GOVERNANCE, INTERNAL CONTROLS AND QUALITY OF FINANCIAL REPORTING: A CASE STUDY OF SECONDARY SCHOOLS IN JINJA DISTRICT

ABSTRACT

The study examined the relationship between governance, internal control, and quality of financial reporting in secondary schools in Jinja District. The financial reporting quality in secondary schools has persistently shown a deteriorating trend over the past years therefore, the study investigated both governance and the internal control in regard to the quality of financial reporting.

The study was cross-sectional survey design with a sample size of 46 schools that were selected using purposive sampling technique and simple random sampling. A self-administered questionnaire was used to collect the data from respondents and it was analyzed using the Statistical Package for Social Scientist (SPSS V20).

The results of the objectives show that the predictor variables explained at least 29.1% of the variance in the quality of financial reporting (Adjusted R Square = .291). The results further indicated that internal control (β =.386, Sig. = .000), was a better predictor followed by governance (β = .260, Sig. = .000). It means that a change in governance leads to .291 changes in quality of financial reporting while internal control contributes to .386 of the change in quality of financial reporting. The regression model was also significant (Sig. =.000).

The findings revealed that there were significant positive correlation between governance, internal control, and quality of financial reporting which implied that internal control determines the way governance contribute towards quality of financial reporting. From the regression results, it was noticeable that internal control was a strong predictor of quality of financial reporting; therefore, the board of directors /PTA management of the secondary schools

in Jinja District should put more emphasis on designing the good governance systems that can favor internal control systems in order to improve on the quality of financial reporting.