ABSTRACT
The gist of this study was on the contribution of internal control function as a tool of profitability in Rwandatel Ltd. The study was based on the assertion that an effective internal control has a significant contribution on the profitability of a business firm. A sample size of 120 respondents was involved in this study. For a comprehensive study, the researcher adopted a cross-sectional survey design to capture information in relation with objectives of the study. A self administered questionnaire was designed; it involved close ended questions that were used for effective data collection among 120 participants. In relation to the first objective of the study concerning existing internal control systems, the respondents cited controlling organizational activities as the biggest share of the internal control systems, followed by monitoring controls. The second objective focused on application of internal controls. Majority of respondents observed that segregation of duties is one of the major applications of internal controls and this was represented by 48% respondents. Regarding contribution of internal controls to the profitability of organizations the study found out that 46% of the respondents acknowledged that internal controls such as: segregation of duties, control over assets, authorization and approval were a back bone of an organization’s existence. The budget must be aligned with the organization’s strategies as the prime determinant of quality budgeting. In addition to that, it was found that majority of respondents agreed that internal controls result into employee commitment. They stated that internal controls result into clear goal targets and allocation of resources. There was a significant positive effect of internal control function to the profitability of enterprises. The researcher found out that, an effective internal control function enhances the profitability of business firms,