

Internal Control and Performance of Commercial Banks in Kampala, Uganda: A Case Study of UBA Bank, Kansanga-Kampala, Uganda

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ABSTRACT

This study explores the relationship between internal control mechanisms and the performance of commercial banks, focusing on UBA Bank located in Kansanga-Kampala, Uganda. The effectiveness of internal control systems is crucial for ensuring the stability and success of financial institutions, particularly in emerging economies like Uganda. By employing a case study methodology, data was collected through interviews, questionnaires, and document analysis to investigate the internal control practices implemented by UBA Bank and their impact on its performance indicators. The findings reveal a significant correlation between the strength of internal control measures and the financial performance of UBA Bank in Kampala. Through rigorous internal auditing, risk management, and compliance procedures, the bank has managed to mitigate operational risks, enhance transparency, and improve overall performance metrics such as profitability, asset quality, and operational efficiency. Moreover, the study identifies specific challenges and opportunities faced by UBA Bank in implementing effective internal control mechanisms within the unique context of the Ugandan banking sector. The study contributes to the existing literature by providing empirical insights into the role of internal control in shaping the performance of commercial banks in Uganda, particularly within the dynamic environment of Kampala. The findings underscore the importance of continuous evaluation and enhancement of internal control systems to adapt to evolving regulatory frameworks and emerging risks. Additionally, the study offers practical recommendations for UBA Bank and other commercial banks in Kampala to strengthen their internal control mechanisms and optimize performance outcomes in the competitive banking landscape of Uganda.

Keywords: Commercial banks, UBA Bank, Kansanga-Kampala, SMEs

INTRODUCTION

Internal control has always been an important element of any organizational financial and operating structure[1, 2]. In 2009, concerns about fraudulent financial reporting resulted in the formation of a group that initiated studies on internal controls. Named the Committee of Sponsoring Organizations (COSO), this group developed a report that defined internal control as policies and procedures, financial or otherwise, adopted by managers to ensure, as far as practical, the orderly and efficient conduct of business[3]. This includes management philosophy, operating style, and all policies and procedures adopted to assist in achieving the entity's objectives. COSO identified five components of internal control: Environmental control, Risk management, Information and Communication systems.

Despite internal control systems being vital elements of organizations, commercial banks in Kampala, Uganda, have often been characterized

by ineffective and inefficient operations, non-compliance with laws and regulations, policies, and unreliable, inaccurate, and incomplete financial reports due to weak or non-existent internal control systems[4, 5].

Research has revealed numerous cases of poor management and misuse of assets and resources, lack of transparency in procurement, inflated expenditures on goods and services, non-implementation of auditors' reports, lack of adequate accounting records, poor budget utilization, funds manipulation, and sometimes direct embezzlement of funds[6, 7]. These inefficiencies result from the increased level of funding channelled through microfinance, which has compromised autonomy and deflected developmental goals to suit donor requirements and the interests of founder members. The operations of commercial banks in Kampala, Uganda, were recently characterized by the

problem of cash flow management for the resources channelled through them [8–10]. Commercial banks' operations in Kampala have often been characterized by ineffective and inefficient operations, non-compliance with laws, regulations, policies, and unreliable, inaccurate, and incomplete financial reports due to weak or non-existent internal control systems.

United Bank for Africa (Uganda) is a commercial bank in Uganda licensed by the Bank of Uganda, the central bank, and national banking regulator. It focuses on individual customers, small and medium enterprises (SMEs), and large corporations. Financial performance aims to improve organizational, team, and individual effectiveness through effective processes of continuous development. Performance management addresses core competencies of the organization and the capabilities of individuals and teams. It involves satisfying the needs and expectations of various stakeholders, including owners, management, employees, customers, suppliers, and the general public. Employees should be treated as partners whose interests are respected. Performance management encourages communication and involvement of managers and their team members in defining expectations and sharing information on the organization's mission, values, and objectives [11–13]

Previous research reports that one main issue in the audit expectation gap is the obligation to

detect and communicate errors, frauds, and irregularities in auditing practices [14–16]. Perceptions concerning auditors' duties in detecting and reporting frauds and irregularities differ substantially among auditors and users of financial statements in developing countries. Users of audited financial statements believe that auditors should disclose any uncovered frauds, inefficiencies, or irregularities hidden by management. Answers received from auditors imply similar trends [17].

The Ugandan banking sector has experienced a number of banking failures over time, such as UBA Bank, Barclays Bank, Equity Bank, and Stanbic Bank. Empirical evidence [18] indicates that the National Bank of Commerce failed due to an increase in non-performing assets, though it did not go into liquidation. Following these failures, the Bank of Uganda, the central bank, issued regulations under the Banking and Financial Banks Act (2006), requiring all commercial banks to establish adequate auditing practices. This study aims to ascertain whether commercial banks in Uganda view the internal audit function as mere legal compliance, incurring additional costs without value additions, or whether the internal audit function is genuinely utilized as a value-added function, where the cost is complemented by equivalent benefits.

LITERATURE REVIEW

This section examines the internal control and performance of commercial banks by addressing research objectives one by one, which incorporate literature from various authors, publications, magazines, websites, and other possible sources as foundational elements for this research study, including newspapers and more.

According to Zivanovic [19], the term "internal control system" refers to the entire system of controls, both financial and non-financial, established by management to conduct business or enterprise in an orderly and efficient manner, ensuring adherence to management policies, safeguarding assets, and ensuring, as far as practicable, the completeness and accuracy of records. Jamshidi [20] states that an internal control system comprises, firstly, the control environment, encompassing the overall attitude, awareness, and actions of directors and managers regarding internal control systems, and secondly, control procedures, which are policies and procedures established in addition to the control environment to achieve the entity's specific objectives.

Methods of Internal Control

There exist a variety of internal controls, and for effective management and eventual achievement of organizational objectives, all of them should be performed effectively and incorporated into the system. Internal control systems extend beyond matters directly related to accounting systems, and the environment affects their effectiveness [21].

Organization

An organization should have a defined plan, allocating responsible officials and identifying lines of reporting for proper communication of delegation of authority and responsibilities, ensuring that nobody overrides the system. Controls can best be implemented using an organization chart, which defines various obligations [22, 23].

Segregation of Duties

This involves the separation of functions of initiating, authorizing execution, custody, and recording, where business operations are organized such that two or more employees are required to participate in every transaction,

reducing the possibility of fraud. No one person or department handles a transaction completely from beginning to end, reducing the chance of errors being undetected promptly [24].

Authorization and Approval

All transactions of the business enterprise must be authorized and approved by responsible officials whose limits of authority and approval match the transactions being approved or authorized [25].

Arithmetic and Accounting

These controls in the recording function ensure that transactions are authorized, correctly recorded, and accurately processed. Procedures include accuracy checks, maintenance of records, checking of totals, reconciliation, control account trial balance, and sequence checks [26].

Physical Restrictions

This control aims to limit access to entity assets to authorized persons during specific times, serving as a strong protective measure. Methods include strong rooms, safes, security guards, cheque books management, fences, lockers, and serialization of vouchers [27].

Management

These controls, exercised by management, are outside the day-to-day routine of the system and include overall supervisory controls, review of management accounting, internal audit, and other procedures. Senior management must be aware of the day-to-day activities of the company and be seen by staff to be so. Management accounts should summarize performance in detail, allowing management to determine deviations from intended plans such as budgeting and variance analysis [28].

Personnel

Any internal control system, regardless of its applicability, should be operated by personnel of desirable integrity, authority, competence, and capabilities to perform their assignments well. Clear authority and responsibility in written job descriptions and personal manuals should be adhered to accordingly [29].

Supervision

This control ensures that all actions by all levels of staff are supervised, with responsibilities clearly laid down and communicated to those being supervised, in line with organization policies [30].

Acknowledgment of Performances

This control procedure requires that individuals performing data processing operations acknowledge their activities through signatures, initials, or stamps, enabling effective evaluation and responsibility allocation [31].

Budgeting

Budgeting is a common technique used in businesses, providing qualitative plans that can be compared to actual results to investigate differences. Internal control systems must be under constant and regular supervision by management to incorporate changes in the system [32].

Control Environment

The control environment sets the tone of the organization by influencing the control consciousness of people. They assert that the control environment is the foundation for all other components of internal control. The control environment factors include integrity and ethical values of personnel, commitment and competence of persons performing duties, board of directors or audit committees, management philosophy, operating style, and organizational structure [33]. For this study, the control environment will focus on management philosophy and operating style, integrity and ethical values of personnel, and audit committees and board of directors represented by the Governing council and various committees of Council. Whittington and Pany also suggest that these factors provide a basis upon which other internal control components can be built and provide a framework within which the other components operate. However, management in organizations has often overridden these controls, lack of mentoring has led to the collapse of controls, and the independence of audit committees has been largely theoretical.

Effects of Internal Control on Financial Performance

For internal control purposes, two persons were employed to check accounts: one for control measures and the other for the external auditor [34]. Internal auditing is an important element in management, providing audit services for managers at all levels, including the board of directors and audit committee [34]. Control measures responsibilities include assuring the integrity of financial and operational information, compliance with laws and policies, accomplishing company goals, and safeguarding assets. Internal control can improve a company's corporate governance structure. Lessambo [35] commented that management has been slow to recognize the full value and potential of internal audit experience, despite improvements in the professional standing of control measures.

Limitations of Internal Controls and Reporting Systems

For the growing SMEs [36] study, there do not appear to be any substantial associations between

undertaking more comprehensive financial reporting and the use of financial ratio analysis on the one hand, and achieved rates of growth and financial performance on the other. In a study on Enron and others, companies were careful to point out the inherent limitations of internal controls. Eighty-six percent of the reports acknowledged that the systems' designs provided only "reasonable assurance" of meeting stated objectives. Thirty-five percent said the internal controls' cost should not exceed anticipated benefits. Sears, for example, explained that the "concept of reasonable assurance is based on the premise that the cost of internal controls should not exceed the benefits derived." A number of reports spelled out the limitations.

Case Studies Done in Uganda

Recent evidence shows that Small and Medium Enterprises [37] form the bulk of Uganda's private sector. If Uganda is to become competitive through the growth of the private sector, it is inevitable that more attention must be paid to addressing the key bottlenecks to SME growth and competitiveness [38]. Access to, and costs of finance are reported to be severe problems for SMEs in Africa. Good financial management

practices have been viewed as critical elements in the success of Uganda Clays Ltd—Kajjansi in Uganda. Though Uganda Clays Ltd—Kajjansi is making positive contributions to economic growth and development in Uganda, the rate of failure is also high [39] asserts that financial management is concerned with all areas of management, which involve finance not only the sources and uses of finance in the enterprises but also the internal controls and reporting, implications of investment, production, marketing, or personnel decisions and the total performance of the enterprise. However, such areas are not currently well embraced by Uganda Clays Ltd—Kajjansi in Uganda, and urgent attention needs to be paid. Lack of effective management during Uganda Clays Ltd—Kajjansi early stages is cited as a major cause of business failure for small businesses. Owners tend to manage these businesses themselves as a measure of reducing operational costs. The study uncovered the example of a businessman who locks the enterprise for a full day whenever he goes to funerals in and around Kampala. He does this once every week, depending on the number of deaths of relatives, a total of four days a month. One result of this is the loss of customer loyalty.

METHODOLOGY

Research design

The study used a cross-sectional research design, often used to assess respondents' views towards the relationship between internal control and financial performance of commercial banks [40]. This type of research design utilizes different groups of people who differ in the variable of interest but share other characteristics such as socioeconomic status and education. A cross-sectional research design is designed to look at a variable at a particular point in time and focuses on finding relationships between variables at a specific point in time.

Study population

The study used various categories of people from the Target Population of 220, aged 18 years and above, including managers, accountants, tellers,

supervisors, and other authorized employees who have knowledge about the topic under study.

Sample size and Selection

The study used both simple random sampling and purposive sampling procedures. Purposive sampling was used to select different activities in the area of investigation to obtain firsthand information from key informants. Simple random sampling was used because respondents have equal chances of being selected. The sample size was 150 respondents, consisting of 40 credit officers, 30 supervisors, and 80 clients, selected based on a table for determining the Sample size by Krejcie and Morgan, 1970. Stratified disproportionate random sampling was used to select respondents from each stratum.

Table 1: Sample Size

Category of respondents	Target population	No. of respondents
Managers	50	40
Supervisors	55	30
Accountants	70	50
Other authorized persons	45	30
Total	220	150

Source: Human Resource Records

Sampling Techniques

The respondents were randomly selected and categorized. They comprised both sexes, different marital statuses, and age groups, and the study used 150 respondents, including managers, accountants, tellers, supervisors, and other authorized employees.

Data Collection Methods

To obtain data about the research variables, primary and secondary data sources were used as elaborated below:

a) Primary Source

This involved the use of first-hand information obtained from the field using interviews and questionnaires. The types of data included the socio-demographic characteristics of the respondents (age, gender, level of education, etc.), and perceptions of solid waste management.

b) Secondary Source

This included the already existing literature about auditing practices and financial performance of commercial banks, collected from reports, circulars, newspapers, magazines, and the internet.

Questionnaire

A comprehensive questionnaire covering all aspects of the study variables was designed. The first section of the questionnaire covered general information (gender, age, education, marital status). Section B covered the questions set in line with the objectives of the study. The questionnaires were pre-tested before being administered to the respondents. The questionnaires were self-administered to ease data collection. The questions were both open and closed-ended, enabling the respondents to express their opinions about the implication of reward competitiveness.

Interview Method

Interviews with the target respondents were conducted to interview all categories of respondents mentioned above. A separate interview was used for the key informants. This involved making an appointment with the targeted respondents, after which an interview meeting between the researcher and respondents discussed the issues concerning auditing practices and the performance of commercial banks.

Research Instruments

The researcher used questionnaires and an interview guide as the main tools for collecting data. The selection of these tools was guided by the time, objectives, and the nature of data to be collected. The researcher was interested in capturing the views, perceptions, feelings, attitudes, and opinions of respondents towards

auditing practices and financial performance of commercial banks.

Documentary Review

This involved the researcher revisiting existing literature on the study variables by reading newspapers, journals, textbooks plus the already existing on the internet and magazines, among others.

Measurements of variables

Validity of the instruments

Validity is the efficiency or the degree to which a method, a test, or a research tool actually measures what is supposed to measure. It refers to the accuracy of the research data. For this case, the validity of the questionnaire will be tested using the Content Validity Index test (CVI). This involved item analysis carried out by the supervisors and an expert who was knowledgeable about the theme of the study. The process involved examining each item in the questionnaire to establish whether the items to be used will bring out what is expected to be brought out. Item analysis was conducted using the scale that runs from Relevant (R), Neutral (N), to Irrelevant (I).

Pre-testing

In order to ensure and maintain a high level of consistency in this study, the researcher employed the following:

Questionnaires were pre-tested. Ambiguous questions were made clear, and irrelevant questions were deleted. The researcher used accurate questions, which were open-ended and closed-ended questionnaires. The questions were set to have enough space to give appropriate responses.

Reliability of Instruments

Reliability means the degree of consistency of the items, the instruments, or the extent to which a test, a method, or a tool gives consistent results across a range of settings or when it is administered to the same group on different occasions. The reliability of the research questionnaire will be tested using Cronbach's alpha coefficient test for its internal consistency to measure the research variables.

Data Validity

An introduction letter was obtained from the faculty by the researcher to solicit approval to conduct the study from respective departments in UBA bank, the head office in Kampala district. When approved, the researcher secured a list of qualified respondents from the bank authorities in charge and selected through systematic random sampling from this list to arrive at the minimum sample size.

Data Analysis

Data analysis included editing the findings, coding, and tabulation in the computer Statistical Package for Social Scientists (SPSS) for analysis. Main ideas in qualitative data were clearly recorded. The data filled in the questionnaires were copied and analyzed by tallying it and tabling it in frequency tables identifying how often certain responses occurred and later evaluation was done. This yielded the primary data which was raw in nature. Both qualitative and quantitative methods were used for data analysis as the study generated both qualitative and quantitative data. Once the data are collected, it was coded and analyzed by the use of descriptive statistics such as frequencies percentages, means, modes, medians, standard deviations, variances, and correlations.

Ethical considerations

It was important during the research process for the researcher to ensure respondents understand

Biographical Information

The characteristic UBA of the sample was explained using the biographical data in terms of gender, rank at work, educational level, age group, and marital status of the respondents. The summary of the information is shown in the tables below. This was done because it gives more information about the people that the researcher is dealing with.

Gender and Position of the Respondents

Given those UBA Bank employees, both male and female, to the organisation, despite the fact that African women are not as easy to reach high positions as men are because of norms, beliefs, and cultures existing in the community, the researcher

that participation is voluntary and that participants are free to refuse to answer any question and to withdraw from participation at any time they choose. Another important consideration involves obtaining the informed consent of those going to be met during the research process, which will involve interviews and observations on issues that may be delicate to some respondents. The researcher undertakes to bear this seriously in mind. Accuracy and honesty during the research process are very important for academic research to proceed. A researcher should treat a research project with utmost care, in that there should be no temptation to cheat and generate research results, as it jeopardizes the conception of the research. Personal confidentiality and privacy are very important since the thesis will be public. If individuals have been used to provide information, it is important for their privacy to be protected.

RESULTS

considered the gender of the respondents to avoid possible biases and ensure that the views of both female and male respondents are attained. The location component was used in gathering data from different categories of respondents. This is because it gives a clear picture of the respondent's gender and their position in the bank.

Educational Level Attained

The knowledge, skill, and experience of the respondents add value to the sample responses. Therefore, the researcher established that the education levels of the respondents' added value to responses from both the questionnaire and interviews conducted.

Table 2: Education Level Attained

Level	Frequency	Percentage
Secondary level	7	4.6
Diploma	15	10
Graduate	122	81.4
Master degree	6	4
Total	150	100.0

Source: Primary Data, 2010.

In Table 2: the results reveal that the entire group of key informants had at least a secondary-level certificate of education. In all, 7 (4.6%) had acquired a secondary educational level, 15 (10%) had acquired a diploma certificate, 122 (81.4%) were university graduates, and 6 (4%) had a master's degree. This added value to the

responses, given that they were all in a position to understand and answer the questions of the questionnaire. This was captured from question two in the questionnaire. Study findings revealed that the diploma level of study is more dependable in providing reliable information given the technical nature of the topic under study.

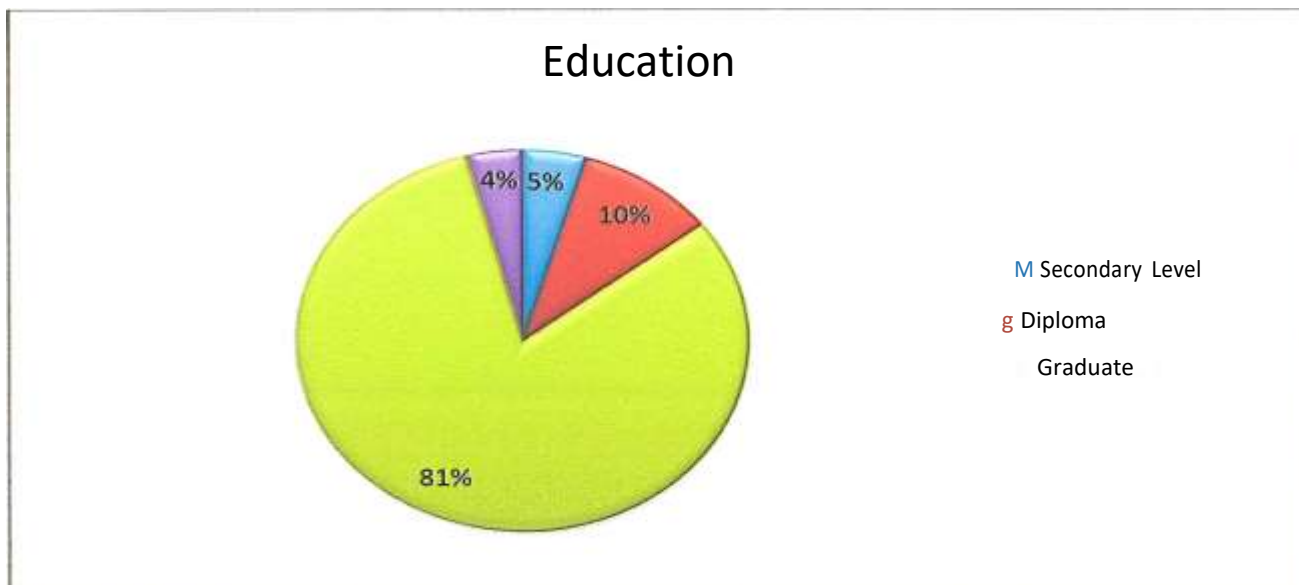


Figure 1: Showing the Education Level Attained
Age group of respondents

The responses to question three of the questionnaire concern the age group of respondents.

Table 3: Age Group of the Respondents

Age Group	Frequency	Percentage
18-25 year	35	23.3
26-35 years	43	28.6
36-50 years	45	30
Above 51 years	27	18
Total	150	100

Source: Primary Data

Table 3 reveals that out of the total sample of 150 respondents, 30% were in the age group of 36–50 years; this is the most positive result-oriented age group. This therefore provided confidence in the reliability of the responses from the questionnaire.

This means that 43 (28.6%) of the respondents were between the ages of 26 and 35. The implication of this is that the majority of the respondents are trustworthy.

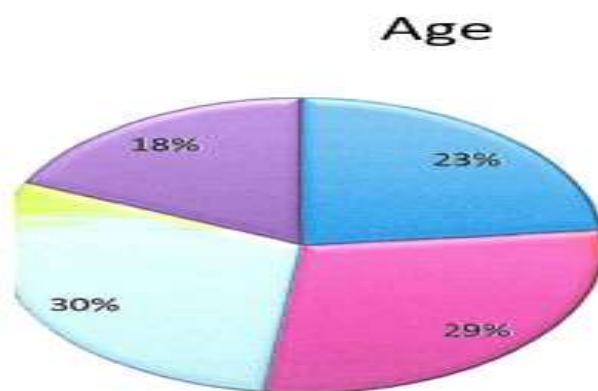


Figure 2: Showing the Age Group of the Respondents

Work experience at UBA Bank

Question four of the questionnaires is about the respondent's experiences. This is particularly challenging for the many organisations that, at the

same time, are trying to control their overall contact centre costs and are maybe even considering offshore outsourcing as an alternative approach.

Table 4: Work experience

	Frequency	Percentage
Less than 1 year	26	17.3
1-2	38	24
3-5	74	49.3
5-7	9	6
More than 7 years	3	2
Total	150	100%

Source: primary data

Table 4 presents that out of 150 respondents, 49.3% have 3-5 years of experience, which indicates that the majority of the respondents have enough experience to perform in the bank's

financial department. On the other hand, 24% have 1-2 years of experience; others have less than one year (26 (17.3); 5-7 years were seen at 6%; and more than 7 years were declared at 2%.

Work Experience

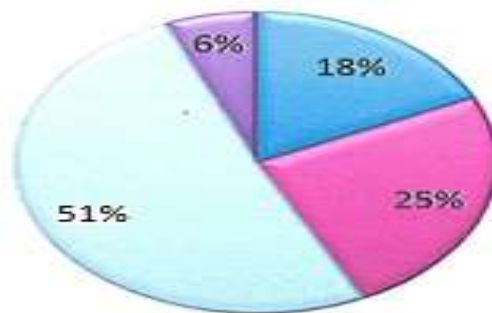


Figure 3: Showing the work experience
Emphasizing the Internal Control Methods System in UBA

Table 5. Internal control system in the UBA Bank

Internal Control Methods	Yes	No
Does the bank use the organisation as the internal control of UBA?	89	78
Does the UBA bank carry out segregation of duties?	89	68
Does the bank use authorization and approval?	65	95
As arithmetic and accounting are looked at as internal methods in the bank, does the bank adopt it?	23	79
Our bank has an accounting and financial management system.	86	64
Management is committed to the operation of the system.	97	68
Management closely monitors the implementation of internal control systems in our bank.	65	55
Management provides feedback to the junior officers about the operation of the system.	102	42
Appropriate measures are taken to correct misfeasances in the operation of our accounting & Finance Management System	35	103
Management acts with a great degree of integrity in the execution of their roles.	40	110
Ethical values are upheld in all management decisions.	46	65
Our bank has an objective, independent, and active audit committee.	24	64
Our governing council and its committees are independent of management.	67	99

Source: *Primary Data*

The survey results in table 5 reveal insights into the internal control mechanisms and management practices within UBA bank. While a significant majority indicates reliance on organizational structure for internal control (89%), there are notable discrepancies in the implementation of segregation of duties (89% yes, 68% no) and authorization and approval processes (65% yes, 95% no). The adoption of arithmetic and accounting methods appears to be lacking (23% yes, 79% no), indicating potential areas for improvement. However, there's a high adoption rate of accounting and financial management

systems (86% yes, 64% no), and management's commitment to operating these systems is strong (97% yes, 68% no). Yet, there are concerns regarding the monitoring of internal control systems (65% yes, 55% no) and the correction of misfeasances (35% yes, 103% no), which could pose risks to the bank's operations. Additionally, maintaining integrity (40% yes, 110% no), upholding ethical values in decision-making (46% yes, 65% no), and ensuring the presence of an objective, independent, and active audit committee (24% yes, 64% no) are areas requiring attention for effective governance and accountability.

Table 6: Control Activities

Control activities	Yes	%	No	%
Our bank has a clear separation of roles.	92	61.3	39	26
Every employee's work checks on the others.	16	10	56	37.3
There is appropriate supervision by senior staff on the work of their juniors	85	56	25	16.6
Corrective action is taken to address weaknesses.	45	30	75	
Staff are trained to implement the accounting and financial	65	43.3	58	38.6

The results in Table 6 reveal that while certain control activities such as clear separation of roles and appropriate supervision by senior staff are relatively well-established within banking institutions, others such as cross-verification of

employee work and implementation of corrective actions exhibit lower levels of adoption. This discrepancy underscores potential areas for improvement in enhancing control mechanisms to address emerging risks effectively.

Does UBA have procedures to identify accounting problems?

Table 7: Procedures to identify accounting problems

Responses	Yes	No	Not aware	Total
Frequency	59	45	46	150
Percentage	39.3	30	30.7	100%

Source: primary data 2010

The survey collected responses from 150 participants regarding procedures used to identify accounting problems as shown in table 7 above. Approximately, 59 respondents (39.3%) stated that they use the specified procedures to identify accounting problems. Also, 45 respondents (30%) reported that they do not use these procedures.

Hence, 46 respondents (30.7%) indicated that they were not aware of such procedures. In summary, a significant proportion of respondents utilize the specified procedures for identifying accounting problems, while a notable portion either do not use them or are unaware of their existence.

Internal control and specific audits of accounting at UBA?

Table 8: Specific Audits of Accounting at UBA

Items	Yes	%	No	%
In UBA Bank, there has been effective utilisation of the audits in Accounting has a great influence on the delivery of financial reports.	85	56.7	65	43.3
The aspect of employing internal control measures has been so effective. to both the standards of the accounting financial statements and those of other holders in the bank.	93	62	57	38
The audits have enough time to address the value-account sensitivity in relation to the client's demands and wants.	67	44.7	83	55.
The performance of the UBA bank is based on the aspect of coordinating in and among the employees in the financial section.	101	67.3	49	32.7

Source: Primary Data 2015

This indicates that a significant majority (56.7%) affirm the effective utilization of audits in UBA

Bank, showcasing the importance of audit practices in ensuring financial integrity as shown

in table 8. A substantial majority (62%) acknowledges the significant influence of accounting practices on the timely and accurate delivery of financial reports, underscoring the crucial role of accounting in financial transparency. The majority (62%) recognize the effectiveness of employing internal control measures, highlighting their importance in safeguarding financial standards and meeting regulatory requirements. While a significant

portion (44.7%) acknowledge addressing value-account sensitivity in client demands, there seems to be a need for further improvements as a notable percentage (55.3%) indicates otherwise. The data highlights a strong consensus (67.3%) regarding the positive impact of coordinated efforts among financial section employees on the performance of UBA Bank, suggesting the importance of teamwork in achieving organizational goals.

Procedures for preparing financial statements for every consolidated entity in UBA

Table 9: Procedures for Preparing Financial Statements in UBA

Items	Yes	%	No	
Does the UBA bank use the accounting procedures for preparing the financial statements?	105	70	45	30
Does the procedure have proper consideration of accounting standards? Entries	96	64	54	36
Does the Bank (UBA) experience challenges and fraud in preparing the accounting statements?	66	44	84	56

Source: Primary Data 2015

The majority of respondents (70%) affirmed that UBA Bank employs accounting procedures for preparing financial statements. This indicates a significant adherence to structured processes in financial reporting as shown in table 9. While a considerable percentage (64%) acknowledged proper consideration of accounting standards, there is room for improvement, with 36% indicating otherwise. Ensuring full compliance with accounting standards is crucial for

transparency and accuracy in financial reporting. A notable portion (44%) of respondents reported experiencing challenges and fraud in preparing financial statements. These challenges may include complexities in financial transactions, misappropriation of funds, or inaccuracies in reporting. Addressing these issues is vital for maintaining the integrity and reliability of financial statements.

DISCUSSION

The analysis of biographical data and internal control mechanisms within UBA Bank offers a comprehensive understanding of the organization's workforce dynamics and governance practices. The examination of biographical data, including gender representation, educational backgrounds, age distribution, and work experience levels, provides valuable insights into the composition and expertise of UBA Bank's employees. Firstly, the study reveals a balanced gender representation within the organization, which is crucial for promoting diversity and inclusivity in decision-making processes. Despite prevailing societal norms and cultural barriers that may hinder women's advancement in the workplace, UBA Bank's commitment to gender equality is evident through the equitable representation of both male and female employees. This inclusive approach not only fosters a supportive work environment but also ensures that a diverse range of perspectives are considered in organizational decision-making, ultimately contributing to innovation and resilience. Secondly, the analysis of educational backgrounds

highlights the prevalence of highly educated professionals within UBA Bank, with a significant proportion holding graduate degrees. This signifies the organization's emphasis on recruiting and retaining individuals with advanced knowledge and skills, which is essential for maintaining competitiveness in the dynamic banking sector. Furthermore, the presence of employees with diverse educational backgrounds enriches the intellectual capital of the organization, fostering a culture of continuous learning and professional development. Thirdly, the age distribution among UBA Bank employees reveals a diverse workforce comprising individuals from various age groups. While mid-career professionals constitute a substantial portion of the workforce, there is also representation from younger and older cohorts. This multi-generational workforce brings together a wealth of experience, fresh perspectives, and innovative ideas, driving organizational growth and adaptability in an ever-changing business landscape. Fourthly, the analysis of work experience levels underscores the importance of

seasoned professionals in navigating complex financial environments and ensuring operational excellence. The majority of employees possess significant work experience, particularly in the range of 3-5 years, indicating a high level of expertise and proficiency within the organization. This depth of experience enables UBA Bank to effectively manage risks, implement best practices, and deliver superior financial services to its customers. Moving on to the examination of internal control mechanisms, the study identifies both strengths and areas for improvement within UBA Bank's governance practices. Clear role separation and supervision emerge as commendable practices, fostering accountability,

transparency, and compliance with regulatory requirements. However, certain areas, such as cross-verification of work and corrective actions, exhibit room for enhancement, highlighting the need for continuous evaluation and refinement of internal control processes. Furthermore, the study emphasizes the importance of adherence to accounting standards in financial reporting processes, as evidenced by the majority affirmation of structured procedures. However, challenges and fraud in preparing financial statements underscore the ongoing need for vigilance and improvement to uphold the integrity and reliability of financial reporting.

CONCLUSION

In conclusion, the analysis of biographical data and internal control mechanisms within UBA Bank provides valuable insights into the organization's workforce dynamics and governance practices. The balanced gender representation, highly educated workforce, diverse age distribution, and significant work experience levels underscore UBA Bank's commitment to excellence and innovation in the banking sector. Moreover, the identification of strengths and areas for improvement in internal control mechanisms highlights the organization's proactive approach to risk management and compliance. By leveraging

its diverse talent pool and implementing robust governance practices, UBA Bank is well-positioned to navigate challenges, capitalize on opportunities, and sustain long-term growth and success. Moving forward, UBA Bank should continue to prioritize diversity, talent development, and process improvement initiatives to strengthen its competitive advantage and enhance stakeholder value. By fostering a culture of inclusivity, continuous learning, and innovation, UBA Bank can remain at the forefront of the banking industry, delivering exceptional value to its customers, employees, and shareholders alike

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