



INTERNAL CONTROL ENVIRONMENT AND FINANCIAL PERFORMANCE OF GOVERNMENT PARASTATALS IN KAMPALA

ABSTRACT

The purpose of the study was to establish the relationship between internal control environment and financial performance of the Uganda government parastatals in Kampala. The study was guided by the following research objectives: To establish the relationship between internal control environment and financial performance of Uganda government parastatals in Kampala, To examine the relationship between internal control environment and internal control system compliance of the Uganda government parastatals in Kampala and To establish the relationship between internal control system compliance and the financial performance of the Uganda government parastatals in Kampala.

A cross sectional survey, was used in the selection of 73 government parastatals in Kampala District. Data was collected using questionnaires. The data was analyzed using the Statistical Package for Social Scientists (SPSS 17). Results showed that there was a positive significant relationship between internal control environment and financial performance, there is positive relationship between internal control environment and internal control system compliance and

there is a positive relationship between internal control system compliance and the financial performance of the Uganda government parastatals in Kampala.

The study therefore recommended that it is crucial for the government parastatals to apply effectively internal control environment that will help nurture the financial performance and also government parastatals should not only encourage having an effective internal control environment but also employ effective internal control system compliance in order to achieve good financial performance.