EXAMINE THE CONTRIBUTION OF INTERNAL CONTROL SYSTEM TOWARDS CASH MANAGEMENT

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ABSTRACT
Internal control systems is a topical issue following global fraudulent financial reporting and accounting scandals in both developed and developing countries. A proactive preventive approach to the problem requires a critical contribution of internal control system over cash management in organizations to determine their capacity to ensure that the organization’s activities are carried out in accordance with established goals, policies and procedures. This study was on the FINCA focusing on Tanzania in East Africa.

Chapter one is an introductory part of the research on “the contribution of internal control system over cash management” the chapter gives insight of history of FINCA in Tanzania, the purpose of this research was to present an evaluation of the contribution of internal control system over cash management in the organizations.

Literatures on the subject from various writers have been referred to, as a means of establishing clear knowledge of the topic. These literatures give a theoretical and empirical view of the subject. FINCA Microfinance Institution in Mwanza branch was the area of the study as indicated in chapter three. The main issue for this study was to identify the success of the internal control system over cash management in the Microfinance Institutions. This study helps organization’s management to improve the control of cash in the organization and suggest the best practicable way to implement.

Chapter four includes findings. Analysis and discussion on the contribution of the contribution of internal control system over cash management have been presented in chart, tables and explanations. On chapter five the study winds up with conclusion and recommendation to the funds on best strategies to reduce frauds and cash loss

KEY WORDS: Internal Control System, Cash, Management, Control System and Cash Management
1.0 INTRODUCTION

1.1 BACKGROUND INFORMATION TO THE RESEARCH PROBLEM

This study is mainly focusing on internal control system over cash management. Cash management procedures help organizations to avoid theft or financial fraud in operating activities. Cash is an important asset in a company's balance sheet and indicates the firm's economic robustness.

Cash management means the management of the cash balances of a concern in such a manner as to maximize the availability of cash not invested in fixed assets or inventories and to avoid the risk of insolvency. There are three motives for holding cash: the transactions motive, the precautionary motive, and the speculative motive. The most useful technique of cash management is the cash budget (Keynes, 2000).

According to Fisher (2009) controlling cash in your business involves diligent bookkeeping and security. On the downside, cash not well controlled can attract greater scrutiny and criminal temptation from employees and others. Applying several methods of internal cash control can help minimize risks.

Central to financial management of a micro-finance organization is effective management of its cash flow. It is important to forecast cash needs accurately to reduce the amount of idle funds yet have enough cash available for operations the accountant of a micro-finance organization play a role in forecasting cash needs and ensuring adequate liquidity at the branch level (Lidgerwood, 1996).

While internal control has many purposes, its chief aims within the microfinance institutions. It is intended to provide financial managers with measurable assurances of their facility’s effective and efficient operation, and the reliability of the facility’s financial reports, which are sent to various external organizations in support of applicable laws and regulations. In addition, internal control seeks to minimize the risks of unauthorized acquisition, use, or disposition of assets. In other words, internal control also seeks to prevent fraud or minimally identify and detect fraud in a timely manner (Bradford, 1995).

A breakdown in the internal control system is the usual cause. Internal control is a process that guides an organization towards achieving its objectives. These objectives include operational efficiency and effectiveness, reliability of financial reporting, and compliance with relevant laws and regulations (COSO, 1992).

Creating an effective internal control structure is a primary concern of most financial institutions seeking to improve their operations. Specifically, the internal control structure refers to the policies and procedures established to provide reasonable assurance that the organization objectives will be achieved (Bradford, 1995).
The internal control is a set of policies that a business owner implements to prevent losses originating from fraud, error, technological breakdowns or carelessness. To ensure effectiveness, a control must be adequate. An adequate control specifies how to perform a task and report a problem upward in the hierarchy. The system of internal control is usually done in different parts of any organization, like issues concerning the internal control over cash management that is cash payments and receipts (Meigs, 1985).

The internal control can be done nationally or internationally in microfinance institutions. Many of these institutions are facing the problems in general system of their internal control because no system of internal control is foolproof as two or more employees working in collusion can defeat the system temporarily (Meigs, 1985). Carelessness by employees and misunderstanding of instructions can cause a breakdown in controls. It has been revealed that when companies suddenly collapse a breakdown in the internal control system is the usual cause (COSO, 1992). Also the findings of the tread way Commission Report of 1987 in the United States (USA) confirmed that the absence of or weak internal control is the primary cause of many cases of fraudulent company financial reporting.

MFIs face many risks that threaten their financial viability and long-term sustainability. Some of the most serious risks come from the external environment in which the MFI operates, including the risk of natural disaster, economic crisis or war.

Like all financial institutions, microfinance institutions (MFIs) face risks that they must manage efficiently and effectively to be successful. There are number of risks that MFI has to face these risks could be of delinquencies, frauds, staff turnover, interest rate changes, liquidity, regulatory etc. But all these risks can broadly be classified into four major categories; Credit risk, operation risk, Market risk and Strategic risk. If the MFI does not manage its risks well, it will likely fail to meet its social and financial objectives. When poorly managed risks begin to result in financial losses, donors, investors, lenders, borrowers and savers tend to lose confidence in the organization and funds begin to dry up. When funds dry up, an MFI is not able to meet its social objective of providing services to the poor and quickly goes out of business. Managing risk is a complex task for any financial organization, and increasingly important in a world where economic events and financial systems are linked (Dirk, 2000).

A strong internal control system is very important for any financial institution. MFIs deal in a lot of cash and hence without proper monitoring anyone in the system can try to take advantage. Regular monitoring by staffs at various levels as well as an independent internal audit at regular frequency can significantly control risk (Thomas, 2010).
Straddling the formal and informal financial sectors, the microfinance industry also recognizes the importance of effective internal control. As microfinance institutions (MFIs) grow and more operate as regulated financial intermediaries, internal control becomes essential to long-term institutional viability. The number and types of stakeholders concerned with the MFI’s financial well-being increases, donors desire to support sustainable microfinance projects, board members want to protect their reputations and fulfill their obligations; investors are interested in preserving capital, borrowers are concerned with continuous access to loans, depositors want to ensure the safety of their savings; and regulators want to protect the financial environment and depositors’ interests. To remain competitive, MFIs are undertaking product and geographical expansion, which introduce new risks and challenges imposed by rapid growth. An effective system of internal control allows the MFI to assume additional risks in a calculated manner while minimizing financial surprises and protecting itself from significant financial loss. Thus, internal control is an integral component of risk management (Campion, 2000).

The Internal controls are needed for cash management activities to ensure that procedures are followed and fraud and theft does not become a problem. You may set internal controls in cash management systems through personnel policies or technological processes.

In Africa, the managing director and chief financial officer of the Cadbury Nigeria Company were dismissed in 2006 for inflating the profits of the company for some years before the company’s foreign partner acquired controlling interest. These scandals emphasize the need to evaluate, scrutinize and formulate systems of control, checks and balances to guide corporate executives in decision making.

For the sake of Tanzania Internal controls in microfinance institutions play an important role in preventing and detecting Frauds/misappropriations and protecting the public resources, both physical and intangible. At the organizational level, internal control objectives relate to the reliability of financial reporting, timely feedback on the achievement of operational or strategic goals, and compliance with laws and regulations while at the specific transaction level. Implementing an effective internal control structure is an essential responsibility of the management of the entity. The researcher found that in many microfinance institutions and other financial institution they use internal control systems in their daily operations, but this study tend to introduce the contribution of internal control system over cash management in FINCA Mwanza branch.

FINCA was established Tanzania with its main objective is to provide financial services to support small and medium businesses so as to reduce poverty alleviation. Once the National Microfinance Policy was implemented, microfinance was officially recognized as a tool for poverty eradication and
with its increased use and exposure to the country; banks have taken an interest in offering microfinance. Finca Tanzania provides group loans to over 37,000 poor clients in urban and rural Tanzania, maintaining strong portfolio quality. FINCA as microfinance institution offer small loans to the borrowers and these borrowers are supposed repaid their loan after some months in cash. So because of that service which FINCA offers there is the need to have proper cash management and internal control, and as mentioned above internal controls in cash management may be set through personnel policies or technological processes so the major concern of this study is to find out the contribution of internal control system over cash management in FINCA, because FINCA deals with cash loans and there is a need of cash management. The find focus on microfinance institutions so as to understand its procedures, structures and importance of internal control in FINCA Mwanza.

1.2 STATEMENT OF THE PROBLEM AND SIGNIFICANCE OF THE STUDY

Internal control system is an important tool which has been introduced to many organizations with the purpose of cash management in order to control frauds because cash is susceptible to misappropriation. Therefore, strong internal control system is very important because it provide assurance of the dependability of the accounting data that used in decision making (Meigs, B.et al 1985). For example in Tanzania the risk management in financial institutions and other organizations that an institution's internal control structure is critical to its safe and sound functioning to its risk management system. However, establishing internal control system must maintain an effective system of controls, including the enforcement of official lines of authority and the appropriate separation of duties (BOT, 2010).

Even if internal controls system is currently used by organizations, Financial institutions and Micro Finance Institutions (MFIs) to reduce risk, but still these institutions have been facing number of challenges example weaknesses in the internal controls system which lead to problems of cash losses and theft in the company; although there are standards and regulations to maintain internal control management system that have been provided by Tanzania National Board of Accounting and Auditing (NBAA), these challenges created a number of negative presentation of organizations in terms of expanding the organization and servicing to employees and customers.

Although the introduction of internal control system for cash management to many organizations still the problems related to cash management exist and there is little information on the contribution of introduced system. Therefore this is an important study which aims at assessing the contribution of internal control system over cash management using FINCA as a case study. This study was be or significance to FINCA as microfinance institution and other financial institutions to
study findings as they can use them in making plans and policies for the operations of the entire institution and to improve the control of cash in the institute and suggest the best practicable way to implement. Also the study was attracting other researchers for further investigations. The study findings were helping the researcher to be awarded for a Bachelor Degree in Development Finance and Investment Planning.

1.3 RESEARCH OBJECTIVES
The general objective of the study was to examine the contribution of internal control system towards cash management.

Specific objectives
(i) To analyze cash control procedure employed by FINCA.
(ii) To determine the level of staff responsibility in safeguarding assets.
(iii) To assess the knowledge and skills of FINCA staffs towards internal control over cash management.

3.0 RESEARCH METHODOLOGY

3.2 DATA TYPES AND SOURCES
Both qualitative and quantitative data was collected for both primary and secondary data to meet objective of the study.

3.2.1 PRIMARY DATA
These are data gathered directly from the respondents (Kombo D.K. 2006). The researcher was use different methods of collecting data such as interviews, questionnaires, observation and experimental studies and participants were the accountant, internal auditor and salaries officer.

3.2.2 SECONDARY DATA
Secondary data was collected by reviewing from the FINCA reports in organization such as FINCA annual reports, journals, magazine and books.

3.4 RESEARCH DESIGN
A case study design was adopted because it seeks to describe the unit in detail, in context and holistically. It is the way of organizing educational data and looking at the object to be studied as a whole (Kombo D.K.2006). A case study was adopted because it would help the researcher to understand the past because of its emphasis of historical analysis and would give trend which would be generalized to other similar situation (Kothari C.R).

3.4.1 SAMPLING DESIGN
Case study design was applied to obtain information from the representative population at a single point of time through which questionnaire and personal interviews were used respectively.
3.4.2 SAMPLING FRAME

The sampling frame was covered list of 45 staffs in FINCA Mwanza branch, centered on different groups of respondents which being drawn from the studied population. These groups of respondents were finance and administration departments, auditing department, members from research department would consulted to obtain the data and evidence and other staffs within FINCA.

3.4.3 SAMPLE UNIT

The researcher selected FINCA microfinance as the unit to represent the whole system of microfinance concerning the contribution of internal control system over cash management.

3.4.4 SAMPLE SIZE

For this study a sample size of 20 people obtained from respondents that were finance departments, auditing department, operation department and compliance department. Probability sampling technique was employed to get the respondents, number of respondents on the population of the respondents. These were methods that was used to collected data. This involved collecting of primary and secondary data, Primary data was collected during the period of doing research. Questionnaire, interviews and observations were employed as method of primary data while documentary was helpful to obtain secondary data. This is the tool of collecting data through the questions asked orally (Orotho and Kombo, 2002). The researcher was conducted interview to the selected staff and their information and views were likely to be obtaining. This eliminated impractical ideas and variables. The researcher was provide a set of questions in the questionnaires and three different copies of questionnaires were prepared to be given to the accountant, internal auditor and the salaries officer. The researcher was observe the ways internal control was working by participating on day to day cash control activities or observing from the workers. Through this observation the researcher was understand well about the procedures of internal control. The researcher was reviewed the organizations that include accounting manuals, ledger books and financial statements. The data to be interpreted was based on the fact provided in those documents. The collected data and information were edited to detect for errors and omissions before coded to make them amenable for analysis. Statistical Package for Social Science (SPSS) version 11.5 software was used to enter data collected from questionnaires.
Data analysis in this study was based on descriptive statistics analysis. This includes percentages, frequencies and means to assess respondents’ characteristics and present key finding of the study. The information was used to describe data which analyses by using a computer machines. Data output have mainly been presented in form of tables, and figures. These tables and figures were then interpreted and presented. Therefore discussion of findings, recommendations and conclusion would base on the interpretation of the tables and figures.

4.0 RESULTS AND DISCUSSION

4.1 INTRODUCTION

This chapter presents the results of finding of the contribution of internal control system over cash management. The findings on this research are based on data collected from FINCA Mwanza branch. Therefore the research findings, analysis and observation were brought forward in relation to research questions.

4.2 CHARACTERISTICS OF THE RESPONDENTS

This section describes the characteristics of the respondents in the study area which focuses on selected area. Characteristics that were examined include sex, working experience and education level of the respondents.

4.2.1 SEX OF RESPONDENTS

In regard to sex of respondents, the findings revealed that 26.5% respondent were female while 74.5% respondents were male. This implies that most male were employed compared to female in FINCA. The researcher observed that from these results it can be concluded that, female were dominated by male on gender issue indicating that men possess more positions in the employment opportunities in private sector. Therefore, gender disparities still exists in some areas.

<table>
<thead>
<tr>
<th>Sex of respondents</th>
<th>Number of respondents</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>11</td>
<td>74.5</td>
</tr>
<tr>
<td>Female</td>
<td>9</td>
<td>26.5</td>
</tr>
<tr>
<td>Total</td>
<td>20</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.2.2 EDUCATION LEVEL OF RESPONDENTS

The research findings show FINCA Mwanza employs almost people with different education level due to the fact that there are some duties which need to be performed by certificate holders, diploma holders up to postgraduate level. As shown by Table 3 below that out of 20 respondents only 8.2% respondents indicated that have certificate education 20.4% respondents with Diploma education 42.8% respondents had Bachelor Degree while 28.6% respondents were have Post
Graduate. These results imply that in FINCA the majority of employees were graduates from higher learning institutions and universities. This situation has enabled junior staffs to get more experience from the senior due to exchange of information and ideas when working which in turn has increased performance and efficiency in the organization.

### Table 3: Education level of respondents

<table>
<thead>
<tr>
<th>Education</th>
<th>Department</th>
<th>Number of respondents</th>
<th>Total</th>
<th>percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate</td>
<td>Operation department</td>
<td>1</td>
<td>2</td>
<td>8.2</td>
</tr>
<tr>
<td></td>
<td>Compliance department</td>
<td>1</td>
<td>2</td>
<td>8.2</td>
</tr>
<tr>
<td></td>
<td>Auditing department</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Finance department</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diploma</td>
<td>Operation department</td>
<td>2</td>
<td>3</td>
<td>20.4</td>
</tr>
<tr>
<td></td>
<td>Compliance department</td>
<td>1</td>
<td>2</td>
<td>8.2</td>
</tr>
<tr>
<td></td>
<td>Auditing department</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Finance department</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bachelor degree</td>
<td>Operation department</td>
<td>1</td>
<td>1</td>
<td>4.2</td>
</tr>
<tr>
<td></td>
<td>Compliance department</td>
<td>5</td>
<td>5</td>
<td>25.0</td>
</tr>
<tr>
<td></td>
<td>Auditing department</td>
<td>1</td>
<td>11</td>
<td>42.8</td>
</tr>
<tr>
<td></td>
<td>Finance department</td>
<td>4</td>
<td>4</td>
<td>20.4</td>
</tr>
<tr>
<td>Post Graduate</td>
<td>Operation department</td>
<td>3</td>
<td>3</td>
<td>15.0</td>
</tr>
<tr>
<td></td>
<td>Compliance department</td>
<td>4</td>
<td>4</td>
<td>20.0</td>
</tr>
<tr>
<td></td>
<td>Auditing department</td>
<td>1</td>
<td>1</td>
<td>5.0</td>
</tr>
<tr>
<td></td>
<td>Finance department</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>20</td>
<td>100</td>
</tr>
</tbody>
</table>

#### 4.2.3 WORKING EXPERIENCE

In regard to work experience, research findings reveal that FINCA Staff had enough experience towards performing their duties and responsibilities. It was found out that 47.6% of total of respondents had worked in FINCA for about 5 to 10 years period of time as indicated in Table 4 below 33.3% of all respondents worked in the institution for less than 2 years, 13.6% respondents worked in the institution between 3 and 4 years and 5.5% respondents worked for more than 10 years period of time. These results imply that most of interviewed staff had enough time of period in the institution. This has become possible due to experience sharing, job rotation as well as training to the staff which in turn has increased morale and performance. Furthermore the researcher discovered that junior staff depended much to the senior staff in getting experience on how to handle different situations.
Table 4: Working experience

<table>
<thead>
<tr>
<th>Years</th>
<th>Number of respondent</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 2 years</td>
<td>5</td>
<td>33.3</td>
</tr>
<tr>
<td>Between 3 and 4</td>
<td>3</td>
<td>13.6</td>
</tr>
<tr>
<td>Between 5 and 10</td>
<td>10</td>
<td>47.6</td>
</tr>
<tr>
<td>Above 10 years</td>
<td>2</td>
<td>5.5</td>
</tr>
<tr>
<td>Total</td>
<td>20</td>
<td>100</td>
</tr>
</tbody>
</table>

4.3 THE CONTROL OF CASH MANAGEMENT PROCEDURES IN FINCA

This study is aim of looking cash control procedures done by FINCA because it deals with loans which are very sensitive and are easily hidden and moved. In this way FINCA Mwanza branch controls cash management by control disbursement of loan, control of loan repayment, control of petty cash, Computer Control over cash transaction and Control of purchasing assets.

4.3.1 CONTROL DISBURSEMENT OF LOAN

For the case of loan disbursement, there were criteria set by FINCA Mwanza branch so that the clients can follow before the loan is disbursed, the findings revealed that the clients were required to write an application letter to the Loan officer indicating the amount of money requested and thereafter the loan officer asks the client some question focusing on the type of economic activity run by the client. Moreover the Loan officer goes straight to business site/ location so as to be sure that the loan will be paid. After the loans being satisfied with client’s capability, then the loan officer forwards the application to the loans committee whereby he/she will convince the committee members that the client is capable of paying back the loan. After that the loan committee being satisfied with the client’s capability, a closed cheque is prepared baring the name of the client and the cheque will be signed by an accountant and Branch manager before is brought to the Bank. The client should have a valid Bank account, whereby the Bank will deposit the cash into that account. The whole process of loans should last within two weeks. Generally this was the way or procedures of loan disbursement to the clients in FINCA Mwanza Branch.

4.3.2 CONTROL OF LOAN REPAYMENT

The study revealed that during the loan repayment a client should deposit the money into FINCA’s bank account and then take the deposit slip to the loan Officer where it is recorded and entered into the computer system. In FINCA Mwanza branch there is a system which crosscheck and prove that if the client has deposited the money. The system is known as Audit R where after the money has been deposited the system displays the name of the client and at the same time it shows whether
the client has finished his/her debt or not. The client is there tied to the payments of the loans which are required to be done after every three months regarding to the repayment schedule until the loans is over. This is how loan repayment was controlled in FINCA Mwanza branch.

4.3.3 CONTROL OF PETTY CASH

Control of petty cash was also done in FINCA Mwanza branch whereby the Accountant was responsible for that activity. The study revealed that cash and vouchers must be held in a locked petty cash safe and key to the cash safe must be held on the accountant at all times. Petty cash in FINCA was mainly for transport allowance and payment voucher. When the staff claiming petty cash for official trip must take the receipt attached to a petty cash claim form to the accountant and each receipt will bear the signature of branch manager and the signature of the person to whom the cash is being paid. The accountant must sign the petty cash claim form to confirm receipt of payment, then is gives the money to the staff. This is how FINCA Mwanza branch they control petty cash.

4.3.4 COMPUTER CONTROL OVER CASH TRANSACTION

In respect to computer control in transaction of cash in FINCA Mwanza branch, Audit R system was used whereby all staff used this system except office attendants. The system was well protected as every computer had password for the aim of protecting important and confidential information which were not supposed to be accessed by everyone. Some of information are shared by all staff members, while there is report information which are sensitive concerning cash were special for the manager and accountant to the top managerial position only where everyone had his/her own password which in turn resulted to improved control system particularly in cash transaction. The respondents appreciated the use of computer towards controlling cash transaction because it is very fast, reliable and reduces unnecessary delays as compared when it is done manual as show by Figure 2 below.

![Figure 2: Computer control over cash transaction](image-url)
From figure 2 above it was revealed that 81% of the FINCA Mwanza branch respondents stated that application of computer system in control of cash transactions is fast and reliable while 19% of them state that the system is delaying by stating the causes and side effects of those delays being power cut off, technical problems and human errors in filling client’s information.

4.3.4 CONTROL OF PURCHASING ASSETS

For the case of purchasing assets in FINCA Mwanza branch, research findings show that the purchase of assets was done by the head office, budget are prepared and planned yearly by the FINCA Mwanza branch and being sent to the head office for approval then the head office sent back approved budget for the branch after that the head office is responsible for buying all the equipments needed by the branch such as pen, plain papers, office chairs, computer, milk, sugar as well as other office requirements. So when the budget was prepared those responsible were supposed to make sure that all the necessities are covered so as to avoid shortage as well as unnecessary disturbances.

4.4 THE LEVEL OF STAFF RESPONSIBILITY IN SAFEGUARDING ASSETS

Research findings show that in FINCA Mwanza branch, the aspect of responsibility of staff in cash control is very high as stated in their policy that every person is responsible to take care of office properties such as computers, bulb lights, fens or air condition should be switched off after completing the assigned duties before he/she leave the office. Also Staff members are required to print more copies according to their needs at once so that to avoid several printing which may result into misuse of printing materials and fund. Figure 3 below shows that 83% of respondents are responsible on safeguarded assets, while 17% of respondents not aware on safeguarded assets, these imply that the rate of responsibility is very high among the staffs compare to those staffs which are not responsible on the office properties.

![Figure 3: Staff responsibility in safeguarding assets](image_url)
4.5 THE KNOWLEDGE AND SKILLS OF STAFFS IN A RELATION TO FINCA

With regard to the assessment of knowledge and skills of FINCA staffs towards internal control system over cash management, research findings shows that large number of FINCA Mwanza branch staffs has enough accounting and auditing knowledge and skills in managing clients loans and cash control especially for the department of finance and internal audit they have graduate who takes bachelors of finance and accounts so that they know how to control cash because they have enough skill and knowledge concerned cash issue. For the case of other departments like operation and compliance departments staffs have been trained on different aspects of cash management so that they know how cash can be controlled. This has been done with the motive of making sure that the organization continues to grow at the same time maintaining liquidity. FINCA is endowed with experts some of them are from outside the country with diversified professional expertise particularly in finance matters. Through this advantage it has been easy for staffs to gain more knowledge and skills on the issues of cash control.

5.0 CONCLUSIONS AND RECOMMENDATIONS

5.1 CONCLUSIONS

In regard to internal control system over cash management, it can be concluded that FINCA Mwanza branch internal control systems over cash management has improved due to the mechanisms which has been set which in turn has enhanced the growth of FINCA Mwanza branch.

Basing on cash control procedures in FINCA Mwanza branch loan disbursement was done by the required procedures as well as by assessing the capability of the client to pay back the loans through visiting the economic activities run by the client. Furthermore FINCA Mwanza branch has developed a control mechanism towards loan repayment from the client. The system seemed to be helpful as it crosschecked client’s information. The system was computerized whereby all information concerning clients was easily retrieved.

For the part of awareness, the findings revealed that all staffs were aware with the control of cash as everyone was responsible of what he/she was supposed to perform in relation to cash control following the organization policy. This was done by avoiding unnecessary costs through doing things in a comprehensive way. For the case of knowledge and skills, research findings show that most of the staffs have enough knowledge and skills on internal control systems over cash management due to the availability of competency, knowledgeable with enough expertise staff. This is because FINCA Mwanza has good policies for its staffs such capacity building through training and experience sharing which in turn has broadened staff’s knowledge and skills on the internal control systems over cash management.
5.2 RECOMMENDATIONS

FINCA Mwanza must put more emphasis especially on good record keeping on internal control system so as to protect assets as well as ensuring that employees use prescribed procedures. Moreover reliable records are also a source of information that managers use to monitor company activities.

There should be improvements on internet connection and the system in general so as to make sure that the deposit and banking of cash receipts become easier and reliable at the same time reducing loss, fraud and double allocation of loan possibilities.

Also FINCA Mwanza branch must ensure that clients are supplied with enough information especially loan conditions so as to make them to become aware so that they can make rational decisions which in turn will reduce the failure in loan repayment.

The government must provide support to private financial institution especially on the part of policy regulation so as to enable them provide loan with soft conditions particularly the interest rate which has become a threat to most of the clients. Due to the fact that FINCA Mwanza has been able to provide grand loans with soft conditions, it has motivated Clients to increase time to time in going for requesting loans for their well beings. Hence, I expect that FINCA will mash room broadly in all regions and at the state at large by establishing more branches to fit in clients’ loans demand.
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