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**Internal Audit and Financial Performance in Educational Institutions: A Case Study of Uganda Christian University, Mbale Campus**

The study aimed at establishing the effect of internal audit on the financial performance educational institutions of higher learning with a case study of Uganda Christian University, Mbale. The objectives of the study were to examine how the Internal Audit has ensured integrity and reliability of financial and operational data in UCU Mbale Campus; to assess how the internal audit function has ensured conformity with financial and operational policies in UCU Mbale Campus and; to examine the relationship between internal audit and financial performance in UCU Mbale Campus. The study used a case study design where both quantitative and qualitative approaches were used. Both primary and secondary data were used in the study and data were collected using questionnaires, an interview schedule and focus group discussion guide. The instruments used were pre-tested and given to the expert to comment on the ambiguity and relevancy of the questions, concept and content validity. The data collected from the field were edited, coded, and categorised into themes. Thereafter it was entered into a statistical computer programme known as the Statistical Package for the Social Sciences (SPSS). From the findings, it was discovered that financial data is partially computerised and partially manual. It was further revealed that to a greater extent, data integrity and reliability was exhibited. The study found out that the set measures of adherence to policy were followed although it required some improvement by some senior officials. The Pearson product moment correlation was used. The results revealed that there is a significant and positive relationship between management acting with a great degree of honesty in execution of its mandate and increased revenue trend of UCU Mbale ( $r=0.856$   $P<0.01$ ). The model summary yielded  $R = 0.856$ ,  $P<0.01$ . The Adjusted  $R_2$  was 0.729, implying that the independent variable contributes 72.9% to UCU financial performance. The ANOVA revealed a significant variation of F statistic = 1.755,  $P<0.01$ . The results indicate that management is acting with a great degree of honesty in execution of its mandate and the increased revenue trend in UCU Mbale has  $\beta=0.856$ ;  $P<0.01$ , and  $t=1.416$ ;  $P<0.01$ . From the findings of the study, it can be said that internal audit processes have had a positive effect on financial performance because there is now good discipline in financial spending and prioritising of the needs of the institution, mobilisation of new clients, immediate provision of academic facilities such as a new lecture block, computers and the level of training in superior customer care and service by all staff. The results also revealed that there is a significant and positive relationship between conformity with financial and operational policies and financial performance ( $r=0.977$ ,  $P<0.01$ ). The model summary yielded  $r = 977$ ,  $P<0.01$ . The Adjusted  $R_2$  was 0.953, implying that the independent variable contributes 95.3% to UCU financial performance. The ANOVA revealed a significant variation of F statistic =6.010,  $P<0.01$ . The results indicate that sufficient reporting of financial resources in UCU Mbale Campus has  $\beta=0.977$ ;  $P<0.01$ , and  $t=43.658$ ;  $P<0.01$ . Basing on the findings the researcher recommends that; the internal control system in UCU Mbale should be subjected to systematic review to find any weaknesses in order to improve on financial performance.

Key Words: Audit, Internal, Financial, Performance, Education