

**IMPROVING INTERNAL CONTROL WITHIN STANBIC BANK UGANDA**

**BY**

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## **ABSTRACT**

This study seeks to assess the internal controls within Stanbic bank. Whereas the bank is one of the largest banks in Uganda, it has been exposed to a number of fraudulent transactions registering a number of losses in return. Therefore, the study sought to identify the current methods for detecting and preventing fraud, identifying challenges of internal controls as well as pose strategies for improving internal controls within the bank. Literature along the objectives was reviewed.

The study used a cross sectional research design which applied a quantitative research approach to a population of 244 employees at Head office and Main Branch. These were sampled using stratified and simple random techniques to obtain 148 members that were used as the sample size. Only 113 responses were obtained. Primary data collected with the questionnaire instrument served as a basis of analysis in this study. The validity of this instrument was by expert judgment technique while for reliability, Cronbach Alpha Coefficient was used. All data were processed using SPSS to obtain Descriptive Statistics of Means and Standard Deviations.

The study revealed that internal controls within Stanbic Bank were low especially among the important facets of the control environment, control activities and risk assessment. Internal controls were not communicated, there exists a knowledge gap unethical conduct was exhibited, periodic reviews were not being carried out, and some of the employees were also not competent enough. The major challenges were failures by employees to exercise due diligence, untimely delivery of reports and a challenge of system connectivity. Emphasis especially on ethical behaviours, ensuring job rotation, increasing salaries and comprehensive training were highlighted by members as good strategies.

This study recommended frequent rotation and training of employees and adoption of an employee rotation strategy by the bank in addition to the monitoring and evaluation, proper procedures during carrying our any transaction and emphasis on the code of ethics as actions that would enable this Bank overcome this management problem. The study also suggested the factors influencing employee turnover within Stanbic bank and assessment of the risk management practices within Stanbic Bank to be carried out in understanding internal controls better.