INTERNAL CONTROLS AND FINANCIAL PERFORMANCE OF COUNTY GOVERNMENT OF LAMU, KENYA

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DECLARATION

This scholarly work is mine with no prior submission for examination by any other college or university.

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This project has been forwarded for evaluation with my consent as university supervisor.

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DEDICATION

I bestow this task to my Dad Omar, sisters Iman and Brother Hussein for their unceasing support and motivation to pursue my dreams including the completion of my postgraduate studies.

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OPERATIONAL DEFINITION OF TERMS

Control Activities: These are the policies, procedures and actions such as the segregation of duties that are crucial in ensuring that the directives of an organization's management are carried out to address risks that may affect the realization of set objectives.

Control Environment: This encompasses the general attitude, cognizance as well as the actions of county management as it pertains to internal controls and their urgency and is reflected by among others commitment and competence in the county government.

Financial Performance: Extent of realization of the financial goals of the county government over a given period of time as demonstrated by the ability to realize revenue targets and to pay due bills, capacity to fund county services and the ability to meet development expenditure requirements stipulated in the PFM Act.

Information and Communication: This is whereby data related to finances, operations and compliance is identified, captured and exchanged on time through proper communication channels in order to enhance individuals' ability to carry out, manage and also control operations within the county government.

Internal Controls: These are the various mechanisms adopted the management of the county government to assist in realizing the management's objectives and also to prevent misuse of the county government's resources.

Monitoring Activities: These are the rules, practices, and guidelines that reveal details about prospective and existing flaws in the county government control system and can be discovered, among other ways, through self-evaluations, audits, and management reviews.

Risk Assessment: This entails the actions aimed at determining the particular nature of risk facing the county government and the nature of controls required to deal with and manage the identified risks so that the objectives of the county government are realized.

ABBREVIATIONS AND ACRONYMS

FY	Financial Year
IGF	Internally Generated Funds
IT	Information Technology
OSR	Own Source Revenue
PFM	Public Finance Management

ABSTRACT

Satisfactory performance of Kenyan county governments financially is of great essence for accelerated economic development particularly in the grassroot level. A major concern several years after transition in to devolution has been the increasingly dismal financial performance of several county governments especially when assessed in terms of their own source revenues, pending bills and also the capacity to fund county services among other performance measures. The County Government of Lamu is among the county governments that have witnessed financial performance challenges and a key contributor to such concerns is weak internal control systems within the county government. Yet, research on how internal controls effect on county government's performance is not exhaustive. It is on this basis that the study sought to assess the effect of internal controls on the financial performance of the County Government of Lamu. The study sought to ascertain the effect of control environment, risk assessment, information and communication, monitoring activities and control activities on the financial performance of the County Government of Lamu. The study was underpinned by the agency theory, the stewardship theory and the positive accounting theory. The study used an explanatory research design. The study targeted 6 executive committee members, 13 chief officers, 20 county directors and departmental/unit heads as well as 726 middle management level employees. To select the sample, stratified sampling method was used. The sample consisted of 2 executive committee members, 4 chief officers, 7 county directors and departmental/unit heads and 249 middle level staff, all totaling to 262. The study employed primary data and this was gathered through a questionnaire. Secondary data on own source revenue was collected using a secondary data collection template. Informed consent and voluntary participation, confidentiality and anonymity, and seeking approval and authorization to carry out the study are ethical issues that were considered. To analyze the data, both descriptive and inferential analysis were undertaken. Diagnostic tests consisted of normality, multicollinearity and heteroscedaciticity tests were conducted. Multiple linear regression analysis was conducted to compute regression estimates to be used in testing the outlined hypotheses. The results obtained was presented using tables. The study showed that control environment, information and communication, monitoring activities and control activities, all above had the significance threshold of $p < 0.05$ hence all had statistically significant effect on financial stability of County Government of Lamu. The study concluded that popular of the responders established to abundant magnitude with the fact that control environment, information and communication, monitoring activities and control activities indeed affected the financial health of County Government of Lamu. The study recommended that County Government of Lamu should ensure that all staff show their commitment and competence on their responsibilities and should perform their duties as per laid out standards. It also recommends that all activities and operations in this county should be guided by high level of integrity and ethical values among the county employees. Furthermore, specific lines of authority and responsibilities should be checked to confirm adherence to the set policies and procedures. It also recommends that information should be shared openly with the county officers and there be timely flow of this information to enable county staffs to perform their responsibilities. There should be regularly, timely and reliable provisions of reports from county units to county employees to enhance decision making as well as regular monitoring of the efficiency of county government operations and alignment to set objectives as well as regular self-assessment of quality and effectiveness of internal control systems across all units.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Over the years, devolution is among the critical reforms that have been adopted enhance performance within the public sector in various nations. In Kenya, as pointed out by Kubai (2015), the creation of county governments as stipulated in the country's constitution has been considered as a way of supporting development at the grassroots levels. Nonetheless, in discharging their mandate, these county governments are continually confronted with several challenges that have been detrimental to the financial health or performance of these county governments leading to unmet citizen aspirations (Makhaya & Maniagi, 2020).

Generally, it has emerged that weak internal control systems are among the leading factors that have exacerbated unsatisfactory financial performance in Kenyan county governments as underlined by Lerno (2016) and Bosharo and Abuga (2021) among others. Such systems have been linked to among others mismanagement, wastage and extravagant spending, collusion to fraud as well as the loss and embezzlement of revenues making it difficult for many county governments to efficiently discharge their mandate (Nyaga, 2016; Cheruiyot et al., 2017; Ngigi & Busolo, 2019). As such, strong internal controls in county governments are indispensable as they are a foundation for the realization of set financial and non-financial performance goals, objectives and targets (Musya, 2014; Kosaye, 2018; Galgallo, 2021).

This study aims to evaluate the effects internal controls have had on the financial health of the County Government of Lamu. This is among the county governments facing various financial performance challenges such as the inability to meet own source revenue targets which causes the county to over rely on equitable share as part of fiscal transfers (County Government of Lamu, 2020). Among the gaps leading to such challenges as highlighted by the Kenya School of Revenue Administration (2021) relates to internal control mechanisms such as the lack of daily revenue reporting mechanism and the failure to fully implement audit reports recommendations. Yet, there are no exhaustive studies on the combined impact of different internal control components on the financial stability of county governments in Kenya and more specifically, the County Government of Lamu. Hence, there a need to carry out this study.

1.1.1 Internal Controls

Internal controls as described by Bauer (2016) are the measures that organizations institute in order to warrant the realization of their objectives, goals as well as their missions. They are viewed as systems of procedures and policies for protecting an organization's assets, creating reliable financial reporting, ensuring that all parties abide by the established laws and regulations as well as achieving effectiveness and efficiency in various operations (Zakaria, Nawawi & Salin, 2016). Internal control system has five components that are usually interconnected and have to function adequately to enhance its efficiency (AlRawi, Mosteanu, & Alrawi, 2019). This components include control environment, risk assessment, information and communication, monitoring activates and control activities.

Control environment set out organizations' tone impacting the control cognizance of their people (Joseph, Albert & Byaruhanga, 2015). It is upon which all other components within an internal control system are founded and gives structure and discipline. The control environment factors in an organization constitute among others the integrity, ethical values, and its people's competence, as well as management control consciousness and operating style (Hermanson, Smith & Stephens, 2012). The fundamental component of managing an organization is the control environment. This is due to it stands for management's beliefs and behaviors on the value of internal audit in the economic unit (Theofanis *et al* 2011). Conversely, it serves as the basis for the further interior control measures and provides structure. Ussahawanitchakit and Sudsomboon (2019). According to Amudo and Inanga (2019), a control environment helps to reduce the amount of fraud that occurs during organizational operations. It also affects how well an entity's internal controls system performs. Therefore, a public institution's ability to effectively govern its surroundings is crucial to the success of its operations.

Risk assessment is aimed at determining the particular risks facing an entity and the nature of controls required to deal with and manage the identified risks so that the objectives of the organization are realized (Bayyoud & Sayyad, 2015). It includes among others information for identification of risks related to material misstatement, the analysis and evaluation of risks as well as their documentation (Mihaela & Iulian, 2012). Risk assessment is the documentation and breakdown of pertinent jeopardies connected to achieving the administration's obligations (Theofanis, *et al* (2011). Equally, Sudsomboon & Ussahawanitchakit, (2019) sight risk assessment as the procedure of ascertaining and scrutinizing administration eminent dangers to the grounding of business reports that would be accessible justly in conformism with GAAP. The administration must carefully determine the degree of risk that must be recognized and then work to maintain that risk within firm timeframes. Hence, public organizations are obligatory to regularly evaluate the level of danger they are facing so as to take the necessary steps.

Information and communication is whereby data related to finances, operations and compliance is identified, captured and exchanged on time in order to enhance individuals' ability to carry out, manage and also control operations within the organization (Abdullahi & Muturi, 2016). It also refers to the process of locating, gathering, and disseminating pertinent information in a suitable way and within a certain time limit so as to achieve the goals of financial reporting (Aldridre & Colbert, 2014). Effective communication, however, should include sharing information across the many divisions of the company (Theofanis et al., 2011). Considering how important it is to the collaborative connections inside the firm at all levels, information and communication are emphasized as one of the ICS components in the majority of the contemporary research on internal control system frameworks (Amudo & Inanga, 2019). Therefore, in order for staff to fulfill their duties with relation to target attainment, such information must be shared throughout the whole firm.

Monitoring activities are aimed at providing information pertaining to possible and concrete failures in internal controls systems and can be executed via external audits, self-assessments, or direct testing these systems (Lachney, 2018). Monitoring entails assessing the internal controls' quality. Internal control systems are often assumed to require to be appropriately examined so as to assess the quality and effectiveness of the organization's performance over time. Assessment and other appraisal outcomes will be decided promptly, according to monitoring promises. (Theofanis et al., 2011) also mentions that monitoring activities ensures that the internal controls system is operating as intended (Amudo & Inanga, 2019). Therefore, monitoring determines the extent to which workers are successfully following the rules and procedures that have been set out and executed by management.

Control activities consist of policies and procedures that an entity maintains so that the directives given by the management are undertaken (Ejoh & Ejom, 2014). They encompass activities such as approval, authorization, verification, reconciliation, documentation and records, reviews of operational performance, assets security and separation of duties (Lagat & Okelo, 2016). Policies, practices, and methods known as control activities guarantee that management's recommendations are accurately implemented (Aikins, 2011; Rezaee, Elam, & Sharbatoghlie, 2011). Auditors are better equipped to evaluate the overall effectiveness of the control design over financial management techniques and how the control activities are to be carried out when these policies and procedural norms are well documented (Aikins, 2015). These control measures make sure that all required steps are done to handle risks in order to meet corporate goals. Segregating tasks, depositing cash revenues each day, doing bank reconciliations, and restricting access to check stock are examples of control operations.

There is a general perception that organizations that have adopted and enforced adequate internal control systems and practices will always report enhanced financial performance. For instance, Kinyua (2016) notes that effective internal controls usually result to improved reporting processes and also yield dependable reports which boost the level of accountability in the management of an organization. This according to Umar and Dikko (2018) ensures that proper measures of performance are taken to help organizations in directing their efforts towards their strategic goals. Internal controls also give objective evaluation of the quality of management performance in undertaking the designated roles so as to enhance the generation of revenue (Onyango, 2014).

Efficient internal controls ensures that organizations grow and remain profitable through asset and resource protection which leads to the aversion of loss cases. This, as argued by Njiru (2016), is achieved by averting, detecting and eliminating fraudulent occurrences which lead to income leakages. Adequate internal controls also enhance operational productivity in an organization by preventing waste and inefficiencies (Boniface, 2018). This study seeks to ascertain the scope to which ICS have been implemented in the County Government of Lamu and their effect on its financial performance.

1.1.2 Financial Performance

Abdallah (2018) aver that financial performance is a representation of the level to which an entity is capable of accomplishing its financial objectives over a given timeframe. Financial performance is generally a primary concern for any entity given that it has far reaching consequences to its health and also its survival in the long term (Vyas & Jain, 2020). The measures of financial performance in county governments are quite different from those measures used within the business or private sector and at times, they are quite a challenge.

This as alluded by Indramawan (2018) is explained by the fact that measuring several other factors affecting the financial performance of these governments such as political interests, the parties involved and bureaucracy is a challenge due to their qualitative or subjective nature.

The financial performance of local or county governments as noted by Samira (2018), is quantified by the degree these governments spend the funds that have been availed to them by the national government in line with their approved budget estimates. County financial performance is also quantified using the ratio of actual own source revenue that has been raised to the anticipated amount that will be received as budgeted. The rate of capital/development expenditure to recurrent expenditure according to Mahmudi (2016), is also a measure that has been applied in assessing the financial performance of county governments. Indramawan (2018) also highlights that the capacity to financial crucial public services continuously and meeting commitments in due time is also a good measure. Financial performance in this study will be measured using own source revenue which affects pending bills, paying outstanding bills on time, funding operations, projects and services without incurring deficits and also meeting statutory requirements on expenditure on development activities.

The financial performance of a county government as stated by Park (2017) is perceived to be good if there is county's management depends less on the national government through use of own source income and that the stated targets are achieved as planned implying that budget use is informed on targets. Jimenez (2013) notes that good county financial performance is also demonstrated when spending by the county government is only directed towards the major programmes or county development priorities directly and it results to increased income sources. Excellent county financial performance according to Marwan, Moeljadi, Ananda and Djazuli (2017), enables county governments to have in their disposal adequate resources that enhances the capacity to deliver quality services, it enhances ability to pay employees, creditors and vendors on time and also ensures that all debts are paid on time.

Evidence from different nations reveals that the financial performance of devolved or decentralized governments has not been satisfactory in many cases. In Brazil, Gomes, Alfinito, and Albuquerque (2018) observe that in smaller municipalities, the mayors had limited capacity of boosting financial performance due to difficulties in raising adequate revenues and also cutting down their expenditures. As a result, these local governments remained highly dependent on external sources of funds and in decision making, the choices of the mayors were constrained. In South Africa, Glasser and Wright (2020) while highlighting the financial distress in municipalities notes that due to the poor capacity to generate income, these municipalities were challenged by insufficient OSR which made them increasingly reliant on funding by the central government. The municipalities were unable to stimulate economic activities in their designated jurisdictions. Their capacity to undertake investments and autonomously make decisions regarding prioritizing their spending was also limited.

In Nigeria, Usang and Salim (2016) argue that available data indicated poor financial condition of the local governments as these units were not able to generate enough own revenues. Thus, the local governments were unable to cover their expenditures without incurring deficits. In Ghana, several analyses of municipal finances reveal that decentralized governments were generating small revenue surplus with low resources gaps. Otoo and Danquah (2021) point out local governments in Ghana relied profoundly on the national government to fund their budgets. According to them, the internally generated funds (IGF) in these governments averaged 21% and this meant that nearly 80% of their expenses were financed by the national government and/or donor partners. Otoo and Danquah argue that though there has been increases in the total revenues of these local governments, the persistent stagnation in the share of IGF has been detrimental to efficient service delivery.

In Kenya, several county governments are confronted with several financial performance challenges. The County Governments Consolidated Financial Statements as at 30th June 2020 showed that there has been no stable increase in the own source revenues generated. For the FY 2014/2015, a 14% increase was reported. In the FY 2015/2016, the percentage increase in OSR was 3%. In FY 2016/2017, a 6% decrease was reported, in FY 2017/2018, a 4% decrease was recorded while an increase of 29% was recorded in 2018/2019. Nonetheless, a 12% decrease in OSR in 2019/2020 was reported (Government of Kenya, 2020). Detailed analysis of OSR as a share of the annual revenue target in the FY 2018/2019, for instance, indicates that only thirteen counties exceeded their annual targets.

The deficit in the OSR collected is an indication that it might not be possible to implement some of the planned for activities in the financial years as a result of inadequate finances and also heightened accumulated pending bills. The Controller of Budget Reports have demonstrated that over the years, county governments in Kenya have continued to accumulate huge pending bills. For the FY 2018/2019, this amounted to Kshs.34.54 billion. In the FY 2019/2020 and FY 2020/2021, the pending bills amounted to Kshs.113.85 billion and 96 billion respectively. Such huge pending bills according to the Controller of Budget observations were attributed to among others the underperformance of OSR collection, and weak internal control mechanisms.

The Controller of Budget office had also noted low expenditure on the development activities by county governments in the FY 2019/2020 and 2020/2021 where the expenditures were below the 30% under the Public Finance Management (PFM) Act, 2012. This is a pointer of reduced prioritization of the implementation of development projects meant to improve the living standards of their citizens. Scrawny internal control systems have increasingly been cited as a major cause of unsatisfactory financial performance in counties since the early stages of devolution (Mugambi & Theuri, 2014; Cheruiyot, Namusonge & Sakwa, 2018; Bosharo & Abuga, 2021). Yet, investigation on the effect of internal controls on county financial performance is not exhaustive as much focus by previous scholars has been on private sector firms and other public sector entities.

1.1.3 County Government of Lamu

Lamu County which covers an area of roughly 6,607 km^2 is situated on the Kenyan North Coast. It is among the six devolved units in the coastal part of Kenya and has two sub-devolved units namely Lamu East and Lamu West. Lamu County comprises of an expansive mainland and 65 Islands which form the Lamu archipelago (County Government of Lamu, 2018). Of these Islands, the five main ones that are occupied include Lamu, Manda, Pate, Kiwayu, and Ndau. Lamu has a coastline of about 130 km. It is renowned for its diverse species, distinct ecosystem, and high level of biodiversity.

Since its establishment, the County Government of Lamu just like other county governments in Kenya has been facing various financial performance challenges which limit its capacity to effectively discharge its mandate (County Government of Lamu, 2018; GoK, 2020; KESRA, 2021). The County Governments Consolidated Financial Statements as at 30th June 2020 for instance revealed that the County Government of Lamu was among the 10 lowest counties in terms of own revenue regeneration (Government of Kenya, 2020). An analysis of the revenue performance per stream from the FY 2016/17 reveals that though there has been sustained growth in the county's OSR, such growth has been erratic indicating the need for better revenue raising and management processes in county (County Government of Lamu, 2020). This had led to among others, the accumulation of huge pending bills and increased fiscal risks. Weak and poorly utilized internal control systems in the county government have been cited by the Offices of the Controller of Budget and Auditor General as one of the main causes of the unsatisfactory financial performance in the county.

1.2 Statement of the Problem

Since the transition to devolved system of governance, it has increasingly been acknowledged that the role of county governments in Kenya's economic development journey cannot be overemphasized. To develop and maintain public confidence in these county governments, their sustained financial performance is therefore, of great importance (Okongo, 2015). Many county governments in Kenya have recorded unsatisfactory financial performance over the years as highlighted in various reports published by the Auditor General and the Controller of Budget for the period 2014 to 2021 and the County Government of Lamu is among them.

The County Governments Consolidated Financial Statements as at 30th June 2020 for instance revealed that the County Government of Lamu was among the 10 lowest counties in terms of own revenue regeneration (Government of Kenya, 2020). An analysis of the revenue performance per stream from the FY 2016/17 reveals that though there has been sustained growth in the county's OSR, such growth has been erratic indicating the need for better revenue raising and management processes in county (County Government of Lamu, 2020). This had led to among others, the accumulation of huge pending bills and increased fiscal risks.

The Auditor General Report for the year ended 30th June, 2020 showed that the county government had pending bills amounting to Kshs. 167.16 million up from Kshs.101.78 million reported in 2018. As of 30th June 2021, the pending bills totaled Kshs. 196.17 million as reported by the Controller of Budget. The county government for the FY 2020/2021 also had a huge wage bill of 45.5% of the total expenditure exceeding the stipulated threshold of 35%. This posed a fiscal risk to the county government as it constrained the funding of county programmes and services. Among the challenges facing the county government leading to the highlighted financial performance trend in the County Government of Lamu is internal control systems that are weak and poorly utilized. The Auditor General for instance pointed out the lack of a risk management policy and information and communication technology policy, failure to appoint new audit committee and insufficient records (Office of the Auditor General, 2020).

These concerns justify the need for a study to investigate how the county government management can institute appropriate internal controls to reverse the stated financial performance trend. Based on the available literature, exhaustive studies on the combined effect of different internal control mechanisms or components on the financial health of county governments in Kenya and in particular, the County Government of Lamu are lacking. The examined literature has demonstrated that there has been extensive research on the effect of internal controls on the financial health of private sector firms including banks, manufacturing companies, SMEs and hotels among others. Some of these studies include that of Mogunde (2016), Akimana (2019), Mumba and Wekesa (2020) and Ouko and Atheru (2022). Adopting the findings from these studies in the context of the County Government of Lamu whose financial performance measures are quite different and the level of efficiency in implementing internal controls may be affected by different factors specific to the county context is therefore limited.

Though other studies such Lagat (2018), Waweru (2021) and Omar and Yussuf (2021) were conducted in public sector entities, the generalization of their findings to the current context is also limited due to differences in financial performance measures used and other underlying contextual factors. It is on this basis that this study aimed to assess the effect of internal controls on the financial performance of the County Government of Lamu, Kenya.

1.3 Objectives of the Study

1.3.1 General Objective

The study aimed to assess the effect of internal controls on the financial performance of the County Government of Lamu, Kenya.

1.3.2 Specific Objectives

i. To establish the effect of control environment on the financial performance of the County Government of Lamu.

ii. To assess the effect of risk assessment on the financial performance of the County Government of Lamu.

iii. To ascertain the effect of information and communication on the financial performance of the County Government of Lamu.

iv. To ascertain the effect of monitoring activities on the financial performance of the County Government of Lamu.

v. To examine the effect of control activities on the financial performance of the County Government of Lamu.

1.4 Research Hypotheses

i. $H0_1$: Control environment has no significant effect on the financial performance of the County Government of Lamu.

ii. $H0_2$: Risk assessment has no significant effect on the financial performance of the County Government of Lamu.

iii. $H0_3$: Information and communication has no significant effect on the financial performance of the County Government of Lamu.

iv. $H0_4$: Monitoring activities has no significant effect on the financial performance of the County Government of Lamu.

v. $H0_5$: Control activities has no significant effect on the financial performance of the County Government of Lamu.

1.5 Significance of the Study

This study finding will be very beneficial to the policy makers both at the county and national levels. Based on this study, these policy makers will be in a position to evaluate the level of implementation and efficiency of existing policies and frameworks that guide internal control systems in county governments and what corrective actions can be taken in areas where lapses have been noted. Working closely with the independent offices of the Auditor General and Controller of Budget who usually highlight the general performance of county governments and related challenges, these policy makers can draft viable policies and other governance structures/frameworks that can be used to efficiently tackle the various barriers to effective internal controls.

The research will also be helpful to the management of the County Government of Lamu since based on the suggested recommendations, they'll be in a position to assess the efficiency of the various components in their existing internal control systems in enabling the county government to achieve better financial performance and other strategic objectives. The study will provide insight on the best approaches and practices that the county can adopt to enhance the efficacy and productivity of the county government's internal control systems.

The study will also benefit the residents of Lamu County since at end of the study, crucial information/data and recommendations which can help the county government management enhance desirable financial performance outcomes for the betterment of the residents' welfare will be provided. This study will further benefit other scholars wishing to pursue related research as reference point. The study findings can also be utilized to identify other areas that need to be researched. From the theoretical implications of the study after its completion, it will be possible to determine whether the study's findings support, contradict and/or brings new light to previous research.

1.6 Scope of the Study

The study was restricted to the study of the effect of internal controls on the financial performance of the County Government of Lamu. The concept of internal controls is very broad and therefore, with the available time and resources, it is not possible to cover each and every aspect in this study. Consequently, the study will only focus on the effect of control environment, risk assessment, information and communication, monitoring processes and control activities on the financial stability of the County Government of Lamu.

The focus on internal controls is informed by the increased concerns of unsatisfactory county performance due to issues that can be tackled using strong internal control systems. Such issues include mismanagement of county affairs, corruption and other fraudulent activities, poor resource mobilization and loss of revenues. Yet, the link between internal controls and financial performance of Kenyan county governments remains under researched. The County Government of Lamu is one of the county governments which is facing a number of financial performance challenges such as low own source revenue collections and huge pending bills. The study employed explanatory research design.

The study targeted executive committee members, chief officers, county directors and departmental/unit heads and middle management level staff as they are more likely to be more informed of the internal controls in place in the county government as well as its financial performance by virtue of their positions when compared to staff at the lower level. The study was conducted cross-sectional.

1.7 Limitations of the Study

During the data collection exercise, reaching some of the targeted respondents especially those at the top management level was a challenge given the tight work schedules for some of them. This challenge was handled by booking appointments with the relevant targeted employees to agree on the best time to administer the questionnaire within the working hours. Online data collection platforms where possible, was considered.

The issues of internal controls and financial performance of county governments are also weighty especially in the wake of increased scrutiny of government operations and performance. As a result, some of the employees may express fear or unwillingness to provide the crucial information needed or be tempted to give socially acceptable responses which may compromise the quality of the study which solely depends on the accuracy of information provided. To mitigate this limitation, the study participants were allowed to give their responses anonymously and were briefed on the study's purpose.

Time constraints linked to the tight university schedules and also the forthcoming elections which might disrupt county operations, were also likely to affect the pace of data collection and the completion the entire study. To deal with this pressure, the study embarked on early enough and the set work plan observed to the letter. To hasten the data collection exercise, research assistants were employed to assist in administering the questionnaire. Given that the study was focusing on the County Government of Lamu, generalizing its findings to other county governments in the country was limited.

1.8 Organization of the Study

The study is categorized in to 5 chapters. In chapter one, a general introduction or overview of the study is provided. Chapter 2 addresses the review of the literature, which includes the conceptual framework, empirical literature evaluation, and methodology. The research methodology to be employed in this study is explained in depth in chapter three. Chapter four contains data analysis, presentation and interpretations while chapter five discusses study findings, conclusions, recommendations and suggestions for future investigations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The available literature pertinent to this study is discussed in this chapter. Part of this literature pertains to the applicable theories and relevant empirical studies. The research gaps noted in these studies have also been summarized. The chapter also provides the conceptual framework.

2.2 Theoretical Framework

The theories underpinning this research are the agency theory, the positive accounting theory and the stewardship theory as deliberated in this section.

2.2.1 Agency Theory

This theory was suggested by Ross (1973) and later advanced by Jensen and Mecklings (1976). It is anchored on an agency association in form of a agreement where one or more individuals (the master) appoint a different party known as the agent to perform a task on their behalf a move that incorporates the transfer of some power to make decisions to the agent (Sappington, 1991). The agent accepts to undertake particular responsibilities for the principal who on their part commits to rewarding the agent. This theory argues that the agent possesses more information compared to the principal and that this information asymmetry negatively impacts the principal's capacity to determine whether or not the agent is adequately serving their own interests (Mitnick, 2015).

The argument behind this theory is that so as to ensure that the interests of both the agent and the principal are harmonized, a comprehensive contract developed to address the interests of both parties (Van Thiel, 2016). The agency relationship is reinforced more when the principal employs experts and systems to track the activities of the agent (Kayode & Oyeshola, 2020).

The theory further acknowledges that any information that is incomplete pertaining to the relationship, interests or the agent's job performance defined could be harmful and a moral hazard. Thus, this theory works on the supposition that the actions of both the principals and agents are rational and that these parties apply contracts with the aim of maximizing their wealth (Ssengooba, McPake & Palmer, 2012)

The applicability of this theory to this research is informed by the fact that internal controls are among the several tools adopted in organizations to deal with the agency issue by minimizing agency costs that emanate from the misalignment of the principal's and agent's goals and also when it is impossible to assume that the agent's behaviour is in line with the principal's goals. A distinctive way out to this, is the creation of mechanisms that compels the agent to align their behaviour using controls or incentives. Such mechanism is the introduction of internal controls that ward off any management irregularity and does not encourage overrides. Hence, internal controls can be used in the County Government of Lamu to ensure that county officials who work for the interests of Kenyan citizens and the government in general, take actions that are meant to enhance its financial performance. As such, this theory guides the general objective of this research.

2.2.2 Stewardship Theory

The origin of this theory is the research work undertaken by Schoorman & Donaldson (1997) who described stewards as individuals who protected and maximized the wealth of shareholders by boosting the performance of a firm since by such an action, the stewards' utility functions would also be maximized. On their part, Donaldson and Davis (1991) argued that the focus of stewardship theory was organizational management's ability to ensure that their individual goals were well aligned with that of the organization. Moreover, the two authors observed that stewards were pleased and inspired by the organization's success. When contrasted with the agency theory, this theory emphasizes not on individualism perspective but rather senior management's role being that of stewards who integrate their personal goals in to the organization (Donaldson & Davis, 1991).

In their further arguments, Jensen and Meckling (1994) stated that the costs involved in curbing agency problem and which are minimizing information asymmetry and associated moral hazard, was lower when there was the direct participation of organizational owners in managing a firm. This is because owner manager interests were naturally aligned with the opportunities for growth and risk. Thus, it is evident that stewardship theory completely contrasted agency theory and did not lay emphasis on the importance of incurring monitoring or agency cost which included among others, the establishment of an internal auditing function. Nonetheless, it was further noted by Donaldson and Davis (1991) that a firm's returns were enhanced by taking in to consideration or combining the two theories rather than separating them which implied the need for striking a balance by the firm management.

The stewardship theory anchors this study since it expresses the need for county government management or officials to work as stewards and place the interest of the public first when carrying out their duties. In so doing, they should ensure that internal controls in place are observed or upheld towards the realization of the set county goals and objectives so that the financial performance of the county government among other aspects are enhanced.

2.2.3 Positive Accounting Theory

Positive accounting theory is attributed to Watts and Zimmerman (1979). They explored those factors that influence the attitudes of management on accounting standards that can impact the cash flows of a company and in turn are impacted by these standards. This theory is aimed at explaining and predicting the impact of revenue recognition on financial wealth of a firm (Deegan & Unerman, 2009). Based on the efficiency perspective of this theory, scholars have explained how several managers select accounting techniques that truly represent the performance of a company. Thus, considering this standpoint, many authors state that accounting practices implemented by company are usually spelt out pursuant to how they reflect the true position of a firm’s financial performance (Ahmed & Duellman, 2007).

Therefore, poor accounting practices including ignoring internal control practices such as trial balance, auditing and periodic reconciliations reflect poor financial performance in the county government. Furthermore, the opportunistic position is founded on the argument that a manager or an executive serving as an agent of to a principal, acts in a way to serve their personal interests. Such a manager implements accounting policies that yield gains for them on account that the company will also gain. The theory’s main assumption is that all the actions of managers (agents) and shareholders (principals) have a self-centeredness rationale where the primary objective is to maximize their own profit and wealth without taking in to account any negative effects (Watts & Zimmerman, 2018).

In the case of Lamu County Government executives including those in the ministry of finance, budget, strategy and economic planning who prioritize their interest might fail to adhere to positive accounting methods to avoid transparency in their financial reporting. Such inefficiencies encourage among others the embezzlement of funds, poor management of cash and inadequate risk assessment that ultimately leads to poor financial performance (Ahmed & Duellman, 2007). Thus, this theory is relevant in this study by supporting the need for internal controls for instance control activities and risk assessment for improved financial performance in the County Government of Lamu which forms the context for this research.

Critics argue that the theory is insufficient as it fails to provide any recommendation on how to improve accounting, rather explains and forecasts what would happen (Deegan, 2009). This theory focuses on forecasting actions for instance, the adoption of accounting policies by county executives and how they will react to suggested new accounting standards. Therefore, if the executives chose accounting policies, they will end up getting unrealistic financial position of a firm.

2.3 Empirical Literature Review

This section highlights some of the existing studies that show the linkage between the various internal controls under study and financial performance.

2.3.1 Control Environment and Financial Performance

Waweru (2021) examined the ways in which the financial stability of Kenyan public entities was impacted by internal control environment. It was discovered that the country's public organizations' financial performance was influenced by the control environment, which included the staff's honesty, morals, and competence, the management's operational philosophy, and the delegation of responsibility. Control environment contributed to better financial performance by ensuring that the right the attitude needed to achieve organizational goals was set through policies, behaviors and actual governance. The study also noted that control environment assisted in minimizing the occurrence of fraud within the operations of these entities. It also enhanced efficiency in organizational operations.

Mumba and Wekesa (2020) noted that control environment conceptualized as staff competencies, management commitment and standards of conduct significantly boosted the financial health of hotels in the coastal region of Kenya. The control environment in these hotels provided the discipline and structure that was necessary for the accomplishment of their mission statements and this culminated to improved financial performance observed in their profitability and return on investment.

Omar and Yussuf (2021) also found that the control environment in learning institutions and which entailed commitment, competence, integrity and ethical values of persons performing assigned duties influenced financial performance. It not only improved the level of accountability in institutions but also ensured that they were efficient in delivering value and realizing their strategic targets and this ultimately enhanced their financial performance. The study viewed control environment as an enabling factor when it came to staff executing their tasks and also resulted to judicious compliance and increased efficiency in different operations.

Essuman (2016) while focusing on credit unions in Ghana discovered that structured control environment positively impacted the financial stability of these unions since employees were able to discharge their duties as guided by control policies and practices which enhanced their job performance and consequently the unions' financial performance. Effective control environment created an environment where staff conducted their daily activities and work in line with the control objectives in place acting and doing everything right. The staff also utilized the resources availed to them prudently, actions which resulted to the realization of superior firm performance.

2.3.2 Risk Assessment and Financial Performance

Onyango (2014) while using a descriptive study design discovered that risk assessment as part of the county governments' internal controls in Kenya had a substantial favorable effect on their financial helth. The study noted that risk assessment enabled the detection of risks with far reaching effects on different county operations. Once the risks detected, the county management was able to devise efficient methods of containing and managing the risks. The study emphasized the need for contingent measures to minimize risk occurrence and also the analysis of the internal and external environment before making county decisions.

Lagat (2018) also discovered that risk assessment remarkably improved the financial performance of sugar firms under the ownership of government seen in their profitability, ROA and market share. The study underlined that it was crucial for the firms to adequately assess the risks related to changes in their operational environment and also have in place mechanisms for identifying and reacting to changes that could drastically affect the realization of their firm objectives. The study employed a descriptive study deign and targeted the senior management staff in different units in these firms.

Yahya (2018) also evaluated the association between internal control practices and how Kenyan commercial state corporations performed financially. Using a descriptive research method, the study noted a material positive association between these two variables. Having a clearly stated risk tolerance level, the careful identification and evaluation of possible risks by qualified staff, and also the timely response to the evaluated risks had boosted the financial performance of these entities. The research determined that risk assessment reduced hazards in the work process and its long-term impact on financial risks and losses, which supported greater financial performance.

The study by Ouko and Atheru (2022) on the influence of internal controls on the financial stability of Saccos in Makueni County also demonstrated that risk assessment had a significant beneficial effect on the Saccos' financial stability. The study advocated for the existence of risk management teams in organizations. The study noted that it was necessary for firms to identify risks on time, guarantee that they are always under control and establish risk evaluation procedures to aid in planning and decision-making. This way, the firms will be better prepared to deal with emerging risks by establishing efficient risk mitigation measures. The study noted that the management of these Saccos conducted a thorough and organized analysis of their risks, they evaluated the risks and took precaution measures besides making their risk management policy known to all staff and these significantly enhanced performance.

2.3.3 Information and Communication and Financial Performance

The study by Onyango (2014) on how internal controls influenced county governments' performance in Kenya also noted that information and communication had a noteworthy impact county government performance. The study focus in this case was on the level of IT literacy among county employees, employees' online submission of reports to their immediate supervisors, active county websites and the promotion of the counties' services through such websites. The study noted that adequate information and communication systems ensured that all the county employees had the necessary information needed in discharging their responsibilities efficiently. The study recommended the use of open channels of communication to allow information to flow smoothly throughout these entities.

Isa (2020) studied how internal controls supported the financial performance of select parastatals in Nigeria. Adopting a descriptive study design, the study established that information and communication as a crucial component of the internal control systems in these parastatals significantly affected their financial performance measured using internally generated revenues, expenditures, fees income and operating costs. The study underlined that it was prudent for the management of these entities to ensure that there was appropriate and timely identification, capturing and communication of information within the organizations to support decision making and to reduce wastage of resources through enhanced accountability.

Bett and Memba (2017) established that the information and communication system in the company had boosted the performance of Menengai Company, Kenya financially. The study observed that the firm had ensured that its revenue targets for a given year were effectively reported, that information flowed freely throughout the firm and that all operational information was promptly supplied to the workers. The company had also ensured that the effective communication channels were utilized by all staff and that management received pertinent and dependable reports on time for informed decision making.

Asiligwa and Rennox (2017) also reported that information and communication as a constituent of internal controls significantly affected the banks' performance. Information and communication were operationalized in terms of information needs, information control, management communication and information timing. The study underlined that when timely, relevant and reliable information was identified, captured and relayed to the relevant stakeholders and free communication flow enhanced, staff were able to comprehend managements' expectations and management understood staff concerns. The study explained that free flow of information throughout the banks as well as the usage of proper communication channels influenced the working relationships at all levels and ensured that all personnel had the requisite information needed for them to undertake their job responsibilities effectively towards the achievement of organizational objectives including improved financial performance.

2.3.4 Monitoring Activities and Financial Performance

Origo (2015) analyzed the effects of internal controls on the financial performance of Kenyan manufacturing enterprises. Cross-sectional survey methodology was utilized in the study. The findings of this study demonstrated that firms implementing strong monitoring activities performed better financially. The study observed that while monitoring activities were considered a crucial functionality activity within the internal control systems of these firms, the surveyed firms had not adequately implemented this practice. The study reported that the surveyed firms did not periodically carry out internal reviews of their internal control units, they did not monitor their operations on a regular and timely basis and also did not share audit reports on time which resulted to their poor implementation and compliance. The study noted that monitoring activities were crucial in the assessment of performance quality in a firm over time.

Mokono (2021) examined how internal controls affected the financial stability of NSE traded banks in Kenya. The finding demonstrated that monitoring activities had a notable impact on the financial health of these banks. The research called for improved monitoring within departments so that all actions undertaken in the banks were in line with the defined procedures. The independence of internal audit teams through proper regulations in these banks was emphasized. The study by Abiodun (2020) based on a survey of different firms in the south-west region of Nigeria also noted similar findings as those of Mokono (2021). The study noted that by reviewing audit results and other reports immediately, managers were able to identify any weaknesses or recommendations given by independent auditors so that adequate measures in responding to the audit and evaluation results and suggestions can be taken to enhance firm performance for instance through improved quality of operations or programmes.

Segun, Kehinde & Alice (2020) found that monitoring activities which entailed the frequency in assessing and reviewing overtime the quality and how effective internal controls were, substantially enhanced the performance of Nigerian banks financially. The study underscored that constant monitoring was necessary to deal with the ever-fluctuating conditions. Hence, it was the mandate of firms' management to assess their existing internal control mechanisms to determine if they are adequate and relevant.

2.3.5 Control Activities and Financial Performance

Lerno (2016) assessed how county government performance was impacted by internal controls in Kenya. It was found that county governments had to a large extent implemented various control activities such as the separation of roles, security systems for safeguarding county assets, ensuring that the work of each staff checked on the others and chances of a single employee accessing all vital information without seeking consent from senior staff was not possible. Nevertheless, the study noted that the implementation of such activities had not wholly resulted to improved county performance.

Makhaya and Maniagi (2020) found that control activities significantly affected the stability of Kakamega County, determined value at which the county's own source revenue targets had been achieved. Rurangwa (2018) found that control activities remarkedly improved the financial performance of local governments in Uganda since they assisted these governments in controlling cases of fraud, embezzlement and cash mismanagement. According to the survey, these governments engaged in control activities such as putting in place a well-developed chart of accounts, identifying and protecting organizational assets, clearly defining responsibilities, and adequately supervising the work of younger employees by the senior employees.

Korir (2022) found that control activities that entailed policies, rules, procedures, guidelines, division of labour, approval and authorization enhance significantly the level of performance financially in banks located in Bomet and Kericho Counties. The study for instance noted that the segregation of duties increased the cost of engaging in fraudulent activities among employees thus ensuring that the operations of the banks were secure this enhanced their financial performance. Cherutich (2018) established that control activities and in particular well-defined segregation of duties, assets security and authorization of transactions substantially boosted the financial performance of hotels in Nairobi County which was measured using net income and return on assets. The study by Ogetange (2017) also reported similar findings in the context of supermarkets in Kajiado County. Some of the control activities implemented in these supermarkets included physical controls, operational performance reviews, segregation of duties, systems of approvals and authorizations as well as systems of verification on reconciliations.

2.4 Summary of Literature and Research Gaps

This section summarizes the studies appraised in this study and their findings. The research gaps identified and how the present research dealt with them are also provided.

Table 2.1 Summary of Literature and Research Gaps

Author	Title	Findings	Research Gaps to

/Year			be addressed
Korir (2022)	Examined how banks in Bomet and Kericho performed financially due to internal controls.	Control activities had substantial impact on how these banks performed financially.	The study was done in the banking sector and this limits the generalization of its findings in the context of county governments and in particular County Government of Lamu.
Ouko and Atheru (2022)	Investigated how Saccos' performance financially was influenced by internal controls in place in Makueni County.	Risk assessment contributed substantially to enhanced performance of these Saccos financially.	The study was undertaken in the private sector and hence, generalizing its findings in the context of the County Government of Lamu is limited. This is because the financial performance measures are quite different and the effectiveness in adopting internal controls may also be determined by contextual factors.
Waweru (2021)	Assessing how internal control environment affected public organizations' performance financially in Kenya	Control environment had contributed to increased performance of the organizations financially.	The research focused on public organizations in Kenya in general and adopting its findings in the county government context and in particular Lamu County Government can only be done with caution. This is because the county financial performance measures are different and the level of adoption of different internal controls may differ from one context to another.
Omar and Yussuf (2021)	How higher education institutions owned by the state in Zanzibar performed financially as a result of the control environment in place.	Control environment significantly improved the financial performance of these institutions.	The study also focused on learning institutions whose financial performance measures and other contextual factors differ from those in Lamu County Government. Generalizing its findings to the current context was therefore limited.
Mokono (2021)	Examined how Kenyan listed banks performed financially due to internal controls.	Monitoring activities substantially boosted the banks' performance financially.	This study focused on the banking sector and thus, the challenges faced in the County Government of Lamu may not be the same ones witnessed in the listed banks. The financial performance measures in these banks are also different from those in the county government.
Mumba and Wekesa (2020)	Hotels' performance financially due to internal controls in Kenya's coastal region.	Control environment substantially influenced how these hotels performed financially.	The study was undertaken in the private sector context and since the conditions in these hotels differ from that in the County Government of Lamu, its findings cannot be adopted in the current context
Makhaya and Maniagi (2020)	Assessed how Kakamega County Government performed following the implementation of internal controls.	Control activities significantly impacted the performance within this county.	The study focused on the County Government of Kakamega and its findings may not reflect the actual situation in the County Government of Lamu. Its findings can only be adopted in the current context with caution.
Isa (2020)	How Nigerian educational parastatals performed financially as a result of internal controls.	Information and communication in these parastatals significantly affected their financial performance	Even though the study was conducted within the public sector setting, its findings might not be a reflection of the actual situation in the County Government of Lamu. The financial performance measures are also quite different from those adopted within the county government context.

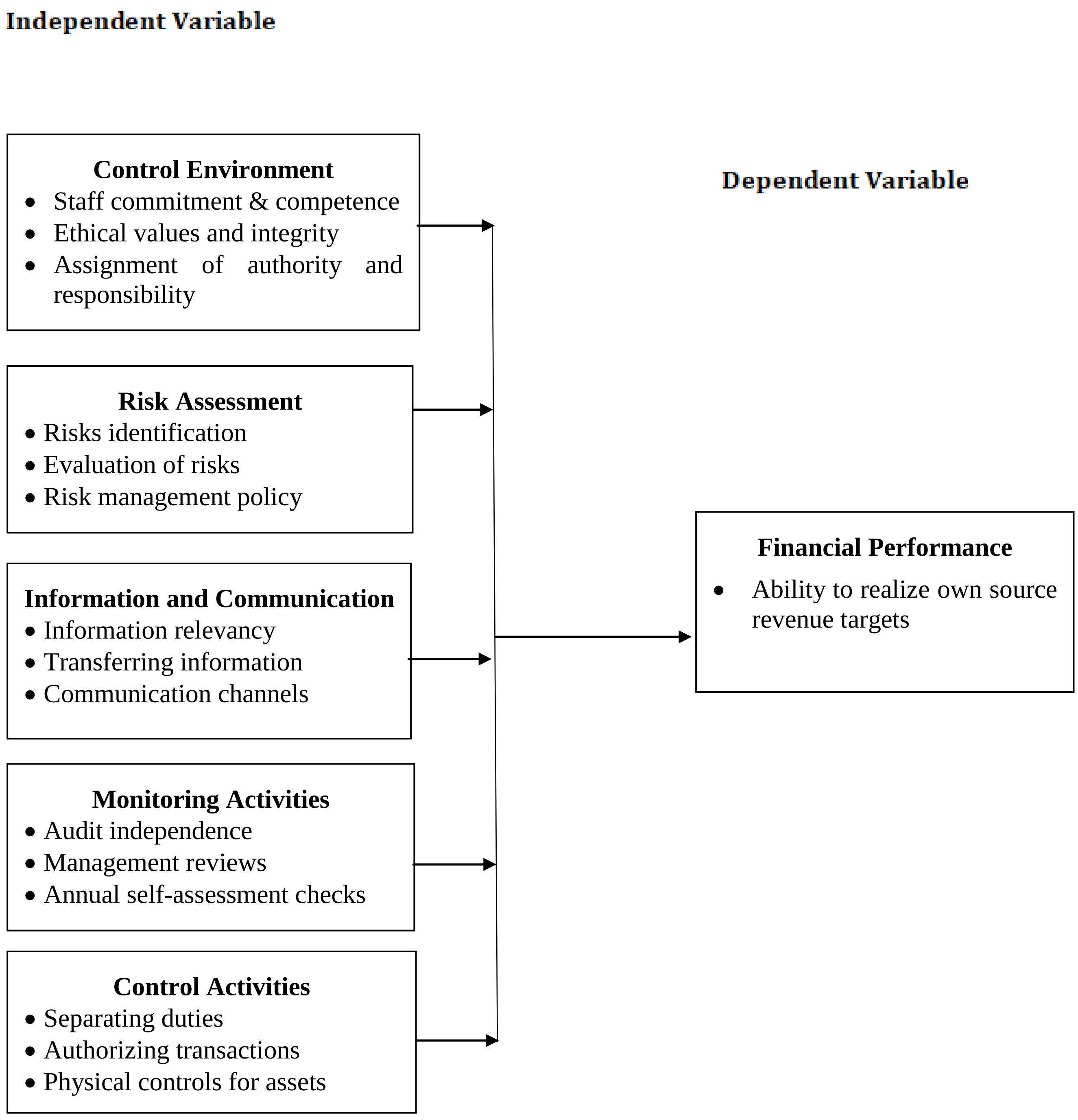
Segun, Kehinde and Alice (2020)	How the Nigerian banks performed financially after the implementation of internal controls.	Monitoring activities substantially boosted the banks' performance financially.	The study was undertaken in the financial sector and this limits the generalization of its findings in the context of county governments and in particular County Government of Lamu.
Rurangwa (2018)	Investigated local governments' performance financially as a result of internal controls in Uganda.	Control activities had a notable impact on how these governments performed financially.	Though relevant to this study, this past study was undertaken in a Ugandan local government and therefore, its findings can only be generalized in the context of County Government of Lamu with caution.
Lagat (2018)	How sugar firms under the ownership of the state in Kenya performed financially following the institution of internal controls.	Risk assessment considerably impacted how these entities performed financially.	The study though undertaken in the Kenyan public sector and specifically state-owned entities; its findings might not be a reflection of the actual situation in the County Government of Lamu. The financial performance measures are also quite different from those adopted within the county government context.
Yahya (2018)	Examined how the performance of Kenyan commercial state corporations performed financially after putting internal controls in place.	Risk assessment substantially increased the performance of these corporations financially.	The research gap identified in the study by Lagat (2018) is also reflected in this study.
Ogetange (2017)	How supermarkets in Kajiado County performed financially as a result of internal controls.	Control activities substantially improved the performance of these enterprises financially.	This study was done in the context of private businesses and thus, its findings cannot be generalized in the case of County Government of Lamu given that the issues of implementation of internal controls in the county government may be different from those encountered in the supermarket business and financial performance measures are also quite different in the two contexts.
Asiligwa and Rennox (2017)	Investigated banks' performance following the implementation of internal controls in Kenya.	Information & communication had a material impact on how the banks performed financially.	The research gap identified in the study by Bett and Memba (2017) is also reflected in this study thus adopting the findings from this past study to the context of County Government of Lamu is limited.
Essuman (2016)	Credit unions' performance financially following implementation of internal controls in Ghana.	Control environment notably boosted the financial stability of these unions.	The study's context is private firms and thus, adopting its findings in the context of county government whose financial performance measures are quite different and the level of efficiency in implementing internal controls maybe affected by different factors is also limited.
Lerno (2016)	Investigated the connection between how county governments performed and the internal controls in place.	County governments in Kenya had to a large extent implemented various control activities. The implementation of such activities had not wholly resulted to	No empirical tests were conducted, it was purely descriptive in nature. Hence, the actual effect of internal controls on county financial stability was not ascertained. The study does not delineate the situation in the County Government of Lamu.

		improved county performance.	
Origo (2015)	How firms within the Kenyan manufacturing sector performed financially due to internal controls in place.	Firms that implemented effective monitoring activities witnessed improved financial performance.	Just like other studies cited above, this study was carried out in a different setting and due to contextual differences and different financial performance measures, its results can only be adopted in the current study with caution.
Onyango (2014)	How internal controls contributed to county performance in Kenya.	Risk assessment as part of the county governments' internal controls had materially influenced how they performed financially.	This study though conducted in the county government context, only relied on feedback from the finance department staff and did not delineate the situation in each county as only a general overview in all counties was done. Hence, it is difficult to single out the problems faced in the County Government of Lamu with regards to the issues under study.
Onyango (2014)	Examined the manner in which county performance changed following implementation of internal controls in Kenya.	Information and communication remarkably improved county performance.	This study though conducted in the county government context, only relied on feedback from the finance department staff and did not delineate the situation in each county as only a general overview in all counties was done. Hence, it is difficult to single out the problems faced in the County Government of Lamu with regards to the issues under study.

Source: Researcher (2023)

2.5 Conceptual Framework

The conceptual framework for this study depicting the postulated connection between the main variables in the study is as demonstrated by Figure 2.1.



Source: Researcher (2023)

Figure 2.1Conceptual Framework

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section deliberates the primary objective of the study will be accomplished using the research methodology. It outlines several aspects among them the preferred design, the study populace, sampling as well as the plan for data gathering, analysis and presentation.

3.2 Research Design

The study utilized an explanatory research design. The studies employing this research design normally attempt to find an explanation of the nature of a given link between variables (Rahi, 2017). Therefore, when one applies this research design, they are able to determine how alterations in one variable affect those in another. The main focus in this case is to understand, explain, predict, and control the relationship that exists between variables (Creswell & Creswell, 2017). It has also been noted that the adoption of an explanatory research design ensures that a study goes over and above describing a situation or phenomena and that it tries to elucidate the reasons for a given phenomenon by finding causal relationships among variables (Boru, 2018). Thus, by using this design, it was possible to reveal the kind of relationship that exists between the study variables.

3.3 Target Population

The County Government of Lamu employees placed at different levels was targeted. The targeted employees holding top or senior management positions consisted of the executive committee members, chief officers, county directors and departmental/unit heads. Employees at the middle management level were also considered. The choice of senior and middle level management county employees is informed by the fact that by the virtue of their positions, these employees are more likely to be more informed of the internal controls in place in the county as well as its financial performance when compared to staff at the lower level. Moreover, internal controls are applied across all the county government units and level and hence, considering the views of employees at different management levels is crucial. Thus, the chosen county government employees are well positioned to provide the crucial information required to objectively carry out this study.

Table 3.1: Target Population

Staff Position	Target Population
Executive committee members	6
Chief officers	13
County Directors and Departmental/Unit Heads	20
Middle management level staff	726
Total	**765**

Source: County Government of Lamu Human Resource Department (2022)

3.4 Sampling Design

The sampling frame for this study consisted of 765 employees of the County Government of Lamu. To determine the sample size, a formula advanced by Yamane (1967) will be used as follows:

$$\mathrm{n} = \frac{\mathrm{N}}{1 + \mathrm{N}(\mathrm{e}^2)}$$

Where:

$\mathrm{n} = \text{The sample size}$

$\mathrm{N} = \text{The size of the ppulation}$

$\mathrm{e} = \text{The Error Term of 5\% points (level of precision)}$

In this study, the sample size is computed as follows;

$$n = \frac{765}{1 + 765(0.05^2)} = 262$$

N=262

Therefore, a total of 262 employees from the County Government of Lamu formed the sample for this study. To select them, stratified sampling method was employed to make sure the employees from the different levels highlighted in Table 3.1 are equally represented in this study where the main purpose is to reduce sampling bias. The number of employees from each of the stated categories proportionately computed as follows;

$$Sampled\ employees\ per\ staff\ position\ (n) = \frac{Number\ of\ employees\ per\ staff\ postion}{Total\ number\ of\ employees} * 262$$

The sample is provided in Table 3.2.

Table 3.2: Sample Distribution

Staff Position	Target Population	Proportion (%)	Sample Size
Executive committee members	6	0.8	2
Chief officers	13	1.7	4
County Directors and Departmental/Unit Heads	20	2.6	7
Middle level staff	726	94.9	249
Total	**765**	**100.0**	**262**

Source: County Government of Lamu Human Resource Department (2021)

3.5 Data Collection Instruments

The study utilized primary and secondary data. Firsthand information from the County Government of Lamu employees was obtained using a questionnaire. The questionnaire composed of different sections containing questions related to the different study variables and also the bio profile of the employees. Most of the questions were structured in order to boost the response rate. The choice of a questionnaire in this study was informed by the lower costs and time resources required to administer the tool and the fact that it guaranteed the collection of objective data. Secondary data on the county government's OSR was collected from the Controller of Budget Reports for the past five financial years. A secondary data collection template was used.

3.6 Data Collection Procedures

The drop-and-pick technique was employed when distributing the questionnaire to enhance the response rate. This exercise was undertaken during the official working hours in the county government with the permission of the management. Two research assistants were used to administer the tools and follow ups through phone calls was done after a week of administering the tool. The data collection exercise took approximately three weeks.

3.7 Pilot Testing

A pilot study embarked on ascertaining if the questionnaire is valid and reliable for use. Cooper and Schindler (2013) added that it wasn't required to choose pilot project participants based on statistical factors. In light of this, the participants in the pilot study were chosen according to their convenience and the researcher's discretion. Before the questionnaire is utilized in the primary data collecting activity, the collected results were used as a foundation for revamping and updating the questions where appropriate.

3.7.1 Validity of the Questionnaire

In ensuring the questionnaire's face and content validity, the expert opinion of two officials who have worked in the county government set up in the country and also the project supervisor was sought. They were asked to carefully review and evaluate the suitability and value of the questionnaire's content. Based on their observations and comments, the necessary improvements were made in order to prepare for the primary data gathering activity.

3.7.2 Reliability of the Questionnaire

The interitem consistency method/analysis utilizing Cronbach's alpha coefficients was employed to evaluate the questionnaire's dependability. Based on this, the answers provided during the pilot research were entered into SPSS, and the reliability coefficients for each of the questionnaire's components were obtained. Coefficients below 0.7 are considered adequate and serve as a gauge of the construct's dependability (Heo, Kim & Faith, 2015).

3.8 Data Analysis Technique and Presentation of Findings

The entire process of analysis begun by preparing the data for analysis. This entailed doing the necessary editing, handling blank responses and then coding and categorizing the data so that it can be keyed in to SPSS, the selected statistical computer data analysis software. Both descriptive and inferential analysis was conducted. Frequencies and percentages were also used to summarize the employees' characteristics. As for the main study variables, the mean and standard deviation was computed. Descriptive statistics according to Kaur, Stoltzfus and Yellapu (2018) allow researchers to give simple summaries regarding the sample and measures. Trend analysis for the own source data was conducted. Inferential analysis on the other hand entailed both correlation and regression analysis. The renowned Pearson correlation coefficients (r) were utilized to find out the link amongst the variables. A multiple regression analysis was applied in determining the impact of the explanatory variables on the financial performance of Lamu County Government.

The regression estimates namely the beta coefficients and their corresponding probability or significance values was assessed so as to determine the nature and significance of the effect of each of the mentioned internal control practices on the financial health of the County Government of Lamu. The critical significance value in this research was set at 0.05 (95% confidence level) and a calculated p value less than 0.05 implied a significant effect, otherwise, insignificant. Similar criteria were used in determining the significance of the correlation between the variables. The following equation represents the multiple linear regression model that was fitted in this study: -

$$Y = \beta_0 + \beta_1 C_1 + \beta_2 E_2 + \beta_3 T_3 + \beta_4 Z_4 + \beta_5 F_2 + \varepsilon$$

Where:

Y = Financial Performance of County Government of Lamu

β_0 = Constant Term

$\beta_1, \beta_2, \beta_3, \beta_4$ and β_5 = Beta Coefficients

X_1 = Control Environment

X_2 = Risk Assessment

X_3 = Information and Communication

X_4 = Monitoring Activities

X_5 = Control Activities

ε = Error Term

The findings were displayed through charts and tables.

3.9 Operationalization of Study Variables

The study variables were operationalized and measured based on the common measures extensively adopted in past studies as captured in table 3.3.

Table 3.3: Measurement of Study Variables

Type of variable	**Variable**	**Operationalization**	**Measurement scale**	**Measurement scale**
Independent variables	Control Environment	The general attitude, cognizance as well as the actions of county management as it pertains to internal controls and their urgency reflected in commitment and competence in the county	• Staff commitment & competence • Ethical values and integrity • Assignment of	Ordinal Scale

		government.	authority and responsibility	
	Risk Assessment	The actions aimed at determining the particular nature of risk facing the county government and the nature of controls required to deal with and manage the identified risks so that the objectives of the county government are realized.	• Risk identification • Evaluating risks • Risk management policy	Ordinal Scale
	Information & Communication	This is whereby data related to finances, operations and compliance is identified, captured and exchanged on time through proper communication channels in order to enhance individuals' ability to carry out, manage and also control operations within the county government.	• Information relevancy • Transferring information • Communication channels	Ordinal Scale
	Monitoring activities	These are the policies, methods, and procedures that provide Information about alleged and confirmed control system breakdowns in the county	• Audit independence • Management reviews • Annual self-assessment checks	Ordinal Scale
	Control activities	These are the policies, procedures and actions such as the segregation of duties that are crucial in ensuring that the directives of an organization's management	• Separating duties • Authorizing transactions • Physical controls for assets	Ordinal Scale
Dependent variable	Financial performance of County Government of Lamu	Extent of realization of the financial goals of the county government over a given period of time as demonstrated by the ability to realize revenue targets and to pay due bills, capacity to fund county services and the ability to meet development expenditure requirements stipulated in the PFM Act.	• Ability to realize revenue targets • Ability to pay due bills • Capacity to fund county services • Ability to meet development expenditure requirements	Ordinal Scale

Source: Researcher (2023)

3.10 Diagnostic Tests

In this section, the researcher tested the diagnostics tests to measure the violations of the assumptions of regression analysis. These tests included:

3.10.1 Normality Test

Linear regression requires that the data of the selected variables follow a normal distribution as significant outliers tend to skew correlations and significance tests (Nguyen, 2019). As a result, tests for normality were run on each of the research variables' data. In this instance, the Shapiro-Wilk test was performed.

3.10.2 Multicollinearity

multicollinearity is a situation whereby the explanatory factors in a research are strongly linked to the point that it is difficult to distinguish between each one's impact on the dependent variable (Daoud, 2017). Kraha et al. (2012) states that the multiple linear regression makes the assumption that the data is not multicollinear. The VIF test was utilized to define if multicollinearity existed in this research; VIF values between 1 and 5 were interpreted as indicating the absence of multicollinearity. VIF values over 5 indicate multicollinearity.

3.10.3 Heteroscedaciticity.

The heteroscedasticity of the data is one of the assumptions made by linear regression. A consistent shift in the residuals' distribution throughout the spectrum of observed values is known as heteroscedaciticity. Heteroscedaciticity (homoscedasticity) is an issue as ordinary least squares (OLS) regression assumes that all residuals are drawn from a population with constant variance. The study employed the Breusch-Pagan test to assess heteroscedaciticity. This test tests whether the variances of samples are approximately equal (heteroscedaciticity). Breusch-Pagan test is non-significant if the sig > 0.05, hence equal variances are assumed.

3.11 Ethical Considerations

Throughout the research process, various ethical principles were adhered to. Informed consent was sought from the study participants by giving those details pertaining to the study such as the purpose, benefits and risks. The responders was voluntary and they were permitted to discontinue participating in the research at any time without facing any repercussions.

Confidentiality and anonymity were also be maintained. The selected employees had given their responses anonymously and randomly generated numbers was used to identify them instead of their actual names. This ensured that the employees had given the needed information freely without fear of victimization. The information given by these employees were held in confidence and only the authorized persons will have access to it. The approval and authorization to conduct the study was sought university and the county government management. A research license was obtained from the NACOSTI.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

This section provides descriptive examination, diagnostic tests, correlation, and regression analysis. Mean and standard deviation are used to offer descriptive analysis. Results of the diagnostic tests that preceded the regression analysis are provided. The strength of the link amongst internal controls and financial health is shown via correlation analysis. Also provided is the connection between internal controls and financial performance by multiple regression analysis. The results of the study are then evaluated and discussed in relation to those found in other studies and the literature.

4.2 Response Rate

The researcher distributed 262 questionnaires to the participants after receiving university and NACOSTI authorization for the study. Of the 262 questionnaires distributed, 231 questionnaires were completed and returned while 31 were left blank, yielding an 88% response rate. Mugenda & Mugenda (2003) asserts that a reaction weight of 50% is regarded as fair, a response rate of 60% is good, and a response of more than 70% is great.

Table 4.1: Response Rate

	Frequency	**%**
Response	231	88
Non – response	31	12
Total	**262**	**100.**

Source: Study Data (2023)

From table 4.1, the response rate of 88% that was obtained during data collection was sufficient for this investigation.

4.3 Reliability Test

Cronbach alpha was done to test for the level of reliability of the data collection instrument before the actual analysis.

Table 4. 2: Reliability Results

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Control environment	15.9198	8.658	.745	.886
Risk assessment	16.4075	8.879	.755	.885
Information and communication	16.1189	8.629	.840	.872
Monitoring activities	16.3227	8.707	.776	.881
Control activities	15.7157	8.657	.712	.892
Financial performance	16.0335	9.537	.605	.905

Source: Study Data (2023)

From the findings of table 4.2, the researcher confirmed that in all the variables under study, they met the minimum threshold of 0.7 by getting 0.886, 0.885, 0.872, 0.881, 0.892 and 0.905 for control environment, risk assessment, information and communication, monitoring activities, control activities and financial health, respectively. Thus, the tool (questionnaire) for collecting data gave results that were consistent after carrying out several tests.

4.4 Descriptive Statistics

Descriptive statistics assist in illustrating the fundamental elements of the study's data. The study decided to look at the link between the financial performance and internal controls in County Government of Lamu, Kenya. Actual survey results evaluated the degree of agreement among the respondents on a Likert scale ranging from 1 to 5 with a series of assertions about internal controls in connection to financial performance. These were the interpretations of the response mean; (5.00-4.21) provided evidence of very great extent, (4.20-3.41) indicated great extent, (3.40-2.61) indicated moderate extent, (2.60-1.81) indicated small extent and (1.80-1.00) inferred not at all (Norman, 2010).

4.4.1 Control Environment

The responders were asked to react to the question of how well they understood the control environment in relation to financial performance as displayed in table 4.2 below.

Table 4.3: Descriptive Statistics

	N	Min	Max	Mean	Std. Dev
Working relationships	231	1.00	5.00	3.1732	.75491
Laid-out standards	231	2.00	5.00	3.1991	.73081
Core value of integrity	231	2.00	5.00	3.6061	.99815
Ethical values	231	2.00	5.00	3.3203	.96074
Competence	231	2.00	5.00	3.4675	.82753
Compliance	231	2.00	5.00	3.5368	.99878
Valid N (listwise)	231				

Source: Study Data (2023)

On the facet of all staff in this county government being committed to their jobs and have good working relationships among themselves, facts exhibited that popular participants concurred to a modest degree with the assertion at a mean of 3.173 with a disparity of 0.755. On the statement of whether all staff in the various units in this county government usually perform their duties as per the laid-out standards, popular participants concurred to a modest degree with a mean of 3.199 and a SD of 0.731. On the claim that integrity is this county government's guiding principle for all activities and operations, popular participants settled to a great magnitude with a mean of 3.606 and a SD of 0.998. On the statement of whether the county government management has instilled ethical values among all the county employees, facts exhibited that popular participants concurred to a modest level with a mean of 3.320 and a SD of 0.961. On the statement of whether all the employees in this county government are competent in carrying out their duties, facts exhibited that popular participants concurred to abundant level with a mean of 3.468 and a SD of 0.828. Regarding the claim that the county administration has established distinct lines of authority and responsibility to guarantee adherence to the established policies and procedures, facts exhibited that popular participants concurred to abundant level with a mean of 3.537 and a stan dev of 0.999.This research findings are similar to the findings of Omar and Yussuf (2021) who found that the control environment in learning institutions and which entailed commitment, competence, integrity and ethical values of persons performing assigned duties influenced financial performance.

4.4.2 Risk Assessment

The respondents were asked to respond with how much they understood risk assessment in relation to financial performance as displayed in Table 4.3 below.

Table 4.4: Descriptive Statistics

	N	Min	Max	Mean	Std Dev
Inherent risks	231	2.00	4.00	3.0043	.70709
Evaluated risks	231	1.00	4.00	2.9091	.84208
Mitigating the risks	231	1.00	4.00	2.9697	.94820
Risk tolerance level	231	1.00	5.00	2.7576	.97451
Internal and external Environment	231	1.00	4.00	2.8398	.87246
Valid N (listwise)	231				

Source: Study Data (2023)

On the facet of whether all the inherent risks facing the county government are carefully identified and evaluated by competent staff, facts distinguished that popular participants concurred to a modest level with the account at a mean of 3.004 with a disparity of 0.707. On the statement of whether the county government management has instituted adequate mechanisms and strategies for reacting or responding to the evaluated risks on time, popular participants concurred to a moderate level with a mean of 2.909 and a SD of 0.842. About the claim that the county government has a specific policy in place for minimizing risks that could prevent the attainment of the specified goals, facts exhibited that popular participants concurred to a modest level with a mean of 2.970 and a SD of 0.948. On the statement of whether there is a clearly stated risk tolerance level in this county government, facts exhibited that popular participants concurred to a modest level with a mean of 2.758 and a SD of 0.975. On the statement of whether the county government management critically analyses the internal and external environment before introducing any change within its operations, facts exhibited that popular participants concurred to a modest level with a mean of 2.840 and a SD of 0.872. These research findings are compatible with those of Yahya (2018) who evaluated the link between internal control practices and how Kenyan commercial state corporations performed financially.

4.4.3 Information and Communication

The participants were asked to respond to the extent to which they engage in information and communication on financial stability in County Government of Lamu as displayed.

Table 4.5: Descriptive Statistics

	N	Min	Max	Mean	Std Dev
Timely flow of relevant information	231	2.00	5.00	3.2381	.82858
Information and knowledge	231	2.00	5.00	3.1861	.94867
Constructive feedback	231	2.00	5.00	3.0260	.95062
Timely, relevant and reliable reports	231	2.00	5.00	3.2121	.81456
Financial and non-financial information	231	1.00	5.00	3.2814	.93880
Information and communication channels	231	1.00	5.00	3.1645	.89867
Valid N (listwise)	231				

Source: Study Data (2023)

On the question of whether appropriate flow of pertinent information is present in each portion of the county government to enable county staff perform their responsibilities, it was distinguished that popular participants concurred to a modest level with the account at a mean of 3.238 with a variation of 0.829. On the statement of the whether information and knowledge are openly shared in this county government, facts exhibited that popular participants concurred to a modest level with a mean of 3.186 and a SD of 0.949. On the statement the county government management regularly providing employees in all sections with constructive feedback needed to realize county objectives, facts exhibited that popular participants concurred to a modest level with a mean of 3.026 and a SD of 0.951. On the statement of whether the county government management usually receives timely, relevant and reliable reports from all county units for informed decision-making, facts exhibited that popular participants concurred to a modest level with a mean of 3.212 and a SD of 0.815. Based on the question of whether timely information is being distributed throughout all of the sections in the county government, facts exhibited that popular participants concurred to a modest level with a mean of 3.281 and a SD of 0.939. On the statement of whether the county government has well established appropriate information and communication channels that are utilized by all the county staff, facts exhibited that popular participants concurred to a modest level with a mean of 3.165 and a SD of 0.899. These research findings are compatible with those of Onyango (2014) on how internal controls influenced county governments' performance in Kenya also noted that information and communication had a noteworthy impact county government performance.

4.4.4 Monitoring Activities

The participants were asked for their responses regarding how much they engage in monitoring activities towards financial stability of County Government of Lamu as is displayed.

Table 4.6: Descriptive Statistics

	N	Min	Max	Mean	Std Dev
Regular monitoring of the efficiency	231	2.00	5.00	2.9697	.92027
Regular self-assessments	231	1.00	5.00	2.8788	.82516
Regular management reviews	231	2.00	5.00	2.8442	.79779
Routine audits	231	1.00	5.00	3.1212	.99259
Reports for improvement	231	1.00	5.00	3.0909	.88241
Valid N (listwise)	231				

Source: Study Data (2023)

On the facet of whether there is overall regular monitoring of the efficiency of county government operations and alignment to set objectives, it was distinguished that popular of the participants concurred to a modest level with the assertion at a mean of 2.970 with a variation of 0.920. On the statement of whether regular self-assessments of the quality and effectiveness of internal control systems across all units are usually carried out in this county government, facts exhibited that popular participants concurred to a modest level with a mean of 2.879 and a SD of 0.825. On the statement of whether regular management reviews are often carried out to see whether there are any necessities or possibilities that should be tackled as part of ongoing county government reform, facts exhibited that popular participants concurred at a modest level with a mean of 2.844 and a SD of 0.798. On the statement of whether routine audits of the county operations and processes by independent audit teams have been highly adopted in this county government, facts exhibited that popular participants concurred to a modest level with a mean of 3.121 and a stan dev of 0.993. About the claim that this county government's monitoring systems invariably result in reports with recommendations for improvement, facts exhibited that popular participants concurred to a modest level with a mean of 3.091 and a SD of 0.882. These research findings are comparable with those of Origo (2015) who looked into how internal controls affected Kenyan manufacturing companies' financial performance.

4.4.5 Control Activities

The participants were asked for their responses regarding how much they engage in control activities towards financial performance of County government of Lamu as displayed.

Table 4.7: Descriptive Statistics

	N	Min	Max	Mean	Std Dev
Organizational chart	231	2.00	5.00	3.5325	.99893
Responsibilities	231	2.00	5.00	3.5022	.89867
Process or record a given transaction.	231	2.00	5.00	3.5628	1.04015
Authorization	231	2.00	5.00	3.8095	.91751
Security systems	231	2.00	5.00	3.5325	.93135
Valid N (listwise)	231				

Source: Study Data (2023)

On the facet of whether the county government has an organizational chart where lines of authority and responsibility are distinctly defined, it was distinguished that popular of the participants concurred to a great level with the assertion at a mean of 3.533 with a disparity of 0.999. On the statement of whether the county government management always assigns different people different responsibilities across all the tasks and functions in this county, facts exhibited that popular participants concurred to abundant level with a mean of 3.502 and a SD of 0.989. On the statement of whether the county government management has ensured that no one employee is allowed or mandated to initiate, approve, process or record a given transaction, facts exhibited that popular participants concurred at abundant level with a mean of 3.563 and a stan dev of 1.040. On the statement of whether efforts are undertaken to ensure that all the transactions in the county government are authorized by the right persons, facts exhibited that popular participants concurred to abundant level with a mean of 3.810 and a SD of 0.918. On the statement of whether there are in place security systems in the county government which are used to identify and safeguard the county assets, facts exhibited that popular participants concurred to abundant level with a mean of 3.533 and a SD of 0.931. These research findings concur with the findings of Lerno (2016) who assessed how county government performance was impacted by internal controls in Kenya.

4.4.6 Financial Performance

The participants were asked for their responses regarding how much they engage in financial performance of County government of Lamu as displayed in table 4.7 below.

Table 4.8: Descriptive Statistics

	N	Min	Max	Mean	Std Dev
Revenue targets.	231	2.00	5.00	3.3030	.91554
Pay outstanding bills on time.	231	1.00	5.00	2.9610	.88133
Fund its operations	231	2.00	5.00	3.2814	.98402
Statutory requirements	231	2.00	5.00	3.3723	.86974
Financial obligations	231	2.00	5.00	3.4329	.75386
Valid N (listwise)	231				

Source: Study Data (2023)

On the statement of whether the county government has been successful in achieving its income goals, it was distinguished that popular of the participants concurred to a modest level with the account at a mean of 3.303 with a disparity of 0.916. On the statement of whether the county government has been able to dully pay outstanding bills on time, facts exhibited that popular participants concurred to a modest level with a mean of 2.961 and a SD of 0.881. On the statement of whether the county has been able to fund its operations, projects and services without incurring deficits, facts exhibited that popular participants concurred at a modest level with a mean of 3.281 and a SD of 0.984. On the statement of whether the county government has been able to meet statutory requirements on expenditure on development activities, facts exhibited that popular participants concurred to a modest level with a mean of 3.372 and a SD of 0.870. On the claim that the county government has been able to pay its debts on when due, facts exhibited that popular participants concurred to abundant level with a mean of 3.433 and a SD of 0.754. These research findings are comparable with those of Otoo and Danquah (2021) who point out local governments in Ghana relied profoundly on the national government to fund their budgets.

4.5 Correlation Analysis

Correlation analysis was done for this research using Pearson product moment correlation to ascertain the link inherent between the internal controls and financial performance of the County Government of Lamu

Table 4.9: Correlations Test

		Control environment	Risk assessment	Information and communication	Monitoring activities	Control activities	Financial performance
Control environment	Pearson Correlation	1	.768**	.674**	.604**	.539**	.510**
	Sig.(2-tailed)		.000	.000	.000	.000	.000
	N	231	231	231	231	231	231
Risk assessment	Pearson Correlation	.768**	1	.720**	.618**	.514**	.506**
	Sig.(2-tailed)	.000		.000	.000	.000	.000
	N	231	231	231	231	231	231
Information and Communication	Pearson Correlation	.674**	.720**	1	.696**	.707**	.619**
	Sig.(2-tailed)	.000	.000		.000	.000	.000
	N	231	231	231	231	231	231
Monitoring activities	Pearson Correlation	.604**	.618**	.696**	1	.763**	.503**
	Sig.(2-tailed)	.000	.000	.000		.000	.000
	N	231	231	231	231	231	231
Control activities	Pearson Correlation	.539**	.514**	.707**	.763**	1	.450**
	Sig.(2-tailed)	.000	.000	.000	.000		.000
	N	231	231	231	231	231	231
Financial performance	Pearson Correlation	.510**	.506**	.619**	.503**	.450**	1
	Sig.(2-tailed)	.000	.000	.000	.000	.000	
	N	231	231	231	231	231	231

**. Correlation is significant at the 0.05 level (2-tailed).

Source: Study Data (2023)

Findings above showed a positive and substantial association between all of the internal control features assessed in this study and the financial health of the County government of Lamu, but the strength of the correlation varied. The link between control environment and financial health of County government of Lamu was moderately positive at 0.510 but significant at 0.000 (p<0.05).

Risk assessment had an average positive correlation with financial stability of County government of Lamu with the Pearson correlation coefficient at 0.506 and had a significant level of 0.000(p<0.05). It was determined that the information and communication had an average association with the financial performance of County government of Lamu with the Pearson correlation of 0.619 and it was essential for forecasting financial performance with a p value of 0.000(p<0.05). Monitoring activities had an average correlation with financial performance of County government of Lamu with the Pearson correlation coefficient at 0.503 and had a significant level of 0.000(p<0.05). Control activities had an average correlation with financial performance of County government of Lamu with the Pearson correlation coefficient at 0.450 and had a significant level of 0.000(p<0.05).

4.6 Diagnostic tests

This study conducted diagnostic tests including Normality test, Multicollinearity test, and Heteroscedasticity test, all to ensure conformity with the assumptions of linear regression.

4.6.1 Normality Test

The assumption that the data should have a normal distribution is one established by linear regression. Consequently, to test for normality Shapiro-Wilk test was conducted. The Shapiro-Wilk test was employed since it is the most extensively used method and has a higher sensitivity for detecting non-normality. Whenever the p-value is less than or equal to 0.05, the test rejects the normality hypothesis. If the normality test fails, one can state with

95% certainty that the data does not fit the normal distribution. If you pass the normalcy test, you can only claim that there was no substantial difference from normality.

Table 4.10: Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
Financial Performance	.1	231	.097	.951	231	.051
Control Environment	.1	231	.395	.910	231	.121
Risk Assessment	.1	231	.782	.950	231	.207
Information and Communication	.1	231	.064	.948	231	.292
Monitoring Activities	.0	231	.074	.965	231	.084
Control Activities	.1	231	.183	.929	231	.071

Source: Study Data (2023)

As per table 4.8, the data gathered are normally distributed across all variables, hence, the null hypothesis is accepted. With the p-value>0.05 significance level, data is normally distributed.

4.6.2 Multicollinearity

The variance of the supplied partial regression coefficient grows as a result of the given variable's degree of correlation with other predictors in the model (variance inflation factor, or VIF) (Dennis, 2011). According to a study cited by Keraro (2014), considerable multicollinearity is generally indicated by tolerance values less than 0.1 and VIF values larger than 10, even though there is no formal standard for assessing these values. As a general rule, smaller levels of the variance inflation factor (VIF) are preferred because greater levels have been shown to have a negative impact on the outcomes of multiple regression analysis. The criterion for this study's VIF was set at 4.0.

Table 4.11: MultiCollinearity Test Coefficients[a]

		Collinearity Statistics	
Model		Tolerance	VIF
1	Control environment	.509	1.963
	Information and communication	.363	2.754

	Monitoring activities	.350	2.861
	Control activities	.357	2.798

a. Dependent Variable: Risk Assessment

Source: Study Data (2023)

From table 4.9 it was found that the independent variables VIF values were inside the 4.0-point cutoff. The findings suggest that multicollinearity is not present.

4.6.3 Heteroscedacit icity

The heteroscedasticity of the data is one of the assumptions made by linear regression. A consistent shift in the residuals' distribution throughout the spectrum of observed values is known as heteroscedaciticity. Since ordinary least squares (OLS) regression presumes that all residuals are taken from a population with constant variance, heteroscedaciticity is a concern (homoscedasticity). The study employed the Breusch-Pagan test to assess heteroscedaciticity. This test tests whether the variances of samples are approximately equal (heteroscedaciticity). If the sig >0.05 Breusch-Pagan test is non- significant, so equal variances are assumed. It is doubtful that the variations observed in sample variances would have occured based on random sampling from a population with equal variances if the resulting p-value from the Breusch-Pagan test is less than a specific threshold of significance (0.05). It is established that there was a disparity in the variations in the population and hence the null hypothesis of equal variances is rejected.

Table 4.12: Breusch-Pagan Test for Heteroskedasticity[a,b,c]

Chi-Square	Df	Sig.
.594	1	.541

a. Dependent Variable: Financial performance

b. Tests the null hypothesis that the variance of the errors does not depend on the values of the independent variables

c. Predicted values from design: Intercept $+ X_1 + X_2 + X_3 + X_4 + X_5 + X_1 * X_2 + X_1 +$

$$* X_3 + * X_3 + X_1 * X_4 + X_1 * X_2 * X_5 + X_3 * X_4 + X_3 * X_5 + X_4 * X_5 + X_1 * X_2 * X_3 + X_1 * X_2 * X_4 + X_1 * X_2 * X_5 + X_1 * X_3 * X_4 + X_1 * X_3 * X_5 + X_2 * X_3 * X_4 + X_2 * X_3 * X_5 + X_2 * X_4 * X_5$$

Source: Study Data (2023)

This p-value is more than.05, hence we are unable to rule out the null hypothesis. As a result, we lack adequate proof to conclude that the variation in internal controls varies markedly.

4.7 Regression Analysis

OLS Multiple linear regression analysis was done to determine whether internal controls had a significant effect on the financial success of County Government of Lamu. The effect of each independent variable on financial success was quantified.

4.7.1 Coefficient of Determination

The coefficient of determination represented by R-squared (R^2), is a statistical measure that depicts the level of variation in the dependent variable (financial performance) that is clarified by the independent variables (internal controls) in a regression model as exhibited in table 4.12 below.

Table 4.13: Model Summary

Model	R	R Squired	Adjusted R Squired	Std Error of the Estimate
1	.637[a]	.405	.392	.52381

a. Predictors: (Constant), Control Environment, Control Activities, Risk Assessment, Monitoring Activities, Information and Communication

Source: Study Data (2023)

The findings from the regression output regarding the model summary results, which are exhibited in Table 4.12 infer that R square (coefficient of determination) of 0.405 was found which represent 40.5% of the changes in financial performance of County government of Lamu that was explained by changes in control environment, risk assessment, information and communication, monitoring activities and control activities. The rest of the changes, 59.5% were ascribed to the variables outside this model.

4.7.2 Analysis of Variance (ANOVA)

The relationship between two variables can be seen by a variance analysis. This section illustrates the influence of inferential statistics with p-value (sig' for significance) on the principle variable. Less than 5% p-values are said to be significant. Investigating the F statistic and its corresponding p-value also helped to gauge financial performance as well. Table 4.13 lists the results in a logical order.

Table 4.14: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	42.049	5	8.410	30.651	.000[b]
	Residual	61.735	225	.274		
	Total	103.784	230			

a. Dependent variable: Financial Performance

b. Predictors: (Constant) Control Environment, Control Activities, Risk Assessment, Monitoring Activities, Information and Communication

Source: Study Data (2023)

Given that the $p<0.05$ and the ANOVA results in table 4.13, it is implied by the value of 0.000 that the regression model was statistically significant and well-fit in forecasting the link between internal controls and the financial performance of the Lamu County government. By utilization of the F test, any F value that is more than one implies significance, thus the F calculated in this case was 30.651 which is more than one and therefore we also draw the conclusion that the model was significant.

4.7.3 Regression Coefficients

Table 4.14 displays the values of the regression constants that let the researcher draw conclusions about the impact of independent factors on the dependent variable.

Table 4.15: Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1.186	.186		6.370	.000
	Risk assessment	.013	.087	.014	.150	.088
	Information and Communication	.457	.089	.469	5.112	.000
	Monitoring activities	.129	.083	.138	1.556	.012
	Control activities	-.058	.076	-.067	-.768	.043
	Control environment	.122	.076	.136	1.605	.011

a. Dependent variable: Financial Performance

Source: Study Data (2023)

An OLS was conducted to produce the linking amongst internal controls and financial performance of the County Government of Lamu. The following regression equation was established.

Y (Financial performance) = $1.186 + 0.122C_1 + 0.013E_2 + 0.457T_3 + 0.129Z_4 - 0.058F_5$

The findings show that a unitary rise in control environment would result to 0.122 rise in financial success. A p value of $0.011<0.05$) meant that it was both favorable and significant statistically. Accordingly, hypothesis HO_1 was rejected. Also the findings show that a unitary rise in risk assessment led to a 0.013 improvement in financial health. A p value of $0.088>0.05$) meant that it was both favorable and significant statistically. Hence, hypothesis HO_2 was not rejected. The findings equally show that a unit rise in Information and Communication would lead to 0.457 rise in financial performance. A p value of $0.000<0.05$) meant that it was both favorable and significant statistically. Consequently, hypothesis HO_3

was rejected. The findings show that a unit rise in monitoring activities would lead to 0.129 rise in financial performance. A p value of 0.012>0.05) meant that it was both favorable and significant statistically. Thus, hypothesis HO_4 was rejected. The findings show that a unitary rise in control activities would lead to 0.058 decrease in financial health. A p value of 0.043>0.05) meant that it was both favorable and significant statistically. Accordingly, hypothesis $HO5$ was rejected.

4.8 Hypotheses Testing

In this part of the enquiry, the study's hypotheses that were derived from the specified objectives were assessed. The number of objectives used in the enquiry matched the number of hypotheses used in the study. According to the first hypothesis, financial performance county government of Lamu is significantly affected by control environment. That The financial performance of Lamu County Government is not significantly impacted by risk assessment is followed as another null statement. In light of the third premise, it can be noted that information and communication has been shown to significantly affect the financial performance of county government of Lamu. Regarding the fourth premise, it was noted that monitoring activities has been shown to significantly affect the financial performance of county government of Lamu. And finally, in light of the fifth premise, it is noted that control activities have a major impact on the county government of Lamu's financial performance..

4.8.1 Effect of Control Environment on Financial Performance County Government of Lamu

The outcomes demonstrate that the p-value was below the threshold of significance, indicating that it was favorable and statistically significant. Hence, hypothesis HO_1 was rejected. This could be attributed the adherence to commitment, competence, integrity and ethical values by county employees. These outcomes support the findings of Omar and Yussuf (2021) who found that the control environment in learning institutions and which entailed commitment, competence, integrity and ethical values of persons performing assigned duties influenced financial performance. It also agreed with by Waweru (2021)findings who discovered that the country's public organizations' financial performance was influenced by the control environment, which included the staff's honesty, morals, and competence, the management's operational philosophy, and the delegation of responsibility. It is also consistent with the findings by Omar and Yussuf (2021) who found that the control environment in learning institutions and which entailed commitment, competence, integrity and ethical values of persons performing assigned duties influenced financial performance.

4.8.2 Effect of Risk Assessment on Financial Performance of County Government of Lamu

The results demonstrate that the p-value was below the threshold of significance, indicating that it was favorable and statistically significant. Consequently, hypothesis HO_2 was not rejected. These outcomes support the findings of Yahya (2018) who discovered that minimizing hazards in the work process and its long-term impact on financial uncertainties and losses led to increased financial health. Equally it disagrees with the outcomes by Onyango (2014) who noted that risk assessment enabled the detection of risks with far reaching effects on different county operations. It also disagrees with the findings by Ouko and Atheru (2022) who proved that risk assessment significantly improved the financial health of the Saccos.

4.8.3 Effect of Information and Communication on Financial Performance of County Government of Lamu

The results demonstrate that the p-value was below the threshold of significance, indicating that it was favorable and statistically significant. Accordingly, hypothesis HO_3 was rejected. These outcomes support the findings of Isa (2020) who established that information and communication as a crucial component of the internal control systems in these parastatals significantly affected the financial performance. The study findings are congruent with those of Onyango (2022) who noted that adequate information and communication systems ensured that all the county employees had the necessary information needed in discharging their responsibilities efficiently.

4.8.4 Effect of Monitoring Activities on Financial Performance of County Government of Lamu

The outcomes show that p-value was less than the significance level meaning that it was favorable and statistically significant. Accordingly, hypothesis HO_4 was rejected. These outcomes concur with the outcomes of Segun, Kehinde and Alice (2020) who discovered that monitoring activities which entailed the frequency in assessing and reviewing overtime the quality and how effective internal controls were, substantially enhanced the performance of Nigerian banks financially. It also concur with the findings by Origo (2015) who noted that monitoring activities were crucial in the assessment of performance quality in a firm over time.

4.8.5 Effect of Control Activities on Financial Performance of County Government of Lamu

The outcomes show that p-value was less than the significance level meaning that it was negative and statistically significant. Hence, hypothesis $HO5$ was rejected. These outcomes contradict the findings of Lerno (2016) who noted that the implementation of such activities had not wholly resulted to improved county performance. On the other hand, it concurs with the outcomes of Makhaya and Maniagi (2020) and Rurangwa (2018) who found that control activities had a substantial impact on performance of Kakamega County Government and local governments in Uganda respectively. It also concur with the findings by Lerno (2016) who found that county governments had to a large extent implemented various control activities such as the separation of roles, security systems for safeguarding county assets, ensuring that the work of each staff checked on the others and chances of a single employee accessing all vital information without seeking consent from senior staff was not possible.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction.

Chapter five included summary of the findings, a synopsis of the research, and recommendations based on the findings. According to the specific goals the research study sought to address, which included trying to ascertain the impact of internal controls on the financial stability of the County government of Lamu, findings were described in this chapter in a sequential manner.

5.2 Summary of Findings

This sub-section sets out the summary of study findings. General objective was to determine the effect of internal controls on financial health county government of Lamu, Kenya. In particular, the research assessed effect of control environment, risk assessment, information and communication, monitoring activities and control activities on financial stability of county government of Lamu, Kenya. Moreover, data was analyzed by employing descriptive statistics, Pearson product moment correlation coefficient as well as multiple regression analysis.

The following are the major findings.

5.2.1 Control Environment and Financial Performance

The first objective evaluated the effect of control environment on financial health of county government, Kenya. The findings suggests that the majority of responders were only slightly in disagreement with the statement that Lamu County Government's financial health is indeed influenced by its control environment. According to correlation findings, the control environment and the financial health of the County Government of Lamu were generally positively correlated. The first hypothesis was rejected by regression analysis, which also demonstrated a statistically significant strong association between the control environment and financial health.

5.2.2 Risk Assessment and Financial Performance

The second objective evaluated the effect of risk assessment on financial performance of county government, Kenya. The results demonstrate that majority of the responders agreed to a moderate extent with the fact that risk assessment indeed affect financial stability of County Government of Lamu. On correlation results, there was an average correlation between risk assessment and financial performance of County Government of Lamu. Regression analysis led to failure to reject hypothesis two and found that there exists statistically positive insignificant link between risk assessment and financial performance.

5.2.3 Information and Communication and Financial Performance

The third objective evaluated the effect of information and communication on financial performance of county government, Kenya. The results demonstrate that popular responders concurred to a modest level with the fact that information and communication indeed affect financial health of County Government of Lamu. On correlation results, there was an average correlation between information and communication and financial health of County Government of Lamu. Regression analysis led to rejection of hypothesis three and observed a statistically significant positive correlation between information and communication and financial performance.

5.2.4 Monitoring Activities and Financial Performance

The fourth objective evaluated the effect of monitoring activities on financial performance of county government, Kenya. The results demonstrate that majority of the responders agreed to a moderate extent with the fact that monitoring activities indeed does affect financial performance of County Government of Lamu. On correlation results, there was an average correlation between monitoring activities and financial performance of County Government of Lamu. The fourth hypothesis was disproved by regression analysis, which also revealed a statistically substantial positive correlation between monitoring efforts and financial success.

5.2.5 Control Activities and Financial Performance

The fifth objective evaluated the effect of control activities on financial success of county government, Kenya. The results demonstrate that popular responders concurred to abundant range with the fact that control activities indeed does affect financial performance of County Government of Lamu. On correlation results, there was an average correlation between control activities and financial performance of County Government of Lamu. The fifth hypothesis was disproved by regression analysis, which also revealed a statistically significant negative link between financial performance and control actions.

5.3 Conclusion

In view of the upshot of control environment on financial stability of county government, Kenya, regression results aimed to fix the upshot of control environment on financial health of County Government of Lamu, and it was observed that the control environment was both statistically significant and favorable and hypothesis one was rejected and the correlation was moderate.

In view of the effect of risk assessment on financial success of county government, Kenya, regression results which aimed to ascertain the effect of risk assessment on financial performance of County Government of Lamu, it was found that risk assessment was positive and statistically insignificant and hypothesis two was not rejected and the correlation was moderate.

In view of the effect of information and communication on financial success of county government, Kenya, regression results which sought to ascertain the effect of information and communication on financial performance of County Government of Lamu, it was found that information and communication was positive and statistically significant and hypothesis three was rejected and the correlation was average.

In view of the upshot of monitoring activities on financial success of county government, Kenya, regression results which sought to ascertain the effect of monitoring activities on financial performance of county Covernment of Lamu, it was found that monitoring activities was positive and statistically significant and hypothesis four was rejected and the correlation was average.

In view of the effect of control activities on financial performance of county government, Kenya, regression results which aimed to ascertain the effect of control activities on financial performance of county government of Lamu, it was found that control activities were negative and statistically significant and hypothesis five was rejected and the correlation was average.

5.4 Recommendations

As per the effect of control environment on financial performance of county government, Kenya, the study recommends that all staff of the County Government of Lamu should show their commitment and competence on their responsibilities and should perform their duties as per laid out standards. It also recommends that all activities and operations in this county should abide by the highest standards of integrity and ethical values among the county employees. It also recommends that specific lines of authority and responsibilities should be put in place to guarantee adherence to the stated policies and procedures. As per the effect of information and communication on financial performance of county government, Kenya, the study recommends that information should be shared openly with the county and there be timely flow of this information to enable county staffs to perform their responsibilities. It also recommends the regularly, timely and reliable provisions of reports from county units to county employees to enhance decision making

As per the effect of monitoring activities on financial performance of county government, Kenya, the study recommends regular monitoring of the efficiency of county government operations and alignment to set objectives as well as regular self-assessment of quality and effectiveness of internal control systems across all units. It also recommends regular management reviews to assess any gaps or possibilities that need to be filled as part of the county government's ongoing improvement. It also recommends routine audits of the county operations and processes by independent audit teams. As per the effect of control activities on financial performance of county government, Kenya, the study recommends that the county government should have an organizational chart where lines of authority and responsibility are distinctly defined and assigned different people different responsibilities across all the tasks and functions in this county. It also recommends that there should sufficient efforts in place to ensure that all the transactions in the county government are authorized by the right persons, and there should be in place security systems in the county government which are used to identify and safeguard the county assets.

5.5 Contribution to Practice

The contribution of the study findings would be vital to the panel of administration of County Government of Lamu in indulging the influence of internal controls on financial performance and direct strategy design for forthcoming usage. The county assembly can also be able to articulate legislation that supports internal controls in public segment entities. These strategies and regulations can aid in filling up the breaks that are there in internal control systems and support ineffective administration of public entities. The study aims to close the internal control gaps in the Kenyan public sector and provide a foundation for future research for academics and scholars who may utilize it as a point of reference.

5.6 Suggestions for Further Studies

The current study was conducted in the County Government of Lamu; given that internal controls accounted for 40.5% of the difference in financial performance, this leaves 59.5% unaccounted for and in need of more research.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

This questionnaire has been purposely designed to assist in collecting data related to **"Internal Controls and Financial Performance of the County Government of Lamu, Kenya."** Please spend a few minutes to candidly and objectively answer the questions posed by the tool. Please check the appropriate items. All submitted data will remain confidential.

<u>SECTION A: RESPONDENT BIO-PROFILE</u>

1. Gender

Male [ ] Female [ ]

2. Age bracket

30 Years or less [ ] 31 – 40 Years [ ]

41 – 50 Years [ ] Above 50 Years [ ]

3. Highest educational level

College Level [ ] Undegraduate Level [ ]

Postgraduate Level [ ] Doctorate Level [ ]

Other (Specify) ____

4. Period of working with this county government

3 Years or Less [ ] 4 – 6 Years [ ]

More than 6 Years [ ]

5. What is your designation or title in this county government?

____

6. Indicate your work department

____

SECTION B: CONTROL ENVIRONMENT

7. Do you agree with the various statements presented below on the control environment in this county government based on this scale;

1 = Not at All, 2 = Small Extent, 3 = Moderate Extent, 4 = Great Extent, 5 = Very Great Extent

	1	2	3	4	5
a) All staff in this county government are committed to their jobs and have good working relationships among themselves.					
b) All staff in the various units in this county government usually perform their duties as per the laid-out standards.					
c) All the activities and operations in this county government are led by the fundamental principle of integrity.					
d) The county government management has instilled ethical values among all the county employees.					
e) All the employees in this county government are competent in carrying out their duties.					
f) There are well defined lines of authority and accountability in this county government to guarantee adherence to the established policies and procedures.					

SECTION C: RISK ASSESSMENT

8. Do these statements reflect the level of risk assessment in this county government. Use this scale

1 = Not at All, 2 = Small Extent, 3 = Moderate Extent, 4 = Great Extent, 5 = Very Great Extent

	1	2	3	4	5
a) All the inherent risks facing the county government are carefully identified and evaluated by competent staff.					

b) The county government management has instituted adequate mechanisms and strategies for reacting or responding to the evaluated risks on time.					
c) The county government has in place an established policy for mitigating the risks likely to impinge the achievement of the set objectives.					
d) There is a clearly stated risk acceptance level in this county government.					
e) The county government management critically analyses the internal and external environment before introducing any change within its operations.					

SECTION D: INFORMATION AND COMMUNICATION

9. Kindly state whether these statements reflect the information and communication in this county government. Using the following scale

1 = Not at All, 2 = Small Extent, 3 = Moderate Extent, 4 = Great Extent, 5 = Very Great Extent

	1	**2**	**3**	**4**	**5**
a) All county government sections receive timely access to pertinent information to enable county workers to carry out their duties.					
b) Information and knowledge are openly shared in this county government.					
c) The county government management regularly provides employees in all sections with constructive feedback needed to realize county objectives.					
d) The county government management usually receives timely, relevant and reliable reports from all county units for informed decision-making.					
e) Both financial and non-financial information is well captured by various systems in this county government.					

f) The county government has well established appropriate information and communication channels that are utilized by all the county staff.					

SECTION E: MONITORING ACTIVITIES

10. Do you agree with these statements on the monitoring activities in this county government based on this scale;

1 = Not at All, 2 = Small Extent, 3 = Moderate Extent, 4 = Great Extent, 5 = Very Great Extent

	1	**2**	**3**	**4**	**5**
a) There is overall regular monitoring of the efficiency of county government operations and alignment to set objectives.					
b) Regular self-assessments of the quality and effectiveness of internal control systems across all units are usually carried out in this county government.					
c) Regular management reviews are often done to ascertain if there are requirements or possibilities that must be resolved as part of ongoing reform in the county government.					
d) Routine audits of the county operations and processes by independent audit teams have been highly adopted in this county government.					
e) Reports for improvement are always generated at end of the monitoring processes in this county government.					

SECTION F: CONTROL ACTIVITIES

11. Do you agree with these statements regarding the control activities in this county government based on this scale;

1 = Not at All, 2 = Small Extent, 3 = Moderate Extent, 4 = Great Extent, 5 = Very Great Extent

	1	**2**	**3**	**4**	**5**
a) The county government has an organizational chart where lines of authority and responsibility are distinctly defined.					

b) The county government management always assigns different people different responsibilities across all the tasks and functions in this county.					
c) The county government management has ensured that no one employee is allowed or mandated to initiate, approve, process or record a given transaction.					
d) Efforts are undertaken to ensure that all the transactions in the county government are authorized by the right persons.					
e) There are in place security systems in the county government which are used to identify and safeguard the county assets.					

SECTION G: FINANCIAL PERFORMANCE OF COUNTY GOVERNMENT OF LAMU

12. Do you agree with these statements regarding the financial performance of this county government based on this scale;

1 = Not at All, 2 = Small Extent, 3 = Moderate Extent, 4 = Great Extent, 5 = Very Great Extent

	1	**2**	**3**	**4**	**5**
a) The county government has been able to meet its revenue targets.					
b) The county government has been able to dully pay outstanding bills on time.					
c) The county has been able to fund its operations, projects and services without incurring deficits.					
d) The county government has been able to meet statutory requirements on expenditure on development activities.					
e) The county government has been successful in timely paying its debts..					

APPENDIX II: SECONDARY DATA COLLECTION TEMPLATE

Financial Year	Own Source Revenue
2018	
2019	
2020	
2021	
2022	

APPENDIX III: RESEARCH AUTHORIZATION LETTER

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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/ OL/MSA/26916/2014

DATE: 19th January, 2023

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

Dear Sir/Madam,

RE: RESEARCH AUTHORIZATION FOR SALMAR OMAR AHMED – REG. NO. D53/OL/MSA/26916/2014

I write to introduce Ms. Salmar Omar Ahmed who is a Postgraduate Student of this University. She is registered for M.B.A degree programme in the **Department of Accounting and Finance.**

Ms. Omar intends to conduct research for a M.B.A Project Proposal entitled, **"Internal Controls and Financial Performance of the County Government of Lamu, Kenya".**

Any assistance given will be highly appreciated.

Yours faithfully,

PROF. ELISHIBA KIMANI
DEAN, GRADUATE SCHOOL

EM/nn

APPENDIX IV: RESEARCH PERMIT

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Ref No: **892730**

Date of Issue: **01/February/2023**

RESEARCH LICENSE

This is to Certify that Ms.. SALMA OMAR AHMED of Kenyatta University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Lamu on the topic: INTERNAL CONTROLS AND FINANCIAL PERFORMANCE OF THE COUNTY GOVERNMENT OF LAMU, KENYA for the period ending : 01/February/2024.

License No: **NACOSTI/P/23/23417**

892730

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

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See overleaf for conditions