

INTERNAL CONTROL SYSTEMS AND ORGANIZATIONAL PERFORMANCE

A CASE STUDY OF ISSIA SACCO LIMITED IBANDA BRANCH

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ABSTRACT

This study sought to establish the internal control systems and organizational performance of ISSIA SACCO LTD. The objectives of the study were to investigate the relationship between monitoring, control activities and risk assessment with organizational performance of ISSIA SACCO LTD. The study adopted a case study design to collect data using questionnaire server, interview and documentary review. Qualitative data was analyzed using descriptive statistics correction and regression analysis. Quantitative data was analyzed by thematic analysis. The study found out that there was a significant positive relationship between risk assessment, monitoring and control activities with organizational performance. From the findings, there was integrity percentage (87.7%) of the respondents agreeing with (5.2%) disagreed and (5.1%) were undecided. therefore, this indicated that the respondents had a high integrity in management. In relation to the above, with respect to ethics are highly practiced in performance, communicatively the majority percentage (84.6%) of the respondent agreed with (7.7%) disagreeing and (7.7%) were undecided. It was thus concluded that control environment, monitoring and control activities with organizational performance. Therefore, it was recommended that public organization/private organizations and government agencies should establish a risk assessment, monitoring system and control activities that enhance organizational performance.

Key words: internal control systems and organizational performance

Background of the study

Inner manage systems have existed since the emergency of prepared systems. whilst the Israelites had been inside the wilderness for the duration of their exodus, Moses their chief recognized the significance of maintaining accurate records as a manipulate interest (Alex & Kazaara, 2023). Tallies supplied the earliest shape of internal manage as a manage pastime until they were officially abolished in 1826. The size of the notch indicated the denomination (Alex et al., 2023). Internal controls structures confer with a method designed and

affected those charged with governance, control and other non-public to offer reasonable assurance approximately the fulfillment of the entity's targets with regard to reliability of the entity reporting, effectiveness and performance of operation and compliances with relevant regulation and rules (harmless et al., 2023). Internal control structures consist of, risk assessment, manipulate activities, that make sure that management objectives are completed and threat mitigation techniques carried out, statistics and communication and tracking (faith et al., 2023).

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On this study internal manage mentioned tracking and manipulate sports. Chance assessment on this examine refers to suitable regulations, management tone undertaking and objectives and enough supervision. regarding the excellent of controls through ongoing and periodical critiques of the external supervision of inner controls through management of other events out of doors the technique (Wegulo et al., 2023).

ISSA SACCO LTD is an agency of giving loans in Ibanda District. It changed into hooked up to provide employment opportunities and expand loan giving in Uganda (Emma, 2018). responsible for the handing over human useful resource and finance offerings, including test in a take a look at out advantages and payroll, vendor bills and cashier offerings, as well as exchange and commerce manage, training and conference offerings ISSIA SACCO LTD (Derrick et al., 2023).

Problem Statement

Internal control systems are commonly instituted by means of an agency to provide reasonable assurance above the success of an entity's objectives in regards to reliability of the monetary reporting effectiveness

Research Objectives

- To assess the relationship between control environment and organizational performance of ISSIA SACCO LTD IBANDA BRANCH.
- To examine the relationship monitoring and organizational performance of ISSIA SACCO LTD IBANDA BRANCH.

and performance of operations and compliance with applicable laws and rules (Paul et al., 2023). on this regard, ISSIA SACCO LTD IBANDA department operated a robust accountability device which rests on internal control systems and oversight mechanisms and equipment to promote transparency and integrity as stipulated by way of the Uganda. office of internal oversight offerings (Olos) oversaw the use of sources and personnel of the corporation thru provision of audit, investigation, inspection and assessment services (harmless et al., 2023). Promoted responsible administration of assets, a way of life of duty and transparency and progressed programme overall performance (okay. Moses et al., 2023). however, notwithstanding implementations of inner controls ISSIA SACCO LTD Ibanda department has regularly been criticized for being a failure. If the bad overall performance ISSIA SACCO LTD IBANDA branch become not addressed, enterprise performance would continue to be very susceptible and many losses would upward push (Musaibah et al., 2023). The take a look at set up the connection between internal control gadget and performance of ISSA SACCO LTD looking at chance assessment, tracking activities and manage sports.

- To determine the relationship between control activities and organizational performance of ISSIA SACCO LTD IBANDA BRANCH.

Research Questions

- What is the relationship between control environment and organizational performance of ISSIA SACCO LTD?
- What is the relationship between monitoring and organizational performance of ISSIA SACCO LTD?
- What is the relationship between control activities and organizational performance of ISSIA SACCO LTD?

Methodology

Research Design

The study employed both case study and cross-sectional research designs. The researcher used both qualitative and quantitative approaches while examining the internal control systems and organizational performance in ISSIA SACCO LTD Ibanda Branch. Quantitative data will be the basis for drawing statistical influences by relating internal control systems and organizational performance. Quantitative data supplemented the quantitative data by providing detailed information in form of statements from interviews for in-depth analysis.

Study population

The population of the study comprised of who were 60 people the staff of ISSIA SACCO LTD Ibanda Branch. The study population comprised of top-level managers (6), human resource department (10), finance department, (!5) marketing department (4) and operation department of (25).

Sample Size

The sample size of the study comprised of be 47 respondents selected from the population of 60 employees at ISSIA SACCO LTD Ibanda Branch. Use the statistical table of Krejcie and Morgan (2009)

Table 1: Population, sample size and sampling techniques;

Category	Population	Sample size	Sampling techniques
General manager	1	1	Purposive sampling
Human Resource department	10	8	Purposive sampling

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Finance department	15	11	Purposive sampling
Marketing department	4	11	Random sampling
Operation department	25	16	Random sampling
TOTAL	55	47	

Data collection instruments

The study employed two methods of data collection instruments namely, questionnaire, observation and interview guide.

Questionnaire

The questionnaires were used because it served in collecting appropriate data, it minimized the basis in formulating and asking of the questions and make questions varied. The researcher used close ended questionnaire for all respondents. The use of questionnaires enabled the easy collection of data from a large number of respondents in the company.

Data analysis

Quantitative Data

Quantitative data was analyzed at different levels; namely univariate and bivariate. At univariate, the data was based on percentages from the frequency tables and descriptive statistics such as the mean using SPSS (Nelson et al., 2022). At bivariate level, the dependent variable (DV), organizational performance was correlated and regressed on internal control systems the independent variables (IVs) using E-views (Nelson et al., 2023).

RESULTS

Internal control system components

Table 1 percentage on internal control components

Internal control component	Strongly disagree		Agree		Note sure		Disagree		Strongly disagree	
	F	%	F	%	F	%	F	%	F	%
There is integrity in management	1	2.6%	1	2.6%	2	5.1%	25		10	25.6
Ethics are highly practiced in performance	1	2.6	2	5.16	3	7.7	22		11	28.2

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There is effective monitoring of proper use of resources	-	0%	-	0%	1	26%	28		10	30%
There is regular performance inspections	-	0%	2	5.16	2	5.1	20		15	26.2%
Access lock systems have been installed	-	0%	-	0%	1	2.7	30		8	38.5
Proper book keeping is ensured	-	0%	1	2.6	3	7.7	23		12	20.5

F cells for frequency % cells for percentage

The result in the table above on whether there is integrity percentage (87.7%) of the respondents agreeing with (5.2%) disagreed and (5.1%) were undecided. therefore, this indicated that the respondents have a high integrity in management. In relation to the above, with respect to ethics are highly practiced in performance, communicatively the majority percentage (84.6%) of the respondent agreed with (7.7%) disagreeing and (7.7%) were undecided (Ntirandekura, Ainebyoona, et al., 2022).

With respect to whether there is effective monitoring of proper of resources cumulatively the larger percentage (97.4%) of the respondents agreed while (2.6%) undecided and non-disagreed. This means that monitoring of proper use of resources was fair and good. In the interview, one respondent (Miss moreen) revealed that there were different levels of administration that carried out monitoring (Ntirandekura & Christopher, 2022b). It was indicated that there were different officials responsible for monitoring of the use of resources. However, because of separation of duties and different reporting levels, there was effective monitoring of use of resources. The results above suggest that the company had some mechanisms of monitoring to ensure effective use of resources (Christopher, Moses, Muhindo, & Komunda, 2022).

With respect of whether there are regular performance inspections, cumulatively the majority percentage (89.8%) of the respondents were agreeing while (5.1%) disagreeing and (5.1%) were undecided. Therefore, this indicated that there was a regular performance inspection in the company (N. Moses et al., 2022).

According to the results in the table above on whether access lock systems had been installed showed that cumulatively the majority percentage (9.4%) agreed while (2.6%) were disagreeing and none of the respondents was undecided. This suggested that the respondents indicated that installation of access lock systems was good. In the interviews, the respondents indicated that there was use of safes, lock and key use of password. In computers, stock taking, security checks among others (Ntirandekura, Friday, & Muhammad, 2022). This means that the company had installed a lock system to protect its resources.

As to whether proper book keeping is ensured, cumulatively the majority (89.8%) agreed while (7.7%) were undecided and (2.6%) disagreed. Therefore, from the results above, it showed that proper book keeping was ensured. In the interviews, Mr. Pete revealed that there were weekly book checking by the top-level management to check how things have been moving o in and outside the field (Ntirandekura & Christopher, 2022a).

Table 2: Determinants of performance

Determinates of performance	Strongly disagree		Agree		Note sure		Disagree		Strongly disagree	
	F	%	F	%	F	%	F	%	F	%
Staff requirement are provided in a timely manner.	1	2.6	3	7.8	2	5	20	51.3	13	33.3
Staff support is of high quality	2	5	2	5	1	2.6	25	64	9	23.1
Duties of the organization are efficiently executed	-	0	-	0	1	2.6	30	77	8	20.5
Programs are effectively implemented	-	0	2	5	4	10.3	24	60.5	10	23.6
Activities are performed excellently by staff	-	0	1	2.6	3	7.8	28	71.8	7	18
The outcome of programs can be verified	-	0	-	0	1	2.6	25	64	13	33.7

The results in the table above on whether staff requirements were provided in a timely manner, the results showed the larger percentage (84.6%) of the respondents were agreeing while (10.4%) disagreed and (5%) were undecided. Therefore, the results suggested staff requirement were provided in a fairly and good timely manner according to the summary respondent of the questionnaires. One respondent stated that “suppliers are made according to plans and the mandate of the ISSIA SACCO ltd and are made on time (T. Moses, 2023).

Regarding whether staff support was of high quality, cumulatively, the majority percentage (87.4%) of the respondents agreed while (10%) disagreed and (2.6%) were undecided. In the open responses of the questionnaire, the respondents revealed that allowance to staff were high which kept the motivation of staff one respondent (MR. Juma), stated the provisions are very good and staff are satisfied (Christopher, Moses, Muhindo, & Muhammad, 2022).

In relation to the above, whether duties of the organization were efficiently executed, community the majority percentage (97.4%) of the respondents agreed while (2.6%) were undecided and non-disagreed. This implied that respondents agreed that duties are efficiently executed (Ntirandekura & Alex, 2022).

Regarding whether programmes were effectively implemented, cumulatively the majority percentage (85.1% agreed while (10.3%) were undecided and (5%) disagreed. Thus, the results indicated that the respondents agreed that programmes were effectively implemented.

As to whether activities are performed excellently by staff, cumulatively the majority percentage (89.8%) agreed while (7.8%) were undecided and (2.6) disagreed. According to the questionnaire response of the respondents, it was clearly stated that activities are excellently performed by staff were one respondent (Mr. Juma) stated that even the top-level managers involve themselves into the day-to-day activities of the company (Akankwasa et al., 2022).

With respect to whether the outcome of programs can be verified cumulatively the larger percentage (92.4%) of the respondents agreed while (2.6%) were undecided and none of the respondents disagreed. This means that outcome programmes were verified due to the results on the table above (Turyatamba et al., 2022).

Table 3: Internal control systems and organisational performance

Internal control and performance	Strongly disagree		Agree		Note sure		Disagree		Strongly disagree	
	F	%	F	%	F	%	F	%	F	%
Have monitoring increased performance	-	0	2	5	2	5	23	59	12	30.8
There are control activities contributing to performance.	1	2.6	1	2.6	3	7.7	25	64	10	25.6
Have the control environment boosted performance.	2	5	3	7.7	1	2.6	20	51.3	13	33.3
There are regular inspections leading to performance.	2	5	1	2.6	2	5	17	43.6	17	43.6
The vision, mission and objective defined.	-	0	3	7.7	-	0	27	69	9	23.1
There is internal auditor leading to performance.	-	-	-	0	2	5	31	79.5	6	15.4

According to the results in the table above on whether have monitoring increased performance, cumulatively the majority percentage (89.9%) of the respondents agreed while (5%) disagreed and (5%) were undecided. Therefore, this indicated that monitoring as an internal control component have increased performance through completion of targets in east African seed (U) LTD. In relation of whether there are control activities contributing to performance; cumulatively the larger percentage (89.6%) of the respondents agreed while (7.7%) were undecided and (5.2%) disagreed. This means that internal control components like control activities have boosted performance through profit maximization. Here one respondent revealed that the company's revenue has always exceeded the expenditure (Ntirandekura, Friday, Mbisi, et al., 2022).

According to whether have the control environment boosted performances, cumulatively, the majority percentage (84.3%) agreed while (12.7%) were undecided and (5.2%) disagreed. In the interview, Mr. Paul, as one of the respondents revealed that in ISSIA SACCO Ltd sufficient control environments leading to high performance in the company (Wegulo et al., 2023).

With respect to whether there are regular inspection leading to performance, cumulatively the larger percentage (87.5) of the respondents agreed while (7.6%) disagreed and (5%) were undecided. This means that regular inspections had led to efficiency in the performance of the company, here according to the interviews with the respondents, me respondent revealed that regular inspections have supported the company to always meet its states goals.

Regarding to whether there is internal auditor leading to performance, cumulatively the larger percentage (94.9%) of the respondents agreed while (5%) were undecided and none of them disagreed. In the interview, one respondent (Miss. Magret), the accountant revealed by the internal auditor which have led to proper bookkeeping and accurate financial statements prepared like balance sheets, comprehensive incomes and others which have led to the company's better performance (Damasus et al., 2023).

Conclusion

Internal control components related to organizational performance. This is because the effective the integrity in management, highly practiced ethics, effective monitoring of proper use of resources, regular performance inspections, installation of lack systems and proper book keeping influenced performance of the company and gave a positive image to the company.

The determinates of performance relate to organization performance. This was due to the fact that high quality support, timely provision of staff requirements, effective implementation of programs, and excellent performance of activities influenced performance of the company.

Recommendations

Public organisations, private organisations and government agencies should implement staff timely provision of staff requirements, effective implement of programs and others. Public organisations, private organisations and government agencies should implement the monitoring, control activities, control environment internal auditing that can enhance organization performance.

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