INTERNAL CONTROL PRACTICES AND PERFORMANCE OF SAVING AND CREDIT SCHEME ORGANIZATIONS IN UGANDA: 
A CASE OF RUKIGA SACCO LTD

BY

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2020/A/MBA/2491/W

MAY 2023
DECLARATION

I, Kiconco Patience, Registration number 2020/A/MBA/2491/W, declare that this dissertation is my own work towards a Master’s of Business Administration of Kabale University; and to the best of my knowledge, it has not been presented to any other University or institution of higher learning for the award of a degree.

……………………..       ………………

KICONCO PATIENCE       Date
APPROVAL

This is to certify that this research report topic, internal control practices on the performance of Rukiga SACCO, has been undertaken under our supervision and is ready for submission for examination purposes with our approval.

-------------------------------------------
Dr. Agaba Moses                     Date
Supervisor

-----------------------------------------------
Dr. Nuwe John Bosco                      Date
Supervisor
DEDICATION

I dedicate this work to my son, Bwengye Aaron; my siblings Albinah, Annah, Jackline, Olivia, Angelo, Immaculate, Kenneth and Ariho; my in law Mr. Denis Asiimwe and the entire staff Rukiga Sacco ltd for their encouragement, understanding and inspiration during the course of this research project, particularly for their moral and financial support.

Blessings.
ACKNOWLEDGEMENTS

I thank the Almighty God who has helped me with His unwavering provision, protection and love and for directing me in everything I have done.

My deep gratitude goes to my academic supervisors, Dr. Moses Agaba and Dr. J.B Nuwe, for providing me with professional and parental advice during the planning, analysis, and writing of this study. For their emphasis and for devoting much of their time to assisting me in learning and developing during this process, I am extremely grateful to them.

I also want to thank Rukiga SACCO management team for offering me the opportunity to study and conduct my research there, as well as my family members who have helped me out financially and spiritually so that I can bring this up to date. My sincere gratitude to the lecturers, course mates and my workmates, for the academic, social and financial support rendered to me.

God bless them!
LIST OF ABBREVIATIONS

**SACCO**: Savings and Credit Cooperative Organization.

**RSACCO**: Rukiga Savings and Credit Cooperative Limited

**SUPCO**: Supervisory Committee

**IAF**: Internal Audit Function

**PAR**: Portfolio At Risk

**ERR**: Effective Repayment Rate

**ROS**: Return on Sales

**ROI**: Return on Investment
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ABSTRACT

This study was carried out in Rukiga District to investigate how internal control affects Rukiga SACCO's performance. The study's predictor variables included separation of duties, independent review, and risk management, and Rukiga SACCO's performance included growing its loan portfolio, improving its profitability, and expanding its market share. The study was based on three objectives namely: to assess the effect of Segregation of duty on the performance of Rukiga SACCO; to determine the effect of Independent check on the performance of Rukiga SACCO; and, to determine the effect risk management on financial performance of Rukiga SACCO. The cross-sectional survey was followed by the study. Data from 135 respondents was gathered, quantitative analysis was performed, and qualitative analysis was also performed. Frequency tables were employed to describe the data since descriptive analysis required presentation of a single variable and its characteristics. A Pearson correlation matrix was used to determine the correlations between the predictor factors and the dependent variable at the bivariate level. To fit the data, a linear regression model was employed. Segregation of duties (R=762), independent checks (R=676), and risk management (R=899) have a positive importance on the performance of Rukiga SACCO in Rukiga District, according to research findings from the regression model. The key finding of this study is that risk management, segregation of duties, and independent checks all significantly affect Rukiga SACCO performance. Therefore, the study recommends that additional work should be put into task segregation, independent auditing, and risk management to realize loan portfolio expansion, profitability growth, and market share growth as essential components of Rukiga SACCO's performance in Rukiga District.
CHAPTER ONE

INTRODUCTION

1.0 Introduction

This study investigated the relationship between internal control processes and the efficiency of saving and credit scheme companies in Uganda using a case study of Rukiga SACCO Ltd. SACCO performance was a dependent variable, whereas internal control procedures were an independent variable. Segregation of duties, independent auditing, and risk management were considered internal control techniques, whereas loan portfolio growth, profitability improvement, and market share expansion were considered performance indicators.

Background to study

1.1.0 Historical background

SACCOs were first used in Germany in 1846 by Freidrich W. Reifies and Herman Schultz, who are credited as the organization's founders. They were set up to protect rural communities living in poverty from the agricultural crisis and drought that southern Germany was experiencing at the time (Njega & Jagongo, 2019). SACCOs play a crucial role in giving the world's poor people who cannot use the services of formal financial institutions (FFIs) access to capital. They do, however, also deal with a number of difficulties that can impair their performance. The majority of earlier studies on SACCOs didn't emphasizes its usefulness. The Savings and Credit Cooperative Society owns and runs SACCO, one of the Micro Finance Institutions (MFIs) (Bailey, 2021).

They are a varied group of people who voluntarily joined forces in order to service one another's economic and social needs through democratically owned and run firms (Aheisibwe, 2017). These economic requirements include, among other things, maximizing earnings, enhancing financial accessibility, employing members' skills, building social capital, and boosting advocacy and bargaining power. Others include assisting in the eradication of poverty, fostering investment, and offering educational opportunities (Alfred, 2019). By providing members with access to borrowing possibilities to improve productivity and welfare, these organizations' fundamental purpose is to advance the financial interests and general welfare of
their members (Cheruiyot et al., 2012). According to estimates, 760 million individuals worldwide participate in SACCOs, which sustain 100 million jobs (Barrientos, 2018). For instance, SACCOs served four million people in the USA alone and made $93 billion in gross profits. Rabobank and Credit Mutual are two of the top banks in their respective countries, according to Kakungulu et al. (2019). In the majority of South American countries, such as Argentina, Brazil, Chile, and Uruguay, SACCOS, for example, are firmly established (Kariuki, & Rai, 2019).

SACCOs were set up all throughout Africa once colonial control ended, keeping the majority of the populace out of the formal economy. As people were encouraged to plant cash crops to satisfy the demands of the growing market, SACCOs saw growth (Argandoa, 2019). SACCOs provide financial assistance to today's rural and remote poor, claims Barrintos (2018). Due to their poor financial management and eventual bankruptcy, the rural poor are thus left without other sources of financial services, which causes them to fall into extreme poverty. SACCOs currently work to change the world by adhering to set principles, guidelines, and goals. They must accomplish their corporate goals as well as those of their customers, the government, and other stakeholders under pressure.

How well SACCOs perform is determined by a company's capacity to implement optimal organization with the aim of meeting customer and client expectations (Hezron, & Muturi, 2019). The achievement of measurable goals is the straightforward notion of performance (Johnson & Scholes, 2017). The total number of loans that the bank has given to individuals and businesses as of a particular date is known as the loan portfolio growth. The loan portfolio is one of a credit organization's assets and one of the reporting measures (Kakungulu et al., 2019). Profitability growth entails making more money from the sale of a good (Kariuki et al., 2019). Harrison et al. (2019) explain how profitability increases are measured (Taxes) by using the formulas Gross Profit = Net Sales - Cost of Goods Sold, Operating Profit = Gross Profit - (Operating Costs, Including Selling and Administrative Expenses), and Net Profit = (Operating Profit + Any Other Income) - (Additional Expenses). Increasing the effort your business puts into sales and using new or additional strategies to help you get there are both necessary for gaining market share (Donaldson, & Dunfee, 2019). Market share is the percentage of total industry sales that a business produces. incorporate both local and national literature.
1.1.3 Contextual Background

The largest Sacco in Kigezi, one of Uganda's decentralized local administrations, is called Rukiga Sacco. It has more than fifty (50) staff, 24,345 members overall, and a credit portfolio worth 15 billion Ugandan Shillings (as of December 31, 2021). In order to improve their performance in collaboration with their development partners like Agrittera and aBi-trust reports, the SACCO has consistently committed a large annual expenditure into internal control and the creation of better internal control systems (CPA Uthman, 2018). Memberships at Rukiga SACCO, however, ensure its financial stability. When the SACCO can control the size of her members and is financially viable, this becomes significant. Loan management, institutional strength, and innovations help SACCOs increase their wealth. Olando (2013) asserts that the majority of SACCOs do not adhere to bylaws and that their incomes do not cover costs. Since they base their service offerings on a "based guess," SACCOs struggle to meet their operating expenses in their early stages (Nuwagaba, 2012).

1.2. Statement of the problem

Despite having internal audit procedures and rules in place, Rukiga SACCO has had trouble completing some activities since there isn't enough job separation and duplication of effort (SUPCO report 2020). Additionally, the SACCO's growth from 2018 to 2021 has improved, with growth rates of 23.5%, 27%, 35%, and 31%, according to the Rukiga Strategic Plan 2019–2024. Although there has been negative growth, the effective payback rate has decreased from 67% to 45% and the principal has increased from 8% to 23% (Management Report as of December 31, 2021, audited records since 2018). Other reports, including those from the Internal Auditor and SUPCO (internal Monthly Report 2021, SUPCO report 2018, 2019, and 2020), claim that the qualitative evidence supporting quantitative growth is lacking. The findings demonstrate that Rukiga Sacco has continually failed to meet the necessary criteria despite its best efforts to put in place internal controls and an audit department. The researcher was therefore curious to know how internal controls had affected Saccos' performance.
1.3 Purpose of the study

The goal of the study was to determine, using Rukiga SACCO as a case study, the impact of internal controls on the performance of SACCOs in Uganda.

1.4 Study Objectives

1.7 Conceptual framework

<table>
<thead>
<tr>
<th>Internal control (IV)</th>
<th>Performance (DV)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Segregation of duty</td>
<td>• Loan portfolio growth</td>
</tr>
<tr>
<td>• Independent check</td>
<td>• Profitability increase</td>
</tr>
<tr>
<td>• Risk Management</td>
<td>• Market share increase</td>
</tr>
</tbody>
</table>

Source: Adopted from (Nassazi, 2013) and modified by the researcher 2022.

Figure 1: Conceptual framework

1.7 Significance of the study

The study may make it possible to formulate well-informed policy judgments on the efficiency of internal control at Rukiga SACCO Limited. The results can provide the justification SACCO directorates require to reevaluate current internal control procedures or perhaps to develop new ones that would assist the SACCO function more promptly and efficiently.

The operational results of the current study could provide management with enough knowledge to guide their decision-making regarding how to improve internal control at the SACCO. The examination might reveal weaknesses in the SACCOs' current control systems.

The new research could contribute to our understanding of internal control mechanisms and SACCO performance. This study may advance our knowledge of internal control and SACCO performance.

The paper would also be submitted to the Faculty of Economics and Management Sciences as part of the requirements for the award of a Master's degree in Business Administration.
CHAPTER THREE

METHODOLOGY

3.0 Introduction

An effort was made in this study to draw attention to the topic, geographic scope, and study environment. This describes the standards by which the study's conclusions were assessed for dependability, viability, and accuracy. As a result, this chapter discusses the study design, information sources, sampling methodology and method, sample size, data collection instruments, and research design that were all used to collect, process, and assess the data.

3.1 Research design

This study employed a cross-sectional research approach. To determine how frequently a specific issue occurs, data are obtained over a limited period of time using a cross-sectional study design (Aggarwal & Ranganathan, 2019). Such study may be done to find correlations between the cause-and-effect components. The researcher quickly acquired data on performance and internal control at Rukiga SACCO in Kigezi, Uganda.

3.2 Study population

The Kabale District District Commercial Officer's report states that Kigezi has seven sizable SACCOs, with the remaining SACCOs being more like savings associations. Rukiga SACCO, one of the chosen SACCOs in Kigezi, was the subject of the study. The SACCO has more members than the other SACCOs and employs a larger staff. The study focused on all staff members who include 7 Branches managers, 9 members of management executive, 18 credit officers, 20 banking Officers and one records officer. These categories of staff were selected because they were the determinants of financial performance and in case of any overlaps; they were responsible for conflict of interest. Other key stakeholders such Board members who were 9 in number and 3 SUPCO members were included in the study population because of their role in making important decisions on improving internal control. The SACCO’s annual general meeting was made up delegates from each branch where each branch was represented by 20 members. It was from this group that a sample was selected.

3.3 Determining the sample size

In order to conduct the study about the relationship between internal control methods and performance of Rukiga SACCO, the suitable sample size was determined according to
Morgan (1970) using a total population of 53 staff members of Rukiga and 12 members of the Board and SUPCO committee. Thus, the sample size for this investigation was set at 48 participants. The sample size was determined using proportional allocation for each population category.

Table 1: Population and Sample size

<table>
<thead>
<tr>
<th>Population category</th>
<th>Total population</th>
<th>Sample size</th>
<th>Sampling method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branch manager</td>
<td>7</td>
<td>7</td>
<td>Purposive sampling</td>
</tr>
<tr>
<td>Management Executive</td>
<td>7</td>
<td>7</td>
<td>Purposive sampling</td>
</tr>
<tr>
<td>Credit officers</td>
<td>18</td>
<td>18</td>
<td>Purposive sampling</td>
</tr>
<tr>
<td>Banking officers</td>
<td>21</td>
<td>21</td>
<td>Purposive sampling</td>
</tr>
<tr>
<td>Board members</td>
<td>9</td>
<td>9</td>
<td>Purposive sampling</td>
</tr>
<tr>
<td>SUPCO members</td>
<td>3</td>
<td>3</td>
<td>Purposive sampling</td>
</tr>
<tr>
<td>Delegate members</td>
<td>140</td>
<td>70</td>
<td>Simple random</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>205</strong></td>
<td><strong>135</strong></td>
<td><strong>Morgan’s Table</strong></td>
</tr>
</tbody>
</table>

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS

4.0 Introduction

The aim of the study was to ascertain the effect of internal controls on the performance of SACCOs in Uganda utilizing Rukiga SACCO as a case study. The objectives of this chapter's presentation of the study's findings are to: evaluate the effect of segregation of duties on Rukiga SACCO's financial performance; establish the link between independent checks and financial performance; and establish the effect of risk management on financial performance. Prior to the analysis and presentation of the data in accordance with the study's objectives, the response rate and conclusions regarding the demographic features of the respondents are offered.

4.1 Response rate

The response rate is the proportion of actual respondents to the target population. The researcher's target audience, which included a large number of respondents, provided the following data.

Table 4. 1: Showing Population, Sample and Sampling techniques

<table>
<thead>
<tr>
<th>Population category</th>
<th>Expected respondents</th>
<th>Actual respondents</th>
<th>Sampling method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branch manager</td>
<td>7</td>
<td>7</td>
<td>Purposive sampling</td>
</tr>
<tr>
<td>Management Executive</td>
<td>7</td>
<td>7</td>
<td>Purposive sampling</td>
</tr>
<tr>
<td>Credit officers</td>
<td>18</td>
<td>18</td>
<td>Purposive sampling</td>
</tr>
<tr>
<td>Banking officers</td>
<td>21</td>
<td>21</td>
<td>Purposive sampling</td>
</tr>
<tr>
<td>Board members</td>
<td>9</td>
<td>9</td>
<td>Purposive sampling</td>
</tr>
<tr>
<td>SUPCO members</td>
<td>3</td>
<td>3</td>
<td>Purposive sampling</td>
</tr>
<tr>
<td>Delegate members</td>
<td>70</td>
<td>70</td>
<td>Simple random</td>
</tr>
<tr>
<td>Total</td>
<td>135</td>
<td>135</td>
<td></td>
</tr>
</tbody>
</table>

According to Table 4.1’s findings, respondents in every category had a 100% response rate, which is extremely respectable. This occurred as a result of everyone involved in the study being accessible at the time when the data was collected, which Agaba & Turyasingura (2022) assert is required for a study to have a minimum response rate of 70%. The institution where the survey was conducted clearly showed a significant interest in the internal control systems, according to 100% of the respondents. They were eager to learn the results of the inquiry so they could use the information to enhance and boost their performance.

4.3.1. Segregation of duty on the performance of Rukiga SACCO

The main objective of the study was to ascertain how division of duties affected the financial performance of Rukiga SACCO. This study was centered on the topic, "What is the effect of segregation of duty on performance of Rukiga SACCOs?" The study was kept interesting for the researcher by this research question. Once more, it assisted the researcher in narrowing in on the study's particular problem and determining the kinds of more specialized questions that needed to be posed. Both primary sources and secondary data were used to compile the necessary information. This was done with the aid of a questionnaire that had five scales: strongly Agree (SA), agree (A), undecided (UD), disagree (D), and strongly disagree (SD). The responses are summarized in the table below.

Table 4.2: Analysis on the seven statements that were subjected to the respondents.

Key: Strongly Agree (SA) 5, (Agree (A) (4), Undecided (UD) 3, Disagree (D) 2 and Strongly Disagree (SD) 1

<table>
<thead>
<tr>
<th>Response</th>
<th>Agree</th>
<th>Undecided</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>%</td>
<td>F</td>
</tr>
<tr>
<td>Rukiga SACCO has a variety of officers who serve in various capacities.</td>
<td></td>
<td>100</td>
<td>00</td>
</tr>
<tr>
<td>Rukiga SACCO has supervisors who continuously monitor our performance.</td>
<td></td>
<td>96.1</td>
<td>05</td>
</tr>
</tbody>
</table>
Our organization has a neutral, impartial audit committee.  | 129 | 95.6 | 06 | 4.4 | 00 | 00 |

My supervisor and I have engaging dialogues with the goal of enhancing internal controls.  | 135 | 100 | 00 | 00 | 00 | 00 |

The Committees of our Board of Directors are separate from Management.  | 135 | 100 | 00 | 00 | 00 | 00 |

My supervisor consistently expresses confidence in my competence  | 135 | 100 | 00 | 00 | 00 | 00 |

My supervisor consistently points out problems that tend to limit my capability  | 135 | 100 | 00 | 00 | 00 | 00 |

Source: Field data 2022

Assessments on the seven claims in Table 4.5 above were given to the respondents in order to ascertain whether or not the division of segregation tasks had an effect on the performance of the Rukiga SACCO in the Rukiga District. When asked if Rukiga SACCO has a range of officers serving in various capacities, all respondents (100%) agreed. However, when asked if Rukiga SACCO had managers who routinely examined their performance, 96.1% of respondents agreed with the statement, leaving 3.9% of respondents in question. When asked if their company had an impartial audit committee, respondents answered with 95.6% of the time, with only 4.4% disagreeing. Respondents were asked if they and their supervisor had meaningful discussions aimed at improving internal controls. All respondents agreed with the assertion. Again, all respondents agreed when asked whether the committees of the board of directors were distinct from management. When asked if their manager constantly demonstrated trust in their abilities, all respondents (100%) agreed. All respondents agreed with the statement when asked whether their supervisor frequently brought up concerns that appeared to undermine their expertise. Because every respondent agreed with the statements used to measure division of labor, it was possible to conclude that it existed given the nature of the responses and the descriptive statistics displayed above. Key informant interview-generated qualitative data were subjected to qualitative analyses after the examination of the quantitative data. Below is a list of the qualitative findings' categories.
4.3. 2. Independent check on the performance of Rukiga SACCO

Based on the nature of the responses and the descriptive statistics presented above, it was possible to infer that there was a division of labor because every respondent agreed with the statements used to quantify it. Following the examination of the quantitative data, key informant interview-derived qualitative data were subjected to qualitative analysis. The classified qualitative results are shown below.

**Table 4. 3: A summary independent check on performance of Rukiga SACCO**

Key: Strongly Agree (SA) 5, (Agree (A) (4), Undecided (UD) 3, Disagree (D) 2 and strongly Disagree (SD) 1

<table>
<thead>
<tr>
<th>Responses</th>
<th>Agree</th>
<th>Undecided</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>%</td>
<td>F</td>
</tr>
<tr>
<td>I now understand how my actions affect my coworkers.</td>
<td>135</td>
<td>100</td>
<td>00</td>
</tr>
<tr>
<td>I can now take calculated risks that will advance my career.</td>
<td>128</td>
<td>95</td>
<td>07</td>
</tr>
<tr>
<td>I am now secure in my ability to discuss problematic behavior with my coworkers.</td>
<td>129</td>
<td>95.6</td>
<td>06</td>
</tr>
<tr>
<td>Our SACCO has a department dedicated to internal auditing, and our internal audit function is adequately manned.</td>
<td>135</td>
<td>100</td>
<td>00</td>
</tr>
<tr>
<td>Our organization's internal audit personnel regularly conduct audit activities.</td>
<td>135</td>
<td>100</td>
<td>00</td>
</tr>
<tr>
<td>The shortcomings in our internal control system are addressed in internal audit reports.</td>
<td>130</td>
<td>96.3</td>
<td>05</td>
</tr>
<tr>
<td>Internal audit reports are consistently produced.</td>
<td>130</td>
<td>100</td>
<td>00</td>
</tr>
</tbody>
</table>
Management regularly discusses internal audit reports.

| 130 | 100 | 00 | 00 | 00 | 00 |

Source: Primary data 2022

To ascertain how performance at Rukiga SACCO is impacted by independent checks, respondents were asked to reply to eight issues. The responses are summarized in Table 4.9. The following explanations are provided for the descriptive data in the aforementioned table:

When asked if they were conscious of how their actions affected their coworkers, all respondents said they were. Again, 95% of those polled agreed with the claim, while only 5% disagreed. When questioned once more about their confidence in their abilities to bring up inappropriate behavior with my coworkers, 95.6% of respondents agreed with the statement, while 4.4% disagreed. Whether or not they all agreed with the statement was the question posed to the replies.

When asked if the internal audit team at their organization regularly performed audit activities, every respondent said "yes." While 3.7% of respondents expressed skepticism, 96.3% of respondents felt that internal audit reports addressed the flaws in their internal control system.

When asked if internal audit reports were consistently generated, every respondent responded "yes". Every responder who was questioned about whether Management routinely shared internal audit reports responded "yes." This implied that independent audits may have had an impact on Rukiga SACCO's performance.

4.3.3. Risk management on performance at Rukiga SACCO

The third objective examined the impact of risk management on performance at Rukiga SACCO. What effect do risk management due diligence audits have on the operation of Rukiga SACCO? was the area of inquiry that served as the foundation for this work. The study was kept interesting for the researcher by this research question. Once more, it assisted the researcher in narrowing in on the study's particular problem and identifying the types of more specialized questions that needed to be asked. The information for this was compiled from both primary and secondary sources. The table below provides a summary of the responses.
Table 4.4: A summary. Risk management on performance at Rukiga SACCO

Key: Strongly Agree (SA) 5, (Agree (A) (4), Undecided (UD) 3, Disagree (D) 2 and Strongly Disagree (SD) 1

<table>
<thead>
<tr>
<th>Statements</th>
<th>Agree</th>
<th>Undecided</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit Risk Management has been observed well</td>
<td>135</td>
<td>100</td>
<td>00</td>
</tr>
<tr>
<td>Business Risk Management has increased profits</td>
<td>128</td>
<td>100</td>
<td>07 05</td>
</tr>
<tr>
<td>Liquidity management is well managed by the bank</td>
<td>135</td>
<td>100 06</td>
<td>4.4 00</td>
</tr>
<tr>
<td>Number of clients has increased</td>
<td>135</td>
<td>100</td>
<td>00</td>
</tr>
<tr>
<td>Loan portfolio has increased</td>
<td>135</td>
<td>100</td>
<td>00</td>
</tr>
<tr>
<td>Risk management has put our bank at a standard</td>
<td>130</td>
<td>96.3</td>
<td>05 3.7</td>
</tr>
</tbody>
</table>

Source: Primary data 2022

The six statements that were given to respondents and designed to gauge how risk management affected Rukiga SACCO performance are broken down in Table 4.11 above.

All respondents agreed when asked if credit risk management had been implemented successfully. All respondents (100%) agreed with the statement when they were asked whether corporate risk management has increased profitability. A second time, respondents were asked if they agreed with the statement in general. When asked once more if there were more clients, all of the respondents said "yes" to the statement. On the other hand, when asked if their loan portfolio has increased, respondents all agreed. Last but not least, each and every responder who was asked if risk management had increased the bar for their bank agreed that it did.

Following the examination of quantitative data, qualitative assessments of the risk management and performance at Rukiga SACCO's key informant interviews' qualitative data were conducted.
4.9. Empirical finding on performance

The questions that were used to gather data from the respondents are presented in this section as a summary of the research on the effectiveness of the dependent variable, the Rukiga SACCO in Rukiga. Both primary sources and secondary data were used to compile the necessary information. The table below provides a summary of the responses.

Table 4.15: A summary of the findings on performance

<table>
<thead>
<tr>
<th>Statements on service delivery</th>
<th>Agree</th>
<th>Undecided</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>%</td>
<td>F</td>
</tr>
<tr>
<td>Over the last 3 years, the SACCO’s</td>
<td>135</td>
<td>100</td>
<td>00</td>
</tr>
<tr>
<td>Our profits have steadily increased as compared to our competitors</td>
<td>135</td>
<td>100</td>
<td>00</td>
</tr>
<tr>
<td>Return on sales revenue has increased</td>
<td>135</td>
<td>100</td>
<td>00</td>
</tr>
<tr>
<td>We have superior firm performance</td>
<td>135</td>
<td>100</td>
<td>00</td>
</tr>
<tr>
<td>The business has experienced an increase in sales revenue</td>
<td>135</td>
<td>100</td>
<td>00</td>
</tr>
<tr>
<td>Returns on investment have increased</td>
<td>130</td>
<td>96.3</td>
<td>05</td>
</tr>
</tbody>
</table>

Source: Primary data 2022

The respondents were given six claims about the Rukiga SACCO’s performance in Rukiga. All respondents (100%) agreed with the statement when asked if their profits had gradually increased in contrast to their competitors. 100% of respondents agreed with the statement when asked again if Return on Sales Revenue has increased. All respondents who gave a response agreed with the statement that Return on Sales Revenue has increased. Respondents indicated they had improved firm performance when asked whether they had.. All responders (100%) agreed when asked if the company had witnessed an increase in sales revenue. Following that, when respondents were asked if returns on investment had increased, they unanimously agreed during data collecting.
CHAPTER FIVE

SUMMARY DISCUSSIONS, CONCLUSIONS, AND RECOMMENDATIONS

5.0 Introduction

A description of the study, a discussion of the findings, conclusions, and suggested modifications are all included in this chapter. Also mentioned are the proposed areas for further research. The debate, findings, and suggestions are provided in accordance with subjects based on the study's aims.

5.1.1 Segregation of duty on the performance of Rukiga SACCO

The study's first aim's findings showed that Financial Segregation of Duty had a favorable and significant impact on Rukiga SACCO's performance based on qualitative and descriptive statistical analysis. The respondents had an average agreement rate of 80% and a correlation value of $r=76^2**$ on the seven questions pertaining to the distribution of money. This assertion was further reinforced by the qualitative information from the key informants, which showed that the division of labor had an impact on Rukiga SACCO's performance in the Rukiga District.

5.1.2. Independent check on the performance of Rukiga SACCO

The second objective of the study was to ascertain how independent checks affected the functioning of Rukiga SACCO in Rukiga District. The respondents' agreement on the eight components of the soft skills training questionnaire averaged 88%, with a $r=676**$ correlation.

5.1.3. Risk management on Rukiga SACCO performance

The third objective was to determine how risk management affected the financial performance of Rukiga SACCO. The descriptive data revealed that 89% of respondents thought risk
management improved Rukiga SACCO's performance.

5.2 Discussion of findings

The major objectives of this study were to assess how the Rukiga SACCO performed in terms of segregation of duties, independent checks, and risk management, as well as to determine how these elements affected the SACCO's financial performance.

5.2.1. Segregation of duty on the performance of Rukiga SACCO

Results of the first aim of the study, which evaluated the impact of task segregation on Rukiga SACCO performance, showed a significant and positive association between the two variables.

5.2.2. Independent checks on performance of Rukiga SACCO.

The study's second goal was to ascertain how Independent checks affected Rukiga SACCO's performance.

5.2.3. Risk management on financial performance of Rukiga SACCO

This study demonstrated how Rukiga SACCO's risk management affected its financial results. Quantitative data and qualitative findings from key informant interviews were shown to have a high and positive association during the study, supporting and corroborating one another. These findings, which are supported and validated by other research, indicate that risk management affects the performance of Rukiga SACCO in Rukiga District. researchers and academics.

5.3 Conclusions

Conclusions were drawn in accordance with the study objectives based on the results and correlations between the study variables.

5.3.1. Segregation of duties and performance of SACCO

It is clear from the findings and analysis above that division of duties affects Rukiga SACCO's performance in the Rukiga District.

5.3.2. Independent checks on performance of Rukiga SACCOs

From the findings and discussion, it is concluded that independent checks affect performance of Rukiga SACCO in Rukiga District.
5.3.3. Risk management on performance of Rukiga SACCO

Conclusion: Rukiga SACCO in Rukiga District's performance is impacted by risk management, according to the findings and discussion. This is consistent with the following observations; All respondents agreed when asked if credit risk management had been implemented successfully.

5.4 Recommendations

The following suggestions have been put up in regard to the analysis, findings, and conclusions, driven by the study objectives.

5.4.1. Segregation of duties on performance of Rukiga SACCO

The study argues that for the SACCO to operate well, role division must be prioritized. According to the SACCO's human resources policy, the board must be aware of and fulfill its obligations as well as those of management and shareholders.

5.4.2. Independent checks on the performance of Rukiga SACCO

To ensure that Rukiga SACCO keeps expanding and earning a profit, the research advises all stakeholders to undergo independence audits. These management levels must be independent because everyone has an interest in the SACCO's growth.

5.4.3. Risk management on the performance of Rukiga SACCO

In order to prevent fraud and ensure that loans are repaid as they should be in order to protect against loss, the board and management should, according to the research, ensure that risks inside the SACCO are effectively managed. Every financial organization must practice effective risk management in order to survive.

5.5. Areas for further study.

The study's objective was to assess the effectiveness of internal controls and the performance of the Rukiga SACCO in the Rukiga District. Some of the concerns that came up were not covered by this study, despite the fact that they were unconnected to it. Future researchers can consider these and investigate them in the following ways: The effect of control activities on the performance of SACCOs

➢ The effects of financial monitoring on the performance of SACCOs
➢ The effects of financial monitoring on the performance of SACCOs
REFERENCES

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CPA Gervase Tumuhairwe, (2018, 2019, 2020): Rukiga Saving and credit cooperative


Gendron, Y., Cooper, D., J., & Townley, B. (2000). In the Name of Accountability State, Auditing,


Henhall, R. (2003). Management control systems design within its organizational context:


APPENDINCES

APPENDIX 1: QUESTIONNAIRE FOR STAFF

Dear Participant

I am Kiconco Patience master’s student at Kabale University pursing a master degree of business administration. As part of the requirement for the award of this degree, am undertaking a research study on internal control practices and performance of SACCOs in Uganda, a case study of Rukiga SACCO in Rukiga district. You have been opted for to participate in this study so as to solicit reliable information regarding the topic. The questionnaire is only for academic purposes and any information given shall be treated with strict confidentiality. Please give the information as accurately as possible and do not write your name on the questionnaire. Feel free to give information to the best of your knowledge.

Thank you in advance and I look forward for your cooperation.

TICK IN THE BOX TO GIVE YOUR RESPONSE. E.G ✓

Section A: Background Data

1. Gender Male Female
2. Age 18 – 34 35 – 49 50 and above
3. Highest level of education Certificate Diploma Degree
4. Number of years working at this SACCO?
   Below 5 yrs. 5 – 9 yrs. 10 years and above

Section B: segregation of duty

In this section, indicate the extent to which you agree or disagree with the following on-the-job training methods.

Use 5 = strongly Agree; 4 = Agree; 3 = Not sure 2 = Disagree; 1 = Strongly Disagree;

<table>
<thead>
<tr>
<th>B1</th>
<th>Segregation of duty</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rukiga SACCO has a variety of officers who serve in various capacities.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Rukiga SACCO has supervisors who continuously monitor our performance.

Our organization has a neutral, impartial audit committee.

My supervisor and I have engaging dialogues with the goal of enhancing internal controls.

The Committees of our Board of Directors are separate from Management.

My supervisor consistently expresses confidence in my competence.

When I need to improve, my supervisor always makes it apparent to me.

My supervisor consistently points out problems that tend to limit my capability.

**Independent checks and sport checks**

In this section, indicate the extent to which you agree or disagree with the following off-the-job training methods. Use 5 = strongly Agree; 4 = Agree; 3 = Not sure 2 = Disagree; 1 = Strongly Disagree;

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>I now understand how my actions affect my coworkers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can now take calculated risks that will advance my career.</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>I am now secure in my ability to discuss problematic behavior with my coworkers.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Our SACCO has a department dedicated to internal auditing, and our internal audit function is adequately manned.</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Our organization's internal audit personnel regularly conduct audit activities.</td>
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<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The shortcomings in our internal control system are addressed in internal audit reports.

Internal audit reports are consistently produced. Management regularly discusses internal audit reports.

Section D: Risk Management

In this section, indicate the extent to which you agree or disagree with the following off-the-job training methods. Use 5 = strongly Agree; 4 = Agree; 3 = Not sure 2 = Disagree; 1 = Strongly Disagree;

<table>
<thead>
<tr>
<th>Credit Risk Management has been observed well</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Risk Management has increased profits</td>
</tr>
<tr>
<td>Liquidity management is well managed by the bank</td>
</tr>
<tr>
<td>Number of clients has increased</td>
</tr>
<tr>
<td>Loan portfolio has increase</td>
</tr>
<tr>
<td>Risk management has put our bank at a standard</td>
</tr>
</tbody>
</table>

SECTION: E Performance

Please respond to the following statements by regarding the financial performance of SACCOs. Base on the following; Use 5 = strongly; Agree4 = Agree; 3 = Not sure; 2= Disagree; 1 = strongly Disagree;

<table>
<thead>
<tr>
<th>D2 PERFORMANCE</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over the last 3 years, the SACCO’s</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Our profits have steadily increased as compared to our competitors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return on sales revenue has increased</td>
<td></td>
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<td>-----------------------------------------------------------------</td>
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<td>---</td>
<td></td>
<td></td>
</tr>
<tr>
<td>We have superior firm performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The business has experienced an increase in sales revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Returns on investment have increased</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

THANK YOU SO MUCH.
APPENDIX II: INTERVIEW GUIDE FOR RESPONDENTS

A: Segregation of duty

1. Have you had any form of duty allocation?

2. What forms segregation do you have?

3. Does your organization have a policy on the various duties conducted at the company? If so, what is the policy?

4. How do you segregate duties at Rukiga Sacco Limited?

5. How are Personnel policies maintained and distributed to all staff?

6. What current security assets does your organization have?

7. Are the guards appropriate for the size and complexity of the institution?

8. How many loan products do you have in the institution?

9. How have the internal control systems been able to fight operational challenges at Rukiga Sacco Limited?
## APPENDIX V: MORGAN'S TABLE OF SELECTION

<table>
<thead>
<tr>
<th>N</th>
<th>S</th>
<th>N</th>
<th>S</th>
<th>N</th>
<th>S</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>10</td>
<td>220</td>
<td>140</td>
<td>1200</td>
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<tr>
<td>15</td>
<td>14</td>
<td>230</td>
<td>144</td>
<td>1300</td>
<td>297</td>
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<td>20</td>
<td>19</td>
<td>240</td>
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<td>25</td>
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<td>85</td>
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<td>4000</td>
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<tr>
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<td>127</td>
<td>950</td>
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<td>200</td>
<td>132</td>
<td>1000</td>
<td>278</td>
<td>75000</td>
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<tr>
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<td>136</td>
<td>1100</td>
<td>285</td>
<td>100000</td>
<td>384</td>
</tr>
</tbody>
</table>

**Note:** N is population size, S is sample size.

*Source: Krejcie & Morgan, 1970*