspects of social structure. It considers the processes by which structures, including schemes; rules, norms, and routines, become established as authoritative guidelines for social behavior (Scott, 2004). Different components of institutional theory explain how these elements are created, diffused, adopted, and adapted over space and time. In this case how internal control systems are constituted and how they are put to use.

Institutions are composed of cultural-cognitive, normative, and regulative elements that, together with associated activities and resources, provide stability and meaning to social life. Institutions are transmitted by various types of carriers, including symbolic systems, relational systems, routines, and artifacts. Institutions operate at different levels of jurisdiction, from the world system to localized interpersonal relationships (Wikipedia).

Scott (1995) indicates that, in order to survive, organizations must conform to the rules and belief systems (directly translated Internal control systems) prevailing in the environment. Non-governmental organizations (NGOs) and social organizations can also be susceptible to isomorphic pressures.

There is substantial evidence that firms in different types of economies react differently to similar challenges Knetter,(1989). Social, economic, and political factors constitute an institutional structure of a particular environment which provides firms with advantages for engaging in specific types of activities there. Businesses tend to perform more efficiently if they receive the institutional support through strong internal control systems.

Since the co-existence of internal control systems and delivery of best services is a day to day journey that must be practiced and embraced in all organizations that link beneficiaries to donors, the study was based on significant, and potentially theories that helped to explain the adoption of internal control practices and developments within the frame works of performance and service delivery.

This study was based on institutional theory, which offers a contrasting explanation that was used to understand the adoption and design of control practices within organizations. The theory, is more sociological in character, originates from work done by (Meyer. J. W, & B.

Rowan, 1977) during recent years institutional theory has grown in popularity and offers a contrasting and different explanation to why new control structures and practices emerge in organizations. It has been said that institutional theory is becoming an important theoretical perspective in accounting and organization theory research (Dillard, Rigsby and Goodman , 2004)

Institutional theories question the technical and economic rationality for understanding corporate governance, and the structures that are invested in and developed within organizations. Instead, they offer a contrasting explanation which proposes that organizations develop and design structures, processes and systems not primarily based on rational economic cost-benefit analysis, but because they are more or less required to incorporate new practices and procedures. (Meyer. J. W, & B. Rowan, 1977), this means that: Different branches of research propose different solutions.

Institutional theories provide different explanations for why organizational internal control practices are adopted and evolve. Different pressures exist on different levels in society, and these produce harmonized practices across firms. Some of these pressures would therefore result into controls that would hinder business or do more harm than good.

Firms adopt practices in order to gain legitimacy in the public eye and controls are adopted based on pressures from governments, standard setters and professions, resulting in firms adopting generally acceptable practices in various areas. The end-product is a never-ending cycle where firms imitate one another through the adoption of similar practices without looking at the services rendered to the community.

Whoever the Institutional theory has been criticized for over-emphasizing the homogeneity of institutional fields and downplaying the importance of practice variations embedded in

competing institutional logics. It has also been suggested that it ignores the deeply embedded nature of rationality and resistance to institutional pressures.

In conclusion although Institutional theory portrays many faces the connection between this theory and the study conducted is clear that after testing the theory it was true and in agreement with the findings of the literature review.

2.3 Actual review

2.3.1 Internal Control systems

Internal control systems are processes put in place by entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the area of: effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulation (The Committee of Sponsoring Organizations of the Tread way Commission (COSO)).

Internal Audit as element of internal control system is an appraisal activity established by management and Directors for review of the accounting and internal controls for adequacy and effectiveness of internal control systems. When performing an audit, to judge the reliability of a client's internal control procedures, one needs to be aware of the five components that make up internal controls. For each client, you need to understand each component to plan your audit. The understanding of these components lets us grasp the design of internal control systems relevant to the preparation of financial statements and lets one see whether each internal control is actually in operation.

Internal control systems only provides reasonable, not absolute, assurance that the objectives of an organization will be met. The concept of reasonable assurance implies a high degree of

assurance, constrained by the costs and benefits of establishing incremental control procedures. Effective internal control system implies the organization generates reliable financial reporting and substantially complies with the laws and regulations that apply to it. However, whether an organization achieves operational and strategic objectives may depend on factors outside the enterprise, such as competition or technological innovation. These factors are outside the scope of internal control systems and this particular study did not consider them for them ; therefore, effective internal control systems provides only timely information or feedback on progress towards the achievement of operational and strategic objectives, but cannot guarantee their achievement.

Many models have been established to help organizations identify and offset control risk. The Sarbanes-Oxley Act of 2002 recommends the Committee of Sponsoring Organizations (COSO) model as a means for companies to identify and mitigate risk that can lead to financial misstatement. The COSO model is just one representation that can be used, and at its heart it guides management through the implementation of a control framework that is measurable and targeted at reducing risk.

2.3.2 Internal Audit

Internal Audit provides a basis for management and the Audit Committee to use in evaluating the operations of the Internal Audit function. Every Internal Audit department should have an Internal Audit Charter. The components of this charter include: The mission of the Internal Audit Department, The scope of the Internal Audit activities, The responsibilities of the Internal Audit Department, The relationship and coordination with the External Auditor, The Audit Plan, The reporting, The Internal Audit Department's authority and its position within

the Company to ensure its independence, The standards of audit practice followed by the Internal Audit Department.

One important aspect of internal control is the internal audit and NGOs in Uganda should ensure that they have active audit departments. World Vision Uganda carries out internal audits regularly and randomly in all departments. Internal audit is an effective tool in fund management because internal auditors are employees by World Vision Uganda hence they are better placed to understand the accounting systems, the control procedures and the control environment. It is believed that internal controls induce discipline in the organization's workforce.

Normally if the internal audit department is functioning well, service delivery is timely and quality services are offered and there will be value for money in terms of economy.

The value for money implies that efforts must be made to ensure that the available funds are spent in the provision of goods and services in a way which maximizes the benefits to the beneficiaries of the services and goods. But if the internal audit department is not functioning well, then in most cases, service delivery is compromised and there will not be value for money (Reid et al,1997;2000).

An organization is said to perform well if it is having a good financial management (Pandely, 1999). This is all supported by the internal audit function. It can be noted that internal audit is intended to overcome the tendencies of corruption, fraud, misappropriation of funds, in NGOs in Uganda, the vice is slowly but surely entering them as the practice has been in public service sectors. Therefore internal audit departments in NGOs should be strengthened to keep

down such vices that would destroy service delivery. In World Vision Uganda the exiting internal audit department is strong to detect such vices if they crop up.

Johan (2006) further came up with some important service delivery improvement slogans. He said he who fails to plan for service delivery, plans to fail delivering services to the public. And if it cannot be measured, it cannot be improved. If we only plan to comply with regulations, we are not managers, we are robots. What we plan we must implement. What we implement, we must measure and monitor. We should not be afraid to ask the customer (citizens). They really do know best what they need and what they get. It is not always the same thing.

Basheka (2004) argues that internal audit is one of the primary functions of internal control systems with a potential to contribute to the success of organizational operations and improved service delivery. Mullins (2003) asserts that the contribution of internal audit in facilitating an efficient and effective service delivery in organizations is generally undisputed in both developed and developing countries like Uganda.

2.3.4 Control Environment

Whittington and Pany (2001) note that the control environment sets the tone of the organization by influencing the control consciousness of people. They further assert that control environment is viewed as the foundation for all the other components of internal control. Control environment factors include; integrity and ethical values of personnel responsible for creating, administering, and monitoring the controls, commitment and competence of persons performing assigned duties, board of directors or audit committees

(especially the extent of their independence from management, experience & stature, management philosophy and operating style in terms of their aggressiveness or conservativeness which may determine the level of risk they may take on and Organizational structure which may be a well organized structure that provides for proper planning, directing and controlling operations or a disorganized structure that may only serve to confuse the key players by creating unclear roles. Control environment has several factors, however, for purposes of this research, the review will focus on Management philosophy and operating style, the integrity and ethical values of personnel that create and administer controls. For purposes of the study, board of directors will be represented by the Governing board and the various committees of board to achieve service delivery.

Whittington and Pany also believe that these factors set a basis upon which the other internal control components can be built. They also provide a framework within which the other components operate. However, these assertions have not always held true, since management in organizations has always overridden these controls, the lack of mentoring has always led to collapse or fail in service delivery even if internal controls are in place. Alternatively, these controls have been taken so strongly that in the end employees don't deliver at all because they feel limited by internal controls. The independence of audit committee has largely been theoretical in most organizations. Boards of directors have on several occasions had very little time for company affairs, implying that their supervisory role has always been wanting. They most of the cases lack the experience and exposure to determine the strategic direction of the organization. Board of directors, ought to supervise the management of an entity, but it has

always turned out that Board members merely implement recommendations of the management committee of an institution.

The study by Wallace & Kreutzfeldt (1991) was among the first to demonstrate the importance of the control environment in explaining the existence of an internal audit function. More recently, Goodwin-Stewart & Kent (2006) provided evidence that the existence of an internal audit function is related to the level of commitment to risk management. Recent case studies on internal auditing in Belgium illustrate the importance of the control environment when studying internal auditing practices. Sarens & De Beelde (2006a, 2006b) found that certain control environment characteristics (e.g., tone-at-the-top, level of risk and control awareness, extent to which responsibilities related to risk management and internal controls are clearly defined and communicated) are significantly related to the role of the internal audit function within an organization. The tone-at-the-top refers to a company's ethical values, management's philosophy and operating style (Cohen et al., 2002) which are reflected by the company's code of conduct or code of ethics.

Based on Sarens & De Beelde (2006), it is assumed that when the company pursues integrity and clear ethical values reflected in a formal code of conduct/ethics, the internal audit function will take on greater importance. This is because the internal audit function is often seen as a way of translating and communicating the tone-at-the-top throughout the company (Sarens et al., 2009). Therefore, management is more likely to invest in a relatively larger internal audit function.

Internal control systems not only contribute to managerial effectiveness but are also important duties of corporate boards of directors. Accounting literature likewise emphasizes the

importance of an organization's integrity and ethical values in maintaining an effective control system (Verschoor, 1999).

2.3.5 The effect of Control Environment on service delivery in NGOs.

The overall "tone" or approach to internal control systems set by management will have a great impact on service delivery. NGOs in developing countries need to allow better approaches by service delivery employees to operate in a better environment to allow them deliver services well to the beneficiaries. If the environment is not conducive and at times internal control systems start to seem inflexible, in such cases you find service delivery is constrained so much that budgets end up unutilized. An environment that allows innovation and active participation of beneficiaries normally will yield results. Looking at the elements of control environment namely, Management's philosophy and operating style, Organizational structures, assignment of authority and responsibilities, human resource policies and practices and competence of personnel all should be harmonized and focused to one major organizational objective of a satisfied customer hence quality and timely service are delivered.

2.3.6 Control Activities

Ray and Pany (2001) also mention Control activities as another component of Internal controls.

They note that control activities are policies and procedures that help ensure that management directives are carried out. Controls activities in an organization basically comprise; performance reviews (comparing actual performance with budgets, forecasts and prior period performance), information processing (necessary to check accuracy, completeness and authorization of transactions), physical controls (necessary to provide security over both

records and other assets), and segregation of duties (where no one person should handle all aspects of a transaction from the beginning to the end).

The last component of internal control according to Ray and Pany is monitoring. This is aimed at ensuring that the internal controls continue to operate as intended. This can be achieved through ongoing monitoring or separate evaluations. Separate evaluations are non routine monitoring activities such as period audits by the internal auditors.

The control environment is the foundation of the five elements in the internal control framework.

Therefore control environment directly affects the effect of implementation of internal control framework and the modern enterprises should establish a suitable internal control environment. Managers control the enterprise mainly by designing the organization and management mechanism, authorizing and designing the internal control system.

Organization structure; Organization structure including organization structure settings, responsibilities allocation, what position of the person in the organization is and what power and responsibility he have. Organization structure is the grantee for the enterprise to achieve overall goal and enterprises should plan, execute, control and supervise based on the structure of the organization.

Control activities are to make management instructions designed could be effective implementation of various policies and procedures. Control activities can help enterprises to ensure that it has already took measures to reduce a loss according to realization the goal of the enterprise. From the point of daily business activities, control activities including authorized management. It refers to that the manager decentralize powers his subordinate to

make them have the right to address the problem and make a choice and share corresponding responsibility.

This refers to define the authority and responsibility according to the principle of combining functions of department and it's characteristic.

Business process is the procedure of all the business. An operation procedure is to say how to operate every matter in detail.

Risk Assessment

Risk assessment system is divided into three steps: risk identification, risk analysis and evaluation, risk control and report.

Risk identification; It asks the enterprise to judge and analyze risks, including its nature, types, and reasons of the occurrence, etc.

Risk analysis and evaluation needs quantitative analysis of digital information collected by mathematical method in order to make the risk management based on scientific basis. The result of risk analysis and risk evaluation is the probability of occurrence and size of the risk so as to provide a dependable basis for decision-making.

Risk control and report; for risk analysis and assessment, management should consider how to control risk. The method of controlling risk usually is to transfer risk, adverse risk and disperse risk.

Information and Communication

Enterprise management activities can be divided into the plan, organization, coordination, reports, etc. When managers exercise these functions, messages are always the most basic support, namely, all the enterprise business activities are inseparable from information.

Therefore, the information function is the basis of management activities and the level of information processing ability is one of the most important symbols of the level of management.

And this information must be delivered timely to those who fulfill its responsibility and other responsible ones in some form. Completing the information transmission is communication and it can translate the abstract goal and plans into language that encourage employees.

Monitoring

Monitoring and used to evaluate the quality of enterprise internal control performance by tracking and monitoring the internal control frame and operational status and take the necessary actions to ensure that internal control can operate effectively. Monitoring can be divided into continuous monitoring and individual assessment.

Continuous monitoring activities usually are that the management department and each staff at various levels inspect, analyze and evaluate the effectiveness and efficiency of production and operating activities of their respective during execution of the internal control system. It is a kind of self control mode. The higher the level is, the less individual evaluation need. Individual assessment is to evaluate the internal control system regularly and is usually done by the relatively independent internal audit department.

Segregation of Duties

This doctrine states that if certain aspects are performed by one individual there is a chance that that person can fraudulently convert the assets of the organization to own self and also manipulate the accounting records. In accounting for funds in World Vision Uganda the three aspects underlying any cash transaction which are authorization, execution and recording are

performed by different individuals. There must be a clear separation between those initiate of records and those who are responsible for the expenditure. This does not completely remove the possibility of fraud. This is just a control measure. Other measures also have to be instituted within the organization like strict follow up on people's backgrounds when hiring. Adequate screening of prospective employees before hiring them and management supervisory checks should minimize this risk, or detect collusion if it has indeed occurred (Matamande, 2012).

Custody of assets

Any organization should be put in place requisite measures for the protection of organizational assets. The measures are meant to ensure that only those authorized have access to the organization's assets.

In the case of some rural areas where there are no banking facilities, assets like money, should be transported to these areas in fully armored cash in transit vehicles. The cash is contained in cash boxes which are sealed and locked.

In the event that money is not banked within stipulated time at least 24hrs due to unforeseen reasons, the money should be kept under lock in a safe in a storeroom. These storerooms and safes have locking facilities with adequate control over keys.

In high cash volumes environment, cash in hand is kept to a minimum by regularly clearing tills during the day and banking the takings promptly. Again if cash is not banked until the following day, receipts are locked in a safe overnight.

Authorization

The obligation to safeguard the funds of an organization requires that transactions are entered into the systems once they have been authorized by the appropriate individual and that each

transaction conforms to the terms of its authority. If an individual tries to enter unauthorized transactions in the system, the system would deny access due to lack of authority to execute the transaction in question.

The use of passwords ensures that no one has the right to enter unauthorized information which might distort the system. The use of Passwords discourages individuals to undertake corrupt activities as transactions are continuously monitored online. (Matamande, 2012).

2.3.7 The effect of Control Activities on service delivery in NGOs.

Whatever control activities put in place and practiced in any organization, be it segregation of duties, physical controls, authorization and approval, management, supervision organizational structures, the accounting systems and personnel should be directed in one direction of better service delivery. Occasionally all these parameters should be measured against the standards of service delivery. If the activities are slowing down service delivery, then reviews should immediately be made. In 2008 World Vision Uganda restructured all their staff at all levels as an element of control activities, personnel was becoming as a bottleneck to service delivery hence the restructure. World Vision Uganda Annual Report (2009). Such strong decisions are necessary whenever any organization notices such bottle necks arising for control activities.

2.3.8 Internal Audit and Service delivery

Whittington & Pany (2001) argue that internal auditing is performed as part of the monitoring activity of an organization. It involves investigating and appraising internal controls and the efficiency with which the various units of the organization are performing their assigned functions. An Internal Auditor is normally interested in determining whether a department has a clear understanding of its assignment, is adequately staffed, maintains good records,

properly safeguarding cash, inventory & other assets and cooperates harmoniously with other departments. The internal auditor normally reports to the top management.

Gupta (2001) on the other hand asserts that “Internal audit is an independent appraisal function established within an Organization to examine and evaluate its activities as a service to the organization”. The objective of internal audit is to assist members of the organization in the effective discharge of their responsibilities. According to Gupta “the scope of internal audit is determined by management”. This may however, impair the internal auditor’s objectivity and hampers his independence, it is quite hard to report negatively on someone who determines the scope your work. Although at a Seminar organized by the Institute of Certified Public Accountants of Uganda (ICPAU), Sebbowa, 2009 in his presentation “The role of Internal Audit function in Organizations”, notes that “Independence is established by organizational and reporting structure” and that “Objectivity is achieved by an appropriate mindset”.

Sebbowa, (2009) also defines “Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management control and governance processes”.

He further mentions the principles of Internal audit to include; Integrity, Objectivity, Confidentiality and Competency. However, given that Internal Auditors are appointed by

management, report to management, and are employees of an organizations, their objectivity is usually highly compromised.

In accordance to Institute of Internal Auditors (IIA-UK; 1997), independence is applicable to all categories of auditors. This means the opportunity granted to the auditors to report directly to the top authority. Woolf (1986), says, although an internal auditor is an employee of the enterprise and cannot therefore be independent of it, he should be able to plan and carryout his work as he wishes and have access to the highest level of management. However, Millichamp (1993) says, effective internal audit should be carried out by an independent personnel though they are employees appointed by management, for them to work efficiently, they should have scope to arrange priorities and activities have un restricted access to records, assets and personnel.

Bhatia (2003) notes that Internal Auditing is the review of operations and records sometimes undertaken within the business by especially assigned staff. It's also an independent appraisal function established within an organization to examine and evaluate the effectiveness, efficiency and economy of managements control system (Subramaniam, 2006). Its objective is to provide management with re-assurance that their internal control systems are adequate for the need of the organization and are operating satisfactorily (Reid & Ashelby, 2002). It is a component of the internal control system set-up by management of an enterprise to examine, evaluate and report operations of accounting and other controls. The quality and effectiveness of internal audit procedures in practice are necessary since internal auditors cover a wide variety of assignments, not all of which will relate to accounting areas in which the external

auditor is interested. For example, it's common these days for internal audit to undertake the extensive and continuous task of setting management goals and monitoring its performance (Woolf, 1996).

Emasu (2010) argues that “The effectiveness of internal audit function partly depends on; legal and regulatory framework, placement of the function and its independence, existence of audit committees, resources allocated to the function and professionalism of internal audit staff”. It is however a bitter reality that internal audit departments are rarely adequately facilitated. Regarding the size and facilitation of the Internal Audit Function, Gerrit and Mohammad (2010), found evidence in support of the monitoring role of the Internal Audit Function. They specifically, found evidence that management ownership is positively related to the relative size of the Internal Audit Function.

This finding suggests that increased management ownership may influence the board of directors to support larger Internal Audit Functions to allow them to closely monitor managers' performance. It is also plausible that management with higher share ownership is motivated to invest in larger Internal Audit Function for better monitoring of earnings and for signaling to the board of directors that, despite their high stake in earnings, they are convinced that appropriate use of resources has to be assessed on a regular basis.

Using a US sample, Wallace & Kreutzfeldt (1991) found that companies with internal audit departments are observed to be significantly larger, more highly regulated, more competitive, more profitable, more liquid, more conservative in their accounting policies, more competent in their management and accounting personnel, and subject to better management controls.

Carey et al. (2000) found that agency variables do not explain the voluntary use of internal audit by Australian family firms. More recently, a study by Goodwin-Stewart & Kent (2006), using a sample of Australian listed companies, shows that the existence of an Internal Audit Function is positively associated with firm size and commitment to risk management.

Sarens & De Beelde (2006) also show that the risk and control awareness have an influence on the scope of the Internal Audit Function. These results suggest that when management is aware of risks and control activities, they are more likely to understand the role of the Internal Audit Function in monitoring risk and control activities, thus it is more likely that they will support a relatively larger Internal Audit Function (Sarens & De Beelde, 2006; Selim & McNamee, 1999).

Meigs et al (1988) holds that there must be a strong internal control system and the internal auditor must verify the operations of the system in much the same way, as the external auditor. It involves the investigation, recording, identification and review of compliance tests of control, they also argued that effective internal audit procedures provide sufficient relevant and reliable evidence in order to detect and prevent fraud.

Kochan (1993), considers auditing procedures in one company and describes steps taken in implementing a quality assurance system, she discusses the use of internal audits as an essential part of ISO 9000 certification process. Boakye-Bonsu (1999) asserts that internal audit procedures are seen as ends in themselves rather than a means towards a specific objective, with such an approach our rambler would undoubtedly get lost. Internal audit

procedure is a form and content manual that includes audits notes and responsibilities, documentation standards, local reporting standards and targets, training requirements and expectations and performance measures and indicators (Watts, 1999). Effectiveness is the achievement of goals and objectives using factor measures provided for in determining such achievement.

However, it has been traditional in internal auditing that determination of internal auditing effectiveness can be accomplished by evaluating the quality and effectiveness of internal auditing procedures that result in determination by the internal auditors of the character and the quality of effectiveness of the audit's control operations and if the auditing procedures are effectively carried out, then the evaluative results are positive (Dittenhofer, 2001). Maitin (1994) says efficiency and effectiveness of internal audit procedures is not a simple task, successful operation is governed by the extent to which the element of internal audit procedures receive attention which include; expertise, independence, objectivity and totality. Effectiveness of internal audit procedures is a measure of the ability of the programme to produce a desired effect or a result that can be qualitatively measured (Harvey, 2004).

Zabihollah (2001) argues that, there should be effective internal audit procedures to ensure reliability of financial statements, operational reports, safeguarding corporate assets and effective organizational controls. Benston (2003) further supplements that perception and ownership, organization and governance framework, legislation, improved professionalism and resources were identified as functions in the public sector derived from the effectiveness of the internal audit procedures. How far internal audit procedures succeed in their effort of

effectiveness is mainly judged by three factors that include; frequency of irregularities committed by the staff in the organization in form of errors or fraud, the promptness with which such irregularities are detected by the authorities and the planning which makes possible repetition of such irregularities in future more difficult (Reid & Ashelby, 2002).

Earnest and Young (1995), the work of the internal auditor should appear to be properly planned, controlled, recorded and reviewed. Examples of the due professional care by the internal auditor are the existence of an adequate audit manual, general internal audit plans, procedures for controlling individual assignments and satisfactory arrangements for reporting and following up.

Through the internal control systems especially internal audit, the desired employee's performance and service delivery is achieved and monitored in accordance with the set internal control systems objectives and as per guiding organizational policy (Groth (2005). According to Magala (2001) and James (2005,) internal control systems helps to ensure that planned activities are achieved as per set objectives in terms of realizing the desired service delivery needed by the organizational policy. Cox (2000) said that internal control systems lead to efficiency in utilization of organization resources whereby; jobs are carried out as explained by their description, availability of employees for work at all times, and equitable allocation of resources and hence, timely service delivery. Anderson (2000) added that it avoids having idle staff in the organization thus ensuring constant provision of quality services.

The ideal situation is where Internal control systems help to ensure that the planned activities or services to deliver are indeed delivered hence leading to efficiency in utilizing organizations resources. Magala(2001) & James(2005). If there is equitable distribution of resources, it is expected that there will be both quality and timely service delivery. On the other hand excess and idle resources like labour, process that would result in unnecessary processes hence delayed service delivery which at worst may be of compromised quality.

Monitoring is important to service delivery because it provides vital feedback on how services are being delivered and whether delivery of those services makes any difference in terms of achieving the organization's specified goals Rossi, (1993). For any system to perform effectively there must be a monitoring system Boidman, (1993). Monitoring also shows whether the system in place is performing effectively, as this can be seen from service delivery. Bird (1992) suggested that to ensure compliance, administrators should put spot clocks and frequent audits so that both compliance and quality and value for money are achieved.

2.3.9 Service delivery by NGOs

Service delivery can be seen to be an outcome of performance, the bridge between planned and achieved depending on the context in which it is used Ayen, (2002). A service is an activity or a series of activities of more or less intangible nature that normally, but not necessarily, takes place in interactions between the customer and service employees and/or systems of service providers, which are provided as solutions to customer problems (Finn & Kayande, 2006). According to Samuel (2002), service can be expressed in terms of capacity to deliver desired services and from which customers get satisfaction. A service delivery gap is

that gap between the established delivery standards and the actual service delivered Crosby (2000). It is an inconsistency between service design / quality specifications and the actual service quality by the service delivery system. Effective engagement between citizens, service providers and elected representatives is essential to democratic service delivery. Therefore the planned status should be level at which a service is delivered to close the service delivery gap.

Morgan (2005) insists that service delivery has to be communicated over and over again to everyone; the employees at all levels must be aligned with a single vision of what the organization is trying to accomplish. Thus, effective internal communications is the requisite for integration and harmony in the service delivery through organizations activities and quality. Rossi (1993)

In Uganda the NGOs are regulated by The NGO Act (2006) considered by NGOs to be so bureaucratic and stringent in enabling the smooth running of NGOs participating in service delivery. Other regulatory instruments also affect NGOs from smooth operations as NGOs are required to renew their registration with the NGOs board every after a given period of time. It is based on the literature, the World Bank and current debates on service delivery suggest that NGOs are more efficient and close to the people therefore can deliver services to the intended beneficiaries better than the government World Bank (1995).

By governance, we mean legal and administrative setup of the government and how it affects the NGO service delivery. We take into cognizance of the fact that, NGOs also implement their own policies to ensure quality controls in service delivery. The funding factor for NGOs is an important aspect of this conceptual framework, whereas, the current debates suggest that

NGOs are the best alternatives in delivering service to the poor, the trend in events has not been the same for all NGOs in funding the projects that are intended to benefit the poor, donor agencies have instead pushed their agenda into the NGOs work which has resulted in NGOs becoming vulnerable to donor policies.

NGOs played critical role in addressing persistent poverty, hunger by providing agricultural inputs in sub-Saharan Africa Salih (2001), there is no exact number of how many people are served by NGOs, however, Fowler (2005) estimate that NGOs reach roughly more than 20% of the poor in the world. Despite the well-reported success stories, the participation of the beneficiaries in NGO service delivery has been criticized. Many argue that NGOs may not help the poor meet their needs, for example Fowler, refers to the service delivery of NGOs to be overt and employed to shield more critical intentions of civic mobilization. Fowler (2005) cited in Namara (2009) more, some accuse NGOs of causing duplication of services rather than serving the deserving poor, Leopold attributes this to the failure to develop projects based on local realities, local knowledge, donor insistence on logical.

Involvement in service delivery of poverty reduction programs is partly because of the increased need for efficiency in the provision of public services and donor insistence on value for money. NGOs also assert that they are in a unique position to facilitate community empowerment because they are nearer to the poor and utilize participatory approaches.

Today, NGOs are considered to be a better channel for delivering multilateral and bilateral aid (although they still consume a small, but growing, proportion of aid)- this new policy agenda. (Edwards and Hulme, 1996) has shifted the burden of sustainable development on to the non-governmental organizations, which are increasingly seen as a magic potion for all the shortcomings that distress underdeveloped countries. Zaidi (1999) notes that NGOs have been

positioned to address and resolve issues which range from those that affect the environment, gender inequality, sustainable development, law, political emancipation and participation. Issues or areas that the private or state sector cannot address are automatically expected to be undertaken by donor organizations . The fact that a very large number of NGOs have failed to do so is now increasingly recognized by observers and analysts of the process .During analysis, consideration for NGO-led service delivery to be embedded within the political, governance and funding processes of NGOs in Uganda. This triggered me to relate and examine the aspects of the NGO service delivery to the internal control systems. However along the delivery chain, there are other intervening variables that may affect the delivery system positively or negatively this was clearly noted during the study. In this research the researcher based much on the negative barriers of the intervening variables (Political environment, Governance, Economical processes and procedures, Government-NGO dynamics and NGO dynamics.

2.4 Conclusion

From the Literature review, several researchers seem to concur that there is a relationship between Internal Control Systems and service delivery of an organization. These conclusions however were confirmed after empirical evidence was obtained from the analysis of the data and the results presented in chapter 4 below

However, most of the studies done in past were conducted in private profit oriented firms. Very little literature was available on the effects of internal control systems on service delivery in NGOs. But generally the available data was able to inform the study.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter presents the methods that were used to collect data and analyze it. The focus is on the research design, sample size and selection, the data collection methods which were used and corresponding data collection instruments, data management and analysis procedure as well as steps that were taken to ensure validity and reliability during the study and measurement of variables used.

3.2 Research Design

The research design was case study following both quantitative and qualitative approaches and the study was also cross sectional in nature.

Case study design was used because one NGO that is World Vision Uganda which was chosen as a representative of many NGOs and the results of the study were used to generalize other NGOs. The cross sectional design was adopted because data was collected from a cross section of World Vision Uganda staff and beneficiaries at a given point.

The study adopted both qualitative and quantitative approaches. The quantitative approach was adopted because the study intended to examine the effect of internal control systems on service delivery and such an endeavor could best be achieved when a quantitative approach was used because it allowed for collecting numeric data on observable individual behavior of samples, then subjected the data to statistical analysis as suggested by Amin (2005).

The qualitative approach was adopted which enabled the researcher to capture data that was left out by the quantitative approach. This aimed at capturing more in-depth information from

top management through both formal and un informal interviews. This qualitative data informed the finds greatly.

3.3 Area of study

The study was carried out at World Vision Uganda offices and surrounding areas of operation, some of the key informants were sampled from Head office Kampala but the Major study was in the field offices that is Hoima regional office for Western Uganda and Mbale Regional office For Eastern Uganda. This was because World Vision Uganda implementations are intensified in these two Regions compared to other regions and the budget allocation is biggest in these two regions.

3.4 Study Population

According to Staff list (2014), The study population consisted of 70 staff at World Vision Uganda head office and the 2 Regional offices. These were 6 Directors, 10 Heads of Departments, 2 Regional Program Coordinators, and 40 field staff , 5 staff members in Internal Audit and 7 members in Finance department. The study also consisted of 70 beneficiaries from 2 regions. All these were very relevant informants to the study. In total the target population was 140 people which was obtained after acquiring a staff list of all staff from human resource of World Vision. Regional offices were very helpful in referring me to the partners and beneficiaries they are working with.

3.5 Sample size and Selection

The study sample consisted of 100 respondents. The sample size was be arrived at using the predetermined table for determining sample size by Krejcie and Morgan (1970) as cited in Amin (2005).

Table 3.1: Sample Size

Category of Respondents	Population(N)	Sample Size(n)	Sampling Technique
Directors	6	4	Purposive
Heads of Departments	10	7	Purposive
Regional Program Coordinators	2	1	Purposive
Field operational staff and all others staff	40	27	Simple Random
Internal Audit	5	3	Purposive
Finance head office	7	5	Simple Random
Beneficiaries	70	53	Simple Random
Total	140	100	

Source: Morgan table

3.6 Sampling Techniques

Two sampling techniques were used to select respondents to the study. Simple random sampling technique was used to select staff at World Vision Uganda. A list of staff members was obtained from the Human Resource Department after presenting the introduction letter from UMU to management of WVU, the names of all staff were put in a Rota and selected randomly to participate in the study. Simple random sampling technique was used on beneficiaries from 2 regions because it ensured least bias and ensured generalization of research findings across the entire study population as suggested by Sekaran (2003).

Purposive sampling was used to select the Directors, Heads of Departments and the Regional Program Coordinators, finance staff and auditors. This technique was used to select senior and middle level managers because they are believed to have specialized knowledge about the topic under study by virtue of the positions that they hold. The results obtained indeed showed that the sampling techniques used indeed were excellent.

3.7 Methods of data collection

3.7.1 Survey Questionnaire Method

The study used the questionnaire survey method to collect data. The questionnaire method was used because the purpose of the study was to examine the effect of internal control systems on service delivery in NGOs. Such information could best be tapped on a closed ended questionnaire which allowed for easy correlation and regression of the respondents attitudinal disposition on the independent and dependent variables as observed by Amin (2005). Secondly, the use of a questionnaire also allowed busy respondents fill it at their convenient time much as itself created some delays given the busy schedules of researcher. It also allowed respondents express their views and opinions without fear of being victimized as suggested by Oso and Onen (2008).

3.7.2 Interview Method

The study employed the interview method. Interviews were used to obtain more in depth information. Directors, Heads of departments and Regional coordinators were interviewed and some selected beneficiaries in the 2 regions. This was done to get relevant information which would not be obtained with the use of closed ended questionnaires as observed by Amin (2005), Mugenda & Mugenda (1999).

3.7.3 Documentary Review Method

The researcher reviewed documents in order to obtain recorded information that was related to the issue under investigation. This method was used in order to enable the researcher access data which was very detailed, obtain data that was thoughtful in that the informants attention in obtaining them and enable the researcher obtain data in the language of the respondent as suggested by Oso and Onen (2008).

3.8 Data collection tools

3.8.1 Self Administered Questionnaire

The study employed a questionnaire as a tool of data collection to collect quantitative data from World Vision Uganda staff. The questionnaires were divided into five sections. Section A focused on the demographic characteristics of the respondents, Section B focused control environment, section C focused on internal audit, section D was concerned with control activities, Section E focused on service delivery at WVU. The questionnaires were closed ended. Closed ended questions were developed to help respondents make quick decisions; in addition, closed ended questions helped the researcher to code the information easily for subsequent analysis and narrow down the error gap while analyzing data as observed by Sekaran (2003).

3.8.2 Interview Guide

An unstructured interview guide was used as a tool for collecting in depth information from the key informants (see appendix III). The guide had a list of topical issues and questions to be explored in the course of conducting the interviews. The guide was drawn with the questions

soliciting for the perception of the key informants regarding the Effect of internal control systems on service delivery at World Vision Uganda. The interview guide was used to provide in-depth data which would not possibly be obtained when using self-administered questionnaires as suggested by Mugenda and Mugenda (1999) and Kakoza (1999).

3.8.3 Documentary Review Checklist

A document review checklist was used to collect more in-depth data on the topic. These documents were majorly the narrative reports from WVU programmes department. The checklist was used to provide in-depth qualitative information which may not possible to collect with the closed ended questionnaires and interview methods and the data got from them helped the researcher a great deal.

3.9 Data Management and Analysis

The instruments used in this study were Self-Administered Questionnaire, Interview guide and Document review checklist. The collected data was entered into a computer using Epi Data and transferred to SPSS for analyzing.

3.9.1 Analysis of quantitative Data

The statistical package which was used for analysis of data in this study is the SPSS. Different statistical techniques were used namely: descriptive, correlation and regression analysis. The upper level of statistical significance for hypothesis testing was at 5%.

Simple descriptive statistics like frequency counts and percentages were computed to document the demographic information of the respondents. The mean and standard deviation

were used to document respondent's opinion on the 3 dimensions of internal control systems and two dimensions of service delivery.

The Pearson Product-Moment Correlation analysis was used to determine the relationship between the independent and dependent variables. Regression analysis technique was used to determine the overall effect of internal control systems on service delivery at World Vision Uganda. For this study, the 3 dimensions of internal control systems were regressed against service delivery.

3.9.2 Analysis of qualitative data

Qualitative data was analyzed using content analysis. Responses from key informants were grouped into recurrent issues. The recurrent issues which emerged in relation to each guiding questions were presented in the results, with selected direct quotations from participants offered as illustrations.

3.10 Validity and Reliability of the research instruments

3.10.1 Validity

To ensure validity, the questionnaire was developed and given to the supervisor who is an expert in the field under study in order to score the relevance of each question in providing answers to the study. After which a Content Validity Index C.V.I was computed using the formula:

$$\text{CVI} = \frac{\text{No of Item declared valid by the experts}}{\text{Total No of items on the questionnaire}}$$

An overall CVI of 0.7 and above was considered appropriate as suggested by Amin (2005).For the study the CVI results are presented in the table below.

3.10.2 Reliability

A pretest was done on 10 of the respondents who were not part of the final study. Data was coded and entered into the computer. Cronbach's Alpha Reliability Coefficients was computed using the statistical package for social scientists (SPSS) to estimate the reliability of the questionnaire. Cronbach's Alpha Reliability Coefficients of above 0.7 was acceptable as suggested by Sekaran (2003). The Alpha results from the pretest are presented in the table below.

Table 3.2 showing results for reliability and validity of data

Study variables	Reliability coefficient Cronbach's Alpha	Content Validity Index
Internal control		
Control Environment	.82	.70
Control Activities	.70	.80
Risk Assessment	.80	.75
Service delivery		
Timely services	.70	.75
Quality services	.72	.80

3.11 Research procedure

The researcher obtained a letter from the Uganda Martyrs University which was presented to the authorities at World Vision Uganda. The researcher randomly selected staff to participate in the study from the staff lists obtained from HR. A self-administered questionnaire was used to collect information from staff . The researcher then purposively selected Directors and Heads of Departments to participate in the study. Interviews were used to obtain data from the

above mentioned top officers. After data collection, data was analyzed using SPSS; and this report written and submitted first to the supervisor and then to Uganda Martyrs University for review and defense.

3.12 Measurement of variables

Data on the respondent's views and opinions about internal control systems and service delivery was obtained using scaled variables from a self-administered questionnaire developed after review of related literature on the topic under investigation. A five point-Likert scale of 5= Strongly Agree, 4= Agree, 3= Not Sure, 2= Disagree and 1=Strongly Disagree was used to obtain the respondents' attitudinal disposition on the study variables.

3.13 Ethical considerations

The researcher ensured an ethical code of conduct when collecting data in such ways as seeking knowledge and permission of the management of WVU where the data and other information was collected from.

The researcher also informed most of the respondents of the intentions and purpose of the study that was being carried out so as to enable the respondents understand exactly what the information being collected and its purpose.

The researcher also ensured anonymity and confidentiality of all respondents in such ways as not requesting them to write their names on questionnaires, the respondents were not coerced into giving the information but were encouraged to participate in the study by building rapport with them.

3.14 Limitations and Solutions

For the research to be done well in the two regions reaching all respondents it was an expensive venture yet the researcher was constrained financially. However the researcher was determined to learn which caused her to use her savings during the time of travelling and coordinating to the two regions. Time constraint was yet be another challenge for the researcher to accomplish this study since the researcher had been denied leave at her work place due to new assignment. The solution to this was to travel over the weekend to the regional offices and meeting with the supervisor over the weekend and coordinate on phone. There was the challenge of many of the respondents not cooperating in filling out the questionnaires. This was solved by at least issuing out 120 questionnaires.

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

3.15 Conclusion

The above mentioned methodology and design were employed to guide the research and the conclusions made. Recommendations also were derived from this study to inform future research.

CHAPTER FOUR

DATA PRESENTATION AND DISCUSSION

4.1 Introduction

This chapter presents the results of the study on the Effect of internal control systems on service delivery in NGOs in Uganda, a case of WVU. The study findings are presented for the three specific objectives. Demographic characteristics and attitudinal disposition of WVU staff and WVU beneficiaries who participated in the study on internal control systems and service delivery are also presented in this chapter. Results on the effect of control environment on service delivery are presented in section 4.3, the effect of internal audit on service delivery is presented in section 4.4 while the effect of control activities on service delivery is presented in section 4.5.

4.2 Response Rate

The response rate also defined as completion rate in research refers to the number of people who answered the survey divided by the number of people in the sample. Therefore the response rate for the study was very good. Having issued total of 120 questionnaires, a total of 100 questionnaires were returned fully completely and fit for data analysis. The sample size was 100. The interview bookings made were 10 and only 3 people turned down the appointment. Hence the response rate was 97%. According to standard recommendation by Bradburn (1979) this was in the acceptable range.

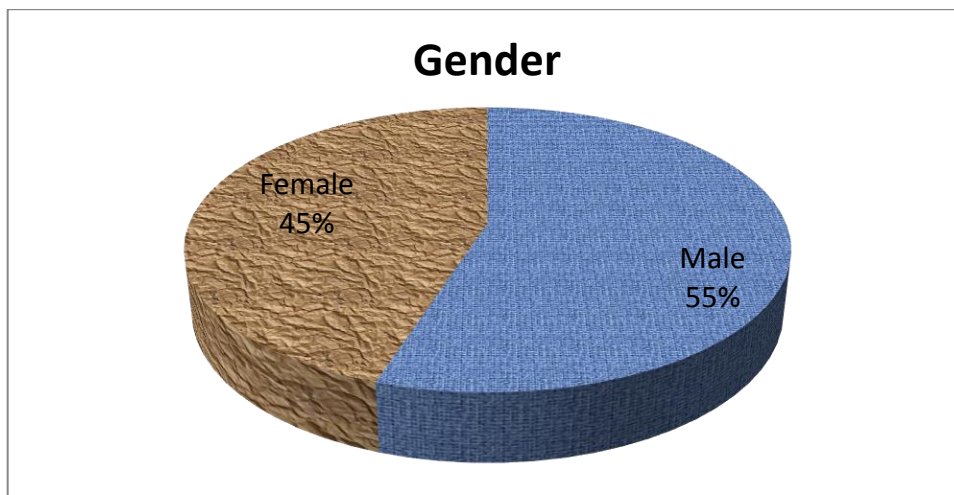
4.3 Demographic characteristics of WVU staff and Beneficiaries

Table 4.1. Gender of WVU staff and beneficiaries

Gender	Frequency	Percent (%)
Male	55	55.0
Female	45	45.0
Total	100	100.0

Also graphically presented in the pie chart below.

Figure 2 Gender of WVU staff and beneficiaries



It was found out that male members were slightly more (55%) compared to female members (45%). This implies that WVU is gender sensitive in recruiting its staff. WVU has made some progress to narrow gender gaps at work in which case; ILO's rights-based approach is promoted to improve decent and productive employment and income opportunities equally for both women and men. Despite significant progress in female labor force participation,

pervasive and persistent gender differences remain in productivity and earnings across different sectors and jobs. Particularly in developing world, women continue to form a large majority of the world’s working poor, earn less income, and are more often affected by long-term unemployment than men.

Table 4.2. Level of education of WVU staff and beneficiaries

Level of education	Frequency	Percent (%)
Certificate/diploma	31	31.0
Bachelor	53	53.0
Masters	15	15.0
PhD	1	1.0
Total	100	100.0

Most of staff at WVU have attained a bachelors degree (53%), followed by those with a diploma/certificate (31%), then (15%) have a Master degree and only 1% have a PHD. This implies that WVU staff comprises of professionals who are required to exhibit higher levels of competence and integrity in execution of their duties. With the intensity and scale of competition rising rapidly around the world, industry/organization increasingly wants to recruit work-ready employees. Businesses need workers who excel in quality service provision, innovation and leadership (Hall, et.al., 2009). There is a growing sense that there are no barriers to educational or professional mobility. This increasing mobility and the rapid

pace of change in particular roles or sectors are creating demand for a more flexible and adaptable employees.

Level of education of WVU staff and beneficiaries is graphically presented in the frequency table below.

Figure 3 Level of education of WVU staff and beneficiaries

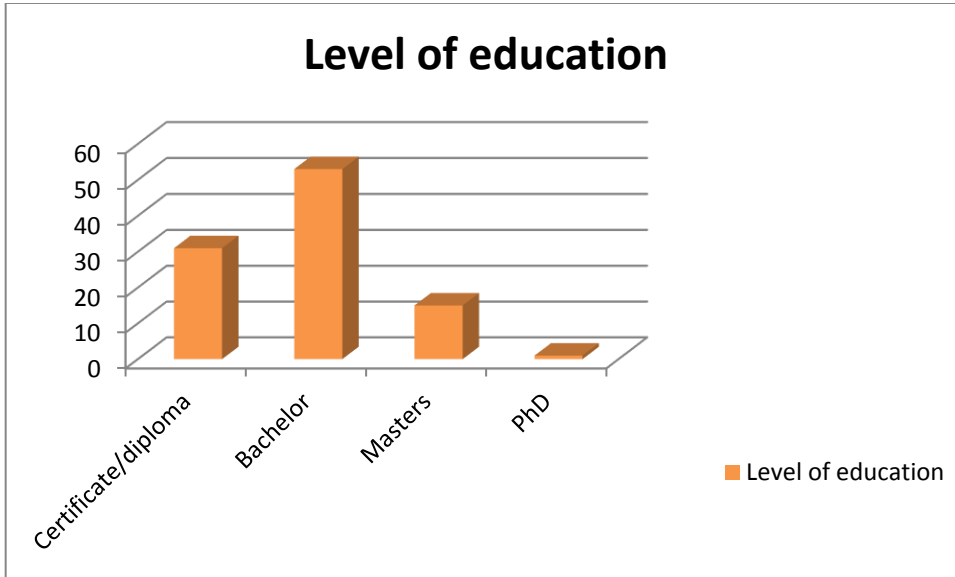
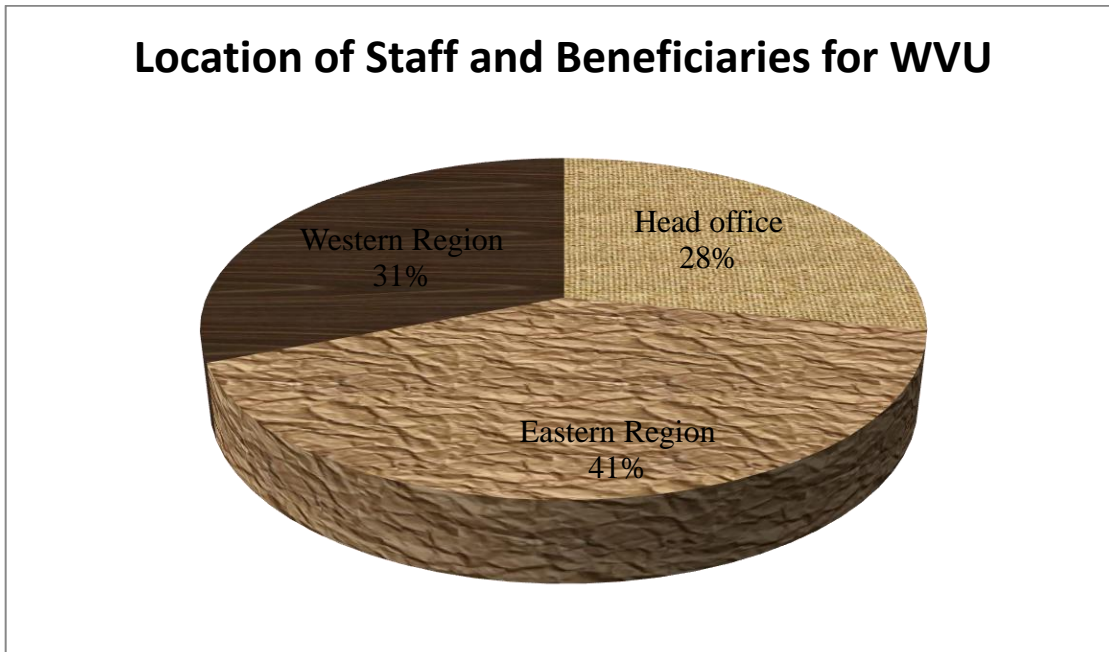


Table 4.3. Areas of operation of WVU staff and beneficiaries

Region of office	Frequency	Percent (%)
Head office	28	28.0
Eastern Region	41	41.0
Western Region	31	31.0
Total	100	100.0

Also the operational areas or regions where the respondents were located is presented in the pie chart below

Figure 4 Operational areas or regions



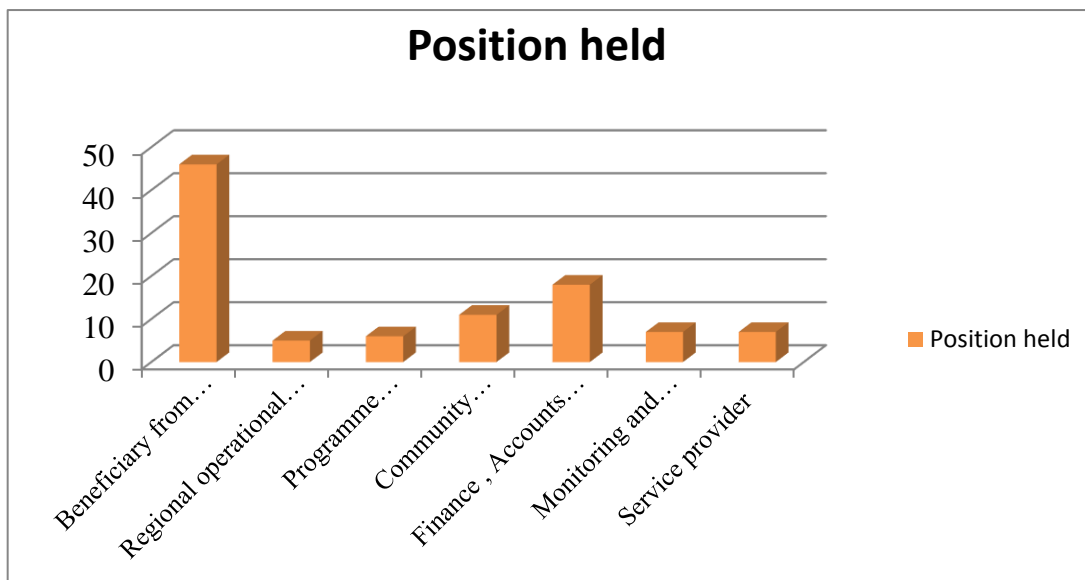
The study was conducted among WVU staff from Eastern region (41%), western region (31%) and head office (28%). Major study was in the field offices, that is, Hoima regional office for Western Uganda and Mbale Regional office for Eastern Uganda where WVU implementation is intense.

Table 4.4. Position held in WVU

Position held	Frequency	Percent (%)
Beneficiary from WVU programmes	46	46.0
Regional operational management staff	5	5.0
Programme management staff	6	6.0
Community development staff	11	11.0
Finance , Accounts and audit staff	18	18.0
Monitoring and evaluation staff	7	7.0
Service provider	7	7.0
Total	100	100.0

Graphical presentation for position Held at WVU

Figure 5 Position Held at WVU



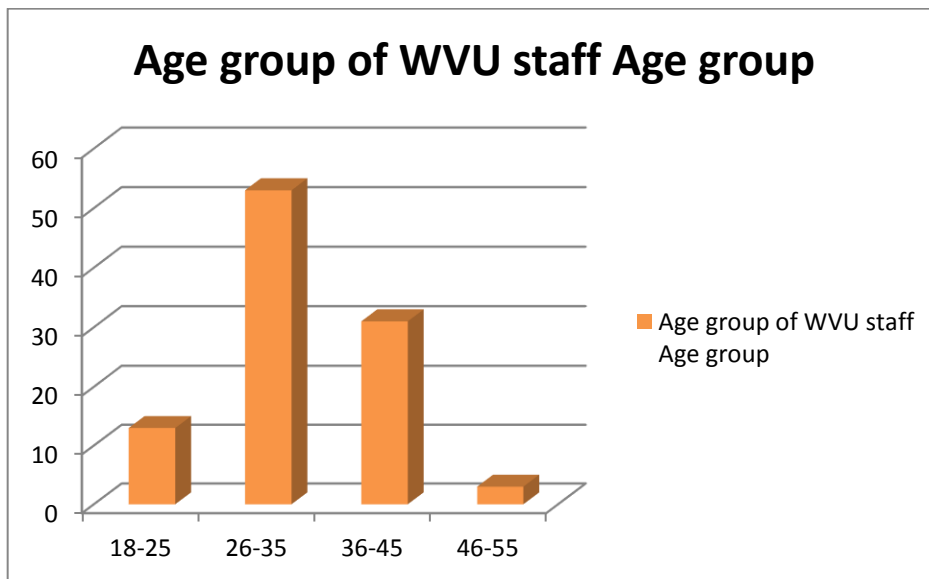
The results revealed that beneficiaries were 46 instead of 50 that were selected due to out lairs effect. Staff included 5 regional operational management, 6 programme management, 11 community development staff, 18 finance and accounts staff, 7 monitoring and evaluation staff and 7 service providers.

Table 4.5. Age group of WVU staff and beneficiaries

Age group	Frequency	Percent (%)
18-25	13	13.0
26-35	53	53.0
36-45	31	31.0
46-55	3	3.0
Total	100	100.0

Below is graphical representation of Age groups of WVU staff and beneficiaries

Figure 6 Age groups of WVU staff and beneficiaries



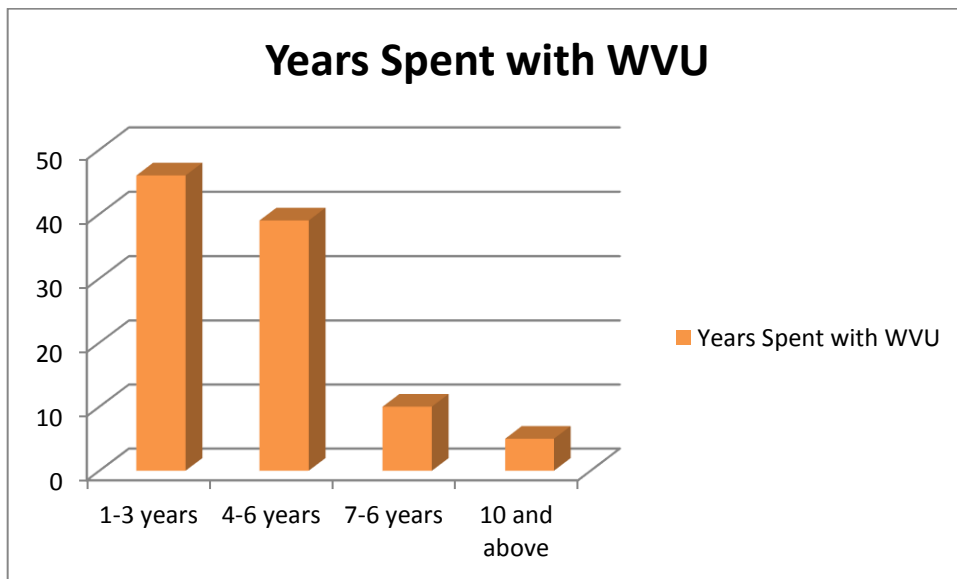
It was also found out that most staff at WVU are between the ages of 26-35 years old (53%), 31% are between 36-45 years old, while 13% are between 18-25 years old and only 3% are between 46-55 years old. This implies that the youth who are vibrant and energetic dominate WVU staff.

Table 4.6. Time period spent by staff and beneficiaries at WVU

Period spent at WVU	Frequency	Percent (%)
1-3 years	46	46.0
4-6 years	39	39.0
7-6 years	10	10.0
10 and above	5	5.0
Total	100	100.0

Below is graphical presentation of time spent at WVU

Figure 7 Years spent at WVU



Results of the study also indicated that most of the members of WVU staff have been there for a period of 1-3 years (46%), followed by staff that have been there for 4-6 years (39%), 10% of the staff have been at WVU for 7-10 years and only 5% have been there for more than 10 years as presented in Table 4.1 below. This implies that WVU changes staff more often. Assessing organizational and employee readiness for change necessitates considering the timing of company programs, the speed of the plan, its duration, and the workforce's knowledge, skills, and abilities to implement the approaching change. All of these factors can be considered the "hard issues" of change management which, if ignored, can lead to the premature breakdown of transformation programs (Sirkin et. al. 2005).

4.4 Attitudinal disposition of respondents at WVU on internal control system and service delivery

This section presents the respondents' opinion towards internal control system and service delivery in WVU. The descriptive statistics indicated the mean and Standard Deviation of responses basing on a five point-Likert scale of 5= Strongly Agree, 4= Agree, 3= Not Sure, 2= Disagree and 1=Strongly Disagree to obtain the respondents' attitudinal disposition on the study variables. The study variables considered include systems that represent control environment, internal audit, control activities and service delivery in WVU. For the purposes of interpretation of data and analysis the scale put in range one 0.9.

4.4.1 Respondents' opinion on control environment in WVU

Control environment in WVU is represented by variables which include the existence of an accounting and financial management system, commitment by management to operate systems in place, close monitoring in implementation of internal control systems, provision of

feedback to field workers, measures to correct problems in accounting and finance management system and great degree of integrity among the management.

Table 4.7. Attitudinal disposition of WVU respondents on control environment

Control environment	N	Minimum	Maximum	Mean	Std. Deviation
WVU has an accounting and financial management system that is being used	100	1	5	4.30	.798
Management is committed to operate all systems	100	1	5	4.04	.737
Management closely monitors implementation of internal control systems	100	1	5	3.93	.807
Management provides feedback to all fieldworkers	100	1	5	3.76	.922
Appropriate measures are taken to correct problems in accounting and finance management systems	100	1	5	3.64	.940
Management works with great degree of integrity	100	1	5	3.83	.888

The study findings revealed that, respondents agree in the existence of accounting and financial management system (mean=4.3, Std. Deviation=0.798) and they agree with commitment by management to operate systems in place (mean= 4.04, Std. Deviation=0.737). WVU majority of the respondents were neutral to the extent that there is close monitoring in implementation of internal control systems (mean=3.9, Std. Deviation=0.807) and the great degree of integrity among the management (mean=3.83, Std. Deviation=0.888).

The study also indicated that some members of WVU respondents are not sure about provision of feedback to all field workers by management (mean=3.76, Std. Deviation=0.922) and the measures taken to correct problems in accounting and finance management systems (3.64, Std. Deviation=0.94). This is presented by attitudinal disposition of WVU respondents in Table 4.7 above.

4.4.2. Respondents' opinion on internal audit in WVU

Internal audit in this study is depicted in the presence of an internal audit department in WVU, competent staff in internal audit department, staff that conducts regular audit activities, internal audit which addresses weakness in internal control system, regular internal audit reports, management which discusses internal audit report with all staff. The attitudinal disposition of respondents is presented in Table 4.8 below.

Table 4.8. Attitudinal disposition of WVU respondents on internal audit

Internal audit parameters	N	Minim um	Maxi mum	Mean	Std. Deviation
WVU has an internal audit department	100	1	5	4.43	.807
Internal audit department has competent staff	100	1	5	3.88	.879
Internal audit department conduct regular audits	100	1	5	3.79	.902
Internal audit report addresses weaknesses in internal controls	100	1	5	3.75	.796
Internal audit reports are produced regularly	100	1	5	3.63	.837
Management discusses internal audit reports often	100	1	5	3.50	.859
Internal audit makes recommendations for management to improve	100	1	5	3.96	.751
Audit department visits areas of operation regularly	100	1	5	3.55	1.067
Internal audit issues regional audit report	100	1	5	3.48	.959
Internal audit department is independent from management	100	2	5	3.95	.757

The study revealed that the respondents agree that WVU has an internal audit department

(mean=4.43, Std. Deviation=0.807) and that internal audit department is independent from management (mean=3.95, Std. Deviation=0.757).

The study also revealed that respondents are neutral to some extent that the internal audit department at WVU has competent staff (mean=3.88, Std. Deviation=0.879), that internal audit department conducts regular audits (mean=3.79, Std. Deviation=0.902) and that audit reports address weaknesses in internal controls (mean=3.75, Std. Deviation=0.796).

However, the study also found out that respondents at WVU are not sure whether management discusses internal audit reports with all staff (mean=3.5, Std. Deviation=0.859) and whether internal audit issues regional audit reports regularly (mean=3.48, Std. Deviation=0.959)

The key observation from the study is that WVU has internal audit department with competent staff and they believe that it addresses weaknesses in internal controls. Internal audit is done in WVU to conduct reviews of financial transactions on a regular basis to inform management about effectiveness of their control systems in relation to the nature of risk involved. This is in line with Gregg et al. (2005), who observed that the audit function usually has more training and expertise to map organization's information flow and suggest where separation of duties is important. For daily operational purposes, internal audit seeks compliance to review user access rights to address issues concerning separation of duties.

Another observation of the study indicated uncertainty among WVU staff on how internal audit works and most specifically on whether management discusses internal audit reports with all staff and if internal audit issues regional audit reports regularly. This is consistent with the findings of Ngwenya (2013) who noted that managers in higher positions are more aware of policy issues, that directors are more aware of organization procedures as compared to

administrators. However, this contradicts the findings of IFAC (2012) who noted that management should ensure that regular communication takes place at all levels within the organization to ensure that the internal control principles are fully understood and correctly applied by all staff.

4.4.3 Respondents' opinion on control activities

Control activities in WVU is represented by clear separation of roles, supervision by senior staff on junior staff, training of staff to implement accounting and financial management system, well-developed chart of accounts, restricted access to all information by one individual without consent from senior staff and budget reviews for projects as presented in table 4.9 below.

Table 4.9. Attitudinal disposition of WVU respondents on control activities

Control activities	N	Mini mum	Maxi mum	Mean	Std. Deviation
WVU has clear separation of roles	100	1	5	4.30	.847
Every employee's work is checked by another staff	100	1	5	3.80	.816
Senior staff supervise the junior staff appropriately	100	1	5	4.04	.751
Action is taken to address weaknesses in internal controls	100	2	5	3.97	.703
Staff are trained to implement the accounting system	100	2	5	3.98	.738
WVU has well developed chart of accounts	100	1	5	4.13	.884
Information on computers of WVU is accessed by a password	100	1	5	3.51	1.049
For one staff to have access to valuable information there should be consent of senior staff	100	1	5	4.13	1.012
Projects have budget reviews	100	2	5	4.06	.736

Results of the study revealed that WVU respondents agree there is clear separation of roles in WVU (mean=4.3, Std. Deviation=0.847). Separation of duties in WVU is a classic security method that manages conflict of interest and fraud. It restricts the amount of power held by any one individual. According to Gregg et al. (2005), in order to identify all separation of duties, there is need to create an information flow diagram for every function within each area of the organization.

Respondents at WVU also agree that there are well developed chart of accounts in WVU (mean=4.13, Std. Deviation=0.884). WVU's chart of accounts categorizes the organization's accounts and classifies all transactions according to the accounts they affect. According to Wilkinson (2013) the chart of accounts list of categories include assets, liabilities, owner's equity, revenues, operating expenses, cost of goods sold and other relevant accounts. Findings of this study further indicated that WVU respondents agree that there are budget reviews for projects where actual expenditure is compared to budgeted expenditure (mean=4.06, Std. Deviation =0.736).

The study also revealed that WVU respondents agree with supervision by senior staff on junior staff (mean=4.04, Std. Deviation=0.751). WVU staff also agree that they are trained to implement accounting and financial management systems (mean=3.98, Std. Deviation=0.738). Staff at WVU receive good quality information which can enable them to focus their effort on delivering services. This is consistent with Cammack (2013) who noted that with the growth of NGOs in terms of funding and functions, there is growing concern with issues of organizational development and capacity building while adhering to accountability.

The study also revealed that WVU restricts access to valuable information by one individual without consent from senior staff (mean=4.13, Std. Deviation=1.012). WVU ensures that approval of transactions is undertaken by responsible officials within regulatory limits, that is, all financial transactions go through authorization or approval of an appropriate responsible person, and there is an authorization limit to how much spending each responsible person can approve. According to DengmeiJie et al. (2011), transactions are entered into only when there is authorization by the appropriate individual, and that each transaction conforms to the terms of its authority in order to safeguard the assets of an organization.

4.4.4. Respondents' opinion on service delivery

Service delivery in WVU is measured by the quality of services and timely services provided as presented in Table 4.10 below.

Table 4.10. Attitudinal disposition of WVU respondents on service delivery					
Service delivery	N	Mini mum	Maxi mum	Mea n	Std. Deviatio n
Services are prompt	100	1	5	4.05	.880
Employees are available to answer concerns	100	1	5	4.09	.683
Services are exactly what beneficiaries need	100	2	5	3.84	.838
Services offered are consistent	100	1	5	3.60	.985
Employees are respectful	100	2	5	4.16	.707
Employees address all special needs for beneficiaries	100	1	5	4.06	.851
Employees give personal attention to beneficiaries	100	2	5	3.97	.658
Beneficiaries easily access assistance	100	1	5	3.86	.792
Quality of information delivered is high	100	1	5	4.13	.800
queries are dealt with in a timely manner	100	2	5	3.74	.883
Controls by WVU do not compromise the quality of service delivery	100	2	5	3.77	.839
WVU minds about effectiveness and efficiency	100	3	5	4.34	.590
Budget under spending in WVU is due to strict controls	100	1	5	3.47	.969
Budget under spending in WVU is due to limited capacity to utilize budgets	100	1	5	2.78	1.160
Services are provided in time	100	1	5	3.98	.932

Findings of the study revealed, among others, that WVU respondents agree that services provided are prompt (mean=4.05, Std. Deviation=0.88), employees are respectful (mean=4.16,

Std. Deviation=0.707), employees also address all special needs for beneficiaries (mean=4.06, Std. Deviation=0.851) and they are always available to answer beneficiaries' concerns (mean=4.09, Std. Deviation=0.683). The study further revealed that WVU respondents agree with the efficiency and effectiveness in WVU operations (mean=4.34, Std. Deviation=0.59). They also agree that the quality of information delivered is high (mean=4.13, Std. Deviation=0.800)

However, the study also found out that WVU respondents are not sure whether budget under spending in WVU is due to limited capacity to utilize budgets (mean=2.78, Std. Deviation=1.16) nor due to strict controls (mean=3.47, Std. Deviation=0.969).

4.5 Effect of Internal Control Systems on service delivery

4.5.1 Effect of control environment on service delivery in WVU

Table 4.11 Correlations between control environment and service delivery

		Service delivery	Control environment
Service delivery	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	100	
Control environment	Pearson Correlation	.390**	1
	Sig. (2-tailed)	.000	
	N	100	100

** . Correlation is significant at the 0.01 level (2tailed).

The results of Pearson's correlation indicate a positive relationship between control environment and service delivery (r =0.390 at 0.01 probability level). This implies that any improvement in control environment system increases service delivery by 39%. This is in line

with the findings of Messier et al. (2008) who observed that positive control environment is the foundation for all other standards. It provides discipline and structure as well as the climate which affects the quality of service delivery.

Another key observation is that the relationship which exists between control environment and service delivery is weak as indicated by weak correlation coefficient ($r=0.39$). This is explained by findings of Ngwenya (2013) who noted that weaknesses in the implementation of internal control aspects in the organization's operations may be due to lack of procedure in execution by those in position of responsibility or lax in following laid down procedures.

4.5.2 Effect internal audit on service delivery in WVU

Table 4.12 Correlations between internal audit and service delivery

		Service delivery	Internal audit
Service delivery	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	100	
Internal audit	Pearson Correlation	.127	1
	Sig. (2-tailed)	.209	
	N	100	100

Pearson's correlation coefficient indicates that, significant relationship between internal audit and service delivery although its weaker than the control environment and control activities. Chenhall et al. (2010) noted that, the approach is relatively new and is sometimes conflicting with customary informal processes that have been applied in NGOs. Apparently NGOs face increasing pressure to demonstrate service delivery in cost efficient ways which creates

tension over delivering welfare while operating within the constraints of cost management. Additionally, internal audit review and reporting always create fear in employees as they go about their work and can even slow down project spending.

4.5.3 Effect of control environment on service delivery in WV

Table 4.13 Correlations between control activities and service delivery

		Service delivery	Control activities
Service delivery	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	100	
Control activities	Pearson Correlation	.451**	1
	Sig. (2-tailed)	.000	
	N	100	100

** . Correlation is significant at the 0.01 level (2-tailed).

The results of Pearson’s correlation indicate a positive relationship between control activities and service delivery ($r = 0.451$ at 0.01 probability level). This implies that, an increase in control activities increase service delivery by 45.1%. This is consistent with the findings of Chenhall et al. (2010) who noted that the application of management control systems has the potential to help in service delivery. When employees are aware of their responsibilities, lines of authority and reporting it prevents errors and fraud which are more likely when there is uncertainty on levels of responsibility (Ngwenya, 2013; IIA, 2009).

4.6 Regression Analysis

The coefficient of determination was carried out to measure how well statistical model was likely to predict the outcome.

Table 4.14 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.512 ^a	.262	.239	.35718

a. Predictors: (Constant), control activities, internal audit, control environment

From the findings in the above table the value of adjusted R squared (co-efficient of determination) was .239 an indication that the combined effect of the three independent variables is 23.9% on the dependent. This model summary shows the combined effect all the three independent variables on dependent variable (Service delivery) where the Adjusted R Square level of significance was determined using the R-square for variables with a $p < 0.05$ associated with its regression coefficient. Regression analysis revealed that there are significant relationships between internal control systems and service delivery where $P < 0.05$.

The R-square, which measured goodness of fit of the model was typically low in this analysis (R-square = 0.262 which is below 0.5). This could not be avoided because service delivery is influenced by a wide range of factors, which were missing in this analysis (Sykes, 1981). Ngwenya (2013) also noted that, weaknesses in the implementation of internal control aspects in the organization's operations may be due to lack of procedure in execution by those in position of responsibility or lax in following laid down procedures. The study is also

consistent with the findings of Yang et al. (2009) who confirm that, to ensure efficiency of internal controls, managers have to pay attention to the operation of internal controls. Managers should ensure that internal controls are used to support NGOs in achieving their objectives. Thus, though the model in this study cannot claim to provide the whole picture on service delivery, it provides some critical insight on predicting its effectiveness on service delivery in many cases.

To further access the individual effect of each independent variable had on the dependent variable the table below was done to show the break down.

Table 4.15 Regression coefficients between internal control systems and service delivery

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	F
	B	Std. Error	Beta			
1 (Constant)	2.630	.308		8.542	.000	11.363
Control environment	.158	.068	.261	2.315	.023	
Internal audit	-.173	.082	-.229	-2.121	.037	
Control activities	.337	.092	.420	3.665	.000	

a. Dependent Variable: service delivery

The study revealed that control environment positively affects service delivery with standardized coefficient beta value of 0.261 and the relationship is statistically significant at $p = 0.023$. There is also a positive effect of control activities on service delivery with standardized coefficient Beta of .420 and it is significant at $p = .000$. This p-value can be explained by Sykes, (1981) who noted that the variance of the noise term affects the degree of confidence resulting in the accuracy of regression estimates. In real applications, the noise term is unobservable, as is the distribution from which it is drawn. However, the variance of the noise term can be estimated using “estimated error”. Consequently, the estimated parameters become considerably closer to their true values. The study however, indicated that internal audit negatively affects service delivery with standardized coefficient beta value of -0.229 and $p = 0.037$. This clearly confirms that a good internal control system with a good internal audit department if not properly utilized will hinder service delivery. The results on the standardized coefficients re-enforce the correlations established under the correlation analysis above.

4.8 Conclusion

In this chapter the major highlights were that correlation and multiple regression analysis were conducted to examine the effect of internal control systems on service delivery in NGOs case in point being World Vision. Tables and discussions summarizing descriptive statistics and analysis results present and as can be seen in the chapter there is a significant relationship between internal control systems and service delivery. The negative relation between internal audit and service delivery has also been supported by literature.

As far as WVU is concerned, the study found out that WVU has a sound control environment, and that most respondents agree with the existence of an accounting and financial management system (mean=4.3, Std. Deviation=0.798) and commitment by management to operate systems in place (mean= 4.04, Std. Deviation=0.737). Respondents agree to some extent that there is close monitoring in implementation of internal control systems and great degree of integrity among the management. However, they are not sure about provision of feedback to field workers and measures to taken to correct problems in accounting and finance management system. WVU has internal audit department (mean=4.43, Std. Deviation=0.807) which is independent from management (mean=3.95, Std. Deviation=0.757) and that it addresses weaknesses in internal controls. However, some respondents are not sure of how internal audit works and most specifically on whether management discusses internal audit reports with all staff (mean=3.5, Std. Deviation=0.859) and whether staff conducts internal audit activities regularly (mean=3.75, Std. Deviation=0.796). Findings showed that respondents of WVU strongly agree that there are control activities in WVU ie clear separation of roles (mean=4.3, Std. Deviation=0.847), supervision by senior staff on junior staff (mean=4.13, Std. Deviation=0.884). The study also revealed that WVU restricts access to valuable information by one individual without consent from senior staff (mean=4.13, Std. Deviation=1.012), there is training of staff to implement accounting and financial management system and staff also agree that there are well-developed chart of accounts.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings, the conclusions made from the study and the recommendations made from both the study findings and relevant literature considered important in informing even future studies.

5.2 Summary of findings

This part presents summarized results and interpretation/ findings based on the study individual objectives that were set at the beginning of the study.

5.2.1 Existence and functionality of Internal Control Systems

The study found out that indeed internal control systems exist and management is committed to implementing these internal controls in World Vision Uganda. The study also revealed that the organization has a strategic direction which is spear headed at the top by the top management. All staff are made aware of this direction and all efforts combined to achieve it while observing the process and procedures in place.

Furthermore, from the findings a system of effective internal controls is a critical component of company management and a foundation for the safe and sound operation of organizations. However, ineffective internal controls result in ineffective programs and eventually leading to losses or failure of projects. This is the message that seems to be sent across the entire organization to try to fight incidences of internal control weaknesses, unsatisfactory and deteriorating service delivery so as to avoid undesired effect of not only weakening the

organization's ability to effectively deliver the services but also encourages collusion, fraud, embezzlements, loss of cash, assets conversion, corruption, lack of transparency and accountability for funds given and other assets.

5.2.2 Effect of Internal Control Systems on service Delivery

The study examined and established a significant relationship between Internal Control systems and Service delivery. This relationship was established to be strongest with Control activities, then Control environment and weak with internal audit on service delivery.

Concerning the control environment, Correlation coefficients revealed that control environment systems positively affect service delivery ($r = 0.390$). Findings further indicate that Internal Audit, correlation coefficients indicate significant relationship between the internal audit and service delivery ($r = 0.123$) though the relationship is stronger for the other indicators compared to internal audit. Finally the study findings indicate that Control Activities have strongest correlation coefficients indicate that there is a significant relationship between control activities and service delivery ($r = 0.451$).

5.2.3 Conclusions

From the findings it can be concluded that the WVU has strong internal control system in place with strong internal audit department, strong control environment with management setting the tune at the top and control activities are also in place. However during implementation especially internal audit processes end up slowing service delivery hence negatively affect it. In general whereas most NGOs in Uganda have strong internal control systems, when it comes to implementation, some staff are not aware of these internal controls

in place possibly because they are not sure of these operations due to limited interaction between the top management and operations staff.

There is a positive effect of internal control systems specifically control environment and control activities on service delivery in NGOs, a case seen in WVU. This implies that with properly implemented internal control systems in place, there is an improvement in service delivery. The controls in internal audit have been taken so strongly that, in the end, employees don't deliver at all because they feel limited by these controls. This implies that NGOs like WVU staff face increasing pressure to demonstrate service delivery in cost efficient ways which creates tension over delivering welfare while operating within the constraints of cost management.

Finally, the study findings concluded that internal control systems have a significant effect on service delivery in NGOs.

5.3 Recommendations

Organizations like WVU are highly recommended to keep information and communication channels open and intentional giving feed back to staff especially the service delivery on audit findings and any changes in the internal control systems.

There is need for mentoring to boost service delivery. This should be aimed at introducing the knowledge of internal controls to all staff members. This can be done by bridging the gap between those who are in high positions and responsible for setting the controls and the staff in lower positions.

NGOs should have sound personnel policies relating to hiring, orienting, training, evaluating, counseling, promoting, compensating and taking remedial action. In order to achieve the above targets, the management of NGOs like World Vision Uganda must adopt measures to

ensure that available resources are prudently used to obtain value for money from resources allocated to them.

Management in turn should generate operational data with which they evaluate the efficiency and effectiveness of their operation and in anyway Internal Control Systems should not be made so complicated to present bottle necks to service delivery. It is a fundamental aspect of management stewardship responsibility to provide interested parties with reasonable assurance that their organization is effectively controlled and that the information they receive is accurate and dependable.

It should be a requirement for all board of directors to have experience and exposure to determine the strategic direction of the organization, to play an excellent supervisory role and have enough time for organization's affairs. This will strengthen the effect of internal control systems on service delivery by making sure that the procedures laid down are followed.

For situations where the integrity and ethical values of personnel who create and administer controls has overridden internal control systems there should be need for external audits to be done. This should be done to control fraud, corruption and embezzlement of funds for managers in higher positions and also smoothens service delivery.

Some controls have been taken so strongly that in the end employees don't deliver at all because they feel limited by internal controls. Emphasis should be put on training and empowering staff with financial management and accounting skills.

It is recommended that continuous monitoring should be done to compare the effects of internal control systems and external factors that have effect on service delivery in NGOs. This continuous monitoring and evaluation will surely bring to knowledge any fouls that can crop up without noticing.

5.4 Suggestions for further research

1. The effects of internal control procedures on service delivery especially customer satisfaction in NGOs.
2. Corporate governance and service delivery in NGOs.
3. The relationship between budget utilization and service delivery in NGOs.

References

ACCA (2009/2010) **Advanced Audit and Assurance**, Kaplan Publishing

ACCA- Audit and Assurance Services Text book

ACCA Text Books (1998). **Managerial Finance**. AT. Foulks Lynch.

Adams, M. B. (1994), 'Agency theory and the internal audit', *Managerial Auditing Journal*

Amin, M.E (2005). *Social Science Research: Conception, Methodology and Analysis*.
Kampala: Makerere University Printers.

Anderson, R., H. (2000). "Improving staff members". *Journal of Education Psychology*. Vol.1 No.4, pp 22 – 34.

Basheka, B. (2004). **Procurement Planning and Local Governance in Uganda: A Factor Analysis Approach. Organization: Uganda Management institute.**

B.K. Sebbowa Bamweyana, (2009), **the role of internal audit function in organizations**

Boakye-Bonsu, V., (1997). **Developing internal Audit Approach**, Vol. 5, No. 6,

Cox,A.(2000). **Funding Agency Contribution to Education for all. London: Oxford publishers.**

Curtis C. Verschoor. (1999) **Corporate Performance is Closely Linked to a Strong Ethical**

David Mwindi (2008)**Auditing**

Dittenhofer, M. (2001). **Internal Auditing Effectiveness**. Vol. 16, No.10,

Goodwin-Stewart, J. & Kent, P. (2006), 'The use of internal audit by Australian companies',
Managerial Auditing Journal,

Maitin, T.P. (1994). **Audit Management** (1st ed.). South Asia Publication.

Millichamp, A.H. (1993). **Auditing** (6th ed.).

Mugenda, O.M & Mugenda, A.G (1999). Research methods; Qualitative and quantitative approaches. Nairobi: ACTS Publishers.

Oso, W.Y., and Onen, D., (2008). A general guide to writing research proposal and report: a hand book for beginning researchers 2nd edition. Kampala: Makerere University Printery

O. Ray Whittington & Kurt Pany (2001). **Principles of Auditing and Other Assurance Services.**

Reid, K. & Ashelby, D. (2002). **The Swansea Internal Quality Audit Processes Quality Assurance in Education.** Vol. 10,

Sarens, G. & De Beelde, I. (2006b), 'The relationship between internal audit and senior management: an analysis of expectations and perceptions', **International Journal of Auditing**

Sekaran, U. (2003). **Research methods for business: a skill building approach.** (4th ed).New Jersey: John Wiley & sons, Inc.

Stephen Emasu (2007) **Public Financial Management – Concepts & Practices**

Subramaniam, N. (2006). **International Journal of Auditing.** Vol. 10

Watts, H. (1999). **A Conceptual Framework to Financial Reports and Internal Audits.** Vol. 20,Pp. 753-778.

Woolf, E. (1992). **Auditing Today** (3rd ed.). Prentice Hall International (UK) Ltd.

Committee of Sponsoring Organizations of the Treadway Commission (COSO);(1985, 1992, 2005, 2012). Internal Control over External Financial Reporting: A Compendium of Approaches and Examples.

Groth, M. (2005). Customers as good soldiers: **Examining citizenship behaviors in internet service deliveries.** Journal of management: Vol.31, No.7. pp 5 - 34.

Hall, R., Play foot, J. (2009). **Effective Education for Employment: A global perspective.**

Hamed, A. (2009). **A clear Look at Internal Control: Theory and Concept.** Unpublished MBA Research Paper. University of Nairobi

Hongming, C and Yanan, S. (2012). **An Empirical Study on the Correlation between the Internal Control and Enterprise Value-Based on the Information System.**

James, S. (2005) **Collaborative service Delivery for Public Sector HLB Publications.**

Kaplan E and Schultz Y (2007). **The Effect of Social Confrontation on Individuals' intentions to Internally report fraud.** Behavioral Research in Accounting American Accounting Association Vol. 22, No. 2.

Keitany, J. L. (2000). **The Internal Audit Control Function and its Implication for Risk Assessment by the External Auditor: A Case of Quoted Companies.** Unpublished MBA Project Report, School of Business, University of Nairobi.

Magala, C. (2001). **Management of change in tertiary institutions: The case of Makerere University.** Makerere University: Unpublished MBA Dissertation

Matamande,et al (2012).**The effectiveness of internal controls in revenue management.** A case study of Zimbabwe Revenue Authority. University of Zimbabwe

Olumbe, C.O. (2012). **The relationship between Internal Controls and Corporate Governance in Commercial Banks in Kenya.** Unpublished Research Thesis. University of Nairobi.

Rossi, P. H. (1993). **Evolution; A Symmetric Approach.** Thousand Oaks, Calif: Sage Publications.

Samuel, P. (2004). **Report on Effective Service Delivery in Sub-Saharan Africa**
Conference Paper IMF, Washington DC

Samson,A.and Vincent,C.(2006).**Impact of the effective Internal Control System on the Internal Audit effectiveness at Local Government Level.** Journal of Social and Development Sciences. University of Ghana.

Simmons,M.(1997). COSO. **The framework of Internal Control:** A strategic Approach to Internal Audit.Article on Internal Audit.

Slanislav, K. (2006). **Tax Revenue Prediction under Condition of Perfect Control over Tax Collection Authority.** Journal of department of Business and Economics. Columbia University.

Sirkin, H. L., Keenan, P., & Jackson, A. (2005). **The Hard Side of Change Management .**
Harvard Business Review , 109 – 118

Sykes, A. O. (1981). **An Introduction to Regression Analysis.** A working Paper in Law and Economics. Chicago.

APPENDICES

Appendix One: Questionnaire:

Staff Members and beneficiaries of World Vision Questionnaire

Dear Respondent, My name is **Nuwomugizi Jascinta**; I am currently carrying out a study for the purpose of writing a dissertation as a requirement for the award of Master of Business Administration and Management of Uganda Martyrs University. The topic of study is

EFFECT OF INTERNAL CONTROL SYSTEMS ON SERVICE DELIVERY IN NON GOVERMENTAL ORGANIZATIONS IN UGANDA CASE STUDY OF WORLD VISION UGANDA

You have been selected to participate in this study due to the importance of your information in the study. The information you provide will only be used for the purpose of this study and will be treated with utmost confidentiality. Please feel free and answer all the questions truthfully.

Section A

RESPONDENT'S BACKGROUND

(Please tick or circle appropriately)

- a) Gender
 - 1. Male
 - 2. Female

- b) What is your highest level of education?
 - 1. Certificate/Diploma
 - 2. Bachelor

3. Masters

4. PhD

5. Other (Specify).....

c). What Region by location are you currently working in respect to World Vision Uganda?

1. Head Office Staff

2. Eastern Region

3. Western Region

4. Others (specify).....

d). What position do you currently hold in World Vision Uganda?

1. Beneficiary from WVU programmes

2. Regional Operational Management Staff

3. Programme Management staff

4. Community Development staff

5. Finance and Accounts staff

6. Monitoring and Evaluation Staff

7. Others (specify).....

e). In what age bracket do you fall? (Circle where appropriate)

1. 18-25

2. 26-35

3. 36-45

4. 46-55

5. 56+

f) For how long have you served or been a beneficiary in World Vision Uganda?

1. 1-3 years
2. 4-6 years
3. 7-10 years
4. 10+ years

To examine the effect of control environment on service delivery in World Vision Uganda

Please rank the following statement ranging from Strongly Disagree to Strongly Agree where;

- 1= Strongly Disagree
 2= Disagree
 3= Not sure
 4= Agree
 5= Strongly Agree

SECTION B CONTROL ENVIRONMENT	1	2	3	4	5
1. World Vision Uganda has an Accounting and Financial management system and is effectively being used					
2. Management is committed to the operation of all management systems in place.					
3. Management closely monitors implementation of Internal control systems in World Vision Uganda					
4. Management provides feedback to the all field workers about the operation of all systems					

5. Appropriate measures are taken to correct problems in operation of the Accounting & Finance Management System and other systems					
6. Management acts with a great degree of integrity in execution of their roles					
SECTION C INTERNAL AUDIT	1	2	3	4	5
1. World Vision Uganda has an internal audit department					
2. The internal audit is sufficiently staffed with competent staff					
3. Internal audit staff conduct regular audit activities in this region					
4. Internal audit report address weaknesses in internal control system					
5. Internal audit reports are produced regularly					
6. Management discusses internal audit reports frequently with all staff					
7. Internal auditor makes appropriate recommendations for management to improve					
8. Internal audit department visits our areas of operation regularly					
9. Internal audit Department issues regional audit reports regularly					
10. Internal audit department performs its duties with a greater					

degree of autonomy and independence from management					
SECTION D CONTROL ACTIVITIES	1	2	3	4	5
1. World Vision Uganda has clear separation of roles					
2. Every employee's work is checked on by another staff					
3. There is appropriate supervision by senior staff on the work of their juniors					
4. Corrective action is taken to address weaknesses in internal controls					
5. Staff are trained to implement the accounting and financial management system and other systems					
6. World Vision Uganda has a well-developed Chart of Accounts					
7. It is impossible for one staff to have access to all valuable information without the consent of senior staff					
8. The information on computers of World Vision Uganda is only accessed by people who have permission and use passwords					
9. Controls are in place to exclude incurring expenditure in excess allocated funds					
10. Projects have budget reviews where actual expenditure is compared with budgeted expenditure and explanations for the variances given					

--	--	--	--	--	--

SECTION E SERVICE DELIVERY

Quality of service	1	2	3	4	5
1. Services offered are very prompt					
2. Employees are readily available to answer questions and concerns					
3. Services or products received are exactly what beneficiaries needed in the way that would satisfy their needs					
4. Services offered are consistent every time there is need					
5. Employees are courteous and respectful					
6. Employees are ready to address any special needs that beneficiaries have					
7. Employees give us personal attention to beneficiaries					
8. When beneficiaries want assistance they easily access it					
9. Quality of Information delivered is high					
10. Beneficiaries queries are dealt with in a timely manner					
11. Whereas World Vision Uganda controls costs and expenditures this does not compromise the quality of service delivery					
12. World Vision Uganda minds a lot about effectiveness and efficiency in its operations					
13. The budget under spending seen in projects is as a result of					

World Vision Uganda being very cautious of internal controls in place by management					
14. The budget under spending seen in projects is as a result of World Vision Uganda not having capacity to utilize the budgets					
TIMELY SERVICES	1	2	3	4	5
1. Services are provided in time					
2. Staff are always available to provide the service					
3. Whenever there is a crisis staff members are always available					
4. World vision Uganda is quick to detect changes in community service preferences					
5. Where ever there are community complaints World Vision Uganda takes quick actions to address them					
6. World Vision Uganda periodically reviews the services they provide to their beneficiaries to ensure that they are in line with what the community wants					
7. World Vision Uganda is very responsive in the way it provides services to its beneficiaries					

Appendix Two: Interview Guide

Interview guide to Senior Management of World vision Uganda

Topic: Effect of internal control systems on service delivery in World Vision Uganda

Dear Respondent:

My name is **Nuwomugizi Jascinta**; I am currently carrying out a study for the purpose of writing a dissertation as a requirement for the award of Master of Business Administration and Management of Uganda Martyrs University. You have been selected to participate in this study due to the importance of your position in the Institution. The information you provide will only be used for the purpose of this study and will be treated with utmost confidentiality.

Kindly help me generate solutions to the following Questions:

1. What is your position in the organization?
2. Is your position considered a management or technical position in the organization?
3. In your opinion, does the organization operate systems of internal controls? If so how does your role support it?
4. What type of controls that do exist in this organization?
5. Are the systems of internal controls functioning as they are intended to?
6. How would you rate the reporting process in your organization?
7. Does management implement internal controls?
8. What are punitive actions against the culprits?
9. How is service delivery in this organization?
10. In your opinion, how would you rate the quality of services delivered by WVU?
11. Are services delivered in time? And if not why?
12. Do internal controls in your organization affect service delivery?
13. In your opinion what can be done to improve service delivery?