

**INTERNAL CONTROL SYSTEM EFFECTIVENESS AND FINANCIAL
FRAUD IN CHURCHES
A CASE OF ADEPR SSF HIV**

**ALICE MUSANIWABO
MBA/ 0005/11**

ABSTRACT

The general objective of this study was to ascertain internal control system effectiveness and financial fraud prevention in ADEPR SSF HIV; whereas the specific objectives of the study was to find out the effect of internal audit, financial reports, record keeping and authorization and financial fraud in ADEPR SSF HIV. The significance of this study among its usefulness will be very important to researchers, Churches, Donors; MKU and future interested researchers. Probability sampling technique especially simple random sampling and non probability sampling especially convenient sampling was used for the research. The study used the following tools: questionnaires, key informant interviews and documentary analysis. Relevant literatures to the study were also considered. The findings of the study were presented and interpreted in accordance with objectives and in relation to data available. From the findings, the effects of internal audit on financial fraud is conducting regularly audit activities in preventing financial fraud in ADEPR; the internal audit reports address weaknesses in ADEPR SSF HIV; and the recommendations of internal auditors contributed to prevention and detection of financial frauds there. The effects of financial reports on financial fraud consist in preparation of financial reports and the preparation, checking, authorizing and approving of financial documents that are being done by different and authorized staff; the effect of record keeping on financial fraud in ADEPR SSF HIV includes recording financial information immediately after the transaction, using accounting software (TOMPRO), and the adequate system of record keeping in ADEPR SSF HIV. The effect of authorization on financial fraud in ADEPR SSF HIV is found in purchasing order or payment authorization where financial documents are being prepared, checked, authorized and approved by different staff. Conclusions of study shown that internal audit, financial reports, record keeping and authorization controls have a positive effect on financial fraud prevention in ADEPR SSF HIV. The study recommended the internal audit should be enhanced in ADEPR SSF HIV and in cooperative members; the cooperatives members must be monitored and evaluated more time by ADEPR SSF HIV staff concern in order to minimize the misappropriation of fund viewed in discussion group with cooperative members; ADEPR SSF HIV cooperative members must be trained in record keeping system; the project activities must be supervised regularly by ADEPR Execution board and ADEPR SSF HIV staff; the authorization of payment must be improved.