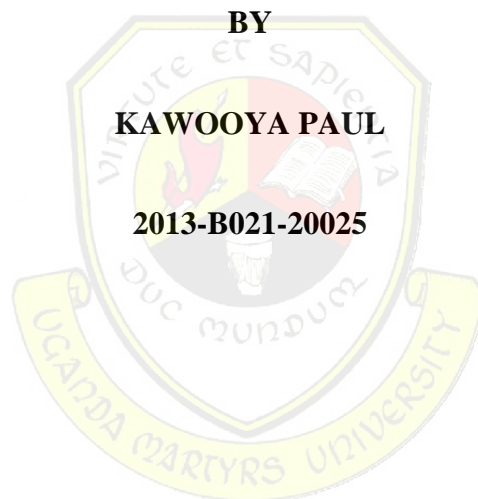


**THE EFFECTS OF INTERNAL CONTROL ACTIVITIES ON ORGANIZATION
PERFORMANCE**

A CASE STUDY OF ROOFINGS GROUP LIMITED LOCATED AT LUBOWA



**A RESEARCH REPORT SUBMITTED TO THE FACULTY OF BUSINESS
ADMINISTRATION AND MANAGEMENT IN PARTIAL FULLFILLMENT OF THE
REQUIREMENT FOR THE AWARD OF BACHELORS DEGREE IN BUSINESS
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ABBREVIATIONS

ICS	internal control systems
SPSS	Statistic package for social scientists
SAQ	Self administered questionnaire

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ABSTRACT

The purpose of the study was to establish the effects between internal control activities and organization performance. It was guided by three objectives such as to find out the effects of segregation of duties in performance of Roofing's Group Limited. To find out the effects of approval and authorization on performance at Roofing's Group Limited and identify the effects of security of assets on performance of Roofing's Group Limited.

The study used descriptive research design, collected data using a questionnaire and during the data collection, stratified sampling method was used. Both qualitative and quantitative were to analyze data as a sample of 80 respondents from a population of 100 were selected at Roofing's Group Limited And used SPSS soft ware for analysis of data

The study further more established that internal control activities carried out at Roofing's Group Limited include segregation of duties like signing cheques, documents, receipts, verification, stamping and authorizing use of company assets, authorization and approval that involved signing contracts with suppliers from abroad, authorizing sale of company goods like iron sheets that involved activities like providing a mechanism to truck and safe guard assets.

The study recommended also established that there is a relationship between internal control activities and performance of Roofing's Group Limited through the roles it provides such as curbing fraud, reducing errors, enabling effective utilization of assets and reducing the level of collusion among employees to committee. The study advised Roofing's Group Limited to adopt more of the internal control activities that were not mentioned in the research like reconciliations further areas of study like effect of budgetary control on performance and performance of Roofing's group limited

DEFINITION OF KEY CONCEPTS

Internal control activities are defined as policies and procedures for assuring achievement of organization objectives in operational efficiency and effectiveness

Internal controls consist of the measures like segregation of duties approval and authorizations, security of assets that are taken by the organization for protecting its resources against wastage , fraud and efficiency, ensuring accuracy and reliability of accounting and operating data and compliance with policies of the organization according

Organization performance refers to the activities involved in accomplishing of a tasks and duties by Encarta 2007 Microsoft Corporation

Organizational Performance involves three specific areas of the firm's outcomes that are financial performance, which includes profits, returns on assets and returns on investment, Product market performance and shareholders' returns, which include economic value added

CHAPTER ONE: GENERAL INTRODUCTION

1.1 Introduction

This chapter presents the content scope which is the of internal controls on organization performance of Roofing's group limited .problem statement, objectives of study research ,research questions geographical scope, time scope, justification of the study and significance of study.

1.2 Back ground of the study

Internal control activities are process for assuring achievements of organizations objectives in operational effectiveness and efficiency reliable financial reporting and compliance with laws regulations and policies according to Treba, (2013)

Internal control activities are the methods employed to help to ensure the achievement of an Objective.

Internal control activities are policies, procedures practices and organizational structures implemented to provide reasonable assurance than organization business activities are achieved and undesired risk events are prevented or detected based on compliance or management initiated concerns.

A system of effective system of internal control activities is a critical component of company management and a foundation for the safe and sand operation of the company. Proper internal control activities can help to ensure that the goals and objectives of the organization are met, achieve long tern profitability targets and maintain reliable financial and managerial reporting.

Internal are the pillar of an efficient operation system in most of the organizations .Internal control activities are crucial in overcoming corruption, fraud and its risks that are associated with it.

Awe, (2005) The institute of chartered accountants of England and Wales (ICAEW) defined internal control activities as policies and procedures established by management in order to carry on the business of an enterprise in order to carry on the duties in an orderly and efficient manner, to ensure a difference to management policies, safeguard the assets and ensure completeness and accuracy of the company records.

Good internal control activities ensure that transactions are valid, properly authorized recorded properly valued, classified reconciled to subsidiary records and not carried through a single employee Adeyemo kingslet A, (2012)

Organizations established systems of internal control activities to help them achieve performance and organizational goals, prevent loss of resources, enable production of reliable reports and ensure compliance with laws and regulations.

Internal control activities are processes designed and affected by those charged with government management and other personnel to provide reasonable assurance about the achievements of an entity's objectives with regard to reliability of the financial reporting, effectiveness and compliance with applicable laws and regulations Mwindi (2008).

Internal controls activities refer to the measure institute by an organization so as to ensure attainment of the entity's objectives goals and missions. They are a set of policies and procedures adopted by on entity in ensuring that on organizations transactions are processed in the appropriate manner to a void waste theft, and misuse of organization resources.

Management should put controls in place since they link they planning that determines whether activities are on going toward the achievement of goals and accomplishment of objective.

Good win (2003) goes ahead to state that performance comprises of the actual output or results of an organization measured against its intended out puts or objectives.

Shaping (2004) states that performance is the measurement of the results of the firm's policies and operations which are reflected in the firm's returns and value added. This is a subjective measure of how well a firm can use assets from its primary mode of business and general revenues. This is also used as the firm's general measure of its performance over a given period.

Touch (2004) notes that the traditional role of internal control activities is to key the organization focused to the desired goal, bring value and improve operations. In this current era of the Sarbanes-Oxley Act of 2002 (USA). It has objective of assurance on financial control and compliance.

Some of the peak performance indications are report issued on time staff training and certifications internal credit turn over, internal audit transfers, and survey measuring professional staff satisfaction and utilization of staff training.

They conclude that adaptability and flexibility will stand out as key characteristics successful internal control activities. An optimized internal control function will tailor its activities to areas of greatest risk and opportunities for grateful value. Such firms can then attain the benefits of sustainable compliance and enhanced competitiveness.

Internal controls activities emerge from the 1977 foreign corrupt practices Act that created awareness of foreign bribes, which were paid by public held companies to secure export sales. The bribes were made possible due to lack of internal control systems on export sales.

The Act further more recommended publicly held companies to design and implement a system of internal control activities that brings assurance in assets accountability in terms of access of assets and periodic comparison of existing assets and accounting records made. According to (committee of sponsoring organization)

The committee of sponsoring organization (COSO) also recommended the adaptation of internal control activities because they provide guidance for judging compliance of employees towards policies and procedures and effectiveness of operations in organization (COSO 2004)

Internal control activities involve planning, coordinating operations and measures adopted with in business to safe guard its assets. Check the procedure for approving transaction, segregate duties among employees and adherence to prescribed managerial policies. (Reid and Ashley, (2002)

Internal control activities help organization prevent fraud errors and minimize wastage ,custody of assets and compliance which provides assurance to the dependability of accounting data that eliminates unnecessary suspicion errors and helps in maintaining of adequate and reliable accounting records According to (Amudo and Inanga 2009)

Internal controls activities help to maintain and keep the organization performance in terms of profitability, compliance applicable laws and regulation, reliability of financial reporting and effectiveness and efficiency of operations According to (Kaplan 2008 INTOSAL 2004)

According to Richardson et al (2009), Organizational Performance involves three specific areas of the firm's outcomes that are financial performance, which includes profits, returns on assets and returns on investment, Product market performance and shareholders' returns, which include economic value added.

Internal controls consist of the measures like segregation of duties approval and authorizations, security of assets that are taken by the organization for protecting its resources against wastage fraud and efficiency, ensuring accuracy and reliability of accounting and operating data and compliance with policies of the organization according Cunningham (2014) INTOSAL (2014)

Researchers over the period have had different opinions on what performance is. Organizational Performance continues to be one of the topics under argument in management research circles. According to Daft (2000), Organizational Performance refers to the organization's ability to attain its goals and objectives by using resources available such as human resources, finance in an effective and efficient manner. We can also put Organizational Performance as the actual output or results of an organization as measured against its intended outputs. Javier (2002) equates performance to famous 3Es that is economy, efficiency and effectiveness of particular programs of activity within the organization.

According to Richardson et al (2009), Organizational Performance involves three specific areas of the firm's outcomes that are financial performance, which includes profits, returns on assets and returns on investment, Product market performance and shareholders' returns, which include economic value added.

According to a study by Chien (2004), he proposed that there are five major factors that determine organizational performance and these among others include; leadership styles and environment, job design, organizational culture, mode of motive and Human Resource policies and practices.

The concept of performance borders on both what has been achieved and how it has been achieved. Organizational performance can be measured in a number of different ways and the obvious way to measure what has been achieved and the approach used in various studies, is by reference of key performance indicators which are usually to do with outcomes such as quality, productivity.

1.2.1 Background of the case study

Roofing's group is situated about 6km outside Kampala city center on plot 26 Entebbe Road Lubowa occupying a 39 acre expanse of land .They are the leading producer of quality steel products in Uganda with fair reaching influence across the East African region .Roofing limited will be the first of all the three roofing's Group subsidiary companies to be established.

Products manufactured at Roofing's include galvanized and repainted roofing sheets Ecotypes Hollow section mild steel plates and profiles all widely used in building domestic commercial public and industrial purposes

Established in 1994 under license of the Uganda Investment Authority (UIA). Roofing's limited launched operations in December 1995 and has not looked back since. Like a trailblazer, Roofing's limited's success story has helped weave the path for the Roofing's Group vision to be birthed sooner than original anticipated.

Roofing's limited's initial investment value just at establishment will be us dollars 2m and continually grew and reached us dollars 70m much of which is pumped into importing the most appropriate technology raw materials and refining varied v production processes to the minutest detail .

They are famous for engaging in cold forming production iron sheets with a total installed capacity currently at 160000 tons per annum.

1.3 Problem statement

According to Moraa Ondieki (2013) conducted a study and stated that internal control activities have features built into them to ensure that efficiency in execution of activities Internal activities ensure that management directives are carried out , provide reasonable assurance on how to mitigate errors , risks and achievement of organization objectives as well as ensure compliance with organization policies and procedure Most firms put the above

efforts in order to achieve positive performance. Ndegwa E .Wanjobi (2013) stated that measurement and evaluation of performance is centered on internal control.

Despite all the importance's of internal control activities Roofing's group limited still has problems such as fraud, misuse of assets, fluctuating sales and misallocation of assets. PROCASUR AFRICA REPORT (2012) stated that failure to implement internal control activities has led to large investment cost due to the above problem, however this calls for the research question, what is effect of internal control activities to manufacturing companies most especially Roofing's group limited

1.4 Purpose of the study

To establish the of effect of internal control activities on the performance of Roofing group limited

1.5 Objectives of the study

To find out the of effect segregation of duties on the performance of Roofing's group limited

To determine the of effect authorization and approval on performance of Roofing's group limited

To find out how security of assets affects the performance of Roofing's group limited

1.6 Research questions

What is the effect of segregation of duties on the performance of Roofing's group limited?

What is the effect of authorization and approval on performance of Roofing's group limited?

What is the effect of effect of security of assets on performance of Roofing group limited?

1.7 Scope of the study

This presents the content scope, geographical scope and time scope about the area of study

1.7.1 Content scope

The study established the effect of internal control activities on organization performance of Roofing's group limited where internal control activities are the independent variable and organizational performance dependent variable. Therefore, the study stipulates the different challenges the company faces challenges for poor implementing of internal activities.

1.7.2 Geographical scope

The study was carried out at Roofing's group limited located at Lubowa 6km off Entebbe in Kampala

1.7.3Time scope

The study was focused on the period from 2012 to 2016 .The reference period helped me in establishing the effect of internal control activities on the organization performance of Roofing's group limited. The research was carried out during the month of April 2016

1.8 Justification of the study

The study intends to enable Roofing's group improve organization performance by checking how appropriately internal control activities can be properly managed and implemented to retain market size and increase its profitability.

The study will also attempt to contribute to the available literature or researches that will serve as guide for the company staff I order to prevent fraud and risks with the company

The study will enable Roofing's to have detailed information about internal control activities and its implementation

1.8 Significance of the study

The study is to help Roofing's group limited s improve its market share and profits by efficiently and effectively implementing and manage internal control activities

The study will help other researchers of the same area to use the information as a source of literature for further research

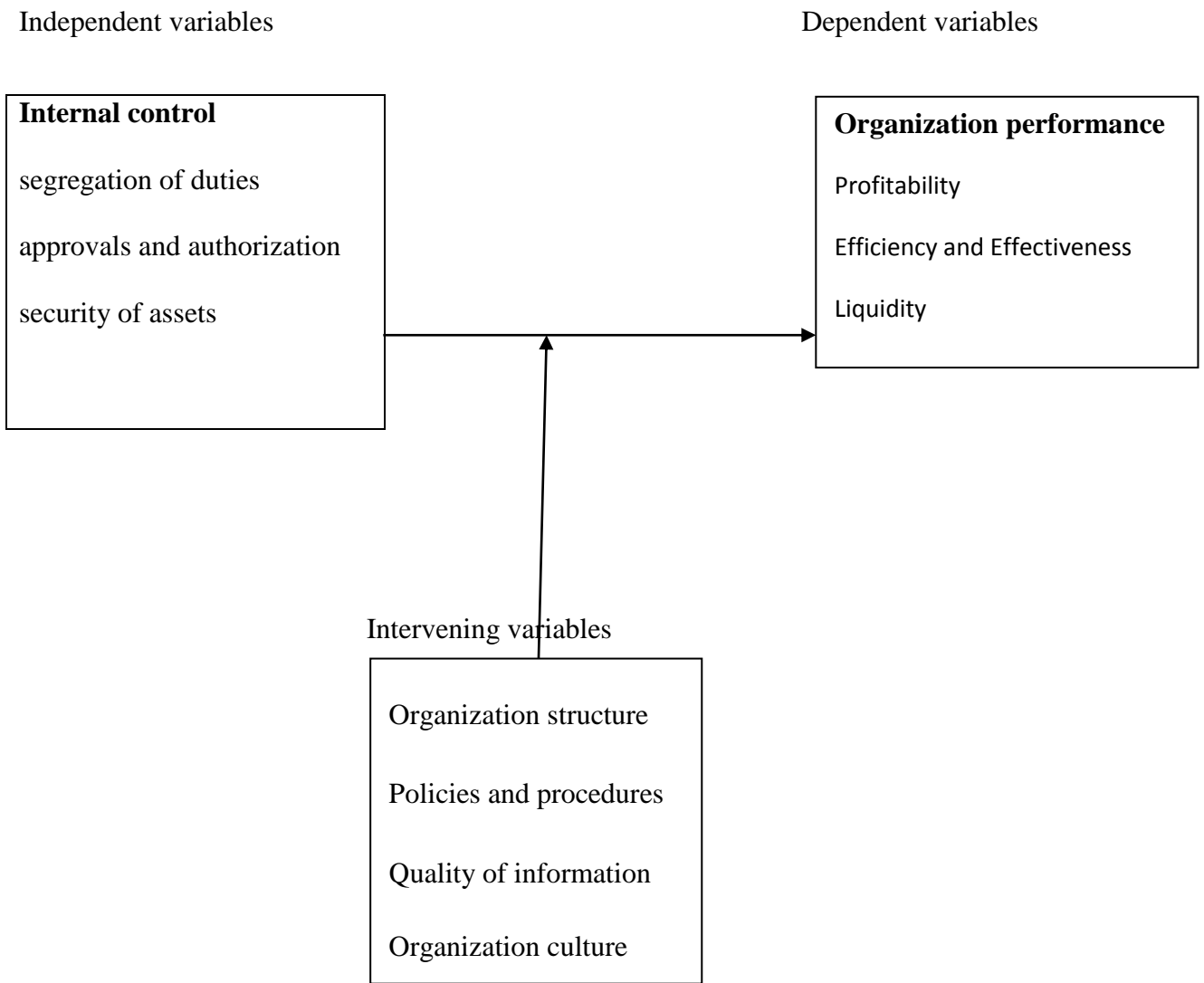
The study will help the researcher in acquiring practical skills that will help in carrying out more research in the future

The study will enable the researcher get a degree in Business Administration and management

1.10 Conceptual framework

Ekpos (1998) adopted that a conceptual frame work refers to diagram of proposed casual linkage among a set of variables believed to be related to a particular problem the variables are independent variable, which are internal control activities such as segregation of duties, approvals and authorization and security of assets. And dependent variable organization performance with indicators such as , profitability, liquidity, efficiency, reliable, and effectiveness as well as interviewing variables such as organization structure policies and procedures ongoing monitoring identifying risks assignment of responsibilities and communicating internally to the managers.

Figure 1: Conceptual Framework



1.9 Limitations

The study required adequate time to carry out field findings, which makes gathering of adequate data about the study challenging

1.12 Conclusion

The study was carried out to find out the impact of internal activities on performance of Roofing's group limited. Therefore the findings are to enable the company implement appropriate measures of internal control activities as segregation of duties, approval and authorization, security of assets to improve its performance in terms of profitability, liquidity and effectiveness and efficiency.

CHAPTER TWO LITERATURE REVIEW

2.1 Introduction

This chapter focuses on the impact of internal controls on the organization performance. The chapter reviews the different existing literature of different scholars, the definition of internal controls the various control measures indicators of organization performance and relationship between internal controls and performance of Roofing's group limited

Internal control is process affected by an entity's board of director's management and other personnel designed to provide reasonable assurance regarding the achievement of firm's objectives in the effectiveness and efficiency of operations reliability of financial and management reporting compliance with applicable laws and regulations and protect the organization reputation (Kaplan 2008, Cunningham 2004 INTOSAL 2004)

2.2 Theoretical framework

Whittington and Pony (2001) also mention control activities as another component of internal controls. They note that control activities are policies or procedures that help to ensure that management directives are carried out. Control activities in an organization basically comprises of performance reviews (comparing actual performance with budget, 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). The last component of control activities according to Ray and Pony is monitoring. This is aimed at ensuring that control activities continue to operate as intended. This can be done through ongoing monitoring or separate evaluator.

Control activities like preventive controls help to prevent loses and prevent the organization from undesirable events from occupancy. Furthermore, detective controls reconciliations, audits help to detect undesirable events from occurring. INSOTAL(2004)

Control activities include approvals, authorization, verification, reconciliation, review of performance, security of assets, segregation of duties and control over information systems.

Control activities are policies and procedures that help to ensure that management directions are carried out. These activities are taken place to address risks that threaten the achievement of entity's objectives.

Control activities are applied to all levels of the organization and functional areas and used to review and analyze actual performance verses planned performance, forecasts relating to different sets of data, operating on financial comparing internal data with external sources of information as well as finding relationships between investigative and corrective actions.

Control activities work hand in hand with the organization directives that is to say it select and develop control procedures and policies that contribute to the mitigation of errors and risk in order to achieve of objectives of the company

COSO (2004) Internal controls activities are of two types that is preventive controls w or which are designed to discourage errors irregularities from occurring. They are proactive controls that help to ensure departmental objectives that are segregation of duties among different people to reduce risk of error or inappropriate action. Normally responsibility (approval) recording transaction (accounting) and handling the related asset (custody) are divided

Approval and Authorizations and verifications calls upon management to authorizes employees to performance certain activities and to execute certain transactions that with in limited parameters In addition management specifies those activities or transactions that need supervisory approval before they are performed or executed by employees' supervisors' approval (manual or electronic implies that the activity or transaction conforms to the established policies and procedures)

Access to equipment inventories set securities cash and other asset is restricted assets are amounts shown on control records

Access to equipment inventories securities cash and other asset is restricted assets are amounts shown on control record

2.2.1 Review of theories

Various theories have been formulated on internal control activities and performance of Roofing's group limited

2.1.1 Contingency theory

Contingency theory is an approach to the study of organization behavior on which explanations are given as to how contingent factors such as technology, culture and the external environment influence the design and functions of the organization

The assumption underlying contingency theory was that no single type of organizational structure was equally applicable to all organizations. Rather, organizational effectiveness is dependent on a fit or match between the type of technology environmental volatility, the size of the organization, the features of the organizational structure and its informational system

Contingency theory was developed from the sociological functionalist theories of organization structure such as the structural approaches to organizational studies by woods (2009)

Contingency theory is used of describe the relationship between the context and structure of internal control. Effectiveness and organizational performance especially reliability of financial reporting, empirical study suggests that internal auditors who were specialized and higher in internal audit ability to achieve internal control

Effectiveness analysis and that the firm was to benefit from the organizational effectiveness and via internal control mechanism efficiency.(Cades and Guiding 2008).identified some factors which impact management control systems. These are external environment, technology structure and size strategy and national culture. It suggests that the demands imposed by technical tasks in the organization (encourage the development of strategies to coordinate and control internal activities. The location of information is relation to technology and environment has an important influence on organizational structure. In certain environments with non-routine technology, information is frequently internal)

Where environment are certain on where technology was routine information is external the dimension of structure and control include audit structure and activities that is to say rules and procedures that determine the discretion of individual authority relates to social power. In the contingency model, decentralized authority was more appropriate when environments are certain.

Where uncertain environments or non-routine technology exists centralize, authority was more appropriate when environments are certain

Contingency theory states that the design and use of control systems consigned upon the context of the organizational setting in which these controls operate. Therefore, the idea of contingency theory is that the selection and use of a management control system is contingent on a variety of internal and external factors. It was therefore clear that factors such external environment technology structure and size, strategy and national culture impact on management control systems. The theory suggests that as if the demands imposed by technical tasks in the organization encourage the development of strategies of coordinate and control activities.

Daft (2012) in his book write “contingency” means one thing depends on other things and contingency theory means it depends “audit functions are task oriented and can be loosely structured. The functions also can vary considerably depending on the area of company under audit and the type of business model”. Therefore, auditors must carefully manage their inspections and consider variables to get the job done. The contingency theory also can be applied to an audit team’s structure. Typically, audit team managers receive audit projects, selecting auditors based on expertise expand. Experience in the subject area and on auditors availability all of which add up to contingencies from any given audit project

2.2.2The theory of the firm

In simplified terms, the theory of the firm aims to answer the questions. Existence boundaries, organization why are firms structured in such a way for example as to hierarchy or decentralization heterogeneity of firm actions and performances. What drives different actions and performances of firm and d lastly the evidence what tests are there for the respective theories of the firm Thomas, (2009)

The theory a firm consists of a number of economic theories that describe, explain and predict the nature of the firm, company or corporation including its existence behavior structure and relationship to the market

This theory affirms a firm was a black box operated to meet the relevant marginal conditions with respect to input there by maximizing profits or more accurately present value. The theory helps to explain why an entrepreneur or manager in a firm which has a mixed financial structure containing both debt out quirt claims was to choose a set of activities for the firm such that the total value of the firm was less than it would be if they were the sale owner and why this result is independent of wither the firm operates in monopolistic or competitive product on sector markets Kantarelis, (2007)

This study was thus be guided by three theories namely, agency theory and the theory of the fun. Agency theory shows the relationship between the principle and agent and the agent's responsibilities, which include financial reporting budgeting and providing any other additional information to the principal. The contingency theory on the other hand explains that organizations behavior and functions are dependent on factors such as technology, culture and the external environment that the organizations operate in while the theory of the firm asserts that a firm is operated to meet the relevant marginal conditions maximizing profits accurately present value.

2.2.3 Empirical review studies

Mawanda (2008) conducted a research on effects of internal control activities on organization performance in institutes of higher learning in Uganda (Makerere University). In his study he investigated that internal control activities were looked at from perspective of segregation of duties, security of assets and approvals and authorization whereas organization performance focused on profitability compliance with organization policies reliability of financial reporting. The research set out to establish the causes of persistent poor performance from the perspective of internal control activities. The investigation recommends adaptation of internal control activities by the university to every staff department to enhance effectiveness and efficiency in operations at Makerere University .Therefore the study acknowledges the role internal control activities in every department of university due to influence they have on organization performance

Barra (2010) investigated the effect of approvals and other internal control activities on employee's propensity to be fraudulent .Data were collected from both managerial and non managerial employees. These results showed that presence of the control activities reduce the chances of committing fraud. Further it was established that segregation of duties is the best fraud deterrent for non managerial employees, but for managerial employees, approval and

authorization are most effective control activities. The results suggest the effectiveness of preventive controls control activities to overcome fraud errors and misstatements

Ewa and Udoyang (2012) carried out a study to establish the impact of internal control activities on bank's ability to investigate staff performance and staff life style, fraud detection in Nigeria. Data was collected from thirteen Nigerian banks using a four point scale questionnaire and analyses using percentages and ratios. The study found that internal control activities influence staff performance and fraud detection.

Kakucha (2009) evaluated the level of effectiveness of internal control activities of enterprises operating in Nairobi. The study was quantitative and will conducted between September 2007 and June 2009 using a sample of 30 small businesses as listed in the national social security fund (NSSF) register of Kenya. Primary data was collected from the managers of the small business using interviews and examination of documents pertaining to internal control activities. The study established that there are deficiencies with internal control activities varying from one enterprise to another. The components of internal control activities were missing in most business surveyed that is say segregation of duties authorization and approval and limited awareness of these control activities

In addition the study established that the sample population had limited awareness of what constituted in an effective internal control activities. The study also found that there is a negative relationship between age of an enterprise and effectiveness of its internal control activities while a negative correlation of the resources held by the enterprise and its internal control activities. They recommended that there is a need to enlighten the operations of small business of what constitutes effective and efficient control activities through forums and seminars

Amudo and Inanga 2009 also carried out a study in Uganda to evaluate the internal control activities that the regional member countries of African development bank group institute for the management of public sector projects that the bank finances. There are 14 projects of the bank's public sector portfolio in Uganda. The data received and analyzed is for eleven projects. The projects were omitted because they were not operational to install effective internal control activities. The outcome of the evaluation process was that some control activities were lacking in those projects. These rendered the control structures ineffective

Romar and Moberg (2003) conducted a case study that showed the following could have contributed to world com scandal in 2002 unrealistic growth targets when expectations were low, management philosophy was aggressive, inadequate assessment of internal and external factors and objectives before setting aggressive targets, poor segregation of duties access to data entry and manipulation was not properly segregated and there was a lack of stringent monitoring of the internal control activities and therefore quality of the controls around the posting of entries to the general ledger identified as weak

Olumbe (2012) conducted a study to establish the relationship between internal control activities and corporate governance in commercial banks in Kenya. The researcher conducted a survey of all the 45 commercial banks in Kenya. It was concluded that most of the banks had incorporated the various parameters, which are used for gauging internal control activities and corporate governance. This showed that the respondents agreed that their banks had instituted good corporate governance with internal control activities and that there is relationship between internal control activities and corporate governance

A study conducted by wainaina (2011) examined the function internal control activities. He established that other than the prevention and detection of fraud, internal control activities should reflect the strength of overall accounting environment in an organization as well as the accuracy of its financial and operational records.

2.3 Actual review (objective by objective)

2.3.1 Relationship between segregation of duties and performance

Asoke (2005) understood the importance of segregation of duties reduces the likelihood of fraud and forgery of documents and records to occur which reduces organizational performance that is done through collusion with among employees to accomplish on offence. For example a person selling seats to a movie may be tempted to pocket some money received from customers who enter the theatre. This temptation is realized if the person staffing the box office is required to issue tickets that are then collected by a different employees coming into theatre.

Monasel (2004) also noted that segregation of duties reduces the risk of fraud and error and manipulation in the business thus increasing the level accuracy in carrying out operations in the company's operations and improving performance. Planning organization duties should describe proper segregation of functional responsibilities of authorizing transaction, recording transactions and maintaining custody of assets as intended to reduce the opportunities to allow any person to be in position to both perpetrate and conceal errors, fraud in the normal course of operations.

Segregation of duties includes reporting, reviewing and applying reconciliations and approval control documents. Certain control activities may depend on the existence of appropriate higher level policies established by management or those charged with governance.

Authorization controls may be delegated under established guidelines such as investment criteria set by those charged with governance alternatively non-routine transactions such as major acquisition. This was to help increase levels of approval including in some cases where shareholders are involved. This was help to curb down malpractices like a rogue employee

selling a company asset without proper authority which reduces operation costs in an organization thereby increasing profits

These concepts underlying control activities in small entities are likely to be similar to those in large entities but the formality which they operate varies further management.

For approving credit sale significant purchaser and down downs on lines of credit can provide strong control over those activities, lessening or removing the need to more detailed control activities. An appropriate segregation of duties often appears to present difficulties in small entities. Companies that have only few employees' however may be able to assign their responsibilities to achieve appropriate segregation of duties or if that is not possible use management oversight to achieve control objective.

Having adequate separation in of duties in financial process and operational process that is to say proper assigning of responsibilities among competent employees to handle organizational procedures and operations leads to reasonable assurance. The transformation process control standards that stipulate at least one individual will identify errors during the process.

Segregation of duties and responsibilities prevents deliberate fraud which requires collusion of two or more person errors as well as irregularities be found and detected on a timely basis.

Organization have to allocate duties and responsibilities to different employees that perform functions like opening mails endorsing checks, handling cash receipts, prepare pay roll and others. Tan Boon (2003). This increases the rate of carrying company activities and operations

Taylor James (2013) says that organization have to compare objectives and intentions and goals with actual performance to analyze the direction they are taking therefore employee operations and responsibilities have to be compared with actual performance to identify gaps that may lead to fraud, under statement and misstatement to ensure that employee perform as

expected. Organization further has to collect evidence that different operations in are actually done.

2.3.2 Relationship between approvals authorization and performance

Ketey, Reid and Ashelby (2002) management authorizes employees to perform certain activities and to execute certain transactions within limited parameters. In addition, management specifies these activities or transactions that need supervisory approval before they are performed or executed by employees. A supervisor's approval (manual or electronic) implies that he or she has verified validated that the activity or transaction conforms to established policies and procedures and this reduces errors and irregularities with company activities hence being effective

Authorization and approval are the most important elements of organization control. Some specified aspects should be observed. For example appropriate limits should be established for approval authority, blank approval forms should never be designed, passwords for electronic approval authority should never be shared, person initiating transaction should not also approve transactions, written policies and procedures should be available with documents approval levels and limits .This reduces the number of authorized transactions in the organization which reduces cost of operations .COSO (2009)

The governing board has a responsibility of giving powers to different managers to authorize oversight create policies needed to ensure that services are accurately provided. Therefore, management specifies those activities or transactions that need advisory approval before that are performed or executed by employees. Amudo and Inanga (2009)

These are designed to provide reasonable assurance that transactions are within the limits set by policy or that exceptions to policy have been granted by the appropriate officials. These

further more show confidence that transactions have been for accuracy and completeness by appropriate personnel's.

Clare Chow-Chaw (2003) indicated that approvals and authorization are for monitoring organization procedures to ensure that irregularities and errors are minimized which increase reliability confidence in company activities, resource usage and less timed consumed

Authorization and approved ensures that you authorize review and approve invoice for payment based on signed agreement, contract terms and purchased orders.

The best practice includes review and update signature authorizations periodically, obtain preapproval of consultant agreements by purchasing, verify receipt of goods and services to contract, purchase order and invoice information. Reconcile ledgers for accuracy of recorded transactions, monitor that invoices are paid in a timely manner which reduces cash out lows and maximizes cash inflows

This helps managers reduce unauthorized, unnecessary or fraudulent payments or purchase; unauthorized work performed by vendors, loss of supplier discounts due to late payments improper charges to incorrect account, transaction and funds that would lead to loses hence reducing costs from an authorize activities

Reduce conflict of interest when paying an employee for unauthorized work outside organization work.

Therefore with the above practices, the organization is able to reduce costs of unauthorized activities, improve effectiveness of recording transactions reduce resource usage and wastage and reconciliation in the company books.

For organization to meet their needs of their customers managers need to delegate authority to staff so that decisions and related actions can occur in a timely manner there by increasing efficiency

Typical managers love to delegate authority to subordinate to authorize specific transactions and the subordinate remains accountable for the some of the delegated work. This saves cost of building new work force for example time and money of training new work force

2.3.3 Relationship between security of assets and performance

Chenhall, (2003) access to equipment, incentives, securities, cash and other assets should be restricted. Assets should be periodically counted and compared to amounts shown on control records to enable the organization reduce cost on damaged assets repair and unauthorized usage

This control activity is critical to liquid assets, vital documents, critical systems and confidential formation must be safe guarded against an unauthorized acquisition, use or disposition. Generally limiting access to these assets is the best way to protect them whether by physical controls such as located doors or alarm system or by IT controls such as passwords, data encryption. Periodic Inventory accounts should be made and perpetual inventory records should be maintained. Access to equipment inventories securities cash and other assets is restricted to control shown on records.

According to Amido and Inanga (2009), organizations face a variety of risks with its assets such as theft, damage which may influence to efficiency of operations hence organizational performance. (Therefore, management has to put rules and policies in place to safe guard assets and resources against loss and damage

The process of putting controls on access of assets has to be done with the help of identify assets that need safety and monitoring equipment operations and activities and certain risks that are likely to occur with used assets.

The international control reference guide (2000), organizations have to put in place a mechanism that enables track of assets used to reduce possibilities of theft, misuse and destruction thereby enabling assets to be used for company work only that reduces costs from buying and repair of new assets

Purchased goods should be kept in a safe location and to account for resources periodically sold and purchased that are compared with results in the amounts shown a control records.

The best practices to ensure security of assets include securing goods received in a restricted area and put control on access by appropriate staff.

Lockup goods and materials, and provide key or combination to as few people as possible management has to keep inventory records and periodically account and calculate begging and ending inventory amounts.

Therefore were the above practices are carried out theft of inventory cash and other physical assets is reduced. Inventory shortage is reduced since there are limits to access the assets of the organization which increases production there by maximizing profits

Finally additional cost incurred for replacement of goods is reduced which increases efficiency and effectiveness.

There with the above practices, the organization will be able to meet its performance through reducing cost of inventory shortage, theft of materials and misuse of organization assets.

2.4 Conclusion

All in all this chapter reviews the literature about the topic variables that is to internal control activities from secondary data sources such as scholarly articles from journals, text books, online books and many others and their relationship with performance

CHAPTER 3: METHODOLOGY

3.1 Introduction

This chapter presents the research methodology which includes the research design, study population area of study sample, study variables, instruments of data collection. Administration of the instruments sources of data, data processing and presentation and data analysis.

3.2: Research design

This refers to an arrangement of conditions for collecting and analysis of data in manner that aims to combine relevance to the research purpose with economy in produce (Kothari 2004)

Research design is the plan and structure of investigation so conceived as to obtain answers to the questions. The main purpose is to determine the effect of internal control activities and performance of Roofing's group limited. A descriptive research design was used to describes characteristics of population that involved use of quantitative and quantitative data which was gathered to establish the relationship between the variables

3.3 Study population

The study population was 100 people who are all employees that are specific in the different departments as shown in the table below.

Table 1 showing Study population respondents

Respondents	Study population
Heads of departments	15
Middle level managers	30
Supervisors	30
Employees from sales and distribution department	19
Total	100

3.4 Area of the study

The research was carried out by Roofing's group limited located at Lubowa 6km off Entebbe road with neighboring areas such as Kanjjasi, Sseguku and Zana

3.5 Sample size and selection

This study used a sample size of 80 employees out of the total population of 100 according to Krejcie and Morgan (1970). The reason for using 80 employees was due to the limitation of time, resources and distance to travel because the questionnaires were not filled and completed on the same day.

Where F = Number on the category

N total category obtained from the group

n = total number of the respondents

Table 2 showing the procedure for getting the study population and sample was also use the Morgan's table

Respondents	Study population	Sampled Respondents
Heads of departments	15	10
Middle level managers	30	24
Supervisors	36	31
Employees in sales and distribution department	19	15
Total	100	80

3.6 Sampling techniques

The study used stratified random sampling where the researcher divided the people into strata and concentrate on every stratum for information samples. In this way each respondent had

an equal chance of being included in the sample.

3.6 Source of data

The researcher used primary data of 80 selected respondents from the population of 100 which was helping me obtain more and reliable information from the organization. Secondary data was come from text books and newspapers internet cafes magazines and journals

3.7.1 Primary data.

The researcher used the sample of 80 selected from the study population of 100 because it is large enough to help the research to obtain more and reliable information used foe data analysis. Close ended question is constructed which are include alternative answer selected to set the required information and as the study was concerned

3.7.2Secondary data

The research was collected from secondary information from text books and newspapers. This information is reviewed by visiting places like libraries and internet cafes which was to give information related to the study variables as presented in literature review

3.7.3 Questionnaire

An open and closed ended questionnaire was constructed and these are self-administered where the researcher was be allowed to ask the respondents to fill the questionnaires in the field .Open ended questionnaires were used to allow free responses from respondents which was to enable me get the in depth of the research .Closed ended questions which include alternative answers for selecting are also used to get the required information in as far as the studies were concerned The questionnaire had a scale of 1-5 with instructions of strongly disagree as 1 , disagree as 2 , neutral as was having a scale of 1-5 with instructions of strongly disagree as 1 , disagree as 2 , neutral as 3 , agree as 4 and strongly agree as 5 and was to allow respondents' to tick any instruction as per the scale

3.8 Data analysis and presentation

3.8.1 Data editing

Editing of collected data was done to make data ready and simpler for presentation. The filled questionnaires are edited one by one to correct errors that are done by the study respondents. Data was edited in order to get accurate information.

3.8.2 Data Management and Processing

Data was processed using SPSS software that was to help in data processing including drawing pie charts, tables and graphs. The data collected from the field was organized into manageable dimensions and prepared for analysis by sorting and arranging the data into different sources of information. The researcher read through all the data and obtained a general overview of the information and thereafter interpretation of the respondents' views was done. This was feasible because the data was mainly qualitative in nature. Ultimately, objective conclusions were drawn after thorough examination of the data collected. Editing and proof reading were done to check for errors and missing entries.

3.8.3 Data analysis

Both qualitative and quantitative data analysis was done. However, more of qualitative and thus interpersonal analysis was used. According to Odiya (2009) an interpretational analysis examines and classifies data in terms of relationships. Quantitative data analysis involved using graphs, pie charts and tables to present the data. Therefore research instruments were structured and analysed. This approach helped to keep the research relevant in explaining the problem.

3.9 Reliability and validity

(Babbie 2000) defines reliability as a matter of whether a particular technique applied repeatedly to the same object yields the same result each time. This study technique which

was questionnaire gathered information about the variables of interest and obtain it from the respondents

Reliability problems can arise and therefore the study used coronach alpha value to measure the reliability of the tools as indicated in the table below

Table 3 Cronbach alpha value of reliability of tools

Variable	Alpha value percentiles
Head of department	10
Manager	5
supervisor	25
Officer	60

3.9.2 Validity

This refers to the extent to which an empirical measure adequately reflects the real meaning of the concept .This formula was used to determine the validity of the tool used

$$\text{Formula CVI} = \text{okay} \div \text{Total} \times 100$$

3.10 Ethical consideration

The researcher got a letter from the university faculty of Business Administration and Management and used it show it as proof for gathering information from the company and further more communicant ion between my supervisor and the company were carried out to prove that I went to the field

3.11 Limitations of the study

The researcher incurred cost like transport, airtime, printing which aid in getting feedback from respondents

The researcher faced time limitation since the study is carried concurrently with daily class attendance

3.12 Conclusion

The chapter involved the research design which was a descriptive and used both quantitative and qualitative data to get the findings from population of 100 out of which 80 were used as respondents who were given tools of data collection that was a questionnaire and other sources such as primary data and secondary data were used and use SPSS for data analysis

CHAPTER FOUR: DATA PRESENTATION AND DISCUSSION

4.1 Introduction

The chapter involves presentation, analysis and interpretation of the study results. Data presented, analyzed and interpreted according to the research objectives. It is presented in the form of tables and figures basing on the respondents got from the study respondents that were selected during the process of data collection .The discussion of findings have been arranged in accordance with demographic characteristics or bio data of respondents and objectives of the study. These objectives include finding out how segregation of duties of duties affects performance of roofing's group limited, to find out how authorization and approval affects the performance of roofing's group limited, and to identify how security of assets affects performance of roofing's

Group limited

4.2 Response rate

The study sought to collect data from 80 respondents out of 100 respondents. This indicated that the responses rate was 100%. The study was carried out to establish the effect of internal control activities and performance of Roofing's group limited

4.2 Bio data of the respondents Section A

This presents the findings about the bio data o f respondents

The number of respondents in the different positions of the organization, agenda composition , level of education age level of respondents and number of years worked at the organization

Table 4: Respondents

	position held in organization	Sex	education status	Age of respondents	Numbers years worked in the organization
N	Valid	80	80	80	80
	Missing	0	0	0	0

4.3 Descriptive statistics

Descriptive statistics are concerned with explaining the sample of data that the researcher was concerned with. The study used both quantitative and qualitative methods to describe the findings.

4.3.1 The position held in the organization

The respondents were asked about the position held in the organization to determine the number of employees that at different positions in the organization.

Table5 Position held in the organization composition of the respondents Frequency percentage

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Held of department	8	10.0	10.0	10.0
Manager	4	5.0	5.0	15.0
Supervisor	20	25.0	25.0	40.0
Officer	48	60.0	60.0	100.0
Total	80	100.0	100.0	

Source primary data

4.3.2 Gender of respondents

Table 6 Gender composition of respondents

The gender of respondents was established. This aimed at knowing how males and females participated in the research. The study targeted both male and females which gave a variety of findings that were not biased making it gender sensitive

Table 6: Gender Composition of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	48	60.0	60.0	60.0
Female	32	40.0	40.0	100.0
Total	80	100.0	100.0	

Source primary data

4.3.3 Education level of respondents

Table 7 Education level of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Degree	57	71.2	71.2	71.2
master and above	20	25.0	25.0	96.2
Others	3	3.8	3.8	100.0
Total	80	100.0	100.0	

Source primary data

4.3.4 The age composition of respondents

Table 8 the age composition of respondents

Age of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 25-35	26	32.5	32.5	32.5
36-45	54	67.5	67.5	100.0
Total	80	100.0	100.0	

Source primary data

4.3.5 Number of years worked in the organization

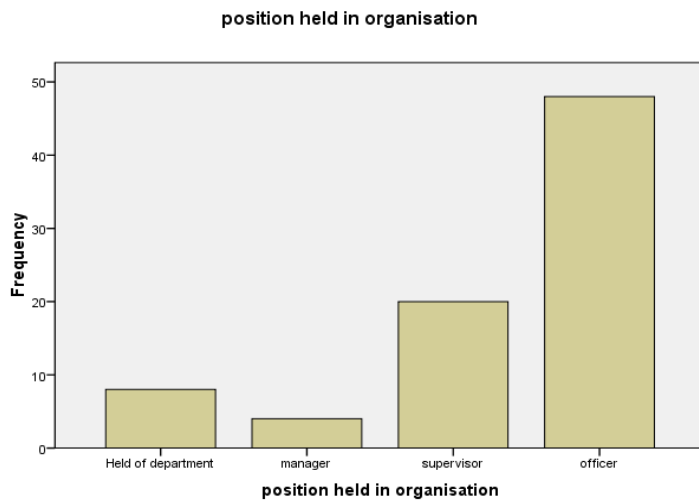
Table 9 below shows the number of years worked at the organization

Numbers years worked in the organization

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0-4 years	22	27.5	27.5	27.5
5-9 years	48	60.0	60.0	87.5
10 years and above	10	12.5	12.5	100.0
Total	80	100.0	100.0	

Source primary data

Figure 2 Bar chart showing the position held by respondents in the organization

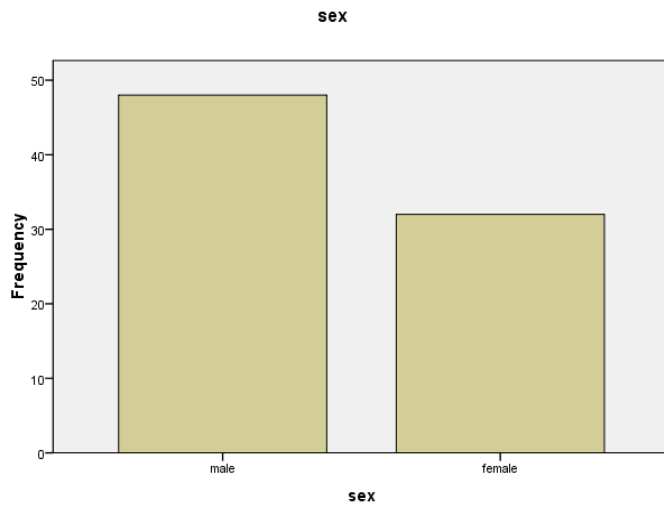


Source primary data

According to the study findings as in the table 2 most of the respondents were officers with 48 respondents with a percentage of 60% followed by supervisors with 20 respondents having a percentage of 25% then heads of departments with 8 respondents having 10% and last managers with 4 respondents having a percentage of 5%

This indicates since most respondents were officers they give what really depict and happens in the routine operations of the company

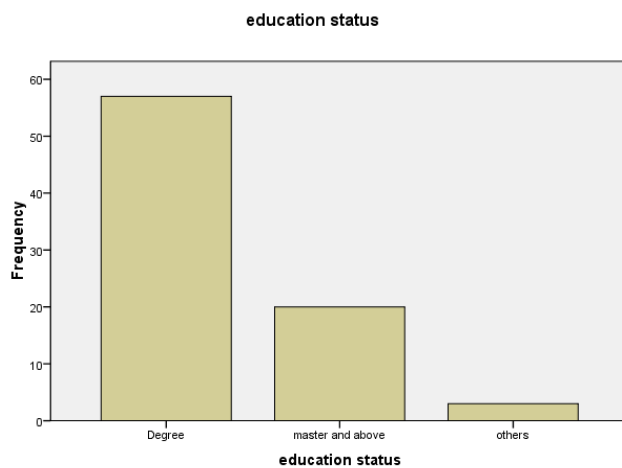
Figure 3: Bar chart showing the gender composition of respondents



Source primary data

According to the findings in the table above most respondents were male compared to females. The number of males who participated in the study was 60% compared to 40% of female respondents. The difference in respondents was due to the fact that most of them who were officials were males

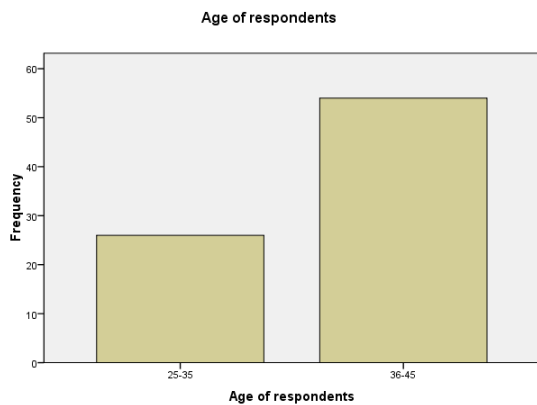
Figure 4 Bar chart showing the education status of respondents



Source primary data

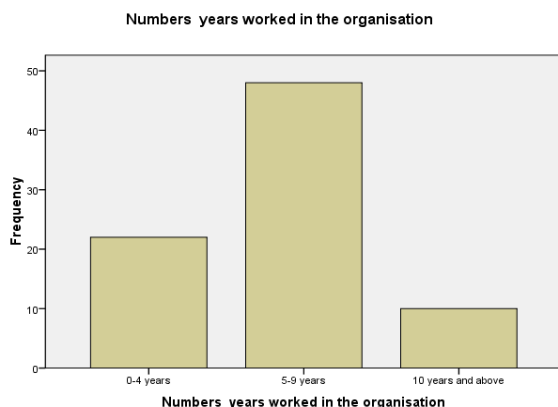
The table above shows that most respondents attained up to degree level with 57 of the 80 respondents and a percentage of 71.2% followed by employees with masters and above who were about 20 out of the 80 respondents which gives a percentage of 25.0% and finally respondents with other qualifications being 3 out of 80 with 3.8%. The research findings also indicated that most respondents had attained up to degree level which showed they understood and interpret the internal control activities and their effect on performance of the company

Figure 5 Bar chart showing age of respondents



According to the table above most of the respondents were ranging between 25-35 years with a percentage of 32.5%. Followed by respondents in the age bracket of 36-45 years with a percentage of 67.5%. This shows that the data collected was from the youth

Figure 6 Bar chart showing the number of years worked in the organization



Source primary data

The results from the study revealed that most respondents had spent 5/9 years in the organization with frequency 48 and a parentage of 60% followed by those who were between 0/4 years that had frequency of 22 and percentage 27.5% then respondents that were 10 years and above the least with frequency of 10 and percentage of 12.5%

SECTION B

OBJECTIVE ONE

4.4 Findings on the Segregation of duties

Table 10 showing descriptive of segregation of duties

	N	Minimum	Maximum	Mean	Std. Deviation
Access to company assets is restricted	80	4	5	4.66	.476
There are mechanisms put in place to tracked assets used	80	4	5	4.62	.487
Assets are engraved by the company	80	4	5	4.49	.503
There are places designate to safe guard company assets from risks	80	3	5	4.62	.560
In case of deviation investigations on assets are made	80	3	5	4.41	.567

There is physical and periodic counting of company assets	80	3	5	4.51	.574
Valid N (listwise)	80				

4.4.1 There is segregation of duties

The table above shows that the respondents agreed that there is segregation of duties at the company with (mean =4.50) and standard deviation of 0.636. This implies that Roofing's group limited segregates duties among its employees which reduces the chances of fraud and errors done by employees This was in line with Tan Boon (2003) that organizations have to allocate responsibilities to the different employees to perform different functions .

4.4.2 Segregation of duties detects risks and errors

The findings indicated that respondents agreed with the statement segregation of duties detects risks and errors with (mean= 4.64) and standard deviation 0.484 This was in agreement with Asoke (2005) who stressed that segregation of duties reduces the likelihood of fraud and forgery of documents and transactions.

4.4.3 There are guidelines and procedures for carrying out transactions and operations

The findings also showed that guidelines and procedures at the company with a mean of (mean =4.54) and standard deviation of 0.572 The findings were in line with COSO 2010 that stressed , organization has to establish guidelines on non-routine transaction and routine transactions to improve efficiency of operations

4.4.4 There are checks to assess whether the duties operate effectively and efficiently

The table also indicates that most people agreed that there checks established to assess the weather duties operate effectively and efficiently with (mean =4.58) and std deviation of 0.497 The establishment of checks reduces risks of fraud, collusion, errors and unauthorized operations

4.4.5 Staff members have a job description

The table above shows that respondents agreed with statements, staff have a job description with (mean = 4.61) and std deviation 0.490 and this was in agreement with Asoke (2005) who stipulated that adequate separation of duties in financial process say proper assigning of responsibilities among competent employees to handle procedures and operations increases efficiency and effectiveness hence organization performance

4.4.6 No single employee handles all the transactions

The table shows that most people agreed with statement no single employee handles the transactions with (mean =4.54) and standard deviation Of 0.502 This was in agreement with Tan Boon (2003) who said responsibilities to different employees have to be allocated to perform functions like opening mails endorsing checks handling cash receipts and prepare pay roll and others.

Table 11 Pearson correlation

The relationship between Segregation of duties and Organization performance

Descriptive Statistics

	Mean	Std. Deviation	N
Segregation of duties	4.5667	.49937	80
Organization performance	4.7194	.40967	80

Correlations

		Segregation of duties	Organization performance
Segregation of duties	Pearson Correlation	1	.844**
	Sig. (2-tailed)		.000
	N	80	80
Organization performance	Pearson Correlation	.844**	1
	Sig. (2-tailed)	.000	
	N	80	80

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

Table above the results revealed that there is a correlation between segregation of duties and organization performance with a positive and significant relationship ($r=0.844, p \leq 0.01$) This means that segregation of duties at Roofing group limited fosters organization performance according to the findings presented and there is high relationship between the two. Therefore the company has to maintain segregation of duties to give good organization performance this was in line with Adeyemo kingslely A (2012) That stipulated segregation of duties is needed to ensure that transactions are carried in a correct and accurate way to overcome costs from fraudulent activities errors and risks

SECTION C

OBJECTIVE Two

4.5 Findings on the approval and authorization

Table 12 showing descriptive on authorization and approval

4.5.1 Approval and authorization

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
individuals are given authority to approve operations and transactions	80	1	5	4.45	.884
There are policies to ensure that services and operations are effectively provided	80	4	5	4.56	.499

Management specifies transactions and activities that need advisory approval	80	4	5	4.48	.503
Transactions, procedures and services are monitored to reduce irregularities and errors	80	4	5	4.50	.503
There are limits on the authority to carry out operations and transactions	80	0.453	5	4.42	.591
When approvals are done there is follow up	80	3	5	4.42	.569
Valid N (listwise)	80				

4.5.1 Individual are given authority to approval operations and transactions

Table above shows that the respondents agreed that the company individuals are given authority

to approve operations and transactions evident by the mean of 4.45 which is close max of 5 and low standard deviation of 0.884 and this in agreement with Ketey (2002) who says that management authorizes employees to perform certain operations.

4.5.2 There are policies to ensure that services and operations are effectively provided

The respondents further agree with the company had policies and procures to carry out transactions with a mean of 4.56 that is close to the max of 5 and small std deviation of 0.499 This was in line with (Kaplan 2010) who indicated that managers have to authorize oversight and credit policies to ensure services are effectively provided

4.5.3 Management specifics transactions that need advisory approval

The research also indicated that management agrees with specifying transactions and activities that need advisory approval with mean of 4.48 that close to max of 5 and standard deviation of 0.503 the findings were with Aumudo (2009) who supports activities and transactions which need advisory approval before they are executed improves performance of the organization

4.5.4 Transactions procedures and services are monitored to reduce errors and irregularities

The table above also agrees with monitoring of transactions procedures and services with a mean of 4.50 that close to max of 5 and a small deviation of 0.503. Monitoring of operations increases and fosters efficiency and effectiveness while carrying transactions and organizations procedures

4.5.5 There are limits to authority to carry out transactions and operations.

The respondents also agree with statement of limits on the authority to carry out operations and transactions with mean of 4.42 that close to the max of 5 and small deviation of 0.591 and this shows most people were in support with the statement this was in agreement COSO (2009) that calls for management the organization has to establish appropriate limits for approval and initiating transactions

4.5.6 When approvals are done there is follow up

The table above also indicates that when approvals are done there is follow up evident by mean of 4.42 that near to the max of 5 and a small deviation of 0.569. Follow up enable management to ensure that policies and procedures are executed and implemented as planned

Table 13 Pearson correlation

The relationship between approval and authorization and organization performance

Descriptive Statistics

The relationship between approval and authorization and organization performance

Descriptive Statistics

	Mean	Std. Deviation	N
Approval and authorization	4.5854	.39689	80
organization performance	4.7194	.40967	80

	Approval and authorization	Organization performance
Approval and authorization Pearson Correlation	1	.730**
Sig. (2-tailed)		.000
N	80	80

Organisation performance	Pearson	.730**	1
	Correlation		
	Sig. (2-tailed)	.000	
	N	80	80

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

Table above the results revealed that there is a correlation between approval, authorization and organization performance with appositve and significant relationship ($r=0.703$, $p\leq 0.01$)
The means proper approval and authorization policies and procedures and organization performance is high

that calls for management of the organization to establish appropriate policies and procedures for approval and authorization to improve organization performance through overcoming unauthorized operations. Therefore management needs to maintain these policies and procedures to achieve its set objectives and targets such as increased cash inflows, profits and minimum resource usage

SECTION D

4.6 Findings on security of assets

Table 14 showing descriptive on security of assets

	N	Minimum	Maximum	Mean	Std. Deviation
Access to company assets is restricted	80	4	5	4.66	.476
There are mechanisms put in place to tracked assets used	80	4	5	4.62	.487
Assets are engraved by the company	80	4	5	4.49	.503
There are places designate to safe guard company assets from risks	80	3	5	4.62	.560
In case of deviation investigations on assets are made	80	3	5	4.41	.567
There is physical and periodic counting of company assets	80	3	5	4.51	.574
Valid N (listwise)	80				

4.6.1 Access to company assets restricted

The table above shows that the respondents agree that access to company assets is restricted with mean of 4.66 and standard deviation of 0.476. This was in line with Chenhall (2003) who indicated that access to equipment, incentives, cash and other assets should be restricted.

4.6.2 There mechanism put in place to tracked asset used

The table agreed that there mechanism put in place to track assets used with a mean of 4.62 and standard deviation of 0.487. The research findings were in line with internal control reference guide (2000) which talks about organization have to put in place a mechanism that will enable track of its assets.

4.6.3 Assets are engraved by the company

The study results show that respondents agreed that company assets are engraved with mean of 4.49 and deviation of 0.503. The act of engraving assets reduces the risks of theft, misplacement and misuses.

4.6.4 There are places designated to safe guard company assets

The findings show that respondents were agreement with activity evident by a mean of 4.62 that close to maximum of 5 and low deviation of 0.560 which indicates the control activity enables organization to the risk of misallocation and misuses of assts there by increasing the productive utilization of them.

4.6.5 Incase of deviation investigations on company assets are made

The findings from the table above present that the respondents were in line with making investigation on company assets in case of any deviation with a mean of 4.41 and small deviation of 0.567.

4.6.6 There is periodic accounting and physical counting of company assets

The results from the table indicate that respondents agreed with periodic and physical counting of company assets with a mean of 4.51 and low deviation of 0.574 which was in line with COSO (2010)

Table 15 Pearson correlation

The relationship between security of assets and organization performance

Descriptive Statistics

	Mean	Std. Deviation	N
Security of assets	4.5521	.30765	80
Organization performance	4.7194	.40967	80

Correlations

		Security of assets	Organization performance
Security of assets	Pearson Correlation	1	.850**
	Sig. (2-tailed)		.000
	N	80	80
Organization performance	Pearson Correlation	.850**	1
	Sig. (2-tailed)	.000	
	N	80	80

Correlations

		Security of assets	Organization performance
Security of assets	Pearson Correlation	1	.850**
	Sig. (2-tailed)		.000
	N	80	80
Organization performance	Pearson Correlation	.850**	1
	Sig. (2-tailed)	.000	
	N	80	80

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

From the table above the results revealed that there is a correlation between security of assets and organization performance with a positive and significant relationship ($r= 0.850$, $p \leq 0.01$). This was in line with internal control reference guide (2000) that stipulated that organization have put a mechanism to track company assets to improve organization performance through cash available for carrying out short term and long term obligations and reducing costs from maintenance, repair and damage of assets

SECTION E

4.7 Organization performance

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
The company has increased in its quality of production in previous period	80	4	5	4.70	.461
The company cost of production has reduced over a period	80	4	5	4.73	.449
There has been increased sales revenue from production in the previous	80	4	5	4.76	.428
The company effectively allocates duties and responsibilities	80	4	5	4.76	.428
There is quality production with minimum resource wastage	80	4	5	4.71	.455

Managment and workers do their work with quqlity skills and experience	80	4	5	4.80	.403
Company credit policies reduce debt collection period	80	4	5	4.64	.484
Company cash policies facilities financing of short and long term obligations	80	4	5	4.77	.420
There is demand for company products at the current market price	80	4	5	4.59	.495
Valid N (listwise)	80				

4.7 Descriptive about organization performanc4.7.1 The company has increased in its quality o production in the previous period

This improves the rate of return from producing quality items. The results in the were in agreement with increased quality of production with a mean of 4.70 which close to max of 5 and low deviation of 0.461

4.7.2 The company cost of production has reduced over a period

The findings from the table above indicate that most respondents were in line with reduced cost of the company with a mean of 4.73 which near to the maximum of 5 and low deviation of 0.449

4.7.3 There has been increased sales revenue from production in the previous period

The research findings show that the sales of the company have been increasing as an indicator of profitability with a mean of 4.76 which is close to the maximum of 5 and a low deviation of 0.428 that shows most respondents agreed with it

4.7.4 The company effectively allocates duties and responsibilities

The results of the findings show that the company allocates duties and responsibilities by a mean of 4.76 which is close to the maximum of 5 and small deviation of 0.428

4.7.5 There is quality production with minimum resource wastage

The study revealed that there is quality production with minimum resource wastage with an indication of a mean of 4.71 which close to maximum of 5 and low standard deviation of 0.455

4.6.6 Management and workers do their work with quality skills and experience

The study reveals that most of workers do their with due skills which increases efficiency shown by a mean of 4.80 and a small standard deviation of 0.403

4.7.7 Company credit policies reduce debt collection period

The findings from the field reveal that most respondents agreed with company credit policies that reduce the possibilities of default and bad debts there by increasing the available cash with a mean of 4.64 which is close to the maximum of 5 and small standard deviation of 0.484

4.7.8 The company cash policies facilities financing of short and long term obligations

The research findings show that employees agree with cash policies adopted that enable the company pay off its current obligations with a mean of 4.77 which is close to the maximum of 5 and small standard deviation of 0.420

4.7.9 There is demand for company products at the current market price

The study revealed that there is demand for company products which increases the possibilities of available cash with a mean 4.59 which is close to the maximum of 5 and small deviation of 0.495

CHAPTER FIVE

SUMMARY CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary conclusion and recommendations of the findings .The objective of the study was to establish the effect of internal control activities on performance Roofing's group limited found at Lubowa Kampala district

5.1 summary of the findings

The study revealed that Roofing's group limited had adopted internal control activities such as segregation of duties approval and authorization and security of assets that are key for its performance

5.1.1Segregation of duties and performance of Roofing's group limited

The study findings identified that the company segregated its duties among employees and was among one the control activities that was carried out by the company. The duties that were segregated at the company included signing of receipts, entering of data, counting of inventory, checking the loading process and offloading process. Therefore this showed that there is a positive relationship between segregation of duties and organization performance with a correlation of($r=0.844$, $p\leq 0.01$) However, management didn't not specify the actual policies and procedures the company implements when carrying out operations

5.1.2Approval and authorization and performance of Roofing's group limited

The study concluded that the company considers approval procedures and authorizations process

Such as approval follow when a transactions is authorized and limitation on who to approve crucial transactions and operations and this greatly improved efficiency and reduce

occurrence of fraud errors and unauthorized transactions at the company This therefore revealed that the relationship between approval authorization and organization performance is positive with correlation of $r=0.703, p \leq 0.01$)

5.1.3 Security of assets and performance of Roofing's group limited

The study concluded that most company assets are labeled tracked in case of any interference and has designated places where they are kept and had policy on the access and use of company assets. Security of assets has a relationship with performance of Roofing's through ensuring efficient utilization of company vehicles, inventory, cash and many others. Policies on cash enable paying of company bills and other short term obligations for example transport allowance for employees which improves the performance of the company This indicated that there is a positive relationship between security of assets and organization performance with a correlation of($r= 0.850, p \leq 0.01$)

5.2 Conclusion of the study

This study infers internal control activities have a significant relationship with performance of Roofing's group limited and measures to strengthen internal control activities will significantly contribute to the attainment of the desired level of profitability, liquidity and efficiency and effectiveness at the company

5.3 Recommendations of the study

According to the results from the field it's recommended that to achieve the desired level of performance certain interventions at the company have to be carried out

Management of Roofing's should train employees in the different procedures techniques that have to be implemented to adopt internal control activities

The company should put stringent measures and policies that will support that adaptation and implementation of internal control activities

There should be monitoring of activities operations and procedures to reduce the level uncertainties of fraud collusion errors and other misstatements

The stake holders at Roofing's should continuously identified the appropriate activities that can be handled by official's managers and supervisors to make implementation of control activities smooth

5.4Areas for further research

The study found out that a combination of segregation of duties approval and authorization and security of assets variables internal control activities contribute to greater extent of performance of Roofing's group limited and the smaller extent may be obtained by considering other variables that were not consider in the study. Therefore other studies need to examine the influence of budgetary control and performance of Roofing's group limited

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Appendix

The effect of internal control activities on performance of Roofing's group limited

QUESTIONNAIRE

Dear respondent,

I am Kawooya Paul, third year student at Uganda Martyrs University pursuing a Bachelor's degree in Business Administration and Management. As part of my academic requirement, I am carrying out research on a topic "*The effect of internal controls activities and organization performance of manufacturing companies in Uganda, with a case study being Roofing's group limited*" providing the required information. The purpose of this research is purely academic and the information you give will be anonymously treated with confidentiality.

Thank you for sparing your time to participate in the study

SECTION A

1. Background Information

Position held in organization

- I. Head of department
- II. Middle manager
- III. Supervisor of operation
Officer

2. Sex:

a) Male

b) Female

3. Education Status a)

Certificate

b) Diploma

c) Degree

d) Masters and above

e) other levels

. Years worked with Roofing's group limited products limited

a) 0-5 years

b) 6-10 years

c) 10 years and above

SECTION B.

Segregation of duties

Tick the appropriate box basing on this scale

scale	5	4	3	2	1
Particulars	Strongly agree (S.A)	Agree (A)	Neutral(N)	Disagree(D)	Strongly disagree(S.D)

	Details	5(S.A)	4(A)	3(N)	2(D)	1(SD)
B1	There is segregation of duties in the organization					
B2	Segregation of duties helps in reducing risks of errors and fraud					
B3	There are guidelines and procedures for carrying out transactions and operations					
B4	There are checks to assess whether the duties operate effectively and efficiently					
B5	Staff are given a job description					
B6	No single employee handles all the transactions					

1) A) Does the organization face challenges in segregating duties ?, if so list some of them

.....

SECTION C

Internal approvals and follow up

Tick in the appropriate box basing on this scale

scale	5	4	3	2	1
Particulars	Strongly agree (S.A)	Agree (A)	Neutral(N)	Disagree(D)	Strongly disagree(S.D)

	Details	5(S.A)	4(A)	3(N)	2(D)	1(S.D)
C1	Individuals are given authority to approve operations and transactions					
C2	There are policies to ensure that services and operations are effectively provided					
C3	Management specify transactions and activities that need advisory approval					
C4	Transactions , procedures and services monitored to reduce irregularities and errors					
C5	There are limits on the authority to carry out operations and transaction					
C6	When approvals are done there is follow up					

2) How does internal approval and follow up improve organization performance?

.....

.....

SECTION D

Security of assets

Tick in the appropriate box basing on this scale

scale	5	4	3	2	1
Particulars	Strongly agree (S.A)	Agree (A)	Neutral(N)	Disagree(D)	Strongly disagree(S.D)

	Details	5(S.A)	4(A)	3(N)	2(D)	1(SD)
D1	There are restricted control access to company assets					
D2	There are mechanisms put in place to track assets used					
D3	Assets are engraved by the company					
D4	There are places designated to safe guard company assets from risks					
D5	There are investigation made for assets that may be misplaced and damaged					
D6	There are periodic and physical counting of company assets					

3) Please state what should be should to be done by the organization to improve security of assets

.....

.....

SECTION E
Performance of the organization

Tick in the appropriate box basing on this scale

scale	5	4	3	2	1
Particulars	Strongly agree (S.A)	Agree (A)	Neutral(N)	Disagree(D)	Strongly disagree(S.D)

	Details	5(S.A)	4(A)	3(N)	2(D)	1(S.D)
E1	The company has increased in its quality of production over the previous period					
E2	The company cost of production has reduced over a period					
E3	There has been increased sales revenue from production in the previous period					
E4	Management effectively allocates duties and responsibilities					
E5	There is quality production with minimum resource wastage					
E6	Management and workers do their work with quality skill and experience					
E7	Management credit policies reduce debt collection period					
E8	The company cash policies facilitate financing short and long term obligations					

E9	There is demand of company products at the current price					
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Thank you for sparing your time to participate in the study