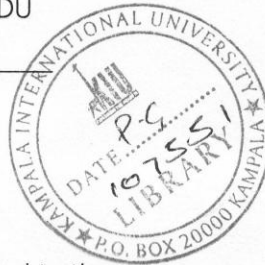


**INTERNAL CONTROL AND FINANCIAL PERFORMANCE OF RECO INDUSTRIES
LIMITED KASESE, UGANDA.**

By

BUKOMBI ERASTUS KAPIPA

MBA/15433/133/DU



A Thesis Report Presented to the

College of Higher Degrees and Research

Kampala International University

Kampala, Uganda

In Partial Fulfillment of the Requirements for the Degree of
Masters in Business Administration and Management

NOVEMBER, 2016

ABSTRACT

The main objective of this study was to investigate whether internal control affects financial performance of Reco industries limited Kasese, Uganda. The study was guided by the following research objectives; To identify the extent internal control of Reco industries limited Kasese district in Uganda, to examine the level of financial performance of Reco industries limited Kasese district in Uganda and establish if there is a significant relationship between internal control and financial performance of Reco industries limited Kasese district in Uganda. This study adopted quantitative method of *data collection*. It is economical and efficient in data collection (Fama, E. 2007). It is used in investigating relationships between 0..variables. It is very precise and objective; *more focused* and out-come-oriented. Data were represented quantitatively and processed using quantitative models (inferential statistics). Questionnaires were chosen because of time limitations and also this study was dealing with the right respondents. Questionnaires were administered using drop and pick method targeting the 154 respondents. In conclusion, In regard to internal control, there was evidence of proper internal control system in the company with internal Control staff often evaluating internal controls to identify profiles of stakeholders and clients, their needs and expectations. Financial reports are also regularly reviewed as an internal policy that is clear to all employees in the company. However there are no clear levels of approval and authorization and employees do not adhere to controls in place. The researcher recommended that the study should establish the employees who do not adhere to internal control systems in place. There is therefore need to train employees on how best they can apply internal control to ensure that they monitor and report any uncommon financial performance due to risks emergence. The company should also come up with strong policies to manage risks and to make sure that there are effective internal controls for better financial performance. To improve control activities, procedures and policies of the company should be regularly revised at least annually and ensure they are communicated to the implementers. This will help detect any financial mismanagement on the side of internal Controllers.