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Internal Control System and Loan Performance in the Banking Sector: A Case Study of Barclays Bank Uganda Kampala Main Branch.

This study analysed the relationship between internal control systems and loans performance of Barclays Bank Uganda. Specifically, the study looked at the relationship between risk assessment, monitoring activities and control activities on loan performance. The study used case study design on a sample of 92 respondents. Data was collected by use of questionnaires and interviews, and analysed quantitatively and qualitatively. Quantitative data was analysed using the Statistical Package for the Social Sciences (SPSS) version 20.0. At univariate level, data was analysed basing on the frequencies, percentages, mean and standard deviation. At bivariate level, data was analysed basing on correlational analysis and at multivariate level data analysis was carried out using multiple linear regression while qualitative data was analysed by content analysis. The study established that there is a positive significant relationship between risk assessment, monitoring activities and control activities with loans performance. Internal control systems namely; risk assessment, monitoring activities and control activities explained 72.4% of the variation in loans performance. The study, thus, concludes that risk assessment, monitoring activities and control activities influenced loans performance. Therefore, the study recommends that banks should carry out effective risk assessment and effectively implement monitoring and control activities.

Key Words: Internal Control System, Loan Performance, Banking Sector, Barclays Bank