

**INTERNAL AUDIT AND FINANCIAL MANAGEMENT IN AN  
ORGANISATION (A CASE STUDY DOKOLO TOWN  
COUNCIL)**

**BY**

**ODONGO PATRICK KIDULI**


**REG. NO BBA/36726/113/DU-LR**

**A RESEARCH REPORT SUBMITTED TO KAMPALA  
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**NOVEMBER 2015**

**DECLARATION**

I, Odongo Patrick Kiduli declare that this is my original work and has never been submitted to any institution for the award of any academic paper.

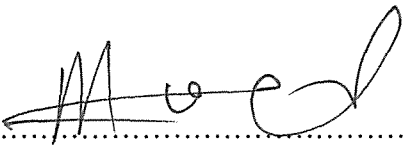
Signed ..... 

(Student)

Date ..... 12<sup>th</sup> / 09 / 015

## APPROVAL

This report has been carried out under the topic Internal Audit and Financial Management in an Organizations, Case study Dokolo Town Council and has been under my supervision, is now ready for submission to Kampala International University.

Signed.....

**Mr. Ebong Charles**

**Supervisor**

Date ..... 12-09-2015 -

## **DEDICATION**

I dedicate this research first of all to the almighty God who created me and to my beloved mother Mrs. phoebe Kiduli who brought me on this earth and my sister Beatrice Kiduli who supported me throughout my education and has been so much behind me throughout my struggle.

## **ACKNOWLEDGEMENT**

First of all, I would want to thank God the almighty for having kept me alive all this long. May he keep guiding me throughout my struggle. Secondly I would want to appreciate the effort of the entire family members especially my mother, brothers and sisters for the support they gave throughout my studies.

Thirdly I appreciate the effort of my supervisor Mr. Ebong Charles who guided me through this work, may God bless him abundantly in his career.

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## **ABSTRACT**

The study is on the relationship between internal audit and financial management in an organization; a case study of Dokolo Town Council. The major objectives of the study included; to examine the technicality of internal audit; to examine the level of financial management; to establish the relationship between internal audit and financial management; to study population of the study were the administration, head of department, employees and the informant.

The sources of data were both primary and secondary data collection using the questionnaire, interviews: data analysis was through both statistical and narrative methods. The finding shows that the principal governing internal auditing such as integrity, objectivity, confidentiality and competence is not followed. Concerning the level of financial management the funding shows that this is not efficient. On the relationship the funding indicated that there is a significant and possible relationship between internal audit and financial management. The researcher recommended that the principle, governing internal auditing should be followed and addressed to and that internal auditors should be objective in carrying their work and should disclose all material facts known to them.

## CHAPTER ONE

### 1.0. Introduction

This chapter covers the background, statement of the problem, purpose of the study, research question, scope of the study and significant of the study.

### 1.1 Background Of The Study

Internal audit is a continuous and systematic process of examination and reporting the operations and records of concern by its employees selected specifically for this purpose. Such audit is an independent appraisal activity within an organization for review of the operations and for measuring and evaluating the effectiveness of other controls (d.p. jain, 1999). Internal audit is a key pillar of good governance. It is concerned with the adequacy of risk management and internal control systems, efficiency and effectiveness of operations, asset safeguards and regulatory compliances provides an organization audit committee and executive management with an independent view on whether the organization has an appropriate risk and internal control environment and acts as a catalyst for a strong risk and compliance culture within an organization (pickett, 2006). According to Frigo and Mark (2002), in early auditing (voucher audit), internal auditing was supposed to prove a true and fair view on the company's financial affairs by reviewing all transactions, and comparing them with financial statements. This was possible since organizations transaction were few. However this later developed into modern audits (system based audits). Under this, internal auditing relies on the presence and strength of internal control system to apply tests on a sample of entries drawn from a population. Increasingly, internal auditors are called upon to act as internal control, risk and corporate governance consultants with the organization. Internal auditing is concerned with all aspects of the organization both financial and non-financial. It also involves detection and prevention of fraud in any form, hence transparency in financial management. There is general perception that organization, that institute the enforcement of internal auditing will always lead to improved financial management. It is also a general belief that properly instituted system of internal audit improves the reporting process and also gives rise to reliable reports which enhances the accountability function of management of an entity.

Never the less available literature still allude /point out that in spite of elaborate system of internal audit in organization, financial management has been elusive in most of these organizations(OAG,2010).

Financial management on the other hand is defined as the way organizations generate their funds and their subsequent spending, that is the receipts and expenditure of the organization funds and thereof accounting for how they have been used (Pandey, 1995). This enhances organization long term survival. In many cases management of organization holds the responsibility of proper recording of transaction that take place in their organization (millicha mp, 1993). In this case management ensures a strong accounting and internal control system which enhance control of funds of this organizations hence leading to efficient and effective financial management. Internal audit which is part of management internal controls helps in verification of records of receipt and expenditure which ensures that the organization is not defrauded by acts of employees who may intentionally commit frauds such as false reporting in the financial statement and misappropriation of funds in the organization. In Dokolo town council, financial management is one aspect that has not been given the attention it deserves. The town council employees in charge of finance in a number of cases been given council resources and have either failed to account for the resources entrusted to them and have not made the necessary accountabilities in time. The district auditors have noted cases when funds are advanced to town council but a good number of months elapse without the responsible officers providing the necessary accountability. Accountability needs to be accurate and timely so as to aid decision making. It should be noted that international principle reporting standards (IFRSs) emphasize timely productive of financial report. Really end of year financial statement should be produced within three months following the end of the period to which the financial statement relates. With Dokolo town council this seems not to be the case and it's what has prompted this study.

## **1.2 Statement of the Problem**

In Dokolo town council systems have evolved overtime and all the department and units of the institution have undergone positive transformations. Internal audits have been put in place to ensure safe custody of all town council assets; to avoid misuse on misappropriation of town council assets and to detect and safeguard against probable frauds. The town council employs competent professionals to fill all the key department and units. This is ensured by transparent and open

system of selective and recruitment aided by ably staffed human resource department of the organization. The town council records and account system have been refined overtime. The town council accounts and records are audited by professionally trained and recognized auditors. The town council has always had an internal audit department to help in compliance with the internal policies and procedure. However despite all the above efforts, the town council still struggles with financial management liquidity problem, financial reports and so on. Accountability for Dokolo town council is still wanting, frauds and misuse of town council resources have been unearthed and a number of decisions made have not yielded the expected results. This research will therefore attempt investigate the persistent poor financial management from the perspective of internal audit which has been ignored.

### **1.3 Purpose of the Study.**

The purpose of this research is to establish the relationship between internal audit and financial management in local government in Uganda.

### **1.4 Objective of the study.**

In particular the research will focus on the following specific objective,

- i. To examine the functionality of internal audit in Dokolo town council
- ii. To examine the level of financial management in Dokolo town council
- iii. To establish the relationship between internal audit and financial management.

### **1.5 Research Question.**

To achieve the above desired objectives, the following research question will be used.

- i. What is the functionality of internal audit in Dokolo town council?
- ii. What is the level of financial management in Dokolo town council
- iii. What is the relationship between internal audit and financial management?

### **1.6 scope of the study**

### **1.6.1 Conceptual Scope**

Focus was on the relationship between internal audit and financial management. The independent variable being internal audit and the dependent variable being financial management.

### **1.6.2 Geographical Scope**

The study was undertaken in Dokolo town council. The choice of the area was due to the fact that cases of misuse of finances have been reported.

### **1.6.3 Time Scope**

The study will cover a period from 2011- 2013. This will enable the review of financial and non-financial transactions of Dokolo town council local government.

## **1.7 Significance of the Study.**

The study can be of significance in the following ways as shown below;

- The government especially local government, the study can enhance improvement in internal auditing techniques hence minimizing misuse of public finance, thus availing the government with enough funds to run its activities such as construction of school, hospitals and roads and so on.
- The public, since the improved internal audit techniques can minimize misuse of public finances; they can be put to their appropriate use such as disasters management, health care management, which will be beneficial to the public.
- To the research, the study will widen the researcher skills and knowledge in carrying out research. This will be of benefit for the future studies.
- Other researcher, the study can inspire other researchers to research more of the topic as related areas to discover other aspects that may not have been discovered with the help of the already existing research.
- To management of Dokolo town council, since the study provides information regarding different aspects of internal auditing, this will enable them improve on the effectiveness of internal auditors, by engaging them in seminars, workshops and learning to improve their skills and effectiveness.

## **2.4 FINANCIAL MANAGEMENT**

Kakuru (2005) define financial management as a way of rising and collection of resources (funds) within an organization in order to attain its objectives. It involves functions performed within the organization to ensure efficient use of funds.

Page and hoops (1982) asserts that the financial management system is that system that handle bookkeeping and accounting/financial events as activities of a company. The system facilitate journaling transactions, including productions of periodic and financial statement, reports and comparison of results with budgeted figures.

Barata, cain and thursten (1999) considers the value of financial management system in terms of its ability to prevent, discover as facilitate penalty for acts of fraud and corruption.

Allocation clearly stated that responsibility for managing resources stem improper actions as authorized expenditure can be traced to their organization.

Barata etal (1999) consider increasing demand for control on public management resources and practices amidst cut back in public for improved performance and standardization of accounting practices is apparent. Local government have taken steps to strengthen financial management standard persists owing to the tax standards in government.

The world Bank (1999) reported on the effort that the government of Uganda, under the economic and financial planning project is undertaken to address deficiencies in fiscal system. Under the Local Government Development Program (LDGP) the government was to focus on elements that were to strengthen the capacity of local government for investment planning, budgeting and accounting as provided for in the local government act, 1997 and local government financial and accounting regulations,1998.

The effort by World Bank and government to embark on a project aimed at improving financial management in local government is worth nothing. The objective of improving the effectiveness of public expenditure management process was envisaged through avenues , like strengthening financial management by improving processes Key performance indicators were set as better



budgeting control and improved financial management, timely preparation and auditing of account, better value for money and reduced level of unaccounted for funds were to be monitored.

2.4.1 Determinants of good financial management

1.4.2 Indicators of poor financial management

2.5 Relationship between internal audit and financial management

2.2.5. Determinants of a good financial management.

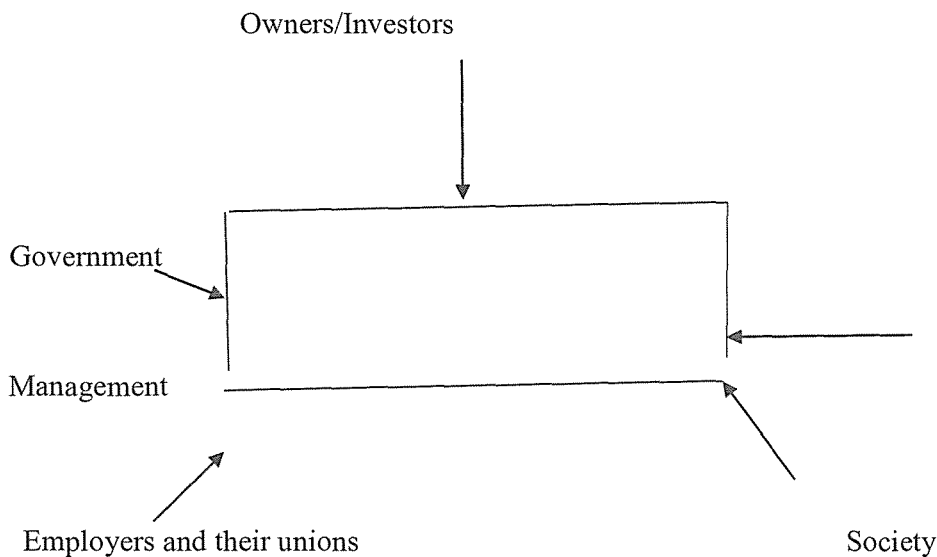
According to Kakuru (2005), a good financial management has the following characteristics:-

1. Profitability; refers to a situation where a firm seeks to maximize its revenue and minimizes costs its advantageous in that when firms maximize their profits, shareholders will be satisfied as their primary objective is to maximize returns and secondly profit maximization is seen as a sign of efficiency and therefore yardstick against which management performance can be measured.

Profitability how ever has weakness in that;

The main objective is orientated towards benefiting the shareholders in an exclusive way.

This is justifiable if there are no other stakeholders coincided with in the interest of the shareholders. Where stakeholders are not shareholders or where there is conflict of interest, and then profit maximization as the only objective cannot be sustained in the long run. The stakeholder in the firm are illustrated below



Example minimizing costs may lead to poor condition of workers, for the employees or the use of inappropriate technology that pollute the environment.

Similarly in a bid to obtain clear inputs, the firm may over exploit natural resources between the firm and the forest or fisheries.

All these will lead to conflicts between the firm and environment in which it operates, there by endangering its own survival

A profit also as an objective is vague. Its definition can take on different meanings

To accountants its revenue minus costs, economist may include social cost, and social benefits and shut down costs, to religious ,it may mean spiritual benefits in addition to money.

2. Wealth maximization refers to the net benefit accruing to the firm in form of cash flows from all assets in which the firm has invested . When wealth maximized , the market will view the firm in the most favorable terms and therefore its shares will fetch the highest price possible.

Wealth is determined by the formula

$$W = \frac{A_1}{(I+K)} + \frac{A_2}{(I+K)^2} + \frac{A_3}{(I+K)^n} - I_0$$

Where  $A_t$  is the expected cash flow from assets during the period by  $t$

$K$  is the required rate of return by the investors which the cash flows are discounted to obtain their present worth

$n$  is the period in future over which the firm is assumed to be operational?

$I_0$  is the cash overflow in acquiring the asset that is, the initial outlay.

Wealth addresses the interest of all the parties interested in the business.

Pandey (1995), shows that a good financial management has the following characteristics such as;

- a) Efficient liquidity position. Liquidity is the ability of the firm to meet its obligation as they fall due on daily basis, efficient liquidity is a position achieved through maintenance of a recommended cash balance would be invested in a profitable venture and therefore earning high returns. Efficient cash management involves proper cash receipts and cash disbursement which lead to zero cash net balance

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction.**

This chapter presents the literature review of different scholars and authors in relation to internal auditing and transparency in public finances.

#### **2.1 Internal auditing**

Internal auditing is an appraisal or monitoring activity established by management and directors for the review of the accounting and internal control systems as a service to the entity. It functions by, amongst other things, examining, evaluating and reporting to management and directors on the adequacy and effectiveness of components of the accounting and internal control systems (Phil Griffiths, 2004).

According to D.P Jain, (1999), such audit is an independent appraisal activity within an organization for review of the operations and for measuring and evaluating the effectiveness of other controls. The scope and objectives may be stated as below;

- To study and evaluate the adequacy and effectiveness of accounting, financial and operating controls.
- To ascertain the degree of compliance with pre-determined policies, plans and procedures.
- To ascertain the extent to which business assets are accounted for and safeguarded from losses.
- To ascertain the authority of accounting and other data complied within the organization.
- To evaluate the quality of performance in carrying out assigned responsibilities.
- To furnish the members of management with objective analysis, comments and recommendation as regards the activities of the business so as to help them in efficient and effective discharge of their responsibilities.

##### **2.1.1 Internal controls.**

Internal controls are a system consisting of specific policies and procedures designed to provide management with reasonable assurance that the goals and objectives it believes important to the

entity will be met (Kathleen T. McNeely, 2009). Internal auditing relies on the existence and strength of internal control systems to apply tests on a sample of entries drawn from a population of entries and the results of the sample taken to represent those of the entire organization (Paul Sobel, 2004).

In a broader sense, internal controls extend beyond the mere allocation of clerical duties to include the quality of management supervision itself (Emile Woolf, 1997).

### **2.1.2 Audit risk.**

According to Sobel (2004), audit risk refers to the possibility that auditors may unknowingly fail to appropriately modify their opinion of financial statements that are materially misstated. In other words it is risk that the auditors will issue an unqualified opinion on financial statements that contain a material departure from generally accepted accounting principles. Audit risks can be reduced by gathering more evidence. Therefore the more competent evidence that is gathered, the less audit risk assumed (Shore and Wright, 2000).

For each financial statement account, audit risk consists of the possibility that;

- i. A material misstatement in an assertion about the account has occurred, and
- ii. The auditors do not detect the misstatement. The first risk, the risk of occurrence of material misstatement may be separated into inherent risk and control risk. The risk that auditors will not detect the misstatement is called detection risk.

### **2.1.3 Audit evidence**

Evidential matter is any information that corroborates or refutes an assertion. Audit evidence is therefore that information that is obtained by the auditor in arriving at the conclusion on which he bases his opinion (Whittington and Pany, 2004).

Internal auditors are often required to express an opinion on the adequacy and effectiveness of internal control. For this they must gather evidence to support their opinion. They can do this in various ways and follow the audit program. A good audit program will indicate what tests need to be carried out, by who, how this will be done, when and how long they will take. As a planning tool, it will guide auditors on the sufficiency of evidence to be gathered (Robert R. Moeller, 2004).

Audit evidence can be gathered by observation, inspection, interviews or questioning, analytical reviews, computation and recomputations, confirmation and comparisons (Pickett, 2004).

According to institute of internal Auditors-Practice Advisory 2310-1, the auditor should obtain, relevant, reliable, sufficient and useful evidence to enable him draw reasonable conclusions there from.

## **2.2 Principles governing internal auditing**

It is imperative that the internal audit staff observe the following fundamental principles:

### **2.2.1 Integrity.**

An auditor should be straightforward and honest in performing professional services. Auditors have a duty to adhere to the highest standards of behavior (for example honesty and candidness) in the course of their work and in their relationships with the staff of audited entities. In order to sustain public confidence, the conduct of auditors should be above suspicion and reproach (power, 1997).

Integrity can be measured in terms of what is right and just. Integrity requires auditors to observe both the form and the spirit of auditing and ethical standards.

Integrity also requires auditors to observe the principles of independence and objectivity, maintain irreproachable standards of professional conduct, make decisions with the public interest in mind, and apply absolute honesty in carrying out their work and in handling the resources of the audit (Aidan Dunlea and Naill Maclochlainn, 1998).

The integrity of internal auditors thus establishes trust and thus provides the basis for reliance on their judgment (Chartered Institute of Internal Auditors).

### **Rules of Conduct**

According to the Chartered institute of internal auditors, internal auditors:

- Shall perform their work with honesty, diligence and responsibility.
  
- Shall observe the law and make disclosures expected by the law and the profession.

- Shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organisation.
- Shall respect and contribute to the legitimate and ethical objectives of the organisation.

### **2.2.2. Objectivity.**

There is a need for objectivity and impartiality in all work conducted by auditors, particularly in their reports, which should be accurate and objective. Conclusions in opinions and reports should, therefore, be based exclusively on evidence obtained and assembled in accordance with audit guidelines, audit charter, and auditing Standards (Anders Jansson, 2009). Audit work should be based on evidences and should be done impartially (D.P. Jain, 1999)

Arens, Elder & Beasley, (2003), say auditors should make use of information brought forward by the audited entity and other parties. This information is to be taken into account in the opinions expressed by the auditors in an impartial way. The auditor should also gather information about the views of the audited entity and other parties. However, the auditors' own conclusions should not be affected by such views.

According to the Chartered institute of internal auditors, internal auditors exhibit the highest level of professional objectivity in gathering evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are unduly influenced by their own interests or by others in forming judgments.

### **Rules of Conduct**

According to the IIA, Internal auditors:

- Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organisation.
- Shall not accept anything that may impair or be presumed to impair their professional judgment.

- Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

### **2.2.3 Competence and Due Care.**

According to the code of ethics for government of Uganda internal auditors issued by MoFPED, (2009) an internal Auditor should perform professional services with due care, competence and diligence and has a continuing duty to maintain professional knowledge and skill at a level required to ensure that a client or employer receives the advantage of competent professional service based on up-to-date developments in practice, legislation and techniques.

Internal auditors must not undertake work they are not competent to perform. Internal auditors should know and follow applicable auditing accounting, and financial management standards, policies, procedures and practices (Quarles, R. 1994). Likewise, they must also possess a good understanding of the constitutional, legal and institutional principles and standards governing the operations of the auditee (MoFPED, 2009).

Internal auditors should apply the knowledge, skills and experience needed in the performance of internal auditing services (IIA).

### **Rules of Conduct**

According to the Chartered institute of internal auditors, internal auditors:

- Shall engage only in those services for which they have the necessary knowledge, skills and experience
- Shall perform internal auditing services in accordance with the international standards for the professional practice of internal Auditing.
- Shall continually improve their proficiency and the effectiveness and quality of their services.

### **2.2.4 Confidentiality.**

An auditor should respect the confidentiality of information acquired during the course of performing professional services and should not use or disclose any such information without



proper and specific authority or unless there is a legal or professional right or duty to disclose (power, 1997). Internal auditors should not disclose information received in the performance of their duties to third parties, either orally or in writing, except for the purposes of meeting the internal audit's statutory or other identified responsibilities as part of the internal audit's normal procedures or in accordance with relevant laws (MoFPED, 2009).

Internal auditors should also not use information received in the performance of their duties as a means of securing personal benefit for themselves or others.

Neither should they divulge information that would provide unfair or unreasonable advantage to other individuals or organizations, nor should they use such information as a means for harming others (MoFPED, 2009)

According to IIA. Principle internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

### **Rules of Conduct**

According to the Chartered institute of internal auditors, Internal auditors:

- Shall be prudent in the use and protection of information acquired in the course of their duties.
- Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation.

### **2.3 Internal audit process**

Every successful audit is based on sound planning and an atmosphere of constructive involvement and communication between the client and the internal Auditor. The objective is to involve client management throughout each stage of the audit. Management's participation results in both a better understanding of unit operations and a more effective implementation of recommendations (POB, 2000). The majority of internal audits performed go through four major phases: planning,

Field Work, Report Writing, and follow-up. These phases are discussed in the following paragraphs:-

### **2.3.1 Planning**

According to Jefferson Wells (2004), audit work should be planned, controlled and recorded in order to determine priorities, establish and achieve objectives, and ensure the effective and efficient use of audit resources. The main [purposes of audit planning are:-

- a) To determine priorities and to establish the most cost-effective means of achieving audit objectives.
- b) To assist in the direction and control of audit work.
- c) To help ensure that attention is devoted to critical aspects of audit work.
- d) To help ensure that work is completed in accordance with pre-determined targets.

The process of planning and audit would include activities ranging from making arrangements for securing the data to reviewed, to designing procedures, to be followed in examining them. There should be a written plan containing exact details with regard to the conduct of a particular audit (D.P. Jain, 1999). Work plans should be prepared for each audit assignment as it is arranged covering; Objective and scope of the audit, time budget and staff allocation, and methods, procedures and reporting arrangements, including supervision and allocation of responsibilities (Shore & Wright, 2000).

All internal audit plans should be sufficiently flexible to respond to changing priorities (D.P. Jain, 1999)

### **2.3.2 Fieldwork.**

During the fieldwork phase, auditors gather sufficient, relevant and reliable evidence of actual performance and compare this against expected performance. The intent or internal auditing is to identify gaps between actual and expected performance. While all differences are noted, only significant ones are identified in the reporting phase (Pickett, 2004). For example if the expected performance is that sensitive documents are kept in a locked safe and the actual performance, based

upon fieldwork, shows that sensitive documents are kept in an unlocked desk drawer, the auditor would note this difference.

Pei and Davis, (1989) stated that in determining the significant of the different between actual and expected performance, the internal auditor will consider a number of factors. In drawing a conclusion, the internal auditor will rely upon their independence from the process being audited, their objectivity as a person disinterested in the outcome of the audit and on their professional judgment gained through training and experience. Auditors may conducted interviews, surveys, run focus groups, review documentation, analyze reports, prepare calculations, consult experts and employ any number of other techniques that help them to obtain sufficient, relevant and reliable information process (John Dunn, 1996).

The conclusions reached by Corporate internal Audit Services are their professional opinions based on the evidence collected and the analysis performed, as to how closely actual performance compares to expected performance. (pickett, 2004).

### **2.3.3 Reporting.**

Audit reports provide a formal means of communicating to management the results arising from audits undertaken. Such reports should include audit findings, recommendations and conclusions relating to the adequacy of and compliance with the system of internal control and the efficiency, effectiveness and economy of operations in the area covered by the audit. From the point of view of completeness, management response to the audit findings should preferably also be included in the report (Emile Woolf, 1997).

Phil Griffith, (2004) mentions that reporting arrangement, including the format and distribution of internal audit reports, should be agreed with management. The head of internal audit should ensure that reports are sent to managers who have a direct responsibility for the unit or function being audited and who have the authority to take action on the internal audit recommendations. Internal audit reports are confidential documents and their distribution should be restricted to those managers who need to know and other appropriate persons on a need to be informed basis.

According to Arens, Elder & Beasley, (2003), the auditor should produce clear, constructive and concise written reports based on sufficient, relevant and reliable evidence which should:-

State the scope, purpose, extent and conclusions of the internal audit assignment.

Make recommendations which are appropriate and relevant, and which flow from the conclusions;  
and

Acknowledge the action taken, or proposed by management.

The internal auditor should meet with management to discuss the audit findings at the completion of field work for each internal audit assignment and the formal written report should be presented to management as soon as possible thereafter. Before issuing the final report, the internal auditor should discuss the contents with the appropriate levels of management, and may submit a draft report to them, for confirmation of factual accuracy. If the internal auditor and management disagree about the relevance of the factual content of the draft audit report, the internal auditor should consider whether reference should be made to this in the final report (John Dunn, 1996)

#### **2.3.4 Follow-up.**

The institute of internal auditors defines a follow-up as a process by which the internal auditors determine the adequacy, effectiveness and timeliness of actions taken by management on reported audit findings.

According to Jefferson Wells (2004), after a reasonable period of time, the audit client is contacted to request a status report on the corrective action taken to date. The auditors evaluate the effectiveness of the corrective action taken and advise the client on alternatives that they can employ to achieve the desired improvements. Hermanson and Rittenberg, (2003) stressed out that in larger, more complex audit situations follow up may be repeated several times as additional changes are initiated. Additional on-site visits and reviews may be performed to ensure adequate implementation of recommendations.

As required by the IIA's Standards for the professional practice of internal auditing (Performance Standard #2500). Internal auditors should establish a follow-up process to ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action (Pickett, 2004). The end result should be a brief summary of the status of every action plan agreed upon. The final summary is reviewed with the person responsible for clearing the audit report before the follow-up report is issued.

Example, minimizing costs may lead to poor conditions of workers, for the employees or the use of inappropriate technology which pollutes the environment.

Similarly in a bid to obtain clear inputs, the firm may over exploit natural resources between the firm and the forest or fisheries. All this will lead to a conflict between the firm and the environment in which it operates, thereby endangering its own survival.

A profit also as an objective is vague. Its definition can take on different meanings.

To accountants its revenue minus costs, the economist may include social costs, and social benefits and shut down costs. To the religious, it may mean spiritual benefits in addition to money.

2. Wealth maximization refers to the net benefit accruing to the firm in form of cash flows from all assets in which the firm has invested. When wealth maximized, the market will view the firm in the most favorable terms and wealth is determined by the formula.

$$W = \frac{A_1}{(1+K)^1} + \frac{A_2}{(1+K)^2} + \frac{A_3}{(1+K)^3} + \dots + \frac{A_n}{(1+K)^n} - I_0$$

Where A- is the expected cash flow from assets during the period by 1

K- is the required rate of return by the investors which the cash flows are discounted to obtain their present worth

n- is the period in future over which the firm is assumed to be operational?

Lo is the cash outflow in acquiring the assets that is, the initial outlay. Wealth addresses the interests of all the parties interested on the business. Pandey (1995), shows that a good financial management has the following characteristics such as;

- a. Efficient liquidity positions. Liquidity is the ability of the firm to meet its obligations as they fall due on a daily basis, efficient liquidity is a position achieved through maintenance of a recommended cash balance would be invested in profitable venture and thus earning high returns. Efficient cash management involves proper cash receipts and cash disbursement which leads to zero cash net balance.
- b. Ability to acquire capital assets. This is referred to as capital budgeting which is a situation where a firm invests in long term assets such as plant, equipment and machinery, furniture, research and services which a firm sells to survive. Its necessary; when there is need to replace the existing capacity like in case of worm out or damage equipment.

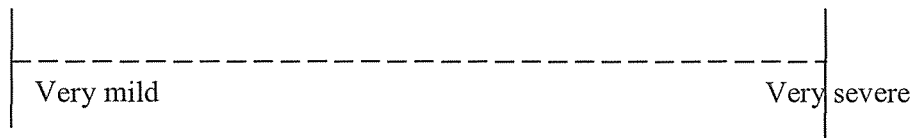
According to Eugene et al (1995), a good financial management is indicated by the ability of the firm to pay dividends (rewards) to shareholders promptly without accumulating arrears.

The rationale is that such dividend increases the current wealth holding of the shareholders who then perceive their investment to be less risky. However the ability of firms to pay cash dividend also conflicts with the firms desire to retain funds for its growth. The argument is that its cheaper to use retained profits rather than raising additional capital from the capital markets.

Anthony et al (1991) stated a good financial management is indicated by the ability of the firm to cater for un foreseen circumstances. These circumstances include business expansion, new market acquisition and the cost of business merger.

#### **2.4.1. Indicators of poor financial management.**

According to kakuru (2005), poor financial management is indicated by financial distress. It's a situation where firms operating cash flows are not sufficient to satisfy current obligations. Its indicated on continuum levels.



Mild financial distress is usually of short term obligations but its underlying value remains strong and positive. The indicators are working capital problems like show stock turn over which translate in to cash falls.

Severe financial distress is where a firm is moving to insolvency. It ends in winding up or restricting of a firm. The underlying value of a firm in this instance could even become negative. Indicator include plant closing down, persistent failure to meet creditors requirements and staffs obligations and drastic fall in share values.

Causes of financial distress are;

- Overtrading which emphasizes return at the expense of liquidity.
- Natural factors can cause financial distress. For example floods may block the roads making it hard for a company to acquire its raw materials. This may cause a delay in production like procurement, Costs and hence increase cash out flows.
- Over dependence on financial leverage, this leads to risk of liquidation especially if the cash flows cannot service the debt obligations.

#### **2.4.2. Relationship between internal audit and financial management**

Bhatia (2003) and Millichamp (1996) hold that internal audit is an independent verification and appraisal of transactions of the business continuously by a specially assigned staffs. This involves;

- Checking the correctness and truthfulness of transations of the actions with referece to vouchers and other documents such as invoices, goods received notes, cheques and cash receipts.
- Verification of the existence of assets and adequacy of the system of custodianship and safeguard of the assets. This is done through physical checks on the assets and holding documents such as land title and share certificates.

- Examination of transactions to ensure that they are carried out with proper authority and in accordance with policies and procedures and regulations laid down by management.
- Reviewing and investigations of efficiency and effectiveness of management of various functional areas of finance inclusive report to management.

All these are aimed at ensuring efficient and effective management of the organization.

Financial management on the other hand is concerned with the raising and allocation of resources (funds) within the organization in order to attain its objectives (kakuru, 2005) and (pandey, 1995). Raising of funds involves selection of both short term and long term sources of funds known as finance decision and its allocation involves expenditure on capital assets, short term assets which ensure firms survival and secure its liquidity positions.



## CHAPTER THREE

### METHODOLOGY

#### 3.0 Introduction

This section focused on the research methods and the instrument used by the researcher to carry out the study.

It provides the description of the research design, area of study, sample description, data collection and analysis method.

#### 3.1 Research Design

The study was conducted using a combination of research designs particularly surveys and case study. Surveys (according to Oso and Onen, 2008) “presents an oriented methodology used to investigate populations by selecting samples to analyze and discover occurrences”.

Survey design was used for its economy, rapid data collection and ability to understand a population from a part (Oso and Onen, 2008). Case study was used since Dokolo town council was chosen to as representative of local government where result of the study can be replicated and applied to other local governments.

#### 3.2 Area of the study

The study focused on Dokolo town council and focusing particularly on internal audit operated in the town council.

#### 3.3 Study Population

The study population of this study was the administrators, heads of department employees and the informants. A total of 80 respondents were considered as the study population

#### 3.4 Sample Size

A total of 50 respondents were considered as the sample size. This was as below in the table

**Table 3.1 Sample Size**

Category	Frequency	Percent
Administrators	3	6
Heads of department	9	18
Employees	18	36

Informant	20	40
Total	50	100

Source; Data from the field

### 3.5 Sampling Selection Techniques

The researcher employed purposive sampling techniques in selecting the respondent with an option of replacing those who did not wish to respond to the researcher's plea.

Purposive sampling is where the researcher consciously decides who to include in the sample. It was used simply because the study was targeting basically custodians of internal audit systems. It also ensured that people with relevant information are sampled.

### 3.6 Data Source

Data was collected using both primary and secondary data collection techniques. Primary data was gathered basically through structured questionnaire and interviews with key informant members.

Secondary data on the other hand was gathered through review of available records like audited financial statements, text books, journals, publications, magazines, internet etc

### 3.7 Methods of Data Collection

The researcher used a combination of structured questionnaires and interviews. According to Oso and Onen, (2008), questionnaire is a data collection technique in which a respondent respond to a number of items in writing. Questionnaire were chosen simply because of time limitation and partly because the research was dealing with the elite community (respondents)

Interviews were the other data collection technique used by the researcher. They were used as a way of supplementing the questionnaire already filled, but at the same time they would enable the researcher probe further in to the responses given in to the questionnaire especially given the importance of the research and the specialized nature of the topic under study.

### 3.8 Data Analysis

The data was analyzed by both statistical and narrative methods. Narrative analysis was used to explain the qualitative results of the survey. Statistical method was used to analyzed the background of the respondent, functionality of internal audit as well as the level of financial management

### **3.9. Reliability and Validity**

The reliability was ensured by testing the instrument for the reliability of values.

The validity of the data collection instrument was done with the help of researcher's supervisors to edit the questionnaire and the interview guide.

The researcher forwarded the structured questionnaire to the supervisor who is an expert in the area covered by the research for editing and reviewing

### **3.10. Ethical Consideration**

Ethical considerations were taken in to consideration by first seeking authorization from the administrators of Dokolo town council. Questionnaire were structured is such a way that there was no mention of the interviewees name. A statement as to the strict confidentiality with which data will be held was expressly stated in the questionnaire. Ethical consideration was also taken care of by the researcher briefing the respondents as to the purpose of the research, their relevance in the research process and expectation from them.

### **3.11 Limitations**

The following limitations were faced during research

- Lack of enough time; since the research was done concurrently with the semester work, there was limited time to conduct the research
- Financial constrains; the scholastic materials and equipments required for the research were many and therefore costly
- Tedious; the research involved getting data from various offices and libraries and thus tedious
- There was difficulty in obtaining data especially in the field since most of the personnel in Dokolo town council offices were busy and difficult to access

## CHAPTER FOUR

### PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

#### 4. 0. Introduction

This chapter presents the presentation, analysis and interpretation of data of quantitative descriptive statistics of variables under investigation. The exhibition of the analysis was based on the objectives as below;

- To examine the functionality of internal audit in Dokolo town council
- To examine the level of financial management in Dokolo town council
- To establish the relationship between internal audit and financial management

#### 4.1 Demographic Results of the Respondents.

##### 4.1.1 Gender Characteristic of Respondents,

The questionnaire seeks to establish the gender characteristics of respondents and the results were as below in the table.

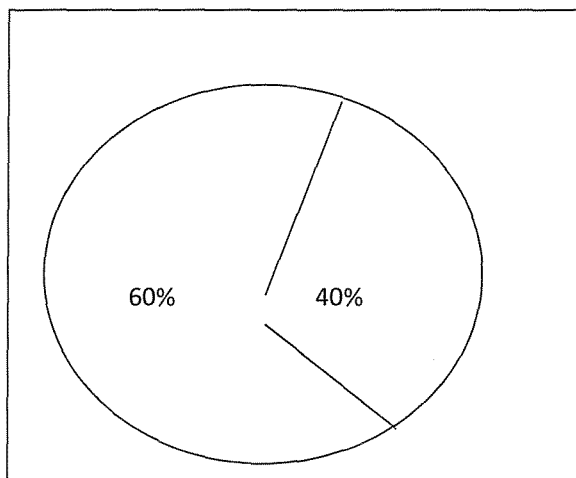
**Table 4.2: Distribution of Respondents by Gender**

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	30	60	60	60
Female	20	40	40	100
Total	50	100	100	

Source: survey data

Figure 4.2 above shows that 30 (60 %) of the respondents were male while 20 (40%) were females. The results shows males constituted a larger number of respondents as compared to females.

**Figure 4.0: Gender**



**4.1.2: Age Distribution of the Respondents.**

Respondent were asked to establish their age distribution and the results were as below in the table.

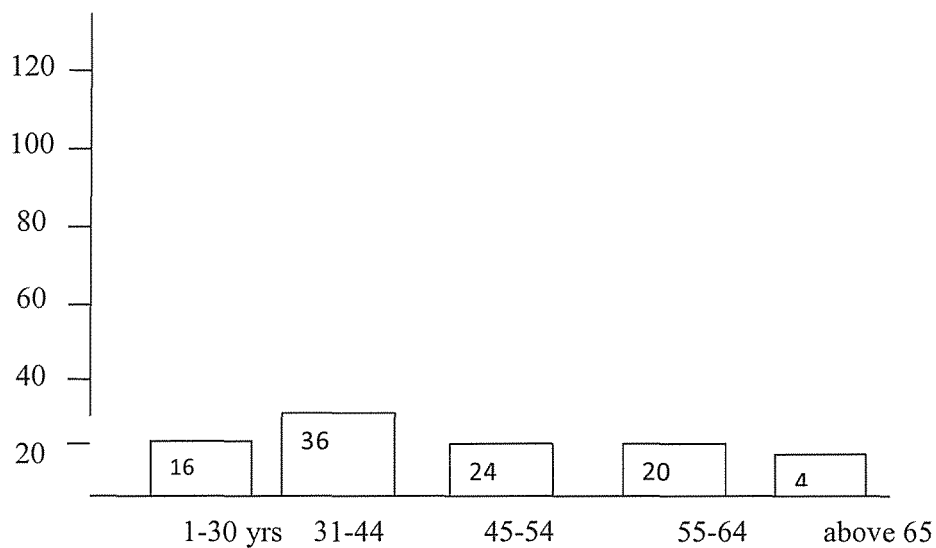
**Table: 4.3: Distribution of Respondents by Age.**

	Frequency	Percent	Valid Percent	Cumulative Percent
Between 1-30	08	16	16	16
Between 31-44	18	36	36	52
Between 45-54	12	24	24	76
Between 55-64	10	20	20	96
Above 65	02	04	04	100
Total	50	100	100	

**Source: Survey Data.**

Figure 4.3 above indicate that 08 (16%) of the respondent were between the age of 1-30, 18 (36%) fell between 31-44 years of age, while 12 (24 %) of the respondents were between 45-54 years of age, 10 (20 %) fell between 55-64 years of age . only 2 (04 %) were in the age category of above 65 years of age. This therefore implies that majority of the respondent were mature and responsible.

**Figure 4.1. Age**



**4.1.3 Marital Status**

The study sought to establish the marital status of the respondents and the findings are as below in the table.

**Table 4.4 : Distribution of Respondents by Marital Status.**

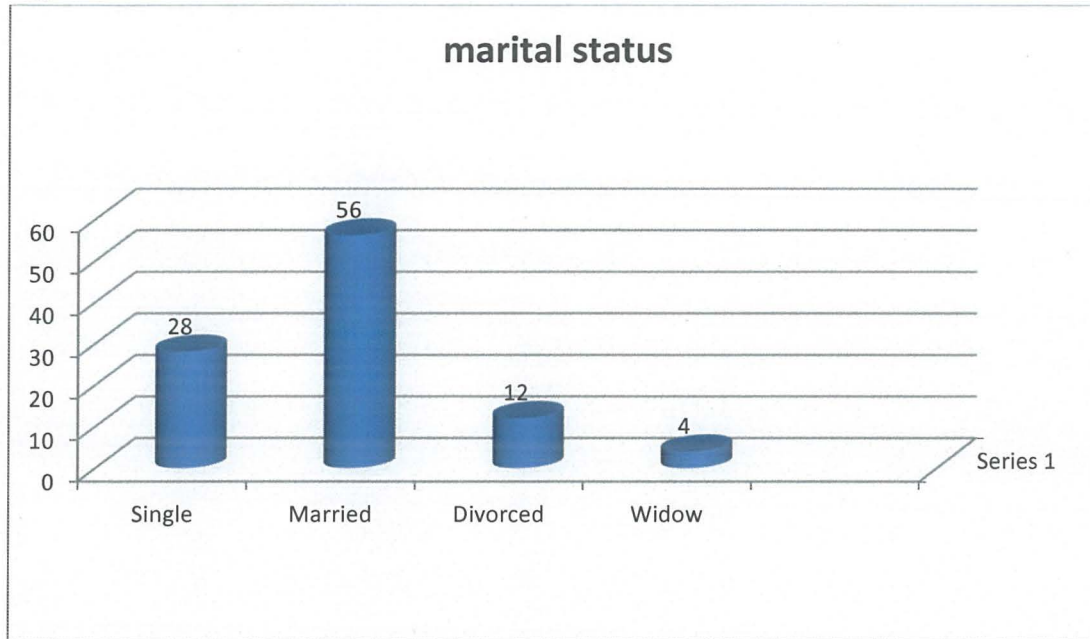
	Frequency	Percent	Valid Percent	Cumulative Percent
Single	14	28	28	28
Married	28	56	56	84
Divorced	06	12	12	96
Widow (er)	02	4	4	100
Total	50	100	100	

**Sources: Survey Data.**

The results in the table 4.4 above showed that majority of the respondents who took part in the survey were married respondents.

28 (56 %), while 14 (28%) of the respondents were single and 06 (12%) of the respondents divorced. Only 02 (4%) of the respondents were widow (er). This implies that majority of the respondents were mature.

**Figure 4.2 Marital Status**



**4.1.4 Highest Level of Education.** Education background was considered to find out the level of education for employees in the town council. The findings were as indicated in the table.

**Table 4.5: level of education of respondents**

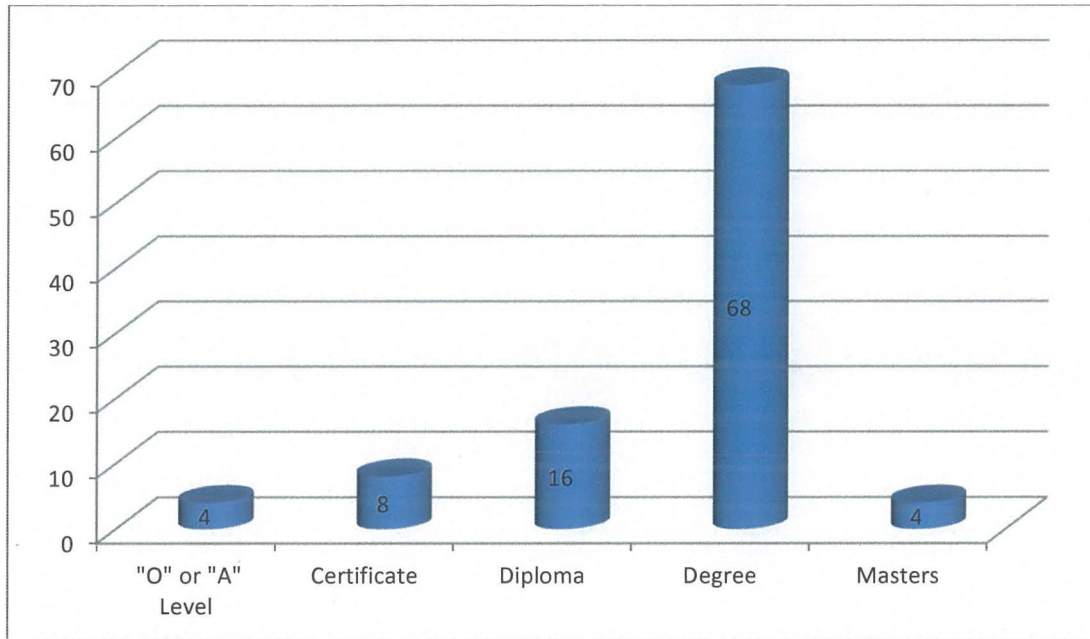
	Frequency	Percent	Valid Percent	Cumulative Percent
“O” or “A” level	20	4	4	4
Certificate	04	8	8	12
Diploma	08	16	16	28
Degree	34	68	68	96
Masters	02	4	4	100
Total	50	100	100	

**Sources: Survey Data.**

Table 4.5 above indicates that majority of respondents 34 (68%) were degree holder while those respondents who are diploma holders are 8 (16%). On the other hand 4 (8%) of respondents attained certificate and 02 (4%) of respondents were master holder and “O” or “A” level respectively.



**Figure: 4.3. Highest Educational Qualifications**



**4.1.5. Time Spent In the Organization**

Details about the time spent by respondents in this organization were obtained and the results are revealed as below

**Table 4.6: Distribution of Respondents by Time Spent In the Organization**

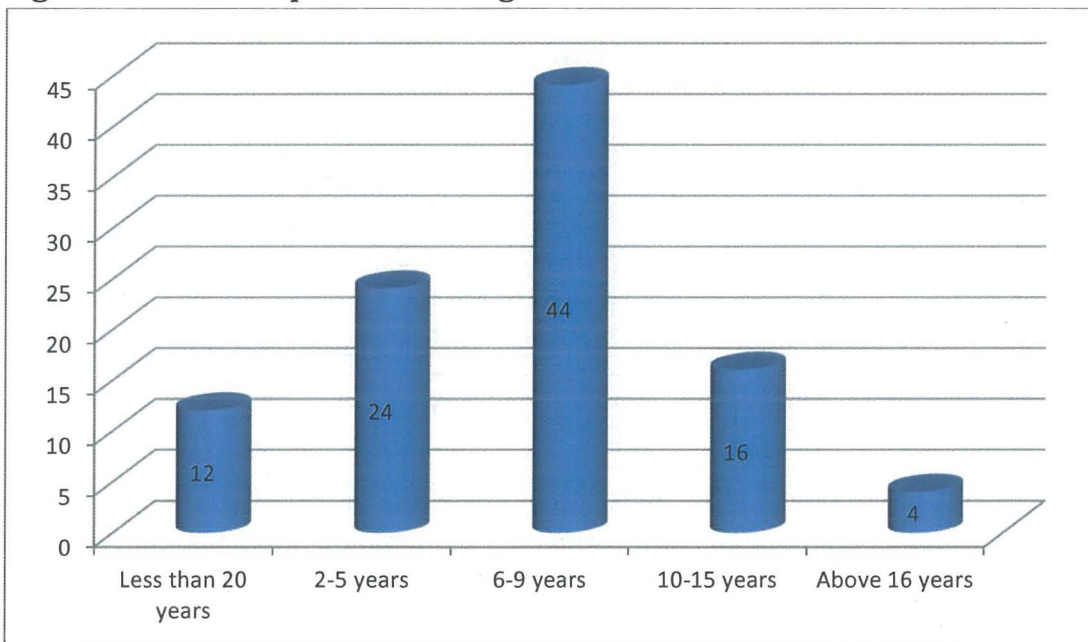
	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 2 years	6	12	12	12
Between 2-5 years	12	24	24	36
Between 6-9 years	22	44	22	80
Between 10-15 years	08	16	16	96
Above 16 years	02	4	4	100

Total	50	100	100	
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With regard to the number of years respondents have stayed in this organization. Table 4.6 in showed that 6 (12%) Of respondents had been in the organization for a period less than 2 years 12 (24%) had been in this organization for 2-5 years and 22 (44%) had been in this organization for 6-9 years.

Those who had spent between 10-15 years were 08 (16%) and those who had been for a period above 16 years were 02 (4%). The results clearly indicate that the majority had spent a good number of years hence has relief information on the management of finance.

**Figure: 4.4 Times Spent in the Organization.**



#### 4.2. Functionality of Internal Audit

In statement 6 “the principle governing internal auditing is followed in my organization”, the results was as below in the table.

**Table 4.7: Principles Governing Internal Auditing Are Followed**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	18	36	36	36
Disagree	12	24	24	60
Neutral	02	4	4	64
Agree	08	16	16	80
Strongly agree	10	20	20	100
Total	50	100	100	

Table 4.7 above showed that the majority of the respondents disagreed with the statement.

The responses shown that 18 (36%) of the respondents strongly disagree and 12 (24%) of the respondents disagree. The responses also show that 10 (20%) of the respondents strongly agreed with the statement while 08 (16%) agreed with the statement. 02 (4%) of the respondents were neutral. This therefore implies that the principle, governing internal auditing is not followed in Dokolo town council.

In statement 7, “internal auditors are objective in carrying their work”, the results were as below in the table.

**Table 4.8: Internal Auditors are Objective**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	22	44	44	44
Disagree	16	32	32	76
Neutral	0	0	0	76
Agree	10	20	20	96
Strongly agree	02	4	4	100
Total	50	100	100	

**Source: Survey Data.**

The results in the table 4.8 above clearly indicated that majority of the respondents disagree. The respondents showed that 22 (44%) of the respondents strongly disagree while 16 (32%) of the respondents disagree with the statement that internal auditors are objective in carrying their work. 10 (20%) of the respondents agreed and 02 (4%) of the respondents strongly agreed. This finding therefore implies that internal auditors in dokolo town council are not objective in carrying their work.

In statement 8 “internal auditors are competent and perform their duty with due care ,” the result was as below in the table.

**Table 4.9: Internal Auditors are Competent.**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	08	16	16	16
Disagree	10	20	20	36
Neutral	04	08	08	44
Agree	18	36	36	80
Strongly agree	10	20	20	100
Total	50	100	100	

**Sources: Survey Data**

The results above in the table 4.9 showed that majority agreed with the statement. the Responses indicated that 18 (36%) of the respondents agreed with the statement and 10 (20%) of respondents strongly agreed with the statement that internal auditors are competent and perform their duty with due care. 10(20%) of the respondents disagreed while 08 (16%) Of the respondents strongly disagreed .however 04(8%) of the respondents were neutral. This shows that internal auditors are complement and perform their duty with due care.

#### 4.3 Level of Financial Management.

In statement 9, “there is efficient use of funds in my organization “, the result is as below in the table.

**Table 4.10: There Is Efficient Use of Funds In my Organization.**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	22	44	44	44
Disagree	16	32	32	76
Neutral	04	8	8	84
Agree	07	14	14	98
Strongly agree	01	2	2	100
Total	50	100	100	

Sources: Survey Data.

Table 4.10 indicated that majority of the respondents disagreed with the statement that there is efficient use of funds in my organization. The responses indicated that 22 (44%) of the respondents strongly disagree while 16 (32%) of the respondents disagree with statement. Also 07(14%) of the respondent agree and 01(2%) of the respondents strongly agree with the statement.

However 04 (8%) of the responses were neutral. This implies that the use of funds in dokolo town council is not efficient.

In statement 10, “the is proper authorization of expenditure in my organization “ the results was as below in the table.

**Table 4.11: There Is Proper Authorization of Expenditure In my Organization.**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	03	6	6	6

Disagree	06	12	12	18
Neutral	01	2	2	20
Agree	18	36	36	56
Strongly agree	22	44	44	100
Total	50	100	100	

**Sources: Survey Data**

The above table 4.11 clearly indicated that majority of respondents agreed with the statement that there is proper authorization of expenditure in my organization. The responses showed that 22 (44%) of the respondents strongly agreed while 18(36%) agreed. Also 6(12%) of the respondents disagree with the statement while 03 (6%) strongly disagree. However 01(2%) of the respondents were neutral.

This implies that there is proper authorization of expenditure in Dokolo town council.

In statement 11," my organization financial management is good and appropriate the results was as below in the table.

**Table 4.12: My Organization Financial Management Is Good And Appropriate.**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	17	34	34	34
Disagree	23	46	46	80
Neutral	0	0	0	80
Agree	06	12	12	92
Strongly agree	04	8	8	100
Total	50	100	100	

**Sources: Survey Data**

The result above in table 4.12 showed that majority of the respondents disagreed with the statement that my organization financial management is good and appropriate. The responses indicate that

17(34%) of respondents strongly disagree and 23 (46%) of the respondents disagree. On the other hand 06(12%) of the respondents agree with the statement while 04(8%) of the respondents strongly agree with the statement. this therefore implies that financial management in Dokolo town council is good.

**4.4 Relationships between Internal Audit and Financial Management**

In statement 12, “internal audit influence the level of financial management” the finding was as below in the table.

**Table 4.13: Relationship between Internal Audit and Financial Management**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	0	0	0	0
Disagree	04	8	8	8
Neutral	0	0	0	8
Agree	22	44	44	52
Strongly agree	24	48	48	100
Total	50	100		

**Sources: Survey Data.**

Table 4.13 clearly included that majority of the respondents agree with the statement that there is a relationship between internal audit and financial management. The responses showed that 24 (48%) of the respondents strongly agree d and 22 (44%) of the respondents agreed with statement. 04(8%) of the respondents disagree with the statement. This therefore implies that there is a relationship between internal audit and financial management.

## CHAPTER FIVE

### DISCUSSIONS, CONCLUSION AND RECOMMENDATION OF THE STUDY

#### 5.0 Introductions

The previous chapter discussed how the collected data was analyzed in order to test the formulated hypothesis and answer the research objectives. This chapter presents the discussions of the funding of the study. The chapter also includes conclusion, recommendation for study and areas of further research suggested.

#### 5.1 Discussions

##### 5.1.1 Background of the Respondents

The study funding indicate that majority of the respondents in this sample were male (60%) , ranging between 31-44 years were married (56%), 68% were bachelors degree holders and spent between 6-9 years.

##### 5.1.2 Functionality of Internal Audit.

On whether, the principle governing internal auditing is followed in Dokolo town council result showed that this is not followed. Internal auditing principle such as integrity, objectively, confidentiality and competence is very vital for the success of any audit activity. Integrity need to be attained through observation of law, respect and contributing to the legitimate and ethical objective being honest, diligent and responsible (power 1997 and Aidan Dunlea, 1998).

As to whether internal auditors are objective in carrying their work, the results indicated that internal auditors in Dokolo town council are not objective in carrying their work. Internal auditors are supposed to be objective, should disclose all material facts known to them for purpose of reporting activity, under renew, have no conflict of interest, should not be based and should not accept gifts. All these are in conformity to D.P Jain (1997).

Regarding the competent of auditors and whether they perform their duty with due to care, the results indicated that majority agreed with the statement. This finding is in agreement with Quarles (1994) who asserted that, having necessary knowledge, skills and experiences to conduct audits, understanding the legal and institution principle and standard governing the operators of the organization is a major perquisite of auditing.



Internal audits are also to be carried out with confidentiality through, ensuring that information acquired in the course of the audit is protected, ensuring that internal auditors do not use information acquired in the course of their work for personal use, making sure that information received by internal auditors is only disclosed if the law requires (power, 1997).

### **5.1.3 Level of Financial Management**

On whether there is efficient use of funds in my organization, the finding showed that the use of funds in Dokolo town council is not efficient. According to Kakuru (2005), poor financial management is indicated by financial distress which is a situation where firm operating cash flows are not sufficient to satisfy correct obligations.

This assertion by Kakuru has been a common occurrence in Dokolo town council where in many occasions it has failed to settle its obligation such as salary and wages for its employees, supplies bills e.tc.

Regard whether there is proper authorization of expenditure in my organization, the results showed that it is there in Dokolo town council. This is the line with Figo and Mark (2002) who asserts that internal auditing relies on the presence and strength of internal control system such as proper authorization of expenditure, maintenance of good records and so on.

As to whether financial management is good and appropriate, the results indicated that financial management in Dokolo town council is not good. This is in the line with walusana (1998) who observed that most local government under decentralization system had poor financial management brought about by inadequate financial management and control system in place. He also observed that most district have continued to put funds in unintended use due to lack of internal checks by auditors.

Most local government has failed to observe adherence to the LGPAR (1998) and internal control put in place for proper financial management that enhance accountability to stakeholders. This he said had grossly affected financial decentralization and hence financial management.

### **5.1.5 Relationship between Internal Audit and Financial Management.**

As regard the relationship between internal audit and financial management, the results indicated that there is a relationship. This concurs to Briones (1997), a major goal of financial management is to establish and promote the practice of accountability for financial resources of an organization.

Accountability in public finances is received as essential to the promotion of aggregate fiscal discipline and this could only be achieved when an organization has a well-established internal audit.

## **5.2 Conclusions**

From the finding of the study, the researcher concluded that majority of the respondents were male (60%), ranging between 31-44 years and were married (56%), 68% were bachelor's degree holders and had spent between 6-9 years.

On functionality of internal audit the researcher concluded that the principle governing internal auditing such as integrity, confidentiality and competence is not followed in Dokolo town council.

As regard the level of financial management more especially on the use of funds, it can be concluded that this is not efficient in Dokolo town council.

Concerning the relationship between internal audit and financial management it was concluded that there is a significant and positive relationship between internal audit and financial management.

## **5.3 Recommendations.**

The researcher recommends the following

- The principle governing internal auditing should be followed and adhered to.
- Internal auditors should be objective in carrying their work and should disclose all material facts known to them.
- The town council should make efficient use of funds.
- The town council should improve on the level of financial management in place.
- There should be regular training of internal auditors to ensure that they keep up to date with urges in auditing standard, so as to enhance the effectiveness of the internal audit function in achieving transparency in public finance.
- Avenues for questioning those in charge should be increased since these will act as checks which allow people in charge to be brought to account, thus improving transparency in public finance.

#### **5.4 Areas Suggested for Further Research**

The following areas of the study are recommended

- Internal audit and effective cash flow management.
- Internal audit and transparency in public finances in public services.

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## QUESTIONNAIRE

### Introduction

Dear respondents,

I am carrying out a study on internal audit and financial management in an organization: a case study of Dokolo town council. The study is being undertaken as partial fulfillment of the requirement for the award of bachelor's degree in business administration of Kampala international university. You have been chosen as a respondent because of the knowledge and the information that you have with regard to this topic. Please you are kindly requested to complete this questionnaire. The information you will give is exclusively for the academic purposes only.

### SECTION A

#### Background Information's of Respondents

##### 1. Gender

Male

Female

##### 2. Age

Between 1-30

Between 31-44

Between 45-54

Between 55-64

Above 65

**3. Marital status**

Single

Married

Divorced

Widow (er)

**4. Highest level of education**

“O” or “A” level

Certificate

Diploma

Degree

Masters

**5. Time spent in the organization**

Less than 2 years

Between 2-5 years

Between 6-9 years

Between 10-15 years

Above 16 years

**SECTION B**

From section B –D lick the best option you think is the most appropriate.

**I. Functionality of internal audit**

6. The principle governing internal auditing is followed in my organization

Strongly Disagree  Disagree  Neutral  Agree  Strongly Agree

7. Internal auditors are objective in carrying their work.

Strongly Disagree  Disagree  Neutral  Agree  Strongly Agree

8. Internal auditors are complete and perform their duty with due care.

Strongly Disagree  Disagree  Neutral  Agree  Strongly Agree

### SECTION C

#### Level of financial management

9. There is efficient use of funds in my organization

Strongly Disagree  Disagree  Neutral  Agree  Strongly Agree

10. There is proper authorization of expenditure in my organization

Strongly Disagree  Disagree  Neutral  Agree  Strongly Agree

11. My organization, financial management is good and appropriate

Strongly Disagree  Disagree  Neutral  Agree  Strongly Agree

### SECTION D

#### Relationship between Internal Audit and Financial Management

12. Internal audit influence the level of financial management

Strongly Disagree  Disagree  Neutral  Agree  Strongly Agree

**THE BUDGET**

<b>ITEMS</b>	<b>QUANTITY</b>	<b>UNIT PX</b>	<b>TOTAL</b>
Stationary	3 reams	15,000	45,000=
Typesetting	1 copy	50 pages	50,000=
Photocopy	4 copies	100@ 50 pages	20,000=
Airtime	02 cards	5000	10,000=
Transport	05 times	25,000	125,000=
Meals	05 days	10,000	50,000=
Accommodation	05 days	40,000	200,000=
Budget	01	50,000	50,000=
Supervision	01	150,000	150,000=
<b>Total</b>			<b>700,000=</b>

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