

**CORPORATE GOVERNANCE AND FINANCIAL PERFORMANCE OF
PRIVATE INSTITUTIONS OF HIGHER LEARNING IN UGANDA**

Case of Islamic University in Uganda

BY

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13/U/2011/GMBA/PE**

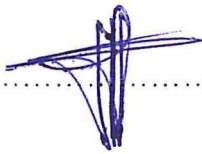
**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR AWARD OF MASTER OF BUSINESS
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OF KYAMBOGO UNIVERSITY**

DECEMBER, 2015

DECLARATION

I, **JANET AKULLO OTIM** hereby declare that this dissertation is my own original work and has never been submitted for academic award to any University or Institution of higher learning.

Signed.....



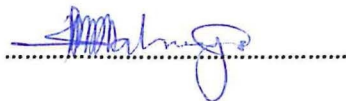
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Approval


This is to certify that Janet Akullo Otim, was under our supervision and her research dissertation on Corporate Governance and Financial Performance in institutions of higher learning, study in Islamic University in Uganda is original and worth the Award of Masters degree in Business Administration (Accounting and Finance) of Kyambogo University.

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DEDICATION

This dissertation is dedicated to my beloved parents the late Mr Richard Owuco (RIP) and Mrs Norah Owuco, my dear father David O.O. Obong, my mentors Dr. Eng. Christoper & Mrs Ebal, my dear husband Joel Otim and children Patricia Akullo, Joshua Otim, Jeremy Otim, my siblings Nicholas Otim, Chris Oleke, Christine Owucho, Susan Nyakato Emojong, Sarah Owucho

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ACRONYMS AND ABBREVAITIONS

ASX	Australian Security Exchange
CAMEL	Capital adequacy, Asset quality, Management, Earnings and Liquidity
CEO	Chief Executive Officer
CG	Corporate Governance
CII	Council of Institutional Investors
CVI	Content Validity Index
DV	Dependent Variable
FP	Financial Performance
GRI	Global Reporting Initiative
HEFC	Higher Education Funding Council
HEFCE	Higher Education Funding Council for England
ICGU	Institute of Corporate Governance Uganda
ISAR	International Standards of Accounting and Reporting
IUIU	Islamic University in Uganda
IV	Independent Variable
KPI	Key performance indicators
KYU	Kyambogo University
NGO	Non Governmental Organization
OECD	Organization for Economic Co-operation and Development
SPSS	Statistical Package for Social Sciences
UOTIA	Universities and Other Tertiary Institution Act
PSCGT	Private Sector Corporate Governance Trust

ABSTRACT

The study was conducted on Corporate Governance and Financial Performance of Private Institutions of Higher Learning in Uganda, using a case of Islamic University of Uganda (IUIU). (*The Universities and Tertiary Institutions Act, 2001, Amendments Act, 2003*). Despite the National Council for Higher Education efforts in implementing Corporate Governance structures in private Universities, by appointing the Governing Council; comprising of the Chancellor and his executive, there are still challenges in Corporate Governance leading to widened disparities between shareholders and directors in Institutions of higher learning. The research objectives were to; to assess the relationship between the Council, Executive Board, Audit committee, ownership structure and Financial Performance of IUIU. A case study research design was employed and both quantitative and qualitative approaches were used. Data was collected using questionnaires and interviews from University Council, University Secretary's department, Finance/Procurement department and Academic Registrars department. Total of 36 questionnaires were administered to Employees of IUIU. However by the end of the exercise only 30 questionnaires were collected posing a response rate of 83.3% and non-response of 16.7%; it implied that more than 50% of the sample participated in the exercise. Pearson's Correlation Coefficient for Corporate Governance and Financial Performance was $r = 0.689^{**}$, with probability value ($p = 0.000$) that is less than $\alpha = 0.01$ level of significance showing a strong positive relationship between Corporate Governance and Financial Performance at the one percent level of significance. Basing on the findings, a strong positive significant relationship between council and financial performance of IUIU was witnessed $r=0.845$ and also strong positive significant relationship between Executive Board and financial performance of IUIU was witnessed $r=0.766$, a strong positive significant relationship between Audit Committee and financial performance of IUIU was witnessed $r=0.755$ and finally a strong positive significant relationship between policies and financial performance of IUIU $r=0.701$. The recommends that, IUIU should, devote more time and commitment to perform their oversight functions and appointment to the committee should take care of technical competency (qualification and experience) of the members. The audit committee should be more independent and they should be obliged to report fraud and any observed non-compliance with the internal controls and policies. Proper accounting and disclosure with reasonable accuracy at any time the financial position of the University, the excess revenue/profits should be distributed to the shareholders.

CHAPTER ONE

1.0 Introduction

1.1 Background to the study

The study assessed Corporate Governance and Financial Performance of institutions of higher learning case of: Islamic University in Uganda. Corporate Governance was independent variable while Financial Performance was the dependent variable in this study. The needs for Corporate Governance is overemphasized for its provisions of structures that, at least in theory, works for the benefit of everyone concerned by ensuring that the organisations adheres to accepted ethical standards and best practice as well as to formal laws. To that end, organizations have been formed at the regional, national, and global levels. As economies continue to develop, the attention for Corporate Governance also directly increases. This is partly due to the high-profile scandals involving abuse of corporate power.

This chapter presents the background to the study, the statement of the problem, general objective, specific objectives, the research questions, hypotheses, the scope of the study, the significance, operational definition of terms and conceptual framework. The study will examine Corporate Governance and Financial Performance.

1.1.1 Historical perspective

Discussions on Corporate Governance were launched as a result of conflicts of interest between shareholders and management representing the Principle and the Agents respectively. Even then, the term was rarely mentioned or used in analyses. It was not until 1983 that it featured as the title of a paper in Perspectives on Management (Earl, 1983). In 1984, the term appeared as the

title of a report to the American Law Institute and in the same year as a book title in the UK with the caption 'Corporate Governance Practices, Procedures and Powers in British Companies and Their Boards of Directors' by Trucker (1984). However, discussions of Corporate Governance have now gained in popularity due to the increase in high-profile corporate collapses, which have brought it into the spotlight. In other words, the conflicts of interests in organizations, management recklessness and greed, corporate dishonesty and ethical breakdowns, weak internal control and poor risk assessments are some of the factors that may have caused corporate failures and have been the herald of Corporate Governance discourse. Despite the recent fluent and widespread use of the term, it has no generally accepted definition (Razaee, 2009), due, perhaps, to the fact that the term cuts across disciplines. It is widely used both professionally and in its academic sense. It is now a commonly used term in management, law and behavioral sciences. Other terms used with Corporate Governance include 'transparent reporting', 'corporate accountability' and 'corporate honesty' among many others. It is increasingly difficult to present a generally accepted definition of Corporate Governance. It means different things to different people depending on discipline and context.

The first report on Corporate Governances was by a committee chaired by Sir Adrian Cadbury, (1992) on financial aspects of Corporate Governance in the United Kingdom and it was set up in response to the collapse of various companies. This report became a key in defining the thinking around the world and countries like South Africa, Australia followed up with their own reports.

1.1.2 Theoretical perspective

According to Jensen & Meckling (1976): the fathers of scientific Corporate Governance, **Agency theory** arises from the separation of ownership and control, when they characterized the relationship between share holders and managers as a agency relationship whereby the

owners/shareholders are the principal and the managers, the agent, as part of this arrangement, the owners must delegate decision making authority of management. Governance is about managing the conflict of interest between owners and managers of companies. How do owners prevent managers from acting in their own self-interests and act at the best interests of shareholders instead? Agency theorists consider a system of Corporate Governance as efficient if it ensures that suppliers of finance get an appropriate return on their investment (Shleifer and Vishny, 1997: 741).

Cook, Jennifer & Deakin, Simon (1999) The **Stakeholder theory** argues that the purpose of Corporate Governance is to satisfy, as far as possible, the interests of all stakeholders. Companies should act as good corporate citizens, acting in ways that benefit society as a whole. The board in making decisions should give priority to those stakeholders who are the most important to the company, for example, employees, investors, customers, suppliers, creditors, and the public. This means that a company's Board has to balance many objectives, as their stakeholder will have different interests, not just maximizing shareholder value. Stakeholder theory formed the basis for the stakeholder approach to Corporate Governance adopted by the Organisation for Economic Co-operation and Development (OECD) in the principles of Corporate Governance. Proponents of stakeholder theory strive to describe what managers actually do with respect to stakeholder relationships, what would happen if managers adhered to stakeholder management principles, and what managers should do *vis-à-vis* dealing with firm stakeholders. Donaldson and Preston (1995) concluded that normative concerns underpin stakeholder theory in all of its forms.

1.1.3 Conceptual perspective

The Cadbury Report (1992), gives a quite neutral definition of Corporate Governance, Corporate Governance is the system by which companies are directed and controlled. Boards of directors are responsible for the governance of their companies. The shareholders' role in governance is to appoint the directors and the auditors and to satisfy themselves that an appropriate governance structure is in place. It provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring organizational performance. This study will examine Corporate Governance as independent variable and Financial Performance as dependent variables. Corporate Governance is measured by the contribution of the Council, Executive Board and Audit committee. Performance in this concept will be measured by the margin of growth rate and the quality of service delivery (efficiency).

The independent variables were proposed as determinants of the changes in the dependent variables. The changes in the dependent measures are considered to represent “performance” caused by the variations in the independent measures. Revenue Collection and Expenditure, Growth and efficiency will be examined as variables under Financial Performances. Revenue Collection and Expenditure was measured by Actual revenue/budgeted revenue ratio (Revenue Collection Ratio), Actual Expenditure/budgeted expenditure ratio (Expenditure Ratio). Growth will be measured by change in the number of admission, Change in employee turnover, and change in market share margin and market share growth.

1.1.4 Contextual perspective

Many economies in Africa began to pay particular attention to the ideals of good governance in the beginning of the 1980s. According to Quadrat-l- Elahi, (2009) the term good governance was

first mentioned in a 1989 World Bank report on Sub-Saharan Africa but since the 1990s many donor agencies have sought the pursuit of good governance.

In Uganda, during Amin's regime there was political and economic collapse that affected governance and according to Kasozi, (2003) and Mamdani, (2007) this affected the higher education management systems. But lately a lot of effort is being directed towards promotion of good Corporate Governance through improved accountability and transparency. The formation of Institute of Corporate Governance in 1998 is testament to this and was followed by issuance of principles of good Corporate Governance in 2001.

The term 'Corporate Governance' was started from the private sector and conceptions have traditionally focused on the organization-owner relationship. Increasingly, however, definitions of Corporate Governance place attention on a broader set of relationships to include those involved with, or with an interest in, the organization for example, employees, directors, suppliers, shareholders and stakeholders served or affected by the organization for example, customers and local communities (Barret et al, 2002). Institutions of higher learning are also argued to adopt good practices of governance which among others include transparency, accountability, expenditure control and management of risks.

In 2000, studies carried out by the World Bank on higher education in selected African countries(including Uganda) showed the importance of higher education to development yet according to the visitation committee report on public Universities in Uganda,(2007) Universities are confronted by financial and administrative challenges caused by declining government funding and poor, inefficient and highly bureaucratic management systems. Universities and other Tertiary Institutions in Uganda are governed by University and Other

Tertiary Institutions Act 2001 and an Amendment Act 2003. The Acts empower Universities to constitute governing boards; councils, appointments boards, senate and academic boards. The governing boards /University councils monitor and control performance of Universities and other Tertiary Institutions as stipulated by Act 2001 and an Amendment Act 2003. This echoes the general belief that Corporate Governance has an effect on Financial Performance of Organizations and therefore this study intends to establish the role of Corporate Governance and Financial Performance of IUIU.

1.2 Statement of the Problem

Institutions of higher learning are under more pressure than ever before to justify expenditure and prove they are delivering value for money. (*The Universities and Tertiary Institutions Act, 2001, Amendments Act, 2003*). Despite the National Council for Higher Education efforts in implementing Corporate Governance structures in private Universities, by appointing the Governing Council; comprising of the Chancellor and his executive, there are still challenges in Corporate Governance leading to widened disparities between shareholders and directors in Institutions of higher learning.

However (Tusubira 2013) indicated that, According IUIU's strategic plan 2010/11 a number of policies were approved by council with the aim of improving its financial status in form of revenue Collection and Expenditure, growth and efficiency but a decline was witnessed. There is lack of enough theoretical and empirical research on private university Corporate Governance and the influence of the National Council for Higher Education on the Financial Performance of institutions of higher learning in Uganda. This research aimed at filling the gap in Corporate Governance and Financial Performance of IUIU as one of the higher institute of learning.

1.3 General Objective

To examine the relationship between Corporate Governance and the Financial Performance of IUIU

1.4 Specific Objectives

- i. To assess the relationship between the Council of IUIU and Financial Performance.
- ii. To examine the relationship between the Executive Board of IUIU and Financial Performance.
- iii. To establish the relationship between Audit committee and Financial Performance of IUIU.
- iv. To examine the relationship between the policies, ownership structure and Financial Performance of IUIU

1.5 Research Questions

- i. What is the relationship between Council and Financial Performance of IUIU?
- ii. What is the relationship between Executive Board and Financial Performance of IUIU?
- iii. What is the relationship between Audit committee and Financial Performance of IUIU?
- iv. What is the relationship between Policies, ownership structure and Financial Performance of IUIU?

1.6 Scope of the study

1.6.1 Geographical Scope

The surveys focused on IUIU which is one of the Institutions of higher learning which is located in three different parts of the Uganda. First one is located in Mbale Eastern part of the country its location is about 112 kms from the city centre, second one is located in Kibuli Hill about 6 km from the city centre and Kaboja female campus is about 22 kms from the city centre.

1.6.2 Content Scope

The subject scope was limited to Corporate Governance bodies and Financial Performance of IUIU. The scope of this analysis generally covered the body of good Corporate Governance as they have come to be widely accepted, but concentrated more the Council, Executive Board and Audit committee of IUIU including size of the Board, Executive Board, Audit Committee and their duties, the rights of shareholders and stakeholders, compliance and enforcement.

The study examined among others if the composition of the board size contribute positively to the quality of decision making in IUIU. Goshi et al., (2002) considered an average of 16 directors (3 within and 13 outside directors) to be appropriate for larger companies, though respondents in this study believed that 12 is the most effective board size. The current study is focused on Board size in terms of the number of University Council and Executive Board as stipulated by the Statute.

1.6.3 Time Scope

Time scope covered the period from 2011 to 2015, 23 years of existence after the inception. This was selected because it covers the post inception period with many developments, a period when IUIU was established to the most current period as regards to Corporate Governance in IUIU.

1.7 Key Operational Definitions

The Council - A university council is the executive body of a university's governance system, an advisory body to the university president/leader in authority.

The Executive Board is a body responsible for the overall management and administration of the University.

Audit Committee In short words, audit committee can be described as a group of persons (minimum 3) who oversee quality and integrity of the company's accounting and reporting practices.

Governance - involves the systems and processes in place that *shape, enable* and *oversee* management of an organization.

Corporate Governance refers to the manner in which the power of a corporation is exercised in the stewardship of the corporation's total portfolio of assets and resources with the objective of maintaining and increasing shareholder value and satisfaction of other stakeholders in the context of its corporate mission. Corporate Governance covers the overall environment in which institution operates and consists of checks and balance which promote a healthy balancing of risk and return.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews literature from other scholars on Corporate Governance and Financial Performance, presents the variables used in the study comprises of a critical review of related literature. This chapter is presented as follows: theoretical review, literature review and conclusion.

2.1 Theoretical Review and analysis that pin the study

Two theories have been used to explain the relationship between Corporate Governance and Financial Performance of Institutions of Higher learning case of Islamic University in Uganda.

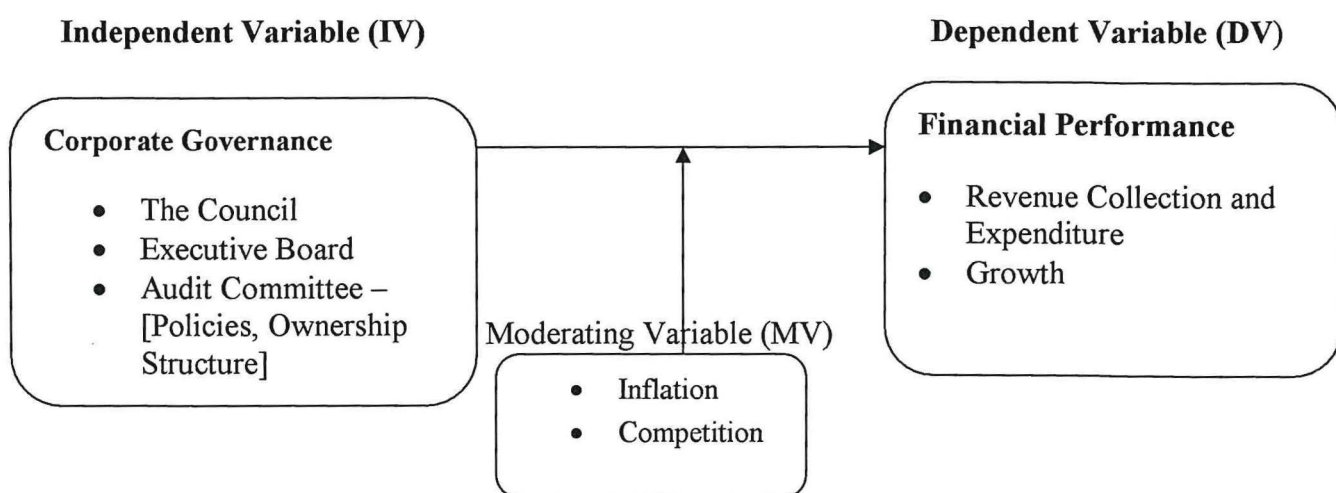
Management -shareholder relationship has created principal agent relationship that leads to agency theory. This theory looks at Corporate Governance practices and behaviors through the lens of agency dilemma (Tricker 2009. Jensen and Meckling (1976) argue that agency theory involves a contract under which one or more persons (the shareholders) engage another person (director) to perform some service on their behalf which includes delegating some decision making authority to the agent. If both parties to the relationship are utility maximizers there is a good reason to believe the agent will always act in the best interests of the principal. But there are also myriad of cases in which directors behaved as though the organization were their own exploiting their position to the detriments of shareholders (Monks, 2008).

The Council is the executive governing body of the public universities and is responsible for running of the university on behalf of government/shareholders. According to agency theory, council and top management is agent and government is the principal. The agent (council) is

empowered by an act of parliament (UOTIA, 2001) to administer and run the university on behalf of (principal) government. Governing council and management of this institution are supposed to give account of resources given to them and operate in transparent way, the council and top management is expected to act in interest of government (UOTIA 2001). For the principals interest to be achieved there is need for accountability, transparency and risk management structure and institutions to be in place. Looking at Corporate Governance through the lens of agency theory enables the exploration of the relationship between Corporate Governance and corporation performance.

Parker (2000) contends that there is interdependence between structure and agency. Giddens argues that people reproduce and transform systems, not the other way round, structures and systems lack capabilities of agency but also argues that structure is always enabling and constraining by virtue of duality between structure and agency.

2.2 Conceptual frame work



Source: Adopted from, OECD (1999) independent Commission for Good Governance in Public service (2005) as modified by the research.

In this case Financial Performance of IUTU like any other Institutions of higher learning depends on the Corporate Governance Mechanisms of such institutions which entails; boards, accountability, integrity and fairness, responsibility, transparency, standard behavior, risk management and control, Reporting and disclosure among others. This implies that Corporate Governance was an independent variable whereas Financial Performance was dependant variable.

2.3 Overview of Corporate Governance

According to the Hong Kong institute of Public Certified Accountants, (2004) Corporate Governance issues have been so much discussed in the private sector for more than a decade. This started from the private sector listed companies and the role of the board not only in providing a strategic direction for the company, but also in ensuring that the company is responsive to the broader interests of shareholders, rather than merely the interests of controlling major shareholders and executive management.

However, the concept of Corporate Governance has extended to Institutions of higher learning because of the desire for greater efficiency and economy in the deployment of public resources, and higher expectations in respect of openness and accountability. Well functioning institutions of higher learning should have the structure of top executives comprising of Council, Executive Board and Audit Committee.

Corporate Governance is referred to the manner in which the power of an organization is exercised in the stewardship of the Corporation's total portfolio of assets and resources with the objective of maintaining and increasing shareholders value with the satisfaction of other stakeholders in the context of its corporate mission, PSCGT (1999). The committee on the

financial aspects of Corporate Governance (the Cadbury Committee), defines Corporate Governance as the system by which companies are directed and controlled.

Prior research has investigated the emergence of Corporate Governance in developing economies in the context of Corporate Governance reforms, Rwegasira, (2000) has examined Africa.

Krambia and Psaros (2006) investigated the implementation of Corporate Governance principles in an emerging economy of Cyprus and the findings indicated only a minimal impact unless it is supported by other initiatives. Further noted, that Cyprus was making serious endeavors to improve the Corporate Governance of its listed companies.

Solomon et al., (2000, 2003) argues that for developing countries to be internationally competitive and attract foreign capital they need to adopt “commonly accepted standards of Corporate Governance implies standards based on the Anglo-Saxon model. Rwegasira (2000) states that for the Anglo- Saxon model to be effective, company shares need to be owned by widely dispersed owners.

Witherell ,(2004) noted that regional roundtables on Corporate Governance set up in partnership with the world Bank have allowed the OECD principles to become a widely accepted global benchmark that is adaptable to varying social, legal and economic contexts in individual countries.

2.3.1 The Council

A university council is the executive body of a university's governance system, an advisory body to the university president/leader in authority. The Council and Executive board is statutorily appointed by the shareholders to represent and protect their interests and represent the highest

decision-making body for the firm. It is responsible for the strategic position of the organization. It is expected to set the broad objectives, vision and mission of the organization and ensure their achievement. This is realized through providing oversight on the management.

2.3.2 The Executive Board

The Executive Board is a body responsible for the overall management and administration of the University. Executive Board ratifies management decisions and monitors the performance and they also undertake decision management and decision control functions leading to University growth and performance efficiency. A possible structure for the Executive Board, consist of a substantial number of outside independent non-executive directors. The Executive Board should at least be balanced and act as a representative of the interests of the shareholders.

One important mechanism of board structure is the composition of the board, which refers to executive and non-executive director representation on the board. Both agency theory and stewardship theory apply to board composition. Boards dominated by non-executive directors are largely grounded in agency theory. In contrast, a majority executive director representation on the board is grounded in stewardship theory, which argues that managers are good stewards of the organization and work to attain higher profits and shareholder returns (Donaldson & Davis 1994). An effective board should comprise of majority of non-executive directors (Dalton et al. 1998). However, executive director's responsibility is the day-to-day operation of the business such as finance and marketing, etc. They bring specialized expertise and a wealth of knowledge to the company (Weir & Laing, David 2001). In IUIU the Executive Board discharges their duties well, according to IUIU policies.

2.3.3 The Audit Committee

Audit Committee: According to Siagian and Tresnaningsih (2011) Audit committee should be independent from management. In the case of IUIU Audit Committee is independent from management to improve the firms' reporting system and the quality of reported earnings and expenditure, because they are not subject to potential conflicts of interest the reduce their monitoring capacity. Audit committee is also responsible for coordinating the financial statements and external audit process, auditing work available, investigating fraud, ensuring the protection of shareholder's interest, and verifying company's day to day operations. Audit Committees have changed significantly from oversight on just reporting to more risk management and internal control functions.

Historically audit committees were a monitoring mechanism formed voluntarily in high agency cost situations to improve the quality of information flow between principal and agents (Bradbury,1990). Empirical evidence suggests that audit committees play a complementary role to information disclosure (Barako et al., 2006; Forker,1992) Unfortunately in IUIU being a private University, disclosure of information is a bit difficult.

2.4 Financial Performance

Measuring firm performance using accounting ratios is common in the Corporate Governance literature Demaetz and Lehn, (1985), Ang et al, 2000), in particular, return on capital employed, return on assets, and return on equity. Similarly, economic value added can be as an alternative to purely accounting- based methods to determine shareholder value by evaluating the profitability of a firm after the total cost of capital, both debt and equity are taken into account (Copeland et al, 1995). Other measures of Financial Performance in profit making organizations

are Capital adequacy, Asset quality, Management, Earnings and Liquidity which are commonly known as CAMEL Model.

The current study on Public Universities as nonprofit making organizations measured Financial Performance in terms of Actual revenue/budgeted revenue ratio (Revenue Collection Ratio), Actual Expenditure/budgeted expenditure ratio (Expenditure Ratio) and Actual revenue/ actual expenditure (Efficiency -Value for money ratio).

2.4.1 Revenue Collection and Expenditure

Growth provides the resources needed for poverty reduction, but cannot be sustainable if it is not accompanied by sufficient stability and equitable policies Diamond. (1998), as for IUIU the author was arguing the university to have a constant revenue collection or constant revenue inflow and expenditure control which calls for policies to be put in place. As noted, University expenditure management is instrumental in nature. As a central instrument of policy, it must pursue all three overall economic policy goals. Financial stability calls, among other things, for fiscal discipline; economic growth and equity are pursued partly through allocation of University funds to the various departments/sectors; and, most obviously, all three goals require efficient and effective use of resources in practice. Hence, the three goals of overall policy translate into three key objectives of good Intuitional expenditure management: fiscal discipline (expenditure control); allocation of resources consistent with policy priorities (“strategic” allocation); and good operational management.

In turn, good operational management calls for both efficiency (minimizing cost per unit of output) and effectiveness (achieving the outcome for which the output is intended)

2.4.2 Growth

In line Gavin and Geoffrey (2004), the current study focuses on board size, policy & decision making as indicators of Corporate Governance in relation to board roles, contingency, board effectiveness and Financial Performance of public Universities in Uganda.

Brown and Caylor (2004) conducted a study entitled: "Corporate Governance and Firm Performance". The study examines whether firms with weaker corporate governance perform more poorly than firms with stronger corporate governance was found firms with weaker corporate governance to perform more poorly. Also, examined whether the firms have weaker corporate governance are less profitable than firms with stronger corporate governance. Found that firms with weaker corporate governance to be less profitable. And examined if firms with weaker corporate governance are riskier and pay out fewer dividends, than firms with stronger corporate governance, it was found firms with weaker corporate governance to be riskier and have lower dividend payouts and lower dividend yields than do firms with stronger corporate governance. Finally, they examined which of the four corporate governance factors considered by Institutional Shareholder Services (ISS) is the driving factor of their results. The four factors they examined are board composition, compensation, take over defenses, and audit. They identified that the Board composition is the most important factor in the growth and efficiency of a firm and that the least important factor is takeover defenses. In my study IUIU demonstrated stable corporate governance predicting other factors being responsible for decline in financial performance.

2.5 Moderating Variables

Moderating variable is a variable that changes (increases or decreases) the otherwise established effect of the independent variable upon the dependent variable, Field, (2006). So, in this study if we look at the linear relationship where variable Corporate Governance supposedly causes or affects the variable Financial Performance, a moderator variable inflation and competition would somehow alter the strength of that relationship. This study examines the two moderate variables which are inflation and competition.

2.5.1 Policies

National Council for Higher Education (*The Universities and Tertiary Institutions Act, 2001, Amendments Act, 2003*), and CII policies are designed to provide guidelines that CII has found to be appropriate in most situations. They bind neither members nor corporations. *CII (2003): Nature and Purpose of the CII's Corporate Governance Policies:*

Federal and State Law Compliance: CII expects that corporations will comply with all applicable federal and state laws and regulations and stock exchange listing standards.

Disclosed Governance Policies and Ethics Code: CII believes every company should have written, disclosed governance procedures and policies, an ethics code that applies to all employees and directors, and provisions for its strict enforcement. The Council posts its corporate governance policies on its Web site (www.cii.org); it hopes corporate boards will meet or exceed these standards and adopt similarly appropriate additional policies to best protect shareowners' interests.

2.5.2 Ownership Structure

Salami, K. A. (2011) investigated how ownership structure and existence of conflicts of interests among shareholders operating within a poor governance system, impacted on company profitability. His paper, using panel data and regression models, concluded that firms with low ownership concentration showed low firm profitability. This stand was supported by Sørensen, (2007). who examined the effects of ownership dispersion on cost efficiency, using empirical evidence, and concluded that corporate governance failure suggested that dispersion and indirect ownership weakened incentives to control the company, leading to agency losses and inferior performance, the study presented an empirical analysis that suggested that fragmented ownership induced cost-inefficiency relative to companies owned by a single entity's, Chen, Lai, & Chen, (2012) indicated that higher equity concentration is positively associated with corporate performances to reduces agency costs.

The Berle and Means view postulates that when the concentration of firm ownership decreases (i.e. when the erstwhile owners become dispersed shareholders), the efficiency of firm performance will also decrease as the managers hired to run the firm increasingly will pursue their own interests rather than those of the dispersed shareholders. To test the null hypothesis that there is a positive relation running from share ownership concentration to firm performance, Morck, Shleifer, and Vishny (1988) and McConnell and Servaes (1990) estimated regressions of performance on measures of ownership concentration and other determinants. These studies confirmed the existence of positive, but nonlinear relation, between ownership structure and firm financial performance.

2.6 Corporate Governance and Financial Performance

Corporate Governance has come to mean many things. Traditionally and at a fundamental level, the concept refers to corporate decision making and control, particularly the structure of the board and its working procedures. Hermes, (2004). Jenifer, (2002) defines Corporate Governance as a set of interlocking rules by which corporations, shareholders and management govern their behavior. In each country, this is a combination of a legal system that sets some common standards of governance and systems of behavior determined by firms themselves.

The regional roundtables on corporate governance set up in partnership with the world Bank have allowed the OECD principles to become a widely accepted global benchmark that is adaptable to varying social, legal and economic contexts in individual countries Witherell ,(2004). Indeed the outcome of a survey by Mckinsey in collaboration with the World Bank in June 2000 attested to the strong link between corporate governance and stakeholders' confidence Mark, (2000). Accountability relationships occur in every sector of the society including the commercial sector (Wheelers, 2000). Where there is inadequate accountability resources will be used inefficiently and ineffectively; thus, inadequate accountability can result in devastating consequences for millions of people and compromising the operations of an organization (Kluver, 2001). Observations indicated accountability was part of the responsibility of management of IUIU.

2.6.1 The relationship between the Council and Financial Performance

The Council is responsible for maintaining a sound system of internal control which supports the achievement of policies, aims, and objectives, while safeguarding the public and other funds and assets for which the Council is responsible, in accordance with the *Statutes and Ordinances* and

the Financial Memorandum with the HEFCE, Steve Young (2013). The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims, and objectives; it therefore provides reasonable but not absolute assurance of effectiveness. The system of internal control is designed to identify the principal risks to the achievement of policies, aims, and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively, and economically. This process was in place for the year ended 31 July 2013 and up to the date of approval of the financial statements, and accords with HEFCE guidance. The Council is responsible for reviewing the effectiveness of the system of internal control. The following processes which have been established: The Council should meet eleven times throughout the year to consider the plans and strategic direction of the University. The Council should receive periodic reports from the Chairman of the Audit Committee concerning internal control and the minutes of all meetings of the Audit Committee. The Council's Risk Steering Committee oversees risk management where the Council receives periodic reports from the Chairman of the Risk Steering Committee and the minutes of all meetings of the Risk Steering Committee. The Council's review of the effectiveness of the system of internal control is informed by the work of the internal auditors, senior officers and the risk owners within the University, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

It is the duty of the Council to prepare and to publish the annual accounts of the University in accordance with UK-applicable accounting standards such that the accounts give a true and fair view of the state of affairs of the University, PricewaterhouseCoopers LLP (2013) Under the University's *Statutes and Ordinances*.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University. In preparing the financial statements the Council is required to: select suitable accounting policies and then apply them consistently, make judgments and estimates that are reasonable and prudent, state whether applicable accounting standards have been followed, prepare the financial statements on a going concern basis unless it is inappropriate to presume that the University will continue to operate, ensure that income has been applied in accordance with the University's *Statutes and Ordinances* and safeguard the assets of the University and take reasonable steps to prevent and detect fraud and other irregularities. LLP (2013) The Council is advised in carrying out its duties by a number of Committees, including the Planning and Resources Committee, the Finance Committee, the Audit Committee, the Remuneration Committee, the Investment Board, and the Risk Steering Committee. The Planning and Resources Committee is a joint committee of the Council and the General Board. Its responsibilities include the development and oversight of the University's Strategic Plan, and the preparation of the University's budget. The Finance Committee is chaired by the Vice-Chancellor and advises the Council on the management of the University's assets, including real property, monies, and securities, and on the care and maintenance of all University sites and buildings. The Audit Committee, which has a majority of external members, governs the work of the Internal and External Auditors, reporting on these matters directly to the Council. The Remuneration Committee is chaired by an external member of the Council and advises the Council on the remuneration of senior staff in the University. The Investment Board, which has a majority of external members, advises the Council on the management of the University's investment assets. The Risk Steering Committee is responsible to the Council for the identification of the major corporate risks and their management.

2.6.2 The relationship between Executive Board of Directors and Financial Performance

The Board of directors is statutorily appointed by the shareholders to represent and protect their interests and represent the highest decision-making body for the firm. It is responsible for the strategic stance of the organization. It is expected to set the broad objectives, vision and mission of the organization and ensure their achievement. This is realized through providing oversight on the management. Board of directors ratifies management decisions, and monitor their performance and they also undertake decision management and decision control functions Chau and Leung (2006). The Board should consist of a substantial number of outside independent non-executive directors. The Board of directors should at least be balanced and act as a representative of the interests of the shareholders, *The Cadbury Committee Report of 1992*.

The Board is to operate through a number of sub-committees including the remuneration, the nomination and the Audit Committees , Higgs Report (2003). These committees are to comprise mainly of non-executive directors who are independent of the management. The importance of the outside non-executives is in their ability to contribute to a perfect contract between the contracting parties. The outside directors have sufficient incentive to be able to perform these functions for two main reasons Chau and Leung (2006). First, they have the required skill and expertise and will suffer economic and reputational loss if they are found to be incompetent in these responsibilities and, secondly, because they are external to the enterprise they are expected to be dispassionate and view managerial decisions in unbiased but constructive ways.

Many changes have occurred in terms of Board composition in UK listed companies post the Cadbury Report. Dahya et al. (2002), in a study that involves a sample of 460 UK publicly quoted companies, documented the increase in non-executive directors on UK Boards suggesting

that they rose from 35.3 percent pre-Cadbury to 46 per cent post the Cadbury Report. Similar findings were documented by Song and Windram (2004) and they found that the nature and scope of the responsibilities of the non-executives and especially those serving on Audit Committees have changed significantly from oversight on just reporting to more risk management and internal control functions. Dahya et al. (2002) also reported that over 80 per cent of UK Boards have separated the role of CEO and Chairman. Faccio and Lasfer (2000) reported that the median Board size of UK companies is seven while Renneboog and Trojanwoski (2005) reported a median Board size of nine.

A number of studies have examined the impact of outside directors in providing oversight functions on the management. For instance, Weisbach (1988) indicates a positive relationship between the CEO turnover of poorly performing firms and the number of outside directors. A similar result was reported by Rosenstein and Wyatt (1990) who found a positive relationship between abnormal increases in firm value and the appointment of outside directors. Cotter et al. (1997) examined the role of outside directors in Mergers and Acquisitions (M&A) and found that they were able to enhance shareholders' wealth by resisting executive directors' blocking strategies in a takeover bid. In the UK, Vafeas and Theodorou (1998) could not report any significant relationship between firm performance and Board structure. However, both Dahya et al. (2002) and Renneboog and Trojanwoski (2005) reported on the sensitivity of CEO turnover to performance and Board characteristics that are in compliance with Cadbury recommendations. Renneboog and Trojanwoski (2005) note the finding that larger Boards facilitate the replacement of CEOs and also that Boards with a larger percentage of outside independent directors replace underperforming CEOs more frequently. On the subject of executive dominance, they reported that combining the role of the CEO and Board chairmanship reduces the likelihood of CEO

replacement, but this is because such CEOs may become too powerful and can decide their own benchmark and Financial Performance measures.

Dedman (2003), as part of a wider report, documented evidence of the effect of compliance with the Cadbury Code on enhancement of Board oversight functions with respect to the manipulation of accounting figures and the discipline of top executives. She reported a negative relationship between non-routine CEO departures to both share price and accounting measures of firm Financial Performance.

2.6.3 The relationship between Audit Committee and Financial Performance

PricewaterhouseCoopers (2013) Audit Committees typically consist of 3 to 5 members. The listing standards of the major securities markets require audit committees and require that an audit committee have at least 3 members and that all members of the audit committee qualify as independent. Audit committee members should meet minimum financial literacy standards, and at least one of the committee members should have accounting or financial management expertise, as required by the listing standards of the major securities markets. However, more important than financial expertise is the ability of audit committee members, as with all directors, to understand the corporation's business and risk profile, and to apply their business experience and judgment to the issues for which the committee is responsible with an independent and critical eye.

Samaha and Dahawy (2010 and 2011) the audit committee is responsible for oversight of the corporation's financial reporting process. The primary functions of the audit committee are the following: Risk profile: The audit committee should understand the corporation's risk profile and oversee the corporation's risk assessment and management practices. Outside Auditors: The audit

committee is responsible for supervising the corporation's relationship with its outside auditor, including recommending to the full board the firm to be engaged risk and opportunity based on business and individual performance. The structure of management compensation should directly link the interests of management, both individually and as a team, to the long-term interests of stockholders.

The governance role of audit committees- several empirical studies in accounting have focused on the voluntary formation of audit committees to identify factors affecting an entity's decision to create an audit committee directly responsible for overseeing the financial reporting process (Pincus *et al.*, 1989). Collectively, these studies suggest that larger companies, who are audited by the big five and who have bigger boards with greater representation of outside directors, are among the companies more likely to voluntarily form an audit committee.

Several studies document that the presence of an audit committee is associated with fewer incidences of financial reporting problems. For example, McMullen (1996) finds that entities with more reliable financial reporting, such as those with absence of material errors, irregularities and illegal acts, are significantly more likely to have audit committees. DeChow *et al.* (1996) show that firms subject to Securities Exchange Commission, USA (SEC) enforcement actions are less likely to have standing audit committees.

Some more descriptive research shows that 25% of the companies subject to SEC enforcement actions do not have audit committees in place (COSO, 1999). Carcello and Neal (1999) find that the likelihood a company in financial distress will receive a going concern modified auditor's report is lower when the percentage of inside or grey directors on the audit committee is higher.

According to Siagian and Tresnaningsih (2011) Directors and audit committees that are independent from management should improve the firms' reporting system and the quality of reported earnings because they are not subject to potential conflicts of interest that reduce their monitoring capacity. Usually, independent directors also serve as experienced professionals in other firms or large organizations and therefore, care about their reputation (Nguyen and Nielsen, 2010).

The committee should contain independent board of director along with other members. Islam, Islam, Bhattacharjee, & Islam (2009) posited that an independent audit committee is one of the important mechanisms in this respect. It is expected to satisfy the need of both internal and external users of financial statements, and prior studies have documented the importance of the independence of audit committee members for maintaining the integrity and quality of the corporate financial reporting process. Some study reports a negative association between the percentage of independent directors on the audit committee and earnings management, does not observe a significant effect for audit committees comprising 100 percent independent directors. Xie, Davidson, , DaDalt (2003) report that audit committees comprising members with some corporate or investment banking background are negatively associated with earnings management.

The organization of an audit committee within the entity is a central issue of the Corporate Governance. The contribution made by an audit committee refers to the assessment of the financial statements quality. On the other hand, an audit committee plays an important role in the communication between the internal and the external audit of the company.

Audit committee is also responsible for coordinating the financial statements and external audit process, but also for the organization of the internal reports, (Pepffer 2004) External audit has an undeniable role on the trust of the stakeholders in the financial information provided by an entity. The auditor is responsible in the issuance of an audit opinion in order to confirm to the interested parties the accuracy of the financial statements. The preparation and publication of the standard audit report provides greater confidence in the entity's financial statements and reports, Adams (2009)

The Audit Committee receives regular reports from the internal auditors, which include the internal auditors' independent opinion on the adequacy and effectiveness of the University's system of internal control and risk management, together with recommendations for improvement, Steve Young (2013). Risk management is a standing item on the Audit Committee agenda. It is the duty of the Audit Committee to keep under review the effectiveness of the University's internal systems of financial and other controls; to advise the Council on the appointment of external and internal auditors; to consider reports submitted by the auditors, both external and internal; to monitor the implementation of recommendations made by the internal auditors; to satisfy themselves that satisfactory arrangements are adopted throughout the University for promoting economy, efficiency and effectiveness; to establish appropriate performance measures and to monitor the effectiveness of external and internal audit; to make an annual report to the Council, the Vice-Chancellor, and the Higher Education Funding Council (HEFC) for institutions of higher learning; to receive reports from the National Audit Office and the Higher Education Funding Council.

Membership of the Audit Committee includes as a majority five external members (including the chair of the Committee), appointed by the Council with regard to their professional expertise and experience in comparable roles in corporate life.

The University is a self-governing community whose members act in accordance with the seven principles of public life and in pursuit of the objectives and purposes of the University as set out in its Statutes. The University complies with most but not all of the voluntary Governance Code of Practice published in November 2004 by the Committee of University Chairmen. In particular the Vice-Chancellor is chair of the Council, which does not have a majority of external members, and the Council is subject to the statutory authority of the Regent House. The University has no immediate plans to change these arrangements, which have proved reliable over many years in enabling the University to achieve its academic objectives.

PricewaterhouseCoopers (2013) an audit involves obtaining evidence about; the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements.

According to Australian Security Exchange Corporate Governance Council (2002), respecting the rights of shareholders and facilitate the effective exercise of those rights. This means that a company should empower its stakeholders by; communicating effectively with them, giving them ready access to balanced and understandable information about the organization and

corporate dissertations and making it easy for them to participate in the general meetings. In this case, the chief shareholders here are the government, community, students, parents and other development partners. Best practices included design and disclose a communication strategy to promote effective communication with shareholders and encourage effective participation at general meetings and request the external auditor to attend to answer stakeholders' questions, (OECD, 2004)

The governing board of a public sector organization should establish and report on relevant financial and non-Financial Performance measures to ensure and demonstrate the efficient and effective use of resources, (Leblanc et al, 2004). Non-Financial Performance measurements are important in the drive to improve operations and deliver products and services of a good quality, at the least cost to the public purse. Key performance indicators ("KPI") provide a useful management and accountability tool, which is helpful for both internal and external users. Internally, information is required on the organization's effectiveness in order to improve efficiency and quality. Sonnenfield (2002), notes that providers of resources may, for example, use performance information to help decide on the most appropriate allocation of resources within a particular sector, or whether a service could be undertaken more effectively by the private sector.

2.6.4 The relationship between Policies, Ownership Structure and Financial Performance

There are a number of policies, both the organisations' policies and standard guided policies by Council of Institutional Investors (CII) to enhance on the Corporate Governance performance. CII (April 2015) Disclosed Governance Policies and Ethics Code: CII believes every company should have written, disclosed governance procedures and policies, an ethics code that applies to all employees and directors, and provisions for its strict enforcement. The Council posts its

Corporate Governance policies on its Web site, CII - Glenn Davis (2015); it hopes corporate boards will meet or exceed these standards and adopt similarly appropriate additional policies to best protect shareowners' interests.

Accountability to Shareholders: Corporate Governance structures and practices should protect and enhance a company's accountability to its shareowners, and ensure that they are treated equally. An action should not be taken if its purpose is to reduce accountability to shareholders.

Shareholders Participation: Shareholders should have meaningful ability to participate in the major fundamental decisions that affect corporate viability, and meaningful opportunities to suggest or nominate director candidates and to suggest processes and criteria for director selection and evaluation.

According to the “equilibrium view” (Demsetz, 1983), decisions about share ownership concentration are taken in much the same way as in the allocation of any other scarce resource: by optimizing the target variables subject to constraints. This means that decisions about ownership concentration (or more in general, corporate governance) are not exogenously given to the firm, but are obtained after optimizing the costs and benefits of the proposed ownership structure, subject to the constraints of the investment opportunity set. Ownership structure is therefore an endogenously determined variable. A necessary condition for performance and ownership structure to be in equilibrium is that ownership structures and firm performance be uncorrelated, otherwise it would be possible to improve performance by making adjustments to the structure of ownership, which by definition rules out the existence of an equilibrium.

As an example of an indicator of CG, consider the board of directors. According to Adams et al. (2010), the board of directors is the single most important mechanism of the firm’s corporate

governance structure, and the one most studied in the literature. So it is perhaps surprising to realize that there is no measure that reflects the role that the board of directors plays in CG.

Ownership structure and existence of conflicts of interests among shareholders operating within a poor governance system, impacted on company profitability Salami (2011). There are three theories Agency theory, Stakeholders' Theory and Resource Dependency Theory. Whilst the stakeholder theory focuses on relationships with many groups for individual benefits, resource dependency theory concentrates on the role of board directors in providing access to resources needed by the firm George T. Peters & Karibo B. Bagshaw (2014 Vol: 1 Issue 2). According to this theory the primary function of the board of directors is to provide resources to the firm. Directors are viewed as an important resource to the firm. When directors are considered as resource providers, various dimensions of director diversity clearly become important such as gender, experience, qualification and the like, Abdullah & Valentine, (2009).

2.8 Conclusion

According to Habbash (2010), the influence of agency theory has been instrumental in the development of Corporate Governance standards, principles and codes. Mallin (2007) provides a comprehensive discussion of Corporate Governance theories and argues that the agency approach is the most appropriate because it provides a better explanation for Corporate Governance roles (as cited by Habash, 2010).

According to the various arguments of the authors, accountability, transparency, risk management are inseparable from Corporate Governance. However, the researchers have not fully explored how Corporate Governance impact on the Financial Performance of non-profit institutions of higher learning.

Various empirical researches provided evident in favor of agency theory that determines that management on behalf of the shareholders may take decisions that may be unpredictable to maximize shareholder's capital (Fama & M. C. Jensen, 1983)

Each of the three theories is useful in considering the efficiency and effectiveness of the monitoring and control functions of Corporate Governance. But, many of these theoretical perspectives are intended as complements to, not substitutes for, agency theory (Habbash, 2010). Among the various theories discussed, agency theory is the most popular and has received the most attention from academics and practitioners.

Classic indicators of Financial Performance includes; the rates of return (ROA, ROE, ROI), gross profit margin, net profit margin, debt ratio, current ratio, acid test ratio. IUIU being a non-profit institution, this study is looking at the Revenue collection and expenditure control, Growth; in this case Financial Performance is influenced by a variety of factors, like the existence of the councils, executive Board and audit committee.

Corporate Governance place attention on a broader set of relationships to include those involved with, or with an interest in, the university (for example, employees, directors, suppliers, shareholders) and stakeholders served or affected by the university (for example, students, parents and local communities). In regards to the Board size, much attention has focused on the issue of optimal board size there is no consensus about what the actual ideal size is. In the main, it is proposed that a not-too-large Board will help in efficient decision-making by minimising negative Board dynamics.

It could well be that after more research the conclusion is that governance structures, Board membership and processes should be tailored so they are "fit for purpose": aligned with the goals

of the university. A government agency with a commercial focus may need very different governance arrangements compared with an agency heavily dependent on community input to achieve its objectives, or a university that has to be externally as well as internally focused on student and staff demands.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter systematically explains the approach which was used in the research. The uses of both qualitative and quantitative approaches was highlighted and the justification for their uses. The samples used are; sample location, secondary data, and questionnaire data which explained their relevant significances. The various statistical measures such as spearman's rank correlation, frequency tables, averages, standard deviation were used in analyzing the data.

3.1 Research Design

A case study design adopted was both quantitative and qualitative approaches to data collection. The study collected a snap shot of data and analysis of the relationships between study variables. Amin (2005) states that quantitative designs are plans for carrying out study oriented towards quantification and are applied in order to describe current conditions or to investigate relationships, including cause and effect relationships. Quantitative designs therefore helped describe the current conditions and investigate the established relationships between the variables. The studies applied qualitative approaches which involved an in depth probes and application of subjectively interpreted data. Qualitative research will aim at gathering an in-depth understanding of human behavior and reasons for such behavior. The qualitative method investigates why and how of decision making, not just what, where, when. Thus, smaller but focused samples are more often needed than large samples Neuman (2003).

3.2 Study Population

The population for the study comprised of an administrative hierarchy of IUIU streaming from Academic Registrar's Department, Finance Department, Human Resource unit and the University Secretary's Department, Planning and development department who are approximately 36 in total. Refer to (Table 1: Sampling Frame) this study focused mainly on assessing the role of Corporate Governance on Financial Performance of IUIU.

3.3.1 Sampling Design and Procedure

This study used a probability sampling techniques over non-probability to a void bias. Neuman (2006) argues that researchers must choose probability sampling methods over non- probability sampling so they can generalize their study results and reduce the risk of bias. Also according to Sarankatos (1997), probability sampling employs strict rules in the selection process; every unit of the population has equal, calculable and none zero probability of being selected for the sample. The technique was appropriate for the study because it yield a high degree of reliability of the results expected. Stratified sampling techniques was used where the entire population was divided into different subgroups or strata from university council, academic registrar's department, university secretary departments and finance, then randomly select the samples.

3.3.2 Sample size

The sample size of 36 populations was obtained from the population, the decision was reached at by using the sampling size predetermined by Krejcie and Morgan (1970) as seen in table 1. The purpose of choosing these elements was to gather information from persons who were in decision making positions.

CATEGORY	POPULATION SIZE	POPULATION SAMPLE SIZE	SAMPLING TECHNIQUES
University Council	10	10	Purposive/stratified sampling
Academic Registrar's Department	10	10	Stratified /purposive sampling
Finance/ Procurement Department	10	10	Stratified sampling
University Secretary Department	6	6	Stratified /purposive sampling
TOTAL	36	36	

Source: IUIU

Table 1: Sampling Frame

University Council members was chosen to provide useful information in policy formulation, approval of such policies and generally involved in the strategic governance of the university. Population sample from various departments (Academic Registrar, Finance, Procurement and university secretary's department) was chosen because they were involved in the day to day running of the university and a sizeable number of them were working in the capacity of administrators and teaching staff.

3.4 Data collection methods and instruments

3.4.1 Primary data

The primary data for this study was obtained from the staff of IUIU through the survey questionnaires and the interviews provide more explanation under respective themes.

3.4.2 Secondary data: The study obtained secondary data from various sources that is to say, research publications and periodicals from IUIU and other libraries. This information was used in the analysis of review of literature.

3.4.3 Data collection methods

Survey questionnaires, guided interviews, and the documentary review method were used as a means of data collection. Survey questionnaires was formulated and organized based on the research questions and the respondents, the researcher used both closed and open ended questions to enable collection of specific data and opinions of the respondents. The questionnaires were framed in a simple format to make them understandable to respondents. The questionnaires were distributed to the targeted respondents. Interviews was conducted on top management especially members of top management and council. Documentary review method was used for majorly analyzing of previously collected data by others; documentary review is more of data analysis than data collection.

3.5 Data collection instruments

3.5.1 Questionnaire

The study was self administered questionnaires; the types of questions in the questionnaires were both open and close ended. Questionnaires were used in research because they are more appropriate in collecting information regarding surveys that deal with the perception of the variables, the respondents were able to read and answer questions without being influenced by interviewer, the respondent responded whenever convenient without any pressure; any visual materials can be used, and lastly may be revealed (Beiske 2002).

3.5.2 Interview

For this study, the interview method used to collect data from ten (10) respondents (7 from management executive and 3 board members). This selection of respondents for the interview aimed at gathering information from persons who were in decision making position with the aim

of incorporating executive and board managements' perspective on Corporate Governance practices impact on Financial Performance of IUIU. This also helped in gathering and ascertaining information that was left out by the questionnaire.

3.6 Procedure of Data Collection

The researcher was presented letter of introduction from the Graduate school to the management of IUIU, when the management allows or consent, then the researcher proceeded to administer the research instruments. This was after the study has been thoroughly explained to them and confidentiality assured.

3.7 Validity and reliability

After the construction of the research instruments for the study, it was then taken to the supervisors who ascertained the face, content validity and clarity of the instrument. This helped the researcher make corrections and clarifications on questions that were ambiguous and misleading using content validity index (CVI).

3.8 Reliability

To ensure reliability of the findings, the respondents to take part in the study were informed and knowledgeable about the problem under investigation. In accordance with Reynaldo A. Santos (1999) Cronbach's Alpha reliability test tool was appropriate to use. The Cronbach's alpha is a measure of internal consistency, that is, how closely related a set of items are as a group. The closer Cronbach's Alpha is to 1, the higher the internal consistency or reliability.

3.9 Data Analysis

After data was collected, edited and analyze to ensure accuracy and consistency of the information. Responses to questions was tallied and cross tabulations made for responses to

questions on dependent and independent variables. Every questionnaire were assigned serial numbers for identification purpose prior to data entry process after which data was entered and analyzed using the SPSS tool. Qualitative data analysis was utilized on wording to describe and make narrative statements. Categories or themes of the data was examined, evaluated and analyzed to determine the adequacy, credibility, usefulness and consistency of the information. Quantitative data (obtained from the questionnaires) was generated through data coding that yielded numbers. The numbers were analyzed using computer package that yield rational and inferential statistics.

3.10 Measurement of Variables

Corporate Governance and Financial Performance (independent and dependent variables respectively) were measured on a five point Likert type scale (1- Strongly agree, 2- Agree, 3-Not sure, 4- disagree and 5-Strongly disagree). The choice of this measurement was that each point on the scale carries a numerical score which is used to measure the respondents' attitude and it is the most frequently used scale in the study of social attitude. According to Mugenda (1999) and Amin(2005), the Likert scale was able to measure perception, attitudes, values and behaviour of individuals towards a given phenomenon.

CHAPTER FOUR

ANALYSIS, PRESENTATION AND INTERPRETATION OF THE FINDINGS

4.0 Introduction

This chapter involves the presentation and discussion of the research findings on the influence of Corporate Governance on the Financial Performance of higher institutions of learning in Uganda. It was based on research objective which were presented as; to assess the effect of Council of IUIU on Financial Performance, to examine the effect of Executive Board of IUIU on Financial Performance, to explore the effect Audit committee on Financial Performance of IUIU and research questions which were presented as; what is the relationship between Council and Financial Performance of IUIU?, What is the effect of Executive Board on Financial Performance of IUIU? And to what extent does Audit committee have effect on Financial Performance of IUIU?

4.1.1 Respondents rate

A total of 36 questionnaires were administered to Employees of IUIU. However by the end of the exercise only 30 questionnaires were collected posing a response rate of 83.3% and non-response of 16.7% as shown in the table 1 below; it implied that more than 50% of the sample participated in the exercise. Therefore outcomes were representative.

Table 4: 1: Response rate

	Response	Frequency	Percent
Valid	Returned	30	83.3
	Not returned	6	16.7
	Total	36	100.0

Source: Primary data 2015.

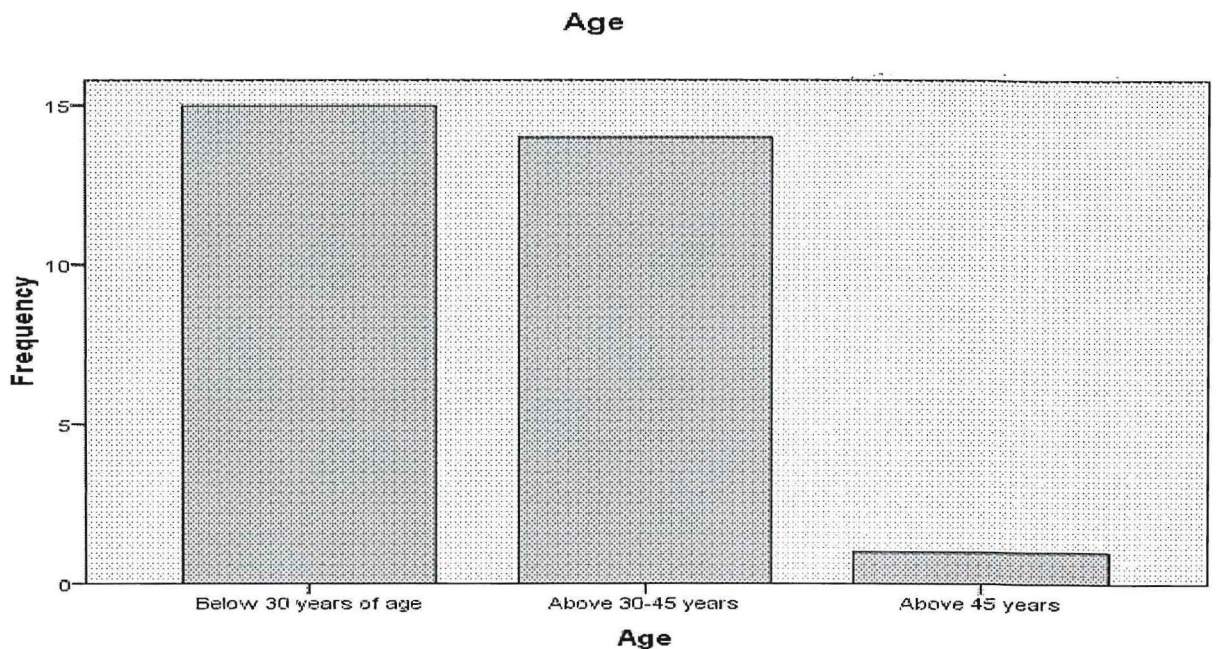
4. 2 Demographic characteristics of respondents

The respondents were classified according to their gender, age, department, level of education, marital status and the number of years respondents worked with IUIU.

4.2.1 Age of the respondents

The researcher was interested in finding out weather the age of the respondents has an influence of Corporate Governance and results in Financial Performance IUIU. The findings were presented in the figure below.

Figure 4:1 Age of the respondents



Source: primary data 2015

From the table above, majority of the respondents were below 30 years of age. This implies that they can assess the influence of Corporate Governance and Financial Performance of IUIU

4.2.2 Job Title

The researcher was interested in finding out whether the job title of the respondents has an influence of Corporate Governance and whether it can result into Financial Performance IUIU. The finding was presented in the table below.

Table 4:2 Job Title

	Frequency	Percent
Valid Accounts assistant	4	13.3
Nurse	12	40.0
Administrator	7	23.3
Computer lab officers	1	3.3
Lecturer	1	3.3
Driver	1	3.3
Plumber	1	3.3
Asst purchasing officer	1	3.3
Library security guard	2	6.7
Total	30	100.0

Source: primary data 2015

From the table above, all job title representatives were represented such as; Accounts Assistant, Nurse, Administrator, Computer lab officers, Lecturer, Driver, Plumber, Asst Purchasing Officer, Library security guard. This gave a significant gist of the study.

4.2.3 Department

The researcher was interested in finding out whether the departments of the respondents have an influence of Corporate Governance and whether it can result into Financial Performance IUIU.

The finding was presented in the table below.

Table 4:3 Departments

	Frequency	Percent
Valid Medical	4	13.3
Health unit	6	20.0
Academic registrar	7	23.3
Library	5	16.7
Bursary	1	3.3
EWD	1	3.3
Estates	1	3.3
Accounts	4	13.3
Registry	1	3.3
Total	30	100.0

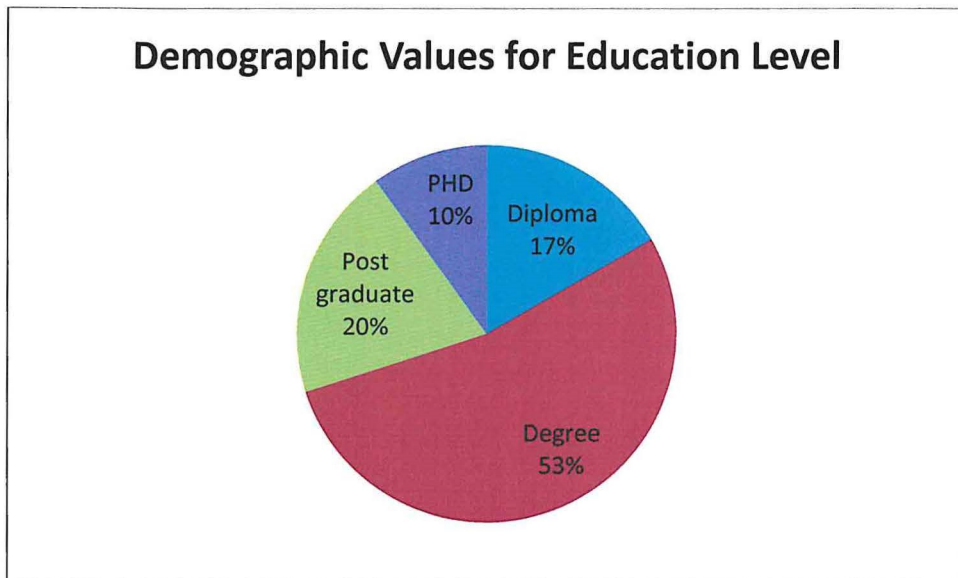
Source: Primary data 2015

From the table 4.3, all departments were represented in this study medical, Health unit, Academic registrar, Library, Bursary, EWD, Estates, Accounts and Registry. This means that the information provided on Corporate Governance and Financial Performance of IUIU wasn't biased.

4.2.4 Levels of Education

The researcher was interested in finding out weather the levels of education of the respondents has an influence of Corporate Governance and weather it can result into Financial Performance IUIU. The finding was presented in the table below.

Figure 4:2 Levels of Education



Source: primary data 2015

From the figure 4.2 Majority of the respondents had a degree, giving the highest percentage of 53% of respondents who had a degree, followed by 20% of respondents that had a post graduate, 17% had Diploma and the least 10%. This implies that the outcome/findings for the Corporate Governance and Financial Performance of IUIU was handled in a professional way.

4.2.5 Table 4:4 Period of Service

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Less than 1 year	6	20.0	20.0	20.0
More than 1-5 years	18	60.0	60.0	80.0
More than 5 years	6	20.0	20.0	100.0
Total	30	100.0	100.0	

Source: primary data, 2015

From the table 4.4, majority of the respondents had served for the university for 1-5 years. This means that they were familiar with the university operations, hence giving reliable data.

4.2.6 Gender of the Respondents

Table 4:5 presents the sex of respondents

Items	Frequency	Percent	Cumulative Percent
Male	17	56.7	56.7
Female	13	43.3	100.0
Total	30	100.0	

Source: Primary data 2015

The results revealed that 56.7% respondents were males, and 43.3% females, implying that there was a good representation of males and females among the employees; this shows that there was equitable participation of both men and women.

4.3 CORPORATE GOVERNANCE (INDEPENDENT VARIABLE)

In this section, Corporate Governance was categories according to Council, Executive Board, Audit Committee and their role in Financial Performance of IUIU.

4.3.1 COUNCIL AND FINANCIAL PERFORMANCE OF IUIU

The results were summarized in SPSS using the Likert scale of 1-5 where: 1- Strongly agrees, 2- Agree, 3-Not sure, 4- disagree and 5-Strongly disagree and mean range as shown in table bellow

TABLE 4:6 COUNCIL AND FINANCIAL PERFORMANCE OF IUIU

Statements	Mean	Std deviation
Council follow rightful procedures when discharging their duties	2.00	.788
The governing council disclose accurate financial information to relevant stakeholders	2.27	.980
The governing council disclose timely financial information to relevant stakeholders	2.27	.583
Council of IUIU roles contributes to effective Financial Performance in terms of revenue collection and expenditures	2.33	.802
The university Council makes sure that all revenue collection and expenditures are properly accounted for	2.13	.860
University administration is transparent in its budget execution	2.24	.951

Council role is safeguarding the public and other funds and Assets of the university	2.4	1.003
The council role is maintaining a sound system of internal control which supports the achievement of policies, aims, and objectives	2.27	.740
The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University	2.57	.817
We usually distribute all the excess revenue/profits to the shareholders	3.07	.980

Source Primary Data 2015

From the table 4.6, 50% of the respondents agreed that council follow rightful procedures when discharging their duties, 46% agreed that the governing council disclose accurate financial information to relevant stakeholders while 3% disagreed, 60% of the respondents agreed that the governing council disclose timely financial information to relevant stakeholder, 33% of the respondent wasn't sure of that. 10% of the respondents strongly agreed, 57% agreed that council of IUIU roles contributes to effective Financial Performance in terms of revenue collection and expenditures. 63% of the respondents agreed that the university Council makes sure that all revenue collection and expenditures are properly accounted for but, 3% wasn't sure of that. 53% of the respondent agreed that university administration is transparent in its budget execution though 3% disagreed to that. 50% of the respondents agreed that the council role is safeguarding the public and other funds and Assets of the university though 7% disagreed to that. 50% of the

majority respondents agree the council role is maintaining a sound system of internal control which supports the achievement of policies, aims, and objectives, though few of 3% strongly disagreed to that. 51% agreed that the Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University, we usually distribute all the excess revenue/profits to the shareholders. However 36% of some members weren't sure of the statements and 3% disagreed with the statements. This implies that the statements that were posed to them were vital and this can be expressed basing on mean and standard deviation. The standard deviation was low implying that the errors were minimised.

Table 4.7: CORROLATION OF COUNCIL AND FINANCIAL PERFORMANCE OF IUIU

		Council	Financial performance of IUIU
Council	Pearson Correlation	1	.845**
	Sig. (2-tailed)		.000
	N	30	30
Financial performance of IUIU	Pearson Correlation	.845**	1
	Sig. (2-tailed)	.000	
	N	30	30

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

Table 4.7 shows that, Pearson’s Correlation Coefficient for the Council and financial performance was $r = 0.845^{**}$, with probability value ($p = 0.000$) that is less than $\alpha = 0.01$ level of significance showing a strong positive significant relationship between council and financial performance of IUIU at the one percent level of significance ($r= 0.845$, $p<0.05$) Therefore, financial performance (P) is significantly influenced by the Council.

Table 4.7.1: Regression analysis showing the relationship between the Council and financial performance

Model	R	R Square	Adjusted R Square
1	.845a	.714	.71

a. Predictors: (the Council), Financial Performance

From table 4.7.1 above, about 71% of the variation (Adjusted R² =0.71) indicates how much of the dependent variable, financial performance can be explained by the independent variable the Council. It implies that financial performance is dependent on the Council by 71% .Hence the rest of other factors may be taken 29% of Islamic University in Uganda’s financial performance.

4.3.2 EXECUTIVE BOARD (TOP MANAGEMENT) AND FINANCIAL PERFORMANCE OF IUIU

The results were summarized in SPSS using the Likert scale to examine the effect of executive Board that is top management on the Financial Performance of IUIU.

Table 4:8 Executive Board (Top Management) and Financial Performance of IUIU

Statements	Mean	Std deviation
Top management follow rightful procedures when discharging their duties	2.34	.936
Top management makes sure that all revenue collection and expenditures are properly accounted for	2.37	.809
Top management of IUIU roles contributes to effective Financial Performance in terms of revenue collection and expenditures	2.48	.949
Top management is transparent in handling its financial reporting systems/process	2.43	1.042
Information is prepared and disclosed in accordance with high quality standards of accounting, financial and non-financial disclosure.	2.50	.938
The Board of directors of IUIU is appointed by the shareholders to represent and protect their interests	2.83	1.289
Top management of IUIU represent the interest of the Shareholders of IUIU	2.80	1.278
Top management of IUIU represent the highest decision-making body for the University	2.47	1.106
Executive Board of IUIU has a required qualification, skill and competent to carry	2.53	1.074

these responsibilities		
Executive board operating through sub-committee like risk management, audit , nomination etc and receiving reports from each sub committee	2.93	1.143
Timely and accurate disclosure is made on financial situation,	3.06	1.098
There is increased participation of stakeholders in decision making	2.63	.718
Managerial accountability is based on agreed upon Financial Performance targets	2.80	1.126
Management and staff are perceived by the public to be accountable for their decision and actions	2.53	1.224
The university has effective financial control system	2.70	1.088
The information given by staff is sufficient for decision making	2.16	1.222

Source: primary data 2015

From the table 4.8, majority of the respondents 67% agreed that top management follow rightful procedures when discharging their duties, 60% agreed that top management makes sure that all revenue collection and expenditures are properly accounted for, 53% agreed that top management of IUIU roles contributes to effective Financial Performance in terms of revenue collection and expenditures, 57% agreed that top management is transparent in handling its financial reporting systems/process though 10% strongly disagreed, 53% agreed that Information is prepared and disclosed in accordance with high quality standards of accounting, financial and non-financial disclosure but 30% wasn't sure of that, 33% agreed that, 33% agreed that the Board of directors of IUIU is appointed by the shareholders to represent and protect their interests, top management of IUIU represent the interest of the Shareholders of IUIU, 30% wasn't sure if the top management of IUIU represent the highest decision-making body for the University though 33% agreed to that. 37% agreed that Executive Board of IUIU has a required qualification, skill and competent to carry these responsibilities, 47% agree that executive board operating through sub-committee like risk management, audit , nomination etc and receiving reports from each sub- committee, 40% - 43% majority of respondents wasn't sure that timely and accurate disclosure is made on financial situation, there is increased participation of stakeholders in decision making, 47% agreed that managerial accountability is based on agreed upon Financial Performance targets, management and staff are perceived by the public to be accountable for their decision and actions, the university has effective financial control system and the information given by staff is sufficient for decision making. However 33% of some members weren't sure of the statements and fewer disagreed with the statements. This implies that the statements that were posed to them were vital and this can be expressed basing on mean and standard deviation. The standard deviation was low implying that the errors were minimised.

Table 4.9: Pearson Correlation Executive Board (Top Management) and Financial Performance of IUIU

		Executive Board (Top Management)	Financial performance of IUIU
Executive Board (Top Management)	Pearson Correlation	1	.766**
	Sig. (2-tailed)		.000
	N	30	30
Financial performance of IUIU	Pearson Correlation	.766**	1
	Sig. (2-tailed)	.000	
	N	30	30

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

Table 4.9 shows that, Pearson's Correlation Coefficient for the Executive Board and financial performance was $r = 0.766^{**}$, with probability value ($p = 0.000$) that is less than $\alpha = 0.01$ level of significance showing a strong positive significant relationship between Executive Board and financial performance of IUIU at the one percent level of significance ($r = 0.766$, $p < 0.05$). Therefore, financial performance (P) is significantly influenced by the Executive Board .

Table 4: 9.1 Regression analysis showing the relationship between the Executive Director (Management) and financial performance

Model	R	R Square	Adjusted R Square
1	.766a	.586	.582

a. Predictors: (Executive Director), Financial Performance

The adjusted R square value of 0.582 indicates that the Council contribute 58.2% in influencing financial performance of Islamic University in Uganda. This also means that 41.8% of financial performance is influenced by other factors.

Challenges

According to the interviews the research conducted, the respondents mentioned the following challenges.

'' Their views (the staff) are not normally taken into consideration for decision making, they urge that if their views were taking into consideration the outcome wouldn't have been the same, taking into account the competition''

4.3.3 AUDIT COMMITTEE AND FINANCIAL PERFORMANCE OF IUIU

The results were summarized in SPSS using a five Likert scale basing on the first objective which was state as: to examine the extend Audit Committee of IUIU has effect on the financial performance in IUIU.

TABLE 4:10 AUDIT COMMITTEE AND FINANCIAL PERFORMANCE OF IUIU

Statements	Mean	Std deviation
The university has an effective Audit Committee and control system	2.37	1.033
Audit committee members meets minimum financial literacy standards	2.43	1.073
Audit committee are independent	2.93	1.143

from management		
Committee advise the Council on the appointment of external and internal auditors	2.56	1.074
There is assured integrity/quality of Financial statements of the university	2.73	1.172
The University is able to identify the financial risk its bound to face	2.53	1.156
The University assesses the impact of its financial risks	2.40	1.037
There is a good level of financial reporting and disclosure in the university	2.66	1.173
The university has strong and effective control system on Revenue and expenditure	2.60	1.363
University Audit committee link communication between internal and External Audit	2.80	1.031
The University management prepares budgets annually and budgets are duly approved	2.27	1.112
This approved budgets are effectively implemented	2.90	1.269
The University management prepares collection performance	2.55	1.021

reports		
The audit verifies this reports for accuracy	2.53	0.973
All stake holder receive and understand these reports	2.69	0.817
All financial payments and receipts are audited	2.16	1.222
Risk of loss of finances and university are revealed by the audit exercise	2.53	0.37

Source: primary data 2015

From the table 4.10, majority of the respondents 57% agreed with the statements that, the university has an effective Audit Committee and control system, 43% agreed that audit committee members meets minimum financial literacy standards, 33% of respondent agreed that audit committee are independent from management and 33% wasn't sure of that, majority of the respondent 37% wasn't sure that committee advise the Council on the appointment of external and internal auditors and at least 33% agreed to that, 47% agreed that there is assured integrity/quality of Financial statements of the university 30% wasn't sure of that statement, 47% agreed that the University is able to identify the financial risk its bound to face, 57% agreed that the University assesses the impact of its financial risks, 53% agreed that there is a good level of financial reporting and disclosure in the university, 47% agreed that the university has strong and effective control system on Revenue and expenditure, 43% agreed that the University Audit committee link communication between internal and External Audit, 46% agreed that the University management prepares budgets annually and budgets are duly approved, 23% agreed and 23% wasn't sure that the approved budgets are effectively implemented, 37% agreed that the University management prepares collection performance reports, the audit verifies this reports for accuracy, 56% agreed that all stake holder receive and understand these reports, 60% agreed that all financial payments and receipts are audited and risk of loss of finances and university are revealed by the audit exercise. However some members 33% weren't sure of the statements and fewer disagreed with the statements. This implies that the statements that were posed to them were vital and this can be expressed basing on mean and standard deviation. The standard deviation was low implying that the errors were minimised.

Table 4.11: PEARSON CORRELATION OF AUDIT COMMITTEE AND FINANCIAL PERFORMANCE OF IUIU

		Audit Committee	Financial performance of IUIU
Audit Committee	Pearson Correlation	1	.755**
	Sig. (2-tailed)		.000
	N	30	30
Financial performance of IUIU	Pearson Correlation	.755**	1
	Sig. (2-tailed)	.000	
	N	30	30

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

Table 4.11 shows that, Pearson’s Correlation Coefficient for the Audit Committee and financial performance was $r = 0.755^{**}$, with probability value ($p = 0.000$) that is less than $\alpha = 0.01$ level of significance showing a strong positive significant relationship between Audit Committee and financial performance of IUIU at the one percent level of significance ($r = 0.755$, $p < 0.05$). Therefore, financial performance (P) is significantly influenced by the Audit Committee.

Table 4.11.1: Regression analysis showing the relationship between the Audit Committee and financial performance

Model	R	R Square	Adjusted R Square
1	.755a	.570	.566

a. Predictors: (Audit Committee), Financial Performance

From table 4.11.1 above, about 56% of the variation (Adjusted R² =0.566) indicates how much of the dependent variable, financial performance can be explained by the independent variable Audit Committee. It implies that financial performance is dependent on accountability by 56%.Hence the rest of other factors may be taken 44% of Islamic University in Uganda’s financial performance.

4.3.4 POLICIES AND FINANCIAL PERFORMANCE IUIU

The results were summarized in SPSS using a five Likert scale basing on the: to access the effect of policies on financial performance of IUIU.

TABLE 4:12 POLICIES AND FINANCIAL PERFORMANCE IUIU

Statements	Mean	Std deviation
The university Audit Committee policy pays more attention to primary organizational Audits	2.66	0.721
The university has a written, disclosed governance procedures and policies	2.48	.986
The university has ethical code that applies to all employees and directors, and provisions for its strict enforcement	2.31	.986
The university Council posts its Corporate Governance policies on its Web site	2.31	1.137

Accountability mechanisms offer incentives for office bearers	2.69	.967
The benefits of revenue accountability structures outweigh the costs	2.86	0.789
The University has appropriate structures/system to enable evaluate whether revenue policies are being executed	2.28	1.090
The university has effective and proper communication structures	2.47	1.106
The University effectively uses its communication channels	2.53	1.074

Source primary data

From the information provided in table 4.12, the majority 47% agreed that, University Audit Committee policy pays more attention to primary organizational Audits, 30% wasn't sure of that though 40% agreed that the university has a written, disclosed governance procedures and policies, 40% agreed that the university has ethical code that applies to all employees and directors, and provisions for its strict enforcement, majority of respondents 40% wasn't sure that the university Council posts its Corporate Governance policies on its Web site though only 17% agreed to that, 40% agreed that accountability mechanisms offer incentives for office bearers, majority of respondents 47% wasn't sure and only 27% agreed that the benefits of revenue accountability structures outweigh the costs, 53% of the majority agreed that the University has appropriate structures/system to enable evaluate whether revenue policies are being executed, 53% agreed that the university has effective and proper communication structures, 47% agreed that the University effectively uses its communication channels. However 23% of some members weren't sure of the statements and fewer disagreed with the statements. This implies that the statements that were posed to them were vital and this can be expressed basing on mean and standard deviation. The standard deviation was low implying that the errors were minimised.

Table 4.13: PEARSON CORRELATION POLICIES AND FINANCIAL PERFORMANCE OF IUIU

		Policies	Financial performance of IUIU
Policies	Pearson Correlation	1	.701**
	Sig. (2-tailed)		.000
	N	30	30
Financial performance of IUIU	Pearson Correlation	.701**	1
	Sig. (2-tailed)	.000	
	N	30	30

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

Table 4.13 shows that, Pearson's Correlation Coefficient for the policies and financial performance was $r = 0.701^{**}$, with probability value ($p = 0.000$) that is less than $\alpha = 0.01$ level of significance showing a strong positive significant relationship between policies and financial performance of IUIU at the one percent level of significance ($r = 0.701$, $p < 0.05$) Therefore, financial performance (P) is significantly influenced by the Policies.

4.3.5 OWNERSHIP STRUCTURE

The results were summarized in SPSS using a five Likert scale to determine the effect on ownership structure on Financial Performance.

TABLE 4:14 OWNERSHIP STRUCTURE

Statements	Mean	Std deviation
Accountability mechanisms offer incentives for office bearers	2.93	1.202
The benefits of revenue accountability structures outweigh the costs	2.74	.978
The University has appropriate structures/system to enable evaluate whether revenue policies are being executed	2.43	.959
Board directors is providing access to resources needed by the university	2.54	1.086
Relationships between the Councils, Executive Board, the Committee and other stakeholder is good	2.79	.978
Directors are focusing of the advisory role and counseling role	2.17	.928
Directors concentrate on the monitoring and controlling role	2.38	1.178
Roles and responsibilities are attached to the organization goals and objectives	2.75	1.041
University normally monitors any deviation in terms of revenue collection and expenditure procedures	2.53	1.074
Owners are stakeholders in the University	2.93	1.143

Owners influence university activities	2.89	1.286
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Source: primary data.

From the table 4.14 majority 37% agreed that, accountability mechanisms offer incentives for office bearers, 46% of the respondents weren't sure that the benefits of revenue accountability structures outweigh the costs, 43% of the majority respondent agreed that the University has appropriate structures/system to enable evaluate whether revenue policies are being executed, 40% agreed that Board directors is providing access to resources needed by the university, 50% agreed that relationships between the Councils, Executive Board, the Committee and other stakeholder is good, directors are focusing of the advisory role and counseling role, 43% agreed that directors concentrate on the monitoring and controlling role, roles and responsibilities are attached to the organization goals and objectives, University normally monitors any deviation in terms of revenue collection and expenditure procedures, 47% agreed that owners are stakeholders in the University, 33% agreed that owners influence university activities. However some members weren't sure of the statements and fewer disagreed with the statements. This implies that the statements that were posed to them were vital and this can be expressed basing on mean and standard deviation. The standard deviation was low implying that the errors were minimised.

Table 4.15 Relationship between Corporate Governance and Financial Performance of IUIU

		Financial Performance	Financial Performance
Corporate Governance	Pearson Correlation	1	.689**
	Sig. (2-tailed)		.000
	N	30	30
Financial Performance	Pearson Correlation	.689**	1
	Sig. (2-tailed)	.000	

4.4 RELATIONSHIP BETWEEN CORPORATE GOVERNANCE AND FINANCIAL PERFORMANCE OF IUTU

In order to understand the relationship between Corporate Governance and performance of IUTU, the results in table 4:15 illustrates a strong positive significant relationship between Corporate Governance and Financial Performance of IUTU ($r=0.689;p<0.05$). If the relationship is positive, it means that Corporate Governance is used. Increase in Financial Performance predicts good Corporate Governance. Corporate governance IUTU leads to increase financial performance.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary, conclusion and the recommendations based on the findings of the study which focussed on Corporate Governance and Financial Performance of Islamic University in Uganda.

5.2. Summary of the findings

Institutions of higher learning are under more pressure than ever before to justify expenditure and prove they are delivering value for money. Despite the government efforts in operationalising Corporate Governance structures in public and private Universities, by appointing the Governing Council; comprising of the Chancellor and his executive, there are still challenges in Corporate Governance leading to widened disparities between shareholders and directors in Institutions of higher learning. The study assessed Corporate Governance and Financial Performance of institutions of higher learning case of: Islamic University in Uganda. Corporate Governance was independent variable while Financial Performance was the dependent variable in this study.

The study applied both the quantitative and qualitative approach. The performance of the IUIU depended on the Corporate Governance of such institutions which entails; Council, Executive Board and Audit committee.

The study was carried out in Islamic University in Uganda involving total study respondents of 36 who comprised of Administrative staff of IUIU streaming from Academic Registrar's

Department, Finance Department, Human Resource unit and the University Secretary's Department, Planning and development department. Data was obtained from respondents through interview and self administered questionnaire. Both the qualitative and quantitative data was grouped into themes and the number of responses under each theme was tallied. Content/thematic analysis was applied to determine patterns and draw conclusions in relation to the study. The qualitative data was carefully sorted, edited and entered into the computerized statistical package for social scientists (SPSS) version 16.0. The data was then presented in graphs, percentage, frequency tables and variance. Pearson product, moment correlation analysis was carried out to ascertain the nature of the relationship between the different variables and multiple regression analysis was also carried out to ascertain the strength, direction and significance of the relationships.

The major findings of the study were that Council significantly influences Financial Performance, executive Board significantly influences Financial Performance; Audit committee moderately influences Financial Performance of Islamic University in Uganda.

5.2.1: Relationship between Corporate Governance and Financial Performance of IUIU

Pearson's Correlation Coefficient for Corporate Governance and Financial Performance **was $r = 0.689^{**}$** , with probability value ($p = 0.000$) that is less than $\alpha = 0.01$ level of significance showing a strong positive relationship between Corporate Governance and Financial Performance at the one percent level of significance.

Therefore it was found out that Corporate Governance significantly influences Financial Performance, basing on this finding.

Regression analysis was also used and the adjusted R square value was 0.311. Corporate Governance predicts Financial Performance; it implied that Financial Performance is dependent on Corporate Governance by 31.1%.

Correlations between Corporate Governance and Financial Performance of Islamic University in Uganda as per the result above ($r=0.689$, $p<0.01$) show that there is a significant positive relationship between the council, executive board and Audit committee in IUIU Financial Performance. The significance 0.000 which is less than $p<0.01$ means that we are 99% confident. Again, it means that the existence of the council, executive board and audit committee in IUIU results into better Financial Performance. The result above shows existence of the parameters above plays a tremendous role in contribution of Financial Performance positively.

5.3 Discussions

This subsection looks at the discussion of the findings which are discussed according to the respective research questions as earlier presented in chapter one.

5.3.1 Council and Financial Performance of Islamic University in Uganda

According to my finding of the study of IUIU, majority of the respondents agreed that council follow rightful procedures when discharging their duties. The Council of IUIU is responsible for reviewing the effectiveness of the system of internal control. The following processes which have been established: The Council meets eleven times throughout the year to consider the plans and strategic direction of the University. The Council receives periodic reports from the

Chairman of the Audit Committee concerning internal control and the minutes of all meetings of the Audit Committee.

The study confirms that majority of the respondent agree that the university Council makes sure that all revenue collection and expenditures are properly accounted for; university administration is transparent in its budget execution. The Council's Risk Steering Committee oversees risk management where the Council receives periodic reports from the Chairman of the Risk Steering Committee and the minutes of all meetings of the Risk Steering Committee. The Council's review of the effectiveness of the system of internal control is informed by the work of the internal auditors, senior officers and the risk owners within the University, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

The study confirms that majority of the respondent agree that the governing council disclose accurate financial information to relevant stakeholders; the governing council disclose timely financial information to relevant stakeholders. Which is in line with; PricewaterhouseCoopers LLP (2013) Under the University's *Statutes and Ordinances* it is the duty of the Council to prepare and to publish the annual accounts of the University in accordance with UK-applicable accounting standards such that the accounts give a true and fair view of the state of affairs of the University.

The study reveal that the Council of IUIU is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University. In preparing the financial statements the Council selects suitable accounting policies and then applies them consistently.

The majority of respondent confirms that council of IUTU roles contributes to effective Financial Performance in terms of revenue collection and expenditures, council role is safeguarding the public and other funds and Assets of the university, which is in line Professor Steve Young (2013) The Council is responsible for maintaining a sound system of internal control which supports the achievement of policies, aims, and objectives, while safeguarding the public and other funds and assets for which the Council is responsible, in accordance with the *Statutes and Ordinances* and the Financial Memorandum with the HEFCE.

The study reveals that some members weren't sure of the statements that the council of IUTU usually distributes all the excess revenue/profits to the shareholders and fewer disagreed with the statements. This implies that the statements that were posed to them were vital and this can be expressed basing on mean and standard deviation.

The respondent agree that the council role is maintaining a sound system of internal control which supports the achievement of policies, aims, and objectives, the Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University, The standard deviation was low implying that the errors were minimised.

5.3.2 Executive Board and Financial Performance of Islamic University in Uganda

The finding is in line with the Stakeholder theory Cook, Jennifer & Deakin, Simon (1999) The Stakeholder theory argues that the purpose of Corporate Governance is to satisfy, as far as possible, the interests of all stakeholders. Companies should act as good corporate citizens, acting in ways that benefit society as a whole. The board in making decisions should give priority to those stakeholders who are the most important to the company, for example,

employees, investors, customers, suppliers, creditors, and the public. This means that a company's Board has to balance many objectives, as their stakeholder will have different interests, not just maximizing shareholder value.

The majority of respondent confirms that top management of IUIU roles contributes to effective Financial Performance in terms of revenue collection and expenditures, top management is transparent in handling its financial reporting systems/process, Information is prepared and disclosed in accordance with high quality standards of accounting, financial and non-financial disclosure. Which is line with; Fama and Jensen (1983) suggested that the Board of directors ratify management decisions and monitor their performance and that they also undertake decision management and decision control functions.

The majority of the respondent agree that executive Board of IUIU has a required qualification, skill and competent to carry these responsibilities, executive board operating through sub-committee like risk management, audit , nomination etc and receiving reports from each sub-committee, timely and accurate disclosure is made on financial situation, there is increased participation of stakeholders in decision making, managerial accountability is based on agreed upon Financial Performance targets, management and staff are perceived by the public to be accountable for their decision and actions. Which is in line with; The *Cadbury Committee Report of 1992* suggested a possible structure for the Board, indicating that the Board should consist of a substantial number of outside independent non-executive directors. The Board of directors should at least be balanced and act as a representative of the interests of the shareholders.

The majority of the respondents agreed that top management follow rightful procedures when discharging their duties, top management makes sure that all revenue collection and expenditures are properly accounted for, the university has effective financial control system and the information given by staff is sufficient for decision making. However some members weren't sure of the statements and fewer disagreed with the statements. This implies that the statements that were posed to them were vital and this can be expressed basing on mean and standard deviation. The standard deviation was low implying that the errors were minimized.

5.3.3 Audit Committee and Financial Performance of Islamic University in Uganda

To establish this relationship, the researcher asked respondents several questions and study findings indicated that there is a positive significant relationship between the auditing and Financial Performance. Well constituted and responsible audit committees can provide accountability and help instill public confidence in an organization. The findings are consistent with Marko (2009) who asserts that to ensure that the duties of audit committees are adequately executed; IUIU has established and clearly defined in writing the audit committee's objectives, range of authority, and responsibilities. To further ensure the most effective operation of the audit committee and its independent operation, the audit committee is composed of three to five directors with the majority (including the chairperson) being trustees who are not employees. Although the audit committee's roles may vary depending on the organization, its authorities and responsibilities may include the following: review the adequacy of the organization's internal control structure.

The findings are in line with Kakinda (2011) who asserts that today, audit committees have become key aspects of many non-profits' systems of governance and internal controls. A critical

function of the audit committee is to oversee an organization's internal controls and risk-management procedures. To carry out that function, the audit committee will meet with both management and the independent auditors to gain an understanding of the significant risks and exposures facing the organization. It is also important to understand how the organization is reducing its exposure through adequate internal controls.

The findings are consistent with the agency theory, according to Micheal Jensen & William Meckling (1976): the fathers of scientific Corporate Governance, Agency theory arises from the separation of ownership and control, when they characterized the relationship between share holders and managers as a agency relationship whereby the owners/shareholders are the principal and the managers, the agent. As part of this arrangement, the owners must delegate decision making authority of management. According to this theory, the role of the auditor is to supervise the relationship between the manager and the owners. The responsibility of every part is well defined in the regulation. This is consistent with Brass (2006) who asserts that the manager and the owners have to realize that the auditor does not have responsibility of the accounting, but only see that the auditing is done properly

According to my study and the findings, the audit committee of IUIU is independent from management, which is in line with Siagian and Tresnaningsih (2011) Directors and audit committees that are independent from management should improve the firms' reporting system and the quality of reported earnings because they are not subject to potential conflicts of interest that reduce their monitoring capacity. Usually, independent directors also serve as experienced professionals in other firms or large organizations and therefore, care about their reputation (Nguyen and Nielsen, 2010).

The results further reveal that the audit committee becomes an extension of the board to assure that proper financial management is in place. Committee members mentor senior staff as well as hire, evaluate, and interact with the independent auditors and counsel. Both the audit committee members and Board members have the same "duty of care" (or fiduciary duty) benchmark to meet, which is to exercise the level of care "an ordinary prudent person would exercise in a like position under similar circumstances. This is in line with Osuna (2002) who asserts that the audit committee becomes an extension of the board to assure that proper financial management is in place. Committee members mentor senior staff as well as hire, evaluate, and interact with the independent auditors and counsel.

Audit committee of IUIU regularly receives reports from internal auditor which is in line with Young (2013) The Audit Committee receives regular reports from the internal auditors, which include the internal auditors' independent opinion on the adequacy and effectiveness of the University's system of internal control and risk management, together with recommendations for improvement. Risk management is a standing item on the Audit Committee agenda. It is the duty of the Audit Committee to keep under review the effectiveness of the University's internal systems of financial and other controls; to advise the Council on the appointment of external and internal auditors; to consider reports submitted by the auditors, both external and internal; to monitor the implementation of recommendations made by the internal auditors; to satisfy themselves.

Furthermore, findings revealed that audit committee receives reports from the external auditor before the annual reports are filed on all critical accounting policies and practices; review and

approve all related party transactions. They prepare a letter to shareholders to go into the annual report covering the AC's activities for the year. They also review their own effectiveness as an AC at least once a year and, as part of this exercise, revisit and reassess the AC's charter and get it approved by the board. This is consistent with Ruth worth (2009) who states that audit committees are designed to help boards and directors discharge their duties regarding reported financial information, internal controls and corporate codes of conduct (if there are ones). In many cases, the AC is also expected to assume responsibility for risk management as well.

5.3.4 Policies and Financial Performance of Islamic University in Uganda

There are a number of policies, both the organisation's policies and standard guided policies by Council of Institutional Investors (CII) to enhance on the Corporate Governance performance. CII (April 2015) Disclosed Governance Policies and Ethics Code: CII believes every company should have written, disclosed governance procedures and policies, an ethics code that applies to all employees and directors, and provisions for its strict enforcement. The Council posts its Corporate Governance policies on its Web site, CII - Glenn Davis (2015); it hopes corporate boards will meet or exceed these standards and adopt similarly appropriate additional policies to best protect shareowners' interests.

From the information provided by the respondent majority agreed that, University Audit Committee policy pays more attention to primary organizational Audits, the university has a written, disclosed governance procedures and policies, the university has ethical code that applies to all employees and directors, and provisions for its strict enforcement, the university Council posts its Corporate Governance policies on its Web site, accountability mechanisms offer incentives for office bearers, the benefits of revenue accountability structures outweigh the

costs, the University has appropriate structures/system to enable evaluate whether revenue policies are being executed, the university has effective and proper communication structures, the University effectively uses its communication channels. However some members weren't sure of the statements and fewer disagreed with the statements. This implies that the statements that were posed to them were vital and this can be expressed basing on mean and standard deviation. The standard deviation was low implying that the errors were minimised.

5.3.5 Ownership structure and Financial Performance of Islamic University in Uganda

Majority of the respondent agreed that, accountability mechanisms offer incentives for office bearers, the benefits of revenue accountability structures outweigh the costs, the University has appropriate structures/system to enable evaluate whether revenue policies are being executed, Board directors is providing access to resources needed by the university, relationships between the Councils, Executive Board, the Committee and other stakeholder is good, directors are focusing of the advisory role and counseling role, directors concentrate on the monitoring and controlling role, roles and responsibilities are attached to the organization goals and objectives, University normally monitors any deviation in terms of revenue collection and expenditure procedures, owners are stakeholders in the University, owners influence university activities. However some members weren't sure of the statements and fewer disagreed with the statements. This implies that the statements that were posed to them were vital and this can be expressed basing on mean and standard deviation. The standard deviation was low implying that the errors were minimised.

Salami (2011) investigated how ownership structure and existence of conflicts of interests among shareholders operating within a poor governance system, impacted on company profitability.

Peters & Karibo Bagshaw (2014 Vol: 1 Issue 2), There are three theories Agency theory, Stakeholders' Theory and Resource Dependency Theory. Whilst the stakeholder theory focuses on relationships with many groups for individual benefits, resource dependency theory concentrates on the role of board directors in providing access to resources needed by the firm (Abdullah & Valentine, 2009). According to this theory the primary function of the board of directors is to provide resources to the firm. Directors are viewed as an important resource to the firm. When directors are considered as resource providers, various dimensions of director diversity clearly become important such as gender, experience, qualification and the like.

According to Abdullah and Valentine, directors bring resources to the firm, such as information, skills, business expertise, access to key constituents such as suppliers, buyers, public policy makers, social groups as well as legitimacy. Boards of directors provide expertise, skills, information and potential linkage with environment for firms (Ayuso & Argandona, 007). The resource based approach notes that the board of directors could support the management in areas where in-firm knowledge is limited or lacking. The resource dependence model suggests that the board of directors could be used as a mechanism to form links with the external environment in order to support the management in the achievement of organizational goals (Wang, 2009). The agency theory concentrated on the monitoring and controlling role of board of directors whereas the resource dependency theory focus on the advisory and counseling role of directors to a firm management.

5.4 Conclusions

In the case of institutions of higher learning therefore, Corporate Governance needs to be perceived as a need of such conduct of an institution, which would ensure that management protects the best interests of all stakeholders and ensure responsible behavior and attitudes.

Corporate fairness, transparency and accountability are thus the main objectives of Corporate Governance, taking into account the corporate "democracy", which is the broad participation of stakeholders.

Corporate Governance enhances Financial Performance Gavin & Geoffrey, (2004). Through board roles and board effectiveness, Corporate Governance also leads to improved Financial Performance, according to the findings of IUIU, the Corporate Governance is well practiced and other factors which contribute to the decline of financial performance has to be investigated further.

The study found that there was a significant positive relationship between Corporate Governance and Financial Performance. Well constituted and responsible council, executive board and audit committees can provide accountability and help instill public confidence in an organization.

The boards and management of Islamic University in Uganda may find this guide to be of benefit in helping them to understand and discharge their duties, and may enable them to highlight areas to which their boards may need to pay particular attention. Though the findings were that the council of IUIU follows rightful procedures when discharging their duties, the council of IUIU roles contributes to effective Financial Performance in terms of revenue collection and expenditures.

Also there was a significant positive relationship between the council, executive board, audit committee and Financial Performance. In addition, audit committee was found to be the highest predictor of Financial Performance of IUIU. In spite of IUIU putting in place the corporate governance body constituting of the Council, Executive Board and Audit Committee, the financial performance was still declining, predicting that there are other factors contributing to that decline not Corporate Governance, which is supposed to be investigated.

Executive Board of IUIU has a required qualification, skill and competent to carry their responsibilities, they operate through sub-committee like risk management, audit and they receive reports from each sub- committee.

The majority of the interviewed respondents weren't sure that "*timely and accurate disclosure is made on financial situation*"; management is urged to share non financial and financial information with staff.

The few I interview confirmed that "*IUIU being a nonprofit making university, they neither publish their financial records nor pay taxes to the government*" I recommend if possible the University should allow access to their financial records on request by staff or non staff.

The study found that there is a moderate relationship between ownership structure and Financial Performance of IUIU. Therefore, given the fact that it contributes less when compared to other variables in the model, this May imply that investing in ownership structure issues may not add too much value to Financial Performance.

The study had so significances; the finding of the study may help the ministry of education and other interested parties to define the role and the need for Corporate Governance practices in

institutions of higher learning and the challenges to Corporate Governance practices and remedies to such challenges in public institutions.

The finding of the study may help IUIU to identify areas for improvement in Corporate Governance so as to improve on its performance. In addition the study may help the management of IUIU to realize their responsibilities and has to how and when they are supposed to improve on Corporate Governance so as to improve on its operation and the general performance of the institution.

To the policy makers, the findings of the study acted as an eye opener and guide in designing appropriate Corporate Governance policies in public academic institutions of higher learning.

Future scholars may use the report as a source of additional knowledge on Corporate Governance and organizational performance since a copy may be part of Kyambogo University library stock for public use.

5.5 Recommendation

From the above conclusions, the following recommendations are made as a result of findings:

- i) The role of audit committees should be strengthened and members should devote more time and commitment to perform their oversight functions and appointment to the committee should take care of technical competency (qualification and experience) of the members.

- ii) The audit committee should be more independent and they should be obliged to report fraud and any observed non-compliance with the internal controls and policies.

- iii) The management should be responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University, the excess revenue/profits should be distributed to the shareholders.
- iv) Being a private University IUIU should allow access to their financial records on request if their policies allows for the purposes of academics or non- academics.
- v) The university has effective financial control system and the management should utilize sufficient information given by staff for decision making.
- vi) The annual approved budgets by University management should be effectively implemented by the University management. Collection performance reports should be explain and given to the stake holders so that they are well versed with the happenings in the university.
- vii) IUIU directors (both: executive and non-executive) should bear personal responsibility for IUIU' activities and risk; IUIU' executives remuneration should be linked to performance and risk exposure.
- viii) The role of independent Board members should be strengthened; board members should be required to have proper knowledge and experience (including the financial expertise)
- ix) Include both the internal and external board members on the intranets to enable them have access to information within the University. Allow them access to online and physical library resources within the University.

x) They should provide frequent advices and counsel to the top management of the University. Council and senate should provide advice and counsel to top management of the Universities on critical issues from an informed point of view if they are to perform their roles effectively in order to have a significant impact on the University performance. Universities should consider formation of advisory boards independent of council to complement on the role of advice and counsel.

5.6 Areas for Further Study / Research

- i. According to the findings Corporate Governance wasn't the cause of financial performance of IUIU other factors are, I recommend the study to investigate on the other factors which is responsible.
- ii. Recommend the same study should be carried out in the public Universities.
- iii. There is need to research further on communication and organizational performance. This will enable find more about the need for transparency in an organization and how it impacts on performance.
- iv. There is need to further study why corruption is still growing amid more attention given to Corporate Governance mechanisms.
- v. Further research is required on accountability and organizational performance.
- vi. The current study was conducted on Private Universities in Uganda which are funded by privately; therefore there is need for a similar study to be carried out on Public Universities founded by the Government for comparison purposes.
- vii. A similar study could be carried out in Anglican church of Uganda, Catholic church of Uganda and Uganda Muslim supreme council in Uganda since they have governing boards that manage their income generating projects.

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APPENDIX 1: QUESTIONNAIRE

Dear respondent,

The researcher is a student of Kyambogo University pursuing a Master's degree in Business Administration Finance and Accounting (MBA), she is conducting a research to generate data and information on the **role of Corporate Governance and Financial Performance in Higher Institutions of Learning: a case study of Islamic University in Uganda (IUIU)**. This is to request you to participate and contribute to this study. It's purely an academic research and all the information given will be handled with confidentiality. Kindly spare some of your valuable time to answer these questions by giving your views where necessary or ticking one of the alternatives given.

Personal data

1. Age

Below 30 years of age

Above 30-45 years

Above 45 years

2. Sex: M F

3. Job title

4. Department

5. Highest Level of Education

Diploma

Degree

Degree (postgraduate)

Others (please specify).....

6. For how long have you worked with Islamic University in Uganda (IUIU)?

Less than 1 year

More than 1-5 years

More 5 years

others specify.....

Please indicate by ticking the extent you agree or disagree with the statements below

Strongly Agree	Agree	Not sure	Strongly Disagree	Disagree
1	2	3	4	5

	Parameters	1	2	3	4	5
A	COUNCIL					
1	Council follow rightful procedures when discharging their duties					
2	The governing council disclose accurate financial information to relevant stakeholders					
3	The governing council disclose timely financial information to relevant stakeholders					
4	Council of IUIU roles contributes to effective Financial Performance in terms of revenue collection and expenditures					
5	The university Council makes sure that all revenue collection and expenditures are properly accounted for					

6	University administration is transparent in its budget execution					
7	Council role is safeguarding the public and other funds and Assets of the university					
8	The council role is maintaining a sound system of internal control which supports the achievement of policies, aims, and objectives					
9	The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University					
10	We usually distribute all the excess revenue/profits to the shareholders					
B	EXECUTIVE BOARD (TOP MANAGEMENT)					
11	Top management follow rightful procedures when discharging their duties					
12	Top management makes sure that all revenue collection and expenditures are properly accounted for					
13	Top management of IUIU roles contributes to effective Financial Performance in terms of revenue collection and expenditures					
14	Top management is transparent in handling its financial reporting systems/process					
15	Information is prepared and disclosed in accordance with high quality standards of accounting, financial and non-financial disclosure.					
16	The Board of directors of IUIU is appointed by the shareholders					

	to represent and protect their interests					
17	Top management of IUIU represent the interest of the Shareholders of IUIU					
18	Top management of IUIU represent the highest decision-making body for the University					
19	Executive Board of IUIU has a required qualification, skill and competent to carry these responsibilities					
20	Executive board operating through sub-committee like risk management, audit , nomination etc and receiving reports from each sub committee					
21	Timely and accurate disclosure is made on financial situation,					
22	There is increased participation of stakeholders in decision making					
23	Managerial accountability is based on agreed upon Financial Performance targets					
24	Management and staff are perceived by the public to be accountable for their decision and actions					
25	The university has effective financial control system					
26	The information given by staff is sufficient for decision making					
C	AUDIT COMMITTEE					
27	The university has an effective Audit Committee and control system					

28	Audit committee members meets minimum financial literacy standards					
29	Audit committee are independent from management					
30	Committee advise the Council on the appointment of external and internal auditors					
31	There is assured integrity/quality of Financial statements of the university					
32	The University is able to identify the financial risk its bound to face					
33	The University assesses the impact of its financial risks					
34	There is a good level of financial reporting and disclosure in the university					
35	The university has strong and effective control system on Revenue and expenditure					
36	University Audit committee link communication between internal and External Audit					
37	The University management prepares budgets annually and budgets are duly approved					
38	This approved budgets are effectively implemented					
39	The University management prepares collection performance reports					
40	The audit verifies this reports for accuracy					
41	All stake holder receive and understand these reports					

42	All financial payments and receipts are audited					
43	Risk of loss of finances and university are revealed by the audit exercise					
D	POLICIES					
44	The university Audit Committee policy pays more attention to primary organizational Audits					
45	The university has a written, disclosed governance procedures and policies					
46	The university has ethical code that applies to all employees and directors, and provisions for its strict enforcement					
47	The university Council posts its Corporate Governance policies on its Web site					
48	Accountability mechanisms offer incentives for office bearers					
49	The benefits of revenue accountability structures outweigh the costs					
50	The University has appropriate structures/system to enable evaluate whether revenue policies are being executed					
51	The university has effective and proper communication structures					
52	The University effectively uses its communication channels					
E	OWNERSHIP STRUCTURES					
53	Accountability mechanisms offer incentives for office bearers					

54	The benefits of revenue accountability structures outweigh the costs					
55	The University has appropriate structures/system to enable evaluate whether revenue policies are being executed					
56	Board directors is providing access to resources needed by the university					
57	Relationships between the Councils, Executive Board, the Committee and other stakeholder is good					
58	Directors are focusing of the advisory role and counseling role					
59	Directors concentrate on the monitoring and controlling role					
60	Roles and responsibilities are attached to the organization goals and objectives					
61	University normally monitors any deviation in terms of revenue collection and expenditure procedures					
62	Owners are stakeholders in the University					
63	Owners influence university activities					

In your opinion you think current revenue and expenditure procedures are adequate for higher institutions of learning IUTU in particular, if not what recommendations do you give

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Is the current executive Board size adequate to secure the resources of the university, if not give some recommendations

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In your opinion, what challenges is the university facing in relation with compliance to the requirement of the current Council, Executive Board and Audit Committee

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In your opinion do you think the university performance in terms of revenue collection and growth has improved in the last 5 years? And give reasons for your answer

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In your opinion do you think the university has registered substantial growth in the numbers of Student registered in the university in the last 5 years?

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In your opinion do you think the university Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the university.....

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In your opinion do think the university Directors focus on the advisory and counseling role or they concentrate more on the monitoring and controlling role

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.....
.....

Thank you for your time

APPENDIX II INTERVIEW GUIDE

- 1 In your opinion how has university performed in terms achievement of its objectives in last six year?
- 2 Does accountability ensures the strategic guidance of the university?
- 3 Does University management regularly reports to shareholders?
- 4 Do you think accountability ensures the effective monitoring of management by the council?
- 5 Do Staff appreciate the importance of the Council, Executive Board and Audit Committee?
- 6 The accountability mechanisms in the university are appropriate for both private and public university?
- 7 In your own opinion, do you Management is transparent in handling its operations?.
- 8 Are satisfied that the University Council and top management do the right thing when discharging their duties
- 9 Does the university have the audit committee for an effective risk management and control system?
- 10 Does the university have an elaborate and well documented revenue policy?
- 11 Explain how university risk management system works?
- 12 Does the University have appropriate evaluation system to enable evaluation of the timely delivery of our services to enhance growth?
- 13 How often does the University monitor any deviation in timely service delivery and performance in terms of increase number of student in the University?