

**IMPLEMENTATION OF EFFECTIVE STRATEGIC AUDIT
PLANNING IN
SELECTED PUBLIC INSTITUTIONS**

BY

**KIBE PATRICK CHEGE
D53/RI/11702/04**

**RESEARCH PROJECT SUBMITTED TO KENYATTA UNIVERSITY IN
PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF
MASTER OF BUSINESS ADMINISTRATION**

Chege Kibe patick
*Implenention of
effective strategic.*



2009/338385

MAY 2008

DECLARATION

I hereby declare that this research project is my original work and has not been presented for a degree in any other university.

Signature 

Date 4th June 2008

KIBE PATRICK CHEGE

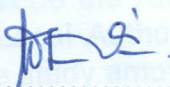
This report has been submitted to the department of Business Administration for examination with my approval as supervisor.

SIGNATURE 

DATE 6/08/2008

MS. LUCY KAVINDA

This report has been submitted for examination with my approval as chairman of department.

SIGNATURE 

DATE 03.07.08

MR. D. K. NGABA

CHAIRMAN, DEPT. OF BUSINESS ADMINISTRATION

ABSTRACT

The Exchequer and Audit Act Cap 412, Public Audit Act, 2003, Government Financial Management Act 2004 and the enabling State Corporations Act confer certain duties and obligations to Kenya National Audit Office (KENAO) and other audit departments like the Internal Audit departments in State Corporations, Central and Local Government to carry out audits within statutory set deadlines and to assess the economy, efficiency and effectiveness of the central Government, Courts, local Authorities, National Assembly, Statutory Bodies/State Corporations, Commissions and submit reports to the PAC/PIC Committees of Parliament.

The implementation of successful strategic audit planning in the public sector has not been effective and the sector has been seen as ineffective and irrelevant.

In most cases, the audit reports suffer significantly from short falls such as proper planning of audit work, lack of strategic audit planning, lack of professional excellence, absence of proper performance appraisal and reward system, late submission of audit reports, reliance on manual systems of auditing and lack of appropriate training among others.

The study therefore sought to analyze and establish factors to be considered in the effective implementation of strategic audit planning in the Public sector with reference to selected public audit institutions.

The study intended to adopt an exploratory research design; the secondary data was obtained from past annual audit reports by KENAO, National Audit Office of Malawi Training Strategy 2005 – 2010, Internal Audit Manual of Government of Kenya, KENAO's strategic plan and various papers, reports and audit plans in the websites. Primary information was obtained through questionnaires, personnel observation and interviews with audit staff from selected public institutions.

The target population of the study was Auditors of KENAO, Central Government, Local Authorities and State Corporations. A sample was drawn using stratified random sampling method.

The study findings will be of great significance to all policy makers and stakeholders who include the Audit Institutions/departments in Government and State Corporations, Local Authorities, general public and future researchers in the same areas of the study among others.

ACKNOWLEDGEMENT

I would like to thank all those people who responded to this research report in any way.

Special thanks and mention should go to all KENAO and other selected public Audit staff who responded to the questionnaires and interviews for taking their time off to give their contributions. I would also like to acknowledge Wambui among others for the typing work.

DEDICATION

I dedicate this project to my loving Family Members, my wife, who has encouraged me and given me moral support to complete my studies to my children Philip, Melanie, Kevin and Collins and to my Father and my late mum Lispah for their generous support.

TABLE OF CONTENTS

Title content	Page No.
Title.....	
Declaration.....	i
Abstract.....	ii
Acknowledgement.....	iii
Dedication.....	iv
Table of contents.....	v
Definition.....	vii
CHAPTER ONE	
1.0 Introduction.....	1
1.1 Background of the study.....	1
1.1.1 Brief history of Public Audit Institutions.....	3
1.2 Statement of the problem.....	4
1.3 Objectives of the study.....	5
1.3.1 General objectives.....	5
1.3.2 Specific objectives.....	6
1.4 Research questions.....	6
1.5 Significance of the study.....	7
1.6 Scope of the study.....	8
CHAPTER TWO	
2.0 Literature Review.....	9
2.1 Introduction to Literature Review.....	9
2.2 Main Review.....	9
2.3 Critical Review.....	19
2.4 Summary of gaps to be filled.....	21
2.5 Theoretical or Conceptual Framework.....	22
CHAPTER THREE	
Research Methodology.....	24
3.1 Introduction.....	24

3.2. Study Design.....	24
3.3 Target Population.....	24
3.4 Sampling Design.....	25
3.5 Date collection procedure.....	26
3.6 Data analysis.....	26
3.7 Expected Output.....	27
CHAPTER FOUR	
Data Analysis Presentation and Presentation.....	29
4.1 Introduction.....	29
4.2 Response Rate.....	29
4.3 Quantitative Data Analysis.....	30
4.4 Qualitative Data Analysis.....	52
CHAPTER FIVE	
Summary of Findings, Conclusions, Recommendations.....	55
5.1 Introduction.....	55
5.2 Major Findings of the Study.....	55
5.3 Answers to Research Questions.....	57
5.4 Recommendations of the study.....	58
5.5 Conclusion.....	60
5.6 Room for Further study.....	60
References.....	61
Appendix I Questionnaire.....	63
Appendix II Time schedule.....	71
Appendix III Proposed Budget.....	72

DEFINITION OF TERMS

Central Government – Government ministries

CEO - Chief Executive Officer

External Auditors- Auditors reporting to parliament on behalf of Government

GOVT - Government

ICT - Information Communication Technology

Internal Auditors- Auditors in an organization reporting to management/ministry

INTOSAI - International Organization of Supreme Audit Institutions

JKUAT - Jomo Kenyatta University of Agriculture and Technology

KENAO - Kenya National Audit Office

Local Government – Municipals and Country/Town Councils

MfO - Managing for Outcomes

NAO - National Audit Office

PAC - Public Accounts Committee

Parastatals – State Corporations owned by the state

PIC - Public Investment Committee

SNAO - Supreme National Audit Office

VFM - Value for Money

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

In today's highly competitive business environment and the ever changing consumer demands and prevalence's, an organization must engage in strategic planning that clearly defines objectives and assesses both the internal and external situations to formulate strategy, implement the strategy, evaluate the progress and make adjustment as necessary to stay in business.

Achieving superior performance through enhanced implementation of strategic Planning in public sector has been the pre-occupation of Management Scientists ever since the time of Peter Druker (1939 – 2005), and his contemporaries such as Philip Kotler.

The implementation of strategic Audit Planning recognizes that superior strategies should be based on measurable criteria. Managing better organizational performance to a sustainable level can effectively be attained through various ways, some of them being management by objective, strategic management and management control system (Armstrong, 2001).

Strategic Planning belongs to a wider branch of management Science known as Management Control System. Kenya National Audit Office (KENAO) is charged with responsibility of carrying out audits within statutory deadlines and assesses the economy, efficiency and effectiveness of the central government, state corporations and local government as assigned to them by Parliament Acts, Cap 412 and Public Audit. The existence and work of the KENAO and other public institutions are underpinned by three fundamental principals of public audit, firstly, independence of auditors from audited (executives and parliament), the second principle being auditing for regularities, propriety and value for money

(VFM) and the last principle of public audit is public reporting that enable democratic and managerial accountability.

The basic need for the public audit arises from these three fundamental principles, in that, as parliament votes on public expenditure of various activities by public bodies, they need auditors that are independent of the body in question. The government and opposing political parties require independent Auditors while auditing for compliance and legal spending by departments on the activities voted for by parliament in a transparent and public forum (Editorial, the People Daily June 18, 2004).

The campaign for public financial management has been the driving force behind the technological and functional development and change in the scale and scope of the public audit work. Determined to emulate the managerial efficiencies of the private sector, which is driven by profit maximization goals, public finance management provide public sector audit with the moving goal that is value for money, profit maximization, which is achieved by maximizing economy, efficiency and effectiveness (3Es) while minimizing cost (Nyongo, 2004).

Having predominantly taken what pollit and Suma (1977) cal the "Managerial" approach to self-accountability, the audit institutions have put an emphasis on the benefits it provided as justification for its existence. This will possibly explain positively how public audit institutions apply value for money (VFM) criteria itself as an example and from assessment, secondly, being financed by public funds, it is also under pressure to exhibit a need for its existence and the derived usefulness.

The KENAO and other public audit institutions work under pressure always to meet statutory and public expectations, playing multiple roles as auditors, guiders and evaluators (Kimunya Amos, 2006).

1.1.1 Brief history of Public Audit institutions

The office of the Controller and Auditor General (C and AG) was established in 1955 under the Exchequer and Audit Act cap 412 and subsequently entrenched in the Constitution of Kenya as at the time of the Country's Independence in 1963. Three statutes that are the Constitution of Kenya, the Exchequer and Audit Act, Cap 412 and Public Audit Act, 2003, govern the office. Following the enactment of the Public Audit Act 2003 (which became operational in January 2004), a Kenyan National Audit Commission chaired by the Controller and Auditor-General and the Kenya National Audit Office (KENAO) were established.

KENAO presently has 815 employees. 722 of these are involved in the office's core work whereas 193 are support staff. KENAO is organized into five divisions namely;

- Audit of Central Government.
- Audit of State Corporations.
- Audit of Local Government.
- Finance, Administration and hum resource Department.
- Specialized Audits Department.

A Deputy Auditor General, who reports to the C & AG, who has number of employees engaged in the fulfillment of his responsibilities, heads such of these departments.

KENAO mandate is enshrined in the Constitution of Kenya and enabling Acts of Parliament. It is to carryout statutory audits within set deadlines and to assess the economy, efficiency and effectiveness of the Central government, courts, Local authorities National Assembly, statutory Bodies/State Corporations, Commissions and submit reports to the PAC/PIC Committees of Parliament.

The Internal Audit is an independent review function set up within the civil service as stipulated in the Government Financial Management Act 2004 section 9(1) as a service to all levels of management. The Internal Auditor General, who is the head, is responsible for effective review of all aspects of risk management and control of finances throughout the civil service of the republic of Kenya as stipulated in the Exchequer and Audit Act CAP 412, subsection 2 and 3 of Section 4.

The Internal Audit Department within state corporations is created by the relevant enabling state corporations Act and the Management of such corporations, to review the internal controls set in place, advice on the efficiency of the controls and recommend for more efficient controls.

1.2 STATEMENT OF THE PROBLEM

The successful implementation of strategic audit planning in the public sector has not been effective and the sector has been seen as ineffective and irrelevant (Ministry of Planning, strategy paper on growth and employment in Kenya 2003 – 2007).

To many people, the opinion of public sector audit reports is that they are biased, and generally incorrect. In most cases the audit approach is poor and audit planning is inadequate and uncoordinated. The audit plans are not designed to expose general system weaknesses of controls but are based on pointing out for wrongs and errors other than correcting the wrongs and making appropriate recommendations.

The inadequate audit plans and the resulting audit reports sometimes leads to issuance of clean reports to Government Ministries, Local councils and Parastatals who have otherwise performed poorly. The public audit Institutions suffer significantly from shortfalls such as the quality and content of audit reports,

lack of comprehensive strategic audit planning, lack of appropriate training, teamwork and motivation, lack of adequate resources and absence of good ICT policy and strategy.

The study, therefore sought to analyze and determine factors to be considered in the effective implementation of strategic audit planning in public sector with specific reference to selected public institutions.

1.3 OBJECTIVES OF THE STUDY

1.3.1 General Objective

The main objective of the study was to analyze and determine factors, to be considered in the effective implementation of strategic audit planning in the public sector with specific reference to selected public institutions.

1.3.2 Specific Objectives

- i. To investigate the effects of professional excellence on the implementation of strategic audit planning in public audit institutions.
- ii. To analyze the impact of training, team work and motivation among audit staffs on the implementation of strategic audit planning in public audit organizations.
- iii. To determine how adequate resources can impact on the implementation of strategic audit planning in public audit sector.
- iv. To investigate what influence comprehensive audit reporting, monitoring and evaluation policy has on the implementation of strategic audit planning in public sector.

- v. To determine the effects of ICT policy and strategy on the implementation of audit planning in public sector.

1.4 RESEARCH QUESTIONS

- i. What influence has professional excellence on the implementation of strategic audit planning in public sector?
- ii. How do training, teamwork and motivation among audit Staff affect the implementation of strategic audit planning in public audit institutions?
- iii. To what extent can adequate resources contribute to the implementation of strategic audit planning in public audit organizations?
- iv. To what extent can comprehensive audit plans, monitoring and evaluation policy influence the implementation of strategic audit planning public audit institutions?
- v. How can an ICT policy and strategy impact on the implementation of strategic audit planning in public audit organization?

1.5 SIGNIFICANCE OF THE STUDY

Implementation of strategic planning has become an important tool in improving the quality of audit programs in public sector. A study on such initiative will not fail to benefit the Public Sector. The research will be of significance to the following:-

The KENAO which was established through the Public Audit Act of 2003 and is governed by Parliamentary Act, Cap 412 as a intention to use the organization as an efficient department to check and reinforce departmental balance and matching of quantitative allocation with qualitative purpose, will use the study results to set up a comprehensive audit planning policy and strategy in the audit of Government and Public Institutions.

With the move to Managing for Outcomes (MfO), all government agencies must focus their strategy planning on improving outcomes. The aim is for these agencies to link outcomes to outcomes to outputs more clearly, and optimize their output mix to maximize benefits to citizens and society (outcomes).

The policy makers who include PAC/PIC committees of Parliament charged with the responsibility of reporting to Parliament the accounts of Government Ministries, State Corporations, government agencies and non-departmental public bodies, will use the result of the study to improve their efficiency and effectiveness in their planning and reporting of audit reports.

The auditors' who work in State Corporations, Local Government and Central Government will use the study results to enhance the managerial efficiencies aimed at value for money maximization, which is achieved by maximizing economy, efficiency and effectiveness while minimizing cost.

The findings of this study will assist the management of KENAO, State Corporations, Central and Local Government in understanding and embracing the performance appraisal initiatives, as it will help identify their group or individual potentials. This will assist them in pursuing personal development goals through relevant self-development initiatives.

The study will help change the view held by some people about Auditors and their reports and will greatly improve the efficiency and effectiveness of

performance in the public sector in line with the recently launched performance contracts in the civil service.

FUTURE REVIEW

Finally, the study will assist in providing reference and literature to future researchers seeking to carry out further research in this field or in a related area. This will aid in development of knowledge in this line of study. There are certain areas in the study, which this study may not be able to cover exhaustively, and future researchers will have a point of reference from which to start.

1.6 THE SCOPE OF THE STUDY

The study covered the Kenya National Audit Office staff, Auditors from selected parastatals, Government Ministries and Local Authorities. The population sample of 240 Auditors from KENAO, Internal Auditors from Ministries, State Corporations and Local Authorities was considered for the study. The sample of 80 auditors representing 30% of the target population was picked from provincial headquarters of Nairobi, Mombasa, Nakuru, Kisumu, Kakamega, Nyeri, Embu and Garissa. This is where the biggest concentration of the target group is based. These samples were expected to generate enough data through questionnaires on the factors affecting the implementation of strategic audit planning in the public sector. The research will help the Audit Departments in the selected public institutions to come up with well organized strategic audit plans to enhance efficiency and effectiveness of their audit work.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

The chapter highlights the major issues relating to strategic audit planning in public sector. The study seeks to analyze the important factors to be considered in the implementation of strategic audit planning in the public sector with special reference to selected public institutions. The chapter presents the literature review in terms of introduction, conceptual framework, main review, critical review of major issue and summary and gaps to be filled by the study and conclusions. It will explore issues such as the impediments and the importance of implementing strategic audit planning, objectives and benefits thereon.

2.2 MAIN REVIEW

2.2.1 Strategic Intent

Strategic audit planning sets out to achieve the best way of doing the audit. It is step-by-step approach to identifying the essential and desirable tasks, properly assessing audit priorities, identifying staff resources necessary to complete the essential work and to ensure that is achieved by the most efficient and effective use of resources.

According to Good stein, L.D. Nolan, T.M. and Pfeiffer (1993), strategic planning cycles often have three main elements that is the context of defining outcomes that are aligned to missions, strategic formulation to identify interventions options and strategic evaluation to test whether the plan and major interventions are working.

INTOSAI Auditing Standards or Planning says “The auditor should plan the audit in a manner which ensures that an audit of high quality is carried out in an economic, efficient and effective way and in timely manner.

For any public audit institution to realize its vision of attaining total accountability in the management of natural resources for the public good and its mission of providing the public and the assurance that natural resources are being optimally managed for the benefits of the citizens, adequate resources must be put in place.

KENAO in their strategic plan of 2004 recognized that lack of adequate finances hampers staff recruitment, sufficient office space, transport logistics and purchase of office equipment.

According to the Government of Kenya Internal Audit Manual (2005) the Internal Audit Department highlighted staffing, knowledge, skills, professional due care, continuing professional development and independence and objectivity as some of their weaknesses which required to be addressed to achieve their mission of adding value to government’s institutional operations through a systematic evaluation of risk management, control and governance processes.

According to Mintzberg (1997), strategic intent is the leveraging of an organization’s internal resources capabilities and core competencies to accomplish the organization’s goals in competitive environment concerned with the battle of winning public confidence and obtaining leadership. Strategic intent implies a significant stretch of an organization’s resources, capabilities and core competencies. When established effectively, a strategic intent can cause people to perform in ways they never imagined would be possible. Strategic intent exists when all employees and level of an organization are committed to the pursuit of a specific (and significant) performance criterion.

Because of its emotional edge, strategic intent may even be described metaphorically in a recent annual report. Reebok international showed a series of pictures depicting an athlete crossing a high-jump bar. In her own handwriting, the athlete describes the commitment to being the best and to winning the event.

The words of the athlete appear to reflect Reebok's intent to focus and concentrate on every part of its business in order to constantly improve its performance and, by doing so, achieve strategic competencies and earn above-average returns.

According to Philip Kotler (1990), it is not enough for an organization to only know its own strategic intent. To perform well, it demands that organizations also identify the public expectations and competitor's strategic intent.

An organization's success if not sustained may be grounded in a keen and deep misunderstanding of strategic intent of customers, suppliers, partners and competitors.

2.2.2 Strategic Mission

According to Sadler (1990), strategic mission flows from strategic intent. Externally focused, the strategic mission is a statement of a firm's unique purpose and the scope of its operation in service delivery terms. A strategic mission provides general description of the services/products, an organization intends to provide or produce the market it will serve using its internally based core competencies.

An effective strategic mission establishes an organization's individual ability and is exciting, inspiring and relevant to all stakeholders. Together, strategic intent and strategic mission yield the insights to formulate and implement the firm's strategies.

Based partially on the organization's strategic intent and mission, top management develops a strategic orientation, a predisposition to adopt a certain strategy over others (Sadler, 1990).

Strategic implementation involves allocation of sufficient resources needed to accomplish the set targets, establishing a chain of command or some alternative structure to achieve cohesion, team work and good working relationship. It also involves assigning responsibility of specific tasks or processes to specific groups or individuals as a way of delegating duties and responsibilities, managing the process to include monitoring results, comparing benchmarking, evaluating the entire process while dealing with emerging gaps and lastly acquiring the requisite resources, developing the process, training, process testing documentation and integration.

2.2.3 Mintzberg's 5ps for Strategy (Strategy Concepts)

The word "Strategy" has been used implicitly in different ways even if it has traditionally been defined in only one. Explicit recognition of multiple definitions helps to maneuver through this difficult field.

Mintzberg provides sure definition of strategy as:

- Plan
- Ploy
- Pattern
- Position
- Perspective

Strategy as a plan is some sort of consciously intended course of action, a guideline (or set of guidelines) to deal with a situation. By this definition, strategies have two essential characteristics i.e. they are made in advance of the

actions to which they apply and that they are developed consciously and purposefully.

As a plan, strategy can be a ploy too. Readily it is just a specific maneuver intended to outwit an opponent or competitor.

Strategies can be intended (whether as general plans or specific ploys) and they can also be realized. In other words, defining strategy as plan is not sufficient; we also need a definition that encompasses the resulting behaviour. Strategy is a pattern – specifically a pattern in a stream of action. Strategy is consistency in behaviour, whether or not intended. The definition of strategy as a plan and pattern can be quite independent on one another. Plans may go unrealized while patterns may appear without preconception.

Plans are intended strategies. Whereas patterns are realized strategy and from this, we can distinguish deliberate strategies, where intentions that existed previously were realized and emergent strategies where patterns were developed in the absence of intentions.

Strategy is a position especially a means of locating an organization in an 'environment'. By this definition, strategy becomes the mediating force or "match" between organizations and environmental, that is between internal and external context.

Strategy is a perspective and its content is not just a chosen position, but of an ingrained way of perceiving the world. Strategy in this respect is to the organization what personality is to the individual. What is of key importance is that strategy is a perspective shared by members of an organization, through their intentions and/or by their actions. In effect, when we talk of strategy in these contexts we are entering the realm of the collective mind-individuals united by common thinking and/or behaviour.

2.2.4 Strategy Process

According to Demacy (2002), the pursuit of competitiveness is the heart of strategic management and the choices made when designing and using the strategic management process. Organizations are in competition with one another to gain access to the resources need to maximize economy and provide superior satisfaction of stakeholders' need.

Effective use of the interdependent parts of the strategic management process results in selecting the direction the organizations will pursue and its choices to achieve the desired outcomes of strategic competencies.

Organizational strategists are responsible for the design and execution of an effective strategic management of an effective strategic management process. Today, the most effective of these processes are grounded in ethical intentions and conduct. Strategists themselves, people with opportunities to dream and act, can be a source of competitive advantage – the strategist's work demands decision tradeoffs, often among attractive alternatives. The top-level managers work hard, conduct thorough analysis of situations, are brutally and consistently honest and ask the right questions of the right people, at the right time.

2.2.5 Training as part of overall strategy

According to National Audit Office of Malawi, training is a process of necessary training in the skills and knowledge of an individual for a particular task. According to Fredrick Taylor (1856 – 1915), the optimal work methods can be determined by scientifically selecting, training and developing each worker rather than passively leaving them to train themselves.

Human resources are the most dynamic and important of all the organization's resources. They need considerable attention from management, if they are to realize their full potential in their careers. It is therefore important that Public audit institutions play a proper role in training and development of the staff in various skills relevant to its workforce. This will in itself highly contribute to the achievement of its strategic objectives.

The purpose of training includes, among others developing skills, knowledge and to provide specialized skills to the workers, to induct new employees to become familiarized with the organization and their goals, to correct weaknesses and wayward attitudes, identified during annual appraisal among staff and to finally prepare staff for promotions and new job positions as and when such positions emerge.

Training strategy is therefore mandatory. It constitutes a plan of action with commitment of resources and priorities.

Developing and implementing a training strategy is essentially a question about making important choices that commits resources and capabilities to achieve long-term goals.

The overall goal of training strategy is to enhance quality and quantity of training in the public audit, thus contributing to the development of the competence and capabilities of staff. This will in turn lead to effective and efficient organization that delivers high quality audits, improved accountability, transparency and good governance.

To achieve this goal, this strategy must be built on a shared vision of how we want to develop training policy in the public sector. It must involve both management and other members of staff and should as far as possible be based on consensus.

In addition, the training strategy must lead to action if it is to be successful. Numerous good and ambitious strategies are developed, but fail to be implemented.

2.2.6 Information Communication Technology Policy and Strategy

According to Elliot (2004), we live in an information age characterized by the tools of information technology consisting of wired and wireless gadgets such as computers, telecommunication machines and networks.

Characteristics of ICT are such that they transform business processes making them more efficient and effective. To this end, it is expected that when implemented, the processes and benefits will be felt in private and public sectors.

The use of Information Communication Technology in public sector needs to be enhanced to take advantage of emerging technological advancement.

In order to be in-line with the private sector, the public sector has to emphasize the increasingly importance of ICT with the relatively limited incompetence of competent staff in ICT. The public sector has to make this a priority in the coming years. This has been underlined by among other things ICT as one of the strategic objectives of the new public sector audit institutions strategic plan by carrying out a large number of ICT activities as part of the KENAO/SNAO Institutional Cooperative Project and developing a public sector ICT strategy such as the Integrated Financial Management Information System.

2.2.7 Staff Motivation Strategy

Maslow (1943) proposed that behaviours of human beings are motivated by needs, which can be classified into 5 broad categories, which are psychological,

safety needs, social needs, esteem needs and self-fulfillment needs. These categories operate in a hierarchical manner, flowing from low order needs, one esteem needs and self-fulfillment needs.

According to Peter Drucker (2004), motivation is defined differently by different Authors. Some define it as a process in which people choose between alternative terms of behaviour in order to achieve goals. Others define motivation as a process that starts from physiological deficiency that activates behaviour towards the achievement or realization or the desired goal.

Generally, motivation simply means those factors influencing employees to perform tasks assigned efficiently and effectively towards organizational goals. This leads to positive development to both individual and the organization. According to Public Service Integrity Programme (2002) performance should have direct bearing or promotion, pay benefits, training and discipline.

Performance monitoring in the public sector tends to be arbitrary, thereby creating room for corrupt practices.

2.2.8 Change Management and Innovation Strategy

According to Kurt Lewin change theory, he developed a three stage model of a successful change – the first one is unfreezing or dismantling the existing “mind set”. In the second stage, the change occurs, typically the period of transition. The third is refreezing where the new mindset is crystallizing. Peter John and P. Kottler (1998), when discussing winning at change with leader said “No organization today- large or small, local or global – is immune to change.

Kotter (2003), said changing organizational culture is more difficult than maintaining it, but effective strategic leaders recognize when change is needed. Incremental changes to the organization’s culture typically are used to implement

strategies. However, more significant and sometimes even radical changes to organizational culture are designed to support the selection of strategies that differ from the ones the firm has implemented historically.

According to Kurt Lewis (2001), regardless of the reasons for change, shaping and reinforcing a new culture requires effective communication and problem solving along with the selection of the right people (those who have the values, managers wish to infuse throughout the organization), effective performance appraisal (establishing goals and measuring individual performance towards those goals that fit with the new core values), and appropriate reward systems (rewarding the desired behaviours that reflect the new core values).

Evidence suggests that cultural changes and innovations succeed only when supported actively by the organization's CEO, other key top management team members and middle-level managers (Armstrong, 2001).

2.2.9 Team Work Strategy

Peter Drucker (1973) emphasizes sound organization structures which need a hierarchical or authenticity, decision-making and the capacity to organize task forces, teams and individual for work both on permanent and on temporary basis. Well managed organizations recognize that to be successful in the pursuit of their mandate, there must be high level of co-operation among the members of the assignments' teams and between teams. The quality of the outputs would be greatly curtailed in the non existence of high level of cohesiveness. The staff members must be supportive of each other and work collaboratively with colleagues to ensure success.

2.2.10 Professional Excellence

Armstrong (1994), said that in order to be effective in conducting business or rendering service, organizations need to implement management procedures and practices that will yield the desired results. Under professional excellence, staffs are deemed to practice high standards of the professional discipline, abstain from acts of being compromised or being corrupt and setting performance targets.

One of the first things that State Corporations were required to do before entering into performance contract was to develop strategic plans.

A strategic plan enables an organization to be better focused on its core business. It also helps the organization to clearly set out its objectives and action plan that will enable it achieve the objectives. In effect what the organizations are called upon to do is to plan performance. Despite all these effort, the strategic plans have remained all in paper and little implementation has been achieved. The quality of the output would greatly be curtailed unless they exists high levels of cohesiveness. The Auditors must be supportive of each other and work collaboratively with other colleagues. This will help the staff to continuously keep abreast with the changing trends in the profession.

2.3 CRITICAL REVIEW OF MAJOR ISSUE

2.3.1 Adequate Resources

UNDP (1992), identified seven approaches that can produce desirable outcomes in public sector reforms. Accountability, institutional building, leadership and vision, strategic management, strategic hum resource management, training and development management and total quality management. All the above approaches can only be achieved when resources for an audit firm include an

integrated ICT infrastructure, team of professionals, good working environment, good leadership vision, better training facilities and better reward management (Elliot, 2004).

Cole (1997), underscores the importance of training as having the efficiency and effectiveness in other operations of a particular work force for a competent management in the organization. Employees' success in good services delivery depends on having meaningful opportunities to learn and practice new skills. This may be possible by developing the work force through various training methods depending on individual firms' needs. Through training as an appraisal method, it reveals weakness and strength of an audit program.

According to Malawi NAO, training strategy is a statement of direction regarding training in the NAO for the entire workforce who constitutes a plan of action on commitment of resources and priorities. Developing and implementing of a strategy is essentially a question about making important choices that commits resources and capabilities to achieve long-term goals of an organization.

The overall goal of training strategy as a resource is usually to enhance that quality and quantity of work in the organization, thus contributing to the development of the competence and capability of audit staff. This will in turn lead to a more effective and efficient organization that delivers high quality audit and contributes to accountability, transparency and good governance.

Public sector audit bodies therefore, must employ the best professional standards and practices in order to consistently deliver high quality work. Public sector auditors must strive to ensure that its work is economically efficient and effective. To be successful in the pursuit of their mandates, KENAO and other public audit institutions must employ highly qualified staff and instill co-operation and commitment among the numbers of the assignments' teams and between teams.

2.4 SUMMARY OF STUDY MISSING GAPS

A lot of the studies done in this area have focused on strategic management practices in private and public sector and strategic change management. National Audit organizations such as those in Britain, America and Canada have developed successfully strategic audit planning modules. The plans are continually reviewed every five years as part of their monitoring and evaluation exercise.

In the New Zealand Audit Office strategic plan of 2001 – 2004, it identified the key driver of audit Institutions as continuing to provide services professionally and a high quality while keeping a competitive level. Public audit institutions in Kenya are not keen to formulate a competitive business environment like in developed countries.

The Government of Kenya Internal Audit Manual (2005) and the KENAO strategic plan recognizes the importance of a strategic plan which should emphasize capacity building for the Internal Audit Department that is skills required in the future, professional training needs, opportunities for working for other national and international organizations. The strategic plans have not been fully implemented.

There is very little research that has been done in developing countries particularly on factors affecting the successful strategic audit planning in Public Audit Institutions save for some privatized State Corporations like Kenya Airways, which operate as private companies. Majority of State Corporations in Kenya have not developed their own strategic audit plans and much has to be done in this area. The study will therefore be of benefit to KENAO, Government Departments such as the Internal Audit Departments in all Ministries,

Inspectorate of State Corporation and all the Internal Audit Departments in State Corporations.

From the foregoing, it is clear that successful implementation of strategic audit planning will be beneficial to the Government of Kenya through Parliamentary Committees dealing with public accounts and public investments, policy makers in the Government and State Corporations, and will also have the support of INTOSAI, IFRS and International Auditing Standards Boards which give guidelines on audit and promotion of ethics of good audit practice.

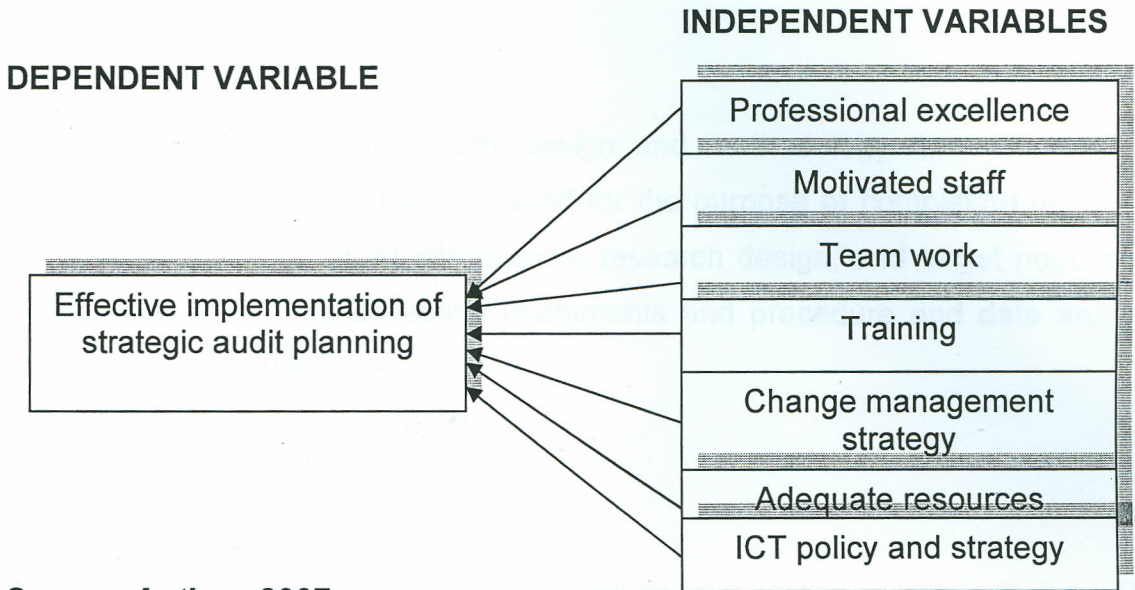
2.5 THEORETICAL OR CONCEPTUAL FRAMEWORK

The conceptualization of the study is based on the assumption that successful implementation of strategic audit planning initiatives will lead to improved audit reports and hence greater accountability and transparency.

The Dependent variable is successful implementation of strategic audit planning in public sector. The independent variables are how the factors affect the successful implementation of strategic audit planning and they consist of professional excellence, motivated staff, training, team work, change management strategy, adequate resources and implementation of ICT policy and strategy.

Fig 1. Conceptual framework

The relationship of the variables is depicted as follows.



Source: Author, 2007

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter presents the study design and methodology that was used in gathering information that was needed for the purpose of completing the study. This was done in terms of introduction, research design, and target population, sampling design, data collection instruments and procedure and data analysis criteria that were used.

3.2 STUDY DESIGN

The study adopted both descriptive as well as exploratory research design. This research design was chosen because of the tools that allow the use of primary as well as secondary data and give room for application of the study results in the entire public sector.

3.3 TARGET POPULATION

The target population was auditors from Kenya National Audit Office (KENAO), selected Internal Auditors from State Corporations: Kenya Airports Authority, Kenya Ports Authority, Moi University, Maseno University, JKUAT and Ewaso Nyiro North Development Authority, Nairobi City Council, local Government internal Auditors and Government Internal Auditors. The main focus was the audit staffs that are involved in audit work. The target population was the Auditors based in Nairobi and Provincial headquarters. A sample of 30% of the total population was chosen which gave a reasonable representative sample covering the whole country.

The study sought for information from these respondents because they are the Audit staffs who are involved in the formulation, implementation and review of the strategic planning.

Table 1: Target Population

Category of Auditors	Population Frequency	Percentage %
External Audit KENAO	130	54
Internal Audit Govt.	70	29
Internal Audit Parastatals	20	8
Internal Audit Local Govt.	20	9
TOTAL	240	100

Source: Author, (2007)

3.4 SAMPLING DESIGN

A stratified random sample of 30% of the entire population was used in the process of gathering data to be conducted in Nairobi and provincial headquarters. This type of sampling is where the sampled population is mutually exclusive as they perform similar nature of work in their different departments. The sampling method was preferred since it helped to group the population with similar experiences.

Table 2: The Sampling Design

Population Category	Population Frequency	Percentage %
KENAO Auditors	40	50
Internal Audit Govt.	24	30
Internal Audit Parastatals	8	10
Internal Audit Local Govt.	8	10
TOTAL	80	100

Source: Author, (2007)

3.5 DATA COLLECTION PROCEDURES/INSTRUMENT USED

The data was collected by use of structured questionnaires and interviews for clarifications.

The questionnaire was hand delivered where possible or sent by post with an attached self-explanatory introductory letter and to ensure that there was no delay, the researcher was making appointments and follow ups with respective respondents. This was done at their own convenient time so that the respondents could concentrate more and give accurate information in the questionnaires. At the explanation stage, the researcher made sure that he created a free atmosphere of communication by avoiding leading questions. There researcher introduced the subject and explained briefly the importance of the study. The researcher clarified issues on the questionnaire so that the respondents understood all the questions.

3.6 DATA ANALYSIS

3.6.1 Data Analysis Techniques

Data was analyzed quantitatively by describing and analyzing the data using descriptive statistics to enable the researcher to meaningfully describe distributions of scores or measures using statistics. Qualitative data was

analyzed in a systematic way in order to come up with some useful conclusions and recommendations. The researcher obtained information about the study and established patterns, trends and relations from the information gathered. The researcher used frequencies to facilitate arranging of data from the lowest to the highest percentages, measures of central tendency were also used as data analysis techniques.

Further the researcher used Chi-square to test for relationship between the dependant and independent variables. On the other hand the qualitative data was grouped into similar themes and analyzed so as to display the opinion of the respondents. Whereas appropriate the Statistical Package for Social Science (SPSS) was used to analyze and interpret the collected data.

Data was presented in frequencies, pie charts, bar charts and percentages for comparisons, explanations and clarity.

3.7 EXPECTED OUTPUT

The respondents were expected to give their own views on the questions asked in the questionnaires. The answers were analyzed statistically and expectations on the factors considered in the implementation of strategic audit planning highlighted.

The results depended on the good management and good audit planning supported by good implementation. It takes time to build capability and experience. But much attention will be focused on implementation as to strategic audit planning. Successful implementation will be supported by the following factors:

Engagement with Stakeholders. This will be done using strategic audit planning processes as a catalyst for engaging stakeholders. This will improve both the process itself and the quality of relationships with stakeholders. Both planning

and relationships improve as you learn more about the views of stakeholders. When one accommodates their views and needs, stakeholders can support you in many different ways.

5 ANALYSIS AND PRESENTATION

Learning Culture. Strategic audit planning, implementation and assessment processes should build a 'learning organization'. Outcome-focused agencies need a culture of learning. They use evidence-based approaches to select, implement and test interventions, and actively manage risks and occasional errors. Central agencies and Ministries will need to develop tolerance for the residual risks you face in pursuing outstanding performance.

Performance Management Systems. This will be done by use of rewards and incentives provided by performance management and budgeting systems will encourage staff to enhance 'vital few' outcomes.

Adaptive planning outcome-focused strategic planning process must be flexible. It is always adjusting to performance feedback. A plan is just what we act, learn and reconsider. One must be sure to gather and use the performance information needed to act and react.

Integrated planning. Strategic audit planning with an outcome focus will provide a platform to ensure that the annual budget process and the underpinning annual business planning are integrated as part of the process. Linking outcomes to outputs more clearly and optimizing the output mix are determinants for the direction and prioritization for the budgeting and business planning elements of the overall process.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1 INTRODUCTION

The purpose of this chapter is to examine the structure and nature of the collected data and then separate it into parts with the intention of classifying it on the basis of its relationship with the variables so as to make it understood in light of the research topic. The data analysis and presentation was done so as to enable researcher to communicate findings more effectively and efficiently. After obtaining the data from the primary and secondary sources, the researcher went ahead to classify it under qualitative data and quantitative data.

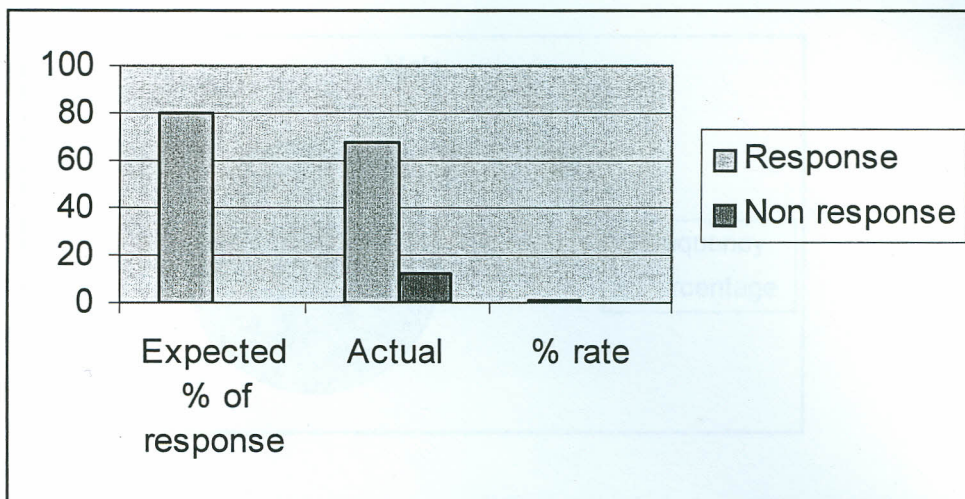
4.2 Response Rate

During data collection 80 questionnaires were sent out to the target population and only 68 were returned as illustrated in the table below.

Table 4.1 Analysis of Response

Particulars	Expected % of Response	Actual	% Rate
Response	80	68	85%
Non response	0	12	15%
Total	80	80	100

Source: Field Data, 2008



From the above table, and bar graph it is evidenced that the response rate was a success as the researcher managed to administer the questionnaire well.

4.3 Quantitative Data Analysis

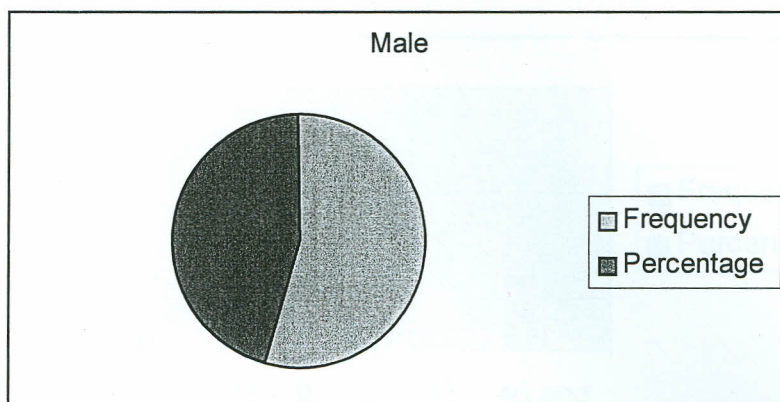
This section of Data analysis discusses the structured options that were used on the questionnaires. The discussion is tabulated to indicate the response rate frequencies expressed as percentages and where further analysis is required, graph and pie charts are also used in presenting the study results.

4.3.1 Gender composition or respondents

Table 4.2 Gender

Gender	Frequency	Percentage %
Male	50	74
Female	18	26
Total	68	100

Source: Field Data, 2008



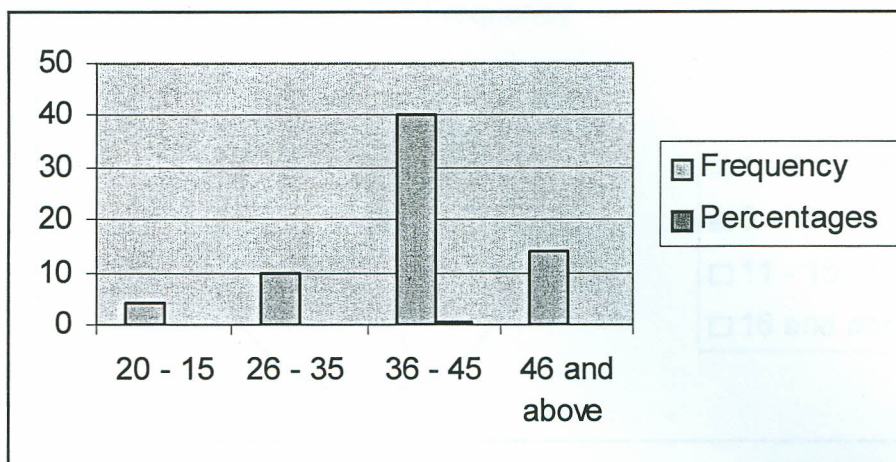
From the table and pie chart above it shows that males comprise the largest proportion of work force in the selected public institutions with a percentage of 74% while females take 26%. This signifies that males are the key personnel in audit department in the selected public institutions.

4.3.2 Information regarding age bracket of the audit staff working at the selected public institutions.

Table 4.3 Age Bracket.

Age bracket	Frequency	Percentages
20 – 25	4	6%
26 – 35	10	15%
36 – 45	40	58%
46 & above	14	21%
Total	68	100%

Source: Field data, 2008



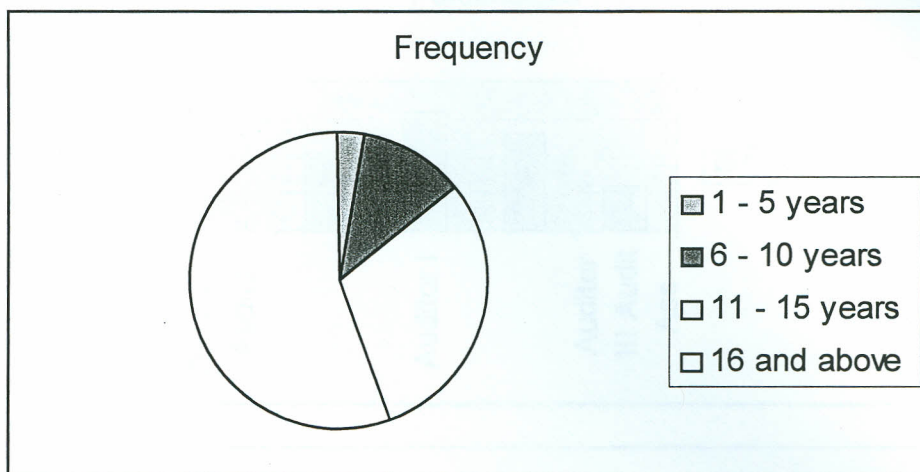
From the above table and bar graph it is evidenced that majority of public audit staff falls within the age's bracket of 36 – 45 years and is represented by 58%. This is followed by age bracket of 46 and above which is represented by 21%. Age bracket of 26 – 35 is only represented by 15% while age bracket 20 – 25 is least represented by only 6%.

4.3.3 Information regarding number of years audit staff have been working with the selected public Institutions

Table 4.4: Number of years in service

	Frequency	Percentages
1 – 5 years	2	3%
6 – 10 years	8	12%
11 – 15 years	20	29%
16 and above	38	56%
Total	68	100%

Source: Field data, 2008



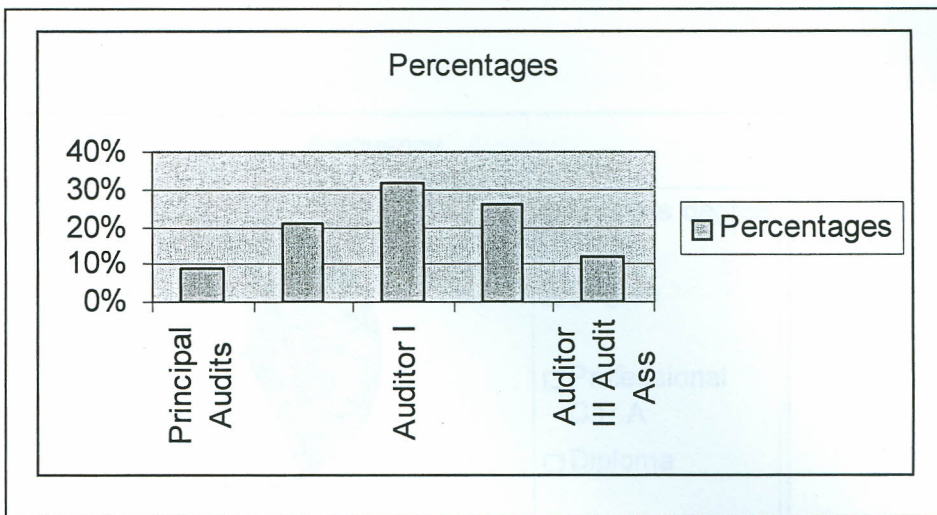
From the above table and pie chart it is evidenced that most of public sector audit staff have been in employment for more than 16 years and this is represented by 56%, followed by those who have been in employment for between 11 – 15 years which is represented by 29%.

4.3.4 Information regarding the designation of the respondents.

Table 4.5

Staff Category	Frequency	Percentages
Principal auditors/Chief	6	9%
Senior Auditors	14	21%
Auditors I	22	32%
Auditors II	18	26%
Auditors III/ Audit Ass	8	12%
Total	68	100%

Source: Field Data, 2008



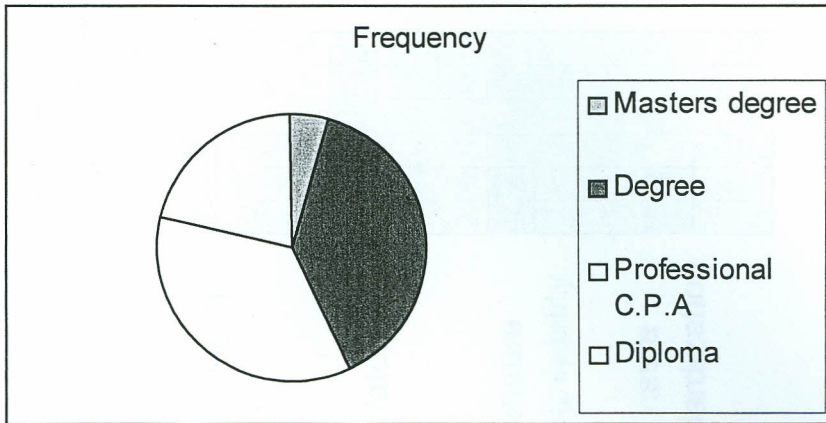
From the above table and bar graph it is evidenced that majority of the respondents fall in the category of Auditor I and auditor II which are represented by 32% and 26% respectively. Senior auditors also follow closely and are represented by 21%.

4.3.5 Information regarding educational background of the respondents.

Table 4.6: Level of Education

Level of Education	Frequency	Percentage
Masters Degree	4	6%
Degree	32	47%
Professional C.P.A./ACCA	30	44%
Diploma	2	3%
Total	68	100%

Source: Field Data, 2008



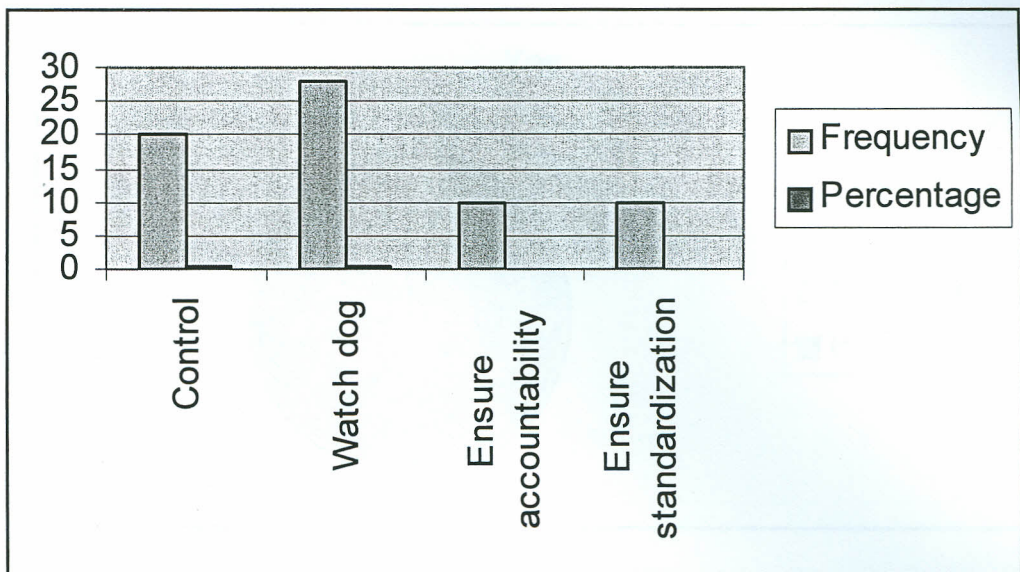
Selected public sector audit staffs are fairly educated and qualified and have relevant experience in their audit profession. This is represented by over 97% of the respondents having attained at least C.P.A Final, a Degree or Masters Degree respectively.

4.3.6 Information regarding role of Audit.

Table 4.6: Respondents opinion on role of Audit

Opinion	Frequency	Percentage
Controls mechanism	20	29%
Watchdog of public funds	28	41%
Ensure accountability	10	15%
Ensure standardization	10	15%
Total	68	100%

Source: Field Data, 2008



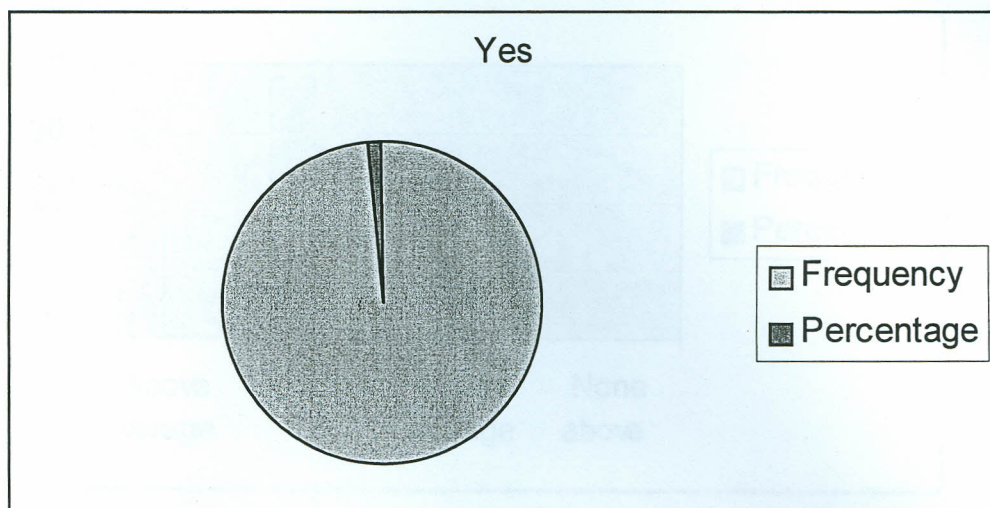
From the above table and bar graph it is evidenced that majority of the respondents understand the role of audit and they express it almost in the same way but in different versions. This is represented by 41% who say that audit serve as controls department, 29% refer audit department as a watch dog of an organization where as the remaining 30% share that audit standardizes operations and ensure accountability respectively.

4.3.7 Information regarding knowledge or strategic audit planning.

Table 4.7 knowledge on strategic audit planning

Opinion	Frequency	Percentage
Yes	58	85%
No	10	15%
Total	68	100%

Source: Field Data, 2008



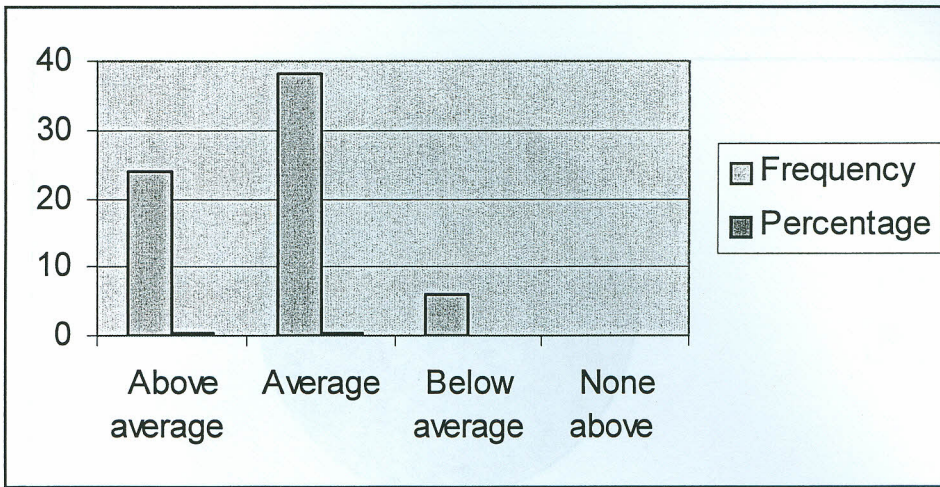
From the above table and pie chart it is evidenced that majority of the respondents understood about strategic audit planning and this is represented by 85%, only 15% are not sure about strategic audit planning.

4.3.8 Information regarding the status of strategic audit planning in public audit institutions

Table 4.8: Strategic audit planning status

Opinion on status	Frequency	Percentage
Above average	24	35
Average	38	56
Below average	6	9
None above	0	0
Total	68	100%

Source: Field data, 2008



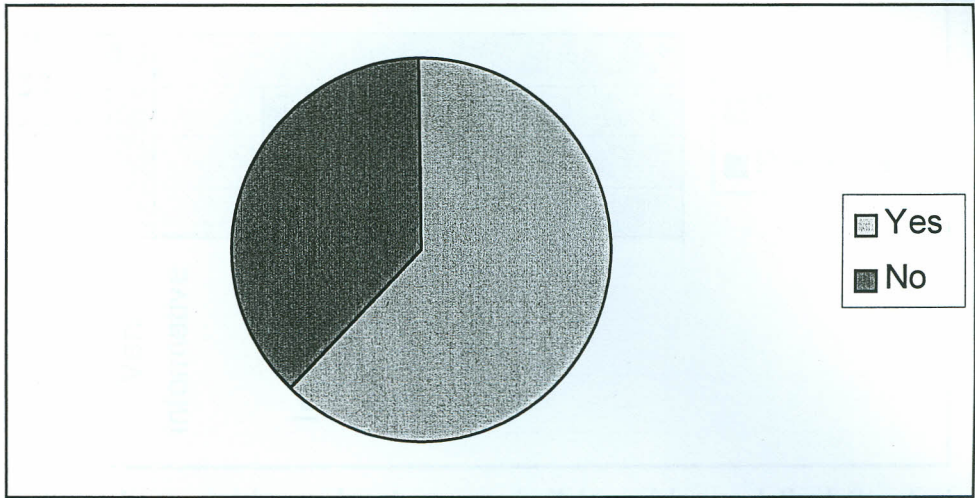
From the above table and bar graph it is clear that 35% of respondents agree that strategic audit planning status in the public sector is above average and majority says it is average and is represented by 56% and lastly 9% saying it is below average.

4.3.9 Information regarding attendance of training/seminar on strategic audit planning

Table 4.9: Attending training / seminar

Attendance	Frequency	Percentage
Yes	42	62
No	26	38
Total	68	100 %

Source: Field data, 2008



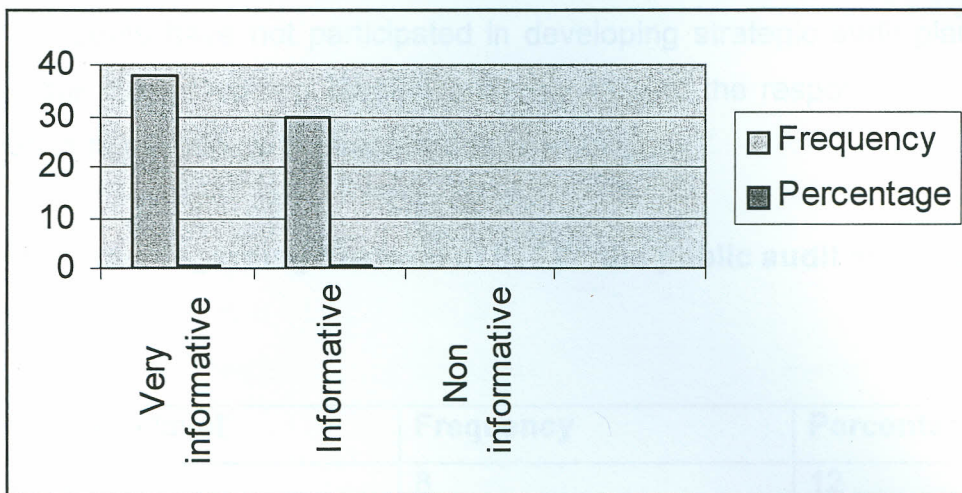
The above table and pie chart shows that most respondents have attended some training sessions on strategic audit planning and that was represented by 85%.

4.3.10 Respondents opinion on how informative the training attended was

Table 4.10: Informative status of training

Opinion	Frequency	Percentage
Very informative	38	56
Informative	30	44
Non informative	0	0
Total	68	100%

Source: Field Data, 2008



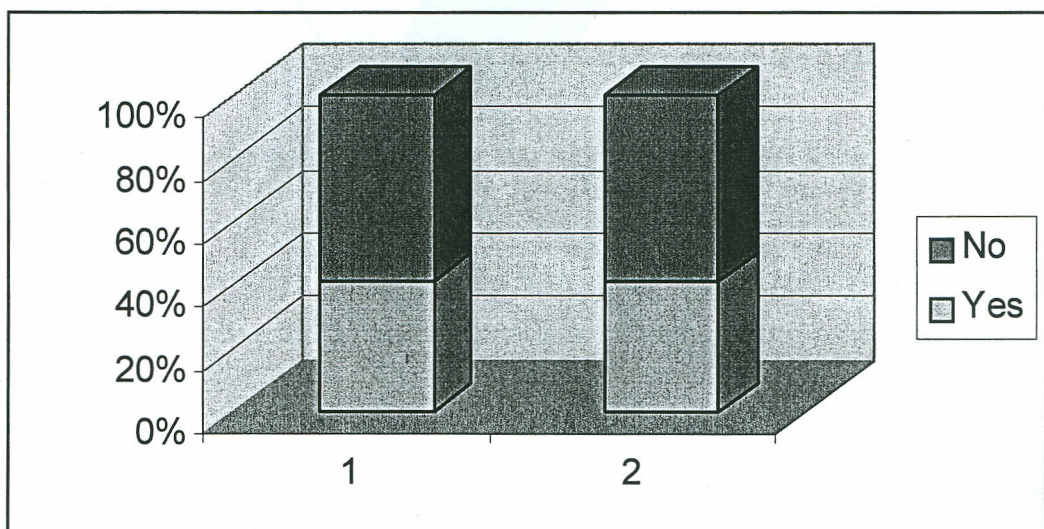
From the above table and a bar graph it is evidenced that the training attended on strategic audit planning was very informative and is represented by 56% of respondents while 44% of the respondents also agreed that the training was informative.

4.3.11 Information on respondents having been involved in developing strategic audit planning.

Table 4.11: Involvement in developing strategic audit planning

Planning involvement	Frequency	Percentages
Yes	28	41
No	40	59
Total	68	100 %

Source: Field Data, 2008



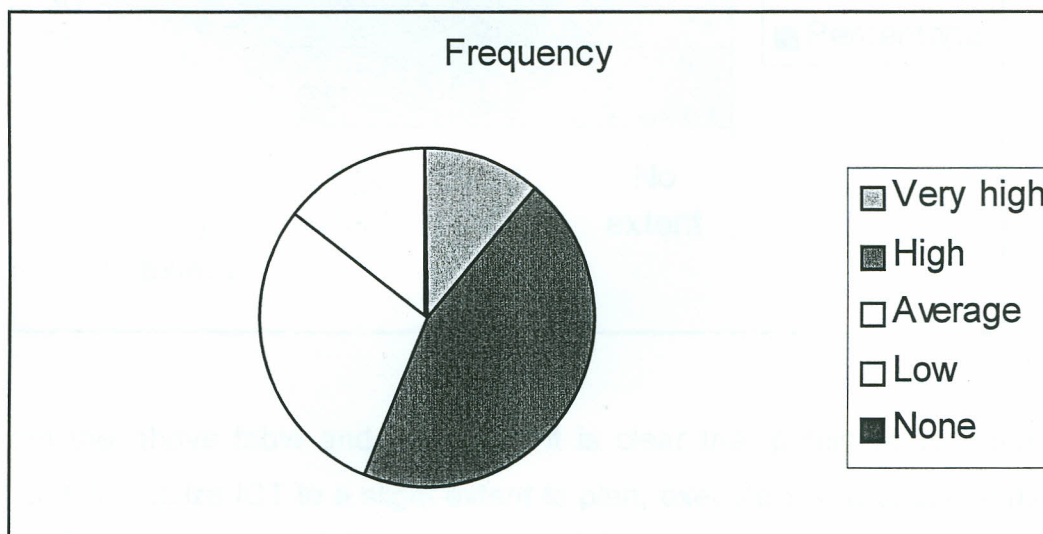
From the above table and bar graph it is evidenced that most of the respondents have not participated in developing strategic audit planning and this is represented by 59% and only 41% of the respondents had a chance to participate in strategic audit planning

4.3.12 Information regarding the level of ICT in the public audit institutions

Table 4.12

ICT usage level	Frequency	Percentage
Very high	8	12
High	30	44
Average	20	29
Low	10	15
None	0	0
Total	68	100%

Source: Field data, 2008



From the above table and pie chart it is evidenced that I.C.T usage in the selected public institutions is high and is represented by 44% saying the

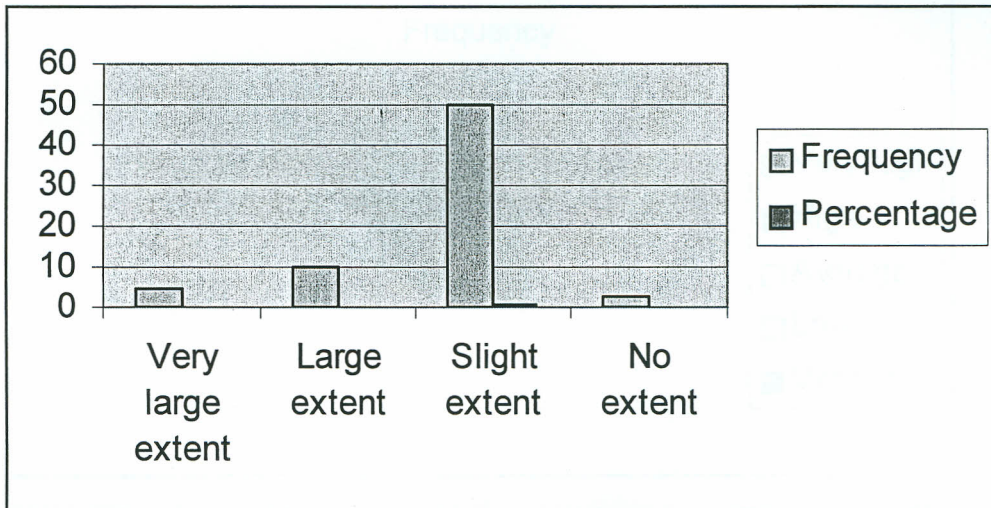
usage is high, 29 % say it is average, and 12% say it is very high and 15% of the respondents say it is low.

4.3.13 Information regarding extent of I.C.T usage to plan execute and produce audit reports.

Table: 4.13: Extent of I.C.T usage

Extent of ICT usage	Frequency	Percentage
Very large extent	5	7%
Large extent	10	15%
Slight extent	50	74%
No extent	3	4%
Total	68%	100%

Source: Field data, 2008



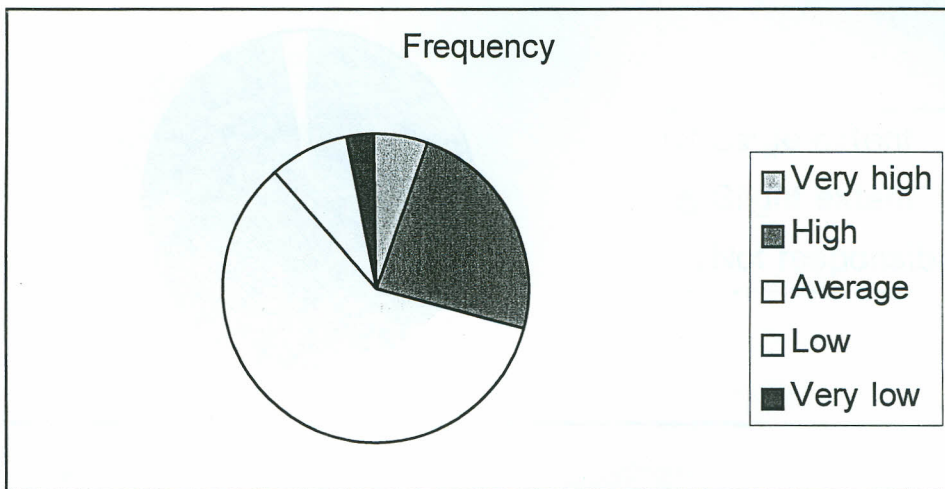
From the above table and bar graph it is clear that public sector audit institutions utilize ICT to a slight extent to plan, execute and produce audit reports and this is represented by 74% of respondents. 15% say that ICT usage is to a large extent and only 7% support that to a very large extent ICT is used while 4% of the respondents say they is no usage of ICT.

4.3.14 Information on opinion of level of motivation of Audit staff in the selected public institutions.

Table 4:14 Opinion on level of audit staff motivation in the selected public institutions.

Opinion	Frequency	Percentage
Very high	4	6%
High	16	24%
Average	40	59%
Low	6	9%
Very low	2	3%
Total	68	100%

Source: Field data, 2008



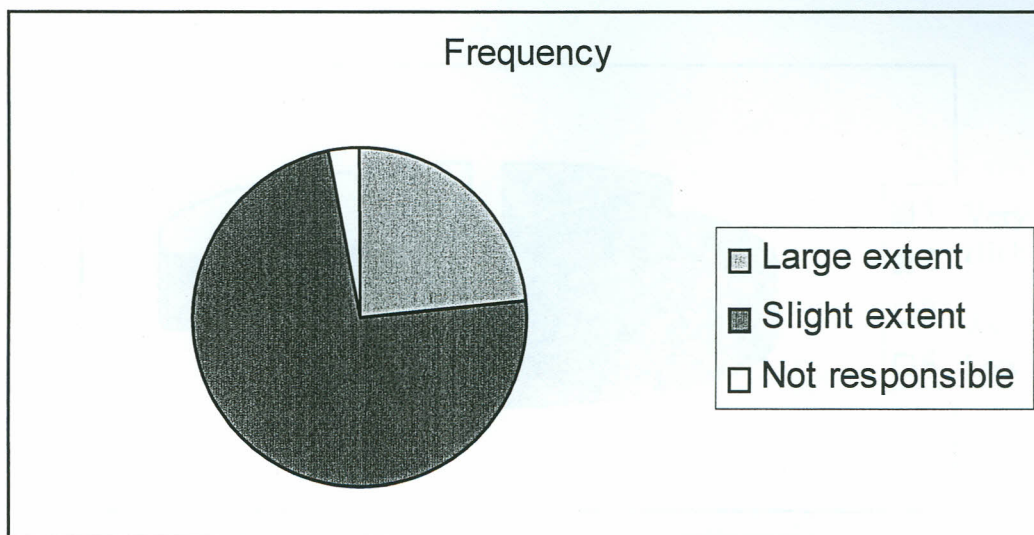
From the above table and pie chart it shows clearly that most of public audit staff say motivation level is average and this is represented by 59% followed by 24% saying the level is high, 6% say very high, 9% say level of motivation is low and 3% say very low.

4.3.15 Information regarding extent of change management strategy in regard to producing quality audit plans

Table 4:15 Opinion on change management and producing quality audit plans.

Opinion	Frequency	Percentage
Large extent	16	24
Slight extent	50	74
Not responsible	2	3
Total	68	100%

Source: Field data, 2008



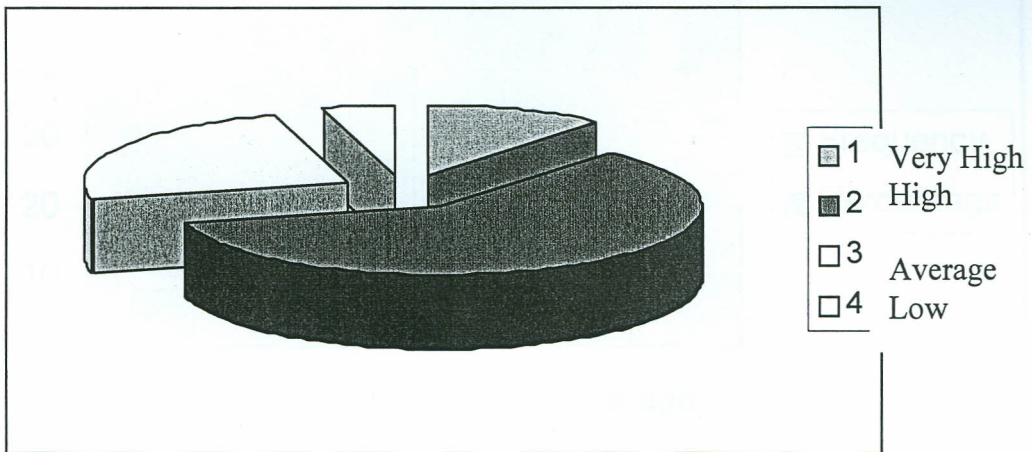
From the above table and pie chart it is evidenced that most respondents share the opinion that change management strategy in the selected public institutions is responsible for producing quality audit plans and this is supported by 74% saying that change management strategy is responsible to a slight extent while 24% say to a large extent, change management strategy is responsible while 3% allege that change management is not responsible for producing quality audit plans.

4.3.16 Information concerning level of team work in the selected public institutions.

Table 4.16: Team work levels

Team work level	Frequency percentage	Percentage
Very high	7	10%
High	37	54%
Average	15	22%
Low	9	4%
Total	68	100%

Source: Field data



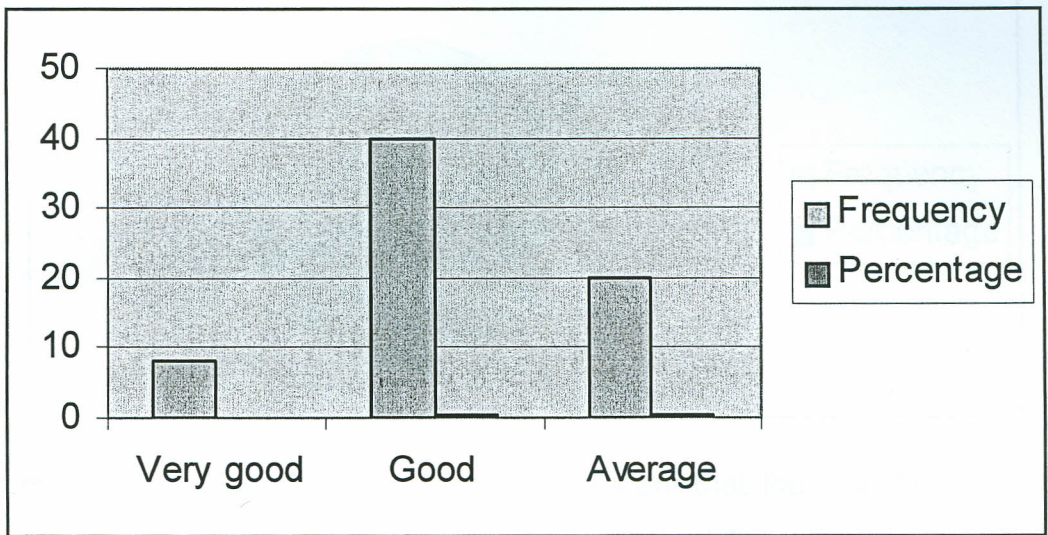
From the above table and pie chart it is evidenced that team work level in the public audit institutions is above average since majority of the respondents are positive about team work levels being high at 54%, 22% say it is average and 4% say teamwork level is low.

4.3.17 Information on training and professional excellence in the selected public institutions.

Table 4.17 Training & professional Excellence

Overall Assessment	Frequency	Percentage
Very good	8	12
Good	40	59
Average	20	29
Total	68	100

Source, Field data, 2008



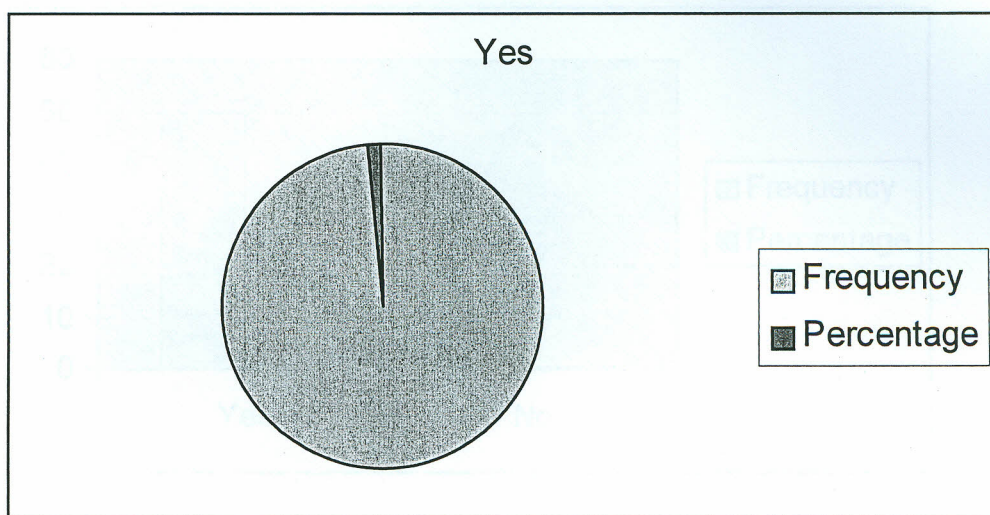
From the above table and bar graph it is evidence that auditors in the selected public institutions view training and professional excellence as a big factor toward the success of strategic audit planning. This is supported by 59% of the respondents who say that training and professional excellence is important, 29% say it is average and 12% say training and professional excellence is very good.

4.3.18 Information on introduction of newly improved audit practices in the public sector.

Table 4.18: Improved audit practices

Opinion	Frequency	Percentage
Yes	65	96%
No	3	4%
Total	68	100%

Source: Field data, 2008



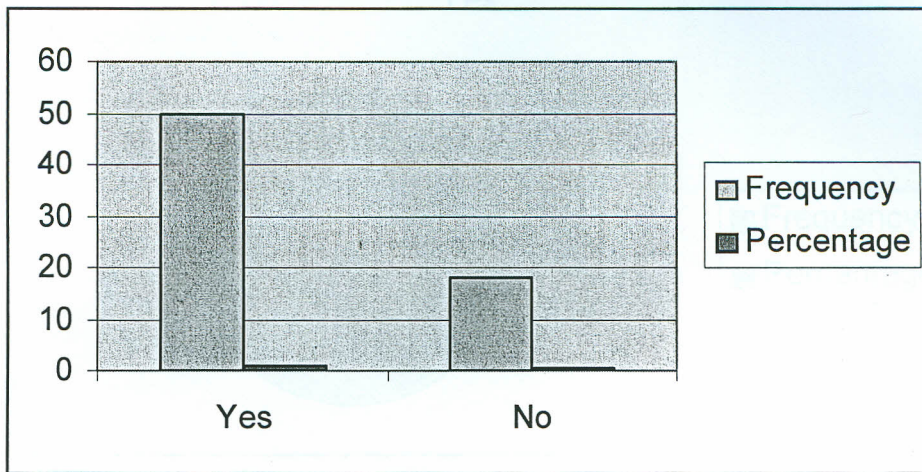
From the table and pie chart above it is evident that the selected public institutions have introduced new audit practices and is supported by the majority of the respondents with 96%.

4.3.19 Information on meeting or exceeding expectation of organizations

Table 4:19 table of meeting expectations

Opinion	Frequency	Percentage
Yes	50	74%
No	18	26%
Total	68	100%

Source: Field data, 2008



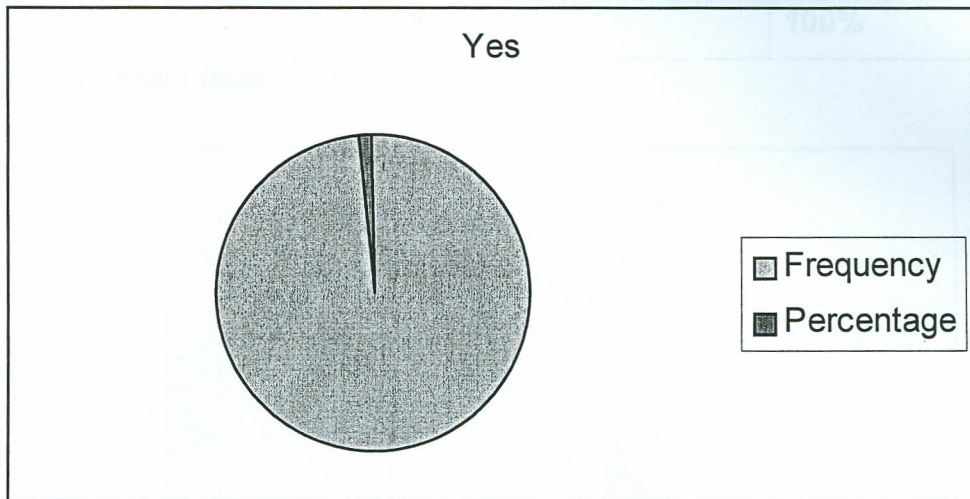
From the table and graph above it is clearly seen that in most cases the audit departments in the selected public institutions met or exceeded the expectations and this is supported by majority of the respondent saying yes and represented by 74% while 18% say they did not meet the expectations for the last 2 years.

4.3.20 Information regarding reward for extra performance above targets.

Table 4.20 Reward for extra performance

Opinion	Frequency	Percentage
Yes	40	59%
No	28	41%
Total	68	100%

Source: Field data, 2008



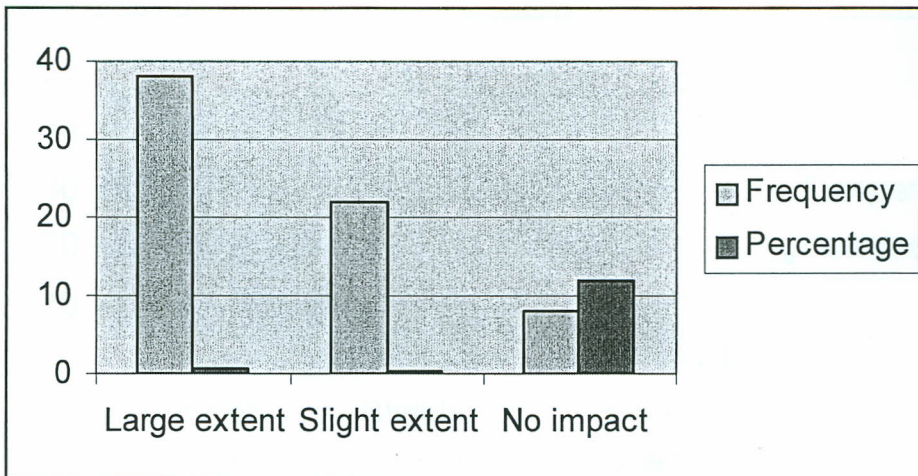
From the above table and pie chart it is clear that 59% of the respondents say extra performance above set target is rewarded and least 40% say it is not rewarded.

4.3.21 Information regarding how adequate resources impact on the planning and executing of audit plans at KENAO

Table 4.21: Impact of adequate resource on planning and execution

Respondents opinion	Frequency	Percentage
Large extent	38	56%
Slight extent	22	32%
No impact	8	12%
Total	68	100%

Source: Field data, 2008



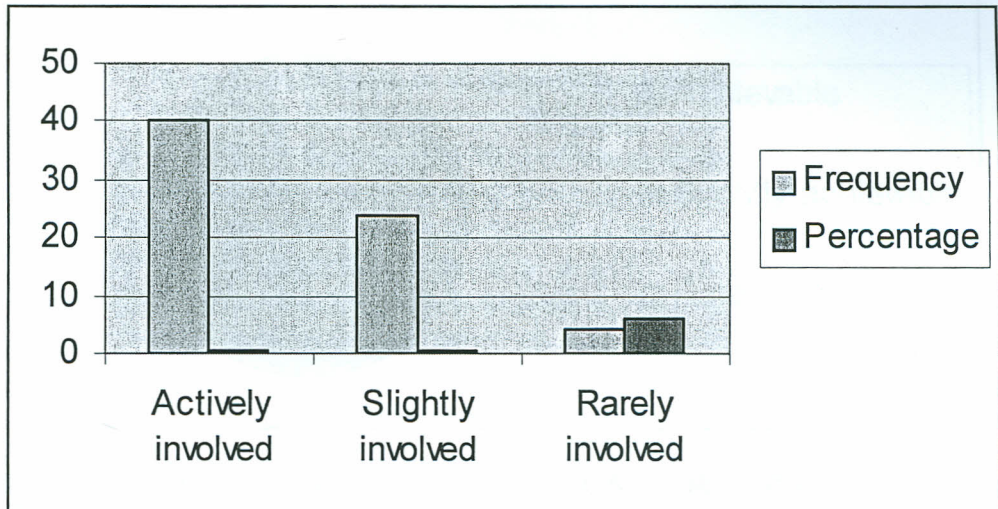
From the above table and bar graph it is clear that adequate resources have an impact to a large extent on the planning and execution of audit plans in the selected Public institutions and this is supported by majority of respondents represented by 56% and 32% say the impact is to a slight extent while only 12% say that there is no impact.

4.3.21 Information regarding overall rating of audit staff involvement in the planning of audits assignments.

Table 4: 22 Staff involvement in audit planning and assignment

Opinion on involvement	Frequency	Percentage
Actively involved	40	59%
Slightly involved	24	35%
Rarely involved	4	6%
Total	68	100%

Source: Field Data, 2008



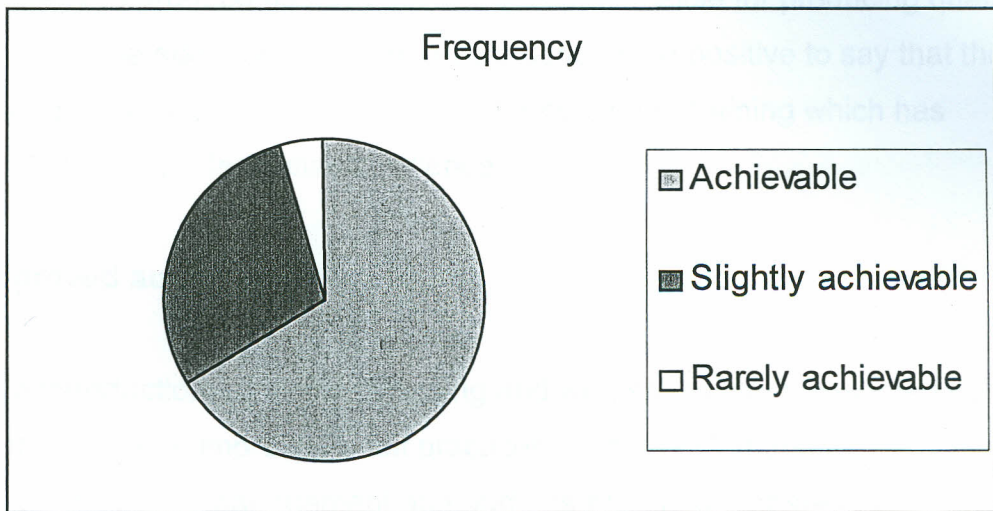
From the table and bar graph above it is clear that majority of auditors in the selected public audit institutions are involved in the planning of audit assignments and this is represented by 59% saying they are actively involved and 35% say they are slightly involved. Only 6% of the respondents say they are rarely involved.

4.3.23 Information regarding performance targets set by supervisors

Table 4.23: Set targets by supervisors

Opinion on set targets	Frequency	Percentages
Achievable	45	66%
Slightly achievable	20	29%
Rarely achievable	3	5%
Total	68	100%

Source: Field data, 2008



From the above table and pie chart above it is evidenced that most of the performance target set by supervisors are usually achievable. This is portrayed by the fact that 66% of the respondents say targets are achievable and 29% of the respondents say targets are slightly achievable.

4.4 QUALITATIVE DATA ANALYSIS

These are analysis from unstructured questions of the questionnaire which gave the respondents an opportunity to freely express their opinions. The data is judgmental in nature and the analysis presented as follows.

Role and mandate or Audit:

The respondent generally agreed that audit is a control mechanism used to ensure effective utilization of resources in the most economical manner and safe guard against public funds to achieve value for money.

Change management strategy.

According to data gathered it was evident that use of change management strategy to produce quality audit plans is responsible for producing quality and reliable audit reports. The respondents were positive to say that the change management is responsible for continued training which has impacted on professional excellence.

Improved audit practices:

The introduction of constant training and workshops by the selected public institutions has improved audit practices such as risk management audit and public dept management and auditors are no longer seen as policemen but as watch dogs of the public.

Targets set and reviews

On how selected public institutions handle those who do not meet deadlines, most respondent argued that deadlines are usually met since there have been continuous performance appraisals, frequent audit reviews that encourage staff to meet deadline on a timely basics. Other respondents admitted that there are no criteria in dealing with those Auditors failing to meet deadlines.

Adequate resources

Adequate resources are major tools for planning and executing audit plans as most respondents agreed. It is rated highly among factors affecting the strategic audit planning in the public sector.

Professional excellence:

Most of the respondents rated professional excellence highly as the expectation by organizations and the general public for any meaningful audit performance. They argued that audit recognition come as a result of professional excellence acquired through education, training, experience and work ethics.

CHAPTER FIVE

SUMMARY OF FINDINGS CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

The main purpose of this section of the study is to give a detailed analysis of the findings and conclusions from respondents, on the determinants and analysis of effective implementation of strategic audit planning in selected public institutions.

5.2 Major findings of the study

Professional Excellence

The study revealed that most respondents are concerned that professional excellence at both personal level and organizational level is important in strategic audit planning in the public sector to attain and maintain the reputation of public auditors as professionals with a name to protect and deliver to the expectation of the general public.

Motivated staff

The study established that motivation levels of most public audit staff is average as roughly half of the respondents concurred, while a quarter of respondents said that motivation levels in their institutions is high and a small percentage of the respondents felt that motivation levels is low. Respondents felt that a reward motivation mechanism should be instituted to those who meet or exceed targets. Motivation was seen as an important ingredient in the successful strategic audit planning in the public sector.

Team work

The study discovered that the level of team work as was expressed by most respondents is high and is evidenced by the fact that majority agreed that cohesion, team work and consultations are important to achieve goals set by an organization.

Training

The study revealed that majority of selected public sector audit staff have attended training sessions geared towards implementation of strategic audit planning and this is supported by over 85% of the respondents. However, some respondents however stated that they did not know what strategic audit planning entailed.

Change Management Strategy

The study found out that sound change management strategy in the selected public institutions can improve the quality of audit plans and reports. The change can help in attitude change and mind set to accept new concepts and innovations geared towards improving the old way of doing things.

Adequate Resource

The study established that adequate resources play a big role in planning, execution and timely reporting. Inadequate funding for instance lead to constrain in terms of facilitating audit staff with the necessary tools required to undertake audit tasks and which leads to delay in reporting and hampers the effective implementation of strategic planning in the public sector.

Policy and Strategy

The study revealed that I.C.T policy and strategy in audit of public sector need to be strengthened to incorporate the emerging methods of conducting effective audit in a timely manner and would contribute immensely to the development of strategic audit planning.

5.3 Answers to Research Questions

i What influence has professional excellence on the implementation of strategic audit planning in public sector?

Professional excellence is largely responsible for thorough and precise audit plans designed to achieve the set objectives of an organization within the set time frame.

ii. How do training, teamwork and motivation among audit Staff affect the implementation of strategic audit planning in public audit institutions?

Continuous training and development, teamwork and motivation are key components of strategic audit planning as they help to infuse new ideas into an organization for effective implementation of strategic audit planning.

iii. To what extent can adequate resources contribute to the implementation of strategic audit planning in public audit organizations?

Adequate resources such as adequate funding can enable organizations to plan for work without limitations and constrains and which can lead to successful implementation of strategic planning in the public sector.

iv. To what extent can comprehensive audit plans, monitoring and evaluation policy influence the implementation of strategic audit planning in public audit sector?

Monitoring and evaluation is a tool used to obtain feedback on the staff performance, their involvement in setting the short and long term objectives of an organization and is a guide to successful implantation of strategic audit planning

v. How can an ICT policy and strategy impact on the implementation of strategic audit planning in public audit organization?

A good and effective ICT policy and strategy can greatly aid in planning for audit assignments, controlling, executing and reporting within manageable time limits and with few constrains and in the process achieve efficiency and cost effectiveness.

5.4 Recommendations of the study

The following are some of the recommendations that the researcher thought fit for establishing some of the factors considered important in the successful implementation of strategic audit planning in the public sector.

Professional Excellence

The audits staff and organizations should strife to achieve and maintain professional excellence and work ethics in the course of their training and working.

Motivated staff

The organizations should try to motivate staff by giving incentives to those who meet or exceed set targets, push to have their reports acted upon for remedial measures.

Monitoring and evaluation is a tool used to obtain feedback on the staff performance, their involvement in setting the short and long term objectives of an organization and is a guide to successful implantation of strategic audit planning

v. How can an ICT policy and strategy impact on the implementation of strategic audit planning in public audit organization?

A good and effective ICT policy and strategy can greatly aid in planning for audit assignments, controlling, executing and reporting within manageable time limits and with few constrains and in the process achieve efficiency and cost effectiveness.

5.4 Recommendations of the study

The following are some of the recommendations that the researcher thought fit for establishing some of the factors considered important in the successful implementation of strategic audit planning in the public sector.

Professional Excellence

The audits staff and organizations should strife to achieve and maintain professional excellence and work ethics in the course of their training and working.

Motivated staff

The organizations should try to motivate staff by giving incentives to those who meet or exceed set targets, push to have their reports acted upon for remedial measures.

Team Work

The auditors should always develop and maintain a good working relationship to enable team work to be embedded in their organizations for effective delivery of services in a timely manner.

Training

The organizations should continuously train staff on emerging audit techniques and procedures and provide training facilities which will enable the workforce match the competitive market.

Change Management Strategy

The organizations should develop better change management strategies by holding seminars on paradigm shifts, re- engineering and re- focusing on the mission and vision of their organizations to accommodate the ever changing technology across the globe.

Adequate Resources

The organizations should avail to its work force adequate resources to enable the audit staffs obtain the much needed working tools and be fully facilitated to avoid constrains which can hamper the successful implementation of audit planning in the public sector.

ICT Policy and strategy

The ever changing ICT world requires organization to move in tandem with technology to avoid becoming irrelevant and monotonous and this

should be reviewed periodically to enable the work force cope up with the ever changing ICT world.

5.5 Conclusion

Based on the findings of the researcher and the responses given, it was clear that the effective implementation of strategic audit planning in public institutions has not been successful due to various gaps the respondents enumerated in the questionnaires which has resulted to little improved audit practices in the country. Audit of public institution has been planned within the confines of the tasks to be carried out within a year and not *more than that. Most of the staffs in public offices are not fully involved in development of strategic plans and implementing the plans faces hurdles of interpretation. Most of the staffs have also acquired necessary experience and skills to face challenging tasks but continuous training is recommended.*

5.6 Room for further study

Following the relative small sample of 80 respondents of which 68 responded, more studies will need to be carried out in the areas covered and possibly come up with more comprehensive evidence, analysis and interpretations and this study suggests some of the following areas to be potential for future studies using a larger sample;

- Relationship between adequate resources and the effective implementation of strategic planning in the public sector.
- Professional excellence and the emerging challenges in effective implementation of strategic audit planning in the public sector.
- Change management strategy as a key factor in the effective implementation of strategic audit planning in the public sector.

should be reviewed periodically to enable the work force cope up with the ever changing ICT world.

5.5 Conclusion

Based on the findings of the researcher and the responses given, it was clear that the effective implementation of strategic audit planning in public institutions has not been successful due to various gaps the respondents enumerated in the questionnaires which has resulted to little improved audit practices in the country. Audit of public institution has been planned within the confines of the tasks to be carried out within a year and not more than that. Most of the staffs in public offices are not fully involved in development of strategic plans and implementing the plans faces hurdles of interpretation. Most of the staffs have also acquired necessary experience and skills to face challenging tasks but continuous training is recommended.

5.6 Room for further study

Following the relative small sample of 80 respondents of which 68 responded, more studies will need to be carried out in the areas covered and possibly come up with more comprehensive evidence, analysis and interpretations and this study suggests some of the following areas to be potential for future studies using a larger sample;

- Relationship between adequate resources and the effective implementation of strategic planning in the public sector.
- Professional excellence and the emerging challenges in effective implementation of strategic audit planning in the public sector.
- Change management strategy as a key factor in the effective implementation of strategic audit planning in the public sector.

REFERENCES

- Armstrong (1999). A Handbook of Human Resource Management Practice
- Badaracco J. (1991). The Knowledge Link Cambridge, M.A.
- Barton L (1995), Wellsprings of Knowledge: Building and Sustaining
Cambridge, M.A Harvard University Press.
- Daily Nation. Tuesday, March 22, 2005, Introduction of Performance
- Davidson W. (1988), Technology, Environment and Organizational
Harvard Business School Press.
- East African Standard – Friday, June 8, 2004, Merit First in State Jobs.
- Employee Performance. London, International. Thomson Business Press.
- Government of Kenya. Contracts in Management of Public Service.
- Goodstein, L.D Nolan, T.M Pfeifer, J.W. (1993) Applied Strategic Planning
- Government of Kenya. Internal Audit Manual November 2005.
- Harvard University School Press. High-Tech Firm, Graduate School of Business
University of Colorado, USA.
- Hoskinsson R (1994), Downscoping: Taming and Diversified Firm
in Developing Countries and Africa.
- Kenya Government. (2003), Economic Recovery Strategy for Development,
- Kenya National Audit Office. 2004. Strategic plan. Nairobi
- Kotler P. (1990), A force for change New York: The Free Press.
- Mintzberg H. (1971), Managerial Work New York: Free Press.
- Malawi training strategy 2005-2010. National Audit Office of Malawi

Mugenda, O. and Mugenda A. (2003), Research Methods, Acts Press, Nairobi.

Office of the President (2002). Public Sector Integrity Programme of Kenya

Peter E. Drucker (1973) Management task, responsibilities and practices

Public Audit Act (2003). Laws of Kenya

Schonberger R. (1996). World Class manufacturing: The Next Decade

Schumpeter J. (1934). The Theory of Economic Development: spells out new
Job terms

Sources of Innovation. Cambridge M.A. Havard Business School Press.

The People Daily. Wednesday, June 16, 2004, Government.

The Standard. Thursday, February 17, 2005, Contract for Civil Servants.

The State Corporation (Performance Contract) Regulation, 2004. Kenya.

Toprrington D. (1998) Human Resource Management, 4th Edition.

Wealth and Employment Creation (2003 – 2007). Planning Ministry, Nairobi.

Wikipedia. The free encyclopedia [www.wikipedia .com](http://www.wikipedia.com)

William R. (1998). Performance Management.

Womack P. (1990), The Machine that changed the World New York.

<http://10.ssc.govt.nz/pathfinder> New Zealand

www.nao.mw training strategy

(www.decd.org), (ww.oecd/PUMA) (2003), Economic Realities
7th Edition, Kagan Page Ltd U.S

APPENDIX I
QUESTIONNAIRE

Patrick C Kibe
P.O. Box 49384 – 00100
Nairobi.
Date: 24 April 2008

Dear Respondent,

RE: ASSISTANCE IN FILLING IN OF QUESTIONNAIRE

This is to kindly request you to help fill the attached questionnaire. I am a student of Kenyatta University pursuing Master of Business Administration Degree. In partial fulfillment of the course requirements, I am undertaking a research project on the effective implementation of audit planning in the public sector. You have been chosen as part of the sample to establish the determinants of strategic audit planning.

I kindly request you to help in gathering information in the questionnaire to the best of your ability to present useful contribution which may help improve the audit planning in public sector. Your cooperation will be appreciated and information received will be for the purpose of study only and will be treated with confidence.

Yours faithfully,

Patrick C Kibe.

Kindly complete all questions

Section 1

BIODATA

(Tick appropriate or applicably)

1. Gender: 1. Male 2. Female

2. Your age bracket?
 1. 20 – 25 2. 26 – 35 3. 36 – 45 4. 46 & above

3. How long have you worked in your organization?
 1. 1 – 5 years 2. 6 – 10 years 3. 11 – 15 years
 4. 16 years and above

4. What is your designation?

5. What is your highest level of education/qualifications? Tick as appropriate
 1. Secondary 2. Diploma Degree 4. CPA/ACCA
 5. Masters Degree 6. Others specify _____

SECTION II

1. Briefly explain in your own words, the role and mandate of audit in your organization.

2. Have you heard about strategic audit planning?

1. Yes 2. No

If yes, briefly describe about it?

3. What in your opinion is the status of audit planning in your organization?

1. Above average

2. Average

3. Below average

4. None

4. Have you attended any training/seminar on strategic audit planning?

1. Yes 2. No

5. If yes, how informative was the training?

1. Very informative

2. Informative

3. Not informative

6. Have you ever been involved in the development of strategic audit planning? If so, what specific role did you play? _____

1. Yes

2. No

7. In your assessment, what is the level of Information Communication Technology usage in your organization?

1. Very high

2. High

3. Average

4. Low

5. None

8. To what extent does your audit department utilize Information Communication Technology to plan for audits, execute and produce audit reports?

1. Very large extent

2. Large extent

3. Slight extent

4. No extent

9. What in your opinion is the level of motivation of audit staff in your organization?

- 1. Very high
- 2. High
- 3. Average
- 4. Low
- 5. Very low

10. How in your opinion is change management strategy responsible for quality audit reports?

- 1. Large extent
- 2. Slight extent
- 3. Not responsible

Briefly explain your answer _____

11. What in your assessment is the level of team work in your organization?

- 1. Very high
- 2. High
- 3. Average
- 4. Low

12. What is your overall assessment of your organization regarding training?

1. Very good

2. Good

3. Average

4. Poor

13. Has your organization introduced any newly improved audit practices recently?

1. Yes

2. No

If yes give examples

14. Has your department met, or exceeded the expectations of your organization in the last two years?

1. Yes

2. No

15. Does extra performance achieved above set targets, get rewarded?

1. Yes

2. No

Please explain.

16. How does your institution handle Officers who do not meet work deadlines?

17. How do adequate resources impact on the planning and execution of audit plans in your organization?

1. Large extent 3. No impact
2. Slight extent

Briefly explain your answer _____

18. In your assessment, what is the overall rating of your audit staffs' involvement in the planning of audit assignments?

1. Actively involved
2. Slightly involved
3. Rarely involved

19. How do you regard the performance targets set by your immediate supervisor?

1. Achievable
2. Slightly
3. Rarely

Briefly explain your answer.

20. In your opinion, indicate the significance of the impact of the following factors in strategic audit planning of your organization. Indicate with a tick.

(use 1 = Very high 2 = High 3 = Average
 4 = Low 5 = Very low 6 = Not at all)

Factors	Rating					
	1	2	3	4	5	6
Adequate resources						
Professional excellence						
Adequate training/reward Motivation						
Team work and consultation						
Change and management Innovation						
Information communication Technology						

**APPENDIX II
TIME SCHEDULE**

ACTIVITY	SEPT 07- JAN 2008	APRIL-2008	APRIL 2008	MAY 2008
Proposal and Development				
Submission of proposal				
Questionnaire and Data Collection				
Data coding analysis and interpretation				
Presentation of findings and recommendations				

APPENDIX III

PROPOSED BUDGET

ITEM	QUANTITY	TOTAL KSHS.
Typing proposal		3,000.00
Proposal copies	8 copies	3,000.00
Binding	8 copies	800.00
Flash disk	1	1,500.00
Questionnaire	120	4,000.00
Report	1 copy	800.00
Computer time	180 hours	10,000.00
Photocopies of report	4	3,000.00
Travel and subsistence		15,000.00
Contingencies		15,000.00
Total		55,300.00