INTERNAL CONTROLS AND FINANCIAL MANAGEMENT IN THE
COUNTY GOVERNMENT OF UASIN GISHU, KENYA

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A Research Project Submitted in Partial Fulfillment of the Requirements for the
Award of Degree of Master of Business Administration (MBA) Finance
Option, of Kenyatta University

November, 2018
DECLARATION

Declaration by the Student

I declare that this proposal is my original work and has not been submitted for an award of a degree in any other University for examination purposes.

Signature...................................................... Date..................................................

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Declaration by the Supervisor

Signature...................................................... Date..................................................

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I’m grateful to Almighty God for his faithfulness, love and protection. Individually take the formatting errors that would be spotted in this script. I appreciate my supervisor Dr. Jagongo for guiding me tirelessly in this proposal.
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# ABBREVIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>IA</td>
<td>Internal auditing</td>
</tr>
<tr>
<td>ICS</td>
<td>Internal Control Systems</td>
</tr>
<tr>
<td>IT</td>
<td>Information Technology</td>
</tr>
<tr>
<td>NACOSTI</td>
<td>National Commission for Science, Technology and Innovation</td>
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### OPERATIONAL DEFINITION OF TERMS

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tr>
<td>Financial Management</td>
<td>This refers to the effective utilization of County resources thus reducing on resource wastage by government in a County.</td>
</tr>
<tr>
<td>Information and Communication</td>
<td>It entails County government systems available in identifying, capturing, processing and timely reporting of relevant and reliable information regarding government activities.</td>
</tr>
<tr>
<td>Internal Audit</td>
<td>It involves internal person/s of the organization and aims at checking the internal general information with an aim of minimizing the risk of fraud and educating on other control measures.</td>
</tr>
<tr>
<td>Internal Control</td>
<td>This is a procedure intended to give sensible confirmation in regards to the accomplishment of district government's objectives in the adequacy and effectiveness of operations, unwavering quality of financial and management detailing, consistence with relevant laws and directions and secure the association's notoriety.</td>
</tr>
<tr>
<td>Internal Reporting</td>
<td>It is a practice which involves an employee of a particular organization reporting financial and operational matters relating to that particular organization to the members internally.</td>
</tr>
<tr>
<td>Risk Assessment</td>
<td>Risk assessment refers to processes adopted by county governments to identify and mitigate against risk that will hinder the realization of set goals and objectives.</td>
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ABSTRACT

Effective financial resources forms an integral part of financial management that is of utmost importance to all managers and heads of institutions. It is clear that any association without a structure on internal control set up is by and large presented to several dangers that are equipped for disintegrating the association in less or no time. Most of the studies done on internal controls were done outside Kenya, the studies done in Kenya focused on profit making organizations. The study was determined to establish the influence of internal controls on financial management in Uasin Gishu county government of Kenya. The specific objectives of the study are first to establish internal audit effects on financial management in Uasin Gishu County Government, Kenya. Secondly, to determine the influence of reporting on financial management in Uasin Gishu County government. Thirdly, to determine the influence of information communication on financial management in Uasin Gishu County Government, Kenya. Lastly, to determine the influence of risk assessment on financial management in Uasin Gishu County Government, Kenya. The study adopted descriptive research design. Multiple regressions was used for the analysis of the study. The target population for this study consisted of the six administrative divisions in the County Government of Uasin Gishu. Where the heads and deputy heads of finance, internal audit and procurement were the respondents. Questionnaires was administered to the heads and deputy heads of finance, internal audit and procurement as the respondents of the study. Data collection procedure entailed dropping the questionnaire and picking them later which gave the respondents enough time to respond. It is therefore recommended that further studies be conducted in other county governments so as to compare findings as well as establishing other variables that enhance financial management. In conclusion, the results shows that an increase in risk assessment negatively influences financial management and therefore risk assessment is essential but other strategies must be applied to enhance financial management.
CHAPTER ONE
INTRODUCTION
1.1 Background of the Study

Globally, financial management is viewed as a fundamental segment of governments and their establishments (Akosile, 2013). As per Prowle (2010) public sector associations manage a lot of open subsidizes and work in to a great extent political environment, in this way requiring a requirement for high reliance and trust in the route of managing their daily financial affairs and the manner in which they will direct them. Financial management guarantees the use of financial resources and diminishment of wastages in government establishments. In this way, poor financial management prompts to the mismanagement and misappropriation of funds by those in charge of issues (Rosen and Gayer, 2010).

The aim of internal controls is to give a general directing system to a sound and proficient management of resources in all organizations. The objective of having a solid system of financial related control is to elevate the establishment's capacity to achieve its objective, giving dependable financial information, shielding resources and records, assessing operational proficiency through budget plan, organizational control and encouraging adherence to recommended approaches and directions (Wilks & Zimbelman, 2004). It also involves establishing a strong system to ensure every loophole in the financial control is sealed and notifying the managers and the supervisors the threats and possible frauds thus smoothly managing the operational targets. It is noted that a strong and sound system of internal control
contributes towards protecting the interest of the stakeholders by improving their wealth, improving the image of the organization thus in the long run satisfying every inputter (Aikins, 2008). Uwaoma and Ordu (2015) insisted on the importance of financial control arguing that it facilitates the operational effectiveness and efficiency and hence improving external and internal financial reporting reliability thus complying with the given regulations and laws.

According to Aikins (2008) financial experts in the public financial management in both developed and developing countries are worried about the increase in corruption, extortions, reacting to changes in financial reporting, enhancing financial management and planning, failed control measures and failure of organization to improve the governance and management. Akosile (2013) argued that in order to cure the above the manager should be aware of what comprises the financial management and these are considerable number of practices relating to cash and its maximum utilization, planning and effectively and efficiently utilizing the scarce resources. Financial priorities need to be set up in accordance to the organizational general objective and that this can happen only if the adequate financial management is put in place and it ensure that any financial need will be met either now or in the future and that the spending is planned at all times (Pride 2002). It's largely perceived that most developing counties have ineffective financial management system.

Zambia has experienced no financial improvement in its public sector (El-Nafbi, 2008). Generally people in public division have been described by limit
requirements which come from insufficient data process and frameworks. Also, resistance with internal controls has prompt poor consistency of government use and absence of systematic limit. Karanja and Ng’ang’a (2014) argued that in East Africa, Kenya is the most expanded, biggest and vast growing economy and that the nation can possibly decrease poverty and increment job. Kenya has made several efforts towards enhancing financial management in Counties. However, these efforts have been hindered by inadequate internal controls. Therefore the study sought to determine the effects of internal controls on financial management in UasinGishu County government, Kenya

1.1.1 Internal controls

Internal control includes interior review, reporting, control condition, data and correspondence and hazard appraisal. (Akosile, 2013). The interior control framework is the thought of the management, yet the control framework ought to be altogether dispersed for appropriate performance by the representatives. Inward control underpins the usage of assets and thus helps the management to achieve the association's objectives (Mutai, 2009). For an internal control framework to be successful, management must receive some particular. According to International Accounting Standards (IAS) internal control can be categorized as control of reports, monitoring, bookkeeping control, recording and record keeping, supervision, approval and endorsements, routine and programmed checks.
1.1.2 Internal Controls and Financial Management

Internal control frameworks which incorporate inward reviews fundamentally go for upgrading financial management by expanding responsibility among data suppliers in an association (Jensen, 2003). Inward control significantly affects the control issues and failure to keep those issues serious may result to revenues down. Inward control tries to get an interface between misrepresentation, profits administration and exposure of material shortcoming. Thus, controls give an examination of the nature of autonomous administrative activities which ensures high income.

Fadzil et al. (2005) opined that a compelling internal control framework is noteworthy in foreseeing hierarchical accomplishment as it guarantees that target income levels are met. Compelling internal control for income era includes; regular review of the reliability, uprightness of financial, an audit of controls utilized for resource protection, data operation, representative appraisal consistence with strategies of the administration, methodology, directions and pertinent laws, productivity assessment and the capability of the managers to accomplish goals for the organization (Ittner, 2003).

The internal control systems gives affirmation to administration of the trustworthiness of the final accounts reports utilized as a part of the basic leadership of organizations. Management utilizes internal control as an apparatus
to control its employees in the organization because of the way that directors are not ready to screen the exercises (Woolf, 2010). Thus, internal control system will be able to monitor itself and it is able to recognize and rectify any abnormality in the internal control structure. To guarantee that the control systems control itself, administration could utilize gadgets, for example, segregation, supervision of work and affirmation of performance.

1.1 Statement of the Problem

Financial management is of most extreme significance to all directors and heads of establishments as it involves the successful usage of organizational assets. There is a general agreement that any association without satisfactory financial management framework set up is by and large presented to several dangers that are equipped for disintegrating the association in less or no time. (Skaife et al, 2007). Additionally, it is contended that disappointments to comprehend the effect of interior control framework in broad daylight segment until the point when general society division runs drained of money related controls. The nonattendance of sufficient money related control measures uncovered the budgetary administration of public sector to specific dangers, for example, off base monetary articulations, loss of government resources, bungle of government essential reports, mistaken and questionable monetary records which may prompt loss of government honesty, and usage of bookkeeping policies conflicting with the appropriate enactment (Mutai, 2009). An investigation by Transparency International (2013) on execution of County Governments in Kenya unmistakably showed that County Governments
were confronting challenges in measuring their performance as far as resident observation on delivery of service, financial reporting, communicating, reporting and accounting related responsibility to key partners.

Then again, the major recognition is that establishment and legitimate inward control framework authorization may swiftly promote financial management (Morris, 2011). It is likewise a general conviction that legitimately founded frameworks of monetary controls enhance the detailing procedure and furthermore offer ascent to solid reports which upgrades the responsibility capacity of administration of an element.

A number of studies on internal control include Sarens and De Beelde (2006), Aikins (2008) Jones (2008), Owizy (2008), Amudo and Inanga (2009), Ochoge (2011) Ewa and Udoayang (2012) and Akosile (2013) however these studies were conducted for other countries. Similarly, the studies conducted for Kenya which include Olumbe (2012), Mutai (2009) Mugwe (2010), were focused on profit making organizations. None of these studies focused on county governments in Kenya. Notably, the findings of previous studies were conducted for other countries and profit making organizations cannot be generalized for county governments in Kenya. Similarly, Owizy (2008) opined that the county governments are supposed to act as drivers of the nation’s development. Therefore, this study seeks to fill this gap in literature by focusing on the influence of internal controls on financial management in UasinGishu County government, Kenya.
Similarly, the findings of this study will allow for generalization for all the other counties in Kenya.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of this study is to investigate the influence of internal controls on financial management in Uasin Gishu County government, Kenya.

1.3.2 Specific Objectives

i) To establish internal audit influence on financial management in Uasin Gishu County Government, Kenya.

ii) To determine the influence of reporting on financial management in Uasin Gishu County Government, Kenya.

iii) To establish the influence of information communication on financial management in Uasin Gishu County Government, Kenya.

iv) To determine the influence of risk assessment on financial management in Uasin Gishu County Government, Kenya.

1.4 Research Questions.

i) What is the effect of internal audit on financial management in Uasin Gishu County Government, Kenya?

ii) What is the effect of reporting on financial management in Uasin Gishu County Government, Kenya?
iii) What is the effect of information communication on financial management in Uasin Gishu County Government, Kenya?

iv) What is the effect of risk assessment on financial management in Uasin Gishu County Government, Kenya?

1.5 Significance of the Study

The findings of the study are significant in many ways. The findings of the study is beneficial to top management of county government of Uasin Gishu and that of other counties in Kenya as the findings of the study allows for generalization. It assists them in the management of funds and in carrying out county government activities. Also, the study provides recommendations for policy makers; it helps them understand the effect of internal control measures on management of resources. Lastly, to the academicians, the study lays foundation for future researchers who will pursue further research in similar field.

1.6 Scope of the Study

The study sought to investigate the internal control influence on financial management in Uasin Gishu County government, Kenya. Therefore, the location of the study was Uasin Gishu County. Descriptive research design and multiple regression models was adopted for the methodology of the study.

1.7 Limitations of the Study

The limitation of the study can be linked to the form of data to be used in the study; the researcher intended to use primary data. In the case of primary data, the
respondents were unwilling to fill the questionnaire or reveal the true information needed. This is largely attributed to the fear of being blackmailed. In addressing this challenge, the researcher assured the respondents that their responses were for education purposes only and a copy of the results was availed to them.

1.8 Organization of the Study

The proposal is structured as follows: chapter one presents internal control background information and financial management background details. It also presents the motivation behind the study that is the statement of problem and then presents the study’s main objective and the specific purposes of doing the research. The chapter culminates by indicating the scope to be covered, possible limitations and significant contributions of the study to scholars, policy makers and even the management. Chapter two comprises of the literature review. It looked at the theoretical review and empirical review of the study. It also provided the proposed conceptual framework. The final chapter of the proposal presented the research methodologies which included the; the research design, the target population, the researcher’s sampling techniques, procedures and methods used in testing the reliability and validity, data analysis methods and ethical issues.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

Theoretical and empirical literature reviewed is presented in this chapter. Furthermore, the chapter provides the framework on the concepts of the study in a pictorial which shows the proposed relationship among the study variables.

2.2 Theoretical Review

This section presents the theories that was used to support the study, these theories are: agency theory, attribution theory and contingency theory.

2.2.1 Agency Theory

Agency theory was propounded by Ross and Mitnick (1972). This theory proposes that organization structures which are vital to look after contracts and that practicing controls through firms may limit the conduct of the experts and through firms, it is conceivable to practice control which limits artful conduct of specialists. As needs be, Barlie and Means (2010) argued that the interest and the enthusiasm of both the agent and the principal need to be looked into in the contract for the purposes of balancing them. This relationship according to Coarse (2010) need to be reinforced and the affairs of the agent screened by a specialist.
This position is additionally upheld by Shah (2000) who keeps up that the agreement accommodates strife determination between the managers and the directors who are the agent and the stakeholders who are the principal owners thus creating the harmony that the principal decides what should be done and the agent goes ahead and obeys by embracing the duties.

Besides, Coarse (2010) suggests that the principal endures evading which denies him or her from profiting from the work of the agent. All things considered, the theory perceives the deficient data about the relationship, interests or work execution of the operator portrayed as adverse selection and moral hazard. Coarse (2010) clarifies that ethical risk and unfavorable choice influences the yield of the agent in two ways; not doing precisely what the operator is delegated to do, and not having the essential information about what ought to be finished. This thusly, influences the general execution of the relationship and additionally the advantages of the principal in type of cash residual.

2.2.2 Attribution Theory

Attribution theory was propounded by Heider (1958). Attribution hypothesis is based on about how individuals translate actions, activities and deeds, and how individual’s credit causes to the occasions and practices. This theory on attribution advocates the utilization of resources in organizations (Schroth and Shah, 2000). As per Reffett (2007), "when evaluators trust 10 similar people would have acted contrastingly in a given situation, evaluators tends to characteristic obligation regarding a result to the individual. On the other hand, when evaluators accept
equivalent people would have acted comparably, evaluators tends to characteristic duty regarding the result to the circumstance." According to Wilks and Zimbelman (2004) the previous alludes to interior or attributions regarding disposition, while the last alludes to outside or attribution on situation.

Earlier writing (Wilks & Zimbelman, 2004) has indicated individuals are slanted to ascribe others’ conduct to dispositional propensities and to credit their own conduct to situational conditions. This is regularly valid, when the watched conduct is negative, like extortion. Bonner et al. (1998) found that reviewers will probably be sued when they neglect to identify regular cheats, and the evaluators trusted that the extortion would have been distinguished by different examiners.

2.2.3 Contingency Theory

Contingency theory was propounded by Fielder (1960). The proposition of the theory is that majority of the associations has got no single material kind of organization structure. It deals with organizational conduct investigation which clarifies the matters which are unforeseen such as culture, innovation and other factor which may impact the operations of an organization in the long run. It clarifies the complicated changes and trends such as ranked adequacy, duration of operation, the kind of innovation proposed and unpredictability of natural phenomenon. Contingency theory was created from the functionalist of sociology speculations of association framework, for example, the basic ways to deal with studies of the organization (Woods, 2009).
Contingency theory is applicable to this investigation as it portrays the connection between the specific circumstance and structure of inside control adequacy and authoritative execution, particularly unwavering quality of money related detailing (Barra, 2010). Cadez and Guilding (2008) on experimental examination proposed that professional auditing firm or persons who are particularly and capable of accomplishing the task of investigation efficiently and effectively.

Besides, Cadez and Guilding (2008) recognized a few elements, which affect administration control frameworks; these are: conditions outside the organization structure of the organization, culture in the country, size and technique. The study proposed that forced requests by specialized assignments in the association energize the advancement of techniques to facilitate and control inner exercises. The data area in relation to innovation has significant effect on structures. During uncertain situations with less routine innovation, data is much more important and is much of the time inner. The structure measurement and controls entails exercises structure and expert structure i.e., tenets and techniques that decide the prudence of people. Specialist identifies with power in the society. In the possibility demonstrate, distributed expert is more fitting where indeterminate circumstances or less repetitions innovation exist. Brought together specialist is more fitting when situations are sure (Owizy, 2008).

Contingency theory advocates that the usefulness and plan of frameworks of controls depends on setting an organizational controls in which these plans works (Fisher, 1998). Contigency theory advocates for the administration and utilization
in aligning the interior elements which will affect the end results in the external environment. It is along these lines clear that, variables, for instance, conditions in the environment, creativity, structure of the organization, business size, culture of the organization and methodology influence control framework administration (Barra, 2010).

2.3 Empirical Review

This section reviews empirical literature relating to internal controls and financial performance.

2.3.1 Internal Audit and Financial Management

Owizy (2008) assessed the government ministries in Nigeria’s internal control effectiveness in the state of Benue. The objective of the study was evaluating the effectiveness of internal control systems in the government ministries. The researcher used an exploratory research design and data was collected from the employees and manager in the Benue Ministry of Finance. The findings presented by the researcher indicated that audit issues are not taken serious by the ministry for some irregularities were identified. The study concluded that internal control system significant affects the performance of the Benue state Ministry of Finance. This study was centered on UasinGishu County government of Kenya.

Mawanda (2008) studied the effects of internal control on Uganda’s higher learning institution performance. The researcher aimed to determine relationship between the higher learning institution’s financial performance and internal
control systems. The study sought to determine the poor financial performance contributors. The findings of the research indicated that internal audit significantly affect financial performance. The study recommended internal audit department to be filled with competent personnel and should be based on the expectations of the university on the internal auditor. The study also recommended that the right number of employees should be posted to help do the task. The research was done in higher learning institutions while the current study is on internal controls and financial performance of the county government.

Aikins (2008) studied the role of government internal audit in improving financial management in United States of America. The objective was to evaluate how government audits leads to the improvement of financial performance in the government ministries. The study found that internal audit is very crucial but need not to be interfered by the senior official. The study established that internal audit contributes significantly to the success of the financial performance in the government ministries. However, the study was focused on the country with major resources and capabilities in terms of control while the current study investigates on internal controls and their contribution to the County government performance.

Palfi and Muresan (2009) studied the significance of organized system of internal control in the banking industry in Romania. The researcher collected data from 25 credit institutions. The findings of the study revealed that internal audit significantly affects bank’s financial performance. However, the study was based
on the banking sector, this study was based on Uasin Gishu County Government, Kenya which is a public sector.

Ochonge (2011) in Uganda; on case study of Medipoint industries, studied the effect of internal control on organizational. The study aimed at establishing the relationship between the performance of Medipoint and internal control. The findings indicated that the Medipoint’s internal controls were unsatisfactory and ineffective. The study found a positive relationship between internal audit and organizational performance and that the performance was declining. However, the study was focused on Medipoint Industries Limited in Uganda.

Ewa and Udoayang (2012) studied the impact of internal control design on ability of banks to detect and prevent employee’s fraud and their life style. The target population was the 13 Nigerian banks. A likert scale Questionnaire was used to collect primary data. Descriptive Analysis was by use of percentages and ratios. The findings indicated that to a great extent internal control design affects the employee’s attitude towards fraud. The study recommended that internal control mechanism should be made strong to deter frauds. The weak internal system will expose the organization to frauds by creating an opportunity for employees to be fraudulent.
Olumbe (2012) assessed the effect of internal control systems on performance of commercial banks in Kenya. The data was collected from 45 commercial banks. The research utilized the descriptive and exploratory research design. The study was a census for the population were of manageable size. The study concluded that various measures had been incorporated in the majority of the commercial banks in helping to measure the level of corporate governance and controls. The study established that majority of the banks had established themselves a strong internal control system, trained employee on the security features and sensitized the relevant manager on frequent controls and monitoring. The study concluded that the relationship between internal control and performance was significant and positive. However, the study was centered on commercial banks which are profit making organizations. The current study focused on Uasin Gishu County government, Kenya which will allow for generalization to other counties.

The effect of internal measures on financial performance was further studied by Munene (2013). The study was on technical training institutions in Kenya. Multiple regression analysis was used to show relationships between variables. The findings indicated that internal measures such as auditing had a significant positive effect on performance of technical training institutions in Kenya. However, the study focused on training school which are educational institutions. The current study focused on county government that is Uasin Gishu County government in Kenya.
2.3.2 Reporting and Financial Management

Olumbe (2012) studied the relationship between internal controls and commercial bank’s corporate governance. The study target all the 45 commercial banks in Kenya. The study found that majority of the commercial banks had put together the metrics for gauging the level of internal controls. The respondents also felt that the commercial banks had incorporated the aspect of good corporate governance with an internal control system which is strong. Specifically, the study found that reporting positively influences corporate governance. However, the study was centered on commercial banks which are profit making organizations. The current study focused on Uasin Gishu County government, Kenya which allowed for generalization.

Ochonge (2011) in Uganda; on case study of Medipoint industries, studied the effect of internal control on organizational. The study aimed at establishing the relationship between the performance of Medipoint and internal control. The findings indicated that the Medipoint’s internal controls were unsatisfactory and ineffective. The study found a positive relationship between internal audit and organizational performance and that the performance was declining. However, the study was focused on Medipoint Industries Limited in Uganda.

Munene (2013) conducted a research study on the relationship between internal controls and financial performance in the technical institutions in Kenya. The study made use of multiple regression model. Findings of the study reveal that reporting has a positive relationship with the financial performance of technical
training institutions in Kenya. However, the study focused on training school which are educational institutions. The current study focused on county government that is Uasin Gishu County government in Kenya.

A study on the influence of internal control measures on financial management was carried out in Nigeria by Uwaoma and Ordu (2015). The study concentrated on 20 production companies in Rivers State in Nigeria. The study relied on primary data collected through a questionnaire. Multiple correlation analysis was done to present the relationship between the variables. The study found that internal control significantly affects performance of the production companies. However, the study focused on Production companies in Rivers State in Nigeria while the current study concentrates on UasinGishu County.

2.3.3 Information Communication and Financial Management

Amudo and Inanga (2009) studied the internal control systems effect on managing projects in public sector in Uganda. The study was sponsored by ABC Bank in Uganda. The study targeted bank’s public sector portfolio of 14 projects in Uganda. 11 fully operational and effective projects were considered in this study. 11 projects were considered in analysis since the data received from them was complete. The study findings presented that information communication had a positive significant relationship with the banks’ projects performance.
Owizy (2008) assessed the effectiveness of internal control systems in the government ministries in Nigeria. The study was survey study of ministry of finance Benue state. The study aimed at looking the significance of maintaining proper internal control systems in ministries within government. The specific objective s was to evaluate the effect of internal control systems on Benue state ministry of finance’ performance. The findings of the study was that information communication affect significantly the government ministries’ performance in Nigeria Benue state. However, the study was focused on Benue State which is a state in Nigeria. This study centered on Uasin Gishu County government of Kenya.

Mawanda (2008) studied the effects of internal control on Uganda’s higher learning institution financial performance. The researcher aimed at determining the relationship between higher learning institution’s financial performance and internal control systems. The findings of the study indicated that internal audit significantly affect financial performance. The study recommended internal audit department to be filled with competent personnel and should be based on the expectations of the university on the internal auditor. The study also recommended that right number of workers should be posted to help do the task. The study was done in higher learning institutions while the current study is on internal controls and financial performance of the county government.

Mecha (2010) conducted a study on the relationship between Government Ministries’ performance and internal control in Kenya. The study established that effective internal control practices like communication, and timely reporting
contributed to improved performance of Government ministries. The study established that communication has a significant positive influence on performance of ministries in Kenya. However, the study was centered on ministries at the national level. The current study focused on the county level that is Uasin Gishu County Government, Kenya.

A study on the influence of internal control measures on financial management was carried out in Nigeria by Uwaoma and Ordu (2015). The study concentrated on 20 production companies in Rivers State in Nigeria. The study relied on primary data collected through a questionnaire. Using multiple regressions the findings reveal that information and communication significantly enhances financial management of the production companies. However, the study focused on Production companies only in Rivers State in Nigeria, the current study bridges the gap by investigating the effects of internal control on County Government Performance.

2.3.4 Risk Assessment and Financial Management

Amudo and Inanga (2009) studied the effect of internal control systems on the sector public sector projects in Uganda. The study concentrated on 14 project sponsored by African Development Bank Group. 11 projects were considered operational and having the relevant information needed for the study. The study found that risk management had a significant influence on banks projects performance. While the study focused on banks in Uganda, the current study focuses on internal controls in the county goverments.
Moberg and Romar (2003) studied the impact of internal control on WorldCom scandal. The study employed a case survey design. The findings of the study were that aggressivity of management philosophy, unachievable growth targets, internal and external inadequacy of risk assessment, segregation of duties poorly done, lack of proper segregation of data entry and manipulation, lack of internal control system stringent monitoring and weak quality controls around the posting general ledger entries contributed significantly to the WorldCom Scandal. Mugwe (2010) concentrated the study in manufacturing sector and studied effects of practices of internal controls on manufacturing companies’ financial performance in Kenya. The study. The researcher indicated that manufacturing companies have struggles with liquidity problems and financial resource accountability and transparency was bad. The study established that risk assessment has a positive relationship with performance of manufacturing companies in Kenya. However, the study was centered on manufacturing sector in Kenya.

2.4 Summary of Literature Review

The review of empirical literature provides evidence of research gaps, most studies relating to internal controls and financial management were centered on other countries. Furthermore, studies conducted for Kenya were centered on other sectors other than County governments. The current study seeks to address these gaps by focusing on investigating the effect of internal controls on financial management in UasinGishu County government, Kenya.
2.5 Conceptual Framework

A conceptual framework should the proposed relationship of the study variables. The independent variables (internal audit, reporting, information communication and risk assessment) are proposed to affect the dependent variable that is financial Management.

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Dependent Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal control system</td>
<td>Financial Management</td>
</tr>
<tr>
<td>Internal audit</td>
<td></td>
</tr>
<tr>
<td>- Reviews</td>
<td></td>
</tr>
<tr>
<td>- Segregation of duties</td>
<td></td>
</tr>
<tr>
<td>- Independence</td>
<td></td>
</tr>
<tr>
<td>Reporting</td>
<td></td>
</tr>
<tr>
<td>- Communication</td>
<td></td>
</tr>
<tr>
<td>- Appraisals</td>
<td></td>
</tr>
<tr>
<td>- Feedback</td>
<td></td>
</tr>
<tr>
<td>Information communication</td>
<td></td>
</tr>
<tr>
<td>- Online Reporting</td>
<td></td>
</tr>
<tr>
<td>- E-Procurement</td>
<td></td>
</tr>
<tr>
<td>Risk assessment</td>
<td></td>
</tr>
<tr>
<td>- Mitigation</td>
<td></td>
</tr>
</tbody>
</table>

Financial Management
- Financial resource use
- Efficient allocation of funds
- Reduction in wastage
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction
The study presents the study design employed, population and sample targeted, empirical model, data collection tools and techniques, validity and reliability, data analysis and ethical considerations of the study.

3.2 Research Design
Descriptive research design was used. This is because it allows description of views and opinions, beliefs and perceptions of the respondents at any particular point in time. It helped in exploring and describing the relationships between variables without manipulation of their natural settings. (Cooper and Schindler, 2003). The descriptive study aimed at obtaining information that was analyzed, patterns extracted and comparison made for the purpose of clarification and provision of basis for making decisions (Mugenda and Mugenda, 2003).

3.3 The Target Population
The population of the study has been defined by Mugenda and Mugenda (2003) as cases, objects or sets of individuals with common researchable characteristics.
Additionally, Kombo and Tromp (2006) stated that a population involves a group of individuals’ objects or items from which samples are taken for measurement. The target population for this study was 175 heads and deputy heads of finance, internal audit and procurement officers from the six administrative divisions in Uasin Gishu County Government namely; Ainabkoi, Kapseret, Kesses, Moiben, Soy and Turbo divisions.

3.4 Sampling Technique

Purposive sampling design was adopted. Mugenda and Mugenda (2003) opined that purposive form of sampling is not a probabilistic sampling and is done based on characteristics of a population and the objective of the study. The sample comprised 90 respondents including the heads and deputy heads of finance, internal audit and procurement. Selection of the sample size was done purposively where the heads and deputy heads of finance, internal audit and procurement was the respondents. The inclusion of the deputy heads is done to address a situation where the heads of the three departments do not disclose all information required.

3.5 Data Collection Tools and Techniques

The study relied mostly on primary data sources which was collected using structured questionnaires with close-ended questions. A five point likert scale was used for the questionnaire as this helped in giving the responses numerical value for easy data analysis. Questionnaires was administered to respondents by the researcher during working hours. Drop and pick later method was applied where respondents had no time to respond immediately.
A letter of authority to undertake the research was obtained from Kenyatta University, graduate school and a permit to do research was obtained from NACOSTI. At the organizational level, the researcher sought permission from the personal department in each of the six administrative divisions in UasinGishu County government. In administering the data, the researcher employed a drop and pick later method for the delivery and collection of questionnaires. The data is was expected to be collected within a duration of 12 days.

3.7 Validity and Reliability

Mugenda and Mugenda (1999) contended that validity is the extent of which the outcome of the study spoke to the wonder of study information. Both Content and construct legitimacy was utilized to inspect the validity of the questionnaire. Content validity was done by getting a specialist conclusion on the substance of the questionnaire, if the survey can answer questions identifying with every one of the factors in the study. So also, construct validity was guaranteed by evaluating experimental and hypothetical writing taking into consideration the objectives to comprehend the important idea by developing instruments things in view of writing. The research instruments in this investigation was inspected by the study supervisor. Mugenda and Mugenda (2003) assert that the standard strategy in evaluating content legitimacy of a measure is to utilize an expert or master in that specific field.

Consistency of the cores obtained is the reliability. It can be improved by adding several similar measure items, diverse sample testing and uniform procedure.
testing. It is commonly used to ascertain whether the questions captures what they are required to capture and that measures and concepts are adequate and consistent.

The study used Cronbach’s alpha based on internal consistency to ascertain the reliability of the data collection instrument. The index alpha was computed for all items in the questionnaire comprising of each study variable. Furthermore, the study established the aggregate reliability for the entire questionnaire. As recommended by Field (2009), a reliability of at least 0.70 Cronbach's alpha value as adequate. Therefore, the proposed study adopted a threshold of 0.70 to ascertain the reliability of the data collection instrument.

3.8 Data analysis and Presentation

After the research data was gathered, it was arranged and coded. The information was altered to expel mistakes and recognize any irregularities and distinguish any issues coming about because of the utilization of the questionnaire. Editing made coding more achievable. The assigned codes allowed the researcher to minimize errors during data entry and processing and provided easy interpretations of results. After coding, the data was carefully keyed in according to the assigned codes and a check out done on the file of data to ensure accuracy, reduce errors, ensure consistency and complete data. The study used both inferential and descriptive statistics for the analysis of the study.

Descriptive statistics provides variables characteristics by describing their relationship and trend. The descriptive analysis made use of tables and charts to
present statistics such as frequencies, percentages, mean score and standard deviation. Furthermore, the inferential analysis provided statistics which was used to make inferences and conclusions about the study population, thereby, answering the research questions. The analysis of the study was conducted using Statistical Package for Social Science (SPSS).

3.9 Ethical Considerations

Mugenda (2003) affirms that ethical consideration is significant in enabling professional and researchers in achieving the set objectives. The researcher had a permit from the necessary authorities in the institutions enabling him carry out the study. The researcher assured the respondents that the information collected was for academic purposes and that a copy of the findings was submitted to them. The researcher ensured that unethical practices such as falsification and plagiarism are avoided; this was done by acknowledging all additional sources of information from other scholars.
3.6 Empirical Model

This study adopted multiple regression model. The regression model expressed financial resources use as a function of internal audit, reporting, information communication and risk assessment as indicated below.

\[ \text{FM} = \beta_0 + \beta_1 \text{IA} + \beta_2 \text{R} + \beta_3 \text{IC} + \beta_4 \text{RA} + \mu \]

where:

- \( \text{FM} \) = Financial Management
- \( \text{IA} \) = Internal audit
- \( \text{R} \) = Reporting.
- \( \text{IC} \) = Information communication
- \( \text{RA} \) = Risk assessment
- \( \beta_0 \) = Constant term.
- \( \beta_1, \beta_2, \beta_3, \beta_4 \) = Regression coefficients. The co-efficient measure the responsiveness of the dependent variable as a result of change in one unit of the independent variables.
$\mu =$ error term – It indicates variations in unexplained part of the model.

The strength of the predictor variables was tested at a p-value of 0.05, thus implying that the independent variables with a p-value of less than 0.05 have significant impact on financial management.
CHAPTER FOUR
DATA ANALYSIS, PRESENTATION AND DISCUSSIONS

4.1 Introduction

This chapter presents the research study results carried out to investigate the influence of internal controls on financial management in Uasin Gishu County government, Kenya. The investigation was aimed at examining the a) Influence of internal audit, reporting, information communication, and risk assessment on financial management in Uasin Gishu County Government, Kenya.

4.2 Response Rate

Ninety (90) questionnaires were administered to the sampled respondents, out of which 60 were properly filled and returned, representing a response rate of 67% as shown in table 4.1 below. Kothari (2010) argued that a response rate of 50% is adequate for a study. While Babbie (2004) posited that 70 per cent is a very good response rate, 60 per cent is a good response rate and that 50 per cent response rate is acceptable for the purposes of analyzing data and publishing the findings.

Table 4.1: Response Rate

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returned</td>
<td>60</td>
<td>67%</td>
</tr>
<tr>
<td>Unreturned</td>
<td>30</td>
<td>33%</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Survey Data (2018)
The researcher sought to know the respondent's background including their gender, education level and age brackets. The results are as shown in Table 4.2.; 4.3; and 4.4.

**Figure 4.1: Gender**

<table>
<thead>
<tr>
<th>Gender</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>75%</td>
</tr>
<tr>
<td>Female</td>
<td>25%</td>
</tr>
</tbody>
</table>

*Source: Survey data (2018)*

As shown in table 4.2, the male respondents were the majority at 75% against 25% for women. This is an indication that the county government of Uasin Gishu has not adhered to the constitutional requirements of the one-third rule which required that each gender should be at least one-third in all appointments in public offices.

**Figure 4.2: Level of Education**
The majority (56.7%) of the respondents had attained an undergraduate degree level of education, while 18.3% had attained master’s degree and 10% had attained Ph.D. level of education. The rest, 15% had attained at least a diploma or a certificate.

**Figure 4. 3: Age**
As shown in Figure 4.3, the youth form the highest proportion of the employment in Uasin Gishu County government. The youth formed 55% of the employees since 45% were aged between 25 and 34 years and 10% were below 25 years. 15% were between the age of 35 and 44 years, 20% between 45 and 50 years and 10% were above the age of 51 years.

Source: Survey data, 2018
4.3 Internal Audit and Financial Management

Table 4. 2: Internal Audit and Financial Management

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly-Agree</th>
<th>Agree</th>
<th>Don’t-Know</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is interior review division in our County Government</td>
<td>20</td>
<td>70</td>
<td>0</td>
<td>10</td>
<td>0</td>
<td>2.0</td>
<td>.78113</td>
</tr>
<tr>
<td>Our review division is adequately staffed</td>
<td>10</td>
<td>46.7</td>
<td>28.3</td>
<td>15</td>
<td>0</td>
<td>2.48</td>
<td>.87317</td>
</tr>
<tr>
<td>Review staffs direct customary review exercises in our County government</td>
<td>10</td>
<td>51.7</td>
<td>28.3</td>
<td>10</td>
<td>0</td>
<td>2.38</td>
<td>.80447</td>
</tr>
<tr>
<td>Internal review report addresses shortcomings in our control framework</td>
<td>15</td>
<td>55</td>
<td>15</td>
<td>15</td>
<td>0</td>
<td>2.30</td>
<td>.90760</td>
</tr>
<tr>
<td>Audit review reports are created routinely</td>
<td>30</td>
<td>30</td>
<td>26.7</td>
<td>13.0</td>
<td>0</td>
<td>2.23</td>
<td>1.0312</td>
</tr>
<tr>
<td>Administration talks about inside review</td>
<td>10</td>
<td>36.7</td>
<td>25</td>
<td>28.3</td>
<td>0</td>
<td>2.72</td>
<td>.99305</td>
</tr>
</tbody>
</table>
The study sought to examine the influence of internal audit on financial management by enquiring the extent of agreement to the above statements. The findings presents that majority of the respondents (90%) agreed that the County government has an interior review division as shown by an average score of 2 and a low variation of 0.78113. The majority (56.7%) noted that the review division is adequately staffed; however, quite a number disagreed and others were not aware; hence a slightly higher standard deviation of 0.87317. The respondents had varying views on whether the review staffs direct customary review exercises in the County government, but the majority (61.7%) were in agreement, 10% disagreed while the rest 28.3% were not aware. The variation in responses is shown by a high standard deviation of 0.80447.

The majority (70%) agreed that the internal review report addresses shortcomings in the control framework, 15% disagreed and 15% were not aware represented by a mean of 2.3. The high variation shown of .90760 is an indication of high variations in responses. The respondent had various views concerning whether the
Audit review reports are created routinely as shown by a higher standard deviation of 1.0312. The majority of 60% were in agreement, 26.7 were not aware and 13.3% disagreed. Similarly, the variation was higher on whether the Administration talks about inside review reports every now and again as indicated by a higher standard deviation of 0.99305. The majority (66.7%) were in agreement that the Inner reviewer makes fitting suggestions for administration to make strides, but quite a proportion (43.3%) were not aware. The variations in responses were slightly low as shown by a low standard deviation of 0.71525

4.4 Reporting and Financial Management

Table 4.3: Reporting and Financial Management

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly</th>
<th>Agree</th>
<th>Don’t</th>
<th>Disagree</th>
<th>Strongly</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The County government has a reporting mechanism to its stakeholders</td>
<td>33.3</td>
<td>56.7</td>
<td>5</td>
<td>5</td>
<td>0</td>
<td>1.817</td>
<td>.7477</td>
</tr>
<tr>
<td>Employees are accountable for their roles</td>
<td>48.3</td>
<td>41.7</td>
<td>5</td>
<td>5</td>
<td>0</td>
<td>1.667</td>
<td>.7955</td>
</tr>
<tr>
<td>Employees communicate appropriately to their</td>
<td>15</td>
<td>65</td>
<td>10</td>
<td>10</td>
<td>0</td>
<td>2.150</td>
<td>.7988</td>
</tr>
</tbody>
</table>
The study investigated the influence of reporting on financial performance. The researcher enquired the extent of respondent’s agreement to the above statements. The findings revealed that the majority (90%) agreed that the county government has a reporting mechanism to its stakeholders, 5% were not aware and 5% disagreed as indicated by a low mean of 1.817 and standard deviation of 0.7477. The majority (90%) were in agreement that employees are accountable for their roles, 5% were not aware and 5% disagreed. The low variation in respondent’s views was reflected in a lower mean score of 1.667 and a standard deviation of 0.7955. The majority (70%) were in agreement that employees communicate appropriately with their supervisors, 10% were not aware and 10% disagreed. The
majority (68.3%) agreed that employees submit weekly reports, 20% were not aware while 11.7% disagreed. The high variation in responses is reflected by a slightly higher mean score of 2.333 and standard deviation of 0.8165. 43.3% agreed that periodical meetings are held to discuss the progress of activities, while 41.7% were not aware and 15% disagreed.

The majority (73.4%) were in agreement that timely feedback is given to employees, 21.7% were not aware while 5% disagreed. Besides, the majority (43.3%) were in agreement that employee appraisals are carried out periodically, 36.7% disagreed, and 20% were not aware. The high variation of response is reflected by a higher mean of 2.983 and standard deviation of 1.255.

### 4.5 Information Communication and Financial Management

**Table 4.4: Information Communication and financial management**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly</th>
<th>Agree</th>
<th>Don't</th>
<th>Strongly</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>County government employees are IT literate</td>
<td>15</td>
<td>51.7</td>
<td>20.0</td>
<td>13.3</td>
<td>0</td>
<td>2.3167</td>
</tr>
<tr>
<td>County government employees submit reports through online</td>
<td>21.7</td>
<td>36.7</td>
<td>20.0</td>
<td>16.7</td>
<td>5</td>
<td>2.4667</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------------------------</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---------</td>
</tr>
<tr>
<td>to their immediate supervisors</td>
<td>40</td>
<td>48.3</td>
<td>11.7</td>
<td>0</td>
<td>0</td>
<td>1.7167</td>
</tr>
<tr>
<td>The County government has an active website</td>
<td>41.7</td>
<td>31.7</td>
<td>16.7</td>
<td>10</td>
<td>0</td>
<td>1.9500</td>
</tr>
<tr>
<td>The County government encourages e-procurement</td>
<td>30</td>
<td>55</td>
<td>15</td>
<td>0</td>
<td>0</td>
<td>1.8500</td>
</tr>
<tr>
<td>The county government promotes its services through the website</td>
<td>25</td>
<td>55</td>
<td>5</td>
<td>15</td>
<td>0</td>
<td>2.1000</td>
</tr>
<tr>
<td>Departments of the County government are automated</td>
<td>25</td>
<td>55</td>
<td>5</td>
<td>15</td>
<td>0</td>
<td>2.1000</td>
</tr>
</tbody>
</table>

*Source: Survey data, 2018*

To examine the influence of information communication on financial management, the researcher enquired the response to the above statements. The respondents had varied responses as indicated by a high average score of 2.3167 and standard deviation of 0.89237, but the majority (66.7%) was in agreement that County government employees are IT literate, 20% were not aware, and 13.3% disagreed.

The responses on whether County government employees submit reports through online to their immediate supervisors were varied as shown by a higher mean of
2.4667 and a higher standard deviation of 1.1567. The majority (58.4%) were in agreement, 20% were not aware and 21.7% disagreed that County government employees submit reports through online to their immediate supervisors. The majority of the respondents (88.3 %) were in agreement that the County government has an active website while the rest 11.7% did not know. The low variation is indicated by a low average point of 1.7167 and a low variation of 0.66617. Majority of respondents (73.4%) agreed that the County government encourages e-procurement, 16.7% were not aware and 10% disagreed. The majority (85%) were in agreement that the county government promotes its services through the website while 15% were not aware. Besides, 80% were in agreement that departments of the County government are automated, 5% were not aware and 15% disagreed.

4.6 Risk Assessment and Financial Management

Table 4. 5: Risk Management and Financial Management

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly-Agree</th>
<th>Agree</th>
<th>Don't Agree</th>
<th>Disagree</th>
<th>Strongly-Disagree</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The County analyzes the internal environment before introducing any change</td>
<td>20</td>
<td>48.3</td>
<td>5</td>
<td>10</td>
<td>16.7</td>
<td>2.550</td>
<td>1.3707</td>
</tr>
<tr>
<td>The County analyzes the internal environment before introducing any change</td>
<td>15</td>
<td>43.3</td>
<td>15</td>
<td>5</td>
<td>21.7</td>
<td>2.750</td>
<td>1.3855</td>
</tr>
</tbody>
</table>
The County government is conversant with the global environment before making any decision.

<table>
<thead>
<tr>
<th>Departmental Practice</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The County government is conversant with the global environment</td>
<td>21.7</td>
<td>4.0</td>
</tr>
<tr>
<td>Departments formulate individual strategies to overcome risks</td>
<td>20</td>
<td>28.3</td>
</tr>
<tr>
<td>The County carries out internal audits and external audits before introducing new courses</td>
<td>20</td>
<td>43.3</td>
</tr>
<tr>
<td>The County has contingent strategies to overcome risks</td>
<td>15</td>
<td>41.7</td>
</tr>
</tbody>
</table>

*Source: Survey data, 2018*

The researcher also investigated the influence of risk assessment on financial management. The result shows high variations in responses to the statements as indicated by high mean of 2.5 and standard deviations of more than 1. The majority (68.3%) were in agreement that the County analyzes the internal environment before introducing any change, 5% were not aware and 26.7%
disagreed. The majority (58.3%) were in agreement that the County analyzes the external environment before making any decision and 26.7% disagreed while 15% did not know. The majority (61.7%) were in agreement that the County government is conversant with the global environment, 25% disagreed while 13.3% were not aware.

The majority (48.3%) agreed that departments formulate individual strategies to overcome risks while 20% disagreed. A high proportion of the respondents (31.7%) were not aware, perhaps because only the management is involved in making decisions. The majority (63.3%) were in agreement that the County carries out internal audits and external audits before introducing new courses, 31.7% disagreed, and 5% were not aware. The majority (55.7%) were in agreement that the County has contingent strategies to overcome risks, 33.3% disagreed, and 10% were not aware.

4.7 Financial performance

Finally, the researcher sought the respondent’s views concerning financial performance. Many respondents (50%) agreed that the County has the required and sufficient funds to cater for operations requirements sufficiently when necessary, 23.4% disagreed and 26.7% were not aware. The high variations in responses are reflected in the high mean of 2.75 and a low standard deviation of 1.0189.

The majority (46.7%) were in agreement that the collected levies by the government were sufficient to cater for the costs incurred in the county, 26.7%
disagreed, while 26.7% were not aware. 48.3% of the respondents were in agreement that all levies are dully collected, 26.7% disagreed and 25% were not aware. The majority (36.7%) disagreed that outstanding levies are dully paid in time, 36.7% agreed, 31.6% were not aware. The majority (75%) were in agreement that the County’s stem used in accounting identified without fail all the receipts and expenses of the grant contracts, 10% disagreed and 15% were not aware. Finally, the majority (68.4%) were in agreement that the County’s asset base has greatly increased over time and 31.7% were not aware.

Table 4.6: Financial Performance

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Don’t Know</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The cash in the county is enough to meet its obligation when they fall due</td>
<td>5</td>
<td>45</td>
<td>26.7</td>
<td>1</td>
<td>6.7</td>
<td>2.75</td>
<td>1.0189</td>
</tr>
<tr>
<td>The levies collected by the County is enough to appropriately cover the running the county</td>
<td>5</td>
<td>41.7</td>
<td>26.7</td>
<td>1</td>
<td>11.7</td>
<td>2.867</td>
<td>1.1118</td>
</tr>
<tr>
<td>All levies are dully collected</td>
<td>10</td>
<td>38.3</td>
<td>25</td>
<td>1</td>
<td>10</td>
<td>2.783</td>
<td>1.1512</td>
</tr>
</tbody>
</table>
Outstanding levies are duly paid in time

<table>
<thead>
<tr>
<th></th>
<th>5</th>
<th>26.7</th>
<th>31.6</th>
<th>2</th>
<th>10</th>
<th>3.100</th>
<th>1.0688</th>
</tr>
</thead>
<tbody>
<tr>
<td>The grant contracts receipts and expenditure are adequately kept and identified.</td>
<td>25</td>
<td>50</td>
<td>15</td>
<td>1</td>
<td>0</td>
<td>2.100</td>
<td>.89632</td>
</tr>
<tr>
<td>The County’s asset base has greatly increased over time</td>
<td>26.7</td>
<td>41.7</td>
<td>31.7</td>
<td>0</td>
<td>0</td>
<td>2.050</td>
<td>.76856</td>
</tr>
</tbody>
</table>

*Source: Survey data, 2018*

### 4.8 Inferential Statistics

Pearson’s product moment correlation analysis was used to assess the relationship between the variables while multiple regressions were used to determine the relationship between internal controls and financial management in Uasin Gishu County government, Kenya.

#### 4.8.1 Correlation Analysis

The data presented before on financial management, Internal Audit, reporting, information communication, and risk assessment were computed into single variables per factor. Pearson’s correlations analysis was then conducted at a 95% confidence interval and 5% confidence level 2-tailed. Table 4.2 indicates the
correlation matrix between the factors (Internal Audit, reporting, information communication, risk assessment and financial management. As shown in table 4.2 below, there is a positive relationship between financial management and Internal Audit, Reporting, Information Communication, Risk Assessment of magnitudes 0.543, 0.752, 0.749 and 0.711 respectively. All the factors had a significant p-value (p<0.05) at 95% confidence level. The significance values for the relationship between financial management and Internal Audit, Reporting, Information Communication, Risk Assessment were 0.000, 0.000, 0.000 and 0.000 respectively. This implies that Internal Audit, Reporting, Information Communication, and Risk Assessment are all significant factor.
Table 4.7: Correlation analysis

<table>
<thead>
<tr>
<th></th>
<th>FM</th>
<th>IA</th>
<th>R</th>
<th>IC</th>
<th>RA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FM</strong></td>
<td><strong>Pearson Correlation</strong></td>
<td><strong>1</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Sig. (2-tailed)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>IA</strong></td>
<td><strong>Pearson Correlation</strong></td>
<td>.543**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Sig. (2-tailed)</strong></td>
<td>.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>R</strong></td>
<td><strong>Pearson Correlation</strong></td>
<td>.752**</td>
<td>.550**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Sig. (2-tailed)</strong></td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td><strong>IC</strong></td>
<td><strong>Pearson Correlation</strong></td>
<td>.749**</td>
<td>.582**</td>
<td>.726**</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td><strong>Sig. (2-tailed)</strong></td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td><strong>RA</strong></td>
<td><strong>Pearson Correlation</strong></td>
<td>.711**</td>
<td>.553**</td>
<td>.870**</td>
<td>.805**</td>
</tr>
<tr>
<td></td>
<td><strong>Sig. (2-tailed)</strong></td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
</tbody>
</table>

**Source:** Survey data, 2018

**Key**

IA = Internal Audit; R = Reporting, IC = Information Communication, RA = Risk Assessment, and FM = Financial Management
4.9 Model Summary

Table 4. 8: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.812&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.659</td>
<td>.634</td>
<td>2.71850</td>
</tr>
</tbody>
</table>

*Source: Survey data, 2018*

The four independent variables predicts 65.9% of the changes of the financial management (R Square=0.659). The implication is that 34.1% changes in the financial management can only determined by variables not included in the current study. Thus, a study to investigate the contributors of the 34.1% effect of financial management should be done in Uasin Gishu County.

5.0 Analysis of variance (ANOVA)

Table 4. 9: Analysis of variance

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>785.187</td>
<td>4</td>
<td>196.297</td>
<td>26.562</td>
<td>.000&lt;sup&gt;o&lt;/sup&gt;</td>
</tr>
<tr>
<td>Residual</td>
<td>406.463</td>
<td>55</td>
<td>7.390</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1191.650</td>
<td>59</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Survey data, 2018*

The table presents a significance P-value of 0.000 which is less than 0.05. Hence, the model is statistically significant in evaluating the effects of Internal Audit,
Reporting, Information Communication, and Risk Assessment on financial management in Uasin Gishu County government. The F critical at 5% level of significance and 95% confidence is 2.31. Since F calculated is greater than the F critical (value = 26.562), this shows that the overall model was significant.

5.1 Coefficient of determination

Table 4. 10: Coefficient of determination

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>2.088</td>
<td>1.652</td>
<td>1.264</td>
<td>.212</td>
</tr>
<tr>
<td>IA</td>
<td>.085</td>
<td>.103</td>
<td>.083</td>
<td>.833</td>
</tr>
<tr>
<td>R</td>
<td>.441</td>
<td>.149</td>
<td>.479</td>
<td>2.956</td>
</tr>
<tr>
<td>IC</td>
<td>.479</td>
<td>.152</td>
<td>.436</td>
<td>3.154</td>
</tr>
<tr>
<td>RA</td>
<td>-.068</td>
<td>.123</td>
<td>-.102</td>
<td>-.550</td>
</tr>
</tbody>
</table>

*Source: Survey data, 2018*

To determine the relationship between the predictor variables (Internal Audit, Reporting, Information Communication, and Risk Assessment) and the dependent variable (financial management) a multiple regression was used. As per the SPSS generated table 4.5 above, the equation

\[
FM = \beta_0 + \beta_1 IA + \beta_2 R + \beta_3 IC + \beta_4 RA + \mu
\]

becomes
Based on the regression equation established, when all factors (Internal Audit, Reporting, Information Communication, and Risk Assessment) are held constant at zero, Financial Management would be 2.088. The results of the study presented indicates that when we hold other predictor variables constant, a unit change of internal audit caused 0.085 unit change in financial management, a unit change in reporting results to 0.441 change in Financial management, a unit change in information communication results to 0.479 change in financial management and a unit positive change in risk management results to 0.068 units negative change in financial management. This infers that Information Communication contributes most to financial management followed by reporting and then internal audit. At 5% level of significance and 95% level of confidence, Internal Audit had a 0.408 level of significance, Reporting showed a 0.005 level of significance, Information Communication showed a 0.003 level of significance and Risk Assessment showed a 0.585 level of significance; thus, the most significant factors are Information Communication and Reporting.
CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the key findings in a summarized form, the conclusions drawn from the key findings and the study recommendations. The study’s conclusions, recommendations were guided by the research objectives. The study aimed establishing the influence of internal audit on financial management, determine the influence of reporting on financial management, establish the influence of information communication on financial management, and determine the influence of risk assessment on financial management in Uasin Gishu County Government, Kenya.

5.1 Summary

5.1.1 Internal Audit

The researcher investigated the influence of internal audit on financial management. Based on the majority responses, the results indicated that the County government had an interior review division, which was adequately staffed. These review staffs direct customary review exercises in the County government. The Audit review reports are created routinely and address shortcomings in the control framework. The findings also revealed that the Administration talks about inside review reports every now and again. Besides, the Inner reviewer makes
fitting suggestions for administration to make strides. However, as shown by high proportions of respondents who were not aware of many issues in the county, there is a lack of inclusion in decision making.

It is clear from the study findings that there is significant positive relationship between internal audit and financial management in Uasin Gishu county government. These findings were in support to studies by Aikins (2008); Palfi & Muresan (2009); and Ochoge (2011), who conducted studies in different sectors and in different countries and concluded that internal audit has a positive and significant influence on financial management. Therefore, internal audit is crucial not only in companies but also in public institutions as it enhances financial management which in turn enhance ensure proper management of public resources. Regression analysis show that a unit positive change in internal audit will lead to improved financial management.

5.1.2 Reporting

The results of the study show that the county government had a reporting mechanism used to report to its stakeholders and every employee is held accountable for the role he or she plays. There were no doubts that employees communicate appropriately with their supervisors and submit weekly reports. The findings also revealed that there are periodical meetings held to discuss the progress of activities and timely feedback is given to the employees. In addition, it was clear that employee appraisals are carried out periodically. The responses show that some of the respondents were not conversant with various issues
concerning reporting within the county perhaps an indication that every department works independently.

It is clear from the study findings that there exists a strong positive significant relation between reporting and financial management. These results were in support to various studies by Olumbe (2012); Ochoge (2011); Munene (2013); and Uwaoma & Ordu (2015) which concluded that reporting enhances financial management in organizations. Regression analysis show that a unit increase in reporting lead to increased financial management.

5.1.3 Information Communication

The study findings presented that majority of the workers in employees in Uasin Gishu government are IT literate. Therefore, most of the county government employees submit their reports through online to their immediate supervisors. The results show that the county government has an active website where it promotes its services through the website. The county also encourages e-procurement. In addition, it was found that most of the departments are automated.

The findings revealed that there exists a positive and significant relationship between information communication and financial management. The findings is consistent with studies by Amudo & Inanga (2009); Owizy (2008); Ordu (2015) which indicated a significant positive relationships between information communication and financial management. Regression analysis indicated that a
unit change in information communication would result to the same direction change in financial performance.

5.1.4 Risk Assessment

The results of the study show that Uasin Gishu County analyzes the internal environment before introducing any change within the county government. It was also revealed that the county government was conversant with the global environment. The results indicated that departments formulate individual strategies to overcome risks. The County government carries out internal audits and external audits before introducing new courses and has contingent strategies to overcome risks.

The findings of this study are consistent with studies conducted by Romar & Moberg (2003); Mugwe (2010); and Amudo & Inanga (2009) which concluded that there exists a positive and significant relationship between risk assessment and proper financial management and performance. Multiple regression analysis revealed that a unit increase in risk assessment leads to a decrease in financial management. This is an indication that risk assessment is essential but on its own cannot improve financial performance.

5.4 Conclusions

Financial management is an important function in the public sector. Therefore, stringent internal controls strategies should be put in place to ensure that there are
no loop holes for financial mismanagement. Among the strategies studied are internal audit, reporting, information communication and risk assessment. The study concluded that internal audit positively and significantly influences financial management. Besides, an improvement in internal audit improves financial management. The study concluded that reporting positively and significantly influence financial management and an increase in reporting lead to improved financial management. The findings also concluded that information communication positively and significantly influence financial management and an increase in information communicating enhance financial management. Finally, it was concluded that risk assessment positively and significantly influence financial management. However, the results show that an increase in risk assessment negatively influence financial management. Therefore, it is concluded that risk assessment is essential but other strategies must be applied to enhance financial management.

5.5 Recommendations

The County governments and the national governments would benefit from the findings of this study. This study recommends that the county government should further empower its internal Audit department by providing all the required resources including personnel because it will improve financial management; hence, prevent financial mismanagement within the county government. The outcome of the study indicated a positive correlation between reporting and financial management. Therefore, it is recommended that the county government
should work towards ensuring effective reporting between and within the departments so that the county government runs seamlessly, which would improve efficiency and effectiveness in financial management. The correlation between information communication and financial management was found to be positive. As such, it is recommended that information communication is enhanced for easier communication among the stakeholders. Besides, all departments should be fully automated as it will minimize frauds. Although risk assessment was found to be positively correlated with financial management, when all other things remain constant, and increase risk assessment, the result would be a decrease in financial management. Therefore, it is recommended that the county government should not invest more on risk assessment, but it should be done to identify possible risk in advance so that they can be mitigated.

**5.6 Recommendations for further study**

This study was conducted in Uasin Gishu county government; however, there are 47 county governments in Kenya. Therefore, it is recommended that similar studies should be conducted in other county governments and compare the findings. Besides, it was found that the independent variables studies contribute to 65.9% of financial management. Thus, it is recommended that further studies should be conducted to establish other variables that enhance financial management.
REFERENCES


Bamweyana, S. (2009). *The Role of Internal Audit function in Organizations*


Government of Kenya Reports. (2013). *Performance of County Governments*


Munene, M. J (2013). Effects Of Internal Controls On Financial Perfomanace Of Technical Training Institutions In Kenya


APPENDICES

QUESTIONNAIRES

Mr. Daniel kipchumba is a Master’s Student at Kenyatta University. He has been authorized to carry out this research as a requirement for the award of the Degree. The research topic is “internal controls and financial management in UasinGishu County government”. You are kindly requested to feel in this questionnaire to the best of your experience and knowledge.

SECTION A: Demographic Information

1. What is your gender?
   Male [ ] Female [ ]

2. What is your highest level of education?
   Certificate/Diploma [ ] Undergraduate degree [ ] Masters [ ] PhD [ ]

3. What is your age bracket?
   a) Below 25 years [ ]
   b) 25-34 years [ ]
   c) 35-44 years [ ]
   d) 45-50 years [ ]
   e) Above 51 years [ ]
SECTION B: Objectives of the Study

Key: 5 – Strongly Agree, 4 – Agree, 3 – Don’t Know, 2 – Disagree and 1 – Strongly Disagree

4. Rank the extent to which Uasin Gishu County government practices the following internal audits

<table>
<thead>
<tr>
<th>Statement</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our County government has an interior review division</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Our review division is adequately staffed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Review staffs direct customary review exercises in our County government</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal review report addresses shortcomings in our control framework</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit review reports are created routinely</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration talks about inside review reports every now and again</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inner reviewer makes fitting suggestions for administration to make strides</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
5. Rank the extent to which Uasin Gishu County government practices the following reporting activities

<table>
<thead>
<tr>
<th>Statement</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>The County government has a reporting mechanism to its stakeholders</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees are accountable for their roles</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees communicate appropriately to their supervisors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weekly reports are submitted by employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Progress of activities are discussed in periodic meetings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Timely feedback is given to employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee appraisals are carried out periodically</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6. Rank the extent to which the Uasin Gishu County government adopts ICT practices in the system

<table>
<thead>
<tr>
<th>Statement</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees in the County are IT literate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees in the county submit online reports to their supervisors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
There is an active website in the County.

The County government encourages e-procurement

County services are promoted through the website

There is automation in the county government departments.

7. Rank the extent to which the Uasin Gishu County government assesses the Internal and External risks

<table>
<thead>
<tr>
<th>Statement</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>The County analyzes the internal environment before introducing any change</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The County analyzes the external environment before making any decision</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The County government is conversant with the global environment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Departments formulate individual strategies to overcome risks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The County carries out internal audits and external audits before introducing new courses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The County has contingent strategies to overcome risks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
8. Rank the extent to which Uasin Gishu County government measure financial performance

<table>
<thead>
<tr>
<th>Statement</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>The County has enough cash to meet its obligations effectively as and when they fall due</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The levies collected by the County is appropriate to cover the costs of running the county</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All levies are dully collected</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outstanding levies are dully paid in time</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The County’s accounting system adequately identifies the receipts and expenditure of grant contracts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The County’s asset base has greatly increased over time</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
FROM: Dean, Graduate School

TO: Daniel Kendagor Kipchumba
C/o Accounting and Finance Dept.

DATE: 18th May, 2018

REF: D53/CE/26185/2014

SUBJECT: APPROVAL OF RESEARCH PROJECT PROPOSAL

This is to inform you that Graduate School Board at its meeting of 9th May, 2018 approved your Research Project Proposal for the M.B.A Degree Entitled, "Internal controls and financial management in the county government of Uasin Gishu, Kenya"

You may now proceed with your Data Collection, Subject to Clearance with Director General, National Commission for Science, Technology and Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking Forms per semester. The form has been developed to replace the Progress Report Forms. The Supervision Tracking Forms are available at the University's Website under Graduate School webpage downloads.

Thank you.

ELIJAH MUTUA
FOR: DEAN, GRADUATE SCHOOL

c.c. Chairman, Accounting and Finance Department.

Supervisor: Dr. Ambrose Jagongo
C/o Department of Accounting & Finance
Kenyatta University

EM/jm
KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke
Website: www.ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 8710901 Ext. 57530

Our Ref: D53/CE/26185/2014
DATE: 18th May, 2018

Director General,
National Commission for Science, Technology
and Innovation
P.O. Box 30623-00100
NAIROBI

Dear Sir/Madam,

RE: RESEARCH AUTHORIZATION FOR DANIEL KIPCHUMBA KENDAGOR — REG. NO.
D53/CE/26185/2014

I write to introduce Mr. Daniel Kipchumba who is a Postgraduate Student of this University.
He is registered for M.B.A degree programme in the Department of Accounting & Finance.

Mr. Kipchumba intends to conduct research for a M.B.A Project Proposal entitled, “Internal
controls and financial management in the county government of Uasin Gishu, Kenya”

Any assistance given will be highly appreciated.

Yours faithfully,

MRS. LUCY N. MBAABU
FOR: DEAN, GRADUATE SCHOOL
November 02, 2018

Dear Sir/Madam

RE: INTERNAL EXAMINER’S REPORT ON MR. KIPCHUMBA KENDAGOR DANIEL’S MBA PROJECT ENTITLED “INTERNAL CONTROLS AND FINANCIAL MANAGEMENT IN THE COUNTY GOVERNMENT OF UASIN GISHU, KENYA”

The project is well-written, with few clerical errors, and the style and layout is good. I have a few suggestions revision below. The candidate clearly demonstrates creative abilities in the field.

Preliminary pages: The preliminary pages are well done. However, there is need to separate the words financial management in the title. Replace the word “proposal” to “project” on the cover page. The candidate should include the approval letter from the Graduate School and NACOSTI letter in the table of contents. The operational definition of terms should mirror the conceptual framework. The abstract should begin with the summary of the research problem. There is also need to specify the target population size, sample size and sampling design in the abstract.

Chapter 1: Introduction. This chapter takes an appropriate starting point by linking credit uptake in Youth Development Fund to critical factors. The chapter provides adequate background information on the study. However, the candidate should support the research problem sufficiently by providing more citations. There is also need to bring out methodological and conceptual gaps in the statement of the problem.

Chapter 2: Literature Review. The chapter provides a good read. The candidate presents a clear account of his conceptual approach to critique, and demonstrates a reflexive perspective on his own work. It is presented in line with the research objectives. However, there is need to identify the methodological and conceptual gaps in each empirical study to just the need for the current study.

Chapter 3: Research Methodology. The methods are appropriate and justified. In general, the coverage of the development of the methodology and the research design is thoughtful and coherent. However, there is need to adopt present continuous tense in chapter 3. The candidate should present the target population in a table indicating its target population in terms of administrative divisions. The candidate should also provide a citation to support the choice of the sampling design. There is need to provide a criteria for determining the sample size. The empirical model should be presented under the data analysis and presentation section.
Chapter 4: **Empirical Results and Discussion.** This chapter makes a number of original contributions on the internal controls and financial management. The descriptive and regression descriptive statistical results are well presented and interpreted. However, the candidate should increase the size of the charts in chapter 4 to make them legible. The candidate should also discuss the implication of the findings on the background information. The candidate should report and interpret results on the mean and the standard deviation. There is need to compare the results of the present study with the results from the previous studies.

Chapter 5: **Summary, Conclusions and Recommendations.** This chapter is well-argued, summarizing the key contributions of the study well, and presenting some thoughtful reflections on the research process and future directions for research work in this area. The policy recommendations are well thought out. However, the discussion of the findings should be done in chapter 4.

**References:** The list of references is well done. However, a few errors of omission have been noted in the document.

**Appendices:** The appendices are well done and presented. However, the candidate should attach the letter of approval from the Graduate School as well as the research permit from NACOSTI. The candidate should delete time schedule and the budget.

**Recommendations:** According to my evaluation, the project is (i) adequate in form and content, (ii) reflects an adequate understanding of the subject content and (iii) the degree should be awarded.

Yours Sincerely,

Internal Examiner and Lecturer,

Department of Accounting and Finance,

School of Business, Kenyatta University