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Internal Controls and Financial Management: A Case Study of Soroti District Local Government

The study aimed at examining the relationship between internal control and financial management focusing on Soroti District Local Government (SDLG). The study aimed at achieving three specific objectives: To examine the physical access over assets in Soroti district local government, to identify the authorization over transactions in Soroti district local government, to establish whether there is prompt and correct recording of transactions in Soroti local government. The study employed a quantitative research paradigm in which a cross-sectional research design was employed to collect data from 36 respondents using structured questionnaires and face to face interviews. The study found out that there is a strong positive relationship between physical access to assets and financial management in SDLG. The correlation coefficient value was found to be = 0.571 at sig= 0.000<0.05, meaning financial management is influenced by physical access to assets by more than 57%. The study also found out that there is a weak positive relationship between authorization over transactions and financial management in SDLG. The correlation coefficient was found to be 0.433 at sig= 0.000<0.05, meaning that financial management is influenced by authorization over transactions by at least 43.3%. Furthermore, the study found out that there is a moderate positive relationship between prompt and correct recording of transactions and financial management in SDLG. The correlation coefficient was found to be 0.261 at sig= 0.000<0.05, meaning financial management is influenced by prompt and correct recording of transactions by 26.1%. The study concluded that the physical access over assets significantly influences financial management in Soroti District Local Government. The internal controls provide inadequate physical protection of stores from theft and the weather, and un-restricted access to the stores to un-authorised officers. The prompt and correct recording of transactions moderately significantly influences financial management in Soroti District Local Government. Authorization over transactions also moderately influences financial management in Soroti District Local Government. The study recommended that, district's financial records and books of accounts should be managed properly so that they can be used efficiently, economically and effectively. Procedures should be put in place for distribution of financial documents only through authorised channels and to ensure they reach the intended recipient.

Key words: Controls, Internal, Financial, Government, Local, Management