INTERNAL CONTROL SYSTEMS AND CASH MANAGEMENT POLICIES IN
NON GOVERNMENTAL ORGANISATIONS
A CASE STUDY OF INSTITUTE FOR INTERNATIONAL CO-OPERATION
AND DEVELOPMENT (C&D)

BY
ERAPU PETER DE PIETROPAPA
07/U/7884/EXT

A RESEARCH REPORT SUBMITTED TO COLLEGE OF BUSINESS AND
MANAGEMENT SCIENCES IN PARTIAL FULFILLMENT FOR THE AWARD
OF A BACHELOR OF COMMERCE DEGREE OF MAKERERE UNIVERSITY

JUNE 2011
DECLARATION

I Erapu Peter De Pietropapa, hereby declare that this research report is my original piece of work, and that it has not been published and/or submitted and will not be submitted to any other university/institution of higher learning for a similar or any other award.

Signed………………………
ERAPU PETER DE PIETROPAPA

DATE…………………………
APPROVAL

This research report has been made under my supervision and is now ready for submission.

Signed……………………….                                      Date……………………..

Mr. ERIC NZIBONERA.
DEDICATION

I dedicate this research report book to God Almighty, my lovely parents Mrs. Mary Akong Okello and Mr. Pampilio Okello, and my lovely wife Diana Najjuma, for their efforts, support and commitment to my intellectual development, which enabled me to complete my course of study.
ACKNOWLEDGEMENT

i wish to acknowledge the following individuals who have contributed to the successful completion of this study:

First and foremost, my heartfelt thanks go to Mr. Eric Nzibonera my supervisor, who spared his precious time to give wonderful and professional service, constructive criticism, rightful guidance and encouragement, which enabled me carry out this research study successfully.

Unmeasurable thanks go to Mzee Timmis my sponsor for his support towards my studies.

Special thanks go to Mr. Fabio Gigantino my former boss, whose moral and financial support to my studies has made me reach this level.

Great appreciation goes to Mr. Ochom Thomas Oilar Moore my cousin brother who sparingly supported me both financially and intellectually.

Sincere gratitude and big thanks go to my discussion group members whose friendship was so supportive in one way or another for the time I was at Makerere University, and in the course of this report.

May the Almighty God, the Most High and Gracious Lord bless them all.
## TABLE OF CONTENTS

Declaration.................................................................................................................. i
Approval..................................................................................................................... ii
Dedication................................................................................................................... iii
Acknowledgement..................................................................................................... iv
Table of contents....................................................................................................... v
List of tales................................................................................................................ viii
List of figures............................................................................................................. ix
List of abbreviations and acronyms........................................................................... x
List of appendices..................................................................................................... xi
Abstract..................................................................................................................... xii

### CHAPTER ONE

1.0 Introduction........................................................................................................... 1
1.1 Background to the study....................................................................................... 1
1.2 Problem statement............................................................................................... 3
1.3 Purpose of the study............................................................................................ 3
1.4 Objectives of the study......................................................................................... 3
1.5 Research questions.............................................................................................. 4
1.6 Scope of the study............................................................................................... 4
1.6.1 Conceptual scope.......................................................................................... 4
1.6.2 Geographical scope....................................................................................... 4
1.7 Significance of the study..................................................................................... 4

### CHAPTER TWO

2.0 Literature review................................................................................................ 6
2.1 Introduction........................................................................................................ 6
2.2 Definition of internal controls.......................................................................... 6
2.3 Internal controls indicators.............................................................................. 7
2.4 Definition of cash management....................................................................... 11
2.5 Components of cash management................................................................... 12
2.6 Relationship between internal controls and cash management ..................................14
2.7 Conclusion..................................................................................................................15
CHAPTER THREE..............................................................................................................16
3.0 Methodology............................................................................................................16
3.1 Introduction...............................................................................................................16
3.2 Research design........................................................................................................16
3.3 Sampling design.......................................................................................................16
3.3.1 Study population..................................................................................................16
3.3.2 Sample size and sample selection method.........................................................16
3.4 Data collection method.........................................................................................17
3.5 Data management....................................................................................................17
3.5.1 Data processing..................................................................................................17
3.5.2 Data analysis......................................................................................................18
3.6 Limitations of the study.........................................................................................18
CHAPTER FOUR..............................................................................................................19
4.0 Presentation, interpretation and discussion of results.............................................19
4.1 Background findings...............................................................................................19
4.1.1 Gender distribution of respondents................................................................19
4.1.2 Age of respondents..........................................................................................19
4.1.3 Marital status of respondents...........................................................................20
4.1.4 Higher qualification acquired by respondents...................................................21
4.1.5 Period of employment of respondents...............................................................21
4.2 Findings on the nature of internal controls............................................................22
4.2.1 Management creating awareness of the importance of internal controls among
    employees..................................................................................................................22
4.2.2 Whether management is aware of the different types and degrees of risk exposure
    inherent in these factors..........................................................................................23
4.2.3 Whether management sets limits to the acceptable amount or degree of risk inherent
    in the organization..................................................................................................23
4.2.4 Whether management regularly checks the effectiveness of its risk management
    system.......................................................................................................................25
4.2.5 Whether C&D has in place a system for close monitoring of activities of various departments………………………………………………………………………………26
4.2.6 Whether management of C&D prepares budgets to control costs………………27
4.2.7 Whether C&D recruits staff with appropriate experience, knowledge / skill level, and degree of expertise to undertake specialized operations………………………….27
4.2.8 Whether C&D revises training programs in accordance with changes in operation and sophistication of risk management………………………………………………………………………..28
4.2.9 Whether internal audit section / department have auditors with expertise in each area, and can effectively audit C&D’s overall operations………………………………………29
4.2.10 whether internal audit section / department take initiative in directing improvement measures………………………………………………………………………………..29
4.2.11 whether C&D has a means of effective communication system………………30
4.2.12 whether there are fraud detection mechanisms in accounting system………………….31
4.3 Findings on cash management policies used in C&D………………………………………32
4.3.1 Whether management of C&D sets a maximum limit for cash withdrawal………………32
4.3.2 Whether management of C&D carries out cash planning………………………33
4.3.3 Whether there is collusion of people who are responsible of handling cash…………..33
4.4 Findings on the relationship between internal controls and cash management……….34
4.4.1 Whether safeguards in place can guarantee security……………………………………34
4.4.2 Whether all accounting entries are supported by appropriate documentation……….35
4.4.3 Whether there is separation of responsibility in the receipt, payment, and recording of cash………………………………………………………………………………………….36
4.4.4 Correlation between internal controls and cash management…………………………..36
CHAPTER FIVE…………………………………………………………………………………38
5.0 Summary of findings, conclusion and recommendations………………………………38
5.1 Summary of findings…………………………………………………………………..38
5.2 Conclusion……………………………………………………………………………39
5.3 Recommendations……………………………………………………………………39
5.4 Areas for further research…………………………………………………………….40
References………………………………………………………………………………….41
Appendices……………………………………………………………………………….43
LIST OF TABLES

Table 1: Sample composition of respondents.........................................................17
Table 2: Gender of the respondents........................................................................19
Table 3: Age of respondents..................................................................................20
Table 4: Marital status of respondents.................................................................20
Table 5: Educational level of respondents............................................................21
Table 6: Period respondents have worked at C&D..............................................22
Table 7: Management creates awareness.............................................................23
Table 8: Management is aware of the different types and degrees of risk exposure
inherent in these factors.......................................................................................24
Table 9: Management sets limits to the acceptable amount of risk.......................25
Table 10: Management regularly checks the effectiveness of its risk management
system..................................................................................................................25
Table 11: C&D has in place a system for close monitoring of activities...............26
Table 12: Management prepares budgets to control costs....................................27
Table 13: C&D recruits staff with appropriate experience, knowledge / skill level, and
degree of expertise...............................................................................................28
Table 14: Accounting staff are properly trained....................................................28
Table 15: Internal audit section / department has auditors with expertise in each area....29
Table 16: Internal audit section / department take initiative in directing improvement
measures...............................................................................................................30
Table 17: C&D has a means of effective communication.....................................30
Table 18: Management sets a maximum limit for cash withdrawal.......................32
Table 19: Management carries out cash planning.................................................33
Table 20: There is collusion of people who are responsible of handling cash...........34
Table 21: Safeguards in place can guarantee security..........................................34
Table 22: All accounting entries are supported by appropriate documentation........35
Table 23: Responsibilities are separated while handling cash transactions.............36
Table 24: Correlation.............................................................................................37
LIST OF FIGURES

Chart 1: Fraud detection mechanisms in accounting system…………………………..31
## ABBREVIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
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<tbody>
<tr>
<td>ACCA</td>
<td>Association of Chartered Certified Accountants</td>
</tr>
<tr>
<td>C&amp;D</td>
<td>Institute for International Co-operation and Development</td>
</tr>
<tr>
<td>C.I.M.A</td>
<td>Chartered Institute of Management Accountants</td>
</tr>
<tr>
<td>CoCo</td>
<td>Criteria of control</td>
</tr>
<tr>
<td>COSO</td>
<td>Committee of Sponsoring Organizations of the Tread way Commission</td>
</tr>
<tr>
<td>ISA</td>
<td>International Standards on Auditing</td>
</tr>
<tr>
<td>NGO</td>
<td>Non Governmental Organization</td>
</tr>
<tr>
<td>SPSS</td>
<td>Statistical Packages for Social Sciences</td>
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</tbody>
</table>

* e.g. = For example  
* i.e. = That is to say
APPENDICES

Appendix 1:.................................................................................................................43
Appendix 2:.................................................................................................................48
ABSTRACT

The study was about internal control systems and cash management policies in Non Governmental Organizations.
Institute for International Co-operation and Development (C&D) was taken for a case study and it was aimed at establishing the effect of internal control systems on cash management.

The objectives of the study were; to assess the effectiveness of internal control systems used in Institute for international co-operation and development, establish cash management policies used in C&D, and to establish the relationship between internal control systems and cash management policies in C&D.

The research designs employed were descriptive and analytical research designs.

A sample of thirty (30) respondents was taken for a study form which the research was carried out.

The main instrument for collecting primary data was questionnaire, while secondary data was collected by reviewing files, documents, published books, articles and journals.

The findings from the study revealed that there are no internal auditors in C&D, C&D irregularly revises training programs in accordance with changes in operations and sophistication of risk management, there is no proper means of communication with entities operating payment systems and supervisory authorities. Also, that there is laxity of management in setting limits to the acceptable degree of risks inherent to the organization, and that those handling money collude to circumvent controls and misappropriate cash.
Findings further revealed that there is a significant positive relationship between internal control systems and cash management policies.
It was recommended that sample checks be instituted to ensure efficiency of cash management and overall financial performance of the organization, separate responsibilities/duties to avoid any conflict of choice or interest, employ internal auditors with experience, and monitoring employees closely to ensure that they do not circumvent certain controls, thereby weakening the established system.
CHAPTER ONE

1.0 INTRODUCTION

This chapter presents the background to the study, the problem statement, the rationale of the study, the objectives of the study, the research questions to be used in the study, the scope of the study, and the significance of the study.

1.1 Background to the study.

Internal controls and cash management in non governmental organizations (NGO’s) in Uganda is a concern for this research because effective internal control mechanisms are meant to be a risk measure to prevent the organization from any potential loss.

Internal controls therefore refer to the whole system of controls, financial and otherwise, established by the management to carry out the tasks of an organization in an orderly manner, ensuring adherence to organizations policies, safeguard its assets and secure as far as possible the accuracy and reliability of its records (Gupta, 1989).

Report on the committee of sponsoring organizations of the Tread way commission (COSO) published in 1992, defines internal controls as:

*A process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:*

- Effectiveness and efficiency of operations,
- Reliability of financial reporting, and
- Compliance with applicable laws and regulations.
Criteria of control (CoCo) describe internal controls as actions that foster the best result for an organization. It indicates that control comprises:

*those elements of an organization (including its resources, systems, processes, culture, structure and tasks) that, taken together, support people in the achievement of the organization’s objectives.*

Cash management on the other hand is a broad term that refers to the collection, concentration, and disbursement of cash. The goal is to manage the cash balances of an enterprise/organization in such away as to maximize the availability of cash not invested in fixed assets or inventories and to do so in such away as to avoid the risk of insolvency. Factors monitored as a part of cash management include a company’s level of liquidity, its management of cash balances, and its short-term investment strategies.

The key to successful cash management, therefore, lies in tabulating realistic projections, monitoring collections and disbursements, establishing effective billing and collection measures, and adhering to budgetary restrictions.

However, the internal control measures of institute for international co-operation and development over cash management have suffered fatal challenges. Accountability from its field base office in Moroto has become a nightmare in that many a time, cash is being misused by the Italian volunteers on their personal leisure, carried in the cash box to the office, and receipts for expenditures are not always available. This makes it difficult for C&D to achieve its goals and objective.

The researcher shall in this context seek to understand the disparities surrounding the internal controls and cash management in institute for international co-operation and development-C&D.
1.2 Problem statement.

Every organization needs strong internal control mechanisms such as authorization of access to assets and accounting records, regular independent verifications, a system of internal checks (segregation of duties), suitable documents to capture transactions, proper procedures for processing transactions, employment of honest and capable employees. Despite the fact that such control measures have been put in place by management, finances have continued being mismanaged in C&D. This is probably being caused by weak internal controls. E.g. staff colluding internally or with outsiders to circumvent the controls, internal controls covering only routine transactions, abuse of controls by those with authority. If this continues, it will lead to poor service delivery, donors refusing to fund C&D projects, and probably closure by government for failing to deliver to their expectation.

1.3 Purpose of the study.

The purpose of the study was to establish the relationship between internal controls and cash management i.e. the effect of internal controls on cash management.

1.4 Objectives

Study objectives will be to:

- Assess the effectiveness of internal controls in institute for international co-operation and development.

- To establish cash management policies used in institute for international co-operation and development.

- Establish the relationship between internal control systems and cash management policies in institute for international co-operation and development.
1.5 Research questions.

The following research questions shall be asked by the researcher;

- Are internal controls in institute for international co-operation and development effective?
- What cash management policies are used by institute for international co-operation and development?
- What is the relationship between internal control systems and cash management policies employed by C&D?

1.6 Scope of the study.

1.6.1 Conceptual scope.

The study defined internal controls, cash management, and establishing the relationship between internal controls and cash management.

1.6.2 Geographical scope.

The study was carried out at the institute for international co-operation and development (C&D).

1.7 Significance of the study.

- The research will help non governmental organizations to formulate and design proper internal control mechanisms.
- The study will help improve on cash management in institute for international co-operation and development.
• Academicians and researchers will find this work useful for further research by identifying various areas covered and knowledge gaps, thus using it for literature reviewing.

• The study will extend the frontier knowledge in the field of accounting and finance to the public and assist the researcher improve on his knowledge of doing research.
CHAPTER TWO

2.0 LITERATURE REVIEW.

2.1 Introduction.

This chapter endeavored to define internal controls, cash management, and established the relationship between internal controls and cash management. It will cover what scholars wrote about internal controls and cash management from selected journals, text and internet.

2.2 Definition of Internal controls.

Internal controls is the whole system of controls financial and otherwise established by management in order to carry on business of an organization in an orderly manner to ensure adherence to management policies, safeguard the assets and secure as possible the completeness and accuracy of records (Ramaswany, 1988).

ISA315 Identifying and Assessing the tasks of Material Misstatement Through understanding the Entity and its Environment defines the internal control system as the process designed and effected by those charged with governance, management and other personnel to provide reasonable assurance about the achievement of the entity’s objectives, with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. Put simply, the internal controls are all means that are designed to check the activities to ensure that the objectives of the enterprise are met.

Crowhurst (1982), remarks that individual components of an internal control system are known as ‘controls’ or ‘internal controls’. This definition is all embracing; it includes internal checks, internal audit, and all the other controls established by management. From the above, internal controls can be defined as a set or course of action and
procedures set by management of an organization to protect its assets from theft, ensure optimum but authorized use of company resources, and evaluate the performance of personnel and organization as a whole so as to ensure achievement of goals.

2.3 Internal control indicators.

2.3.1 Personnel.

Crowhust, (1984), asserts that there should be some procedures to ensure that personnel have capabilities commensurate with their responsibilities. Personnel need to be competent and trustworthy, with clearly established lines of authority and responsibility documented in written job descriptions and procedures manuals. Inevitably, the proper functioning of any system depends on the competence and integrity of those operating it. The qualification, selection, training, as well as the innate personnel characteristics are important features to be considered in setting up any control system.

Ramas, (1994), maintained that staff assigned to conduct any activity should possess adequate professional proficiency for the task required.

2.3.2 Authorization and approval

According to Mill champ (1993), all transactions should be authorized and approved by an appropriate responsible person though the limits for these authorizations should be specified to ensure adherence to internal controls and mitigate any potential loss.

Parkerson, (1990), said that authorization to initiate or approve transactions should be limited to specific personnel.
2.3.3 Segregation of Duties

According to Brick (1999), one of the prime means of control is the separation of those who are responsible or have duties which, if combined, enable one individual to record and process a complete transaction. When the work of one employee is checked by another, and when the responsibility for custody for assets is separate from the responsibility for maintaining the records relating to those assets, there is appropriate segregation of duties.

However, actual job titles and organization structure may vary greatly from one organization to another, depending on the size and nature of the business. With segregation of duties, critical duties can be categorized into, authorization, custody, record keeping and reconciliation.

In a perfect system according to Jain, (1993), an individual is not to have responsibility for more than one of the three transaction components: authorization, custody, and record keeping.

2.3.4 Physical Restrictions.

According to Ramas, (1994), physical restriction is concerned mainly with the safe custody of assets and procedures involved in accessing them. This control measure is designed to safeguard assets, processes and data and ensure access is limited to authorized personnel. i.e. both direct and indirect access via documentation. It should be noted that both assets and records must be secured against theft, manipulation, fire and destruction.

However, Walter (1987), remarks that; assets should be physically secured, and access to them be limited, and that reconciliation of assets to accounting records be prepared periodically, and unreconciling items be resolved timely.
2.3.5 Supervision.

Johnson (1965), asserts that any system of internal controls should include the supervision by responsible officials of the day-to-day transactions and the recording thereof. Physical assets should be counted periodically and the results compared with accounting records. Discrepancies should be reported to administrators and investigated. However, supervision involves directing the efforts of assistants who are involved in accomplishing the objective of the review/audit and determining whether those objectives were accomplished. The work completed by assistants should evidence that a supervisory review was performed which determined the adequacy of the work and evaluated the result (Hingorani, 1984).

Monitoring Operations is essential to verify that controls are operating properly. Reconciliations, confirmations, and exception reports can provide this type of information.

2.3.6 Arithmetical and accounting.

According to Crowhurst (1982), these are controls within the recording function which checks that the transactions to be recorded and processed have been authorized. This internal control ensures that information and transactions are accurately recorded and processed. Such controls include checking arithmetic accuracy of records, maintenance and checking totals, reconciliation, control accounts and trial balance.

Howard (1998), remarks that accounting policies and procedures for handling financial transactions should be recorded in an accounting procedures manual, describing the administrative task and who is responsible for each. The manual should be a formal document, but rather a simple description of how functions such as paying bills, transferring funds, depositing cash are handled. Writing or revising accounting procedures manual is a good opportunity to see whether adequate controls are in place.
2.3.7 Budgeting.

The chartered institute of management accountants (C.I.M.A), London, defined a budget as “a financial and/or quantitative statement, prepared prior to a defined period of time, of the policy to be pursued during that period for the purpose of attaining a given objective.”

Budgetary control is a system of controlling costs through preparation of budgets. C.I.M.A. London defines it as “the establishment of budgets relating to the responsibilities of executives of a policy and the continuous comparison of actual with budgeted results, either to secure by individual action the objectives of that policy or to provide a basis for its revision.”

The following are therefore involved in budgetary control:

i. Establishment of budgets for each function
iii. Comparison of actual performance with budgeted performance to find out variations, if any.
iv. Ascertainment of the reasons for such variations and taking suitable remedial action.

According to this, organizations should therefore prepare budgets to control costs.

2.3.8 Organizational plan.

According to Coopers (2003), an organization or enterprises should have a plan of action for a given period, designed to achieve its goals. An institution’s organization structure should provide the overall framework for internal controls needed to ensure effective planning, directing, and controlling of operations.

According to Parkerson (1990), the institution’s size, diversity, and complexity of operations all affect the level of control required.
2.3.9 Management controls.

Kumar (1989) found that management controls are controls exercised by management outside the day-to-day routine of the system. They include the overall supervisory controls, review of management accounts and comparison thereof. Transactions should be properly documented and the records retained in an organized manner. Management philosophy and operating style can significantly affect the internal control environment of an organization. This philosophy further encompasses a broad range of characteristics applicable to both the board and executive management. Such may include the approach to taking and monitoring risks, attitudes and actions towards financial reporting, use of policies and procedures, and emphasis on planning and meeting budget and other financial and operating goals.

Meiggs (1988) ascertains that these characteristics have a significant influence on the control environment.

2.4 Definition of cash management.

Cash management is defined as “having the right amount of money in the right place at the right time to meet the organization’s obligations in the most cost effective way.”

According to Finney (1962), cash consists of legal tender i.e. paper money and coins, cheques, bank drafts, money orders and demand deposits in banks.

With Pandy (1995), cash is money which a firm can disburse immediately without any restriction. The term to him includes coins, currency, cheques held by the firm, and cash balances in its bank account.
2.5 Components of cash management.

This addresses the various elements under cash management.

2.5.1 Management of receipts and disbursements.

Gupta (1989) observes that cash needs to be jealously controlled for a business or an organization to thrive.

According to Millicamp (1997), all invoices should be authorized and that all cheque payments are made by an authorized person, to prevent fraud and fictitious payments. According to ACCA audit framework (1997), supervision over cheque payments are as follows;

- Cheques should be in sequential order,
- unused cheques should be held in a secure place,
- and the person preparing cheques should have no responsibility over purchases.

An employee of an organization handling cash responsibilities should ensure that all funds receipted for have been properly deposited and recorded (Boudreau, 1991).

2.5.2 Cash planning.

According to (Julius 1993), cash planning are techniques used to plan and control the use of cash. An organization needs cash to invest in inventory, receivables, and fixed assets and to make payment for operating expenses in order to maintain growth.

‘Cash poor’ position of the firm can be corrected if its cash needs are planned in advance, remarks (Napier 1991). (Pandey 1998) agree that cash planning is a prerequisite of cash management because the information helps financial managers to determine the future needs of an organization. It also helps to exercise control over the cash and liquidity of the organization. Cash budget is the most significant device in planning for and control over cash receipts and payments.
2.5.3 Maintenance of optimum cash levels.

Fachaber (1998) saw possible negative consequences if the organization does not maintain minimum cash levels for each unit. This develops from managers’ failure to truly manage cash and keep on hoping that things will work out well as they usually did in the past. It is comparatively easy to make short-term forecasts. The important functions of carefully developed forecasts are;

To determine operating cash requirements and to anticipate short-term financing;
However, Barney (1991) remarks that short-run cash forecasts serve many other purposes, e.g. multidivisional organizations use them as a tool to coordinate the flow of funds between their various divisions as well as to make financing arrangements for these operations. These forecasts may also be useful in determination of the margins or minimum balances to be maintained with the banks.
Other uses of these forecasts include planning reductions of short and long-term debts, scheduling payments in connection with capital expenditure programmes.

Walter (1984) said that cash management policies should include measures that prevent losses arising from fraud, and provide accurate accounting for cash receipts, cash payments and cash balances.
However, Welbourne and Andrews (1996) made the following recommendations;
Ensure that payments are promptly and accurately recorded, and that all sums of money received must be subsequently accounted for.

Mnohsin (1980) remarks that planning of cash involves the formation of cash policies to handle normal and abnormal cash requirements, the normal cash requirements are policies that result from or which are predictable and occur as a result of routine operations and include cash for suppliers, salaries and wages.
2.6 Relationship between internal controls and cash management systems

2.6.1 Personnel and cash management.

Boudreau (1991) said that all organizations should at all time have trained staff to handle cash. This will provide checks and balances. An employee of an organization with cash handling responsibilities should ensure that all funds are receipted for and have been properly deposited and recorded. Stevenson (1998), agrees with Boudreau and asserts that any financial institution to thrive, management must regularly provide timely feedback to rectify any financial challenges at hand. Dick (2000) remarked that timely feedback is of most importance for effective cash management of most organizations.

2.6.2 Segregation of duties and cash management systems.

According to Brick (1999), that one of the prime means of control is separation of those responsible for duties which if combined, would enable one individual to record and process a complete transaction. Manasseh (1997) holds that different personnel should handle different parts of a transaction, so as to avoid any conflict of choice and collusion in cash management.

2.6.3 Supervision and cash management.

According to Way and Johnson (2005), management of organizations should regularly supervise any cash transfers or any financial product to ensure that cash is safely and accurately transferred from one place or branch to another. Bae et al, (2003), asserts that cash balancing should be performed for each transfer and proper reconciliation done immediately. Differences detected in the reconciliation process are always indicators of errors or irregularities which should be formally documented and corrective action taken. Performing cash reconciliation is an important
and integral part of any financial management system. If respective reconciliation is not being performed properly, it creates a significant financial risk. Mirvis (1997) recommends regular sample checks for effectiveness of cash management in all organizations. These prompt checks reveal any weakness in cash management system (internal controls).
Mnohsin (1980), holds that regular sample checks ensure efficiency of cash management which ultimately increase overall financial performance of organizations.

2.7 Conclusion.

For any effective cash management system to prevail in any organization there must be strong internal controls which must be adhered to at all times. However, much as internal controls are necessary, they are not full guarantee. They only try to mitigate the level of risk exposed to organizations in handling cash. In addition, some controls cannot be implemented because the costs may exceed their potential benefit. Basing on the above arguments therefore, a relationship occurs between internal controls and cash management systems.
3.0 METHODOLOGY.

3.1 Introduction.

This chapter constitutes among others, the research design, sampling design, data collection methods, data processing, data analysis and limitations of the study.

3.2 Research design.

The researcher used descriptive and analytical research designs. Descriptive research design described the phenomena as it exists, while analytical research design was appropriate because the study sought to analyze cash management in institute for international co-operation and development, and assisted the researcher in reaching at an appropriate conclusion.

3.3 Sampling design.

3.3.1 Study population.

The study considered the coordinator, the financial administrator, the human resource manager, departmental managers and other employees of C&D.

3.3.2 Sample size and sample selection method.

The researcher used a sample size of 30 respondents from C&D. Respondents were chosen using purposive and convenience sampling. The researcher chose readily available respondents who were relevant for the study purpose. The
planned respondents consist of; coordinator, finance administrator, internal Auditor, human resource manager, logistician, departmental managers and other employees of C&D. This composition was deemed to provide appropriate information regarding the study as shown in the table below.

Table 1: Showing the sample composition.

<table>
<thead>
<tr>
<th>Sample description</th>
<th>Number of respondents</th>
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<tbody>
<tr>
<td>Coordinator</td>
<td>1</td>
</tr>
<tr>
<td>Financial Administrator</td>
<td>2</td>
</tr>
<tr>
<td>Human resource manager</td>
<td>1</td>
</tr>
<tr>
<td>Logistics officer</td>
<td>1</td>
</tr>
<tr>
<td>Departmental managers</td>
<td>9</td>
</tr>
<tr>
<td>Other employees</td>
<td>16</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30</strong></td>
</tr>
</tbody>
</table>

*Source: Primary data.*

3.4 Data collection method.

Data was primary and collected using self administered questionnaires. The questionnaire were in two forms; written and oral. The former were structured questions which were given to respondents to fill, and the latter were asked respondents for answers.

3.5 Data management.

3.5.1 Data processing.

This involved getting information form respondents and ensuring that it was accurate, reliable and meets the standards. All the field questionnaires were properly and carefully scrutinized and coded in tabular and numerical terms for easy analysis.
3.5.2 Data analysis.

Edited responses were coded in numerical terms for easy analysis and tabulated in appropriate table format in order to carry out analysis easier and correctly. The data was analyzed using percentages, frequencies, tables and pie-charts to present it in a summarized form.

3.8 Limitation of the study.

The study was limited the following;

- Concealment of the information by some respondents due to the sensitivity of cash management issues.
- Since the research was carried out during study time, the investigator did not have enough time as there was need to concentrate on other course units too.
- The investigator was faced with financial constraints to pay for all expenses like transport, meals and printing.

Despite such limitations however, the researcher devoted all necessary efforts towards the success of the study.
CHAPTER FOUR

4.0 PRESENTATION, INTERPRETATION AND DISCUSSION OF RESULTS.

This chapter presents the results of the study.

4.1 Findings about gender of the respondents.

In order to establish the gender distribution of the employees and be able to determine its role, employees were asked to provide their gender. Table 2 provides the results.

Table 2:

<table>
<thead>
<tr>
<th>Gender of respondents</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid male</td>
<td>12</td>
<td>40.0</td>
<td>40.0</td>
<td>40.0</td>
</tr>
<tr>
<td>female</td>
<td>18</td>
<td>60.0</td>
<td>60.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Primary data*

From table 2, majority of employee respondents were females (60%) and males were only 40%. This implies that females are taken to be more honest than males.

4.1.2 Findings about the age of respondents.

The researcher here was interested in finding out respondents’ age. The following responses were obtained and tabulated as bellow.
Table 3:

<table>
<thead>
<tr>
<th>Age of respondents</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid 21-30 years</td>
<td>3</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
</tr>
<tr>
<td>31-40 years</td>
<td>15</td>
<td>50.0</td>
<td>50.0</td>
<td>60.0</td>
</tr>
<tr>
<td>41-50 years</td>
<td>9</td>
<td>30.0</td>
<td>30.0</td>
<td>90.0</td>
</tr>
<tr>
<td>above 50 years</td>
<td>3</td>
<td>10.0</td>
<td>10.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Primary data.*

From table 3, 50% of the respondents fall under age group 31-40 years, 30% between 41 and 50 years, while 21-30 and 50 and above brackets had each 10%. This implies that the respondents between the age brackets 31-40 years are considered to be mature and productive.

### 4.1.3 Findings about the marital status of respondents.

Information was sought from the respondents on their marital status and results obtained were tabulated as follows;

Table 4:

<table>
<thead>
<tr>
<th>Marital status of respondents</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid single</td>
<td>9</td>
<td>30.0</td>
<td>30.0</td>
<td>30.0</td>
</tr>
<tr>
<td>married</td>
<td>12</td>
<td>40.0</td>
<td>40.0</td>
<td>70.0</td>
</tr>
<tr>
<td>divorced</td>
<td>3</td>
<td>10.0</td>
<td>10.0</td>
<td>80.0</td>
</tr>
<tr>
<td>widowed</td>
<td>6</td>
<td>20.0</td>
<td>20.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Primary data*

Findings indicated that 30% were single, 40% married, 10% divorced and 20% widowed. Most respondents were married, implying that most of them are stable at work.
4.1.4 Findings about highest qualifications acquired by respondents.

The researcher was interested in knowing the educational level of respondents and the following results were obtained and tabulated as below;

Table 5:

<table>
<thead>
<tr>
<th>Educational level of respondents</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid masters and above</td>
<td>4</td>
<td>13.3</td>
<td>13.3</td>
<td>13.3</td>
</tr>
<tr>
<td>bachelors degree</td>
<td>12</td>
<td>40.0</td>
<td>40.0</td>
<td>53.3</td>
</tr>
<tr>
<td>diploma</td>
<td>6</td>
<td>20.0</td>
<td>20.0</td>
<td>73.3</td>
</tr>
<tr>
<td>certificate</td>
<td>8</td>
<td>26.7</td>
<td>26.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary data

Findings indicated that most respondents are degree holders with 40%, 26.7% being certificate holders, 20% Diploma holders and 13.3% being masters’ degree holders. This implies that most respondents are learned and therefore the study can be relied on.

4.1.5 Findings about the period worked with Co-operation and Development.

Information on the work experience of respondents was sought and determined by the duration respondents have spent in C&D.
Table 6:

<table>
<thead>
<tr>
<th>Period respondents have worked at C&amp;D</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid 1-2 years</td>
<td>4</td>
<td>13.3</td>
<td>13.3</td>
<td>13.3</td>
</tr>
<tr>
<td>3-4 years</td>
<td>18</td>
<td>60.0</td>
<td>60.0</td>
<td>73.3</td>
</tr>
<tr>
<td>5-6 years</td>
<td>5</td>
<td>16.7</td>
<td>16.7</td>
<td>90.0</td>
</tr>
<tr>
<td>over 6 years</td>
<td>3</td>
<td>10.0</td>
<td>10.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary data

From the findings, 60% of the respondents had worked for a period between 3-4 years, 16.7% between 5-6 years, 13.3% between 1-2 years and 10% above 6 years. This implies that most respondents had experience and therefore findings can be relied on.

4.2 Findings on objective one which is to assess the effectiveness of internal controls used in institute for international Co-operation and Development.

The researcher sought to assess the effectiveness of internal control mechanisms used in C&D.

4.2.1 Findings as to whether management has high professional moral standards and makes efforts to establish awareness of the importance of internal controls among employees.

This was sought from respondents because it is one of the key variables of internal controls in any organization. The results were tabulated as below;
Table 7:

<table>
<thead>
<tr>
<th>management creates awareness</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid strongly agree</td>
<td>10</td>
<td>33.3</td>
<td>33.3</td>
<td>33.3</td>
</tr>
<tr>
<td>agree</td>
<td>6</td>
<td>20.0</td>
<td>20.0</td>
<td>53.3</td>
</tr>
<tr>
<td>not sure</td>
<td>5</td>
<td>16.7</td>
<td>16.7</td>
<td>70.0</td>
</tr>
<tr>
<td>disagree</td>
<td>6</td>
<td>20.0</td>
<td>20.0</td>
<td>90.0</td>
</tr>
<tr>
<td>strongly disagree</td>
<td>3</td>
<td>10.0</td>
<td>10.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary data

Findings indicate that 33.3% of the respondents strongly agreed, those that agreed and disagreed are 20% each, while 16.7% are not sure and 10% strongly disagreed. Majority of the respondents having agreed implied that management has high professional moral standards and this is in conformity with Crowhurst (1984) who asserts that proper functioning of any internal control system depends on the integrity of those operating it.

4.2.2 Findings as to whether management is aware of the different types and degrees of risk exposure inherent in these factors.

This was important to ascertain from respondents since every internal control system has inherent weaknesses. Results are tabulated as below.
Table 8:

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid strongly agree</td>
<td>3</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
</tr>
<tr>
<td>agree</td>
<td>9</td>
<td>30.0</td>
<td>30.0</td>
<td>40.0</td>
</tr>
<tr>
<td>not sure</td>
<td>12</td>
<td>40.0</td>
<td>40.0</td>
<td>80.0</td>
</tr>
<tr>
<td>disagree</td>
<td>3</td>
<td>10.0</td>
<td>10.0</td>
<td>90.0</td>
</tr>
<tr>
<td>strongly disagree</td>
<td>3</td>
<td>10.0</td>
<td>10.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary data

Results indicate that 10% of the respondents strongly agreed, 30% agreed, 40% not sure, 10% disagreed and 10% strongly disagreed. Since a majority of the respondents were not sure, it implied that they are uncertain as to whether C&D management can recognize internal and external factors constituting potential risks to the organization and this if not attended to may affect the attainment of organizations core objectives.

4.2.3 Findings as to whether management sets limits to the acceptable amount or degree of risk inherent in the organization.

This was asked from respondents in order to ascertain appropriateness of supervision in relevant sections/departments.
Table 9:

<table>
<thead>
<tr>
<th>Management sets limits to acceptable amount of risk</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>strongly agree</td>
<td>7</td>
<td>23.3</td>
<td>23.3</td>
<td>23.3</td>
</tr>
<tr>
<td>agree</td>
<td>6</td>
<td>20.0</td>
<td>20.0</td>
<td>43.3</td>
</tr>
<tr>
<td>not sure</td>
<td>8</td>
<td>26.7</td>
<td>26.7</td>
<td>70.0</td>
</tr>
<tr>
<td>disagree</td>
<td>4</td>
<td>13.3</td>
<td>13.3</td>
<td>83.3</td>
</tr>
<tr>
<td>strongly disagree</td>
<td>5</td>
<td>16.7</td>
<td>16.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100.0</td>
<td></td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Primary data

The results show that 23.3% of the respondents strongly agreed, 20% agreed, 26.7% were not sure, 13.3% disagreed and those that strongly disagree were 16.7%. A majority of the respondents having not been sure implies that there is laxity of management in setting limits to the acceptable degree of risks inherent to the organization. This is contrary with Walter (1987), who maintains that management should adequately instruct relevant departments/sections for effectiveness of internal control system in place.

4.2.4 Findings as to whether management regularly checks the effectiveness of its risk management system.

The researcher sought to know whether there is continuous evaluation of risk management systems in place.

Table 10:

<table>
<thead>
<tr>
<th>Management regularly checks effectiveness of its risk management system</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>strongly agree</td>
<td>4</td>
<td>13.3</td>
<td>13.3</td>
<td>13.3</td>
</tr>
<tr>
<td>agree</td>
<td>6</td>
<td>20.0</td>
<td>20.0</td>
<td>33.3</td>
</tr>
<tr>
<td>not sure</td>
<td>12</td>
<td>40.0</td>
<td>40.0</td>
<td>73.3</td>
</tr>
<tr>
<td>disagree</td>
<td>6</td>
<td>20.0</td>
<td>20.0</td>
<td>93.3</td>
</tr>
<tr>
<td>strongly disagree</td>
<td>2</td>
<td>6.7</td>
<td>6.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100.0</td>
<td></td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Primary data
Research findings indicated that 13.3% strongly agreed, 20% agreed, 40% are not sure, 20% disagreed and 6.7% strongly disagreed. For the majority of the respondents to be not sure creates uncertainty as to whether management regularly checks the effectiveness of its risk management system. This is contrary with Hingorani (1984) who holds that management should continuously evaluate risk management systems in place.

4.2.5 Findings on whether C&D has in place a system for close monitoring of activities of various departments.

The researcher sought to know whether there is appropriate supervision in Institute for international Co-operation and Development (C&D).

Table 11:

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid strongly agree</td>
<td>8</td>
<td>26.7</td>
<td>26.7</td>
<td>26.7</td>
</tr>
<tr>
<td>agree</td>
<td>9</td>
<td>30.0</td>
<td>30.0</td>
<td>56.7</td>
</tr>
<tr>
<td>not sure</td>
<td>4</td>
<td>13.3</td>
<td>13.3</td>
<td>70.0</td>
</tr>
<tr>
<td>disagree</td>
<td>3</td>
<td>10.0</td>
<td>10.0</td>
<td>80.0</td>
</tr>
<tr>
<td>strongly disagree</td>
<td>6</td>
<td>20.0</td>
<td>20.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary data

Most of the respondents (30%) agreed, 26.7% strongly agreed, 13.3% were not sure, 10% disagreed and 20% strongly disagreed. This implies that C&D has in place a system for close monitoring but not adequate. This is contrary with Johnson (1965) who asserts that there should be appropriate supervision by responsible officials of the day-to-day activities.
4.2.6 Findings as to whether management of C&D prepares budgets to control costs.

The researcher sought to know if management regularly prepares budgets to control costs.

Table 12:

<table>
<thead>
<tr>
<th>management prepares budgets to control costs</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid strongly agree</td>
<td>9</td>
<td>30.0</td>
<td>30.0</td>
<td>30.0</td>
</tr>
<tr>
<td>agree</td>
<td>15</td>
<td>50.0</td>
<td>50.0</td>
<td>80.0</td>
</tr>
<tr>
<td>not sure</td>
<td>3</td>
<td>10.0</td>
<td>10.0</td>
<td>90.0</td>
</tr>
<tr>
<td>disagree</td>
<td>3</td>
<td>10.0</td>
<td>10.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Primary data*

Results show that 30% of the respondents strongly agreed, 50% agreed, while those not sure and disagreed were each 10%. No respondent strongly disagreed. For the majority agreeing and strongly agreeing shows implies that management prepares budgets so as to control costs.

4.2.7 Findings on whether C&D recruits staff with appropriate experience, knowledge / skill level, and degree of expertise to undertake specialized operations.

Researcher sought to know whether employees have experience, skill level, and degree of expertise.
Table 13:

C&D recruits staff with appropriate experience, skill level and expertise

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid strongly agree</td>
<td>6</td>
<td>20.0</td>
<td>20.0</td>
<td>20.0</td>
</tr>
<tr>
<td>agree</td>
<td>6</td>
<td>20.0</td>
<td>20.0</td>
<td>40.0</td>
</tr>
<tr>
<td>not sure</td>
<td>9</td>
<td>30.0</td>
<td>30.0</td>
<td>70.0</td>
</tr>
<tr>
<td>disagree</td>
<td>8</td>
<td>26.7</td>
<td>26.7</td>
<td>96.7</td>
</tr>
<tr>
<td>strongly disagree</td>
<td>1</td>
<td>3.3</td>
<td>3.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary data

Results indicated that 20% of the respondents strongly agreed, 20% agreed, 30% were not sure, 26.7% disagreed and 3.3% strongly disagreed. Majority of the respondents were not sure, implying that some recruited staff may not be having appropriate experience, skill level and expertise to undertake specialized operations.

4.2.8 Findings on whether C&D revises training programs in accordance with changes in operation and sophistication of risk management.

This was asked from respondents in order to ascertain appropriateness of training programs.

Table 14:

Accounting staff are properly trained

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid strongly agree</td>
<td>3</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
</tr>
<tr>
<td>agree</td>
<td>4</td>
<td>13.3</td>
<td>13.3</td>
<td>23.3</td>
</tr>
<tr>
<td>not sure</td>
<td>9</td>
<td>30.0</td>
<td>30.0</td>
<td>53.3</td>
</tr>
<tr>
<td>disagree</td>
<td>9</td>
<td>30.0</td>
<td>30.0</td>
<td>83.3</td>
</tr>
<tr>
<td>strongly disagree</td>
<td>5</td>
<td>16.7</td>
<td>16.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary data
Findings reveal that 10% of the respondents agreed, 13.3% strongly agreed, 30% were not sure, 30% disagreed and 16.7% strongly disagreed. The majority of the respondents having disagreed and not sure imply that C&D irregularly revises training programs. This is contrary with Crowhurst (1984) who confirms that training is an important feature in setting up control systems.

4.2.9 Findings on whether internal audit section / department have auditors with expertise in each area, and can effectively audit C&D’s overall operations.

The researcher sought to know whether auditors of C&D have enough expertise.

Table 15:

<table>
<thead>
<tr>
<th>Internal audit section/department has auditors with expertise in each area</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>agree</td>
<td>1</td>
<td>3.3</td>
<td>3.3</td>
</tr>
<tr>
<td></td>
<td>not sure</td>
<td>9</td>
<td>30.0</td>
<td>30.0</td>
</tr>
<tr>
<td></td>
<td>disagree</td>
<td>15</td>
<td>50.0</td>
<td>50.0</td>
</tr>
<tr>
<td></td>
<td>strongly disagree</td>
<td>5</td>
<td>16.7</td>
<td>16.7</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary data

The results in the table indicate that 3.3% agreed 30% not sure, 50% disagreed, and 16.7% strongly disagreed. Majority of the respondents not being sure and disagreeing implies that audit section does not have auditors, or has auditors without expertise, which may result into significant internal control and financial system weakness.

4.2.10 Findings as to whether internal audit section / department take initiative in directing improvement measures.

The researcher sought to know whether departments take the initiative in directing improvement measures.
Table 16:

| Internal audit section/department takes initiative in directing improvement measures |
|---------------------------------|-----|-----|-----|-----|
|                                 | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid strongly agree            | 9         | 30.0    | 30.0          | 30.0              |
| agree                           | 6         | 20.0    | 20.0          | 50.0              |
| not sure                        | 5         | 16.7    | 16.7          | 66.7              |
| disagree                        | 7         | 23.3    | 23.3          | 90.0              |
| strongly disagree               | 3         | 10.0    | 10.0          | 100.0             |
| Total                           | 30        | 100.0   | 100.0         |                   |

Source: Primary data

Findings as in the table indicate that 30% strongly agreed, 20% agreed, 16.7% are not sure, 23.3% disagreed, while 10% strongly disagreed. Audit section therefore takes the initiative in directing improvement measures such as the revision of internal rules in order to prevent the re-occurrence of problems.

4.2.11 findings as to whether C&D has a means of effective communication system.

The researcher sought to know effectiveness of entities operating payment systems and supervisory authorities in case of an emergency.

Table 17:

<table>
<thead>
<tr>
<th>C&amp;D has a means of effective communication</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Valid strongly agree</td>
</tr>
<tr>
<td>agree</td>
</tr>
<tr>
<td>not sure</td>
</tr>
<tr>
<td>disagree</td>
</tr>
<tr>
<td>strongly disagree</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Source: Primary data
Research findings indicated that 10% strongly agreed, 26.7% agreed, 30% not sure, 23.3% disagreed, and 10% strongly disagreed. The majority of the respondents were not sure, which creates uncertainty as to whether C&D has a means of communication with entities operating payment systems and supervisory authorities, incase of emergency.

4.2.12 findings on whether there are fraud detection mechanisms in accounting system.

The researcher sought to know the effectiveness of fraud detection mechanisms in C&D.

Chart 1: Findings on whether there are fraud detection mechanisms in accounting system of C&D.

Findings as per above pie chart indicates that most of the respondents (60%) were on a view that there are fraud detection mechanisms in place, 30% disagreed that there are no fraud detection mechanisms in place, while 10% were not sure if fraud detection
mechanisms were in place or not. Majority agreement implies that fraud detection mechanisms in accounting system are in place. This is in compliance with Howard (1998) who asserts that there should be an effective mechanism for detection of an intended fraud or any errors that may occur within an organization.

4.3 Findings on objective two which was to find out cash management policies used in C&D.

The researcher sought to know cash management policies used in C&D.

4.3.1 Findings on whether management of C&D sets a maximum limit for cash withdrawal.

The researcher sought to know if management sets maximum limit for cash withdrawal.

Table 18:

<table>
<thead>
<tr>
<th>management sets minimum limit beyond which cash is transferred</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid strongly agree</td>
<td>7</td>
<td>23.3</td>
<td>23.3</td>
<td>23.3</td>
</tr>
<tr>
<td>agree</td>
<td>12</td>
<td>40.0</td>
<td>40.0</td>
<td>63.3</td>
</tr>
<tr>
<td>not sure</td>
<td>2</td>
<td>6.7</td>
<td>6.7</td>
<td>70.0</td>
</tr>
<tr>
<td>disagree</td>
<td>4</td>
<td>13.3</td>
<td>13.3</td>
<td>83.3</td>
</tr>
<tr>
<td>strongly disagree</td>
<td>5</td>
<td>16.7</td>
<td>16.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary data

Most of respondents (30%) agreed, 23.3% strongly agreed, 6.7% were not sure, 13.3% disagreed, while 16.7% strongly disagreed. This implies that C&D sets limits beyond which cash is transferred to the field office. This is in agreement with Fachaber (1995) who detects possible negative consequences with any organization that does not maintain minimum cash levels.
4.3.2 Findings on whether management of C&D carries out cash planning.

The researcher sought to know whether cash planning is always carried out.

Table 19:

<table>
<thead>
<tr>
<th>management carries out cash planning</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>strongly agree</td>
<td>9</td>
<td>30.0</td>
<td>30.0</td>
<td>30.0</td>
</tr>
<tr>
<td>agree</td>
<td>7</td>
<td>23.3</td>
<td>23.3</td>
<td>53.3</td>
</tr>
<tr>
<td>not sure</td>
<td>6</td>
<td>20.0</td>
<td>20.0</td>
<td>73.3</td>
</tr>
<tr>
<td>disagree</td>
<td>5</td>
<td>16.7</td>
<td>16.7</td>
<td>90.0</td>
</tr>
<tr>
<td>strongly disagree</td>
<td>3</td>
<td>10.0</td>
<td>10.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary data

Findings indicate that 30% of the respondents strongly agreed, 23.3% agreed, 20% were not sure, 16.7% disagreed, while only 10% strongly disagreed. This implies that there is cash planning in place, which is in agreement with Pandey (1988) who asserts that cash planning should be taken as a pre-requisite of cash management.

4.3.3 Findings on whether there is collusion of people who are responsible of handling cash.

Researcher sought to know whether there is any conspiracy done by those who handle money.
Table 20:

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>7</td>
<td>23.3</td>
<td>23.3</td>
<td>23.3</td>
</tr>
<tr>
<td>strongly agree</td>
<td>9</td>
<td>30.0</td>
<td>30.0</td>
<td>53.3</td>
</tr>
<tr>
<td>agree</td>
<td>6</td>
<td>20.0</td>
<td>20.0</td>
<td>73.3</td>
</tr>
<tr>
<td>not sure</td>
<td>3</td>
<td>10.0</td>
<td>10.0</td>
<td>83.3</td>
</tr>
<tr>
<td>disagree</td>
<td>5</td>
<td>16.7</td>
<td>16.7</td>
<td>100.0</td>
</tr>
<tr>
<td>strongly disagree</td>
<td>30</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary data

Most of the respondents (30%) agreed, 23.3% strongly agreed, 20% were not sure, 10% disagreed, and 16.7% strongly disagreed. This implies that those handling money collide to misappropriate cash, which is contrary to Gupta (1989).

4.4 Findings on objective three which was to establish the relationship between internal controls and cash management.

4.4.1 Respondents were asked to ascertain whether safeguards in place can guarantee security.

Table 21:

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>6</td>
<td>20.0</td>
<td>20.0</td>
<td>20.0</td>
</tr>
<tr>
<td>strongly agree</td>
<td>4</td>
<td>13.3</td>
<td>13.3</td>
<td>33.3</td>
</tr>
<tr>
<td>agree</td>
<td>9</td>
<td>30.0</td>
<td>30.0</td>
<td>63.3</td>
</tr>
<tr>
<td>not sure</td>
<td>8</td>
<td>26.7</td>
<td>26.7</td>
<td>90.0</td>
</tr>
<tr>
<td>disagree</td>
<td>3</td>
<td>10.0</td>
<td>10.0</td>
<td>100.0</td>
</tr>
<tr>
<td>strongly disagree</td>
<td>30</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: primary data
Findings indicated that most of the respondents (30%) were not sure, 26.7% disagreed, 20% strongly agreed, 13.3% agreed, and only 10% strongly disagreed. These findings imply that safeguards in place do not guarantee security. This is contrary with Walter (1984) who holds that cash should be secure at any given time either in company premises or in transit.

4.4.2 Respondents were asked to ascertain whether all accounting entries are supported by appropriate documentation.

Researcher sought to know whether accounting entries are supported by appropriate documentation.

Table 22:

<table>
<thead>
<tr>
<th>All accounting entries are supported by appropriate documentation</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid strongly agree</td>
<td>9</td>
<td>30.0</td>
<td>30.0</td>
<td>30.0</td>
</tr>
<tr>
<td>agree</td>
<td>7</td>
<td>23.3</td>
<td>23.3</td>
<td>53.3</td>
</tr>
<tr>
<td>not sure</td>
<td>3</td>
<td>10.0</td>
<td>10.0</td>
<td>63.3</td>
</tr>
<tr>
<td>disagree</td>
<td>5</td>
<td>16.7</td>
<td>16.7</td>
<td>80.0</td>
</tr>
<tr>
<td>strongly disagree</td>
<td>6</td>
<td>20.0</td>
<td>20.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary data

Findings indicated that 30% of the respondents strongly agreed, 23.3% agreed, 20% strongly disagreed, 16.7% disagreed, while 10% were not sure. This implies that most of accounting entries are supported by appropriate documents.
4.4.3 Respondents were asked to ascertain whether there is separation of responsibility in the receipt, payment, and recording of cash.

The researcher sought to know whether there is separation of responsibilities in cash transactions.

Table 23:

<table>
<thead>
<tr>
<th>Responsibilties are separated while handling cash transactions</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid strongly agree</td>
<td>9</td>
<td>30.0</td>
<td>30.0</td>
<td>30.0</td>
</tr>
<tr>
<td>agree</td>
<td>10</td>
<td>33.3</td>
<td>33.3</td>
<td>63.3</td>
</tr>
<tr>
<td>not sure</td>
<td>2</td>
<td>6.7</td>
<td>6.7</td>
<td>70.0</td>
</tr>
<tr>
<td>disagree</td>
<td>4</td>
<td>13.3</td>
<td>13.3</td>
<td>83.3</td>
</tr>
<tr>
<td>strongly disagree</td>
<td>5</td>
<td>16.7</td>
<td>16.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Primary data*

Findings indicated that 33.3% of the respondents agreed, 30% strongly agreed, 16.7% strongly disagreed, 13.3% disagreed, while only 6.7% were not sure. These findings imply that there is separation of duties in the receipt, payment, and recording of cash, thus mitigating risk.

4.4.4 The correlation between internal controls and cash management.

The researcher calculated the Pearson correlation coefficient using statistical packages for social scientists (SPSS) to measure the strength of linear association between internal controls and cash management.
Findings indicate that there is a significant weak positive relationship between internal controls and cash management ($r = 0.376^*$, $p<0.05$), which means that internal are not a full guarantee and that they only try to mitigate the level of risk exposed to the organization in handling cash. In addition, some controls cannot be implemented because the costs may exceed their potential benefit.
CHAPTER FIVE

5.0 SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS.

This chapter gives the summary of major findings, conclusions drawn form findings discussed, recommendations, and the areas for further research.

5.1 Summary of findings

Respondents are uncertain as to whether C&D management can recognize internal nad external factors constituting potential risk to the organization and this if not attended to may affect the attainment of organizations core objectives.

There is laxity of management in setting limits to the acceptable degree of risks inherent to the organization.

There is uncertainty as to whether management regularly checks the effectiveness of its risk management system.

C&D has in place a system for close monitoring of activities but not adequate.

Findings revealed that some recruited staff may not be having appropriate experience, skill level and expertise to undertake specialized operations.

C&D irregularly revises training programs in accordance with changes in operations and sophistication of risk management.

C&D’s audit section does not have auditors, or has auditors without expertise, which may result into significant internal control and financial system weakness.
There is uncertainty as to whether C&D has a means of communication with entities operating payment systems and supervisory authorities.

Findings reveal that those handling money collude to circumvent controls and misappropriate cash.

5.2 Conclusion

There is a weak positive relation ship of (r = 0.376*) between internal control systems and cash management policies, which means that internal controls are not a full guarantee and that they only try to mitigate the level of risk exposed to the organization in handling cash. In addition, some controls cannot be implemented because the costs may exceed their potential benefit.

5.3 Recommendations

Institute sample checks to ensure efficiency of cash management, and overall financial performance of the organization.

For C&D to thrive, management should regularly provide timely feedback to rectify any financial challenges at hand.

Separate responsibilities/duties to avoid any conflict of choice or interest.

Employees should be monitored closely to ensure that they do not circumvent certain controls, thereby weakening the established system.

Motivate employee to enable them carry out their duties diligently and honestly without thinking of ways to steal the organization because they are given low remuneration.
Employ internal auditors with experience in instituting internal controls and monitoring on their effectiveness and adherence by employees.

5.4 Areas for further research.

- Credit management systems and firms profitability.
- Style and management attitude and the quality of budgets.
- Impact of cash management and service delivery.
- Internal controls and credit management.
REFERENCES


Bee, Judy. “Keeping Tabs on Cash Flow: If you’re not, your office could be leaking money.” Medical Economics. 2 December 2005.


Huslid M (1995), the impact of human management practices on turnover.

International standards on Auditing – ISA 315 Identifying and assessing the tasks of Material Misstatement through understanding the Entity and its Environment


Questionnaire on internal controls and cash management, a case of institute for international co-operation and development

Dear respondents,

The researcher is a student of Makerere University: College of Business and management sciences, pursuing a bachelor’s degree of commerce (Accounting).

This questionnaire is intended to investigate internal controls and cash management systems used in C&D. The results are purely meant for academic purposes and will be treated with utmost confidentiality. You are hereby requested to feel free to give the most appropriate answer.

SECTION A:

Background

1. Gender (tick only one)

   i) Male □          ii) Female □

2. Age bracket (tick only one).

   i) 21 – 30 years □          ii) 31 – 40 years □

   iii) 41 – 50 years □          iv) 50 and above □
3. Marital status (tick only one)

i) Single □  
ii) Married □  
iii) Divorced □  
iv) Widowed □  

4. Highest qualification acquired (tick only one)

i) Certificate □  
ii) Diploma □  
iii) Bachelor’s degree □  
iv) Master’s degree □  

5. For how long have you worked with C&D?

i) 1 – 2years □  
ii) 3 – 4years □  
iii) 5 – 6years □  
iv) Over 6years □  

SECTION B:

NATURE OF INTERNAL CONTROLS

<table>
<thead>
<tr>
<th>No</th>
<th>Question</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Not sure</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Management of C&amp;D creates awareness of the importance of internal controls among employees.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Management recognizes internal and external factors constituting potential risks and</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>3.</strong></td>
<td>Management sets limits to the acceptable amount/degree of risk inherent to the organization and adequately instruct relevant sections.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>4.</strong></td>
<td>Management regularly checks the effectiveness of its risk management system.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>5.</strong></td>
<td>The organization has in place a system for close monitoring of various departments.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>6.</strong></td>
<td>Management prepares budgets to control costs.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>7.</strong></td>
<td>The organization recruits staff with appropriate experience, skill levels and degree of expertise to undertake specialized operations.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>8.</strong></td>
<td>The organization revises training programs in accordance with changes in operations and sophistication of risk management.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>9.</strong></td>
<td>The internal Audit section has Auditors with expertise in each area and are able to effectively audit organizations operations.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
10. Internal Audit section takes the initiative in directing improvement measures such as revision of internal rules in order to prevent the reoccurrence of problems

11. The organization has a means of communication with departments operating payment and supervisory authorities

12. Is there a mechanism for detection of fraud and error in the accounting system?
   - Yes □
   - No □
   - not sure □

13. If no, how do you ensure that cash is effectively and efficiently managed to avoid fraud?

   ........................................................................................................................................
   ........................................................................................................................................
   ........................................................................................................................................
   ........................................................................................................................................

SECTION C:
CASH MANAGEMENT

<table>
<thead>
<tr>
<th>No</th>
<th>Question</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Not sure</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Management of C&amp;D carries on cash planning</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>The staff responsible of cash</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
collude internally and externally with the outsiders to embezzle funds

3. There is a set maximum for cash withdrawal

4. Cash is carried in a cash box

SECTION D:
RELATIONSHIP BETWEEN INTERNAL CONTROLS AND CASH MANAGEMENT

<table>
<thead>
<tr>
<th>No</th>
<th>Question</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Not sure</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Internal controls affect cash management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>All accounting entries are supported by appropriate documentation e.g. receipts, vouchers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Safeguards in place guarantee adequate internal controls in the organization.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>There is separation of responsibility in the receipt, payment and recording of cash.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Thank you for being a cooperative respondent. Your contribution to this study is highly appreciated.