
**AUDIT PRACTICES AND FINANCIAL RECORDS MANAGEMENT:
A CASE STUDY OF OPPORTUNITY BANK NAKASERO BRANCH KAMPALA.**

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ABSTRACT

The study aimed at audit practices and financial records management and it was guided by the following objectives; To examine the types of internal controls applied by the organization for the growth of opportunity bank in Kampala, to establish the contribution of internal auditing practices towards the growth of opportunity bank, to investigate how internal auditing affects the financial records management of the organization and to examine the relationship between internal auditing practice and financial records management of the opportunity bank in Kampala. The research used cross-sectional design in nature and these was done through collecting data from a wide section of the study respondents. Across-sectional design is the one that is carried out at one point in time. This research design is suitable in the sense that the information collected involved analyzing how audit practice affects the financial record management of organizations. From the findings, majority of respondents 25(50%) indicated that internal audit refers to an independent consultancy aimed at improving the efficiency of an organization. Other respondents 15(30%) however, understood internal audit as any activity with the objective of bringing a systematic design approach to evaluate and improve the effectiveness of risk management. The remaining respondents 10(20%) asserted that internal audit is simply any activity designed to improve an organizations operation. The study recommends the bank to always practice book keeping and auditing of their creditors and this will improve on their financial performance. This can be done by developing the skills of double entries in their business as well as employing of internal auditors in their day-to-day activities for improved financial record management.

Key words: audit practices and financial records management

Background of the study

Internal auditing are unbiased, objective guarantee and consultancy pastime systematically designed to feature cost and improve a business's operations, performance, performance and effectiveness (Christopher et al., 2022). It helped the business enterprise to obtain its targets and goals through bringing a systematic, disciplined technique to assess and improve the effectiveness of governance, risk manipulate; planning and control (Alex & Kazaara, 2023). The internal auditors most important objective turned into to assess the effectiveness of economic statistics control and operational manage, verify compliance with the governmental rules, approaches, defend belongings, verify the accuracy and consistency of the corporation (Ramadhan et al., 2023). Many organizations have now employed using auditing practice when you consider that it is these days's major element in setting up the high-quality of the

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organization's inner manage gadget. businesses also are suffering to implement greater powerful governance structures and tactics (Mark et al., 2023). In such s climate, it is no wonder that the internal audit function is considered as the most certified organization of experts to help with such experimentation with improved governance as well as guide key governance tactics for monitoring the controls over and for evaluating the operational effectiveness of these management strategies and tasks.

In this situation, fraud and leave out appropriation of money in possibility financial institution cannot be dominated out, the situation is difficult from other elements of the vicinity where in Zimbabwe, David (2017) determined a comparable state of affairs in that governmental entities which had a terrible record keeping and consequently turn out to be a breeding ground of fraud and corruption (Kazaara et al., 2023). Internal audit in step with national Archive's (2017) asserted that it must possess the following: valuables, risks associated with privacy and garage, possesses a specific content, having a manageable existence cycles and others. possibility bank nowadays nevertheless faces many problems notwithstanding the presence of inner auditing teams (harmless et al., 2023). Businesses are visible to have bad control of sources, in particular budget because of the high ranges of fraud. The findings of audit had been meant to be used by management to make certain that the business enterprise grows but control seems to be so reluctant to take instantaneous actions subsequently hindering organizational competitiveness and effectiveness (Racheal, Enock, et al., 2023).

Problem Statement

Financial overall performance about possibility banks began long time ago earlier than economic reforms. Many possibility banks have been witnessed beneath doing insolvency because of higher degree of nonperforming loans (opportunity bank 2019) to start with the banking region and partiality opportunity bank in Uganda have faced a number of troubles like of resources, social financial trouble, political uncertainty, and this affected the green working of possibility banks (Frank et al., 2023). Internal controls are generally instituted with the aid of an organisation to offer reasonable warranty about the success of an entity's goals on the subject of reliability of the economic reporting , effectiveness and performance of operation and bitch with relevant laws and regulations (Racheal, Kazaara, et al., 2023) in this regard possibility financial institution operates a strong duty gadget which resists on internal controls and oversight mechanism and gear to promotes transparency and equipment to promote transparency and integrity as stipulated with the aid of the united international locations (Micheal et al., 2023). Consequently, there are numerous miseries in a situation, in which the opportunity bank is having operational, managerial, and financial difficulties for this reason all of the above cited problems have necessitated the researcher to analyze or perform a monetary performance analysis study (innocent et al., 2023).

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Objectives of the study.

- To examine the types of internal controls applied by the organization for the growth of opportunity bank in Kampala.
- Establish the contribution of internal auditing practices towards the growth of opportunity bank.
- Investigate how internal auditing affects the financial records management of the organization.
- Examine the relationship between internal auditing practice and financial records management of the opportunity bank in Kampala.

Research questions.

- What are the types of internal controls applied by the organization for the growth of opportunity bank?
- What are the contributions of internal auditing practice towards the growth of the opportunity bank?
- How was the internal auditing practice affect the financial record management and viability of the organization?
- What is the relationship between internal auditing practice and financial record management of opportunity bank?

Methodology

Research Design

The research used cross-sectional design in nature and these was done through collecting data from a wide section of the study respondents. Across-sectional design is the one that is carried out at one point in time. This research design is suitable in the sense that the information collected involved analyzing how audit practice affects the financial record management of organizations. The study focused on using quantitative and qualitative research methodologies.

Study population

The study was confined to the total of 36 workers of the bank that's to say bank Teller, bankers, loan processors, mortgage consultants, investment bankers, relationship managers, credits analyst, investment representatives, and financial record departments of the organization that were selected during the study process in the study area of opportunity bank, Nakasero branch. These categories of respondents were considered due to their relevance to and knowledge on the effects of audit practice on the financial record management of the bank (Racheal, Enock, et al., 2023)

Sampling method

The study was purposive during the process of data collection from the study respondents. The study is to use purposive sampling technique since it enables the researcher to select a sample with experience and knowledge about the study variables and this method was used to select all the study respondents.

Sample size

The sample size consisted 32 respondents from the study area and these were selected as in table 1 below.

Table 1: Showing category of respondents as well as the Sample size

Category of respondents	Study population	Sample size
Bankers	05	02

Credit analyst	10	10
Loan processor	08	04
Relationship manager	07	10
Mortgage consultant	06	06
Total	36	32

Source: Miss Cafe wanders, the human resource supervisor at the bank

The sample size of 32 respondents were large enough compared to the study population of opportunity bank, Nakasero branch. However, these sample were determined with the help of the following formulae according to Agatha (2009). The sample size of the respondents was determined as in the formulae below;

$P = F/N \times n$. Where; F= Number in the category

N = Total population.

P = Number of respondents in the category to be obtained from the group

n = Total number of the respondents needed by the study.

Concerning data sources, primary data were the main sources of data to be used in the study.

Date collection and Instructions

Questionnaire

The questionnaire tool was close ended in nature and these were self-administered where the researcher filled the questionnaire in the study field as per respondents' responses. The tool was used to collect information from the

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non-supervisors. The questionnaire method of data collection is to be used because of being cheap and that the method collects responses with minimum errors and high level of confidentiality.

Study Variables and their measurements

The study constitutes of two variables as; Audit practice as an independent variable while financial record management of an organizations as a dependent variable. Audit practice were measured by the internal controls used in at opportunity bank, Nakasero Branch that may include; preventative controls, **detective controls**, **corrective controls**, control environment, risk assessment, control activities, information and communication as well as monitoring. However, during the study, performance was measured by the amount of revenue collection, service assets obtained, records management, value for money among other measures that may be thought of during the process of undertaking the study.

Data analysis.

Data were analyzed using quantitative method. Quantitative data were grouped and statistical description such as tables showing frequencies and percentages and pie- charts as well as graphs for better interpretation using SPSS (Nelson et al., 2022).

RESULTS

Responses on if there are internal control systems in place

According to the study, all the respondents 100% revealed that there were internal control systems at opportunity bank Uganda limited. Regarding the Internal control systems at the opportunity bank Uganda limited, the study respondents indicated checking of goods entering the company. Another internal control procedure in place was revealed as frequent supervision of the company. Respondents from the study said that workers at the employees are frequently supervised during the process of performing at the bank. Frequent supervision of employees helps them to perform the assigned tasks for effectively and effectiveness that helps the bank to improve profits.

Findings on the effectiveness of internal controls used in opportunity bank Uganda Limited

Results showed that 20% of the respondents strongly agreed that there are adequate asset listings done by management, 30% agreed, 10% were not sure, 36% disagreed and 4% strongly disagreed. Majority of the respondents were in disagreement and this implies that there are inadequate asset listings done by management at the

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bank. Results indicated that 20% of the respondents strongly agreed that there is free access to cheque books and organization assets, 12% agreed, 10% were not sure, 20% disagreed and 38% strongly disagreed. Majority of the respondents disagreed, this implies that there is limited/no access to cheque books and organization assets. Results revealed that 30% of the respondents strongly agreed that the petty cashier is different from the main cashier, 10% agreed, 14% were not sure, 38% disagreed and 8% strongly disagreed. Majority of the respondents disagreed, this implies that the petty cashier and the main cashier are the same at the opportunity Bank. Results in table above show that 18% of the respondents strongly agreed that there are adequate policies to ensure effective collection and follow ups of due accounts, 20% agreed, 6% were not sure, 16% disagreed and 40% strongly disagreed. Majority of the respondents disagreed implying that there are inadequate policies to ensure effective collection and follow ups of due accounts.

The importance of internal audit function in the accountability of Public Corporation.

Majority of respondents 25(50%) indicated that internal audit refers to an independent consultancy aimed at improving the efficiency of an organization. Other respondents 15(30%) however, understood internal audit as any activity with the objective of bringing a systematic design approach to evaluate and improve the effectiveness of risk management. The remaining respondents 10(20%) asserted that internal audit is simply any activity designed to improve an organizations operation (Allan et al., 2023).

Characteristics of Internal Audit system

In a bid to generate a clear background for this research from within the minds of respondents, the researcher found it vital to find out responses of various targeted respondents on the characteristics of internal audit systems (Innocent et al., 2023). The findings are revealed in table below in response to the question that was asked that is, what are the characteristics of a good internal audit system The study established as indicated that: internal auditing system should have well trained and competent auditors as was supported by 20(40) respondents, other 10(20%) stressed that internal audit system should be free from political interference and the rest totaling to 20(40%) argued that systems of internal audit should have enough resources that is computerized systems for proper records keeping (Moses et al., 2023). The study also identified sample responses in accordance to the characteristics that were given by respondents.

The Current Scope of Internal Auditors

Graph clearly indicate that, the activities of traditional type that emphasize on verification of accounts, compliance, internal control and a little on fraud investigation. However, it is noted that Public Enterprise Supervisory Authority sent a directive for public enterprises that give guidance on how internal auditors shall prepare their audit plan for next year i.e. 2013/2014) in which the scope of internal audit is expected to include both assurance and consulting service. This was supported by 15(30%) respondents, who stressed that without internal audit, most of the public resources would be lying under waste. They had to put it that public workers have in most cases been forced to promote transparency in their respective offices so as to concur with expectations of the auditors; otherwise, they would be questioned and penalized. Ensures compliance with relevant laws and regulations, this was pointed out by 10(20%) of the total respondents who further stressed that internal auditing leaves public workers on a careful guard while dealing with public funds and this improves their accounting standards that even yields compliance to the financial reporting requirements. Hence transparency and proper accountability keeps evident.

Other responses of respondents on the role of internal auditing

In order for the researcher to get respondents views different from those that were put in a questionnaire as answers to open questions about the importance/ role of internal auditing, various responses were mentioned and they include; recovering of misappropriated funds this was supported by twenty-five respondents. Here respondents further explained that defaulters have been brought to book and asked to refund or imprisoned thus increasing public resources that would others be lost if the internal audit would be weak. Other respondents totaling to fifteen also stressed that internal auditing checks and control unnecessary spending within the local government's employees. Here they lamented on over extravagancy among some employees to benefit themselves rather than the general public.

The Relationship between audit practices and financial records management.

The findings showed that, majority of the respondents 93% said that of internal audit had a positive impact on the financial performance of the organization like opportunity Bank as compared to 07% respondents who said that internal control systems negatively impact the financial records management. These same respondents argued that internal audit like use of cameras reduce on the profitability level of the corporation. It was revealed by the study respondents that cameras to capture thieves in corporation are very expensive to purchase and needs highly skilled employees to operate them. In addition, Internal audit function like checking people at the building entrance when

entering may at times stop some of the people who do not like being checked to come that reduces on the sales volume financial performance of the business (Polycarp et al., 2023).

Conclusions of the study

The study concludes that there are number of internal control systems at the bank. including; checking of goods entering opportunity bank after their purchase, checking of people at the building entrance, frequency supervision of the Municipal activities, writing of reports to the bank workers concerning all that has been done under departments by the heads of departments every after two months, use of recording systems, internal audit system, training and workshop programs to the corporation employees, screening of prospective employees in addition to the use of budgetary and financial controls. The study also indicated a positive impact of internal audit on the financial performance of the bank (Gracious, 2023). This is so because, majority of the respondents that internal audit function has a positive impact on the financial performance of the opportunity bank. These respondents said that when internal audit is well applied can impact on the financial performance of the corporation like opportunity bank positively. This is because; respondents said that proper application of internal audit can help the corporation to achieve its objective, help in the detection of fraud, help in minimizing costs, help employees to perform their assigned tasks both effectively and effectiveness all of which improve on the financial performance of the bank.

Recommendations of the study

The study recommends the bank to always practice book keeping and auditing of their creditors and this will improve on their financial performance. This can be done by developing the skills of double entries in their business as well as employing of internal auditors in their day-to-day activities for improved financial record management.

The study further recommends that human resource in the bank always conceive and adhere to the Internal audit functions in a positive way as it is communicated by workers and follow their contents in the day to day running of the corporation activities. By doing this negative attitude of the human resource in such businesses will be reduced that will result into high level of financial performance in terms of profitability level.

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