

RELATIONSHIP BETWEEN INTERNAL CONTROL ACTIVITIES AND FINANCIAL PERFORMANCE OF EAST AFRICA UNIVERSITY GAROWE CAMPUS – SOMALIA

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ABSTRACT

This study was carried out to examine the relationship between internal control activities on the financial performance of the East Africa University Garowe Campus Somalia. Specifically, it sought to establish how segregation of duties, authorizations and supervision relate with financial performance of the East Africa University Garowe Campus Somalia. The study adopted a correlational research design to establish the relationship between dependent and independent variables of the study. Data was collected from respondents by use of self-administered questionnaires. Census and stratified random sampling techniques were used to select 66 respondents out of the study population of 82 staff in East Africa University Garowe Campus Somalia. Pearson correlations and multiple regression analysis were used to establish the relationship among the study variables. The correlations revealed that there was a statistically significant positive relationship between constructs of internal control activities (segregation of duties, $r = 0.696$, $p < 0.05$), authorizations, $r = 0.504$, $p < 0.05$), and supervision, $r = 0.722$, $p < 0.05$) and financial performance of the East Africa University Garowe Campus Somalia. The general implication was that effective control activities have a statistically significant positive effect on financial performance of the East Africa University Garowe Campus Somalia. In addition, a stepwise multiple regression analysis was also carried out and revealed that supervision is the most significant predictor of financial performance of East Africa University Garowe Campus Somalia contributing up to 52.1% based on the selected sample and 51.4% on the total population. This is followed by segregation of duties, which when combined with supervision contributes up to 67.6% based on the selected sample and 66.6% on the total population. The study consequently recommended that East Africa University Garowe Campus Somalia carries out regular rotation of its accounts staff so that that if any financial fraud or error is committed by a person, it cannot remain undetected for long, come up with a properly documented policy on authorizations and approval controls, involve the University Board of Directors in the authorization of transactions involving huge sums of money and at the same time

ensure that control deficiencies are reported upward, with serious matters reported to top management or even board of directors.