

**INTERNAL CONTROL SYSTEMS, SCHOOL GOVERNANCE AND FINANCIAL
MANAGEMENT IN PUBLIC SECONDARY SCHOOLS IN SELECTED
DISTRICTS OF BUSOGA SUB REGION**

BY

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BU/GS23/MBA/38

**A RESEARCH DISSERTATION SUBMITTED TO THE DIRECTORATE OF
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DECLARATION

I, Walusimbi Gerald, hereby affirm that this dissertation represents my original and independent work, except in instances where proper acknowledgment has been duly provided. In other words, all sources and contributions from other individuals or institutions have been clearly cited and referenced. I further declare that this work has not been previously submitted, either wholly or partially, to this university or any other institution for the purpose of obtaining any academic award or qualification.

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APPROVAL

This research dissertation, entitled (*Internal Control Systems, School Governance and Financial Management*), has been submitted for internal and external examination with our full approval as University supervisors. We have reviewed the work in accordance with the academic and research standards set by Busitema University and are satisfied that it is original, methodologically sound, and meets the required scholarly quality.

We affirm that the candidate, Walusimbi Gerald, has undertaken this research under our guidance and has demonstrated the capacity for independent academic inquiry. We further confirm that all necessary corrections and revisions suggested during the supervision process have been addressed to our satisfaction.

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DEDICATION

This work is wholeheartedly dedicated to my beloved parents, Mr. Joseph Sekabira and Mrs. Nassali Justine; my cherished wife, Mrs. Mirembe Sarah; my dear son, Samson; and my siblings including; Eng. Kaweesa Paul, Mivule Ronald, Nalumansi Immaculate, and Nakaweesa Elizabeth whose unwavering financial and emotional support has been instrumental throughout this journey.

In other words, their encouragement, sacrifices, and steadfast belief in my potential have made this academic accomplishment possible. I also extend my deepest gratitude to the Almighty God, whose divine guidance, strength, and grace have enabled me to successfully complete this academic expedition.

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ACRONYMS

ABS	Australian Bureau of statistics
AG	Auditor General
BOG	Board of Governors
DBE	Department of Basic Education
ESFA	Education Skills Funding Agency
FM	Financial Management
GAO	Government accountability Office
ICS	Internal Control Systems
IFAC	International Federation of Accountants
IIA	Institute of Internal Auditor
MOES	Ministry of education and sports
NCES	National Centre for Education Statistics
NEPS	National education Performance Survey
NPA	National Planning Authority
OECD	Organisation for Economic Co-operation and Development
SG	School Governance
SMC	School Management Committees
UBOS	Uganda Bureau of Statistics
UN	United Nations
WB	World Bank

ABSTRACT

The purpose of this study was to examine the relationship between internal control systems, school governance and financial management in public secondary schools in selected districts of the Busoga sub-region. The study examined four objectives: to establish the relationship of internal control systems and financial management, to assess the influence of internal control systems on school governance, to determine the effect of school governance on the financial management, and to determine the mediating role of school governance on the relationship between internal control systems and financial management. The study was drawn in Agency Theory, and a cross-sectional research design with a quantitative approach was adopted. The target population comprised 39 public secondary schools, and the sample size was 35 schools were selected purposively due to ongoing challenges in financial management. Primary data were collected through structured questionnaires, and were assessed for validity and reliability. The valid data were coded, cleaned and entered into SPSS version 25 for analysis using Pearson correlation analysis, regression analysis and process macro for analyzing mediation. The findings revealed that internal control systems significantly influence both financial management and school governance. The results also indicated that school governance significantly relates with financial management, while school governance partially mediates the relationship between internal control systems and financial management. The study concluded that while internal control systems is significantly associated with financial management, their relationship can be further enhanced by effectiveness of the school's corporate governance. The study thus recommends strengthening the capacity and involvement of school governing bodies to improve financial management practices in public secondary schools.

CHAPTER ONE

1.0 Introduction

This chapter provides a comprehensive foundation for the study by outlining the background, clearly articulating the problem statement, and stating the purpose and specific objectives of the research. It also presents the research hypotheses, defines the scope of the study, explains its significance, and introduces the conceptual framework that underpins the investigation.

1.1 Background to the study

Financial management in public secondary schools is a critical function that ensures the prudent allocation and effective utilization of resources to support and enhance the quality of education. According to Mabi and Buluma (2024) and Adekoya (2023), financial management encompasses both the scientific and strategic aspects of planning, allocating, evaluating, and reporting on financial resources to achieve predetermined objectives, goals, and performance benchmarks.

Internal control systems refer to the integrated framework of policies, procedures, and activities established by an organization to ensure the integrity of financial reporting, protect assets from loss or misuse, enhance operational effectiveness, and maintain compliance with relevant laws and regulations (Ferdia & Kammoun, 2024; COSO, 2021). The study defines internal control systems as a framework of procedures, policies and activities involving internal control activities, risk assessment and activity monitoring, which are aimed at promoting the effectiveness of the organization's financial operations (Ferdia & Kammoun, 2024). These controls are designed to both prevent and detect errors or fraud, and play a critical role in

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