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The Effect of Internal Control Systems on Financial Performance of Private Education Institutions in Uganda. A Case Study of the International School of Uganda.

The study presents findings of the effect of internal control systems on financial performance of private education institutions taking a case study of the International School of Uganda (ISU). The objectives of the study included; to examine the effect of risk assessment on the financial performance at ISU, to examine the role of information and communication monitoring on financial performance of ISU and to examine the role of control activities on financial performance in ISU. The study employed a cross sectional case study research design. A total of 109 respondents participated in the study. They included the school's directors, administrators, teaching and non-teaching staff. In collecting data, the researcher used both secondary and primary sources. The researcher used both qualitative and quantitative techniques. Data collection methods used included questionnaires and interviews. The study findings revealed that risk assessment, information and communication monitoring, and control activities have an effect on the financial performance of ISU. Basing on the study findings, it was concluded that involvement of staff in the risk assessment process is vital at ISU. It was further concluded that information and communication monitoring enables ISU to identify challenges likely to impede the school's operations. In addition, the separation of roles reduces chances of fraudulent acts that would affect the school's financial performance. The researcher recommended that there is need to establish a framework for risk assessment within the school including early warning systems to enable the school effectively plan for and mitigate any unforeseen circumstances. In addition, ISU should establish a committee of non-executive directors to contribute to the board process by monitoring and reviewing management's performance against goals and objectives.

Key Words: Internal Control Systems, Financial Performance, Private Education Institutions in Uganda.