

INTERNAL CONTROL PRACTICES AND ORGANISATIONAL PERFORMANCE
A CASE STUDY OF STEEL AND TUBE INDUSTRIES LIMITED

BY

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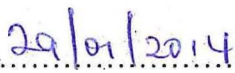
JANUARY 2014

DECLARATION

I, Muhwezi Abias do declare that this dissertation is original and to the best of my knowledge has never been presented to any other research Institution or Higher Learning Institution for any academic award and all the information obtained from other sources has been fully acknowledged.

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Signature..........

Date.....

APPROVAL

This dissertation has been submitted with the approval of my supervisors;

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DEDICATION

I dedicate this report to my uncle's family (Frank Ntaho), my family (Late Rwabusyogo's family) all my friends for their endless support they gave me throughout the training. May the heavenly father reward and bless them.

ACKNOWLEDGEMENT

I would like to express my sincere gratitude to the almighty God for his abundant grace and blessings that have enabled me to finish this research work successfully. This work would not have come to its completion without God's assistance, wisdom, good health that enabled me to reach this far.

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ABSTRACT

This study was centered on internal control practices and the performance of Steel and Tube. The study was guided by three specific objectives that is to examine how control environment influences the performance of Steel and Tube limited, to examine how segregation of duties affect the performance of Steel and Tube limited and to ascertain how information and communication affects the performance of Steel and Tube limited

A cross sectional research design was used for the study. This is because data was collected at a single point in time. This research design was employed in order to answer the research questions of the study. The sample size was 114 selected basing on Krejcie and Morgan (1970) which is an efficient method for obtaining a representative sample. Data was collected using questionnaires and interview guide.

The study revealed that internal control practices together with its component of control environment, segregation of duties and information and communication have a direct bearing on performance of the organisation. The study indicated that control environment account for 71.1% variation in performance, Segregation of duties account for 63.5% variation in performance followed by information and communication which account for 65.8% variation in performance, respectively.

The study recommends that the management should evaluate the controls environment in which it operates and should ensure that there is proper segregation of duties and that should use information and communication since they contribute greatly towards the performance of the organization. It can therefore be concluded that there is significant relation between internal controls and performance.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter has information in relation to the beginning of the research study. The main reasons for carrying out this research are summarized in this chapter. The chapter has information in relation to the background of the research study, statement of the problem, research objectives, and research questions, scope of the study and justification of the research study. Through these subsections of the chapter, the study highlighted the reasons for carrying out the research study and what to do in the course of conducting this study. This study was centered on internal control practices and the performance of Steel and Tube Industries Limited. Internal control practices are the independent variable and performance is the dependent variable.

1.1 Background to the study

Various authors (Marcia 2006; Levasseur, 2002 and Forest, 2002), have discovered that internal controls in an organization play a great part in influencing the organisational performance. Conversely, Vullabhaneni (2002) argues; that the existence of internal controls is meaningless to the organization if they are not operational or strong. International Accounting Standard (IAS) 315, defines internal control system as the process designed and effected by those charged with governance, management, and other personnel to provide reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulation (Soke and Izza, 2009). Thus internal controls is designed and implemented to address identified business risks that threaten the achievement of any of these objectives.

According to Pike and Neale (2005), the performance of an organisation is measured in terms of operational efficiency and effectiveness. In the early 1950s, internal accounting control assessment was largely limited to external accountants' need to determine the scope of detailed tests. Strong internal accounting control meant fewer substantive tests (Chan et al. 2008). Early in the 1970s the internal control concept was enlarged to include administrative controls since boards of directors were interested in the overall company performance. Reports on internal control structures provide the board with information regarding the efficiency and effectiveness of their company's operations (Horngren and Sundem, 2009).

Lack of sound internal controls to enhance the performance of an organisation is a global problem. Every year, companies collapse as a result of weak internal control systems in place (Scope, 2005). However businesses which are most successful are depending on how they manage their internal controls in place. The collapse of many companies are various and vast most especially in developing countries.

Poor internal control is regarded as the primary reason why many companies collapse. Internal control, financial reporting and organizational performance have received increased attention especially since the Treadway Commission (1987) identified the tone set by senior management as the most important factor contributing to the integrity of the financial reporting process and performance.

Gariyo (2009) asserts that poor financial performance vary from weak internal controls, lack of experienced manpower, high rates of fraud, high levels of political uncertainty and poor

understanding of economic environment in which business operates. All these factors decrease the competitiveness of a company in a market. However, one problem seems to be at the tip of the iceberg; performance of an organisation.

Steel and Tube Ltd is a manufacturing company dealing in building materials. The company was established way back in 2001, as a partnership company and later transformed into a limited liability enterprise. With the above establishment, this provides how experienced the company is in the field of building materials security system service provision (Mutyaaba, 2012).

Steel and Tube limited has and is still in operation for more than 12 years, proving to her clients, as they normally refer to it as the best and one of the leading manufacturer and distributor of building materials in Uganda and East Africa in general. By extending high quality services to its customers, the company is privileged and honored to serve a variety of institutions such as; banks, hotels, factories, homes, schools, hospitals, factories, police, army and apartments among others.

Since the incorporation of Steel and Tube as a limited liability company, the company has failed to attain the desired performance targets. From 2007 to 2012, the organization has been registering unfavorable performance variance between the target and actual results. In 2007/2008 it registered a percentage deviation of 1.25%, in 2008/2009 it was 10.99%, 3.26% in 2009/2010, 3.67% in 2010/11 and 18.74% in 2011/2012 (Financial Performance Plan of Steel and Tube, 2011/2012). This means what is planned is different from the actual results.

Despite the apparent importance of the internal control, little empirical research has been conducted to investigate the relationship between the internal control practices and the performance of an organisation. Therefore, this research was conducted to determine whether there is a relationship between the internal controls and performance of an organisation. The specific controls in this study were control environment, segregation of duties and information and communication.

1.2 Statement of the problem

Internal controls are instituted in organizations purposely to ensure that the business of the organisation is run in an orderly manner, to safeguard assets against misuse, to ensure reliable reports which are the main source of information for decision making processes and to ensure that the organization's personnel are effectively utilized. To register operational efficiency and effectiveness; Steel and Tube Industries Limited introduced internal control practices as one way of boosting its performance.

However, Steel and Tube Industries Limited has been registering unfavorable performance variance between the target and actual results (Financial Performance Plan of Steel and Tube Industries Limited, 2011/2012). This means that what is planned is different from the actual results. Despite the importance of the internal control, little empirical research has been conducted to investigate why unfavorable performance variance is persistent. Therefore, this research was conducted to determine whether there is a relationship between the internal controls and performance of an organization in order to fill the knowledge gap.

1.3 Purpose of the study

The purpose of the study was to examine how internal control practices affect the performance of Steel and Tube Industries Limited.

1.4 Objectives of the Research

- i. To examine the influence of control environment on performance of Steel and Tube limited.
- ii. To examine the effect of segregation of duties on performance of Steel and Tube limited
- iii. To ascertain the effect of information and communication on performance of Steel and Tube limited

1.5 Research questions

- i. What is the influence of control environment on performance of Steel and Tube Industries Limited?
- ii. How does segregation of duties affect the performance Steel and Tube Industries Limited?
- iii. How has information and communication influenced the performance Steel and Tube Industries Limited?

1.6 Significance of the study

This study intends to help the policy makers such as Ministry of Finance Planning and Economic development on the importance of internal controls systems and the performance of an organization.

The study will further enable managers to assess and evaluate the strengths and weakness in the internal control systems in place and find ways of strengthening the controls in place.

The study will also help future researchers and academicians in gaining insight about internal controls systems used in organization and how they affect its performance.

1.7 Scope of the study

1.7.1 Subject Scope

The study was centered on internal control systems and the performance of an organisation. Internal controls is the independent variable and the study focused on; control environment, segregation of duties and information and communication. This independent variable influences the performance (dependent variable) which is indicated by the level of operational efficiency and effectiveness.

1.7.2 Geographical Scope

The study was carried out at Steel and Tube Industries Limited Headquarters, Nakawa Division in Kampala.

1.7.3 Period Scope

The study focused on a period of 6 months running from April 2013- September 2013.

1.8 Definition of terms

Internal control systems is the means by which management obtains the information, protection and the control for the successful operation of an enterprise and thus internal controls can be financial control and non-financial controls. Those financial controls are control over organizational cash receipts, cash payments, organization's operations in terms of leasing of funds, the management of receivables and payables. Non-financial controls are controls over the organization's personnel section and its operation, laid down policies and procedures which must be followed, and use of non cash assets like fixed assets.

Performance: Performance of an organization is measured in terms of meeting the pre-set performance targets or standards (Forest, 2002). For the purpose of this study, performance refers to being efficient and effective in the operation of the business of an organisation.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section details the review of related literature of the concepts which were derived from the objectives of the study. It assessed the studies that have been undertaken on internal control systems in relation to the identified variables to good performance. It presents a theoretical review and defines and describes the concepts and presents the linkage between them using a conceptual framework.

2.2 Theoretical review

The study employed the Principal-Agent theory to explain how internal controls affect the financial performance of organization (Scope, 2005). Principal-agency theory (PAT) is one modeling technique that assumes a relationship in which the agent has an informational advantage over the principal and takes actions that impact both the principal and the agent payoffs. The principal has the formal authority, but in PAT, the attention is on a particular form of formal authority: the authority to impose incentives on the agent. However, in most cases the agents act in their best interests rather than in interest of the principal there by causing the agency problem.

The theory is applicable to this study because internal control is one of many mechanisms used in business to address the agency problem. The Sarbanes-Oxley Act of 2002 (SOX) requires companies to report on the effectiveness of their internal controls over financial reporting as part of an overall effort to restore integrity to the financial reporting process and performance

(Morris, 2011). Studies have shown that internal control reduces agency costs (Abdel-khalik 1993; Barefield et al. 1993), with some even arguing that firms have an economic incentive to report on internal control, even without the requirements of SOX (Deumes and Knechel 2008). Their argument assumes that providing this additional information to the principal (shareholder) about the behaviour of the agent (management) reduces information asymmetry and lowers investor risk and, therefore, the cost of equity capital. Other research has found that weaknesses in internal controls are associated with increased levels of earnings management (Chan et al. 2008; Ashbaugh et al. 2008). Earnings management is the agency problem that motivated SOX legislation in the first place, specifically earnings manipulation by Enron, WorldCom, etc.

Internal controls have played a major role in moderating the agency problem in corporations for many years. Accordingly, Samson et al. (2006) document several internal control procedures used by Altimore and Ohio Railroad as early as 1831. During the 1980s, several high-profile audit failures led to creation of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), organized for the purpose of redefining internal control and the criteria for determining the effectiveness of an internal control system (Simmons 1997). They studied the causal factors that can lead to fraudulent financial reporting and poor performance and developed recommendations for public companies, independent auditors, educational institutions, the Securities Exchange Commission (SEC), and other regulators (COSO 1985). The product of their work is known as the COSO Internal Control—Integrated Framework (Simmons 1997). The framework also points out that controls are most effective when they are “built into” the entity’s infrastructure (COSO 1992,) and further states that “built in controls support quality and

empowerment initiatives, avoid unnecessary costs and enable quick response to changing conditions” (COSO 1992).

At the turn of the century, another group of corporate scandals resulted in enactment of the Sarbanes-Oxley Act of 2002 (SOX) which, among other things, requires a formal report on the effectiveness of internal controls (Marcia 2006). The COSO framework plays a key role in compliance because Section 404 of the Act requires companies to include in their annual report, a separate management report on the company’s internal control over financial reporting and an attestation report issued by a registered public accounting firm.

Morris. (2011) separates internal controls into those that are general (entity-wide) controls from those that are specific (account-level) controls. He believes that if management was overriding control features in order to manage earnings, then one would expect to find more Internal Control Weaknesses related to general controls, even if the specific controls are effective. This type of behaviour should be uncovered during the audit process since this is an area of concern specifically identified in Auditing Standard No. 5, Paragraph 24, which states that “entity-level controls include controls over management override.” On the other hand Levasseur (2002) says a stronger argument could be made that if general controls are in place and working, then one would expect to find less Internal Control Weaknesses related to general controls.

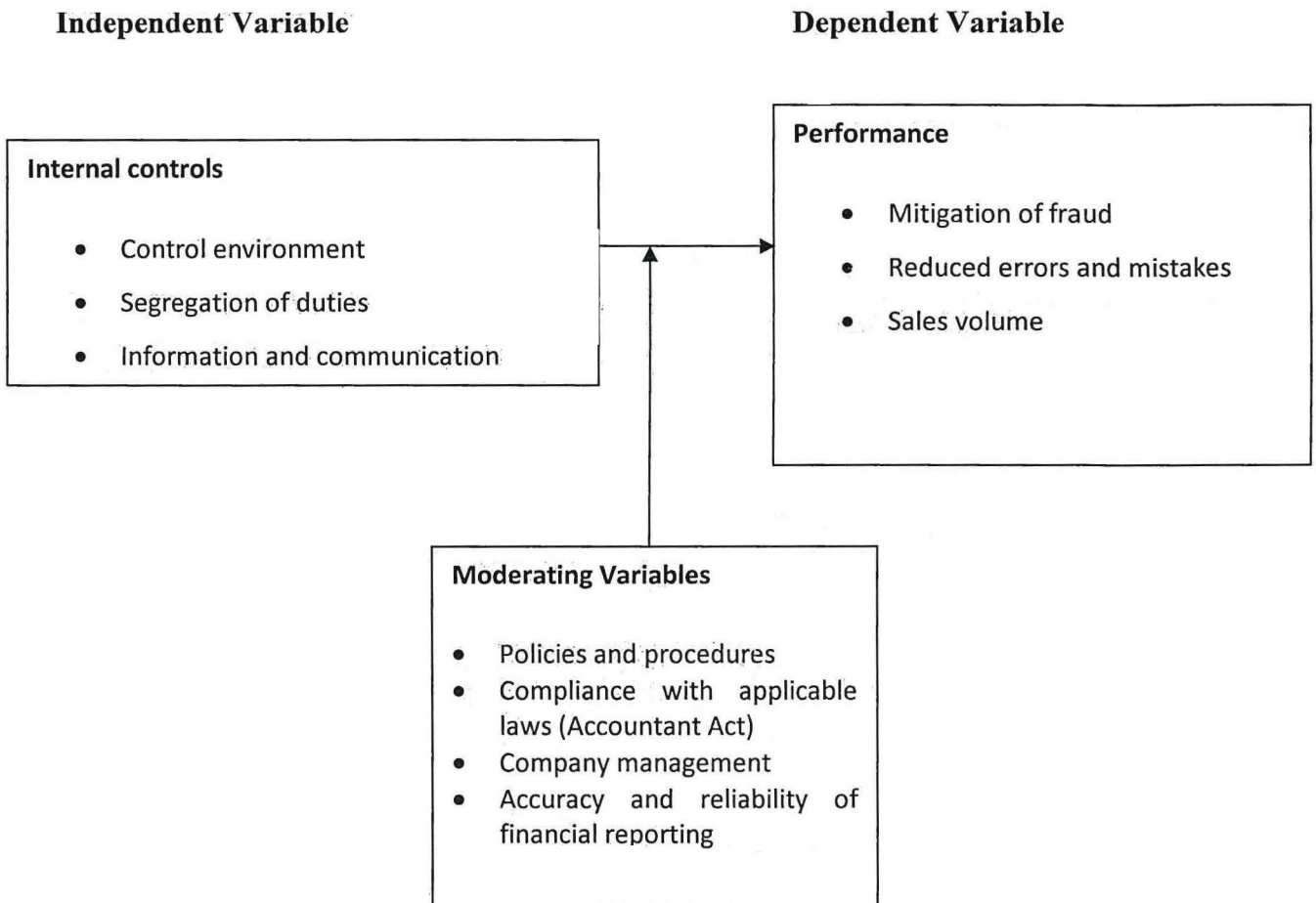
Whittington and Pany (2001), attempt to explain the meaning, significance of Internal Controls, and the Components of a Company’s internal controls. They also attempt to explain the relevancy of internal controls in large scale business organizations as process effected by the entity’s board of directors, management and other personnel, designed to provide reasonable

assurance regarding the achievement of objectives in the following categories; reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Horngren and Sundem (2009) emphasize that internal controls is a process and not an end in or of itself. They note that internal controls provide reasonable but not absolute assurance about the attainment of an entity's objectives. Gupta (2001) also acknowledges that internal controls can only provide reasonable assurance that management objectives will be achieved.

This is basically due to the inherent limitations of internal controls In the Executive Summary of "Enterprise Risk Management-Integrated Framework" 2004 by the Committee of Sponsoring Organizations (COSO, 2004), of the Treadway Commission, Internal controls have been incorporated into policies, rules and regulations to help organizations achieve their established objectives. This is in line with Pany, Gupta and Hayes (2001), assertion that internal controls are meant to help an organization achieve its objectives. The COSO commission was partly instituted in response to a series of high profile scandals and business failures where stakeholders suffered tremendous losses. This study however differs in that it is done for an organisation that is not ailing though there are reported incidences of scandals and financial misfeasance. The end results should therefore aid the preventive mechanism rather than being reactionary. Entities exist to provide value to its stakeholders but are normally face with uncertainty.

2.3 Conceptual frame work

The link between internal control system and Performance is illustrated in the diagram below



(Source: Adopted from the Amin, 2005, and modified by the researcher)

The major variables of this study were internal control systems (independent variable) and performance (dependent variable). The focus of this study was the manufacturing industry which in recent years has been characterized by series of high profile scandals and business failures in which stakeholders have suffered tremendous losses. Thus, the researcher operationalized internal control systems in terms of control environment, segregation of duties, information and communication. It should be emphasized at this juncture that there are other criteria or variables

that may be used to measure performance such as compliance with applicable laws such as Accountant Act, company management, accuracy and reliability of financial reporting and compliance with the existing accounting policies and procedures. These moderating variables were held constant and in order to come up with a clear picture of how internal controls influences the performance of an organisation.

Performance in this study was measured in terms of financial profitability, fraud mitigation, reduced errors and mistakes and improved sales volume.

2.4 Control environment and the performance of an organization

Horngren and Sundem (2009) assert that control environment is one of five internal control components that provide reasonable assurance about reliable financial reporting and the performance of an organisation. Furthermore, Marcia (2006) identifies the control environment as the foundation for all other components of internal control and thus has a direct bearing on the performance of an organization in terms of fraud mitigation, profitability level, level of mistakes and errors committed by staff.

Despite the apparent importance of the control environment as an internal control component, little empirical research has been conducted to investigate the relationship between the control environment and the performance of an organisation. Therefore, this research was conducted to determine whether there is a relationship between the control environment and performance of an organisation. The specific control environment component of interest in this study was management's integrity. The focus on management's integrity is supported by Morris' (2011) belief that "the effectiveness of internal controls cannot rise above the integrity and ethical

values of the people who create, administer, and monitor them. Integrity and ethical values are essential elements of the control environment, affecting the design, administration and monitoring of other internal control components.

According to Gupta, (2001) poor internal control is regarded as the primary reason why fraud occurs. Internal control and financial reporting have received increased attention especially since the Treadway Commission. Deumes and Knechel (2008) assert that the tone set by senior management as the most important factor contributing to the integrity of the financial reporting process. Whittington and Pany (2001) indicate that COSO (1992a) furthered the Treadway Commission's efforts by developing the Internal Control – Integrated Framework and by including the integrity of employees as a component of internal control. An interesting point to note is that the COSO framework was developed primarily from the input of business executives, as opposed to empirical research.

Basu (2002) says that management's attitude toward internal control is significant when accountants are asked to evaluate the control environment of an organization. A more important issue, however, is whether these internal control factors are actually related to misrepresented financial information. In summary, Scope (2005) fairly reported financial information is of paramount importance; however, financial accountants often feel pressure to misstate financial statements. Morgan (2010) says that new audit standards indicate that the control environment is an important element of internal control and, therefore, can minimize the risk of fraud and help the organization to register the desired performance standards.

Accountants employed by large companies will perceive managers in their organizations to emphasize integrity differently than accountants employed by small companies. Whittington and Pany (2001) indicate that SAS No. 78 recommends that internal control components be considered in the context of an organization's ownership characteristics. Since public companies depend on the earnings of the organization, employees may be pressured to report increased earnings to increase the value of the stock. On the other hand, Chan et al. (2008), says private companies are accountable to their private owners. As a result, employees may not be pressured to report increased earnings since to do so would result in higher taxes.

2.5 Segregation of duties and the performance of an organization

One area where many companies can significantly strengthen their internal controls involves segregation of duty policies and this is often considered the "primary internal control." It is imperative that there are adequate segregation of duties involving custody, authorization and control of financial documents and records (Vullabhaneni, 2002). For instance, one person should not have the sole authority to initiate a transaction, authorize or approve a transaction and complete the transaction without appropriate sign off processes and differing levels of management approval (Soke and Izza, 2009). The lack of proper segregation of duty policies is most often the root cause of many fraud and theft events in companies without strong internal controls in this area this affects adversely the financial performance. However, what Soke and Izza (2009) missed out was that segregation of duties may help much the organization to improve its financial position if people have no right skill to perform. Many organizations continue to have a problem of financial difficult yet there is proper segregation

of duties. Therefore, this is what the study intended to put right in order to fill the knowledge gap.

There have been so many examples of collapse of many due to fraud committed directly as a result of a company's failure to segregate duties that it's not necessary to focus solely on one (Scope, 2005). Rather, it's important to examine the common themes which contribute to these frauds. Generally, the fraud usually occurs in a finance area because of lack of; involves someone with unsupervised control over company funds and documents (cheques) and access to banking accounts for deposits and withdraws; there is no segregation of duties and the fraud occurs in companies with lax internal controls which in turn leads to poor financial performance (Gariyo, 2009). So, for example a bookkeeper is able to write a cheque to himself without worrying about being detected.

To improve the performance, duties should always be segregated amongst multiple employees. This usually means that there are multiple employees involved in the financial process with oversight at several places in the process (Marcia 2006). This ensures that one employee cannot manipulate the entire process because there is effective financial reporting and this increases awareness amongst employees that someone is not only looking, but conducting random audits to reconcile financial transactions (Ryan et al, 2004). Cheque stock should be controlled and secured, secondary levels of management approval and dual signatures on cheques and payment authorization on amounts over pre-established financial levels should be required so as to boost effective financial performance (Chan et al. 2008). Further, all employee should have individual financial transactional levels established which

vary according to their management levels, or position of authority, business unit needs and ability to obligate the business to a financial commitment.

Cheques are not the only area of concern. The same type of internal controls should be in place for company credit cards and electronic payment tools (Vullabhaneni, 2002). It would be just as easy for one employee with complete responsibility for accounts payable to fraudulently wire money outside the company or establish fraudulent electronic payments without the proper level of oversight and control. Segregation of duties in this area would also prevent an employee from creating "phantom" vendor accounts, false invoices and making payments against those invoices without additional verifications in place. From the foregoing therefore, it should be argued that internal controls lead to effective financial accountability of funds.

2.6 Information and communication and financial performance

One way to strengthen internal controls is by improving the communication process (Folks, 2006). There have been numerous occasions where key stakeholders are unaware of major events occurring within a corporation or business unit. This is problematic as there is no opportunity for management to fix something that they are unaware is broken (Collins, 2007). Regular interaction and communication between departments is paramount to enhance effective financial performance in this process.

According to Horngren and Sundem (2009) internal control systems are intended to maximum degree of accuracy and uniformity in preparation of all financial records or otherwise. Accurate

records can help to provide information on how the transactions are conducted and timely reporting provided information that is necessary to take remedial action and thus facilitates the enhancement of financial performance in organizations (Ryan et al, 2004). Communication protocols must be established and agreed upon enterprise wide. Critical incident event distribution notification processes and procedures must be in place to ensure everyone is aware of an incident and understands what their defined roles are when the incident occurs.

Information systems relevant to financial reporting objectives includes the accounting systems and consists of the procedures and records established to initiate, record, process, and report entity transactions (as well as events and conditions) and to maintain good financial performance for the related assets, liabilities, and equity (Foulks, 2006). For example, a small company with active involvement by the owner and a simple computerized accounting system involving primary and honest competent accountant may provide an adequate accounting information system. A larger company requires a more complex system that includes carefully defined responsibilities and written procedures (Alvin and Loebbecke, 1997).

Good reporting in local governments is also seen as essential. UNCDF (2006) mentions that information on local government activities and resources (inputs, planning, budgeting, expenditure, etc) is essential in informing local constituents and encouraging meaningful public participation in political processes while at the central level, essential for monitoring and supervising local activities funded by central sources. For proper reporting on accountability by public institutions, the importance of keeping proper records is emphasized. Marlize (2000) however observes that organizations and governments rarely see the connection between records

management and prevention of corruption, fraud and maladministration. He observes that good records management support financial management and ensures the public sectors' ability to function effectively by providing documentary evidence to assist in ensuring good financial performance.

Management also needs a control system that generates reliable information for decision making (Soke and Izza, 2009). If the information system does not generate reliable information, management may be unable to make informed decisions about issues such as product pricing, cost of production, and profit information. Management thus has numerous incentives for establishing and maintaining strong system of internal controls (William, 2000). Despite the benefits mentioned above management is often unwilling to implement an ideal system of internal controls because the costs may be too high (Alvin and Loebbecke, 1997). It should be noted that internal controls can never be regarded as completely effective regardless of the care followed in their design and implementation.

Devon (2006) noted that in any accounting system, it is essential that maximum degree of accuracy and uniformity are attained in preparation of all financial records which is an integral part of internal control systems. Accurate records can help to provide information on how the transactions are conducted and timely reporting provided information that is necessary to take remedial action and thus felicitates the enhancement of financial performance in public sector organizations. Devon (2006) further expressed that to ensure good financial performance in organizations, the internal control systems adopted should ensure that it provided a departmental wide policy for preparation and submission of a series of integrated financial reports and statements pertaining to the current status of funds and accounts with adequate source

documents, programmatic performance measures and goals the previous cash flow records (Vullabhaneni, 2002). That it is essential to keep maximum degree of uniformity and accuracy in the preparation of final accounts which contain basic financial data.

2.7 Conclusion

This chapter reviewed and discussed existing relevant literature, covering the concepts of performance and internal controls. Performance and internal controls have been considered broadly according to views of different scholars and later discussed in the context of Steel and Tube limited. Factors that are seen to hinder Steel and Tube Industries Limited's performance and how these can be solved were discussed. It also outlines the processes and routes of performance and internal control and how they are linked. The review led to anticipation that in Steel and Tube Industries Limited there are loopholes in the internal control systems which are likely to affect adversely its performance and this is what the study sought to find out.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presented the research design, area and population of the study, sample size and composition, sample design, sources of data, data collection instruments, validity and reliability, data analysis and limitations of the study.

3.1 Research Design

A cross sectional survey design was used for the study. This is because data was collected at a single point in time. This research design was employed in order to answer the research questions of the study, to control the extraneous variable of the study. The study used both qualitative and quantitative research methods in the study. The main reason for using such methods was to establish how internal control systems influences financial performance in Steel and Tube limited using numbers and narration.

3.2 The target population

According to the Human Resource Records of Steel and Tube Industries Limited (2013), there are 123 senior officers and junior officers in four departments that is, Accounting and Finance, Auditing, Procurement and Administration. For instance, Accounting and Finance has 25 staff, Auditing has 30 staff, Procurement has 35 staff, and Administration has 33 staff making a total of 123 staff. The four departments were selected because the problem is more acute in these departments compared to other departments such as quality assurance, marketing, production and

transport. The study population was therefore 123 employees in aforementioned departments in Steel and Tube Industries Limited.

3.3 Sample Size and Composition

The sample size of the study was adopted from Krejcie and Morgan (1970) which is an efficient method for obtaining a representative sample. The sample size was calculated in each department and the results are presented in the next table: -

Table I: Sample size

| Department | Target Population | Sample size | Sampling method |
|------------------------|-------------------|-------------|------------------|
| Procurement | 35 | 32 | Cluster sampling |
| Auditing | 30 | 28 | Cluster sampling |
| Accounting and Finance | 25 | 24 | Cluster sampling |
| Administration | 33 | 30 | Cluster sampling |
| Total | 123 | 114 | |

Source: Human Resource Records of Steel and Tube Industries Limited, 2013

3.4 Sampling Design

The respondents were selected from finance, procurement, administration, auditing departments of Steel and Tube Industries Limited using cluster sampling technique from which a simple random sampling technique was applied. This technique was employed because it gave employees from each department to have the equal chance to be part of the study. Further it enabled the study to make the sample selection without any prejudice.

3.5 Sources of Data

3.5.1 Primary data

Primary data from senior and junior staff of Steel and Tube Industries Limited was collected using questionnaire and interview guide to gather first-hand information. Data collected using these tools were centered on internal control systems and the performance of Steel and Tube Industries Limited.

3.5.2 Secondary data

Secondary data was got from Steel and Tube Industries Limited records, published articles, text books, research reports of previous researchers and related information from the internet.

3.6 Instruments of data collection

3.6.1 Questionnaires

The study used structured questionnaires to gather data from the respondents. Close ended and open ended questionnaires were given to senior and junior employee of Steel and Tube Industries Limited. The questionnaires were designed in such a way that reflected the objectives of the study. The researcher issued out questionnaires to Steel and Tube Industries Limited staff and after two weeks the filled questionnaires were collected for analysis. This instrument was used because of its convenience to the respondents and large amounts of information can be collected from a large number of people in a short period of time and in a relatively cost effective way.

3.6.2 Interviews guide

The study also used interview guide to collect the required data for the study. The researcher based his interview discussion on the study objectives. Various questions relating internal controls and performance were posed to the departmental heads as a means of accessing first hand information. This instrument was used because of immediate feedback and questions can be repeated clearly for the respondents so that they comprehend them better. The researcher compared and contrasted the interview responses with the answers given in the questionnaire so as to gather more knowledge about the problem under the study. In the course of interviewing the managers, the researcher was jotting down some important issues, which later were analyzed.

3.7 Validity and Reliability of Tools

3.7.1 Content Validity Index

Research instruments were pre-tested before collecting data for the study. The main reason for this was to ensure that the instruments collect reliable and accurate data for the study. This assisted the researcher to detect ambiguous questions and questionnaire length. The pre-testing exercise gave the researcher some insights of how the study was to be carried out. To ensure validity of research instruments used in this study, questions were discussed with the supervisor for scrutiny, clarity and removal of ambiguity. Corrections were made accordingly before pre-testing the instruments. For the study to consider those items relevant and valid, the ratings from the experts/supervisor were computed using content valid index. The results of the content validity index were 0.806 for control environment and performance, 0.733 for segregation of duties and performance and 0.767 for information and communication and performance and thus considered valid as maintained by Amin (2005).

3.7.2 Reliability

Reliability of the questionnaire instrument was assessed using Cronbach's coefficient alpha. The questionnaires were pre-tested to 50 respondents and the reliability results were computed using the SPSS package. The results of the alpha values were 0.709 for control environment and performance, 0.781 for segregation of duties and performance and 0.771 for information and communication and performance. This shows that all items were reliable since they generate alphas values above 0.7 (Amin, 2005; Kathuri and Palls, 1993).

3.8 Measurement of study variables

The variables were internal controls which is independent variable and performance which is a dependent variable. The variables were measured using constructed questionnaire scales, specifically the five rating Likert scale. The study variables were measured using the constructs indicated under them where respondents were asked to Strongly agree scored as 5, Agree scored as 4, Not sure as 3, Disagree scored as 2 and Strongly disagree scored as 1. The higher score indicated that good performance and effective internal control system in place.

3.9 Data Analysis

Data collected was edited for accuracy and completeness and this was mostly done manually. At this point, the researcher proceeded to interpret the findings and the responses were critically analyzed for accuracy and relatedness. Both quantitative and qualitative analysis techniques were employed to analyze the finding of the study.

Quantitative data was analyzed using measures of central tendencies as computed by Statistical Package for Social Scientists (SPSS) to yield the desired statistical output, measures of

dispersion and measures of relationships between the variables (financial performance and internal controls systems) were established with the use of mean, and standard deviation.

Analysis of **qualitative data** was done through descriptions of events and occurrences as gathered from the interviewees. The findings of the study were analysed and presented under various themes. The judgment was made basing on what majority said and the facts on the ground.

3.10 Limitations to the Study and Possible Remedies

The study was conducted in steel and Tube Industries Limited which is a manufacturing company, however, the findings collected may not be applicable to organizations in service industry but can be used as a yardstick to ascertain the effectiveness of internal control practices towards the performance of an organization.

The study was based on internal control practices as the main determinant of organizational performance. However, there are many factors that can affect the organizational performance such as management commitment, risk management, employees' skills and customer relationship management. To overcome this challenge, the study held such factors constant in order to fully exhaust the scope of the study.

CHAPTER FOUR

ANALYSIS, PRESENTATION AND INTERPRETATION OF RESULTS

Introduction

This chapter covers the demographic characteristics of respondents and presents, analyzes and interprets the results about the study objectives that is to examine how control environment influences the performance of Steel and Tube Industries Limited, to examine how segregation of duties affect the performance of Steel and Tube Industries Limited and to ascertain how information and communication affects the performance of Steel and Tube Industries Limited

4.1 Demographic Characteristics of Respondent

In presenting and analyzing the demographic information about the respondents, the researcher focused on a number of variables that is; age distribution, time spent working with Steel and Tube Industries Limited and the system used in the organization. The findings obtained are presented as follows:-

4.1.1 Age Distribution

The findings of the study as reflected in table 4.1 shows that 32.5% of the respondents were in the age bracket of 26-35 years, 25.4% were between the age group of 36-45 years, 21.1% were between 18 -25 years, 13.2% were between 46-55 years and thus 7.9% were 56 years and above as shown in table II: -

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|--------------|------------|--------------|---------------|--------------------|
| Valid | 18-25 | 24 | 21.1 | 21.1 | 21.1 |
| | 26-35 | 37 | 32.5 | 32.5 | 53.5 |
| | 36-45 | 29 | 25.4 | 25.4 | 78.9 |
| | 46-55 | 15 | 13.2 | 13.2 | 92.1 |
| | 56+ | 9 | 7.9 | 7.9 | 100.0 |
| | Total | 114 | 100.0 | 100.0 | |

Source: Field data, 2013

4.1.2 Tenure

Table III Tenure of the respondents

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|--------------|------------|--------------|---------------|--------------------|
| Valid | 1-3 | 40 | 35.1 | 35.1 | 35.1 |
| | 4-6 | 36 | 31.6 | 31.6 | 66.7 |
| | 7-10 | 20 | 17.5 | 17.5 | 84.2 |
| | 10+ | 18 | 15.8 | 15.8 | 100.0 |
| | Total | 114 | 100.0 | 100.0 | |

Source: Field data, 2013

The results in table III above shows that 35.1% of the respondents had served Steel and Tube limited between 1-3 years, 31.6% had worked with the company between 4-6 years, 17.5% had been employees of the company between 7-10 years and the remainder (15.8%) had served Steel and Tube Industries limited for over 10 years. The implication of this finding is that most of the

respondents who participated in the study had served Steel and Tube Industries for more than 3 years and thus they were well conversant with the internal controls in place and how they affect the performance of the organization.

4.1.3 System Used

Table IV. The System used in Steel and Tube limited

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|--------------|-----------|---------|---------------|--------------------|
| Valid Manual | 43 | 37.7 | 37.7 | 37.7 |
| Computerized | 71 | 62.3 | 62.3 | 100.0 |
| Total | 114 | 100.0 | 100.0 | |

Source: Field data, 2013

As shown in table IV above, majority (62.3%) of the respondents expressed that Steel and Tube Limited uses generally computerized system as a tool for stimulating efficiency in its operations so as to register the desired performance targets. conversely, 37.7% of the respondents indicated that Steel and Tube Industries Limited uses manual system in its operations. The implication of this finding is that Steel and Tube Industries Limited generally uses computerized system in its operations as means to reduce costs, delays and stimulate efficiency and this plays a great part towards its performance. However, one wonders why unfavorable variances are registered despite the fact that the company uses less of manual system in its operations.

4.2 Control environment and the performance of an organization

4.2.1 The influence of control environment on organizational performance

This section answers the first research question of the study which states that: "To what extent does control environment influence the performance of Steel and Tube Industries Limited?" To

answer this question, it was decided to first present descriptive statistics for each of the variables before presenting inferential statistics. This is because the descriptive statistics are helpful in interpreting exactly how the variables under study relate or affect one another. Thus, this approach is adopted in this section and subsequent sections in this chapter as shown below.

4.2.2 Control environment

The study focused on control environment in Steel and Tube Industries Limited and various statements were presented to the respondents and the results gathered are presented as follows: -

Table V: Control environment

| | N | Min | Max | Mean | S.D |
|--|-----|------|------|------|-------|
| I have a clear and close interaction with management | 114 | 1.00 | 5.00 | 3.62 | 1.076 |
| When I perform well management recognizes me | 114 | 1.00 | 5.00 | 3.22 | 1.368 |
| Management closely monitors my performance | 114 | 1.00 | 5.00 | 3.58 | 1.128 |
| People who make mistakes are encouraged to share them widely so that others can learn | 114 | 1.00 | 5.00 | 3.62 | 1.200 |
| Honest and original mistakes are recognized as an indication of initiative and courage | 114 | 1.00 | 5.00 | 3.79 | 1.093 |
| Our internal audit is sufficiently staffed | 114 | 1.00 | 5.00 | 3.63 | 1.184 |
| Internal audit report address weaknesses in our internal control system | 114 | 1.00 | 5.00 | 3.85 | 1.083 |
| Internal audit reports are produced regularly | 114 | 1.00 | 5.00 | 3.94 | 1.131 |
| Management discusses internal audit reports frequently | 114 | 1.00 | 5.00 | 3.82 | .924 |
| The degree of integrity exhibited in an organization improves performance | 114 | 1.00 | 5.00 | 3.73 | 1.021 |

Source: Field data, 2013

From table V, the dimensions of control environment under various statements posed to the respondents. The statements have been ranked in terms of their means and standard deviations in order to derive meaning out of the results. Therefore, the findings gathered are presented and analyzed under as follows;

From table V, the study revealed (Mean = 3.94, Standard deviation = 1.131) that respondents generally agreed that internal audit reports are produced regularly, conversely, there were some variations in responses to this statement as shown by the standard deviation. These variations in responses show a big movement from the mean indicating some participants failed to understand the test statement. The results from the interview with one manager had this to say;

Not everyone knows that audit reports are produced regularly, the reporting system used by the audit section does not involve every one and thus it is produced to the management team for scrutiny. The junior staff may not know whether this is done or not.

From the above view it should be argue that although internal audit reports are produced regularly, some staff have no idea when they are produced to the management or not.

Furthermore, the study revealed (Mean = 3.85, standard deviation =1.083) that internal audit report address weaknesses in our internal control system. Nonetheless, a standard deviation shows a significant variation in the views of the respondents which can imply that to certain extent some staff lack ideas or knowledge what role the audit function do in reporting and addressing the weaknesses in the internal control system of the company. One manager during an interview had this to say;

Although the internal audit function play a great role to address weakness in the internal controls, not all weakness are addressed that is why we are still experiencing issues of fraud, pilferage among others which have hindered the company to register its preset performance standards.

From the foregoing therefore, it should be argued that to certain extent internal audit report address weaknesses in the internal control system

The study indicated (Mean = 3.82, Standard deviation = .924) that majority of the respondents were in agreement that management discusses internal audit reports frequently. However, the standard deviation shows a small movement in variations in responses by some respondents. In an interview held with of the departmental heads, it was highlighted that;

When reports are produced, the management teams always meet and discuss the key findings from the reports produced as means of assessing whether the controls in place whether financial or otherwise are effective and can help the organization to run its business smoothly.

From the foregoing therefore, it should be reasoned that management discusses internal audit reports frequently. However, it is not clear if the key findings obtained from the report are acted on to ensure steady financial performance.

Moreso, the study reveals (Mean = 3.79, standard deviation =1.093) that the honest and original mistakes are recognized as an indication of initiative and courage. This is evident when the mean of respondents as computed by the system is well above the average. From the interview it was highlighted that;

The management integrity is taken as a central part of the company's success and thus staff and managers are encouraged to exhibit high levels of openness and honesty in their dealing.

However, the corresponding standard deviation reflect that respondents had a significant variation in responses on whether honest and original mistakes are recognized as an indication of initiative and courage. From the foregoing therefore it should be construed to imply that respondents might be indifferent on the issue of integrity and openness in the execution of tasks.

The results of the study shows (mean = 3.73, standard deviation = 1.021) that respondents seem to agree that the degree of integrity exhibited in an organisation improves performance. However, a standard deviation of reflect varied responses on the degree of integrity exhibited by the management as means towards improving financial performance. The findings from the interview held with the head of Finance it emerged that;

In some instances staff exhibit some element of integrity but in most cases the element of integrity is not taken as an issue. In Steel and Tube Industries Limited, people who quickly amass wealth through corrupt practices are glorified while those who uphold principles of integrity and moral values are ridiculed. Lack of integrity means that the goal of registering good performance standards is hard to achieve in Steel and Tube Industries Limited.

It should therefore be stated that integrity exhibited in an organisation plays a small part to improve the performance of the organization.

The results of the study (Mean = 3.63, standard deviation =11.184) further indicated that the respondents were with a view that the internal audit function of Steel and Tube Industries Limited is sufficiently staffed. However, even then the respondents seemed to have varied in their responses regarding the staffing of the audit function of Steel and Tube Limited as revealed by a standard deviation . This is in line with the findings gathered from the interview held with the head of finance that

When the audit section is insufficiently staffed, unscrupulous people can use that chance to do things which are against the company values. Chances of misappropriation of funds are high when the audit section is not well manned.

Therefore Steel and Tube Industries Limited always ensure that it has the sufficient right people in the right place with the right skills to enable the company meet its goals.

The results show (mean = 3.62, standard deviation = 1.076) that respondents to some extent agreed that they have a clear and close interaction with management. However, the corresponding standard deviation reveals a significant variation in responses. In an interview held with one of the managers in the audit section revealed that

Steel and Tube always strive to create an environment where everyone is free to interact with each other. By creating this environment, the company aims at building team spirit and group cohesiveness among the junior staff and senior staff. This kind of environment helps Steel and Tube to identify how things are moving within the organisation. People are free to report to the management group so long as they use the proper channels of interaction. The proper channels mean that in case one identifies something wrong, that person must report to immediate supervisor so that the problem is put right. However,

there are some staff members who do not care about this and in some cases fail to interact with the management and this has played a great role in crippling the company's performance standards.

This also shows that although there are well laid down reporting structures in the organisation so that people can interact, some staff hardly interacts with the management group and this is a clear indication that there is a big problem in the control environment of Steel and Tube Industries Limited.

The study revealed (Mean = 3.62, standard deviation =1.200) that respondents seem to agree that people who make mistakes are encouraged to share them widely so that others can learn. Even though the standard deviation provided by the same respondents suggests that they had varied views about the statement, this could imply that some staff even if are encouraged to correct their mistakes by getting assistance from their colleagues, others place less emphasis on sharing their mistakes with others and in the end mistakes continue to escalate further which in turn affects negatively the performance of the company. From the interview it was highlighted that;

Some staff think they are perfect all their dealings and thus need not to be corrected whenever they make mistakes. They think that they are well conversant in their fields of specialization. They don't consult their colleagues when they meet challenges and this is the reason why the company in most cases fails to attain the desired performance targets.

It should therefore be reasoned that although staff encouraged to correct their mistakes by getting assistance from their colleagues, others place less emphasis on sharing their mistakes with others

The study shows (mean = 3.58, standard deviation =1.128) that respondents averagely agreed that management closely monitors staff performance. However, the study shows significant

differences in responses on whether management closely monitors staff performance. The implication of this finding is that although the mean value is above the actual average of 3, the management needs to improve on the performance evaluation of employees. The results from the interview indicated that;

It is the management responsibility to monitor the performance of employees in Steel and Tube Industries Limited. That there is no way the company can register good performance targets unless the management team closely monitors and evaluate people's performance.

It should therefore, be stated that to a certain extent management closely monitors staff performance.

The finding revealed (mean = 3.22 and standard deviation = 1.368) that respondents slightly agreed that when they perform their tasks well, management recognizes them. However, even then the respondents seemed to have varied in their responses regarding recognition of their performance as revealed by a big standard deviation. This means that to some extent management seem not to care much how well people are performing their tasks and this has adverse bearing on the performance of the company. One manager during an interview had this to say;

We always recognize good results from people, we generally motivate staff to perform their tasks as expected and those who exhibit high performance rates are praised, promoted and given other fringe benefits as means of stimulating performance. However, there are some staff who are not satisfied with what the company offers and we are yet to address this so that they meet the performance target of the company.

Basing on the foregoing therefore, it should be noted that to a moderate extent when employees perform their tasks well, management recognizes them.

4.3 Segregation of duties

The study focused on segregation of duties and various statements were presented to the respondents who were requested to indicate their level of agreement as follows: -

Table VI: Segregation of duties

| | N | Min | Max | Mean | S.D |
|---|-----|------|------|------|-------|
| When I make a requisition for the purchase of goods or services, I don't approve the purchase | 114 | 1.00 | 5.00 | 3.89 | 1.398 |
| When I approve the purchase of goods or services. I don't reconcile the monthly financial reports. | 114 | 1.00 | 5.00 | 3.56 | 1.234 |
| When I approve the purchase of goods or services I don't obtain the custody of checks. | 114 | 1.00 | 5.00 | 3.86 | 1.038 |
| When I maintain and reconcile the accounting records I don't obtain the custody of cheques. | 114 | 1.00 | 5.00 | 3.04 | 1.330 |
| When I open the mail and prepare a listing of checks received, I don't make the deposit | 114 | 1.00 | 5.00 | 3.68 | 1.259 |
| When I open the mail and prepare a listing of checks received, I don't maintain the accounts receivable accounting records. | 114 | 1.00 | 5.00 | 3.98 | 1.039 |
| Approval of related transactions affecting those assets and Recording of transactions is not done by the same person | 114 | 1.00 | 5.00 | 3.11 | 1.329 |
| Our organisational structure spells out the duties and responsibilities of each employee | 114 | 1.00 | 5.00 | 3.51 | 1.339 |
| There is appropriate supervision by senior staff on the work of their juniors | 114 | 1.00 | 5.00 | 3.42 | 1.343 |
| Different stages in the management of business are done by multiple people in Steel and Tube Limited | 114 | 1.00 | 5.00 | 4.69 | 1.304 |

Source: Field data, 2013

Table VI is centered on segregation of duties as a component of internal control practices in Steel and Tube Industries Limited. Various statements were ranked in terms of their mean and standard deviation as a way of analyzing the findings as presented below;

Results of the study revealed (Mean= 4.69, Standard deviation = 1.304) that respondents agreed that different stages in the management of business are done by multiple people in Steel and Tube Industries Limited. This is revealed by a mean value which is approximating to a maximum of 5. However, a significant standard deviation suggests that in as much as respondents agreed with the statement, they varied greatly in their responses. This could also imply that some respondents might not be aware whether different stages in the management of business are done by multiple people in Steel and Tube Industries Limited.

The results of the study revealed (Mean= 3.98, Standard deviation = 1.398) that the respondents agreed that the requisition for the purchase of goods or services is done by different person and the approval for the purchase is done by another. However, even then the respondents seemed to have mixed responses over the statement as revealed by a standard deviation. This is in support of the interview held with one of the managers that;

Sometime it may necessitate to bypass the procurement policy if there is an urgent need.

We are in business to satisfy customers. If the customer is a major customer we may be forced to do that.

From the above view it should be argued that although the requisition for the purchase of goods or services is done by different person and the approval for the purchase is done by another, sometimes this can be bypassed.

The results of the study reflected (Mean= 3.98, Standard deviation = 1.039) that respondents agreed with the statement that a person who opens the mail and prepare a listing of cheques received, is not the same who maintain the accounts receivable accounting records. Consequently, a greater standard deviation raises concerns regarding the segregation of duties. The figure of standard deviation further reveals that the respondents had varied opinion about segregation of duties and this could also mean that besides having diverse views about whether there is proper segregation of duties, they could also be an aware with how duties and responsibilities are assigned to staff. The results from the interview, it emerged that;

Steel and Tube Industries Limited has a clear job description for all of its employees. Each person is assigned a task not to overlap duties and to avoid conflict in the execution of tasks and to ensure chain of command and line of authority. This is well indicated in the organization's structure which spells out duties and responsibilities of each person in the organization to avoid confusion and ensure proper execution of tasks. However, some people violate this structure and we are yet to eliminate them so as to ensure smooth execution of tasks.

Basing on the above responses it should be reasoned that there is proper segregation of duties basing on the organization's chart. Although there are some staff who violate this in order to jeopardize the efforts of the company of attaining the desired performance goals

Table findings of the study also shows (Mean= 3.86, Standard deviation = 1.038)that the respondents seem to agree that when a person approves the purchase of goods or services, that person is not the one to be a custodian of cheques with a mean value which appears to be close to

the average rank of 4. However, the corresponding standard deviation also revealed a significant variation in the responses provided by the respondents about the segregation of duties.

The study indicated (mean = 3.68, standard deviation = 1.259) that respondents stated that a person who open the mail and prepare a listing of cheques received, is not the one who make the deposit implying that they marginally agreed with the statement. But since the standard deviation indicates significant differences in responses as regards to the statement, it should be inferred that to some extent respondents are not sure whether a person who open the mail and prepare a listing of checks received, is not the one who make the deposit.

Similarly the findings of study indicated (Mean = 3.56, Standard deviation = 1.234) that respondents were in agreement that when they approve the purchase of goods or services, they don't reconcile the monthly financial reports. However, a standard deviation reveals a significant variation in the view which could also relate to not clearly understanding the statement.

From the results of the study it is reflected (Mean =3.51, Standard deviation = 1.339) that respondents seem to agree that the organisational structure spells out the duties and responsibilities of each employee. However, a standard deviation suggests a significant variation in the responses generated by the respondents. In an interview with one manager, he said that;

Steel and Tube Industries Limited as a well designed organizational structure which indicates lines of authority and chain of command. People are given jobs after a thorough analysis of their skills, experience and qualification. People are assigned jobs which they can do better so that the organization profit from them.

From the above view therefore, it should be construed that the organisational structure spells out the duties and responsibilities of each employee to avoid overlapping of duties and conflicts in the organization.

The study reflected (Mean = 3.42, standard deviation = 1.343) that respondents agree that there is appropriate supervision by senior staff on the work of their juniors. Although the standard deviation seems to show difference in the responses generated for the statement. This state of affairs implies that supervision of employees in the organization is not done effectively to encourage good performance. The findings from the interview revealed that;

*There is no way one can ensure good performance without supervising the subordinates.
Managers always supervise the staff to ensure how well they are performing the task and correct them whenever they are not performing well.*

From the foregoing it should be argued that although employees are supervised, but the effectiveness of the supervision is questionable as the organization is still experiencing unfavorable performance level. This implies that there are loopholes in the supervision of the junior staff

Furthermore, the study revealed (mean = 3.11, standard deviation = 1.329) that the respondents were sure whether approval of related transactions affecting those assets and recording or reporting of related transactions is not done by the same person. However, a standard deviation reveals a significant variation in the opinions which could also relate to not clearly understanding the whole procedure of approval of related transactions affecting those assets and reporting of related transactions is not done by the same person. From the foregoing therefore, it should be

argued that approval of related transactions affecting those assets and recording or reporting of related transactions is not done by the same person

The study indicated (Mean =3.04, standard deviation = 1.330) that respondents were almost not sure whether a person, who maintains and reconciles the accounting records, is not the one to obtain the custody of cheques. However, a significant standard deviation shows dispersed responses relating to the statement. This implies that many people who participated in the study seem not to understand the accounting procedure followed and how tasks are segregated in the accounting function. The results from the interview indicated that;

Much as there is segregation of duties, some staff overlap and perform tasks which they are not assigned. A case in point happened between 2010 and 2012 when the Accountant was performing his tasks as well as the tasks of a cashier and this was against the organization's culture and norms which in turn resulted into misappropriation of funds for the company.

This state of affairs indicates that it not clear whether a person, who maintains and reconciles the accounting records, is not the one to obtain the custody of cheques as some staff perform more than they are supposed to do which lead to misappropriation of funds in the company.

4.4 Information and communication flow

The study focused on information and communication and several statements were presented to the respondents who were requested to indicate their level of agreement. The findings are presented as follows: -

Table VII: Information and communication flow

| | N | Min | Max | Mean | S.D |
|--|----------|------------|------------|-------------|------------|
| Management communicates to me especially through notices | 114 | 1.00 | 5.00 | 3.99 | 1.238 |
| The most mode of communication is through emails | 114 | 1.00 | 5.00 | 3.79 | 1.156 |
| When issues arise we communicate face to face with management | 114 | 1.00 | 5.00 | 3.79 | 1.109 |
| I usually receive memos from management as a way of communication | 114 | 1.00 | 5.00 | 3.68 | .971 |
| Through meeting staff are able to decide how to meet the performance standards of the company | 114 | 1.00 | 5.00 | 3.53 | 1.242 |
| Poor information flow in Steel and Tube Industries Limited has hindered the company to register the desired profitability levels | 114 | 1.00 | 5.00 | 3.67 | 1.142 |
| Accurately record provides information about the performance of Steel and Tube Industries Limited | 114 | 1.00 | 5.00 | 3.61 | 1.286 |
| I usually receive information in data form. Information is usually kept safe in data form | 114 | 1.00 | 5.00 | 3.98 | 1.072 |
| Fear of leaks to competitors keeps us from sharing information with others in the company who might need it | 114 | 1.00 | 5.00 | 3.94 | 1.075 |
| Information is kept in audio form and shared safely across the organization | 114 | 1.00 | 5.00 | 3.76 | 1.250 |
| We share information about customers freely across organizational boundaries | 114 | 1.00 | 5.00 | 3.96 | 1.084 |
| It is not possible for the staff to have access to all valuable information relating to the performance of Steel and Tube Industries Limited | 114 | 1.00 | 5.00 | 3.79 | 1.208 |

Source: Field data, 2013

Table VII is centered on information and communication as a component of internal control practices in Steel and Tube Limited. Various statements were ranked in terms of their mean and standard deviation as a way of analyzing the findings as presented below;

The study revealed (Mean = 3.99, Standard deviation = 1.238) that respondents agreed that the management communicates to employees especially through notices. However, a standard deviation reveals varied responses from the respondents interviewed as far as the mode of communication used. From the interview it emerged that;

One of the commonest modes of communication in Steel and Tube Industries Limited is through Notices. That Notices sends signal to the staff easily and this is the cheapest means as most of the staff can get information very fast.

This finding implies that in various occasions' managers seem to use notices when communicating to junior staff.

The study found out (Mean = 3.98, Standard deviation = 1.072) that the respondents seem to agree that they usually receive information in data form and thus information is usually kept safe in data form. This shows that they generally agree about how information is received. However, the corresponding standard deviation also revealed a significant value variation in the responses provided by the respondents about how information is received.

The results of the study revealed (Mean = 3.96, Standard deviation =1.084) that staff share information about customers freely across organizational boundaries. This is evident when the mean of respondents as computed by the system is well above the average. Nevertheless, the corresponding standard deviation suggests that respondents had a significant variation in

responses on information sharing. However, this could also be construed to imply that respondents might not have clearly understood the dimensions of information flow within the organisation.

Furthermore, the study revealed (Mean = 3.79, Standard deviation = 1.156) that respondents seem to agree that the most mode of communication is through emails. This implies that respondents were accepted that mails are used mostly. Nevertheless, the standard deviation however suggests varied responses from respondents as far as most mode of communication used in Steel and Tube Industries Limited is concerned. In an interview held with one of the managers in Auditing had this to say;

Since everything is computerized, communication can easily flow when we use emails.

However, there are some staff who do not use computers when executing tasks and in this case other modes are used such as Notices.

It should therefore be construed that emails are generally received by those who use computers and others use other modes of communication such as Notice.

The analysis of results reveals (mean = 3.79, standard deviation = 1.208) implying that the respondents were in agreement that it is not possible for the staff to have access to all valuable information relating to the performance of Steel and Tube Industries Limited. However, a standard deviation shows a significant variation in the opinions which could also relate to not clearly understanding which person is to receive which information. From the interview it was highlighted that;

Some information is sensitive to disclose. Not all the staff should have access to valuable information. Information must be known basing on the level at which one is on the organistaional hierarchy. You can expect a line manager to know information at strategic level. Line Managers are expected to know technical information, middle managers are expected to know technical as well as tactical information and top managers are expected to know strategic, tactical and technical information. Thus valuable information is generally in the hand of the top managers.

From the foregoing therefore, it should be argued that it is not possible for the staff to have access to all valuable information relating to the performance of Steel and Tube Industries Limited

To results of the study reflected (Mean = 3.79; Standard deviation = 1.109) that respondents agreed that when issues arise junior staff communicate face to face with management. Conversely, the standard deviation suggests varied responses from respondents view relating to communication between management and junior staff. The finding from the interview shows that;

Staff generally communicate with the management when there is a serious issue to address. It is not common for staff to communicate with the management team unless there is more pressing issue to address and this case managers care obliged to exchange ideas with the junior staff to solve the problem.

From the foregoing therefore, it should be argued that in some cases managers are obliged to communicate to their subordinates face to face.

Further the study indicated (Mean = 3.76, Standard deviation = 1.075) that respondents seemed to agree that fear of leaks to competitors keeps employees from sharing information with others in the company who might need it. However, a significant standard deviation reflects varied responses regarding leaking information to competitors. The findings from the interview indicated Steel and Tube ensure that information is kept a key success factor that can be used as a competitive weapon in the market place. This sensitive information is kept with great care because competitors can use it to drive out the company from the business. It should therefore be noted that fear of leaks to competitors keeps employees from sharing information with others in the company who might need it.

The study also shows (Mean = 3.76, Standard deviation = 1.250) that respondents stated that information is kept in audio form and shared safely across the organization implying that they marginally agreed with the statement. But since the standard deviation of indicate significant differences in responses as regards to the statement, it should be inferred that to some extent respondents are not sure whether information is kept in audio form and shared safely across the organisation.

It was further noted (Mean = 3.68, Standard deviation = .971) that respondents agreed that they usually receive memos from management as a way of communication. This is revealed by a mean value .of. However, the deviation indicates varied responses to the test from the respondents interviewed. It should therefore, be noted that usually receive memos from management as a way of communication.

To results of the study reflected (Mean = 3.67, Standard deviation = 1.142) that respondents were in agreement that poor information flow in Steel and Tube Industries Limited has hindered the company to register the desired profitability levels as reflected by the mean. Conversely, a standard deviation shows varied responses from respondents as far as information flow in Steel and Tube is concerned. From the interview it was noted that some people information does not reach the intended people and if it reaches the right people the information may be misinterpreted and thus causing conflicts which hinders greatly the smooth execution of tasks.

The finding of the study further revealed (Mean =3.61, Standard deviation = 1.286) that respondents agree that accurate records provide information about the performance of Steel and Tube Industries Limited. However, a significant standard deviation shows that there are very varied responses as far as responses to this control test were concerned. The findings from the interview indicated that;

Whenever there is accurate recording of information, one can get a good clear picture of how Steel and Tube Industries has performed. However, because of mistakes performed in Accounting Section, it becomes hard to ascertain the clear picture about the performance of Steel and Tube Industries Limited.

From the foregoing therefore, it should be reasoned that accurate records provide can information about the performance of Steel and Tube Industries Limited.

The study shows (Mean = 3.53, Standard deviation = 1.242) that respondents agreed with the test statement that “through meeting staff is able to decide how to meet the performance standards of the company”. However, in as much as respondents agreed with the test statement, there were

variations in responses as reflected by the standard deviation over the same statement from the respondents' point of view? From the above view it should be inferred that to certain extent performance standards are decided by the management through meetings with the subordinates.

4.5 Performance

The study focused on performance of the organization and various questions were posed to the respondents who were requested to indicate their level of agreement. The findings are presented in the following table below:

Table VIII: Performance

| | N | Min | Max | Mean | S.D |
|--|-----|------|------|------|-------|
| Over the years we have failed to register the desired profitability targets | 114 | 1.00 | 5.00 | 3.89 | 1.246 |
| Weaknesses in internal controls is the reason for the occurrence of fraud in our organization | 114 | 1.00 | 5.00 | 3.86 | 1.104 |
| Internal controls have helped us to reduce on errors and mistakes in our financial reporting | 114 | 1.00 | 5.00 | 3.85 | 1.358 |
| Improvement in sales volume is attributed strong internal control systems in place | 114 | 1.00 | 5.00 | 3.92 | 1.066 |
| Our management integrity has played a great part in stimulating the financial performance of our company | 114 | 1.00 | 5.00 | 3.99 | 1.141 |

Source: Field data, 2013

From table VIII, the analysis of results shows (Mean =3.99, Standard deviation = 1.141) that the respondents were in agreement that the management integrity has played a great part in stimulating the performance of Steel and Tube Industries Limited. However, a standard deviation

reveals a significant variation in the views of the respondents which could also relate to not clearly understand whether the management integrity has any bearing in stimulating the financial performance of Steel and Tube Industries Limited.

Furthermore, the results of the study revealed (Mean = 3.92, Standard deviation =1.066) that respondents were in agreement that improvement in sales volume is attributed strong internal control systems in place. However, a standard deviation reveals varied responses about the statement. This can be deduced that although majority of the respondents agreed that sales volume is attributed strong internal control systems in place, in Steel and Tube Industries Limited the controls have to a certain extent not resulted into improvement in sales volume due to weaknesses in place.

It was revealed (Mean = 3.89, standard deviation = 1.246) that respondents seem to agree that over the years Steel and Tube Industries Limited has failed to register the desired profitability targets. However, the standard deviation reveals that there were dispersions in responses from the respondents who participated in the study. One manager in an interview said that;

Although we are performing well and our company is one of the best companies in paying taxes in Uganda, we rarely meet the profitability targets set.

It should therefore be argued that Steel and Tube Industries Limited seldom meets its desired profitability targets.

More so, the study indicated (Mean = 3.86, Standard deviation =1.104) that respondents agreed that weaknesses in internal controls is the reason for the occurrence of fraud. This is cemented by a mean value. However, a standard deviation shows diverse responses over whether the

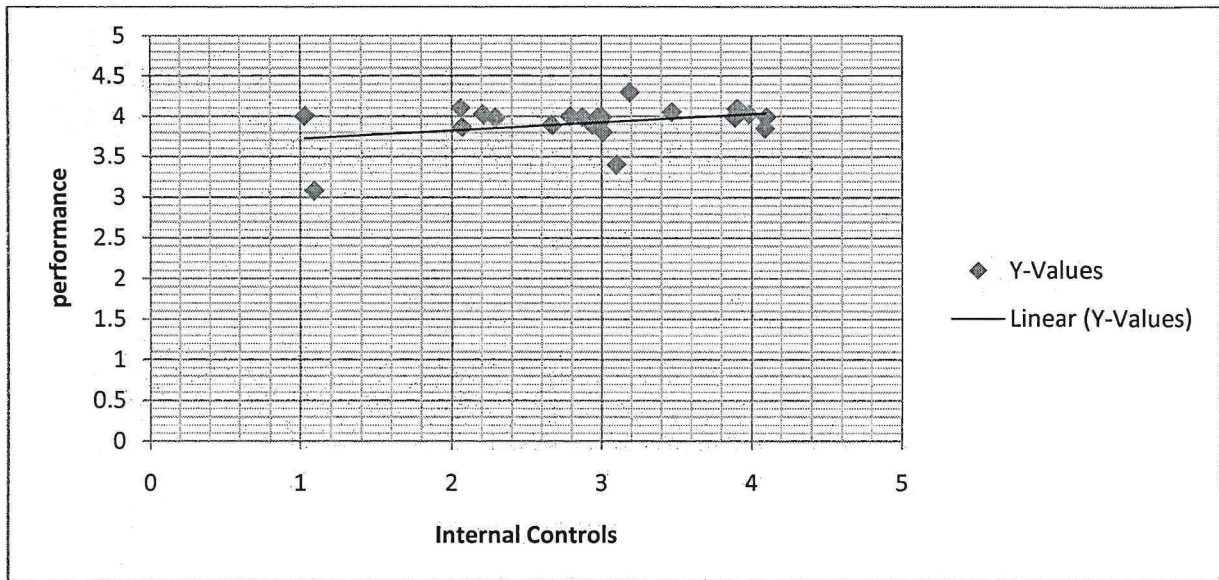
weaknesses in internal control are the reason for the occurrence of fraud. From the interview it was noted that;

Occurrence of fraud hinders the growth of the company and this is the reason why the targets are not always met. When there are loopholes in the controls people can use the opportunity to misappropriate company's resources.

This state of affairs implies that to some extent weaknesses in internal control is the reason for the occurrence of fraud in Steel and Tube Industries Limited.

The finding of the study revealed (Mean = 3.85, standard deviation = 1.358) that respondents seem to agree with statement that internal controls have helped Steel and Tube Industries Limited to reduce on errors and mistakes in its financial reporting. However, a significant standard shows diverse responses from the respondents on the same, implying that they have different views on whether internal controls have helped Steel and Tube Industries Limited to reduce on errors and mistakes in its financial reporting. This could also mean that some are not sure whether the controls in place have any much impact on the reduction of errors and mistakes.

Regression of Internal control and Performance



The figure above shows that there is a linear relationship between internal control and performance. $Y = \beta + \alpha X + e$

$Y = 15.24 + 0.713X + e$ where Y = performance, X = Internal control and e = error term of the regression results.

4.6 The relationship between internal control and performance

The coefficient of determination was used to test the relationship between internal control and the performance of Steel and Tube Industries Limited. Findings are presented in the following table: -

Table IX : Correlation between internal control and performance

| | Performance | | | |
|-------------------------------|-----------------------------|--|-------------------------------------|---------------------------|
| | Correlation coefficient (r) | Coefficient of determination (r^2) | Significance of the correlation (p) | Number of respondents (n) |
| Control Environment | .843 | .711 | .000 | 114 |
| Segregation of duties | .797 | .635 | .000 | 114 |
| Information and Communication | .811 | .658 | .000 | 114 |

Source: Field data, 2013

From table IX, the study revealed that there is a significant positive correlation between control environment and the performance of Steel and Tube Industries Limited ($r = .843$, $p < .000$). The study also revealed that the coefficient of determination was high at ($r^2 = .711$). Implying that control environment influences the performance of the organization by 71.1% and 28.9% is due to other factors not included in this study. If the company improves on the control environment it can register good performance target. Thus, the research question which states that: “what is influence of control environment on performance of Steel and Tube Industries Limited?” was answered.

Furthermore, the study revealed that there is positive correlation between segregation of duties and performance ($r = .797$, $p < .000$). The coefficient of determination was also high at ($r^2 = .635$). Segregation of duties influences the performance of the organization by 63.5% and 36.5% is determined by other factors not included in this study. If there is proper segregation of duties in the company this can stimulate the performance of the company positively. Thus, the research question which states that: “How does segregation of duties affect the performance Steel and Tube Industries Limited?” was answered.

The study also shows that there is positive correlation between information and communication and performance ($r = .811$, $p < .000$). The coefficient of determination was high at ($r^2 = .658$). Information and communication determined performance by 65.8% and 34.2% is determined by other factors not included in this study. Thus, the research question which states that: “How has information and communication influenced the performance Steel and Tube Industries Limited?” was answered.

CHAPTER FIVE

DISSCUSION, SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the discussion of findings, summary of findings, conclusions and recommendations. It is divided into four sections. The first section presents the discussion of findings; the second section covers the summary of findings according to the objectives. The third section presents conclusions and fourth section presents recommendations.

5.1 Discussion of findings

5.1.1 Control environment and the performance of an organization

The study revealed that to some extent junior staff have a clear and close interaction with management and that Steel and Tube Industries Limited always strive to create an environment where everyone is free to interact with each other and are encouraged to correct their mistakes by getting assistance from their colleagues. This finding is in agreement with Marcia (2006) the control environment enable people to correct their mistakes, get assistance so that they are in position to meet performance targets. From the foregoing therefore, it should be argued that there is no an organization can register good performance unless it has a strong control environment in its operations.

The results also indicated that the management integrity in discussion of audit reports have played a great role in assessing whether the controls in place are effective. However, it was found out that staff performance is averagely monitored and recognized. The implication of this finding is that there is a positive relationship between control environment and the performance

of Steel and Tube Industries Limited. This is in agreement with Horngren and Sundem (2009) that control environment provide reasonable assurance about reliable financial reporting and the performance of an organisation. Furthermore, Marcia (2006) identifies the control environment as the foundation for all other components of internal control and thus has a direct bearing on the performance of an organization in terms of fraud mitigation, profitability level, level of mistakes and errors committed by staff. From the foregoing therefore it should be stated that effective control environment improves performance.

5.1.2 Segregation of duties and performance of an organisation

The results of the study indicated that duties and responsibilities are segregated in the organization basing on the organisational structure. That tasks such as requisition for the purchase of goods or services, approval for the purchase and reconciliations are done by different people and that at each stage of transaction various people are involved to mitigate the occurrence of fraud, misappropriation of funds and to ensure that the business meets its performance targets. However it was noted that respondents had varied opinion about segregation of duties and this could also mean that some staff has no clear job description.

It was found out that segregation of duties can help the organization to register good performance standards. This is in line with Vullabhaneni (2002), that one area where many companies can significantly strengthen their internal controls involves segregation of duty policies and this is often considered the "primary internal control." It is imperative that there are adequate segregation of duties involving custody, authorization and control of financial documents and records and this has a direct effect of the performance of the organization. From

the foregoing therefore it should be stated that proper segregation of duties has a direct bearing on good performance.

5.1.3 Information and Communication and performance of an organisation

The results of the study indicated that the management communicates to employees using notices, memos, emails and that when issues arise junior staffs communicate face to face with management. It was further noted that through meeting staff are able to decide how to meet the performance standards of the company. The study indicated that there is communication, poor information flow in Steel and Tube Industries Limited has hindered the company to register the desired profitability levels. This is in agreement with Folks (2006), that one way to strengthen internal controls is by improving the communication process. There have been numerous occasions where key stakeholders are unaware of major events occurring within a corporation or business unit. This is problematic as there is no opportunity for management to fix something that they are unaware is broken. From the foregoing there it should be argued that regular interaction and communication between departments is paramount to enhance effective financial performance in this process.

It was noted that although it is important to share information about customers freely across organizational boundaries, it was discovered that it is not possible for the staff to have access to all valuable information relating to the performance of Steel and Tube Industries Limited. This is due to the fact that some people can leak the information to competitors. That sensitive information is kept in audio form, data form and shared safely across the organization and this necessitates keeping accurately records because they provide information about the performance

of Steel and Tube limited. This is in line with Foulks (2006), that organizations should have information systems relevant to financial reporting objectives and should include the accounting systems and consists of the procedures and records established to initiate, record, process, and report entity transactions (as well as events and conditions) and to maintain good financial performance for the related assets, liabilities, and equity. For example, a small company with active involvement by the owner and a simple computerized accounting system involving primary and honest competent accountant may provide an adequate accounting information system. From the foregoing therefore it should be stated that effective communication and information flow has a direct bearing on good performance.

5.2 Summary of the major Findings

The finding indicated that there is a positive correlation between control environment and the performance. That control environment is the foundation for all other components of internal control and thus has a direct bearing on the performance of an organization in terms of fraud mitigation, profitability level, level of mistakes and errors committed by staff and thus by improving the control environment, the company can register good performance.

It was found out that there is positive correlation between segregation of duties and performance. That the organization can significantly strengthen its internal controls by involving segregation of duty policies. It is imperious that there is adequate segregation of duties involving custody, authorization and control of financial documents and records and this has a direct effect of the performance of the organization. From the foregoing therefore it should be stated that proper segregation of duties has a direct bearing on good performance

The study indicated that there is positive correlation between information and communication and performance. It was noted that one way to strengthen internal controls is by improving the communication process. It was noted that there is a need to share information within the organization and the organization should adopt information system which is relevant to its needs. It was noted that although it is important to share information about customers freely across organizational boundaries, it was discovered that it is not possible for the staff to have access to all valuable information relating to the performance of Steel and Tube Industries Limited. This is due to the fact that some people can leak the information to competitors. From the foregoing there it should be argued that regular interaction and communication between departments is paramount to enhance effective financial performance in this process

5.2 Study conclusions

This study focused on internal control and organizational performance using a case study of Steel and Tube Industries Limited. The study indicated that internal control practices together with its component of control environment, segregation of duties and information and communication have a direct bearing on performance of the organisation. The study indicated that control environment influences positively the performance of Steel and Tube Industries Limited by 71.1%. That segregation of duties determine the performance of Steel and Tube Industries Limited positively by 63.5%, followed by information and communication which influences the performance of Steel and Tube Industries Limited positively by 65.8% respectively. Therefore, by improving the control environment, proper segregation of duties and improving the information and communication can enable Steel and Tube Industries Limited to register good performance targets.

5.3 Recommendations

Based on the findings, discussion and conclusions, it is recommended in this study that;

The management should ensure that the control systems and procedures put in place are effective so as to stimulate the performance of the organization

The management should evaluate access controls of fixed assets such as locked doors, filing cabinets, and drawers, and safes. The number of individuals with access to the keys or lock combinations should be as few as possible. Locks should be changed when employees who had keys to significant amounts of assets terminate.

The management should ensure that there should be an effective internal control system in respect of purchases and disposals of assets. The process should be authorized and approved by the boards of directors of the company.

There should be proper division of duties regarding completing various stages of payments by cheques and that the whole procedure should be authorized and supervised by responsible officer. Therefore, such control will enable the organization to minimize misappropriation of cash by unauthorized employees.

There should be regular check-ups by responsible officer to ensure that the asset exists. The existence of fixed assets as shown in the balance sheet should be confirmed. Some assets may be stolen or destroyed but still those assets appear in the balance sheet. This entails that physical inspection of assets reveals whether asset exist or not.

There is a need to evaluate the control environment in which the business operates since control environment plays a great part towards the performance of the organisation.

Lastly the management must ensure that there effective communication and information flow within the organization so that people get to know what is expected of them by the organization

5.4 Areas for Further Research

The researcher recommends that investigations should be done on asset verification controls put in place by Steel and Tube Industries Limited or any other organization to enhance performance.

The study suggests different research tools to be used in order to test the relevancy of asset verification controls towards performance of an organization.

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STAFF QUESTIONNAIRE

Dear Respondent, My name is Muhwezi Abias. I am currently carrying out a study for the purpose of writing a dissertation as a requirement for the award of Master of Business Administration at Kyambogo University. The topic of study is INTERNAL CONTROL PRACTICES AND ORGANIZATIONAL PERFORMANCE IN STEEL AND TUBE INDUSTRIES LIMITED. You have been selected to participate in this study due to the importance of your information in the study. The information you provide will only be used for the purpose of this study and will be treated with utmost confidentiality.

Please feel free and answer all the questions truthfully.

Section A

RESPONDENT'S BACKGROUND

1. In what age bracket do you fall? (Circle where appropriate)
 1. 18-25
 2. 26-35
 3. 36-45
 4. 46-55
 5. 56+

2. For how long have you served Steel and Tube Industries Limited?
 1. 1-3 years
 2. 4-6 years
 3. 7-10 years
 4. 10+ years

3. Which system do you use in Steel and Tube Industries Limited?

1. Computerized system
2. Manual system

Section B:

Please rank the following statement on likert scale ranging from strongly disagree to strongly agree. Where; 1= strongly disagree, 2= disagree, 3= not sure, 4= agree and 5= strongly agree

| Control environment | 1 | 2 | 3 | 4 | 5 |
|--|----------|----------|----------|----------|----------|
| I have a clear and close interaction with management | | | | | |
| When I perform well management recognises me | | | | | |
| Management closely monitors my performance | | | | | |
| People who make mistakes are encouraged to share them widely so that others can learn | | | | | |
| Honest and original mistakes are recognized as an indication of initiative and courage | | | | | |
| Our internal audit is sufficiently staffed | | | | | |
| Internal audit report address weaknesses in our internal control system | | | | | |
| Internal audit reports are produced regularly | | | | | |
| Management discusses internal audit reports frequently | | | | | |
| The degree of integrity exhibited in an organisation improves performance | | | | | |

Section C: Segregation of duties

| Authorization and approval | 1 | 2 | 3 | 4 | 5 |
|---|----------|----------|----------|----------|----------|
| When I make a requisition for the purchase of goods or services, I don't approve the purchase | | | | | |
| When I approve the purchase of goods or services, I don't reconcile the monthly financial reports. | | | | | |
| When I approve the purchase of goods or services I don't obtain the custody of checks. | | | | | |
| When I maintain and reconcile the accounting records I don't obtain the custody of checks. | | | | | |
| When I open the mail and prepare a listing of checks received, I don't make the deposit | | | | | |
| When I open the mail and prepare a listing of checks received, I don't maintain the accounts receivable accounting records. | | | | | |
| Approval of related transactions affecting those assets and Recording or reporting of related transactions is not done by the same person | | | | | |
| Our organisational structure spells out the duties and responsibilities of each employee | | | | | |
| There is appropriate supervision by senior staff on the work of their juniors | | | | | |
| Different stages in the management of business are done by multiple people in Steel and Tube Industries Limited | | | | | |

Section D: Information and communication flow

| Communication | 1 | 2 | 3 | 4 | 5 |
|--|----------|----------|----------|----------|----------|
| Management communicates to me especially through notices | | | | | |
| The most mode of communication is through emails | | | | | |
| When issues arise we communicate face to face with management | | | | | |
| I usually receive memos from management as a way of communication | | | | | |
| Through meeting staff are able to decide how to meet the performance standards of the company | | | | | |
| Poor information flow in Steel and Tube Industries Limited has hindered the company to register the desired profitability levels | | | | | |
| Accurately record provides information about the performance of Steel and Tube limited | | | | | |
| Information | 1 | 2 | 3 | 4 | 5 |
| I usually receive information in data form. Information is usually kept safe in data form | | | | | |
| Fear of leaks to competitors keeps us from sharing information with others in the company who might need it | | | | | |
| Information is kept in audio form and shared safely across the organisation | | | | | |
| We share information about customers freely across organizational boundaries | | | | | |
| It is not possible for the staff to have access to all valuable information relating to the performance of Steel and Tube Industries Limited | | | | | |

| Financial Performance | 1 | 2 | 3 | 4 | 5 |
|--|----------|----------|----------|----------|----------|
| Over the years we have failed to register the desired profitability targets | | | | | |
| Weaknesses in internal controls is the reason for the occurrence of fraud in our organization | | | | | |
| Internal controls have helped us to reduce on errors and mistakes in our financial reporting | | | | | |
| Improvement in sales volume is attributed strong internal control systems in place | | | | | |
| Our management integrity has played a great part in stimulating the financial performance of our company | | | | | |

Thanking you for your participation.

END

APPENDIX TWO: INTERVIEW GUIDE

Internal control systems and the performance an organisation

Interview Guide:

1. What is your position in Steel and Tube limited?
2. What management level do you occupy by virtue of your position in Steel and Tube Industries Limited?
3. In your opinion, does Steel and Tube limited operate systems of internal controls? If so how does your role support it?
4. Are the systems of internal controls referred to in 3 above functioning as they are intended to?
5. In your opinion, what would you consider to be the main measures of performance in Steel and Tube limited?
6. In your opinion, what is the influence of control environment on the performance of Steel and Tube limited?
7. In your opinion, what is the influence of segregation of duties on the performance of Steel and Tube Industries Limited?
8. In your opinion, what is the influence of information and communication on the performance of Steel and Tube Industries Limited?

Thanking you for your participation.

END