

THESIS ABSTRACT

Master of Business Administration
Accounting Option

Adventist University of Africa

School of Postgraduate Studies

TITLE: THE ROLE OF INTERNAL AUDIT IN INTERNAL CONTROL
EFFECTIVENESS IN RWENZORI FIELD, UGANDA

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The role of internal audit is to provide independent assurance that an organization's internal control processes are operating effectively. Organizations have internal controls to promote operational efficiency, ensure accurate, reliable accounting records, safeguard assets, encourage employees to follow company policy, and comply with legal requirements. The Internal Audit Department in Rwenzori Field, Uganda, was created in January 2013, as the result of combined pressure from many stakeholders: a recommendation from the General Conference Auditing Service; the Uganda union mission mandate to every field to have an internal audit department; and the need of pastors for internal audit in their churches to arouse carefulness and responsible stewardship among the local church treasurers. However, there is seemingly doubt of whether the Internal Audit Department is performing its function successfully and meeting expectations. The aim of this study was, therefore,

to analyze the role of internal audit in internal control effectiveness of Rwenzori Field.

The study was cross-sectional and utilized a causal research design to examine the role of internal audit on internal control effectiveness of Rwenzori Field. The study used descriptive and inferential statistics whereby mean and standard deviation, as well as bivariate correlations and regression analyses were respectively used for analyses of data.

Results from the descriptive statistics showed that the internal audit department is effective in ensuring internal controls in Rwenzori Field institutions and churches. The results of correlation revealed significant positive relationships between internal controls and key elements in the internal audit department. Also, multiple regression analysis for institutions revealed that among the three predictors, competence ($p < .01$, $\beta = .454$) and management support ($p < .01$, $\beta = .432$) are significant predictors of internal controls. The same is true for the local churches (management support = $p < .01$, $\beta = .388$; competence = $p < .05$, $\beta = .201$). These results show that internal audit plays an important role in the Rwenzori Field of Seventh-day Adventists.

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THE ROLE OF INTERNAL AUDIT IN INTERNAL CONTROL
EFFECTIVENESS IN RWENZORI FIELD, UGANDA

A thesis

presented in partial fulfillment
of the requirements for the degree
Master of Business Administration

by

Yosia Baluku

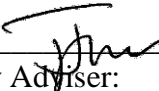
April 2018

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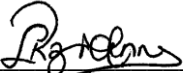
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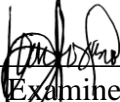
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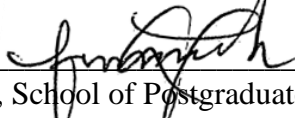
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To God be the glory

Dedicated to my family

And the leadership of Rwenzori Field

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Heads of institutions, pastors, church elders, church treasurers, deacons, deaconesses, accountants, teachers and health workers who have responded to my survey and made the completion of this thesis a reality.

CHAPTER 1

INTRODUCTION

Background of the Study

According to the Chartered Institute of Internal Auditors as cited by Ojha (2012), the role of internal audit is to provide independent assurance that an organization's risk management, governance and internal control processes are operating effectively. Organizations have internal controls to promote operational efficiency, ensure accurate reliable accounting records, safeguard assets, encourage employees to follow company policy, and comply with legal requirements (Horngren, Thomas, Suwardy & Harrison, 2013). As the company grows, it becomes harder for the Chief Finance Officer to effectively and continuously monitor and evaluate these internal controls and compliance to them (Okoli, 2012). Management, therefore, institutes an Internal Audit Department to do this paramount role, assess risks and provide consultancy services to other departments.

Internal audit reviews accounting procedures, detect and prevent fraud and accounting errors in daily operations as opposed to external audits which are nearly "post-mortems." Internal auditors have an advantage of being part of the organization, knowing its culture and what happens in the smallest cell of the organization. They, therefore, stand a better position to recognize an impending risk before things run out of hand.

Okoli (2012) professes that the internal audit department performs various functions which consist mainly of ensuring the production of accurate and reliable reports, limitation of operational inefficiency on the part of the workers and the prevention of misappropriation of funds. Hence, the audit department is crucial for good institutional governance. According to Bishop, Hermanson, Lapidés & Ritteberg (2000) as cited by Ferreira (2007), the audit committee can look to today's internal auditing function to provide independent, objective assurance and consulting services designed to add value and improve an organization's operations.

The internal audit function is, therefore, a reliable agent and an eye of the audit committee that gives a true picture of an organization's operations and a way forward for better performance. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. To achieve its goals, the internal audit department requires some level of independence to discharge its duties without undue interference from management. At the same time, top management support to the success of the internal audit function is key and members of the auditing department have to be competent to oversee and manage the audit function.

Problem Statement

Rwenzori Field, one of the constituencies of Uganda Union of Seventh-day Adventists from her inception has been experiencing challenges including unreported trust funds reports from local churches, short reports by pastors, inadequate internal controls at the local church level and the Field office, and improper postings on ledgers. Subsidiary organizations were working nearly as independent bodies whose authenticity of financial performance was not really established as they were not being audited. On this basis, the General Conference Auditing Service (GCAS)

strongly recommended that the Field should employ an internal auditor who could be handling the challenges identified above. Besides, Pastors had a concern that they needed internal audit in their churches to arouse carefulness and responsible stewardship in the local church treasurers. Consequently, the Uganda Union Mission of Seventh-day Adventists mandated all conferences within its jurisdiction to have internal auditors. It is the combined pressure of all these stakeholders that led to the creation of the Internal Audit Department in Rwenzori Field in January 2013. It is however perceived that the Internal Audit Department in this Field is one of the most expensive functions to maintain since it has a higher budget than most of the other departments. Also, there is an apparent doubt of whether the Internal Audit Department is performing its function successfully and meeting expectations. Therefore, the aim of this study was to examine the role of internal audit on effectiveness of internal control in the churches and institutions within Rwenzori Field.

Research Questions

1. To what extent is the internal audit department of Rwenzori Field performing its role as perceived by the:
 - a. Institutions?
 - b. Local churches?
2. What is the effect of competence of internal auditors on the effectiveness of internal control in Rwenzori Field institutions and local churches?
3. What is the effect of independence of internal auditors on the effectiveness of internal control in Rwenzori Field institutions and local churches?

4. What is the effect of management support of internal auditors on the effectiveness of internal control in Rwenzori Field institutions and local churches?

Null Hypotheses

Based on the research questions, the following null hypotheses were tested:

1. Competence of internal auditors has no significant predictive effect on the effectiveness of internal control in Rwenzori Field churches and institutions.
2. Independence of internal auditors has no significant predictive effect on the effectiveness of internal control in Rwenzori Field churches and institutions.
Conceptual Framework.
3. Management support of internal audit has no significant predictive effect on the effectiveness of internal control in Rwenzori Field churches and institutions.

Conceptual Framework

This study is based on the premise that the quality of the internal audit department depends on three key variables: the competence of the auditing staff, level of independence of the department to discharge its duties without undue interference from management, as well as top management support to the entire internal audit function. More so, the subsequent quality of the internal audit function is very crucial to maintaining effective internal controls in terms of enabling safety and accountability of organizational assets, compliance to policy and procedures, detection of accounting errors in time; informed decision making by management and operational efficiency in the organization.

Thus, achieving effective internal controls largely depends on competence, independence and top management support of the internal audit. A graphic presentation of the study concepts and relationships is presented in Figure 1.

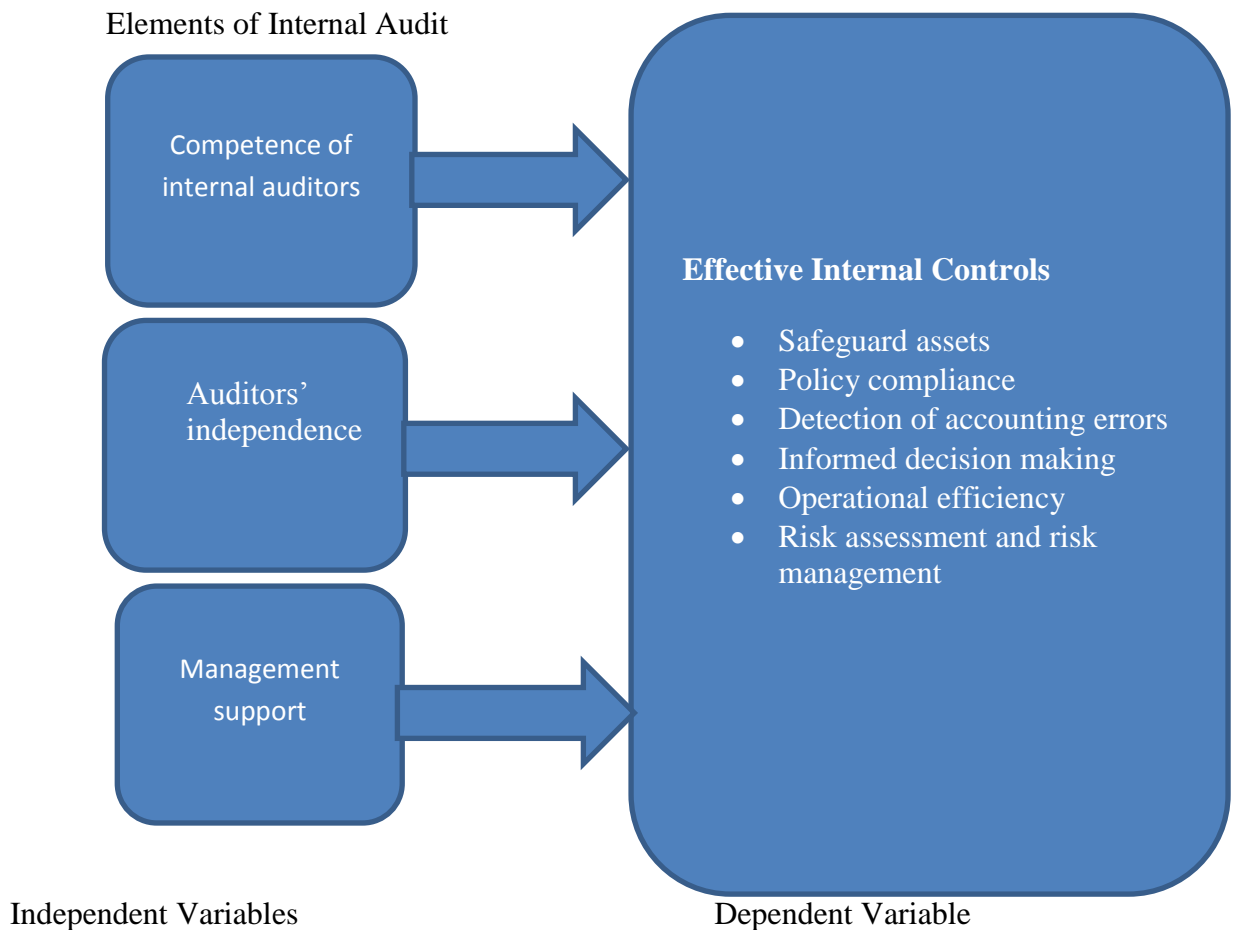


Figure 1. Conceptual Framework of the Study

Significance of the Study

This study will be useful for management in determining the effectiveness of the Internal Audit Function for decisions on its human resource and continuing financial support especially in Rwenzori Field. Also, the outcome of the study will be helpful to the Internal Audit Department as it will establish gaps in performance and come up with the ways the department can fill these gaps to fully meet organizational

expectations. It will also add to the existing body of knowledge and widen the researchers' knowledge in the field of internal auditing.

Scope and Limitations of the Study

The study was conducted within the Rwenzori Field of the Seventh-day Adventist Church which is one of the constituencies of Uganda Union. The study involved Field officers, departmental directors and accountants, managers, pastors and other employees of the Field's subsidiary organizations (see details in the population and sampling section in chapter 3) as participants for the study.

In addition, the study used competence of internal audit staff, its independence and management support as elements of effective internal audit function to examine the relationship between internal auditing department and internal controls. Furthermore, since the study was limited to Rwenzori Field, the results and conclusions may not be generalized beyond the scope of the study.

Definition of Terms

Auditing is a systematic process of examining the objective evidence underlying the financial information as reported for an expression of an opinion.

Internal Auditing is an independent, objective appraisal, assurance and consulting activity intended to improve an organization's operations.

Competence is possession of adequate knowledge and skills for effective audit job performance.

Independence is avoidance of influences that compromise professional judgement, acting with integrity and exercise of objectivity and professional scepticism.

Support is attaching importance to internal audit and according internal auditors free access to information and implementing audit recommendations to strengthen the organisation.

Internal Control refers to systematic measures established within the organization to add value and minimize risk.

Fraud is deliberate misstatement of financial information for personal gain.

Risk is uncertainty about events that could have a material effect on the goals and objectives of the organization.

Risk management is the process of identifying risks to which an organization is exposed and putting in place measures to counter threats for effective achievement of organizational objectives.

Effective controls are methods and tools that detect shortfalls from the ideal.

CHAPTER 2

REVIEW OF LITERATURE

In this chapter, the researcher reviews the ideas of other authors on the subject of study. The chapter ends with the theoretical framework where the relationships between variables are shown.

Auditing

Auditing as defined by Okoli (2012) is an independent examination of an expression of opinion on the financial statement of an enterprise or organization by an appointed auditor in pursuance of that appointment and in compliance with any relevant statutory obligation. Okoli acknowledges the necessity for independence and expression of opinion in audit, never the less; it seems she does not consider the fact that audit involves an order of procedures. Petraşcu (2011) fills the gap by defining Audit as a systematic process of objectively obtaining and evaluating the information or statements to assess their degree of compliance with predetermined criteria, and communication of results to interested users. Petraşcu's definition is comprehensive for it shows audit as an orderly activity done with a purpose of measuring performance basing on a known yardstick and communicating the findings to interested parties. However, Petraşcu seems not to recognize the necessity of independence in successful audit and the reason for communicating results. Basing on this, the researcher modifies Petraşcu's definition and defines audit as a systematic process of objectively and independently obtaining and evaluating financial statements to assess their degree of compliance with predetermined criteria, and

communication of results to interested users for action. The definition of audit implies the following: comparing the actual situation with the situation that should be, establishment and analysis of the deviations and risks and proposal or recommendation of measures to contribute to the achievement of the entity or to provide correct information. This means auditors are required to be independent when executing their audit duty and comply with Generally Accepted Auditing Standards. Auditing involves searching and verifying accounting records and examining other evidence supporting the financial statements (Whittington and Pany, 2008). Auditing, therefore, examines the authenticity of accounting transactions recorded in the books.

According to Saleemi (2008), audit can be broadly classified into four, namely: form of organization, nature of work, time factor and methods of approach. Under form of organization there is audit of accounts of a sole proprietor, audit of partnership accounts, audit of accounts of limited companies, audit of government accounts and other institutions while under methods of approach there is procedural audit, management audit, standard audit, balance sheet audit and vouching audit. Classification under Time factor includes final audit, interim audit and continuous audit while nature of work includes private audit, statutory audit, internal audit and external audit. The focus of this study is internal audit.

Internal Audit

Bouquin and Bécour (1991) as cited by Autissier (1997) defines internal audit as “the activity which independently applies consistent procedures and inspection standards in order to assess the relevance and performance of all or part of the actions within the organization, in reference to standards. Bouquin and Bécour’s definition is a comprehensive one except it seems not to consider the consulting activity of internal audit. This gap is filled in by the Institute of Internal Auditors (IIA) as cited by

Whittington and Pany (2008) who define Internal Audit as an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. The definition outlines the main goals of the Internal Audit Function. According to the Institute of Internal Auditors as cited by Messier, Glover and Prawitt (2008) internal auditing helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Eden and Moriah (1996) as cited by Cohen and Sayag (2010) profess that internal audit has four main components, namely: verification of written records, analysis of policy; evaluation of the logic and completeness of procedures, internal services and staffing to assure they are efficient and appropriate for the organization's policies; and reporting recommendations for improvements to management.

Role of Internal Audit

Internal audit is established in an organization with expectations. Sarens and Beelde (2006) profess that senior management wants internal audit to compensate for the loss of control they experience resulting from increased organizational complexity. Senior management, therefore, expects internal audit to fulfill a supporting role in the monitoring and improvement of risk management and internal control, and wants them to monitor the corporate culture. They further profess that managers expect internal audit to be a training ground for future managers. They are these expectations that are translated into roles for an effective internal audit.

Salemi (2008) says the main purpose of internal audit is to find out whether the internal control system is working successfully or not. He identifies the following to be the objectives of internal audit: safeguarding the company's fixed assets, assisting management in running business efficiently and in orderly manner, acting as

a consulting department to other departments, detecting and preventing errors and frauds perpetrated by the client staff, helping in the maintenance of a strong internal control system employed by the client, and helping the client to reduce the audit fee of the external audit. From his stand point, internal audit is very paramount given the objectives if achieved the organization would flourish.

Autissier (1997) says the goal of the internal audit function is to compare targeted situations and actual situations. Its purpose is to ensure that the management process, which is implemented to achieve the internal auditing missions, is relevant. The purpose of internal auditing is, therefore, to give a picture of the corporation, in order to compare reality with the corporation's goals in terms of strategy and regulatory operations. The result of such a comparison is a list of discrepancies which allows identifying problems and any deviations from goals. This process is intended to assess how assertions turn into reality. Assertions can be expected goals, or internal and external standards which are part of the corporation's activities.

Internal auditing is a corporation's control function. Mintzber (1979) as cited by Autissier (1997) says the purpose of internal audit is to connect the decision maker, the operational manager, and the functional manager in order to organize the corporation's resources (Anthony, 1965) and to ensure the corporation's global cohesion (Ouchi, 1979). Reynolds (2000) in relation to the above as cited by Cohen and Sayag (2010) concludes that internal auditing (IA) serves as an important link in the business and financial reporting processes of corporations and not-for-profit providers. The internal audit function, therefore, provides a link among stakeholders in the organization, harmonizes execution of duties for achievement of organizational goals as earlier professed by Saleemi (2008).

Baharud-din, Shokiyah and Ibrahim (2014) in recognition of the role of internal audit says the Internal Audit Function is an essential internal assurance mechanism in public financial controls and a tool for monitoring and evaluating financial management activities in government agencies. Subsequently, the function assists government organizations to achieve accountability and integrity, improve the implementation of government programs and develop confidence among citizens and stakeholders as well as assessment and management of any risk of mismanagement of public fund. According to Tiffany (2006), the objective of internal auditing has always been to improve any process within the organization that will result in improved revenue and reduced risk. Internal auditors understand organizational values and goals fully and intelligently relate those values and goals to every audit opportunity that is executed. An auditor may encounter a situation where the values and goals of the company have actually introduced risk in an area or procedure in which case the internal auditor has an obligation to raise this risk to management.

Tiffany (2006) notes that internal audit plays a critical role in respect to corporate governance and organizational performance goals by observing and examining the implementation of related execution plans that outline the methods for achieving the stated goals as well as the outcomes of those plans. Internal auditors participate in observing implementation procedures in order to identify any new or existing risk. Internal auditors evaluate goals to ensure that reported results, distributed by corporate management, are truly accurate as stated and communicated internally as well as externally in either an annual report or separate corporate responsibility report. Internal audit findings lead to risk reduction in a corporation which helps management to become more effective at preserving and maintaining stated corporate values. Ljubisavljevic and Jovanovic (2011) confirm that internal

audit makes a large contribution to the achievement of company goals, and the implementation of strategies for their achievement.

Internal audit determines the reliability, reality, and integrity of financial and operational information that comes from different organizational units, on which appropriate business decisions at all levels of management are based. Razimah (2014) in his research found out that high levels of internal audit performance are associated with increased recommendations for improvement of elements in the corporate governance framework.

Karagiorgos, Drogalas, Eleftheriads and Christodoulou (2010) agree with Tiffany (2006) that internal audit is vital in risk management. In their study aiming at examining the relation between management's effectiveness and efficient risk assessment found out that internal audit is vital in efficient risk management and consequently in the business survival and success. They define Risk as uncertainty about events and/or their outcomes that could have a material effect on the goals and objectives of the organization. They classified risk into the following categories: business risk, credit risk, market risk, liquidity risk, operational risk, accounting risk, environmental risk, legal risk, systemic risk, reputation risk, audit risk and information risk. *Business risk* is the risk of failing to achieve business targets due to inappropriate strategies, inadequate resources or changes in the economic or competitive environment. *Credit risk* is the risk that a counterparty may not pay amounts owed when they fall due. *Market risk* is the risk of loss due to changes in market prices. This includes interest rate risk, foreign exchange risk, commodity price risk and share price risk. *Liquidity risk* is the risk that amounts due for payment cannot be paid due to a lack of available funds. *Operational risk* is the risk of loss due to actions on or by people, processes, infrastructure or technology or similar, which

has an operational impact including fraudulent activities. *Accounting risk* is the risk that financial records do not accurately reflect the financial position of a company. *Industry risk* is the risk associated with operating in a particular industry. *Environmental risk* is the risk that a company may suffer loss as a result of environmental damage caused by themselves or others which impacts on their business. *Legal/regulatory risk* is the risk of non-compliance with legal or regulatory requirements. *Systemic risk* is the risk that a small event will produce unexpected consequences in local, regional or global systems not obviously connected with the source of the disturbance. *Reputational risk* is the risk that the reputation of a company will be adversely affected. *Audit risk* is the risk where exists the possibility of not evaluating and contributing to the improvement of risk management, control and governance or recognizing the assurance and consulting role of internal auditing in corporate governance and simultaneously in risk assessment. Audit risk includes Inherent Risk, Control Risk and Detection Risk. *Information risk* is the risk that unreliable information will be provided to decision makers. Internal audit, therefore, assesses the existence of any of these risks and gives a way forward on how a risk found can be managed. Their study revealed that internal audit has experienced hard time yet made great progress. They predicted Internal Audit bright future prospects in business success and especially in effective risk management. Messier, Glover and Prawitt (2008) agree with Karagiorgos et al. that an organization's internal audit function is used by management and the board of directors in the broad areas of evaluating risk, evaluating compliance, and performing financial and operating auditing. Through these activities, Messier, Glover and Prawitt believe internal auditors contribute to effective corporate governance within an organization, which

entails all management-administered policies and procedures to control risk and oversee operations within a company.

The institute of internal auditors agrees with the above as it acknowledges that internal auditors educate and train audit committees and management on risk and risk management concepts. They evaluate strategic risks .i.e. whether management has comprehensively identified key strategic risks, developed prudent risk management techniques to address the risks, and established sufficient monitoring of strategic risk “signposts” to identify risk occurrences in time to take the appropriate actions.

Okoli (2012) acknowledges that the internal audit department performs various functions which consist mainly of ensuring the production of accurate and reliable report, limitation of operational inefficiency on the part of the workers and the prevention of misappropriation of funds. She professes that if the internal audit is established in financial organizations, it contributes enormously towards the overall performance of these organizations through minimizing fraud and extravagant use of funds and inducing workers to give complete and accurate information. Messier, Glover and Prawitt (2008, p.745) bring it out more clearly when they say “The largest financial statement fraud in the history of United States may not have been discovered were it not for the persistent investigative efforts of Cynthia Cooper and her internal audit team. Cynthia Cooper, the whistle-blower of the \$9 billion WorldCom fraud, was head of internal audit at the communications giant at the time.”

Rezai and Mousavi (2014) assert that Internal Audit helps the organization to succeed in today’s varying business environment. As organizations in today’s world are constantly changing, the formal mechanisms are formed to encourage, reform and sustainably develop in any organization. In the contract between supplier and consumer companies, most producers should be verified by the buyer’s internal

auditing unit and their ability to perform and monitor the implementation and the operation of internal standards must be confirmed by internal audit. Internal audit is not only to prevent the effect of lack of risks identification in future but also to further improve the efficiency and effectiveness of organizations to improve the current situation. Internal audit function is, therefore, a critical function that boosts improvement in organization's performance as it copes-up with the going concern. Internal audits enable less risky or even risk free dealings between the organization and outsiders.

Whittington and Pany (2008) say internal auditors assist members of an organization by furnishing them with analyses, appraisals, recommendations, and counsel. They assert that internal auditors are part of internal control and represent a high level of control that functions by measuring and evaluating the effectiveness of other controls. Internal auditing functions as part of the monitoring component of an organization's control. Whittington and Pany (2008), therefore, recognize the pro-activity of the internal audit function. Internal audit provides information to facilitate informed and rational decision making by management. By evaluating effectiveness of internal controls, identifying gaps and recommending measures to cover the gaps, the internal audit function facilitates achievement of organizational objectives.

Messier, Glover and Prawitt (2008) classify the roles of internal auditors in two categories, namely: assurance services and consulting services. Assurance services involve the internal auditor's objective assessment of evidence to provide an independent opinion or conclusion regarding a process, system or other subject matter. Consulting services are advisory in nature, and generally are performed in the specific request of an engagement client. The researcher believes Messier, Glover and Prawitt's classification wholly covers the role of internal audit.

Looking at government financial management, Diamond (2002) summarizes the role of internal audit as: reviewing with existing government financial regulations, instructions, and procedures; evaluating the effectiveness of the Internal Control Systems, appraising the economy and effectiveness with which financial and other resources are being used, reviewing the reliability and integrity of record keeping and reporting on financial and operating information systems, pre-audit of payments documents and of all documents used in initiating commitments, as well as contract agreements. Internal audit verifies and certifies periodical financial returns such as pending bills returns, expenditure returns, revenue returns, staff returns, vehicle returns, etc. Internal audit reviews and pre-audits annual Appropriation Accounts, Fund Accounts, and other accounting statements to ensure that accurate accounts are prepared to the required standards. It investigates irregularities identified or reported and reports on cases leading to wastage of resources or cases of general misuse or misappropriation of financial resources and Government property. It ensures that revenue and other receipts due to the government are collected promptly, banked immediately and fully accounted for. Internal audit function carries out spot checks on areas such as revenue and receipts collection points, projects, supply, and delivery sites to ensure compliance with procedures and regulations. Internal audit function reviews budgetary controls on issuance of warrants, commitments, expenditures, revenue collection, and accounting from time to time. The function ensures that government physical assets are appropriately recorded and are kept under safe custody. It also reviews the budgetary reallocation process to ensure legislative and administrative compliance and advising when commitments are entered into when there is no budgetary provision or adequate cash. Mathews (2006), in his study of the impact of internal audit on South African local government, found out that the internal

audit function of 59.6 percent municipalities assisted members of their respective organizations in the effective discharge of their responsibilities. The Internal audit functions of 80.7 percent municipalities assisted the councils in executing the responsibility of ensuring that their assets were safeguarded. 82.5% municipalities reported that their internal audit functions ensured that there was adherence to organizational procedures and policies. 70.2% of municipalities' internal audit functions were effective in assisting their organizations to ensure that there was accurate maintenance of financial records. 54.4% of municipalities' internal audit functions were effective in conducting fraud detection exercises aimed at reducing incidents of fraud in their organizations. 68.4 internal audit functions of municipalities were effective in identifying risk, integrating management and monitoring risks across the organization. 45.6% internal audit functions of municipalities carried out information technology audits. 82.5% internal audit functions of municipalities carried out systems and internal controls audit. 66.7% of municipalities' internal audit functions were effective in conducting reviews of performance of all aspects of their organizations. 70.2% of municipalities' internal audit functions were effectively examining and reporting on risk exposure and 61.4 percent of the internal audit functions examined and reported on their municipalities' risk management efforts. 57.9% internal audit functions of municipalities provided assurance to management as to whether the financial systems can be relied upon for decision making and whether the assets of their organizations acquired were safeguarded. In Floriana's (2013) research on internal audit and corporate governance in local government in Tanzania, 60 percent of the respondents accepted with the proposition that the Mwanza City Council audit unit performs its function accordingly while 40% disagreed.

In recognition of the cardinal role of internal audit, after the Enron and WorldCom frauds, the Sarbanes –Oxley Act of 2002 placed increased emphasis on the importance of public companies’ internal audit functions, and in August 2002, the New York Stock Exchange (NYSE) required all companies wishing to trade on the exchange to have a viable internal audit function. The role of the internal auditor has clearly become increasingly crucial to effective corporate governance and to the success of large organizations. Internal auditors are in a unique position to understand the organization from a perspective that is both broad and deep (Messier, Glover and Prawitt, 2008, P 746). However, the Sarbanes-Oxley act of 2002 concerns registered business companies and not an institution like a church. The Act does not show if internal audit has the same importance in the church as it does in registered business companies.

Internal audit function is therefore, critical to good performance of an organization. Nevertheless, existence of Internal Audit Function does not inevitably lead to successful evaluation of risk, compliance to policies, performance of financial and operating auditing. There are conditions/factors that favor effective internal auditing for achievement of desired targets.

Elements of Effective Internal Audit Function

According to Al-shetwi, Ramadili, Chowdury and Sorri (2011), inadequate legal system and poor corporate governance practices lead to poor Financial Reporting Quality. Their advice to companies was that company board of directors should include financial experts who are able to provide sufficient support to Internal Audit Function and to understand Internal Audit reports and provide appropriate responses to recommendations made in the reports. This implies that for Internal Audit to have an impact on Financial Reporting Quality management should be able

to understand reports of internal auditors and use recommendations made, lest no impact will be made.

Baharud-din et al. (2014) reveal that the effectiveness of the Internal Audit Function is dependent on auditor competency, auditor's independence and objectivity; and management support to the effectiveness of internal audit.

- a. Competence relates to the ability of an individual to perform a job or task properly based on the educational level, professional experience and the effort of the staffs for continuing professional development. Competency determines the efficiency of the auditor in setting a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's activities and financial management as well as governance processes. Internal Auditors can effectively carry out their duty in the public sector if there are enough Internal Audit personnel with required competencies. Competency of auditors determines the quality of the audit work performed in an organization. Competency is measured in terms of academic level, experience, skill and the effort of the staff for continuing professional development. Giuseppe, Selim, Melville and Allegrini (2015) in their study adds that compliance with the Institute of Internal Auditors' (IIA) Code of Ethics is paramount in realization of effective internal audit.
- b. Auditor's independence and objectivity: For internal audit to be effective internal auditors should have independence and objectivity which are achievable only if the audit activity has sufficient independence from those it is required to audit so that it can both conduct its work without interference and be seen to be able to do so. This is a very crucial element in conducting audit because the auditors can access any document relating to the audit work

without favor and fear. This makes the auditors provide the objective report and reliable professional judgment on the auditing work to achieve the mandate given to them with integrity. Independence of auditors would not be considered to be impaired if the auditors do not appear to act in a capacity equivalent to a member of client management or as an employee.

- c. Management support to the roles of Internal Audit is very critical to the effectiveness of the Internal Audit Function. Management has to accept the fact that the Internal Audit process is just as critical and important activity as any other process within the organization. Without management approval, support, and encouragement, the internal audit process is likely to face failure and waste time and money. Cohen and Sayag (2010)'s correlation and regression analyses agree with the take of Baharud-din et al. (2014) as they uphold support from top management to be the main determinant of Internal Audit (IA) effectiveness, with some effect also found for the organizational independence of IA. Sarens and Beelde (2006) agrees with all the above when they profess that internal audit expects senior management to take the first steps in the formalization of the risk management system. This implies, the attitude and leadership qualities of the head of an organization determine if audit reports are ignored or complied with for the better performance of the organization.

According to Baharud-din et al. (2014), it is; therefore, wrong to judge an internal audit function as ineffective if the factors that favor effective internal audit do not exist. This is very true for if internal auditors are not qualified to do their work, operate under pressure or if their work is interfered with and top management does not value internal audit by ignoring audit reports, obviously, the Internal Audit

Function will be ineffective. The internal audit charter as cited by Thibodeau and Freier (2008, P 126) confirms the necessity for supporting internal audit when it professes that internal audit function should be accorded “full, free, and unrestricted access to all company functions, records, property, and personnel.”

Ljubisavljevic and Jovanovic (2011) agrees with Baharud-din et al. (2014) that successful implementation of internal audit tasks means internal audit must be autonomous, that is, company management should in no way influence its work, information, conclusions, and evaluations. In this way the internal audit report becomes a means of communication between internal audit and management, and an important guideline for the successful management of the company.

Salehi et al. (2013) recognize that internal audit of private banks has a good rank in the effectiveness but does not do its duties without siding and impartiality. Their study revealed that management’s enough recognition of internal audit importance and its performance and responsibilities results in the effectiveness of internal audit. Siding with management and execution of audit with partiality implies lack of independence by internal auditors of private banks in Iran. This implies they can participate in covering of fraud by management or by employees which is a significant flaw in internal auditing. It is paradoxical to find internal audit to contribute significantly to the performance of an organization if the function lacks independence. According to the 2003 Report of Investigation by the Special Investigative Committee of the Board of Directors of WorldCom, Inco., as cited by Messier et al. (2008), despite being ordered by the company’s management to discontinue investigations in the areas where the fraud had been committed, Cooper’s internal audit team aggressively pushed ahead and eventually uncovered the massive

fraud. This confirms the fact that with absolute independence of the internal audit department, grand frauds, among other vices, in the organization can be unearthed.

Arena and Azzone (2009) on the basis of data from 153 Italian companies, adds that the effectiveness of internal auditing is influenced by whether or not the audit committee is involved in the activities of the internal auditors. According to their study, the higher the committee levels of involvement in the activities of internal auditors, the higher the effectiveness and the lower the involvement the lower the effectiveness.

Internal controls

Internal controls are policies and procedures used to provide reasonable assurance that the objectives of an enterprise will be accomplished (Thomas, Cindy, Francs & Philip, 2008). According to Thomas, Cindy, Francs & Philip, 2008, internal controls could be divided into two categories: accounting controls which are designed to safeguard company assets and ensure reliable accounting records; and administrative controls which are concerned with evaluating performance and assessing the degree of compliance with company policies and public laws.

Internal control system varies from company to company. Fred, Robert & Patricia (2008) explained that effective internal control play an essential role in creating an ethical business environment and ultimately in improving financial performance. According to them from the perspective of a CEO or CFO, internal control is a broad concept that includes much more than accounting. It includes instilling ethical principles, setting strategic objectives for the company, identifying risks facing the company, hiring good employees, motivating them to achieve company's objectives, and providing the resources and information they need to fulfill those objectives.

Accordingly, there are several features of internal control ranging from establishing responsibility, segregation of duties, restriction of access, document procedures to independent verification. In establishing responsibility, each task is assigned to only one employee for it allows one to determine who caused any errors or thefts that occur. That is the reason a company may assign a separate cash register drawer to a cashier at the beginning of a shift for if two cashiers were to use the same drawer, it would be impossible to know which cashier caused the drawer to be short on cash. Segregation of duties involves assigning responsibilities so that one employee cannot make a mistake or commit a dishonest act without someone else knowing it. This is the reason one employee may not initiate, approve, record, and have access to the items involved in a transaction. Restricted access involves steps like physically locking up valuable assets and electronically securing access to other assets and information such as requiring passwords to open a cash register. Document procedures involves documenting each business activity, a company creates a record of whether goods have been shipped, customers billed, cash received, and so on. To enhance this control further, most companies assign a sequential number to each document and then check at the end of every accounting period that each document number corresponds to one, and only one, entry in the accounting system. Independent verification is done by internal auditors who check that the work done by others within the company is appropriate and supported by documentation.

Thomas, Cindy, Francs & Philip (2008) add more features of internal control. These include quality of employees, bonded employees, required absences and procedures manual. Quality of employees is based on the premise that a business is only as good as the people who run it. Employees should be trained to perform a variety of tasks to enable them substitute for one another and prevent disruptions

when co-workers are absent because of illnesses, vacations, or other commitments. Bonded employees involve hiring individuals with high levels of personal integrity. Employers, therefore, screen job applicants using interviews, background checks, and recommendations from prior employers or educators. Required absences involves requiring employees to take regular vacations and their duties to be rotated periodically. This control works for if employees may be able to cover up fraudulent activities if they are always present at work. Procedures manual involves documentation of appropriate accounting procedures. The manual is routinely updated and periodic reviews are conducted to ensure that the employees are following the procedures outlined in the manual.

This explains why Horngren, Thomas, Suwardy & Harrison (2013) sums up the significance of internal control by saying organizations have internal controls to promote operational efficiency, ensure accurate reliable accounting records, safeguard assets, encourage employees to follow company policy, and comply with legal requirements.

According to Harrison, Horngren and Thomas (2013) to validate the accounting records and monitor compliance with company policies, most companies have an audit which can be either internal or external. Accordingly, internal auditors are employees of the organization who ensure that employees are following company policies and that operations are running efficiently. In addition to that, Harrison, Horngren and Thomas (2013) assert that internal auditors determine whether the company is following legal requirements. This is the reason Chartered Institute of Internal Auditors perceive the role of internal audit as provision of independent assurance that an organization's risk management, governance and internal control processes are operating effectively (Ojha, 2012).

Biblical Aspects of Auditing

The Bible discusses the value of surprise audits as an internal control device. In the Gospels of Luke and Matthew there are parables about how owners should make surprise inspections. Matthew 24:46 summarizes the behavioral implications of these audits or inspections as follows: “Happy is that servant if his master’s arrival finds him at his employment.”

The Bible provides an extensive discussion of internal control which is a major area on which internal auditors keep a keen eye. The Bible discusses limited access to assets, separation of duties, dual custody of liquid assets, and the rationale for internal control in a very modern way. The rationale for internal control systems is that if employees have an opportunity to steal they may succumb to the temptation (Hagerman, 2014). Therefore, it is important to have a system that reduces this temptation. The Bible in Micah 7:5-6 says on this point: “Put no trust in a neighbor, have no confidence in a friend.” Although this is a negative statement about human nature, it does describe the logic behind the need for internal control systems. This statement also reflects the healthy skepticism that auditors should have. Because of this view of man the Bible discusses how the Israelites practiced the dual custody of assets as an internal control measure. This concept is graphically described in 2 Chronicles 24:11-12 in the following way: “So it was, at that time, when the chest was brought to the king’s official by the hand of the Levites, and when they saw that there was much money, that the king’s scribe and the high priest’s officer came and emptied the chest, and took it and returned it to its place. Thus, they did day by day, and gathered money in abundance. The king and Jehoiada gave it to those who did the work of the service of the house of the LORD; and they hired masons and

carpenters to repair the house of the LORD, and also those who worked in iron and bronze to restore the house of the LORD.”

An important element in business planning is the budgeting process and this subject is not neglected in the Bible. Luke 14:28-29 says: “Which of you here intending to build a tower would not first sit down and work out the cost to see if you had enough to complete it?” internal auditors monitor if the budget is followed for achievement of organizational goals. The Bible, therefore, upholds audit as a significant facet in organizational management. It promotes accountability. Peoples’ accountability while still on earth is a shadow of the final accountability that will be made on the final day when the Son of man will come and it is the checking of accounts the will be done in the first millennium. This explains why the Seventh-day Adventist Church Manual (2010) says “Every set of accounting records, from those of the local church to those of the General conference, are subject to audit by auditors appointed for the purpose. This rule, which also applies to every denominationally affiliated institution, provides the maximum of safety in the handling of funds.” (p. 135)

In conclusion, the importance of internal audit is evidenced by company and other government regulations and laws that oblige organizations to have an internal audit function including the Seventh-day Adventist Church. The importance is also vivid in organizations where there is active, reliable and helpful internal audit function that successfully assesses risk, recommend ways of managing the assessed risk, and improve overall performance. Nevertheless, institution of an internal audit function does not necessarily mean the organization will enjoy immense contribution of the function. The degree of an organization’s gain from the internal audit function is dependent on the extent of existence of favorable factors including internal

auditors' independence, competence, management value of Internal Audit Function as evidenced by support to the function, following recommendations and ability to understand Internal Audit reports.

As observed from the literature above, little research has been done on the role and impact of internal audit department and internal control in a church setting. The researcher, therefore, sought to fill this gap.

CHAPTER 3

METHODOLOGY

In this chapter, the researcher discussed the research design and the methods that were used in conducting this research. It includes research design, population and sampling procedure, instrument for data collection, data collection procedure, and method of data analysis.

Setting

The study's environment is Rwenzori Field of the Seventh-day Adventist Church which is one of the constituencies of Uganda Union. Her head office is located in Kasese Municipality, Uganda (RF strategic plan, 2012). She was born in 1987 as schism from Western Uganda Field. She initially comprised the geographical area from Bundibugyo to the North down to Kisoro in the South. Before long her territory was reduced to the area around mountain Rwenzori comprising of the political districts of; Kasese, Bundibugyo, Ntoroko and the mountain areas of Kabarole. Basically, one major ethnic group –the Bakonzo/Bayira constitute this territory of the church although other tribal groups are also joining such as Bamba, Banyankole, Batooro, Batuku, Basongora, etc. Work among the Batwa is still fragile and uncertain due to their slippery cultural behaviour. Rwenzori Field (RF) was formerly known as South Western Uganda Field (SWUF), established in 1987. She was called Rwenzori Field in 2012 after South Western Uganda Mission which has her headquarters in Mbarara gained a field status and

called South Western Uganda Field (SWUF). The Office of Rwenzori Field coordinates and operates all SDA Churches and other institutions such as schools and health centres in her territory.

Research Design

The study is a cross-sectional study that utilized a causal research design to examine the relationship between internal audit function and internal control in Rwenzori Field. A causal design was appropriate because the researcher sought to establish if there was any predictive effect of the internal audit function on internal controls.

Population and Sampling Procedure

According to the 2016 Rwenzori Field Internal Audit Department report, 8 institutions within the territory, namely: a primary school, 4 secondary schools, and 3 health centers were audited (see Appendix E). One hundred and sixty-seven (167) organized local churches in 23 church districts were also audited (see Appendix E). Rwenzori Field officers, departmental directors and accountants are 12. These formed the target population because they had experienced the service of Rwenzori Field internal audit department. Two hundred and twenty-five (225) participants from the target population were randomly selected as the sample size for the study from the local churches and institutions.

The sample size was determined using Krejcie and Morgan's Table for Determining Sample Size (Sekaran and Bougie, 2013, p. 268). According to the pre-calculated table for decisions on sample size, a population size of 420 will require a corresponding sample size of 217 (see Appendix C). Therefore, the sample size of

225 adequately represents the population in the current study. Table 1 displays the target population and the corresponding sample size for the study.

Table 1. Target Population and Sample of the Study

Entity	No. of Entities	Total Population	Sample Size
Rwenzori Field Head Quarter staff		12	10
District Pastors	23	23	20
Head Elders and treasurers of organized churches	167	334	150
Primary school administrators	01	08	08
Secondary School administrators	4	28	27
Health Center administrators	3	10	10
Total	198	415	225

Instruments for Data Collection

In collecting data, the researcher used questionnaires and structured interviews. The questionnaire was self-designed based on literature reviewed. Section A was designed to collect data on the internal controls. Section B was designed to gather data on the competence of the auditors, independence of the auditors and support of the management. Section C collected data about individual respondents. The researcher used two sets of questionnaires— one for Health centers, schools, field office and another for local churches due to the different special areas and unique characteristics of the two groups (see Appendix A). The questionnaire (section A and B) also used a 7-point Likert scale to address the research questions. The interpretation of the results was based on Table 2.

Table 2 .Likert Scale Rating and Interpretation.

Scale	Response Option	Mean Interval	Interpretation
1	Not Effective at all	1.0-1.49	Not Effective at all
2	Ineffective	1.5-2.49	Ineffective
3	Slightly Ineffective	2.5-3.49	Slightly ineffective
4	Neutral	3.5-4.49	Neutral
5	Slightly Effective	4.5-5.49	Slightly effective
6	Effective	5.5-6.49	Effective
7	Very Effective	6.5-7.00	Very effective

Moreover, the researcher used a structured interview to compliment data generated from the questionnaires (see Appendix A). The interview conducted was a focused group. Three administrators, 3 heads of departments, 7 teachers, 3 district pastors, 30 elders and 20 local church treasurers were the people interviewed. The Interview had 3 questions where the respondent answered in brief the questions provided. The first question was on the role played by internal audit in Rwenzori Field. It was meant to help the researcher to capture additional roles played by the audit department apart from those in the areas identified by the researcher and to help confirm if the responses in the questionnaire are a reflection of what is really on ground. The second and third questions of the interview were designed to solicit response on deficiencies of internal audit and suggestions on expected performance respectively; all of which were geared towards answering question 1.

Instrument Validity and Reliability

In order to reduce error, the initial questionnaire was subjected to the following processes: First, the questionnaire was given to experts in the field to determine the content validity. In addition, factor analysis was conducted to establish the construct validity of the variables. Furthermore, inter-item consistency reliability

test was conducted to determine the Cronbach's coefficient alpha (α) of the instrument. The results displayed in Table 3 shows the level of internal consistency.

Table 3. Interitem Consistency Reliability

Respondents' group	Internal Controls		Section B	
	Cronbach's Alpha	# of Items	Cronbach's Alpha	# of Items
Institutions	0.905	10	0.880	11
Local churches	0.889	13	0.819	10

Table 4. Reliability of Internal Audit Elements in Institutions

Internal Audit Element	Cronbach's Alpha	N of Items
Support	.844	6
Competence	.791	3
Independence	.576	2

Table 5. Reliability of Internal Audit Elements in Churches

Internal Audit Element	Cronbach's Alpha	N of Items
Support	.809	4
Competence	.722	3
Independence	.640	2

Ethical Considerations

In order to protect the integrity of the study results as well as the participants, the researcher ensured that prior to conducting the study, the research proposal including the questionnaire was approved by the MBA Research Committee at AUA (see Appendix B). Also, the researcher sought authorization and official approval from the decision-makers of the participating institutions (see Appendix B). Beyond that, an introductory letter to the questionnaires explained the purpose of the study to the individual respondents with a promise to safeguard their identity, privacy,

confidentiality and anonymity (see Appendix A). No participant was forced to participate in the study – they were allowed freedom to withdraw from participation without penalty.

More so, the results of the study were reported in aggregates such that no individual respondent could be traced. Besides, the conclusion of the study was based on the data collected, acknowledging the limitations of the study. In addition, several sources of intellectual materials quoted directly or paraphrased in this research have been acknowledged by in-text citations with full bibliographic details in the reference list according to the American Psychological Association (APA) referencing style.

Data Collection Procedure

In this study, the researcher was guided by the following procedures:

1. Both questionnaires and structured interviews were administered by the researcher after approval from AUA;
2. The researcher sought consent from participating entities to conduct the actual study;
3. The researcher explained the purpose of the study to participants and gave guidelines on answering the questionnaire to reduce errors.
4. Data collection took about three months after approval.
5. Data was then coded and transformed for analysis.

Method of Data Analysis

In this study, descriptive and inferential statistics were used. Statistical Package for the Social Sciences was used to generate mean values and standard deviations to answer research question one. Bivariate correlations and regression analyses were used for analysis of data for the second and third questions. Notes taken

from the focused interviews were categorized into relevant themes and integrated in the results and discussions.

CHAPTER 4
RESULTS AND DISCUSSION

This chapter presents the results of the data analysis according to the research questions.

Response Rate

Table 6 shows that 55 questionnaires were given out to respondents in Rwenzori Field institutions and 53 responses which is 96.4% was received. One hundred and seventy questionnaires were given to local church elders, treasurers, deacons and deaconesses and pastors and 101 responses which is 59.4% was received. Looking at both groups of respondents, 225 questionnaires were given out and 154 responses were received, yielding approximately 68% aggregate response rate. Some of the participants could not return the questionnaires within the time frame of data collection while others ended up misplacing their questionnaires.

Table 6. Response Rate

Respondents' group	Questionnaires		Response Rate
	Distributed	Retrieved	
Institutions	55	53	96.4
Local churches and Pastors	170	101	59.4
Total	225	154	68.4

General Characteristics of Respondents

Tables 7-9 present respondents' distribution according to their gender, position and years of service.

Table 7. Frequency Distribution according to Gender

Participants	Frequency	Percent
Male	112	72.7
Female	42	27.3
Total	154	100

From the Table 7 above, the highest number of respondents were male (72.7%).

Table 8. Frequency Distribution according to Leadership Position

Participants	Frequency	Percent
Administrators	17	11.0
Accountants	18	11.7
Health workers	4	2.6
Teachers	11	7.1
Departmental Directors	3	1.9
Pastors	16	10.4
Church Treasurers	17	11.0
Church Elders	46	29.9
Deacons/Deaconesses	7	4.5
Others	15	9.7
Total	154	100

From the data above, the highest number of respondents were church elders, followed by accountants, administrators and pastors.

Table 9. Respondents' Duration of Leadership Service

Leadership duration	Frequency	Percent
1-5 Years	49	31.8
6-10 Years	50	32.5
11-15 Years	29	18.8
16-20 Years	12	7.8
22-25 Years	6	3.9
26-50 Years	8	5.2
Total	154	100

From the data above, most respondents had served in Rwenzori Field for 6-10, 1-5, and 11-15 years.

Descriptive Statistics and Discussions

The first research question raised in this study was to find out how the internal audit department of Rwenzori Field is perceived by (a) institutions and (b) local churches. Accordingly, Tables 10 and 11 display the results with their mean values and corresponding standard deviations.

Table 10. Perception of Internal Audit Department by Institutions

Internal Control Indicators	Mean	Std. Deviation	Interpretation
1. Ensuring accountability	6.38	.882	Effective
2. Detecting accounting errors	6.32	.894	Effective
3. Identifying noncompliance activities	6.25	.830	Effective
4. Safeguarding institutional assets	6.21	1.007	Effective
5. Ensuring operational efficiency	6.11	.776	Effective
6. Identifying risks relevant to the financial reporting process	6.11	.870	Effective
7. Evaluating fraud risk	6.04	1.143	Effective
8. Following up recommendations to see whether they are implemented	5.83	1.282	Effective
9. Providing timely audit reports to decision makers	5.72	.968	Effective
10. Providing objective assessment of risks	5.68	1.370	Effective
Overall Average	6.07	1.00	Effective

There are ten internal control indicators depicted in Table 10 in descending order. From the presentation given above, one can notice that ensuring accountability has the highest mean of 6.38, followed by detecting accounting errors (6.32), identifying noncompliance activities (6.25), safeguarding institutional assets (6.21), ensuring operational efficiency (6.11), identifying risks relevant to the financial reporting process (6.11), evaluating fraud risk in the institution (6.04), following up recommendations to see whether they are implemented (5.83), providing timely audit reports to decision makers (5.72) and providing objective assessment of risks (5.68). Their standard deviation which ranges from 0.882 - 1.370 measured the degree to

which the scores in the distribution deviated from their mean values.

The effectiveness in ensuring accountability connotes that the internal audit ensures that money disbursed is put to only the use for which it was disbursed and that no institutional shilling is diverted for personal use. This is supported by the data gotten from interview where the internal audit department was ensuring proper accountability and sensitizing management on transparency. An effectiveness in detecting accounting errors implies errors of omission, errors of commission, errors of principle and compensating errors as may be found in the books of accounts are detected by the internal audit department so that financial statements show a true and fair view of the institution. Effectiveness in detecting accounting errors is confirmed by results of the interview whereby interviewees admitted that internal audit identifies errors and ensure proper books of accounts are kept. As displayed in Table 10, the mean value of 6.25 on effectiveness in identifying noncompliance activities depicts the internal audit function as one which, basing on its knowledge is able to distinguish policy compliant activities from non-policy compliant ones. The interview conducted confirmed internal audit department monitored policy compliance and reported on areas of improvement for management. Internal audit staff effectiveness in detecting accounting errors as well as an effectiveness in identifying noncompliance activities may explain in part why the function was effective in safeguarding institutional assets (6.21) which suggests a high level of effectiveness. The data of the interviews show in safeguarding assets, internal auditors on top of ensuring assets are properly recorded in the books of accounts they also ensure the physical presence of those assets and further ensure no money is spent before it is banked.

Furthermore, the internal audit function is effective in ensuring operational efficiency within their institutions (6.11). This is amplified by results from the

interview where internal auditors were monitoring cash flows. This indicator also corroborates with the mean value of effectiveness in identifying risks relevant to the financial reporting process (6.11) as well as evaluating fraud risk in their institutions (6.04) which reveals that the internal audit function was effective in risk assessment and recommendation of ways such risk could be mitigated. In identifying risks to financial reporting, interviewees presented that internal auditors ensure prompt posting of transactions and generally professional preparation of books of accounts, and detect fraud.

The internal audit function was effective in following up recommendations to see whether they are implemented (5.83), thus, the function not only recommended on what should be done but also continued checking with management to see if their suggestions for better performance were followed. This could have been in form of subsequent audits. More so, the function is effective in providing timely audit reports to decision makers ($M=5.72$, $SD = .968$) implying that clients received the audit findings in time, though a few of the respondents had issues with the function's late reporting. The internal audit function was effective in providing objective assessment of risks in institutions which confirmed that risks are identified and measures put in place to alleviate such risks. The overall results in Table 10 show that the internal audit is effective in maintaining internal control in Rwenzori Field institutions. This is also confirmed by the interviews conducted. In addition to the points above, the interview revealed that the internal audit function gives orientation to new accountants, assesses the going concern of the institutions and educates management on their roles.

Table 11. Perception of Internal Audit Department by Churches

	Internal control Indicators	Mean	Std. Deviation	Interpretation
1.	Evaluating the use of receipts	5.94	1.31	Effective
2.	Evaluating accountability	5.87	1.461	Effective
3.	Evaluating the use collection bag	5.86	1.543	Effective
4.	Evaluating safeguarding of assets	5.85	1.452	Effective
5.	Internal audit enforces integrity and ethical values	5.83	1.364	Effective
6.	Evaluating authorization of transactions	5.73	1.489	Effective
7.	Evaluating policy compliance	5.69	1.384	Effective
8.	Detecting accounting errors	5.51	1.591	Effective
9.	Evaluating segregation of duties	5.46	1.527	Slightly effective
10.	Evaluating handling in kind offerings	5.44	1.513	Slightly effective
11.	Evaluating fraud risk	5.3	1.5	Slightly effective
12.	Following up recommendations to see whether they are implemented	5.14	1.312	Slightly effective
13.	Providing timely audit reports to decision makers	5.13	1.461	Slightly effective
	Overall Average	5.60	1.454	Effective

There are thirteen (13) internal control indicators for churches as depicted in Table 11 in descending order. From the presentation given above, one can notice that evaluating the use of receipts in the churches had the highest mean of 5.94 followed by ensuring accountability (5.87), evaluating the use of collection bags (5.86), evaluating safeguarding of assets (5.85), enforcing integrity and ethical values (5.83), evaluating authorization of transactions (5.73), evaluating policy compliance (5.69), detecting accounting errors (5.51), evaluating segregation of duties (5.46), evaluating handling in kind offerings (5.44), evaluating fraud risk (5.3), following up recommendations to see whether they are implemented (5.14) and providing timely audit reports to decision makers (5.13). Their standard deviation which ranges from 1.31 - 1.461 measured the degree to which the scores in the distribution deviated from

their mean values.

The internal audit effectiveness in evaluating the use of receipts implies that it ensured that income received was properly receipted in proper books. The interview confirmed this as interviewees presented that internal auditors ensured that receipts were issued for every money received and evaluated the usage of the receipt books. Effectiveness in ensuring accountability connotes that the internal audit ensured that money disbursed was put to only the use for which it was disbursed and that no church shilling would be diverted for personal use. This was also confirmed by the data of the interview. The effectiveness in evaluating the use of collection bags denotes internal audit effectively evaluated the safety of offerings and tithe right from the time of collection. Internal audit staff effectiveness in evaluating safeguarding of the assets suggests, as even confirmed from the interview that the internal auditors followed up the reconciliation of assets register with the physical count of assets and also their physical counting at the closure of each year. Effectiveness in enforcement of integrity and ethical values connotes internal audit effectiveness in ensuring that all financial dealings are done truthfully and justly to represent truly and fairly the actual standing and operations of the churches. This was confirmed by interviews as interviewees presented that internal audit promoted transparency and faithfulness in church leadership.

A high degree of effectiveness in evaluating authorization of transactions implies internal audit evaluates the church leadership on voting expenditures by the church board, checking and approval of those expenditures so that all money disbursed is used as planned and proper church procedures for spending followed. The interviews confirm this as interviewees presented that internal auditors monitored if expenditures were authorized by church board minutes. Effectiveness in evaluating

policy compliance in the churches is suggestive of the internal audit effectiveness in identifying non-policy compliant activities, reporting and advising accordingly. From the interviews, for instance, interviewees represented that internal audit recovers unremitted trust funds from churches which would otherwise not be remitted if not discovered. Effectiveness in detecting accounting errors indicates that errors of omission, errors of commission, errors of principle and compensating errors as may be found in the books of accounts are detected so that financial statement show a true and fair view of the church. The performance of the internal audit department in regard to evaluating segregation of duties in the churches was “slightly effective” implying that the internal auditors used to evaluate the separation of tasks as an internal control tool while other respondents perceived the same auditors as having issues in the same area. It could also suggest that some respondents did not understand what segregation of duties is. The internal audit department in evaluating handling in-kind offerings is “slightly effective” implying that many respondents perceived the function as ineffective though some of them had no issues with it. The low score could suggest that the internal audit does not evaluate the handling of in-kind offering or even if it does the evaluation does not hold much could be because in-kind giving may be untraceable if it is not monetized and or recorded in the books. The internal audit department in regard to evaluating fraud risk in the churches was perceived as “slightly effective.” This indicates that while many respondents perceived the function as effective as this is also confirmed by interviews for it is known for recovering local church money which would otherwise be misused by treasurers and other church leaders; others had issues with its effectiveness in evaluating fraud risk. This could imply in some areas they only considered if local churches received and remitted Field trust funds intact without checking how local

church funds are used to detect if any fraud exists. The internal audit function in following up recommendations to see whether they are implemented was perceived as “slightly effective.” This implies the internal audit department is perceived by many respondents as effective in following up recommendations to see whether they are implemented while others perceived the function as ineffective in the same area. The interview revealed that some churches were not audited frequently, and, therefore, not following up if audit recommendations were followed. Issues in the follow up could come because of the very many churches since organized churches have companies and Sabbath school branches under them; yet the department has limited staff. The internal audit department was perceived as “slightly effective” in providing timely audit reports to decision makers. This indicates that whereas it was perceived by many respondents as effective others had issues with its delay of provision of audit reports to decision makers. The reality of the delay in reporting audit findings is confirmed by the data of the interview conducted. The delays could have been caused by the desire to audit very many churches in a short time resulting in backlogs. It could also be caused by lack of adequate tools. This was confirmed by the interviews as interviewees presented that internal auditors need lap tops as opposed to the manual way for them to do their work with ease.

Other areas of internal audit effectiveness as revealed by the interviews are: increasing trust of returners and givers thereby motivating them to give more, and increasing church workers’ seriousness/commitment to work. However, the interviews revealed that in some churches local church officers do not know how to keep proper books.

In comparison of the results of churches and institutions, internal audit department effectiveness in ensuring controls is more in institutions than in churches

though both perceive certain levels of effectiveness in different elements as discussed above. A higher level of effectiveness in institutions could be because the institutions are few and therefore manageable by the internal audit staff in terms of following up recommendations. It could also be for the institutions have technical staff to handle the work and implement the recommendations of the internal audit department which results in effective internal controls.

The finding above are agreement with Saleemi (2008)'s view of an effective internal audit department for he says the main purpose of internal audit is to find out whether the internal control system is working successfully or not. He identifies the following to be the objectives of internal audit: safeguarding the company's fixed assets, assisting management in running business efficiently and in orderly manner, acting as a consulting department to other departments, detecting and preventing errors and frauds perpetrated by the client staff, helping in the maintenance of a strong internal control system employed by the client, and helping the client to reduce the audit fee of the external audit. From this stand point, internal audit function of Rwenzori Field is effective.

Internal auditing is a corporation's control function. Mintzber (1979) as cited by Autissier (1997) says the purpose of internal audit is to connect the decision maker, the operational manager, and the functional manager in order to organize the corporation's resources (Anthony, 1965) and to ensure the corporation's global cohesion (Ouchi, 1979). Reynolds (2000) in relation to the above as cited by Cohen and Sayag (2010) concludes that internal auditing (IA) serves as an important link in the business and financial reporting processes of corporations and not-for-profit providers. The internal audit function, therefore, provides a link among stakeholders

in the organization, harmonizes execution of duties for achievement of organizational goals as earlier professed by Saleemi (2008).

Baharud-din, Shokiyah and Ibrahim (2014) in recognition of the role of internal audit function says the function assists government organizations to achieve accountability and integrity, improve the implementation of government programs and develop confidence among citizens and stakeholders as well as assessment and management of any risk of mismanagement of public fund. According to Tiffany (2006), the objective of internal auditing has always been to improve any process within the organization that will result in improved revenue and reduced risk. Internal auditors understand organizational values and goals fully and intelligently relate those values and goals to every audit opportunity that is executed. An auditor may encounter a situation where the values and goals of the company have actually introduced risk in an area or procedure in which case the internal auditor has an obligation to raise this risk to management.

Tiffany (2006) notes that internal auditors evaluate goals to ensure that reported results, distributed by corporate management, are truly accurate as stated and communicated internally as well as externally in either an annual report or separate corporate responsibility report. Internal audit findings lead to risk reduction in a corporation which helps management to become more effective at preserving and maintaining stated corporate values. Ljubisavljevic and Jovanovic (2011) confirm that internal audit makes a large contribution to the achievement of company goals, and the implementation of strategies for their achievement.

The research findings are in agreement with Karagiorgos, Drogalas, Eleftheriads and Christodoulou (2010)'s findings that internal audit is vital in risk management. In their study aiming at examining the relation between management's

effectiveness and efficient risk assessment found out that internal audit is vital in efficient risk management and consequently in the business survival and success.

The institute of internal auditors agrees with the above as it acknowledges that internal auditors educate and train audit committees and management on risk and risk management concepts. They evaluate strategic risks .i.e. whether management has comprehensively identified key strategic risks, developed prudent risk management techniques to address the risks, and established sufficient monitoring of strategic risk “signposts” to identify risk occurrences in time to take the appropriate actions.

Okoli (2012) acknowledges that the internal audit department performs various functions which consist mainly of ensuring the production of accurate and reliable report, limitation of operational inefficiency on the part of the workers and the prevention of misappropriation of funds. She professes that if the internal audit is established in financial organizations, it contributes enormously towards the overall performance of these organizations through minimizing fraud and extravagant use of funds and inducing workers to give complete and accurate information.

Whittington and Pany (2008) say internal auditors assist members of an organization by furnishing them with analyses, appraisals, recommendations, and counsel. They assert that internal auditors are part of internal control and represent a high level of control that functions by measuring and evaluating the effectiveness of other controls. Internal auditing functions as part of the monitoring component of an organization’s control.

The findings on internal audit effectiveness in ensuring compliance is also supported by Diamond (2012) who also found out that internal audit ensures that revenue and other receipts due to the government are collected promptly, banked immediately and fully accounted for. Internal audit function carries out spot checks on

areas such as revenue and receipts collection points, projects, supply, and delivery sites to ensure compliance with procedures and regulations. Internal audit function reviews budgetary controls on issuance of warrants, commitments, expenditures, revenue collection, and accounting from time to time. The function ensures that government physical assets are appropriately recorded and are kept under safe custody. It also reviews the budgetary reallocation process to ensure legislative and administrative compliance and advising when commitments are entered into when there is no budgetary provision or adequate cash.

Mathews (2006), in his study of the impact of internal audit on South African local government, found out that the internal audit function assisted members of their respective organizations in the effective discharge of their responsibilities. The Internal audit functions assisted the councils in executing the responsibility of ensuring that their assets were safeguarded, adherence to organizational procedures and policies, accurate maintenance of financial records, conducting fraud detection exercises aimed at reducing incidents of fraud in their organizations, identifying risk, integrating management and monitoring risks across the organization. The internal audit function of municipalities carried out systems and internal controls audit, reviews of performance of all aspects of their organizations, examining and reporting on risk exposure, examining and reporting on their municipalities' risk management efforts, providing assurance to management as to whether the financial systems can be relied upon for decision making and whether the assets of their organizations acquired were safeguarded.

Hypotheses Testing

Three important elements are key to ensuring effective internal controls— auditors' level of competence, independence as well as support from top management.

Hence, the second, third and fourth research questions were to find out which of the following elements of Rwenzori Field audit function has a significant effect on internal controls in Rwenzori Field institutions and local churches:

- a. Competence of auditors
- b. Independence of auditors
- c. Management support

Accordingly, Pearson bivariate correlation and multiple regression analyses were conducted. Table 12 displays results of the correlation results for institutions.

Table 12. Correlation of Internal Audit Elements with Internal Control in Institutions

		INT. CONTROLS
COMPETENCE	Pearson Correlation	.678**
	Sig. (2-tailed)	.000
	N	53
INDEPENDENCE	Pearson Correlation	.647**
	Sig. (2-tailed)	.000
	N	53
SUPPORT	Pearson Correlation	.716**
	Sig. (2-tailed)	.000
	N	53

Table 12 shows that there are strong positive significant relationships between auditors' level of competence ($r = .678$, $n=53$, $p < .01$, two-tailed); level of independence ($r = .647$, $n=53$, $p < .01$, two-tailed), management support ($r = .716$, $n=53$, $p < .01$, two-tailed) and internal control, which is the dependent variable.

However, in order to address the research question raised, multiple regression analysis was further conducted to determine the predictive effects of the variables on internal controls as shown in Tables 13-15.

Table 13. Regression Model Summary for Institutions

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.829 ^a	.688	.669	.43133

a. Predictors: (Constant), SUPPORT1, COMPETENCE, INDEPENDENCE

Table 14. ANOVA for Institutions

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	20.086	3	6.695	35.987	.000 ^b
	Residual	9.116	49	.186		
	Total	29.202	52			

a. Dependent Variable: INT. CONTROLS

b. Predictors: (Constant), SUPPORT1, COMPETENCE, INDEPENDENCE

Table 15. Coefficients for Institutions

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
		1	(Constant)	.243		
	COMPETENCE	.475	.092	.454	5.147	.000
	INDEPENDENCE	.108	.146	.110	.740	.463
	SUPPORT1	.381	.134	.432	2.840	.007

a. Dependent Variable: INT. CONTROLS

As can be seen in Table 13, the multiple regression model with all three predictors produced an adjusted R Square of .669 denoting about 67% of the variation in internal controls are actually explained by the level of competence of internal auditors, independence of internal auditors, and management support. The ANOVA section displayed in Table 14 shows that the overall multiple regression model is statistically significant ($F = 35.987, p < .01$).

Furthermore, the regression coefficients shown in Table 15 indicates the relative importance of each of the predictors— level of competence of internal

auditors, independence of internal auditors, and management support in the prediction of the dependent variable— internal controls. The results show that among the 3 predictors, competence is a significant predictor ($p < .01$, $\beta = .454$) of internal controls as well as management support ($p < .01$, $\beta = .432$).

The results above agree with Cohen and Sayag’s (2010) correlation and regression analyses as they uphold support from top management to be the main determinant of Internal Audit department’s positive effect on internal controls. Thus, the attitude and leadership qualities of the head of an organization determine if audit reports are ignored or complied with for the better performance of the organization. The insignificance of independence as a predictor of internal control could be because management had no intention of influencing internal auditors in their procedures.

Therefore, the null hypotheses which claimed that (1) the level of competence of internal auditors and (2) management support have no significant effect on internal controls are rejected. However, the null hypothesis which stated that auditors’ independence has no significant effect on internal controls is accepted.

Table 16 displays results of the correlation results for churches.

Table 16. Correlation of Internal Audit Function Elements with Internal Control in Churches

		INT.CONTROLS
COMPETENCE	Pearson Correlation	.436**
	Sig. (2-tailed)	.000
	N	101
SUPPORT	Pearson Correlation	.549**
	Sig. (2-tailed)	.000
	N	101
INDEPENDENC	Pearson Correlation	.380**
	Sig. (2-tailed)	.000
	N	101

Table 16 shows that there are strong positive significant relationships auditors' level of competence ($r = .436$, $n=101$, $p < .01$, two-tailed); level of support ($r = .549$, $n=101$, $p < .01$, two-tailed), independence ($r = .380$, $n=101$, $p < .01$, two-tailed) and internal control, which is the dependent variable.

However, in order to address the research question raised, multiple regression analysis was further conducted to determine the predictive effects of the variables on internal controls as shown in Tables 17-19.

Table 17. Regression Model Summary for Churches

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.588 ^a	.346	.326	.78425

a. Predictors: (Constant), INDEPENDENCE, COMPETENCE, SUPPORT

Table 18. ANOVA for Churches

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.576	3	10.525	17.113	.000 ^b
	Residual	59.660	97	.615		
	Total	91.236	100			

a. Dependent Variable: INT. CONTROLS

b. Predictors: (Constant), INDEPENDENCE, COMPETENCE, SUPPORT

Table 19. Coefficients for Churches

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.386	.597		2.323	.022
	COMPETENCE	.193	.092	.201	2.100	.038
	SUPPORT	.435	.117	.388	3.708	.000
	INDEPENDENCE	.087	.069	.120	1.253	.213

a. Dependent Variable: INT. CONTROLS

As can be seen in Table 17, the multiple regression model with all three predictors produced an adjusted R Square of .33 shows that about 33% of the variation in internal controls are actually explained by the level of competence of internal auditors, independence of internal auditors, and management support. The ANOVA section displayed in Table 18 shows that the overall multiple regression model is statistically significant ($F = 17.113, p < .01$).

Furthermore, the regression coefficients shown in Table 19 indicates the relative importance of each of the predictors—level of competence of internal auditors, independence of internal auditors, and management support in the prediction of the dependent variable—internal controls. The results show that among the 3 predictors, support is a significant predictor ($p < .01, \beta = .388$) of internal controls as well as competence ($p < .05, \beta = .201$). These results agree with Cohen and Sayag (2010)'s correlation and regression analyses as they uphold support from top management to be the main determinant of Internal Audit department's positive effect on internal controls. Thus, the attitude and leadership qualities of the head of an organization determine if audit reports are ignored or complied with for the better performance of the organization. The insignificance of independence as a predictor of internal control could be because local church leadership had no intention of influencing internal auditors in their procedures or they did not know what independence really is.

Therefore, the null hypotheses which claims that (1) the level of competence of internal auditors and (2) management support have no significant effect on internal controls is rejected. However, the null hypotheses which stated that auditors' independence has no significant effect on internal controls is accepted. The research findings are agreement with prior researches as Mihret and Yismaw (2007) found out

that management support is one of the most important factors of effective internal audit, the other being internal audit quality; which in this study is under competence of internal auditors. Baharud-din et al. (2014) also agree that management support to the roles of Internal Audit is very critical to the effectiveness of the Internal Audit Function. Management has to accept the fact that the Internal Audit process is just as critical and important activity as any other process within the organization. Without management approval, support, and encouragement, the internal audit process is likely to face failure and waste time and money. Cohen and Sayag (2010)'s correlation and regression analyses agree with the take of Baharud-din et al. (2014) as they uphold support from top management to be the main determinant of Internal Audit (IA) effectiveness. Sarens and Beelde (2006) agree with all the above when they profess that internal audit expects senior management to take the first steps in the formalization of the risk management system. This implies, the attitude and leadership qualities of the head of an organization determine if audit reports are ignored or complied with for the better performance of the organization.

According to Baharud-din et al. (2014), competency of internal auditors is also paramount because it determines the efficiency of the auditor in setting a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's activities and financial management as well as governance processes. Internal Auditors can effectively carry out their duty in the public sector if there are enough Internal Audit personnel with required competencies. Competency of auditors determines the quality of the audit work performed in an organization.

CHAPTER 5

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Summary

The creation of the Internal Audit Department in Rwenzori Field in January 2013 is a result of combined pressure of many stakeholders. Rwenzori Field, one of the constituencies of Uganda Union of Seventh-day Adventists from her inception had been experiencing challenges including un-followed-up missing reports from churches, short reports by pastors, inadequate internal controls at the local church level and the Field office, and improper postings on ledgers. Subsidiary organizations were working nearly as independent bodies whose authenticity of financial performance was not really established as they were not being audited. On this basis, the General Conference Auditing Service (GCAS) strongly recommended that the Field should employ an internal auditor who could be handling the challenges identified above. Besides, Pastors had a concern that they needed internal audit in their churches to arouse carefulness and responsible stewardship in the local church treasurers.

Consequently, the Uganda Union Mission of Seventh-day Adventists mandated all conferences within its jurisdiction to have internal auditors. These pressures led to the creation of the internal audit department. It is however perceived that the Internal Audit Department in this Field is one of the most expensive functions to maintain since it has a higher budget than most of the other departments. Also, there is an apparent doubt of

whether the Internal Audit Department is performing its function successfully and meeting expectations. Therefore, the aim of this study was to examine the role of the internal audit function and its relationship with internal control in Rwenzori Field.

The researcher attempted to finding out the extent to which the internal audit department of Rwenzori Field is perceived as performing its role in institutions and local churches and also finding out which of the elements of internal audit department has a significant effect on internal control in Rwenzori Field institutions and local churches.

The study is a cross-sectional study that utilized a causal research design to examine the relationship between internal audit function and internal control in Rwenzori Field. In collecting data, the researcher used self-designed questionnaires and structured interviews. The study used descriptive and inferential statistics to generate results of the study. Notes taken from the focused interviews were categorized into relevant themes and integrated in the results and discussions as well. The findings of the study were as follows:

Findings

1. Generally, the study found out that institutions within Rwenzori Field perceived the internal audit department as effective in ensuring accountability, detecting accounting errors, identifying noncompliance, safeguarding assets and ensuring operational efficiency, identifying risks, evaluating fraud risk, following up recommendations, providing timely audit reports and providing objective assessment of risks in the institutions ($M = 6.07$, $SD = 1.00$).
2. Also, the local churches perceived the internal audit department as effective ($M = 5.60$, $SD = 1.45$) in evaluating the use of receipts, ensuring accountability, evaluating the use of collection bags, evaluating safeguarding of the assets among

other factors. However, the performance of the internal audit department in regard to evaluating segregation of duties, handling in-kind offerings, evaluating fraud risk in the churches, following up recommendations to see whether they are implemented and providing timely audit reports to decision makers was perceived as ‘slightly effective.’

3. All the independent variables— competence, independence and management support correlated positively with internal controls.
4. The multiple regression analysis results for the institutions revealed that among the 3 predictors, competence is a significant predictor ($p < .01$, $\beta = .454$) of internal controls as well as management support ($p < .01$, $\beta = .432$); while results for local churches, support is a significant predictor ($p < .01$, $\beta = .388$) of internal controls and competence ($p < .05$, $\beta = .201$).
5. The multiple regression analyses for both institutions and local churches showed that there is no predictive significant effect of auditors’ independence on internal controls.

Conclusion

Based on the results of the study, the following conclusions were drawn:

The internal audit department of Rwenzori Field is performing its mandated role by ensuring effective internal controls. There is also a strong empirical evidence that having competent staff is key to the success of the internal audit function. This is because the competence of the auditing staff will be reflected in their work activities and reports. In addition, top management support is an important factor that cannot be underestimated in the internal audit function.

Recommendations

In view of the findings and conclusions above, the following recommendations are given:

Internal Audit Department

1. The department should report audit findings in time for management to implement recommendations. The reports provided form a basis for decision making. The earlier the reports are availed to management, the faster the auditees' action.
2. The department should improve in evaluation of segregation of duties in the churches. Internal auditors should follow up on who does what and recommend corrective measures where necessary.
3. The department should improve in evaluation of handling in-kind offerings by sensitizing church members to record all offerings received in kind with their monetary values at market value.
4. Internal auditors during audit of local churches should not only consider receipts and remittance of trust funds to the field but also the use of local church funds to detect any fraudulent actions.
5. The department should intensify following up if audit recommendations are implemented in local churches.
6. The department should set up and train audit committees at district level to monitor the work in their churches of jurisdiction in the absence of field internal auditors to cover up for the department's inadequate staff.

Rwenzori Field

1. The Field should ensure constant supply of receipt books to ensure all money received is promptly receipted.
2. Internal auditors should be provided with gadgets such as lap tops to enter data

while auditing so that they live sites of auditing when the biggest part of their report writing is done as this will enable them to produce reports in time.

3. The field should increase personnel in the internal audit department to ensure that all churches and institutions are audited in the shortest period possible as a way of intensifying follow up.
4. Internal auditors should be equipped with modern tools such as lap tops to make their work easier, efficient and effective.

Local Churches

1. Church treasurers should record all offerings received in kind with their monetary values at market value to enable internal auditors make objective evaluation of in-kind offerings.
2. Pastors and head elders should audit their churches to complement the work done by the field internal audit department and cover up for the length of time internal auditors take to come back for another audit.
3. Church districts should come up with audit committees comprising of technical people from their membership to complement the work done by the field internal auditors to ensure that everything is done orderly in daily operations.

Further Studies

The researcher suggests a future study to find out the impact of internal audit on financial performance.

APPENDICES

APPENDIX A
RESEARCH INSTRUMENTS

Questionnaire 1 - Institutions

Dear Participant,

I am conducting a study that seeks to examine the role of the internal audit department in Rwenzori Field. You are being asked to participate in this study because your current position in this institution will enable you to make meaningful contributions. Your views and opinion are very important to this study and therefore I am inviting you to participate in this research study by completing this questionnaire with all honesty.

Please note that your responses will be confidential, your identity will not be revealed and all the responses received will be aggregated. Your participation in this study is voluntary and you may withdraw at any time without any penalty.

Thank you for taking the time to assist me in my educational endeavor. The data collected will provide useful information regarding the internal audit department in Rwenzori Field.

Yosia Baluku, MBA Student of Adventist University of Africa

SECTION A

Listed below is a series of statements that are used to describe your own assessment of the role of internal audit in maintaining internal control in your institution. Using the scale of 1 to 7, with 7 being “Very Effective” and 1 being “Not Effective at All”, indicate your view on each of the statements by circling the appropriate number.

- 1 = Not Effective at All
 2 = Ineffective
 3 = Slightly Ineffective
 4 = Neutral
 5 = Slightly Effective
 6 = Effective
 7 = Very Effective

Internal control effectiveness								
1	Safeguarding institutional assets?	1	2	3	4	5	6	7
2	Identifying noncompliance activities within the institution?	1	2	3	4	5	6	7
3	Detecting accounting errors within the institution?	1	2	3	4	5	6	7
4	Providing timely audit reports to decision makers?	1	2	3	4	5	6	7
5	Ensuring operational efficiency within the institution?	1	2	3	4	5	6	7
6	Identifying risks relevant to the financial reporting process?	1	2	3	4	5	6	7
7	Providing objective assessment of risks in the institution?	1	2	3	4	5	6	7
8	Ensuring accountability within the institution?	1	2	3	4	5	6	7
9	Following up recommendations to see whether they are implemented?	1	2	3	4	5	6	7
10	Evaluating fraud risk in the institution?	1	2	3	4	5	6	7

SECTION B

Think about the internal audit department and your work place and rate how much you agree or disagree with the statements below using the following scale:

- Strongly disagree = 1
 Disagree = 2
 Somewhat disagree = 3
 Neutral = 4
 Somewhat agree = 5
 Agree = 6
 Strongly agree = 7

Competence of internal auditors								
1	The Internal Audit Department has staff with sufficient technical knowledge to perform their role.	1	2	3	4	5	6	7
2	The Internal Audit Department staff members have sufficient professional experience to effectively carry out the work required.	1	2	3	4	5	6	7
3	Internal audit reports are reliable.	1	2	3	4	5	6	7
Independence of internal auditors								

4	The Internal Audit Department exercises independence with no interference from management.	1	2	3	4	5	6	7
5	The Internal Audit can audit any issue it considers in need of auditing, and can access any necessary information even if it is classified.	1	2	3	4	5	6	7
	Management support of internal audit							
6	The Internal Audit staff has free access to information in the organization.	1	2	3	4	5	6	7
7	Management follows internal audit recommendations.	1	2	3	4	5	6	7
8	There is cooperation between the internal audit function and the management.	1	2	3	4	5	6	7
9	The internal audit unit has a presence in major committee meetings in my institution.	1	2	3	4	5	6	7
10	Management supports the Auditing Department by implementing recommendations to strengthen the institution	1	2	3	4	5	6	7

SECTION C

For the questions below, circle the most appropriate response for you.

1. Gender: (a) Male (b) Female

2. What is your position in the institution?
 - a. Administrator b. Accountant c. Health Worker d. Teacher
 - e. Others (specify) _____

3. How long have you been a leader in this institution of Rwenzori Field?
 - a. 1-5 years b. 6-10 years c. 11-15 years d. 16-20 e. 21-25 f. 26-50 years

I sincerely appreciate your time and cooperation. Please check to make sure that you have not skipped any questions inadvertently.

Thank you!

Questionnaire 2 – Local Churches

Dear Participant,

I am conducting a study that seeks to examine the role of the internal audit department in Rwenzori Field. You are being asked to participate in this study because your current position in this local church will enable you to make meaningful contributions. Your views and opinion are very important to this study and therefore I am inviting you to participate in this research study by completing this questionnaire with all honesty.

Please note that your responses will be confidential, your identity will not be revealed and all the responses received will be aggregated. Your participation in this study is voluntary and you may withdraw at any time without any penalty.

Thank you for taking the time to assist me in my educational endeavors. The data collected will provide useful information regarding the internal audit department in Rwenzori Field.

Yosia Baluku, MBA Student of Adventist University of Africa

SECTION A

Listed below is a series of statements that are used to describe your own assessment of the role of internal audit in maintaining internal control in your church. Using the scale of 1 to 7, with 7 being “Very Effective” and 1 being “Not Effective at All”, indicate your view on each of the statements by circling the appropriate number.

- 1 = Not Effective at All
- 2 = Ineffective
- 3 = Slightly Ineffective
- 4 = Neutral
- 5 = Slightly Effective

6 =Effective

7 = Very Effective

Internal control effectiveness								
1	Evaluating authorisation of transactions in your church?	1	2	3	4	5	6	7
2	Evaluating the use collection bags in this church?	1	2	3	4	5	6	7
3	Evaluating the use of receipts in this church?	1	2	3	4	5	6	7
4	Evaluating handling in kind offerings in this church?	1	2	3	4	5	6	7
5	Evaluating safeguarding of assets in this church?	1	2	3	4	5	6	7
6	Evaluating segregation of duties in this church?	1	2	3	4	5	6	7
7	Evaluating accountability in this church?	1	2	3	4	5	6	7
8	Evaluating policy compliance in this church?	1	2	3	4	5	6	7
9	Evaluating fraud risk in this church?	1	2	3	4	5	6	7
10	Detecting accounting errors in this church?	1	2	3	4	5	6	7
11	Following up recommendations to see whether they are implemented?	1	2	3	4	5	6	7
12	Providing timely audit reports to decision makers?	1	2	3	4	5	6	7
13	Enforcing integrity and ethical values through compliance?	1	2	3	4	5	6	7

SECTION B

Think about the internal audit department and your own experience at your church and rate how much you agree or disagree with the statements below using the following scale:

Strongly disagree = 1

Disagree = 2

Somewhat disagree = 3

Neutral = 4

Somewhat agree = 5

Agree = 6

Strongly agree = 7

Competence of internal auditors								
1	The Internal Audit Department has staff with sufficient technical knowledge to perform their role.	1	2	3	4	5	6	7
2	The Internal Audit Department staff members have sufficient professional experience to effectively carry out the work required	1	2	3	4	5	6	7
3	Internal audit reports are reliable	1	2	3	4	5	6	7
Independence of internal auditors								
4	The Internal Audit Department exercises independence with no interference from church leaders	1	2	3	4	5	6	7
5	The Internal Audit Department can audit any issue it considers in need of auditing, and can access any necessary information even if it is classified	1	2	3	4	5	6	7
Management support of internal audit								
6	The Internal Audit staff has free access to information in the organization	1	2	3	4	5	6	7
7	Management follows internal audit recommendations	1	2	3	4	5	6	7

8	There is effective cooperation between the internal audit unit and my church leadership.	1	2	3	4	5	6	7
9	Church leaders support the Auditing Department by implementing recommendations to strengthen the church	1	2	3	4	5	6	7

SECTION C

For the questions below, circle the most appropriate response for you.

1. Gender: a. Male b. Female
2. What is your position in the church?
 - a. District Pastor b. Treasurer c. Church Elder d. Deacon(ess)
 - e. Others (specify) _____
3. How long have you been a leader in the church in Rwenzori Field?
 - b. 1-5 years b. 6-10 years c. 11-15 years d. 16-20 e. 21-25 f. 26-50 years

I sincerely appreciate your time and cooperation. Please check to make sure that you have not skipped any questions inadvertently.

Thank you!

Structured Interview Guide

1. Outline the roles played by internal audit in your institution.

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2. What aspects of the internal audit function of Rwenzori Field do you not like?

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3. Suggest ways you think the internal audit department of Rwenzori Field can improve.

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APPENDIX B

LETTERS



AUA
Adventist University of Africa

Private Bag Mbagathi
00503 Nairobi, Kenya
Tel (254) 206603073/660330
Fax: (254) 20 660 3150
Email: info@aua.ac.ke
WEB: www.aua.ac.ke

Location:
Advent Hill, Magadi Road, Ongata Rongai

February 6, 2017

Dear Elder Baluku,

RE: Research Proposal

Greetings. I'm happy to inform you that the MBA Research Committee has considered and approved your research proposal subject to corrections (see attachment).

Please revise the proposal according to the comments and suggestions of the Committee under the guidance of your Adviser and Reader. Upon their approval, proceed to pilot study and actual data collection.

Should you have any questions, please don't hesitate to contact me.

Blessings!

J. Ganu

Josephine Ganu, PhD
School of Postgraduate Studies
Associate Professor of Management
Director, MBA Program

Email: ganuj@aua.ac.ke
Mobile: +254 736656839



AUA

Adventist University of Africa

Private Bag Mbagathi
00503 Nairobi, Kenya
Tel (254) 206603073/860330
Fax (254) 20 660 3150
Email: info@aua.ac.ke
WEB: www.aua.ac.ke

Location:
Advent Hill, Megadi Road, Ongata Rongai

March 3, 2017

To Whom It May Concern:

RE: Authorization to Conduct a Research Study

Greetings from Adventist University of Africa (AUA), Kenya! This letter is to introduce **Mr. Yosia Baluku** who is a student in the School of Postgraduate Studies offering Master of Business Administration (Accounting Option) at AUA.

Yosia is currently undertaking research leading to the production of a research thesis entitled: **"The Role of Internal Audit in Internal Control Effectiveness of Rwenzori Field Churches and Institutions"**. As part of the research process, he needs to conduct a survey by distributing questionnaires and seeking interviews.

May I therefore request your kind assistance in granting Yosia authorization to distribute his questionnaires in your Field.

Be assured that any information provided will be treated in the strictest confidence and none of the participants will be individually identifiable in the resulting study.

Thanking you in advance for your assistance and support in furthering this research endeavor.

Yours faithfully,

J. Ganu

Josephine Ganu, PhD
School of Postgraduate Studies
Associate Professor of Management
Director, MBA Program

Email: ganuj@aua.ac.ke
Mobile: +254 736656839



SEVENTH-DAY ADVENTIST CHURCH RWENZORI FIELD

P. O. Box 21 Kasese (U),
Email:rwenzorifield@gmail.com

Mob: +256 772 313219
+256 773 650003
+256 758 774362

March13, 2017

Dear Mr. Baluku Yosia,

**RE: AUTHORISATION TO DISTRIBUTE QUESTIONNAIRES AND
CONDUCT INTERVIEWS IN RWENZORI FIELD**

I hereby inform you that your request for authorization to distribute questionnaires and conduct interviews in Rwenzori Field has been granted. Should you need any more help, do not hesitate to contact us.

All the best in your study.

Thanks

In the Lord's service

Signature
President
SEVENTH-DAY ADVENTIST CHURCH
13 SEP 2017
RWENZORI FIELD
P. O. BOX 21, KASESE

Pr. Mutwanga Ezekiel

President

Rwenzori Field

E-mail: mutwangaez@yahoo.co.uk

Tel: +256772313219

SEVENTH-DAY
ADVENTIST
CHURCH

APPENDIX C

SAMPLE SIZE DETERMINATION

N	S	N	S	N	S
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370

150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Note.—N is population size. S is sample size.

Source: Krejcie, R.V & Morgan, D.W. (1970). Determining Sample Size for Research Activities. *Educational and Psychological Measurement*, 30, 607-610.

APPENDIX D
STATISTICAL ANALYSIS

Descriptive Statistics for Institutions					
Internal Control Measure	N	Minimum	Maximum	Mean	Std. Deviation
Safeguarding institutional assets	53	2	7	6.21	1.007
identifying noncompliance activities within the institution	53	4	7	6.25	.830
detecting accounting errors within the institution	53	3	7	6.32	.894
providing timely audit reports to decision makers	53	2	7	5.72	.968
ensuring operational efficiency within the institution	53	3	7	6.11	.776
identifying risks relevant to the financial reporting process	53	4	7	6.11	.870
providing objective assessment of risks in the institution	53	1	7	5.68	1.370
ensuring accountability within the institution	53	3	7	6.38	.882
Following up recommendations to see whether they are implemented	53	1	7	5.83	1.282
Evaluating fraud risk in the institution	53	2	7	6.04	1.143
Valid N (listwise)	53				

Descriptive Statistics for Local Churches

Internal control measure	N	Minimum	Maximum	Mean	Std. Deviation
evaluating authorization of transactions	101	1	7	5.73	1.489
evaluating the use of collection bags in this church	101	1	7	5.86	1.543
evaluating the use of receipts in this church	101	1	7	5.94	1.310
evaluating handling in kind offerings in this church	101	1	7	5.44	1.513
evaluating safeguarding of assets in this church	101	1	7	5.85	1.452
Evaluating segregation of duties in this church	101	1	7	5.46	1.527
evaluating accountability in this church	101	1	7	5.87	1.461
evaluating policy compliance in this church	101	1	7	5.69	1.384
evaluating fraud risk in this church	101	1	7	5.30	1.500
detecting accounting errors in this church	101	1	7	5.51	1.591
Following up recommendations to see whether they are implemented	101	1	7	5.14	1.312
providing timely audit reports to decision makers	101	1	7	5.13	1.461
Internal audit enforces integrity and ethical values	101	1	7	5.83	1.364
Valid N (listwise)	101				

Demographic Statistics for Local Churches

		Gender			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	85	84.2	84.2	84.2
	Female	16	15.8	15.8	100.0
	Total	101	100.0	100.0	

		Position in the church			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	District Pastor	16	15.8	15.8	15.8
	Treasurer	17	16.8	16.8	32.7
	Church Elder	46	45.5	45.5	78.2
	Deacon(ess)	7	6.9	6.9	85.1
	Others	15	14.9	14.9	100.0
	Total	101	100.0	100.0	

		Duration of Leadership in the church			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-5 years	21	20.8	20.8	20.8
	6-10 years	34	33.7	33.7	54.5
	11-15 years	23	22.8	22.8	77.2
	16-20 years	9	8.9	8.9	86.1
	21-25 years	6	5.9	5.9	92.1
	26-50 years	8	7.9	7.9	100.0
	Total	101	100.0	100.0	

FOR INSTITUTIONS

		Gender			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	27	50.9	50.9	50.9
	Female	26	49.1	49.1	100.0
	Total	53	100.0	100.0	

		Position in Institution			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Administrator	17	32.1	32.1	32.1
	Accountant	18	34.0	34.0	66.0
	Health Worker	4	7.5	7.5	73.6
	Teacher	11	20.8	20.8	94.3
	Departmental	3	5.7	5.7	100.0
	Total	53	100.0	100.0	

		Duration of leadership service			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-5 Years	28	52.8	52.8	52.8
	6-10 Years	16	30.2	30.2	83.0
	11-15 Years	6	11.3	11.3	94.3
	16-20 Years	3	5.7	5.7	100.0
	Total	53	100.0	100.0	

Correlations for Institutions

		COMPETEN CE	INDEPENDE NCE	SUPPOR T	INCONTRO LS
COMPETENCE	Pearson Correlation	1	.381**	.431**	.678**
	Sig. (2-tailed)		.005	.001	.000
	N	53	53	53	53
INDEPENDEN CE	Pearson Correlation	.381**	1	.847**	.647**
	Sig. (2-tailed)	.005		.000	.000
	N	53	53	53	53
SUPPORT	Pearson Correlation	.431**	.847**	1	.747**
	Sig. (2-tailed)	.001	.000		.000
	N	53	53	53	53
INCONTROLS	Pearson Correlation	.678**	.647**	.747**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	53	53	53	53

** . Correlation is significant at the 0.01 level (2-tailed).

MULTIPLE REGRESSION ANALYSIS FOR INSTITUTIONS

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.845 ^a	.714	.696	.41298

a. Predictors: (Constant), SUPPORT, COMPETENCE, INDEPENDENCE

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20.845	3	6.948	40.739	.000 ^b
	Residual	8.357	49	.171		
	Total	29.202	52			

a. Dependent Variable: INCONTROLS

b. Predictors: (Constant), SUPPORT, COMPETENCE, INDEPENDENCE

Model		Coefficients ^a			t	Sig.
		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta		
1	(Constant)	.241	.581		.415	.680
	COMPETENCE	.457	.089	.436	5.143	.000
	INDEPENDENCE	.025	.141	.026	.181	.857
	SUPPORT	.486	.134	.537	3.640	.001

a. Dependent Variable: INCONTROLS

		For churches Correlations			
		IntControls	Competence	Support	Independence
IntControls	Pearson Correlation	1	.436**	.549**	.380**
	Sig. (2-tailed)		.000	.000	.000
	N	101	101	101	101
Competence	Pearson Correlation	.436**	1	.506**	.327**
	Sig. (2-tailed)	.000		.000	.001
	N	101	101	101	101
Support	Pearson Correlation	.549**	.506**	1	.503**
	Sig. (2-tailed)	.000	.000		.000
	N	101	101	101	101
Independence	Pearson Correlation	.380**	.327**	.503**	1
	Sig. (2-tailed)	.000	.001	.000	
	N	101	101	101	101

** . Correlation is significant at the 0.01 level (2-tailed).

Regression Analysis for Churches

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.588 ^a	.346	.326	.78425

a. Predictors: (Constant), Independence, Competence, Support

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.576	3	10.525	17.113	.000 ^b
	Residual	59.660	97	.615		
	Total	91.236	100			

a. Dependent Variable: IntControls

b. Predictors: (Constant), Independence, Competence, Support

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
		1	(Constant)	1.386		
	Competence	.193	.092	.201	2.100	.038
	Support	.435	.117	.388	3.708	.000
	Independence	.087	.069	.120	1.253	.213

a. Dependent Variable: IntControls

Reliability Statistics

Reliability Statistics -support

Cronbach's Alpha	N of Items
.809	4

Reliability Statistics- Competence

Cronbach's Alpha	N of Items
.722	3

Reliability Statistics - independence

Cronbach's Alpha	N of Items
.640	2

For institutions

Reliability Statistics – competence

Cronbach's Alpha	N of Items
.791	3

Reliability Statistics- support

Cronbach's Alpha	N of Items
.844	6

Reliability Statistics- independence

Cronbach's Alpha	N of Items
.576	2

APPENDIX E

LIST OF AUDITED INSTITUTIONS AND CHURCHES AS AT 2016

S.No	Institutions
1	Mitandi Secondary School
2	Kitswamba SDA. Secondary School
3	Three Angels High School
4	Hima Adventist Secondary School
5	Ntandi Integrated Nursery & Primary School
6	Mitandi Health Centre III
7	Kyanya Health Centre III
8	Ebenezer Health Centre III

S. No.	Church District	Organized Churches
1.	Buisumbu	<ol style="list-style-type: none"> 1. Buisumbu 2. Kaswa 3. Maghasa 4. Kaghando 5. Kikonge 6. Mbata
2.	Rwasande	<ol style="list-style-type: none"> 1. Rwasande 2. Kyabarungira 3. Kanyamiyagha 4. Butera 5. Kahondo 6. Kathwa
3.	Nyamisingiri	<ol style="list-style-type: none"> 1. Nyamisingiri 2. Kabaghiro 3. Nombe 4. Wanga 5. Ntoroko

4.	Mpondwe	1. Mpondwe 2. Kibwe 3. Ndongo 4. Rusese 5. Kyabikere 6. Kidongo 7. Bwera
5.	Kiikyo	1. Kiikyo 2. Teya 3. Kalemereme 4. Busondwa 5. Buyaya 6. Mangungu 7. Mahinyi 8. Bumbili 9. Butolya
6.	Mitandi	1. Mitandi 2. Kamabale 3. Karangura 4. Bugima 5. Kibota 1 6. Mabwe 7. Bihondo 8. Nsura 1
7.	Kyalhumba	1. Kisinga 2. Kighuthu 3. Kalingwe 4. Mughete 5. Kabimba
8.	Kyanya	1. Kyanya 2. Ibanda 3. Bughoye 4. Izinga 5. Nyambuko 6. Buhunga 7. Kakindo
9.	Kitswamba	1. Kitswamba 2. Muhumuza 3. Zayituni 4. Lhume 5. Kanani 6. Murambi 7. Sayuni 8. Motomoto

- | | | |
|-----|------------|-----------------------|
| | | 9. Rugendabara |
| | | 10. Lhukuka |
| 10. | Kiruuli | 1. Kiruuli I |
| | | 2. Kiruuli II |
| | | 3. Hima |
| | | 4. Kasanga |
| | | 5. Sinayi |
| 11. | Kiihyo | 1. Kiihyo |
| | | 2. Kambisi |
| | | 3. Nyabisusi |
| | | 4. Buthabuya |
| 12. | Kateebwa | 1. Kateebwa |
| | | 2. Karugaya |
| | | 3. Bukara |
| | | 4. Katumba |
| | | 5. Masibwe |
| 13. | Kasese | 1. Kasese Central |
| | | 2. Nyakasanga Main |
| | | 3. Saruti |
| | | 4. Kasese Town Church |
| | | 5. Nyakasanga West |
| | | 6. Nyakasanga II |
| | | 7. Railway |
| 14. | Kasangali | 1. Kasangali |
| | | 2. Bulyambaghu |
| | | 3. Rwajimba |
| | | 4. Butwetse |
| | | 5. Ruhara |
| 15. | Karugutu | 1. Karugutu |
| | | 2. Nyabusozi |
| | | 3. Karambi |
| | | 4. Kabbango |
| | | 5. Nyakatoke |
| | | 6. Itojo |
| | | 7. Busayiro |
| | | 8. Town Church |
| 16. | Kanyampara | 1. Kanyampara |
| | | 2. Kanyughunyu |
| | | 3. Mughina I |
-

- | | | |
|-----|------------|--------------------|
| | | 4. Mughina II |
| | | 5. Kighale |
| | | 6. Karughabira |
| | | 7. Kittsutsu |
| | | 8. Kinyamaseke |
| | | 9. Musomoro |
| | | 10. Kabwe |
| | | 11. Kinywangoko |
| | | 12. Kihasa |
| | | 13. Munkunyu |
| | | 14. Katoho |
| 17. | Kakindo | 1. Kakindo |
| | | 2. Bikukuru |
| | | 3. Mahyoro |
| | | 4. Nyakitokoli |
| | | 5. Musandama Upper |
| | | 6. Kiibwa |
| | | 7. Mpanga |
| | | 8. Kitaka |
| | | 9. Kibagha |
| | | 10. Kabbango |
| 18. | Kabuyiri | 1. Kabuyiri |
| | | 2. Isule |
| | | 3. Kyabikuha |
| | | 4. Kibota |
| | | 5. Kibumba |
| | | 6. Kamabwe |
| | | 7. Muwero |
| | | 8. Kitoko |
| | | 9. Nyarukungu I |
| 19. | Kabatunda | 1. Kabatunda |
| | | 2. Busibi |
| | | 3. Sosso |
| | | 4. Kirabaho Centre |
| | | 5. Kirabaho M |
| | | 6. Kathwa |
| | | 7. Kyoho |
| | | 8. Karambi |
| | | 9. Nyamba |
| | | 10. Kaghorwe |
| 20. | Bunyangabo | 1. Bunyangabo |
| | | 2. Nsura II |
| | | 3. Bughumba |
| | | 4. Bujabara |
-

5. Kyamukube

21. Bumate
 1. Bumate
 2. Bundibugyo
 3. Buhundu
 4. Bukangama
 5. Nyamigisa
 6. Bimara

22. Bunyangule
 1. Bunyangule
 2. Mirambi Central
 3. Kasanzi
 4. Nyahuka
 5. Kaghughu
 6. Mutiti
 7. Bulimba
 8. Butama

23. Ntandi
 1. Ntandi I
 2. Ntandi II
 3. Bulembo
 4. Kinyihembe
 5. Kahembe
 6. Kyamutema
 7. Kasithu
 8. Nyabikungu

Source: Rwenzori Field Internal Audit Department 2016 Year End Report

List of Rwenzori Field Schools

Serial Number	SCHOOL	LOCATION
1.	Mponwe SDA P.School	Kasese
2.	Ndongo SDA P. School	Kasese
3.	Kanyampara SDA. P. School	Kasese
4.	Kisinga SDA P.School	Kasese
5.	Kasese SDA P.School	Kasese
6.	Karusandara SDA P.School	Kasese
7.	Izinga SDA P.School	Kasese
8.	Kyanya SDA.P. School	Kasese
9.	Nyambuko SDA P.School	Kasese
10	Kabuyiri SDA P. School	Kasese
11	Nyarukungu SDA P.School	Kasese
12	Kampisi SDA P.School	Kasese
13	Kasambya SDA P.School	Kasese
14	Ibunda SDA P.School	Kasese
15	Minana SDA P.School	Kasese
16	Rwesande SDA P.School	Kasese
17	Kitswamba SDA P.School	Kasese
18	Kiruli SDA P.School	Kasese
19	Kirabaho SDA P.School	Kasese
20	Kabatunda SDA P.School	Kasese
21	Buisumbu SDA P.School	Kasese
22	Kasangali SDA P.School	Kasese
23	Bulyambaghu SDA P.School	Kabarole
24	Katebwa SDA P.School	Kabarole

25	Nyamba SDA P.School	Kabarole
26	Butyoka SDA P.School	Kabarole
27	Karugaya SDA P.School	Kabarole
28	Bukara SDA P.School	Kabarole
29	Bujabara SDA P.School	Kabarole
30	Kibata SDA P.School	Kabarole
31	Nsura 1 SDA P. School	Kabarole
32	Mitandi SDA P. School	Kabarole
33	Mabwe SDA P. School	Kabarole
34	Kamabale SDA P. School	Kabarole
35	Nyakitokoli SDA P. School	Kabarole
36	Mahyoro SDA P. School	Kabarole
37	Mount Guess-Mpanga SDA P. School	Kabarole
38	Kibwa SDA P. School	Kabarole
39	Musandama Lower SDA P. School	Kabarole
40	Nyamisingiri SDA Primary School	Kabarole
41	Nombe SDA P. School	Ntoroko
42	Hope Hill SDA Nursery School	Kasese
43	Ibanda SDA P. School	Ntoroko
44	Kasozi SDA Primary School	Ntoroko
45	Kyabandara SDA Primary School	Ntoroko
46	Nyakatoke SDA Primary School	Ntoroko
47	Itojo SDA Primary School	Ntoroko
48	Kahembe SDA Primary School	Ntoroko

49	Mabere SDA Primary School	Bundibugyo
50	Ntandi Integrated SDA P. School	Bundibugyo
51	Bumbwende SDA P. School	Bundibugyo
52	Mutiti SDA P. School	Bundibugyo
53	Kikyo SDA P. School	Bundibugyo
54	Bumbwemba SDA P. School	Bundibugyo
55	Bunguha SDA P. School	Bundibugyo
56	Bumate SDA P. School	Bundibugyo
57	Bundikahondo SDA P. School	Bundibugyo
58	Nyakasoha SDA P. School	Bundibugyo
59	Mutiti SDA P. School	Bundibugyo
60	Rwesene SDA P. School	Bundibugyo
61	Budinamandi SDA P. School	Bundibugyo
62	Butogo SDA P. School	Bundibugyo
63	Kitoko SDA P. School	Kasese
64	Ruhara SDA P. School	Kasese
65	Kighutu SDA P. School	Kasese
66	Kitulu SDA P. School	Kasese
67	Block C	Kasese
68	Kanani SDA P. School	Kasese
69	Bundinamandi P. School	Bundibugyo
SECONDARY SCHOOLS		
1	Mitandi SS	Kabarole
2	Kitswamba SDA SS	Kasese
3	Hima Adventist SS	Kasese
4	Kabatunda SDA SS	Kasese

5	Kanyampara SDA Voc SS	Kasese
6	Three Angels High School Ntandi	Bundibugyo
7	Mpondwe SDA SS	Kasese
TERTIARY INSTITUTIONS		
1	Mitandi Ministerial College	Kabarole

Source: Wanzalabana, M.M. (2015). A model of leading a multi-ethnic church into a united Christian body in Rwenzori field of the Seventh-day Adventist Church, Master of Arts in Leadership project, Adventist University of Africa.

List of Rwenzori Field Health Centers

S. No.	Health Center
1.	Mitandi Health Center III
2.	Kyanya Health Center III
3.	Ebenezer Health Center III

Source: Rwenzori Field Health Department 2016 Year End Report

List of Rwenzori Field churches

S.No	District	Organized Churches	Companies and Sabbath School Branches
1.	Buisumbu	1. Buisumbu	Samaliya
		2. Kaswa	Kamusonge
		3. Maghasa	Satule
		4. Kaghando	Mukumba
		5. Kikonge	Bulyatha
		6. Mbata	Kamwani
			Kilhubo Sabbath School
			Nyakanengo Sabbath School
2.	Rwamondo	1. Rwamondo	Kasunganyanja
		2. Maranatha	
		3. Nyabwina	
		4. Gatyanga	
		5. Zaituni	
3.	Rwasande	1. Rwasande	Kyondo
		2. Kyabarungira	
		3. Kanyamiyagha	

		4. Butera	Kabwe
		5. Kahondo	
		6. Kathwa	Kithengera
			Kinyamagana
			Butohyo
4.	Nyamisingiri	1. Nyamisingiri	Mbowa
		2. Kabaghiro	
		3. Nombe	Kinyamangyi
		4. Wanga	
		5. Ntoroko	Itale SS Branch
5.	Mpondwe	1. Mpondwe	Nyakaina
		2. Kibwe	
		3. Ndongo	Katholhu
		4. Rusese	
		5. Kyabikere	Kyaminyawandi
		6. Kidongo	
		7. Bwera	Kamukumbi
			Kyempara
			Mithi Musanju
			Musyenene
			Nyakasojo
			Kasutama
			Kalehe
6.	Kiikyo	1. Kiikyo	Ngamba
		2. Teya	
		3. Kalemereme	Kirumya
		4. Busondwa	
		5. Buyaya	Kasuku
		6. Mangungu	
		7. Mahinyi	Bukyambo
		8. Bumbili	
		9. Butolya	Miyembe
			Bugando
			Bundikyalo
			Kamangala
			Ntome

7.	Mitandi	<ol style="list-style-type: none"> 1. Mitandi 2. Kamabale 3. Karangura 4. Bugima 5. Kibota 1 6. Mabwe 7. Bihondo 8. Nsura 1 	<p>Bwalya</p> <p>Kisebere</p> <p>Kibwa</p> <p>Kibota</p> <p>Mutumba</p>
8.	Kyalhumba	<ol style="list-style-type: none"> 1. Kisinga 2. Kighuthu 3. Kalingwe 4. Mughete 5. Kabimba 	<p>Musasa</p> <p>Kahokya</p> <p>Kinyaminagha</p> <p>Kirembo</p> <p>Kitabu</p> <p>Kkaberere</p> <p>Kyambithi</p> <p>Dunguluha</p> <p>Kaburara</p> <p>Kinyateke T. Cent</p> <p>Kighendera SS</p> <p>Kihungu</p> <p>Kilhambaghiro II</p> <p>Kangothe</p>
9.	Kyanya	<ol style="list-style-type: none"> 1. Kyanya 2. Ibanda 3. Bughoye 4. Izinga 5. Nyambuko 6. Buhunga 7. Kakindo 	<p>Nyakabugha</p> <p>Nkaiga</p> <p>Kyahundu</p> <p>Kiharara</p> <p>Kisanga</p> <p>Katumba</p> <p>Bikone</p>

			Kangwangyi
			Kaliro
			Maliba Central
			Kisamba
10.	Kitswamba	1. Kitswamba	Kisanga
		2. Muhumuza	
		3. Zayituni	Ibuga
		4. Lhume	
		5. Kanani	Bigando
		6. Murambi	
		7. Sayuni	Block C 2
		8. Motomoto	
		9. Rugendabara	Kanyatsi
		10. Lhukuka	
11.	Kiruuli	1. Kiruuli 1	Kitulu
		2. Kiruuli II	
		3. Hima	Kaarungibate
		4. Kasanga	
		5. Sinayi	Kendahi
12.	Kilembe	1. Kilembe	Buhaghura
		2. Kyambogho	
		3. Nyakabingo	Nyakazinga
		4. Mbulhamasi	
		5. Bughalitsa	Road Barrier
			Bulimi
			Mahango
			Nakulabye
			Kissasa
13.	Kiihyo	1. Kiihyo	Beseri
		2. Kambisi	
		3. Nyabisusi	Galiraya
		4. Buthabuya	
			Buhweza
			Kibisire
			Kibumba
14.	Kigoro	1. Kigoro 11	Kitabona 1
		2. Katoke	
		3. Muhambo	

		4. Karusandara	Mubuku
		5. Bunyangoni	
		6. Kitabona II	Rwakingi
		7. Nyangonge	
		8. Kitabona I	Ndughtuthu
			Rukoki
			Kihindi
			Karambi
			Kigoro 1
			Mapatha
			Irrigation
			Kabukero
			Kanyatsi
			Kyabandara
			Kibuga
15.	Kateebwa	1. Kateebwa	Butyoka
		2. Karugaya	
		3. Bukara	Kibiito
		4. Katumba	
		5. Masibwe	Bugabo
			Kabonero
			Kiganga
			Mitandi II
			Katosa
			Murambi
16.	Kasese	1. Kasese Central	Base Camp
		2. Nyakasanga Main	
		3. Saruti	Muhokya
		4. Kasese Town Church	
		5. Nyakasanga West	Hamukungu
		6. Nyakasanga II	
		7. Railway	Katadoba
			Kirembe

			Kisagazi
			Kahaendero
			Kanyangeya
17.	Kasangali	1. Kasangali	Bunyamurwa
		2. Bulyambaghu	Buhati
		3. Rwajimba	Rwigho
		4. Butwetse	Pohe
		5. Ruhara	Kasogi
18.	Kasambya	1. Kasambya	Kalitusi
		2. Buhuhira	Kibulya
		3. Ntunga	Mahamba
		4. Ibunda	Kamahigha
		5. Kigharama	Isuka
		6. Minana	Korukuumi
		7. Keminyoku	Kibandagara School
		8. Harani	Ninevi
		9. Kithoma	Nyabirungi
		10. Nyangorongongo	Kyabandara
19.	Karugutu	1. Karugutu	Kakogha
		2. Nyabusozi	Rwangara
		3. Karambi	Rwebisengo
		4. Kabbango	Nyakabale
		5. Nyakatoke	Sinayi
		6. Itojo	Kinywanjojo
		7. Busayiro	Nyambigha
		8. Town Church	

			Katwakali
			Kisege
20.	Kanyampara	1. Kanyampara	Busyangwa
		2. Kanyughunyu	Kajwenge
		3. Mughina I	Kabingo
		4. Mughina II	Kilambayiro
		5. Kighale	Kyabihungu
		6. Karughabira	Kathanda
		7. Kittsutsu	Kasungu
		8. Kinyamaseke	Katsungiro
		9. Musomoro	Kamahanga
		10. Kabwe	Kyakitale
		11. Kinywangoko	Rwenjuba
		12. Kihasa	Kathubya
		13. Munkunyu	Kanyampara Primary
		14. Katoho	Kanyampara SS.
			Karameri
21.	Kakindo	1. Kakindo	Kitaka
		2. Bikukuru	Kibagha
		3. Mahyoro	Kabbango
		4. Nyakitokoli	Buhumya
		5. Musandama Upper	Musandama Lowe
		6. Kiibwa	Kayisule
		7. Mpanga	Muzahura
		8. Kitaka	
		9. Kibagha	
		10. Kabbango	
22.	Kabuyiri	1. Kabuyiri	Nyarukungu II
		2. Isule	Karameri
		3. Kyabikuha	
		4. Kibota	

		5. Kibumba	Katabukanene
		6. Kamabwe	
		7. Muwero	
		8. Kitoko	
		9. Nyarukungu I	
23.	Kabatunda	1. Kabatunda	Nyakarambe
		2. Busibi	
		3. Sosso	Kemikonde
		4. Kirabaho Centre	
		5. Kirabaho M	Kanyalango
		6. Kathwa	
		7. Kyoho	Kitunga
		8. Karambi	
		9. Nyamba	
		10. Kaghorwe	
24.	Bunyangabo	1. Bunyangabo	Bughaya
		2. Nsura II	
		3. Bughumba	Kaghando
		4. Bujabara	
		5. Kyamukube	Busayiga
25.	Bumate	1. Bumate	Bupomboli
		2. Bundibugyo	
		3. Buhundu	Humya
		4. Bukangama	
		5. Nyamigisa	Hakitengya
		6. Bimara	
			Bundinyama
			Kitsangirwa
			Hamitoma
			Bumate Upper
			Bunyaluta
			Zion
			Butukuru
			Mukudungu
26.	Bumbwende	1. Bumbwende	Kirambi
		2. Mutiti	
		3. Kabbango	Mantoroba
		4. Makili	
		5. Nazareti	
		6. Mbule	
		7. Nyakighoma	
		8. Mabere	

		9. Kanyatsi	
		10. Bundimwali	
27.	Bunguha	1. Bunguha	Bundimulombi
		2. Busamba	Kirumya
		3. Kasulenge	Bulemba
		4. Katumba	Bundikeku
		5. Kasodo	Karusenge
			Sinai
28.	Buboty	1. Buboty	Karambi
		2. Buhathiro	Nyamusule
		3. Bwatsinge	Kiraro
		4. Kimaka	Kisabu
			Kihoko
			Kanyatsi
			Kawembe
			Kangwangyi
29.	Bukarara	1. Bukarara	Bukwali
		2. Masule I	Kinyante I
		3. Kasulenge I	Kinyante II
		4. Mirambingisya	Busaru
			Kaleyaleya
			Masule II
			Kitara
			Kasulenge II
30.	Bunyangule	1. Bunyangule	Bundibugha
		2. Mirambi Central	Busanza
		3. Kasanzi	Kabbango
		4. Nyahuka	
		5. Kaghughu	
		6. Mutiti	
		7. Bulimba	

	8. Butama	Kibaghara
		Kitengya
		Ntagata
		Nakasohe
		Bundinamandi
		Busunga
		Bulirehe
		Tonbwe
		Kabuatabule
		Butoogo
		Bundimirambi
		Kuka
31. Ntandi	1. Ntandi I	Isura
	2. Ntandi II	
	3. Bulembo	Kahumbu
	4. Kinyihembe	Kithehe
	5. Kahembe	Kinoni
	6. Kyamutema	
	7. Kasithu	Bumaga
	8. Nyabikungu	Ndalibana
		Busyenene
		Rwamabale
		Kanyangeya
		Samariya
		Kibuuku
		Mwembya
		Hakibale
		Bulibathe

Source: Rwenzori Field Executive Secretary 2016 Year End Report

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PERSONAL DATA

Name: Yosia Baluku
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Place of birth: Nyakiyumbu I, Kasese district, Uganda
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Nationality: Ugandan

EDUCATIONAL QUALIFICATION

Sun Plus (accounting package)	Rwenzori Field (2012)
Bachelor of Business Education (Accounting)	Gulu University (2011)
Leadership Training	Fundacion Pro-vivere Dignum
Uganda Advanced Certificate of Education	Bwera Secondary School (2006)
Uganda certificate of Education	Nyakiyumbu Secondary School (2004)
Primary leaving Examination	Kyaminyawandi primary School (2000)

WORK EXPERIENCE

2015 to date	Treasurer/Chief Finance Officer Rwenzori Field
2013-2014	Internal Auditor Rwenzori Field
2012 Committee	Secretary Audit Review Rwenzori Field
June 2011	Accountant Rwenzori Field P.O Box 21, Kasese
July 2011	Purchasing Officer Procurement Committee Rwenzori Field
July 2010-May 2011	Teacher of Economics, Entrepreneurship Education, Principles of Accounts and Commerce Amuca S.D.A Secondary School P.O Box 778 Lira
2009-2010	President, Rwenzori Students' Association-Gulu University (RWESA-GU)
2010	Publicity Officer Games Union Electoral Commission Gulu University
2008-2009	Speaker, Rwenzori Students' Association-Gulu University (RWESA-GU)

SPECIFIC COMPETENCIES

Fluency in English Language

Computer literate

Communication skills

Ability to work with minimal supervision

Counseling skills

Marketing management skills

Leadership Skills

ACTIVITIES / INTERESTS

Reading

Listening and watching music

Singing in church choir

TV watching

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