

**AUDIT CONTROLS AND PERFORMANCE OF CONSTITUENCY DEVELOPMENT
FUND PROJECTS IN EMBAKASI EAST CONSTITUENCY, KENYA**

MARGARET W. MURIITHI

D53/CTY/PT/24706/2013

**A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS IN
PARTIAL FULFILMENT FOR THE AWARD OF DEGREE MASTER OF BUSINESS
ADMINISTRATION (FINANCE OPTION) OF KENYATTA UNIVERSITY**

DECLARATION

This research project is my original work and it has not been presented in any academic institution for award of a degree.

.....

SIGNATURE

MARGARET MURI ITHI

D53/CTY/24706/2013

.....

DATE

I ascertain that this work is being done by this candidate under my supervision

.....

SIGNATURE

DR. JOHN N. MUNGAI

LECTURER DEPARTMENT OF ACCOUNTING AND FINANCE

.....

DATE

DEDICATION

I wish to bestow this work to my family members, friends and colleagues for support and concern they have demonstrated.

ACKNOWLEDGEMENT

I wish to acknowledge my Supervisor Dr. John N. Mungai for the support and guidance he has accorded during the entire period of this research project. I wish also to appreciate my classmates who offered me assistance in time of need. Special thanks to my family who tirelessly supported me morally and financially, not forgetting my employer for according me the time to do this research work. I give all glory to God my creator for enabling me move this far.

TABLE OF CONTENT

DEDICATION	<i>iii</i>
ACKNOWLEDGEMENT.....	<i>iv</i>
TABLE OF CONTENT	<i>v</i>
LIST OF TABLES	<i>vii</i>
LIST OF FIGURES	<i>ix</i>
OPERATIONAL DEFINITION OF TERMS	<i>x</i>
ABBREVIATION and ACRONYMS.....	<i>xi</i>
ABSTRACT	<i>xi</i>
CHAPTER ONE INTRODUCTION.....	<i>1</i>
1.1 Background of the Study.....	1
1.2 Statement of Problem	7
1.3 Objectives of the Study	8
1.4 Research Questions	8
1.5 Significance of the Study	9
1.6 Scope of the Study.....	9
1.7 Limitations of the Study	10
1.8 Organization of the study	10
CHAPTER TWO LITERATURE REVIEW.....	<i>11</i>
2.1 Introduction	11
2.2 Theoretical Literature	11
2.3 Empirical Literature	14
2.4 Summary of Literature Review and Gap.....	25
2.5 Conceptual Framework	31
2.6 Operationalization of variables.....	32
2.7 Ethical Considerations.....	33
CHAPTER THREE RESEARCH METHODOLOGY	<i>34</i>
3.1 Introduction	34
3.2 Research Design	34
3.3 Target Population	34
3.4 Sampling Procedure and Sample Frame	35
3.5 Data Collection Instrument	35

3.6 Data Collection Procedure	36
3.7 Validity and Reliability of Data Collection Instruments.....	36
3.8 Data Analysis Techniques and Presentation	37
CHAPTER FOUR DATA ANALYSIS, INTERPRETATIONS AND PRESENTATION ..	39
4.1 Introduction	39
4.2 Response Rate	39
4.3 Demographic Results	40
4.4 Detective Controls.....	43
4.5 Preventive Controls	51
4.6 Monitoring and Evaluation.....	60
4.7 Risk Assessment.....	65
4.8 Project Performance	68
4.9 Correlation.....	70
4.10 Regression Analysis	72
CHAPTER FIVE SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	755
5.1 Introduction	755
5.2 Summary of the Key Findings	755
5.3 Conclusion of the Study	77
5.4 Recommendations of the Study	778
5.5 Areas for Further Studies	778
REFERENCES	79
APPENDICES.....	86
APPENDIX I: GRADUATE SCHOOL APPROVAL LETTER.....	86
APPENDIX II: RESEARCH AUTHORISATION LETTER.....	87
APPENDIX III: LETTER OF INTRODUCTION TO RESPONDENTS	89
APPENDIX IV: QUESTIONNAIRE.....	900

LIST OF TABLES

Table 2.1: Summary of Literature Review Matrix.....	25
Table 3.2: List of Target Population of the study	34
Table 3.3 List of Sample Size	35
Table 4.4: Response Rate.....	39
Table 4.5: Reliability Coefficients	39
Table 4.6: Respondents Gender	40
Table 4.7: Age in Years	41
Table 4.8: Highest Level of Education	41
Table 4.9: Positioned in Constituency	42
Table 4.10: Period in Being Part Of Constituency CDF office	42
Table 4.11: Effectiveness of the Detective Control	44
Table 4.12: Internal Controls Adopted by the CDF office	44
Table 4.13: Controls in Detecting Frauds and Enhancing Performance.....	45
Table 4.14: Top Management on Areas Pointed by the External Auditor’s Report.....	46
Table 4.15: Help in Detecting Frauds	46
Table 4.16: Reason Behind The lack of Enhancement In Areas Pointed	47
Table 4.17: Major Issues Addressed.....	48
Table 4.18: Segregation of Duties in Minimizing Frauds and Errors.....	48
Table 4.19: Extent of Agreement on Statement Relating to Detective Controls	49
Table 4.20: Areas that Need Changes to Enhance Detection of Errors and Frauds	50
Table 4.21: Major Preventive Control in Place to Detect and Prevent Frauds.....	51
Table 4.22: Effective of the Systems	52
Table 4.23: Manuals of Operations In The Department	52
Table 4.24: Manuals in Terms of User Friendliness.....	53
Table 4.25: Guide in the Operations	53
Table 4.26: Inspection Committees Informing Top Management.....	54

Table 4.27: Frequency of Inspection	55
Table 4.28: Inspection Committee Reporting.....	55
Table 4.29: Internal Audit Department Effectiveness in Minimizing Frauds and Errors.....	56
Table 4.30: Rating of Internal Audit Department.....	56
Table 4.31: Reason for Ineffectiveness.....	57
Table 4.32: Statement Relating To Preventive Control	57
Table 4.33: Best Preventive Which Ease Fraud Detection Prevention.....	59
Table 4.34: Monitoring and Evaluation Committees.....	60
Table 4.35: Rating Effectiveness of Audit Control Roles	60
Table 4.36: The Role of Monitoring and Evaluation	61
Table 4.37: How often the Committee Give Progressive Reports.....	61
Table 4.38: Reports plus board’s fields’ visit helps on improving performance.....	62
Table 4.39: Statement Relating to Monitoring and Evaluation	63
Table 4.40: How often the Risks Assessment Reports are Produced	65
Table 4.41: Reports Plus Risk aspects on Improving Performance.....	65
Table 4.42: Statements Relating To Risk Assessment.....	66
Table 4.43: The Risk Assessment Methods Which can Ease Fraud.....	67
Table 4.44: Rating Project Implemented by CDF Fund	68
Table 4.45: Improving the Utilization of The Fund.....	69
Table 4.46: Measures for CDF offices performance	69
Table 4.47: General Performance of the CDF Fund	70
Table 4.48: Correlations.....	71
Table 4.49: Model Summary	72
Table 4.50: Summary of One-Way ANOVA results	73
Table 4.51: Coefficients.....	73

LIST OF FIGURES

Figure 1.1: Conceptual Framework 31

OPERATIONAL DEFINITION OF TERMS

Audit controls	Audit control, is a process for assuring achievement of an organization's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies.
Audit	This comes from a Latin word “audire” meaning to hear in other words it means official examination of account and records.
Control	Is an exercise performed in the present to achieve a plan drawn up for the future.
Frauds	A fraud is deliberate deception to secure unfair or unlawful gain. Fraud is both a civil wrong and a criminal wrong
Internal Control	It has been defined by the Auditing planning committee (APC) in UK as the whole system of control financial and otherwise established by management in order to carry out the business of the enterprise in an orderly and efficient manner to safeguard the assets and secure as far as possible, the competence and accuracy of records, the prevention and detection of errors and fraud in accordance with the final preparation of financial statement.
Management	It is defined as the process of planning, organizing coordinating and controlling the activities of an organization. It is seen as a group of people who monitor and control the organization activities towards the achievement of the organization objectives.
Performance	Refers to how well an organization is doing to reach its vision, mission, and goals. In this proposal performance is equated in terms number of completed projects and how sustainable are the projects in the near future.
Project performance	Refers to level of satisfaction that meets the constituents desired objectives from deriving benefits from the implementation of the project

Constituency development fund is a fund established in 2003 through an Act of Parliament, the CDF Act 2003. The Act was later reviewed by the CDF (Amendment) Act 2007, and repealed by CDF Act, 2013 which was subsequently succeeded by the current NG-CDF (Amendment) Act 2016.

ABBREVIATION and ACRONYMS

AfDB	African Development Bank Group
CDF	Constituency Development Fund
CDFC	Constituency Development Fund Committee
COSO	Committee of Sponsoring Organizations of the Tread Way Commission
IBP	International Budgetary Partnership
IIA	Institute of Internal Auditors
M and E	Monitoring and evaluation
NGOs	Non-Governmental Organizations
NSSF	National Social Security Fund
RMCs	Regional Member Countries
SPSS	Statistical Package for Social Science
TISA	the Institute for Social Accountability
UK	United Kingdom

ABSTRACT

Through audit controls, organizations accomplish execution and organizational objectives, avoid misfortune of assets, empower generation of solid reports and guarantee compliance with laws and controls. As a fund misuse, misappropriations of funds, stalled projects, are some of the challenges affecting performance of Constituency development fund projects. This study therefore sought to investigate the effects of audit controls to the projects performance of constituency development fund in Embakasi East Constituency. The study was guided by the following specific objectives; to establish the effects of detective controls on projects performance of constituency development fund in Embakasi Constituency; to determine the effects of preventive controls on projects performance of constituency development fund in Embakasi East constituency; to establish the effects of monitoring and evaluation measures on projects performance of constituency development fund in Embakasi East Constituency and to determine the effects of risk assessment on projects performance of constituency development fund in Embakasi East Constituency. The study was guided by three theories which included; The Agency Theory, Reliability and Accounting Theory and The Fraud Triangle Theory. This study adopted a descriptive survey research design. The population for this study was Constituency development fund committees (CDFCs), project committee members and community leaders. The targeted population will be representing different projects being implemented in the constituency. Some of the projects included education, health and sanitation, security among others. This study used a questionnaire to collect data. The questionnaire was designed in this study comprised of two sections. Before processing the responses, the completed questionnaires were edited for completeness and consistency. The data was then coded to enable grouping of responses in various categories. The data collected was both quantitative and qualitative and analysed via descriptive analysis and content analysis. The descriptive statistical tools helped in describing the data and determining the extent used. Data analysis used SPSS and Microsoft excels to generate quantitative reports in tabulations, percentages, and measures of central tendency. Tables were used to present responses and facilitate comparison. The research analyst also conducted a multiple regression analysis so as to determine the strength of the relationship amongst the variables. On detective control, the study revealed that to a great extent areas pointed by the external auditor's report help in detecting frauds and that CDF offices are not frequently audited. Regarding effects of preventive controls on projects performance of constituency development fund in Embakasi East constituency the study revealed that accounting records are limited to employees with designated responsibility for such records and also that procedures exist to prevent the interception or alteration by unauthorized persons of billings or statements before posting. It was further revealed that the monitoring and evaluation committees assigns responsibilities for the timely review of audit reports and resolution of any non-compliance items noted in those audit reports. Thus the study recommends the management of CDF should have clear level of authorities and that CDF office should be frequently audited and report made to the top management for implementation. Further, the CDF management should develop objectives for the CDF fund in each of the area and put strategies to ensure that the objectives are achieved in an efficient manner identifying risks that affect achievement of the objectives. Legislators should ensure that there are independent process checks and evaluations of controls activities on ongoing basis for CDF.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Audit control is contended to be a complex handle with regard to both the open and private division (Ellsworth, 2014). The reason of the audit control is said to be that it supports an organization in complying with the critical laws and controls; get together its bookkeeping or enumerating commitments; the achievement of its intended goals, security of the resources of the substance from incidents, dishonorable utilization and hurts. Concurring with the Organization for Budgetary Co-operation and Progression (OECD, 2011), the public sector needs to preserve insightfulness, straightforwardness and duty.

Globally, developed countries like the USA, China and Russia have resorted to decentralization of resources which allude to the trade of political control, choice making capacity and resources from central to sub-national levels of government (Walker, 2012). USA have a congressional task for the most portion called “pork barrel,” “earmarks” or “member items” in national and state-level course of action making which is comparative to the voting open progression back in most of the making countries. This has driven to restoration of ancient teachings that showed up to offer openings for decentralization. Since 1990s decentralization has been associated to collective fortifying and larger part run the show government due to dissatisfaction of marketizing changes to through and through lessen incomparable poverty (Dixit, 2013).

In the developing countries, parliamentary incorporation in grassroots and in communities' headway has been developing in a diverse set of countries, e. g. Kenya, Pakistan, India, Uganda, Bhutan, Jamaica and Papua Cutting edge Guinea (Brinkerhoff, 2013). One approach gadget for this incorporation is Community (Barrett, 2010). In Philippines, the utilization of the nation assets by lawmakers to influence in their voting demographics dates back to 1930 by imitating 'pork barrel' legislative issues in Joined Together States of America, which got to be the establishment of the plan of a Constituencies Development Fund (CDF) commenced in the nation in 1989 (Brinkerhoff, 2013). Papua Modern Guinea started a CDF in 1984 and at last, CDFs got to be a recognizable government budget dissemination component generally in Asia

and Africa. In sub-Saharan Africa, CDFs have prospered over the last two decades basically after picking up prominence taking after Kenya's opening a CDF in 2003 (Vian, 2012).

In Solomon Islands, CDFs has experienced number of issues which incorporates: issues around straightforwardness, responsibility, corruption and squander, viability, the appropriate role of Members of Parliament (MPs) , and the degree to which CDFs impact political behavior (Baily, 2015). In rating the execution of Solomon Islands' CDF World Bank (2014) report found the key degree on which it performed well was the speed at which finance. In Ghana, after several years of implementing the community development fund, significant progress has been made (Anderson, 2012). However, challenges include severe financial constraints; institutional, operational and technical capacity constraints; fragmented and uncoordinated information and embezzlement of the community funds. CDF was introduced in Uganda in 2005 and 2008 in Tanzania, (Achuora and Ochiri, 2011).

In Kenya, CDF concept was created in 2003 immediately after the National Rainbow Coalition (Narc) Government of President Mwai Kibaki romped into power (Joshi, 2011). CDF, alongside free primary education, were just among the many progressive programmes which the Narc government rolled out with enthusiasm at the time. The kitty was set up by the CDF Act of 2003, with the essential objective of tending to poverty at grassroots level by committing at slightest 2.55 of the government's conventional income to grassroots improvement. In January 2013, the CDF Act 2003 (as corrected in 2007) was revoked and supplanted with CDF Act 2013 that is adjusted to the structure of Kenya 2010. Sanctioning of the previous mention was implied to adjust the law administering CDF with the devolution concept as captured in the modern Structure (Mamiro, 2014). The Kenyan CDF was presented at 2.5 percent of the national government's income and, subsequently, develops with the in general measure of the government budget. It has been contended that CDFs can enable parliaments by permitting them to designate and spend cash freely of the official. MPs too claim that CDFs permit them to reply specifically to concrete requests from their constituents, something that they may not be effective sufficient to make the officials do.

Audit controls are measures that organizations established with the point of guaranteeing that the goals, objectives, and mission of the organization are met (Rezaee, 2012). They allude to set of organizational approaches and strategies that guarantee any exchange is prepared in the fitting way to dodge squander, burglary and abuse of organization assets. Through audit controls, organizations accomplish execution and organizational objectives, avoid misfortune of assets, empower generation of solid reports and guarantee compliance with laws and controls. In this way review control is built up by the organizational administration to guarantee that the commerce of venture is carried out in an efficient and productive way. This assist guarantees adherence to administration approaches defend the resources and secure the completeness and precision of the records.

The public sector all over the globe is always and broadly working to progress its review controls so as to increase its income influx, survive in the quickly changing financial and competitive situations, and adjust to the moving requests and needs (Kantzos and Chondraki, 2013). Audit control comprises of five interrelated components which are determined from the way administration runs an association, and coordinates the administration activities: control environment; chance appraisal; control exercises; data and communication; and observing (Carmichael, 2013). Agreeing to Liu (2012) and Rittenberg (2014), beneath the current operations of organizations in common, the significance of review control can be partitioned into six major categories; recognizing mistake and fraudulence, diminishing unlawful conduct, progressing the competence of the trade substance, progressing the quality of information, making a difference to make the commerce foundation, and diminishing auditors expense.

1.1.1 Detective Controls

Audit controls has a number of elements, these are; preventive, detective, and corrective (Singleton, 2013). The detective controls are utilized to distinguish and report the event of an exclusion, a blunder or a pernicious act. Millichap (2013) expressed that isolation of obligations as one of the most compelling criminologist control in any association. One of the prime reason of control is the segregation of those obligations which would in case pooled together would empower one person to record and prepare a full transaction single-handedly. This one increases the chance of deliberate control of accounts and advances the component of checking. This makes extortion more troublesome to be committed since one transaction is completed by

diverse representatives. Detective remedial controls offer assistance in guaranteeing that the effect of a danger is minimized, distinguish the cause of an issue as well as the rectify mistakes emerging from the issue. Detective controls rectify issues found by analyst controls and adjust the preparing framework to play down future event of the issue (Joshi, 2011). In the CDF projects detective controls are ensured for instance by external auditors from the office of the auditor general conducts audits in the constituencies every two years , an internal audit department ensures that

1.1.2 Preventive Controls

Preventive controls anticipate potential issues that could happen any time in recent transactions, make alterations, and avoid a blunder, exclusion or malevolent act from happening (Ishumgisa, 2011). De Paula (2013) as well populated that preventive controls require that exchange assets like plant and device, equipment, motor vehicle, stock and cash should to be kept safely and should to be confined to authorized staff as it were. The techniques arranged and security measures taken to secure assets are known as Physical Controls. The sort of physical controls common to most companies consolidate trade of watches, alert system, solid energized fence, strong room, safes and security lights. Batra (2012) revealed that control of reports incorporates control of organization sensitive files for outline receipts, cheques, adjacent purchase orders, charge and credit notes. These files must be managed with by a reliable officer and should to be pre-numbered to ensure control and minimize mishandle. They require safe keep and control from a vocal range e.g. central station or else control regions (Lawrence, 2010).

1.1.3 Monitoring and Evaluation

This is the handle of surveying the superiority of the inner control assembly as time goes by (Mueller- Hirth, 2012). Since inside controls are forms, it is as a rule acknowledged that they are required to be in enough observed in arrange to evaluate the quality and the viability of the frameworks execution over time. Hazard appraisal envelops a set of assets, behaviors, methods and activities that is adjusted to the characteristics of each organization and that empowers directors to keep dangers at a worthy level for the company. As a result, chance administration is starting to be seen as an unused implies of vital administration, connecting technique to every

day dangers and at that point optimizing those dangers in arrange to realize esteem (Saarens and de Beelde, 2014).

1.1.4 Risk Assessment

Risk evaluation is too the prepare of recognizing and analyzing administration significant dangers to the arrangement of money related articulations that would be displayed decently in similarity with common acknowledged bookkeeping rule, data and communication frameworks Inside controls necessitate that entirely connected data be distinguished, apprehended and transferred in a shape and time outline that empower individuals to convey out their budgetary reporting duties (Ntongo, 2012).

In Kenya, within the judicial systems there are a handful of cases yet to be concluded and some have been concluded putting the members of parliament (patrons) of defense to explain whether there exists mismanagement of the fund (Kimenyi, 2014). According to this study there is lack of integrity which usually results to criminal activities, and in the same spirit, this implies that the fund operates in an environment where prudence is not observed thereby accountability is lacking, this leads to the risk of sub-optimism and the achievement of personal interest not the public common goal.

In the financial year 2014-2015, the report by the Office of the Auditor-General revealed waste of large amounts of money through infringement to procurement rules, single-sourcing, diversion of funds and untenable project (Gathogo and Wanyoike, 2015). The report showed massive irregularities in the use of funds under CDF with at least 270 out of the 290 constituencies being unable to provide documents to support the expenditure of over Sh 3.85 billion. In some constituencies, the auditor noted that CDF committees were not keeping books of accounts. Other constituencies were cited for failure to comply with acquirement laws and investing millions on unlawful ventures. A few of the exceptional disclosures included Kapenguria voting public where, Sh5.2 million was granted to a temporary worker and paid in full the same day the contract was marked. In Taita Taveta, the allotment of Sh 37 million from the CDF account to finance the development of a Sh 345 million restorative college was cited. The CDF office in the voting demographic dispensed the stores to the venture, indeed in spite of

the fact that the parent service had not endorsed it. In Tigania West, an allotment of Sh1M bursary to train boda boda operators (Gathogo and Wanyoike, 2015).

Despite the government of Kenya's endeavor to devolve funds to the grassroots, still the economic welfare of the people is still low (Nyaguthii and Oyugi, 2013). Additionally, the report by the Auditor General have affirmed the massive misappropriation of Constituency Development Funds in Constituencies. This study will therefore seek to analyse how audit controls can help to improve performance of CDF at Embakasi East constituency.

1.1.5 Embakasi East Constituency.

Embakasi East Constituency is an electoral constituency in Kenya. It is one of the constituencies in Nairobi County. Embakasi East Constituency comes from Embakasi Constituency which was a former electoral constituency in Kenya. It was one of eight constituencies of Nairobi Province. The constituency has since been split into Embakasi South Constituency, Embakasi North Constituency, Embakasi Central Constituency, Embakasi East Constituency, and Embakasi West Constituency. At Embakasi East constituency CDF is helping provide services to communities that for many years did not benefit substantially from government services (Okungu, 2013).

In particular, basic services like health care, good roads and schooling are now being made available through CDF. In this regard, if the CDF initiative is properly implemented, it can play a significant role in the achievement of the Vision 2030 objectives, which are overly geared towards enhancing economic growth and poverty reduction. Given the importance of this Fund in local development, it is critical to strengthen its institutional, design and implementation aspects. This will be instrumental in enhancing the efficiency in the utilization of funds and reinforcing CDF implementation by promoting citizen's participation in CDF processes and activities (Ngare, 2013). However a review of the projects implemented indicated so many numerous projects some of which are in private property in the constituency, others have since stalled and still others have high value according to audit reports. Public participation was question by TISA in their audit in the constituency.

1.2 Statement of Problem.

The government earmarks considerable assets through the CDF for arrangement of administrations. In later times, there has been much discussion approximately the administration of the stores with respect to destitute responsibility; dishonorable acquirement and offering; over-invoicing; inefficient use; and need of openness in the budget preparation (Nyaguthii and Oyugi, 2013). The previous contributes to misappropriation of reserves at the cost of effectively completing the planning ventures. Okungu (2013) charges that almost 70 per cent of the voting public detailed fumble, robbery, extortion and misappropriation of the CDF reserves. A report by the Kenya Tax Payers Association for 2015/2016 indicated that 40 percent of the CDF could not be accounted for, 20 percent of the projects had not been successfully completed and only 5 percent had been completed successfully, and over 35 percent had been well utilized. Economic survey (2016) indicates that NG-CDF project performance in Kenya averages on 42 percent locally.

It is assist stated by Nyaguthii and Oyugi (2013) that CDF officers and lawmakers are cleared out to recognize ventures and oversee stores which leads to misappropriations. Unsuccessfully completed ventures deny constituents the aiming benefits which incorporate among others social conveniences and framework. The victims of abuse of these funds are, hence, the neighborhood individuals at voting public level and nationwide.

Locally Wambugu (2011) carried out a study in Dagoretti Constituency which revealed that there is political interference on the implementation of CDF projects which leads to underperforming of CDF projects in the period of study. Mutunga (2010), reported that public funds are squandered since Constituency Development Fund projects stall and yet the government keeps pumping more money into the kitty. It further reported that in some areas within the country, most of the projects have either stalled or failed to kick off; in others, shoddy performance by merchants had been noted.

A substantial number of studies have been undertaken on performance of CDF funds but very few have focused audit controls in place. This study therefore sought to analyse the audit controls and stature of CDF, a case study of Embakasi East Constituency. This study sought to identify the most effective and efficient audit controls and policies that needs to be adopted in

order to enhance projects performance of the CDF at Embakasi East and the whole country at large so as to achieve the Kenya's Vision 2030.

1.3 Objectives of the Study

1.3.1 General Objective of the Study

To investigate the effects of audit controls to the performance of constituency development fund projects in Embakasi East Constituency.

1.3.2 Specific Objectives

The Study was guided by the following Specific Objectives

- i. To establish the effects of detective controls on projects performance of constituency development fund in Embakasi Constituency.
- ii. To determine the effects of preventive controls on projects performance of constituency development fund in Embakasi East constituency.
- iii. To establish the effects of monitoring and evaluation measures on projects performance of constituency development fund in Embakasi East Constituency.
- iv. To determine the effects of risk assessment on projects performance of constituency development fund in Embakasi East Constituency.

1.4 Research Questions

- i. To what level do detective controls affect projects performance of constituency development fund in Embakasi East Constituency?
- ii. To what extent do preventive controls affect projects performance of constituency development fund in Embakasi East Constituency?
- iii. How do monitoring and evaluation measures affect projects performance of constituency development fund in Embakasi East Constituency?
- iv. To what level does risk assessment affect projects performance of constituency development fund in Embakasi East Constituency?

1.5 Significance of the Study.

This study will be of use to these stakeholders; Management which gives proper account of funds entrusted to them is likely to lead to reduction of administrative and implementation costs on CDF programmes and projects. This will enable the Government to implement more projects for the citizens. Potential investors who are interested in investing or partnering in CDF owned projects may use the findings of this study and turn around the CDF projects into efficient and effective projects.

Policy makers require information to enable them put in place sound policies that will enhance management and financial discipline aimed at having CDF programmes operate on commercial principles. This study will provide such relevant information for policy formulation in CDF sector. The study in this area on accountability of funds may in turn be used to trigger subsequent studies in other related areas of funding like the Local Authority Transfer Fund (LATF). The findings will give regulators information that will facilitate their ability to put in place appropriate audit controls for CDF programmes to enable them operate efficiently. With the implementation of the findings of this study, funds given to the CDF will be properly utilized and this will benefit the citizens being the beneficiaries of the programmes.

This investigative work will go a long way in helping organizations to find the effect of review controls and propose measures in rectifying them. It will moreover uncover the issues caused by destitute review controls and might be valuable to understudies, researchers, teachers and other third parties as it should open unused zone of advance investigate work and at same time progress challenges to up-coming analysts.

1.6 Scope of the Study

This study was restricted to investigate audit controls and stature of CDF in Embakasi east constituency. The study was guided by four specific objectives which included; preventive audit, detective controls, monitoring and evaluation and risk assessment. The research targeted population ten CDF fund committee members, 84 project committee members and ten community leaders totaling to 104 respondents. The study area was chosen based on the Social Audit Report (2015) where by Embakasi East constituency was among the constituency listed with poor projects implementation, low community participation, funds embezzlement and

several audit queries regarding their spending. This helped in collecting reliable and accurate data for the study.

1.7 Limitations of the Study

The researcher encountered a number of restrictions hindering access to information sought by the study. The main limitation of study was its inability to include more constituencies around the Country. Some of the respondents targeted were hesitant in giving data dreading that the data looked for would be utilized to threaten them or print a negative picture almost their voting public. The analyst handled the issue by carrying a presentation letter from Kenyatta University and guaranteed them that the data they delivered would be treated with most extreme secretly and it would be utilized simply for scholastic purposes.

1.8 Organization of the Study

The proposition was organized into five chapters. Chapter one comprised of the foundation of the study, explanation of the issue, targets of the study, inquire about questions, and importance of study, scope and restrictions of the study. Chapter Two covered the introduction and the body of the study where specific variables were discussed, theoretical framework, related empirical literature as well as the conceptual framework. Chapter Three contained the following: research design, target population, sampling procedure, research instruments, validity and reliability of the instruments and data analysis. Chapter Four contained data analysis and presentation while Chapter Five contained summary of the findings, conclusion, recommendations and recommendation for further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section analysed past literature on effects of audit controls and projects performance of constituency development fund. The chapter also reviewed theories of audit controls, empirical review and the research gap has also been established.

2.2 Theoretical Literature

This is a collection of interrelated thoughts based on hypotheses. It is a contemplated set of thoughts which are inferred from and upheld by information or prove. This study was guided by the taking after hypotheses:

2.2.1 The Agency Theory

Jenses and Meckling (1976) were the main researchers to explicitly model the theory of agency. Concurring to the organization hypothesis, a firm comprises of a nexus of contracts between the proprietors of financial assets (the principals) and directors (the specialists) who are charged with utilizing and controlling those assets (Jensen and Meckling, 1976). The hypothesis sets that operators have more data than principals and that this data asymmetry antagonistically influences the principal's capacity to screen whether or not their interface are being legitimately served by specialists. As such, the hypothesis depicts firms as vital structures to preserve contracts, and through firms, it is conceivable to work out control which minimizes artful behavior of operators (Jensen and Meckling, 1976). Concurring to the hypothesis, in arrange to harmonize the interests of the specialist and the principal, a comprehensive contract is composed to address the intrigued of both the operator and the principal.

The agent-principal relationship is fortified more by the central utilizing a master and frameworks (reviewers and control frameworks) to screen the specialist (Jussi and Petri, 2014). Advance the hypothesis recognizes that any deficient data around the relationship, interface or work execution of the operator depicted could be unfavorable and an ethical danger. Ethical danger and antagonistic choice effect on the yield of the operator in two ways; not having the imperative information almost what ought to be done and not doing precisely what the operator

is designated to do. The organization hypothesis subsequently works on the presumption that principals and agents act normally and utilize contracting to maximize on their riches (Jensen and Meckling, 1976).

This hypothesis is appropriate to this study basically since audit control is one of numerous instruments utilized in the public segment to address the organization issue by diminishing office costs that influences the general execution of the relationship as well as the benefits of the principal (Abdel Khalik, 2013). Review control improves the arrangement of extra data to the central (government) almost the behavior of the operator (administration) decreases data asymmetry and brings down on risks. In the case of Constituency funds, the auditor general plays principal on behalf of the government in ensuring that the agent, (CDFC's) who is the committee mandated to implementing the project execution, carry's out his duty in the best interest of the citizens. Auditor general detects any errors and frauds that may be perpetrated in an attempt to deviate funds from the original intended use. The agent on the other hand ensures that the funds are channeled to the right use to benefit the citizens whom he acts on behalf.

2.2.2 Reliability and Accounting Theory.

The reliability and accounting theory was brought about by Lawrence Sawyer (1911-2002), and from time to time was known as father of contemporary internal auditing. Reliability theory simply describe the likelihood of system completion as an expected function during an interval of time (Gavrilov and Gavrilova, 2011). Initially, was helpful in nineteenth century maritime insurance and life insurance companies in computing profitable rates to charge their customers. According to the reliability theory, an audit control comprises of components that are interrelated and each for component, there needs to be a defined measure of success. As such, the state of a component is determined by whether the component is successful or not successful. The reliability of a component is defined as the probability of the component being found in the success state. In addition, the reliability of the entire internal control system is a binary combination with two possible values, success and failure. This study considers the part of the reliability theory which relates the audit control to component reliabilities.

The two potential clients of the unwavering quality hypothesis are the external auditor and organization administration. Kinney (2010) states that; amid the external review, evidence is assembled to bolster a proficient conclusion. Review control have an essential reason of appraisal and control of dangers; that a fabric blunder was not be anticipated or identified on an opportune premise by the framework clearing out to misfortunes. Frail review control result in more substantive work and consequently more prominent fetched. Stratton (2013) moreover includes that the handle of assessment of the review control by both administration and outside reviewers is judgmental in nature. Be that as it may, the few endeavors at modeling review control have not been actualized by the open division due to the need of authenticity, trouble of modeling behavioral frameworks, need of fetched viability, and need of understanding by professionals.

The internal audit department conducts audits every month in the constituencies , this ensures the preventative controls put in place are strictly followed, segregation of duties , record keeping among others are some of the preventative controls applied, Internal auditor evaluates whether the preventative controls are reliable in ensuring accountability and transparency hence safeguarding funds from misuse and other abuses .Reliable preventative controls therefore ensures that citizens derive utility from the projects financed by these funds. Frequent monitoring of the projects implementation is ensures that the funds so disbursed are being implemented according to plan, in so doing the stalled projects can be marked, overpricing detected, misuse and alarming activities not authorized.

2.2.3 The Fraud Triangle Theory.

This theory has been proposed by Albrecht (2013) who expresses that extortion is made out of three components, specifically an apparent weight, an apparent open door and legitimization of the demonstration of misrepresentation; these three components are known as the misrepresentation triangle. Each demonstration of misrepresentation, independent of whether it is done against a substance or in the interest of an element, is constantly made out of the three components (Albrecht, 2013). The three components in the extortion triangle are intelligent, for example the more prominent the apparent open door or the more extreme the weight, the less defense it takes for somebody to confer misrepresentation (Albrecht, Turnbull, Zhang, and

Skousen, 2012). Notwithstanding, extortion is a mind boggling matter and is an element of a mix of components (Rae and Subramanian, 2013).

For example, now and again, albeit interior controls were poor, there were no frequency of extortion, while in different cases despite the fact that great inward controls existed representatives still figured out how to evade the inner controls to confer misrepresentation (Rae and Subramanian, 2013). A comprehension of how openings, weights and legitimizations add to extortion in associations can help administration to effortlessly perceive the regions of defenselessness to misrepresentation and fortify these regions (Albrecht, 2013). Misrepresentation culprits must have some approach to support their activities as worthy (Albrecht, 2013). Defense of fake conduct is for the most part because of a fraudster's absence of individual honesty or other good thinking (Rae and Subramanian, 2013).

People don't confer misrepresentation unless they can legitimize it as being predictable with their very own code of morals, as individual trustworthiness might be the key restricting variable in shielding a man from abusing resources (Hillison, 2013). Legitimization by fraudsters exudes from their inclination that the casualties owe them and that they merit more than they are getting (Mutua, 2011).

A few people have a demeanor, character or set of moral esteems that enable them to purposely and purposefully submit an untrustworthy demonstration (Cohen, 2011). A solid good code can keep people from utilizing justifications to legitimize illegal conduct; inner inspectors however ought to accept that anybody is equipped for supporting the commission of extortion (Hillison, 2013). The Fraud Triangle Theory supports the risk assessment in the CDF projects implementation, any risky transactions are evaluated and measures taken to avert before the funds are lost.

2.3 Empirical Literature.

This section analyzed scholarly literature published starting from global level to regional level and finally to the local level.

2.3.1 Detective Controls and Projects Performance.

Detective control is the establishment on which a compelling review framework is built and worked in an organization that endeavors to accomplish its vital goals give dependable money related detailing to inside and outside partners, and work its trade productively and viably (Ishmgisa, 2011). Control actions, if automatic or manual, have numerous aims as well as functional at numerous administrative and practical levels (COSO, 2011).

Being a subject of interest, various researchers have investigated the relationship between detective controls and performance. In Ukraine, Hooks and Ponemon, (2014) investigated the relationship between detective control and fraud prevention among the commercial banks. The study used descriptive survey method to investigate the matter. The study used purposive sampling methods to select 68 commercial banks operating Ukraine. The study showed a strong positive correlation detective control and fraud prevention. (Correlation value = 0.874, significant value, 0.001).

The study concluded that a commercial bank should have a strong detective control environment that includes awareness, prevention, and detection sub programs. This study failed to give a preview of what is happening in the public sector. It only concentrated on commercial banks which might not give the clear picture of the detective controls in the public sector.

In Africa, Losses from fraud present significant threat under devolved governments system. In Nigeria, Subramaniam, (2010) assesses the relationship between organisation detective control and performance of the health sector. The study used descriptive survey design to investigate this matter. The research employed stratified sampling method to select 147 respondents working with the health sector. Results obtained showed that the countries' health sector had a weak detective control environment, characterized with poor internal auditing procedure, poor internal control measures, poorly paid and motivated staff, lack of an ethical organizational culture, weak governance, lack of support from senior management and limited human resources.

The health sector finances are usually meant for the hospital management. This study failed to give a picture of what might happen in the event finances are channeled to the hospital and it's the responsibility of the public to determine the projects to be implemented.

According to Ewa and Udoayang (2012) who carried an empirical review to assess the effect of analyst control plan on commercial banks' capacity to explore employee's extortion and staff life fashion and extortion location in Ghana. Information was compiled in 13 Ghanaian commercial banks utilizing a scale of Likert in nature and analyzed utilizing rates and proportions.

The research revealed that detective control plan impacts employee's demeanor in the direction of extortion in that a solid inner control instrument is discouragement to employee's extortion while a frail one uncovered the framework to extortion and makes occasion for employees to obligate extortion. In expansion, most Ghanaian banks do not pay genuine consideration to the life fashion of their staff individuals and that most staff individuals are of the see that successful and productive inner control plan could identify representative extortion plans in the managing an account segment.

The study concluded that successful and effective analyst control framework is fundamental to stem the clutter in the managing an account segment. Study subsequently suggested that banks in Ghana ought to update their criminologist frameworks and pay genuine consideration to the life fashion of their staff individuals as this could be a ruddy hail to recognizing frauds. This study also failed to address the control designs in the public sector. Most of the Ghanaian are owned by the private sector and this study might fail to give a glimpse of what the researcher needs in this study.

In South Africa, Murdock (2013), assessed the relationship between detective control and fraud prevention. Secondary data was used to investigate the matter. The study used a linier prediction model to predict the outcome. The regression Results obtained showed than any positive change on detective control environment would positively enhance the fraud prevention within the industry. The recommended for strong detective Control activities that enable managers to address risk timely, effectively and efficiently. The study failed to collect data from the immediate individuals bestowed with the responsibility of running their organisations. Use of secondary data limited establishing the most effective detective controls for the respective organisations.

In Kenya, various scholars have also investigated the importance of the detective controls and performance, Cecilia, (2015) investigated the challenges within the control environment that hinder the effective performance of Government ministries in Kenya. The study used the

descriptive study design. Purposive sampling procedure was employed in picking key Government officials. Stratified sampling procedure was used to select 278 responders comprising of top, middle and lower management levels. The study noted that lack of appropriate regulations, resources low status and lack of independence hinder the effective performance Government ministries in Kenya. The study concluded that risk needs to be assessed and anti-fraud programs generated as key to an effective detective control culture within the Government ministries in Kenya. This study failed to address the role of external auditors comprehensively. The study only concentrated on the internal control systems.

In a study on internal control function of the Kenya Polytechnic University College, Wainaina (2011) shows that as a substitute of its presence on the scene of operations, management must rely on detective control techniques to implement its decisions and to regulate the activities for which she would ultimately be responsible for. Use of effective detective Control Systems is deemed crucial in the management of business resources.

As a result, the management of any organization designs control procedures to allocate, control and ensure efficient utilization of resources, in order to achieve the overall organisation goals. It was found that detective controls play a vital part in avoiding and recognizing extortion and securing the organization's assets, both physical and intangible. This is achieved through proper authorization controls and documentation. This study failed to show the role of middle level and low-level management in frauds detection. Much emphases were only given to the top management cadre.

2.3.2 Preventive Controls and Projects Performance

Utilizing the analytical approach and centering on preventive review exercises, Barra in the year (2010) examined impact of punishments and other inside controls on employee's penchant to be false. Information was gathered from both administrative and non-administrative workers. The results indicated that the nearness of the preventive control exercises, Segregation of duties, increments had taken a toll of committing extortion. Hence, the advantage gained from preventing extortion has to exceed those efforts applied in a setting up structures of segregating duties and responsibilities for a worker to obligate extortion. Additionally, it was set up that segregation of duties is a least-cost extortion obstacle for non-administrative workers, but for administrative representatives, greatest punishments are the least-cost extortion disincentives.

This outcome proposes the viability of preventive controls such as isolation of obligations is subordinate on detective controls. This study only concentrated on the punitive measures in enhancing preventive controls. This study failed to capture the non-punitive measures that organisations should adopt to in fraud reduction in their organisations.

Amudo and Inanga (2012) carried out an assessment of preventive controls on the Territorial Part Nations (RMCs) of the African Advancement Bank Bunch (AfDB) centering on Uganda in East Africa. The study built up that a few . They considered prescribed advancement of the existing preventive control systems in the projects. The study findings failed to give a comprehensive analysis of the preventive controls of Kenya and Uganda against those of developed countries.

Kakucha (2013) assessed the level of adequacy of preventive controls working in the capital city of Nairobi Kenya. This was quantitative study carried out between the month of September year 2007 and the month of June years 2009 utilizing a test of 30 little dealings as recorded in the National Social Security Support (NSSF) Enroll of Kenya. Essential information was gathered from directors of the little trade utilizing interviews guides and further examination of records relating to inside controls.

The think about set up that there was lacks in the frameworks of preventive controls, with the notch of lacks changing from one venture to another. The mechanisms of inside control that were lost in a majority of small businesses overviewed were: firstly, hazard examination, and furthermore need of legitimate stream of data. In expansion, the think about built up that the test populace had constrained mindfulness of what constituted a successful preventive framework of inner regulator. The scholarly work further alluded a negative association amid the phase of an undertaking and the adequacy of its preventive framework of inside control while a negative relationship amid the assets held by a venture and its inner control framework shortcomings happens.

The suggestion needed to illuminate the administrators of little trade of what constitutes an effective and successful framework of preventive control through gatherings and workshops. This study concentrated on small businesses which were owned by individually. In most of these enterprises, the audit controls are quite weak as compared to other institutions that have structures.

Michina (2011) carried out an overview of the effect of preventive control on operational productivity of non-governmental organizations (NGOs) in Nairobi utilizing a test of fifty (50) NGOs. Information was collected utilizing a survey comprising both open and closed finished questions. The study set up that that preventive controls in the NGOs based in Nairobi were decided to a great extent by the organization structure such that it is the beat administration that chooses on how the assets gotten from givers and other lenders are to be apportioned and conveyed to the recipients. Encourage, cash administration was positioned moment inner control calculate influencing NGOs operational productivity.

As such, NGOs with great cash administration were found to be in a position to draw in numerous sources of stores for their operations and as such, this called for legitimate utilize of assets at their disposal. Moreover, NGOs with well-structured organizational structures had well-structured approaches and strategies on how exercises were run. The discoveries too appeared that much higher operational productivity was enlisted in enormous well-known NGOs which lead to controlled preventive controls by the subsidizing accomplices. The study concluded that preventive control impacts operational effectiveness. This study only looked at the operational efficiency failing to give its findings in terms of performance which is a key thing for organization growth and sustainability.

2.3.3 Monitoring and Evaluation Measures and Projects Performance

M and E is a process that makes a difference move forward execution and accomplish comes about. Its objective is to make strides current and future administration of yields, results and impact. Being an area of interest, local and international researchers have investigated the relationship between, monitoring and evaluation process frauds control. In India, Khanna, (2014). Investigated role of monitoring and evaluation process on quality governance. The research plan was a case study of National Agrarian Division. Study utilized essential information which was collected utilizing a meet direct. The discoveries of the think about were that observing and assessment handle is done quarterly has made a difference the organization to track down execution against goals/ targets which guarantee responsibility and also allowing for early signals to detect negative factors that may lead to poor performance like frauds (Ingle, 2013). The study dependent variable was quality governance which different from this study

dependent variable. The study failed to give a clear picture of the role monitoring and evaluation on performance on the National Agricultural Sector.

In Turkey, Yttri, (2012) investigated role of monitoring and evaluation process on accountability in the implementation of government funded projects. This study adopted a descriptive research design Quantitative and qualitative methods of collecting data were applied. The findings established that lack of monitoring and evaluation process in the execution to government funded projects led to massive corruption in the implementation of projects. The study recommended that its government should look for ways of supporting the monitoring and evaluation process as well setting up a monitoring and evaluation department for efficiency and accountability. This study failed to give other roles of monitoring and evaluation rather preventing corruption during the project process.

A study by Adepoju (2014) sought to establish the response strategies to fraud by local NGO in Nigeria. Among the variables investigated included monitoring and evaluation, this study adopted a descriptive survey design because it aimed at giving an accurate description on the response strategies to fraud by local NGO in Nigeria. The targeted population for this research was 146-registered local NGO in majorly operating Lagos.

The study collected both primary and secondary data using a semi-structured questionnaire while secondary data was obtained from review of reports from the internal Fraud and Investigations Department and review of periodic reports filed by the NGO. The study found that lack of strong monitoring and evaluation policies compromised the fight against fraud. The study recommended for implementation periodic monitoring, evaluation process and whistle blowing policy. This study concentrated only one sector of the economy failing to give an exploratory analysis in the entire economy.

In Uganda Kusek, (2014) investigated the role of monitoring and evaluation on resource utilization. Main objective of the research was to look into the process of systematizing the monitoring and evaluation of rural development projects and programs in Uganda. The study applied descriptive survey design where a census of the target population was done using questionnaires as the instruments of data collection. Descriptive statistics was used as the method of data analysis. The study noted that effective monitoring and evaluation enable managers and

other parties of interest with regular feedback on the project progress, resource utilization and improve on the milestones in the achievement of the laid out outcome. The study concluded that monitoring and evaluation practice facilitates timely adjustments of loopholes challenging rural development. This study only concentrated on the rural projects, thus failing to include the urban projects are capital intensive in nature and might attract individuals whom the sole aim is to swindle public funds.

In Zimbabwe. Gaventa, (2012) examined the Influence of monitoring and evaluation on citizen empowerment outcomes. The findings of the study revealed a strong positive association between monitoring and evaluation by an organization and prevention and citizen empowerment ($r=0.785$, $P < 0.050$). Findings also showed that each component of monitoring and evaluation process as proposed by COSO positively impacted on fraud prevention and detection. Monitoring and evaluation positively prevent fraudulent practices ($\beta_1=0.4784$, $P < 0.001$). This study failed to include other aspects of audit control. It only concentrated on monitoring and evaluation.

In Ethiopia Mueller and Hirth (2012) assessing the role of Monitoring and evaluation process on frauds control on agricultural sector, the target population included the 108-top management in agricultural sector, the study found a strong positive correlation between M and E process frauds control at Ethiopia's' agricultural sector. Both the quantitative and qualitative outcome support the notion that there is a positive linear relationship between PM and E and frauds control. The study failed to note that evaluation that monitoring activities would serve as a precursor in preventing fraudulent practices.

Akelola (2012), investigated the effect of monitoring and evaluation on fraud discovery and prevention among parastatals in Kenya. The fundamental issue was that there is expanded level of extortion and misappropriation of stores in Kenyan parastatals caused by destitute checking and assessment measures. The study embraced an illustrative investigate plan. The populace of the study was all the 28 parastatals in Kenyan. The study conducted a census on all the 28 in parastatals Kenyan. The he study adopted an explanatory research design. A conventional straight relapse show was utilized. The relapse comes about demonstrated that there was a negative and noteworthy relationship between compromise control and level of fraud avoidance and discovery. The outcome showed that there is a negative and noteworthy relationship between

monetary administration control and level of fraud anticipation and discovery while the relationship between announcing and budget control and level of extortion avoidance and discovery was positive and critical. Taking after study discoveries, the study suggested that Kenyan parastatals ought to put in put more grounded money related administration control measures through more visits and gatherings among the individuals of the risk administration committee and equally look into finance and investment committees. This study did not have as much gaps as compared to the current study.

Gathogo, and Wanyoike, (2015) examined the influence played by monitoring and evaluation (M and E) factors on performance of road project performance in Nyandarua County. The study examined how M and E factors, influence project performance deliverables, such completion within the set time and budget cost as well as achieving the right quality. This study was guided by the following objectives. The study targeted the employees of the Nyandarua county who are directly or indirectly involved in monitoring and evaluation of road projects. The study found that the employees in the county lacked proper monitoring and evaluation of their projects.

The study noted that lack of strong monitoring and evaluation policies created a leeway for over estimation of project cost thus lowering. This study concentrated on roads projects only and failed to address other projects implemented in the region which has unique challenges as compared to roads projects.

2.3.4 Risk Assessment and Projects Performance

Risk assessment alludes to the cautious evaluation of components that influence the plausibility of targets of the organization not being accomplished. It alludes to the recognizable proof and examination of important dangers related with accomplishing the targets of the organization (Karagiorgos, 2013). They include that risk evaluation is the process of recognizing and analysing administration important dangers to the planning of money related explanations that would be displayed reasonably in similarity with common acknowledged bookkeeping guideline. In organizations, administration must decide the level of chance carefully to be acknowledged, and attempt to preserve such chance inside decided levels. It is in this manner the administrations obligation to plan inner controls to guarantee effectiveness and viability, unwavering quality of monetary announcing as well as compliance with laws and directions. This is guaranteed by

occasional execution audit and assessment of the roundness and viability of the controls designed by the internal auditor department.

Risk assessment is considered to be the identification as well as examination of applicable hazards which can damage the accomplishment of purposes, creating a base for determining how the hazards must be managed. Risks are evaluated to determine the probability of an occasion happening, the effect, as well as hazard patience (IIA, 2011). To determine if hazard administration is operational, pertinent hazard information must be taken and conversed in efficiently across the organization, permitting management to do their tasks (IIA, 2011).

In UK, Spekle, (2012), investigated the impact of risk assessment practice on detection frauds by private sector. The study embraced a graphic overview plan. The target populace comprised of the 443 fabricating companies while stratified irregular testing was utilized to decide the test from which information was collected. The study found that fabricating companies that were applying a few hazard appraisal hone and anticipation strategies to control existing extortion dangers.

It was found that genuine time gross settlement related fraud hazard was happening with an exceptionally tall degree. The regression investigation found that the extortion discovery methods and anticipation strategies driven to a negative alter in extortion sorts and bad habit vice. The fabricating companies in UK ought to approach the issue of extortion chance as a segment and not as person. The study failed to conduct a comparative analysis with car manufacturing companies in developing economies. This would give the most effective risk assessment controls for the industry.

In Ghana, Adeleye, (2014) investigated the risk assessment practice on detection frauds by in government. The target populations for the study were the senior officers in the risk management departments. The initial sample was gathered by structured questionnaire. The questionnaire was self-administered through drop and pick later. A total of 154 respondents were engaged in the study. The results of the study indicated that there exists a positive relationship between fraud assessment practice and performance government ministries in Ghana. It also found out that preventive and detective fraud risk management practices had a very strong positive (Pearson correlation coefficient of 0.932 and 0.868) influence on government performance as measured by

service delivery to citizens. The study only concentrated on the senior officers alone. Frauds execution in most organisations starts from the junior staff. Information from the junior staff would help in coming up with effective conclusions and recommendations.

Risk management is a complex task for any organization and increasingly important in a world where economic events are linked. In Tanzania Tufano, (2016), investigated the impact of risk assessment practice on detection frauds by Tanzanians water board, the research study targeted eleven (11) Heads of water board. Questionnaires were administered to solicit information from respondents. The study revealed a strong relational association in the risk assessment practice instituted by an organization and prevention and detection of fraud. The study concludes that risk assessment particularly fraud risk assessment would positively prevent fraud related practices. This study focused on risk assessment practices alone and failed to bring out other audit controls aspects in this study.

In Kenya Ngare, (2013) assesses the effect of risk assessment practice on detection of detection of frauds by commercial banks in Kenya. This study embraced a clear investigate plan and the target populace of this think about was all commercial banks in Kenya. The study utilized essential information and auxiliary information sources. The information collected was coded and analyzed utilizing the Microsoft Exceed expectations and SPSS. Inferential investigation was done utilizing inferential measurements.

The study was tried by a relapse demonstrate to look at the impacts of chance evaluation methodologies on location of fakes by commercial banks in Kenya. The result appears that there is a positive and noteworthy impact of risk appraisal techniques on discovery of fakes by commercial banks in Kenya. The discoveries embroil that commercial banks extortion discovery and avoidance units ought to embrace extortion administration methodologies to diminish money related extortion misfortunes to upgrade development in money related execution so as to maximize the bank esteem. A number of studies have been done in Kenya on risk assessment strategies and practices. However, none of the studies focused on the relationship between risk assessment practice and rating of the CDF offices in Kenya.

2.4 Summary of Literature Review and Gap

Table 2.1: Summary of Literature Review Matrix

Author(s)	Title of the study	Methodology	Findings	Recommendation for further studies	Gaps filled
Hooks and Ponemon, (2014)	Relationship between detective control and fraud prevention	Descriptive survey	A strong positive correlation between detective control and fraud prevention.	A comparative study on the same between private and the public sector	This study failed to give a preview of what is happening in the public sector. It only concentrated on commercial banks which might not give the clear picture of the detective controls in the public sector.
Subramaniam, (2010)	The relationship between organisation detective control and performance of the health sector	Descriptive survey design	Countries' health sector had a weak detective control environment, characterized with poor internal auditing procedure.	Further studies on projects determined by the citizens and implemented with the close watch of the citizens.	This study failed to give a picture of what might happen in the event finances are channeled to the hospitals and it's the responsibility of the public to determine the projects to be implemented.

Ewa and Udoayang (2012)	Impact of detective control design on banks'	Descriptive survey	Detective control design impact on employees approach to fraud such that for example strong internal control mechanism is a deter.	Carry a comparative study between electronic fraud detection methods manual detection methods	This study also failed to address the control designs in the public sector. Most of the Ghanaian are owned by the private sector and this study might fail to give a glimpse of what the researcher needs in this study.
Wainaina (2011)	Internal control function	Descriptive survey	The detective control plays a vital role to prevent and detect fraud and in protecting the organization's resources.	Further study to include middle level and subordinate staff as the study respondents	This study failed to address the role of external auditors comprehensively. The study only concentrated on the internal control systems.
Barra (2010)	The effect of penalty and other internal controls on employees.	Descriptive research design	Separation of duties is a low-cost fraud deterrence for non-managerial employees, but for managerial employees, maximum penalties are the	Address to non-punitive measures that organisations should adopt to in fraud reduction in their organisations.	This study failed to capture the non-punitive measures that organisations should adopt to in fraud reduction in their organisations.

			least-cost fraud disincentive		
Amudo and Inanga (2012)	Evaluation of preventive controls	Descriptive survey	Control components of effective internal control systems lack major projects thus rendering the current controls structure ineffective	Further studies on preventive controls of Kenya and Uganda against those of developed countries.	The study findings failed to give a comprehensive analysis of the preventive controls of Kenya and Uganda against those of developed countries.
Kakucha (2013)	Effectiveness of preventive control that operate within Nairobi	Descriptive survey	There are gaps in the systems of preventive controls, with the level of deficiencies varying from an enterprise to the other.	Carry a comparative analysis between small businesses and other institutions that have firm structures.	This study concentrated on small businesses which were owned by individually. In most of these enterprises, the audit controls are quite weak as compared to other institutions that have structures.
Michina (2011)	Effect of preventative controls on operational productivity of non-	Descriptive survey	The study concluded that preventive control impacts operational effectiveness.	This study only looked at the operational efficiency failing to give its findings in terms of	The study failed to give a clear picture of the role monitoring and evaluation on performance on the

	Governmental organizations in Nairobi			performance which is a key thing for organization growth and sustainability.	National Agricultural Sector.
Khanna, (2014)	Role of monitoring and evaluation process on quality governance	Descriptive research design	Monitoring and evaluation helps the corporation in tracking down performance to the set objective	Further studies on role monitoring and evaluation on performance on the National Agricultural Sector.	The study failed to give a clear picture of the role monitoring and evaluation on performance on the National Agricultural Sector.
Yttri, (2012)	Monitoring and evaluation process on accountability in the implementation of government funded projects	A descriptive research design	Lack monitoring and evaluation process in the implementation of government funded projects led to massive corruption in the implementation of projects.	Further studies on other roles of monitoring and evaluation rather preventing corruption during the project process.	This study failed to give other roles of monitoring and evaluation rather preventing corruption during the project process
Adepoju (2014)	The response strategies to fraud by local NGO in Nigeria	Descriptive survey design	Lack of strong monitoring and evaluation policies compromised	Carry an exploratory analysis in the entire economy.	This study concentrated only one sector of the economy failing to give an exploratory

			the fight against fraud		analysis in the entire economy.
Spekle, (2012),	Impact of risk assessment practice on detection frauds by private sector	Descriptive survey design.	Fraud detection methods and prevention methods led to a unconstructive change in fraud types and vice versa	Further studies with the inclusion include of urban projects which are capital intensive in nature and might attract individuals whom the sole aim is to swindle public funds.	This study concentrated on rural projects without the inclusion of the urban projects which are capital intensive in nature and might attract individuals whom the sole aim is to swindle public funds.
Adeleye (2014)	Risk assessment practice on detection frauds	Descriptive survey	There lie a positive relationship in fraud assessment practice and the performance government ministries	Inclusion of junior staff in a similar study.	Frauds execution in most organizations starts from the junior staff. Information from the junior staff would help in coming up with effective conclusions and recommendations.
Tufano, (2016)	Impact of risk assessment	Descriptive survey	Risk assessment particularly fraud risk	Further studies where other audit controls aspects are	This study focused on risk assessment practices alone and

	practice on detection frauds by Tanzanians water board		assessment would positively prevent fraud related practices	brought in as study variables	failed to bring out other audit controls aspects in this study.
Ngare (2013)	Effect of risk assessment practice on detection of detection of frauds by commercial banks in Kenya	Descriptive research design	There is a positive effect of risk assessment strategies in detection of frauds by commercial banks in Kenya.	Further studies where other financial institutions are included as well as well.	This study concentrated on commercial banks alone. There are other financial institutions which would have been included e.g. MFIs and Sacco's.

Source :(Researcher, 2018)

2.5 Conceptual Framework

Conceptual framework is an identification of the variables to be measured by the research. It shows the interrelationship between the variables. The study therefore conceptualized the relationship that exists either positively or negatively between audit controls and projects performance.

Independent Variables

Dependent Variable

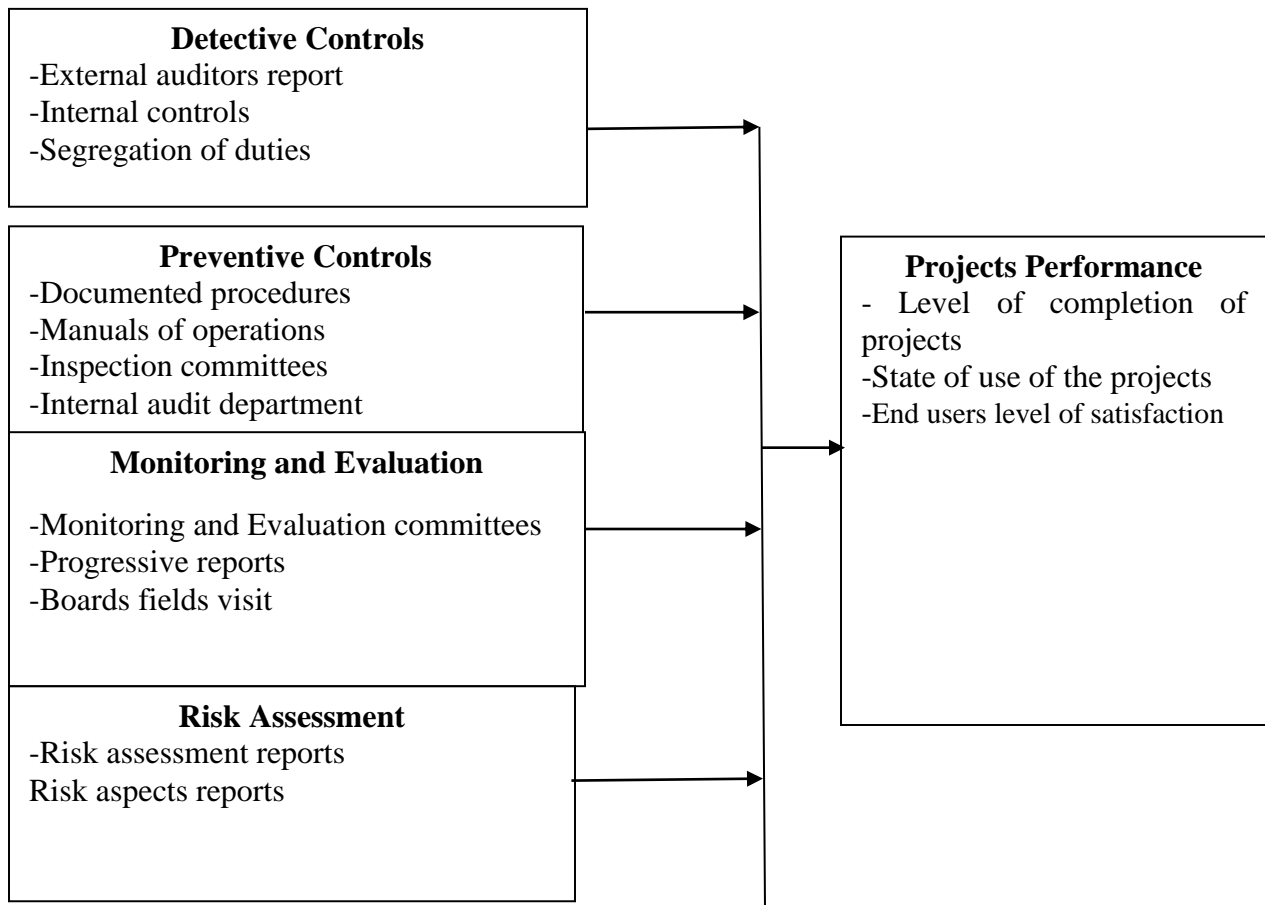


Figure 1.1: Conceptual Framework

The aim of the conceptual framework is to bring out a connection among the independent and the dependent variables. The dependent variable is projects performance of constituency development fund and the independent variables are detective controls, preventive controls, monitoring and evaluation and risk assessment. Fundamental purpose of the research is evaluating relationship between the independent variables and the dependent variables.

Table 2.2: Operationalization of Variables

OBJECTIVE	VARIABLE	INDICATOR	SCALE
Effects of detective controls on projects performance of constituency development fund	Detective Controls	-External auditors report -Internal controls -Segregation of duties	Nominal
Effects of preventive controls on projects performance of constituency development fund	Preventive Controls	-Documented procedures -Manuals of operations -Inspection committees -Internal audit department	Nominal
Effects of monitoring and evaluation measures on projects performance of constituency development fund	Monitoring and Evaluation	-Monitoring and Evaluation committees -Progressive reports -Boards fields visit	Nominal
Effects of risk assessment on projects performance of constituency development fund	Risk Assessment	-Risk assessment reports -Risk aspects reports	Nominal

Source: (Researcher, 2018)

2.6 Ethical Considerations

This study observed the following ethical procedures: Owing to the sensitive data collected, the researcher upheld a moral obligation in treating all information provided with extreme confidentiality. As the respondents could be unwilling to give out some information, the researcher reassured the respondents of confidentiality of the information given.

The researcher was objective during the interview; data analysis, and data interpretation to avoid or minimize bias or self- deception. Respect for intellectual property was guaranteed by giving proper acknowledgement or credit for all contributions to this study and did not engage in plagiarism.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section describes the methodology that was used in obtaining data. It describes the research design, target population, sample size, sampling procedures, instrumentation, data collection methods, data analysis and presentation.

3.2 Research Design

The research design is a master plan specifying the methods and procedures for collecting and analyzing data. This study adopted a descriptive survey research design. According to Kothari (2004), descriptive research studies are designed to obtain relevant and precise information concerning the current status of a problem or phenomenon and whenever possible to draw valid general conclusions from the facts discovered. . Descriptive survey deal with the questions of who, what, when, where and how. This design assisted the researcher to obtain information concerning the phenomena by drawing conclusions from the facts that were discovered.

3.3 Target Population

Hair, (2013) defines population as an identifiable total group or aggregation of elements that are of interest to a researcher and pertinent to the specified information problem. This includes defining the population from which our sample is drawn. According to Salkind (2012), population is the entire of some groups. This is also supported by Sekaran and Bougie (2010), population is defined as entire group of people the researchers want to investigate.

Table 3.2: List of Target Population of the study

Target Group	Target Population	Percentage %
Community development fund committees (CDFCs)	10	10
Project committee members(PCM)	84	84
Community leaders	10	10
Total	104	104

The population for this study was Community development fund committees (CDFCs), project committee members and community leaders. The targeted population was representing different projects being implemented in the constituency. Some of the projects included education, health and sanitation, security among others. The study therefore targeted population of 104 respondents.

3.4 Sampling Procedure and Sample Frame

The sampling plan outlines the sampling unit, sampling frame, sampling procedures and the sample size for the study. Stratified random sampling technique refers to when population of interest is not homogeneous and can be subdivided into groups or strata in order to obtain a representative sample.

Table 3.3 List of Sample Size

Target Group	Target Population	Sample Percentage %	Sample size
Community development fund committees (CDFCs)	10	50	5
Project committee members(PCM)	84	50	42
Community leaders	10	50	5
Total	104	50%	52

Stratified random sampling method was used in order to give equal chances to each member of staff participating in the study. The study considered 50 percent of the entire population. According to Cooper and Schindler (2011), a sample size above 10 percent of entire population is considered adequate for any academic research. Therefore, for purposes of statistical representation, 50 percent was considered as a significant representative since the population was also not too large for a smaller percentage pick. Therefore, the sample size for the study was 52 respondents.

3.5 Data Collection Instrument

This study used a questionnaire to collect data. The questionnaire designed in this study comprised of two sections. The first part included the demographic and operational

characteristics designed to determine fundamental issues including the demographic characteristics of the respondent. The second part was devoted to the identification of the internal audit controls where the four variables of the study were put into focus.

In the case of closed end questions, the respondents were asked to select from a fixed list of replies or multiple options while in the case of open-end questions, the respondent were required a personal reply to the questions in spaces provided. Closed-end questions were used as they are easy to analyse and economical in terms of time and money (Mugenda and Mugenda, 2012). Open ended questions on the other hand are necessary since they let the respondents express what they consider to be most important (Mugenda and Mugenda, 2012). The questionnaire was developed by the researcher.

3.6 Data Collection Procedure

Subsiding data gathering, the researcher completed the research proposal by defending it before a panel of supervisors in order to get permission for data collection from the University. The project was shared with the National Council of Science, Technology and Innovation for data collection permit. Further, permission from Embakasi East CDF office management was sought as well as seeking informed consent from individual respondents. Data was collected in a single phase through the drop and pick method. This helped in answering research questions as framed in the questionnaire. The researcher individually collected all the required data.

3.7 Validity and Reliability of Data Collection Instruments

3.7.1 Validity of Data of Data Collection Instruments

According to Mugenda and Mugenda (2012), the usual procedure in assessing content validity of a measure is to use a professional or expert in a particular field. In ensuring content validity, a questionnaire was framed with carefully constructed questions to avoid ambiguity and facilitated answering of all the questions. The study supervisor was consulted to give input and approval of the research questionnaire. The instruments were presented to an officer at Embakasi CDF office who is an expert in auditing who reviewed and gave feedback on content validity.

3.7.2 Reliability of Data of Data Collection Instruments

Reliability is level to which a research instrument brings out consistent results following repeated trials. To ensure reliability of the research instruments, a pilot test was carried at neighboring constituency which is Embakasi West constituency. A small number of 10 employees from the constituency were used to fine tune the questionnaire to ensure that it collects the required data to answer the specific questions to solve the research problem. This helped in ensuring the questionnaire was free from errors or ambiguity. The researcher computed a crouchback alpha score of the instrument used. Cronbach alpha ranges between 0-1. Scores between 0-0.6 indicate that the instrument has a low reliability while scores of 0.7 and above indicate that the instrument has a high level of internal consistency and reliability.

3.8 Data Analysis Techniques and Presentation

Before processing the responses, the completed questionnaires was edited for completeness and consistency. The data was then coded to enable grouping of responses in various categories. The data collected was both quantitative and qualitative and analysed via descriptive analysis and content analysis. The descriptive statistical tools helped in describing the data and determining the extent used. Data analysis used SPSS and Microsoft excels to generate quantitative reports in tabulations, percentages, and measures of central tendency. Tables were used to present responses and facilitate comparison. The research analyst conducted a multiple regression analysis so as to determine the strength of the relationship amongst the variables.

3.8.1 The regression model

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Whereby: Y = Performance

 X₁ = Detective controls

 X₂ = preventive controls

 X₃ = Monitoring and evaluation

 X₄ = Risk assessment

$\beta_1, \beta_2, \beta_3, \beta_4 =$ Coefficients

$\epsilon =$ Error term

Linear regression analysis was used to approximate the coefficients to the linear equation and Independent variables that best predict the value of the dependent variable. From this model, test of significance at 5 percent significant level was conducted on the various variables of this study using coefficient of determination (R^2), correlation coefficient (R), F-test and ANOVA table in order to check the significant of the data analyzed.

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATIONS AND PRESENTATION

4.1 Introduction

This chapter analyses, interprets and presents the study findings as per the aim of this study, whose purpose was to investigate the effects of audit controls to the projects performance of constituency development fund in Embakasi East Constituency. Further the study sought to; establish the effects of detective controls and to determine the effects of preventive controls on projects performance of constituency development fund in Embakasi East constituency. Additionally, the study sought to; establish the effects of monitoring and evaluation measures on projects and also to determine the effects of risk assessment on projects performance of constituency development fund in Embakasi East Constituency.

4.2 Response Rate

The study targeted 52 respondents drawn from the selected groups.

Table 4.4: Response Rate

	Questionnaires Administered	Questionnaires filled and Returned	Percentage
Respondents	52	49	94.2

Out of the 52 respondents selected 49 responses were obtained back giving a response rate of 94.2percentage. Table 4.4 shows the study response rate.

4.2.1 Reliability Test

Cronbach Alpha was established for all the objectives in order to determine the objectives would produce consistent results should the research be done later on. A pilot study was carried out in order to determine reliability of the questionnaires. Reliability of the questionnaires was then evaluated through Cronbach's Alpha which measures the internal consistency.

Table 4.5: Reliability Coefficients

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
-------------------------	---	-------------------

Source: (Pilot Study, 2018)

The Alpha measures internal consistency by establishing if certain item measures the same construct. Nunnally (2014) established the Alpha value threshold at 0.7 which the study benchmarked against. Table 4.5 shows that all the scales were significant, with an alpha coefficient for the 33 items at 0.938. Having an alpha above the prescribed threshold of 0.7, the study found that the items had high internal consistency and therefore were reliable and could be used for further investigation.

4.3 Demographic Results

This section presented demographic results which included, respondent's gender, respondent's age, and level of education, position and period of tenure.

4.3.1 Respondents Gender

The respondents were asked to indicate their gender. The study findings were as presented in the Table 4.6.

Table 4.6: Respondents Gender

Gender	Frequency	Percentage
Male	34	69.4
Female	15	30.6
Total	49	100

As shown in the Table 4.6, the study indicated that 69.4 percent of the respondents were males whereas 30.6 percent of the respondents were female. This shows that the study involved both genders with majority of them being males.

4.3.2 Respondents Age in Years

Respondents were asked to indicate their age gaps. The study findings were as tabulated in the Table 4.7

Table 4.7: Age in Years

Age	Frequency	Percentage
18-25 Years	4	8.2
26-35 Years	6	12.2
36-45 Years	10	20.4
46-50 Years	23	46.9
Above 55 Years	6	12.2
Total	49	100

As was shown in the table 4.7, 46.9 percent of the respondents indicated that they were aged 46 to 50 years, 20.4 percent indicated that they were aged between 36 to 50 years, 12.2 percent indicated that they were aged 26 to 35 years and also a similar percentage of 12.2 percent above 55 years. Also the study findings indicated that 8.2 percent of the respondents indicated that they were aged 18 to 25 years. This shows that the study involved respondents from all the age gaps.

4.3.3 Respondents Highest Level of Education

Respondents were asked to indicate their highest level of education; the study findings were as presented in the Table 4.8

Table 4.8: Highest Level of Education

Highest Level of Education	Frequency	Percentage
Secondary	7	14.3
College	16	32.7
University	22	44.9
Post Graduate	4	8.2
Total	49	100

As was shown in the Table 4.8, 44.9 percent of the respondents indicated that they had university education, 32.7 percent of the respondents indicated that they had college education, 14.3 percent indicated that they had secondary school education and 8.2 percent of the respondents indicated

that their highest education level was postgraduate education. This shows that most of the respondents involved in the study had university education as their highest level of education.

4.3.4 Positioned in Constituency

Respondents were asked to indicate where they were positioned at the constituency. The findings were as presented in the Table 4.9

Table 4.9: Positioned in Constituency

Position in the constituency	Frequency	Percentage
Community development fund committees (CDFCs)	5	10.2
Project committee members (PCM)	39	79.6
Community leaders	5	10.2
Total	49	100

As was shown in the Table 4.9, 79.6 percent of the respondents indicated that they were project committee members (PCM) and 10.2 percent of the respondents indicated that they were community development fund committees (CDFCs) and also a similar percentage of 10.2 percent of the respondents indicated that they were community leaders. This shows that the study involved all the target participant’s departments.

4.3.5 Period in Being Part of Constituency CDF office

Respondents were asked to indicate how long they had been part of constituency CDF office. The study findings were as presented in the Table 4.10

Table 4.10: Period in Being Part of Constituency CDF office

Period in being part of constituency CDF office	Frequency	Percentage
1-5 years	11	22.4
5-10 years	27	55.1
10-15 years	11	22.4
Total	49	100.0

As was shown in the Table 4.10, 55.1 percent of the respondents indicated that they had been a part of constituency CDF office for a period of 5 to 10 years, 22.4 percent of the respondents indicated that they had served for a period of 1 to 5 years and also that 22.4 percent of the respondents indicated that they had served for a period of 10 to 15 years. This shows that most of the respondents involved in the study had been serving at constituency CDF office for a period of more than 5 years.

4.4 Detective Controls

This study objective sought to establish the effects of detective controls on projects performance of constituency development fund in Embakasi Constituency. The study findings were as shown in each of the section.

4.4.1 Effectiveness of the Detective Control

Respondents were asked to indicate how effective the detective controls are in their organization. The study findings were as presented in the Table 4.11.

Table 4.11: Effectiveness of the Detective Control

Effectiveness of the Detective Control	Frequency	Percentage
Very effective	9	18.4
Effective	32	65.3
Not effective at all	8	16.3
Total	49	100

As was shown in the Table 4.11, 65.3 percent of the respondents indicated that the detective controls in their organization were effective, 18.4 percent of the respondents indicated that the detective controls in their organization were very effective and 16.3 percent of the respondents indicated that the detective controls in their organization was not effective at all. This shows that majority of the respondents indicated that the detective controls in their organization are effective.

4.4.2 Internal Controls Adopted by the CDF office

Respondents were asked to indicate in their opinion as to whether the listed internal controls had been adopted by the CDF office, the study findings were as shown in the Table 4.12

Table 4.12: Internal Controls Adopted by the CDF office

Internal Controls	Yes	No	Total
Separation of Duties	65.30%	34.70%	100
Access Controls	69.4%	30.60%	100
Physical Audits	77.6%	22.40%	100
Standardized Documentation	63.3%	36.70%	100
Trial Balances	65.3%	34.70%	100
Periodic Reconciliations	61.2%	38.80%	100
Approval Authority	77.6%	22.40%	100

As was shown in the Table 4.12, 65.3 percent of the respondents indicated that separation of Duties had been adopted in the CDF office, 69.4 percent of the respondents indicated that access controls had been adopted in the CDF office, 77.6percentage of the respondents indicated that

physical audits had been adopted in the CDF office, 63.3 percent indicated that standardized documentation had been adopted in the offices. Also the study found out that 65.3percent of the respondents indicated that the CDF offices had adopted trial balances, 61.2 percent indicated that periodic reconciliations had been adopted by the CDF offices and 77.6 percent of the respondents indicated that CDF offices had approval authority. The study findings indicate that the CDF offices had adopted various internal controls. The study findings agree with those of Murdock, (2013) he argued that strong detective Control activities enable managers to address risk timely, effectively and efficiently.

4.4.3 Controls in Detecting Frauds and Enhancing Performance

Respondents were asked to indicate; among the stated controls the one that plays a huge role in detecting frauds and enhancing performance. The study findings were as presented in the Table 4.13

Table 4.13: Controls in Detecting Frauds and Enhancing Performance

Controls	Frequency	Percentage
Separation of Duties	13	26.5
Access Controls	7	14.3
Physical Audits	8	16.3
Standardized Documentation	7	14.3
Trial Balances	7	14.3
Periodic Reconciliations	2	4.1
Approval Authority	5	10.2
Total	49	100

As was shown in the Table 4.13, 26.5 percent of the respondents indicated that separation of duties plays a huge role in detecting frauds and enhancing performance, 16.3 percent of the respondents indicated that it was physical audits, 14.3 percent of the respondents indicated that it was access to controls, also a similar percentage of 14.3 percent indicated that it was standard documentation and also a similar 14.3 percent indicated that trial balance plays a huge role in detecting frauds and enhancing performance. Also respondents as was shown by 10.2 percent indicated that approval authority plays a huge role in detecting frauds and 4.1 percent of the respondents indicated that periodic reconciliations plays a huge role in detecting frauds and

enhancing performance. Thus the study indicates that most of the respondents indicated that separation of duties plays a huge role in detecting frauds and enhancing performance among the other listed controls.

4.4.4 Top Management on Areas Pointed by the External Auditor’s Report

Respondents were asked to indicate their opinion as to whether the top management enhanced areas pointed by the external auditor’s report. The study findings were as presented in the Table 4.14

Table 4.14: Top Management on Areas Pointed by the External Auditor’s Report

Opinion	Frequency	Percentage
Yes	43	87.8
No	6	12.2
Total	49	100

As was shown in the Table 4.14, 87.8 percent of the respondents agreed that the top management enhanced areas pointed by the external auditor’s report whereas 12.2 percent of the respondents were of the contrary opinion. This shows that top management enhanced areas pointed by the external auditor’s report as was indicated by majority of the respondents.

4.4.5 Help in Detecting Frauds

Respondents were asked to indicate their opinion if top management enhanced areas pointed by the external auditor’s report did help in detecting frauds. The study responses were as shown in the Table 4.15

Table 4.15: Help in Detecting Frauds

Help in fraud detection	Frequency	Percentage
Yes and to a greater extent	31	63.3
Yes but to a low extent	10	20.4
Not at all	2	4.1
Total	43	87.8

As was shown in the Table 4.15, 63.3 percent of the respondents indicated that they agreed and that to a great extent areas pointed by the external auditors has helped in detecting fraud, 20.4 percent indicated that they agreed but to a low extent whereas 4.1 percent of the respondents indicated that not at all did the areas pointed by the external auditor’s report did help in detecting frauds. Thus the study findings found out that majority of the respondents agreed to a great extent that areas pointed by the external auditor’s report did help in detecting frauds.

4.4.6 Reason behind the Lack of Enhancement in Areas Pointed

Respondents who disagreed that areas pointed by the external auditor’s report help in detecting frauds, were asked for their reason behind the lack of enhancement in areas pointed. The study findings were as presented in the Table 4.16

Table 4.16: Reason Behind The lack of Enhancement in Areas Pointed

Reason	Frequency	Percentage
Ignorance	1	2
Lack of Interest	2	4.1
Corruption Culture	3	6.1
Total	6	12.2

As was shown in the Table 4.16, 6.1 percent of the respondents indicated that it was because of the corruption culture, 4.1 percent indicated that it was because of lack of interest and 2 percent indicated that it was because of ignorance. Thus the study findings showed that the reason behind the lack of enhancement on areas pointed was mostly because of the corruption culture as well as the lack of interest and ignorance. The study findings agree with those of Cecilia, (2015) she argued that there lack appropriate regulations, resources low status and lack of independence thus hindering the effective performance Government ministries in Kenya.

4.4.7 Major Issues Addressed

Respondents were asked to indicate the major issues that were being addressed by the top management on areas pointed by the external auditor’s report. The study findings were as shown in the Table 4.17

Table 4.17: Major Issues Addressed

Major issues addressed	Frequency	Percentage
Strengthening the internal control systems	37	75.5
Having frequent audits by internal auditor	6	12.2
Total	43	87.8

As was shown in the Table 4.17, 75.5 percent of the respondents agreed that the major issue that was being addressed was strengthening the internal control systems and 12.2 percent of the respondents indicated that the major issue that was being addressed by the top management was having frequent audits by internal auditor. Thus the study indicates that strengthening the internal control systems was the major issue being addressed by the top management as was indicated by majority of the respondents.

4.4.8 Segregation of Duties in Minimizing Frauds and Errors

Respondents were asked to indicate their opinion as to whether segregation of duties help in minimizing frauds and errors. The study findings were as presented in the Table 4.18.

Table 4.18: Segregation of Duties in Minimizing Frauds and Errors

Opinion	Frequency	Percentage
Yes and to a greater extent	25	51
Yes but to a low extent	21	42.9
Not at all	3	6.1
Total	49	100

As was shown in the Table 4.18, 51 percent of the respondents agreed that to a greater extent segregation of duties help in minimizing frauds and errors, 42.9 percent of the respondents agreed but to a low extent that segregation of duties help in minimizing frauds and errors whereas 6.1 percent of the respondents disagreed that not at all segregation of duties help in minimizing frauds and errors. Thus from the study findings majority of the respondents agreed to a greater extent that segregation of duties help in minimizing frauds and errors.

4.4.9 Extent of Agreement on Statement Relating to Detective Controls

Respondents were asked to indicate the extent to which they agreed with the listed statements relating to detective controls. A scale whereby 5- strongly agrees, 4- agree, 3- Neutral 2- Disagree, 1 – strongly disagree was used. This stipulates that the higher the mean the higher the respondent’s extent of agreement and that the lower the mean the lower the respondent’s extent of agreement on a statement. The study findings were as shown in the Table 4.19

Table 4.19: Extent of Agreement on Statement Relating to Detective Controls

Statement	1	2	3	4	5	Mean	S.D
Accounts are reconciled on monthly basis to detect errors and fraud	1	19	14	12	3	2.939	0.988
All payments are authorized by responsible officer before payment	2	22	16	9	0	2.653	0.830
All payment procedures are followed for all transactions	6	13	23	4	3	2.694	1.004
All financial transactions are recorded in vouchers for future references	10	17	14	8	0	2.408	0.998
Our CDF office is frequently audited	6	15	19	6	3	2.694	1.045
The internal auditor works independently	8	11	15	11	4	2.837	1.196
All departments have clear levels of authority	9	22	14	3	1	2.286	0.913
There is segregation of responsibilities on collections, general accounting and general ledger posting of revenue	4	11	16	14	4	3.061	1.088

As was shown in the Table 4.19, majority of the respondents were neutral that; there is segregation of responsibilities on collections, general accounting and general ledger posting of revenue this was shown by a mean of 3.061 and a standard deviation of 1.088, and that accounts are reconciled on monthly basis to detect errors and fraud this was shown by a mean of 2.939 and a standard deviation of 0.988. Additionally, respondents were neutral that their CDF office is frequently audited as was shown by a mean of 2.694 and a standard deviation of 1.045, also that

all payment procedures are followed for all transactions as was indicated by a mean of 2.694 and a standard deviation of 1.004.

Further respondents indicated that they were neutral that; the internal auditor works independently this was shown by a mean of 2.837 and a standard deviation of 1.196 also that all payments are authorized by responsible officer before payment as was shown by a mean of 2.653 and a standard deviation of 0.830. Respondents disagreed that; all financial transactions are recorded in vouchers for future references as was indicated by a mean of 2.408 and a standard deviation of 0.998 also that all departments have clear levels of authority as was indicated by a mean of 2.286 and a standard deviation of 0.913. The study findings agree with those of COSO, (2011) he asserted that control actions, if automatic or manual, have numerous aims as well as functional at numerous administrative and practical levels.

4.4.10 Areas that Need Urgent Changes to Enhance Swift Detection of Errors and Frauds

Respondents were asked to indicate the areas they think need urgent changes to enhance swift detection of errors and frauds in their organization. The study findings were as shown in the Table 4.20

Table 4.20: Areas that Need Changes to Enhance Detection of Errors and Frauds

Areas that Need Urgent Change	Frequency	Percentage
Cash Office	18	36.7
All department	31	63.3
Total	49	100

As was shown in the Table 4.20, 63.3 percent of the respondents indicated that all departments need urgent changes to enhance swift detection of errors and frauds in the organization whereas 36.7 percent of the respondents indicated that cash office need urgent changes to enhance swift detection of errors and frauds in the organization. Thus the study found out that all departments need urgent changes to enhance swift detection of errors and frauds in the organization as majority of the respondents indicated.

4.5 Preventive Controls

This objective sought to determine the effects of preventive controls on projects performance of constituency development fund in Embakasi East constituency. The study findings were as presented in each of the section.

4.5.1 Major Preventive Control in Place to Detect and Prevent Frauds and enhance Performance

Respondents were asked to indicate the major preventive control in place to detect and prevent frauds and enhance performance in their organization. The study findings were as tabulated in the Table 4.21

Table 4.21: Major Preventive Control in Place to Detect and Prevent Frauds and Enhance Performance

Preventive control	Frequency	Percentage
Strong internal controls	8	16.3
Safeguarding and reconciliation of petty cash	7	14.3
Discouraging related party transactions	6	12.2
Pre-approval of actions and transactions.	8	16.3
Physical control over assets	9	18.4
Computer passwords and access controls.	6	12.2
Employee screening and training.	5	10.2
Total	49	100.0

As was shown in the Table 4.21, 18.4 percent of the respondents indicated that physical control over assets is a preventive control that detect, prevent frauds and enhance performance in the organisation, 16.3 percent indicated that strong internal controls are preventive controls and also a similar percentage of 16.3 percent of the respondents indicated that pre-approval of actions and transactions prevents fraud and enhance performance in the organisation.

Additionally, the respondents indicated that; computer passwords and access controls are advantageous preventive control as was shown by 12.2 percent, also 12.2 percent of the

respondents indicated that discouraging related party transactions is a preventive control. Further 10.2 percent of the respondents indicated that employee screening and training is a preventive control. Thus from the study most of the respondents indicated that protective controls should be exercised in all the organisation functions. The study findings agree with those of Barra, (2010) he proposes the viability of preventive controls such as isolation of obligations is subordinate on detective controls

4.5.2 Effective of the Systems

Respondents were asked to indicate how effective the systems in an organization are, the study findings were as presented in the Table 4.22.

Table 4.22: Effective of the Systems

Effectiveness of the System	Frequency	Percentage
Very effective	11	22.4
Effective	26	53.1
Not effective at all	12	24.5
Total	49	100.0

As was shown in the Table 4.22, 53.1 percent of the respondents indicated that the systems in their organisation was effective, 24.5 percent of the respondents indicated that the systems were not effective at all and 22.4 percent of the respondents indicated that the system in their organisation was very effective. Thus from the study findings majority of the respondents indicated that the systems in their organisations were effective although some of the respondents indicated that the systems were not effective at all.

4.5.3 Manuals of Operations in the Department

Respondents were asked to indicate if they had manuals of operations in their departments, the study findings were as shown in the Table 4.23.

Table 4.23: Manuals of Operations in the Department

Opinion	Frequency	Percentage
Yes	37	75.5
No	12	24.5
Total	49	100.0

From the study findings in Table 4.23, 75.5 percent of the respondents indicated that they have manuals of operations in their department whereas 24.5 percent of the respondents indicated that they lack manuals of operations in their department. Thus the study shows that many departments have manuals of operations but some departments lacks the manuals.

4.5.4 Manuals in Terms of User Friendliness

Respondents who indicated that their departments have manuals of operations were asked to indicate their opinion how the manuals are in terms of user friendliness. The study findings were as presented in the Table 4.24.

Table 4.24: Manuals in Terms of User Friendliness

Opinion	Frequency	Percentage
They are frequently updated	15	30.6
They are never updated	17	34.7
Some of the information contained is irrelevant	5	10.2
Total	37	75.5

The study found out that 34.7 percent of the respondents indicated that the manuals are never updated, 30.6 percent indicated that the manuals are frequently updated and 10.2 percent of the respondents indicated that some of the information contained is irrelevant. Thus from the findings most of the respondents indicated that manuals are never updated.

4.5.5 Guide in the Operations

Respondents who indicated that their departments lack operations manuals were asked to indicate what they use as a guidance in their operations. The study findings were as shown in the Table 4.25.

Table 4.25: Guide in the Operations

What guides operations	Frequency	Percentage
-------------------------------	------------------	-------------------

Guidance from the other staff members	8	16.3
Guidance from the other institutions	4	8.2
Total	12	24.5

As was shown in the Table 4.25, 16.3 percent of the respondents indicated that their operations are guided by other staff members and 8.2 percent of the respondents indicated that their operations are guided by other institutions. Thus the study indicated that most of the respondents who have no operations manuals in their departments get guidance from other staff members.

4.5.6 Inspection Committees Informing Top Management

The respondents were asked to indicate their opinion as to whether the inspection committees keep the top management informed on how effective the audit controls in the organisations are. The study findings were as shown in the Table 4.26

Table 4.26: Inspection Committees Informing Top Management

Opinion	Frequency	Percentage
Yes	36	73.5
No	13	26.5
Total	49	100

As was shown in the Table 4.26, 73.5 percent of the respondents agreed that the inspection committees keep the top management informed on how effective the audit controls are in the organization whereas 26.5 percent of the respondents were of the contrary opinion. This shows that the inspection committees keep the top management informed on how effective the audit controls in the organization are.

4.5.7 Frequency of Inspection

Respondents who indicated that inspection committees keep the top management informed on how effective the audit controls are in the organization, were asked to indicate how frequent inspections are done and communication done, the study findings were as shown in the Table 4.27

Table 4.27: Frequency of Inspection

Frequency	Frequency	Percentage
Weekly	5	10.2
Monthly	11	22.4
Quarterly	12	24.5
Annually	8	16.3
Total	36	73.5

As was shown in the table 4.27, 24.5 percent of the respondents indicated that the inspections are done quarterly and communication made to the top management, 22.4 percent indicated that the inspections are done monthly, 16.3 percent indicated that the inspections are done annually and communications made whereas 10.2 percent of the respondents indicated that the inspections are done weekly and communications to the top management done. Thus the study findings indicate that frequency of inspections and communications vary in organizations.

4.5.8 Inspection Committee Reporting

Respondents who indicate that the inspection committee do not report to the top management were asked to indicate to whom the communication is made to. The study findings were as shown in the Table 4.28

Table 4.28: Inspection Committee Reporting

Whom report is made to	Frequency	Percentage
Area MP	13	26.5

The study showed that 26.5 percent of the respondents indicated that the committee who did not report to the top management reported to the area MP.

4.5.9 Internal Audit Department Effectiveness in Minimizing Frauds and Errors

Respondents were asked to indicate their opinion as to whether internal audit department is effective in minimizing frauds and errors in their organisation, the study research findings were as shown in the Table 4.29

Table 4.29: Internal Audit Department Effectiveness in Minimizing Frauds and Errors

Opinion	Frequency	Percentage
Yes	40	81.6
No	9	18.4
Total	49	100

As was shown in the Table 4.29, 81.6 percent of the respondents agreed that internal audit department is effective in minimizing frauds and errors in the organisation whereas 18.4 percent of the respondents were of the contrary opinion. This shows that internal audit department is effective in minimizing frauds and errors in organisation as was shown by majority of the respondents.

4.5.10 Rating of Internal Audit Department

Respondents who agreed that internal audit department is effective in minimizing frauds and errors in their organisation were asked to rate them based on the last financial year. The study findings were as shown in the Table 4.30

Table 4.30: Rating of Internal Audit Department

Rating of Internal Audit Department	Frequency	Percentage
Very effective	4	8.2
Effective	26	53.1
Moderate	10	20.4
Total	40	81.6

As was shown in the Table 4.30, 53.1 percent of the respondents indicated that internal audit department was effective in minimizing frauds and errors in their organisation, 20.4 percent indicated that it was moderate and 8.2 percent indicated that internal audit department was very effective in minimizing frauds and errors. This shows that the internal audit department is effective in minimizing frauds and errors in their organisation as was shown by majority of the respondents.

4.5.11 Reason for Ineffectiveness

Respondents who indicated that the internal audit department is not effective in minimizing frauds and errors in their organisation, were asked to indicate a reason behind their opinion. The results were as shown in the Table 4.31

Table 4.31: Reason for Ineffectiveness

Reason	Frequency	Percentage
Low employees motivation	2	4.1
Non-accountability culture	5	10.2
Poor top management support	2	4.1
Total	9	18.4

As was shown in the Table 4.31, 10.2 percent of the respondents indicated that it was due to non-accountability culture, 4.1 percent of the respondents indicated that it was because of low employee's motivation, also a similar 4.1 percent of the respondents indicated that it was because of poor top management support. Thus from the study findings the study indicates that internal audit department was not effective in executing its mandate due to internal reasons.

4.5.12 Statement Relating to Preventive Control

Respondents were asked to indicate their extent of agreement on the listed statement relating to preventive controls. A scale whereby 5- strongly agrees, 4- agree, 3- Neutral 2- Disagree, 1 – strongly disagree was used. The study findings were as shown in the Table 4.32

Table 4.32: Statement Relating To Preventive Control

Statement	1	2	3	4	5	Mean	S.d
Staffs are given internal control manuals	6	16	22	4	1	2.551	0.891
Accounting records are limited to employees with designated responsibility for such records	3	16	18	9	3	2.857	1.000
Staff are aware of the penalties for breaking	6	17	10	12	4	2.816	1.185

internal control procedures							
Changes to the prescribed billing amount require the approval of an authorized individual	9	16	10	11	3	2.653	1.200
Procedures exist to prevent the interception or alteration by unauthorized persons of billings or statements before posting	2	22	19	6	0	2.592	0.762
Reconciliation is done monthly	4	19	14	7	5	2.796	1.118
Inspection committee provides feedback to the management	6	12	19	7	5	2.857	1.137

As was shown in the Table 4.32, majority of the respondents were neutral that; inspection committee provides feedback to the management about the effectiveness of preventive controls as was shown by a mean of 2.857 and a standard deviation of 1.137, also respondents were neutral that accounting records are limited to employees with designated responsibility for such records as was shown by a mean of 2.857 and a standard deviation of 1.000. Also respondents were neutral that staff are aware of the penalties for breaking internal control procedures as was shown by a mean of 2.816 and a standard deviation of 1.185 also that reconciliation is done monthly to reconcile separate records and properly resolve any differences as was shown by a mean of 2.796 and a standard deviation of 1.118.

Also the respondents were neutral that changes to the prescribed billing amount require the approval of an authorized individual as was shown by a mean of 2.653 and a standard deviation of 1.200, also that procedures exist to prevent the interception or alteration by unauthorized persons of billings or statements before posting this was shown by a mean of 2.592 and a standard deviation of 0.762. Further respondents were neutral that staffs are given up to date internal control manuals for reference purposes as was shown by a mean of 2.551 and a standard deviation of 0.891. The study findings agree with those of Amudo and Inanga, (2012) they

asserted that control components of compelling inner control frameworks missing in organisation renders the current control structures incapable in organisations.

4.5.13 Best Preventive Which Can Ease Fraud Detection Prevention and Performance

Respondents were asked to indicate in their opinion the best preventive which can ease fraud detection prevention and performance in their organisation. The study findings were as presented in the Table 4.33

Table 4.33: Best Preventive Which Ease Fraud Detection Prevention

Preventive	Frequency	Percentage
Strong internal controls	14	28.6
Safeguarding and reconciliation of petty cash	9	18.4
Discouraging related party transactions	6	12.2
Pre-approval of actions and transactions.	6	12.2
Physical control over assets	5	10.2
Computer passwords and access controls.	3	6.1
Employee screening and training.	6	12.2
Total	49	100

As was shown in the Table 4.33, 28.6 percent of the respondents indicated that strong internal controls is the best preventive which can ease fraud detection prevention and performance in their organisation, 18.4 percent indicated that it was safeguarding and reconciliation of petty cash, 12.2 percent indicated that it was discouraging related party transactions, also 12.2 percent of the respondents indicated that it was pre-approval of actions and transactions and similar percentage indicated that it was employee screening and training. Additionally, 10.2 percent of the respondents indicated that it was physical control over assets and 6.1 percent indicated that it was computer passwords and access controls. Thus the study indicates that there are various preventive measures that can be adopted by the organisation to ease fraud detection and for better organizational performance with most of the respondents indicating that strong internal controls indicating that it is the best preventive measure.

4.6 Monitoring and Evaluation

This study objective sought to establish the effects of monitoring and evaluation measures on projects performance of constituency development fund in Embakasi East Constituency. The study findings were as presented in each of the section as follows.

4.6.1 Monitoring and Evaluation Committees

Respondents were asked to indicate if they have a monitoring and evaluation committees in their organisation. The study findings were as presented in the Table 4.34

Table 4.34: Monitoring and Evaluation Committees

Opinion	Frequency	Percentage
Yes	36	73.5
No	13	26.5
Total	49	100.0

As was shown in the Table 4.34, 73.5 percent of the respondents agreed that they have a monitoring and evaluation committees in their organization whereas 26.5 percent of the respondents were of the contrary opinion. This shows that there are monitoring and evaluation committees in the organization as was indicated by majority of the respondents but some organizations lack this committee as well.

4.6.2 Rating Effectiveness of Audit Control Roles

Respondents who indicated that their organisation have monitoring and evaluation committees were asked to indicate its effectiveness in audit control roles. The study findings were as shown in the Table 4.35

Table 4.35: Rating Effectiveness of Audit Control Roles

Effectiveness	Frequency	Percentage
Very effective	3	6.1
Effective	23	46.9
Not effective at all	10	20.4

Total	36	73.5
--------------	-----------	-------------

As was shown in the Table 4.35, 46.9 percent of the respondents indicated that the monitoring and evaluation committees in their organisations would be rated as effective, 20.4 percent indicated that the committees would be rated as not effective at all and 6.1 percent of the respondents indicated that they could be rated as very effective. Thus the study shows that most of the respondents indicated that monitoring and evaluation committees are effective.

4.6.3 The role of Monitoring and Evaluation

Respondents who indicated that they don't have monitoring and evaluation committees in their organisation were asked to indicate who plays the role of monitoring and evaluation in their organisation. The study findings were as shown in the Table 4.36

Table 4.36: The Role of Monitoring and Evaluation

Who plays the Role of Monitoring and Evaluation	Frequency	Percentage
Top Management	7	14.3
External consultants	6	12.2
Total	13	26.5

As was shown in the Table 4.36, 14.3 percent of the respondents indicated that it is the top management that plays the role of monitoring and evaluation and 12.2 percent of the respondents indicated that it is the external consultants who plays the role of monitoring and evaluation. Thus the study indicates that in organizations where there lacks monitoring and evaluation committees top management and external consultants plays the role of monitoring and evaluation.

4.6.4 How often the Committee Give Progressive Reports

Respondents were told to indicate the frequency at which the committee give progressive reports, the study findings were as shown in the Table 4.37

Table 4.37: How often the Committee Give Progressive Reports

How often the committee give progressive reports	Frequency	Percentage
Monthly	15	30.6

Quarterly	16	32.7
Annually	18	36.7
Total	49	100.0

As was shown in the Table 4.37, 36.7 percent of the respondents indicated that the progressive reports are given annually, 32.7 percent indicated that the reports are given quarterly and 30.6 percent indicated that the progressive reports are given monthly. Thus the study findings indicated that most of the reports are given annually and other are given on monthly or quarterly bases. The study findings agree with those of Ingle, (2013) he asserted that assessment handle done quarterly has made a difference the organization to track down execution against goals/ targets which guarantee responsibility and also allowing for early signals to detect negative factors that may lead to poor performance like frauds.

4.6.5 Reports Plus Board's Fields' Visit Helps on Improving Performance

Respondents were asked to indicate their opinion if the reports plus board's fields' visit helps in improving performance in their organisations, the study findings were as tabulated in the Table 4.38.

Table 4.38: Reports plus board's fields' visit helps on improving performance

Opinion	Frequency	Percentage
Yes they do to a very great extent	24	49.0
They help in achieving the intended objectives	20	40.8
They are of no use at all	5	10.2
Total	49	100.0

As was shown in the Table 4.38, 49 percent of the respondents agreed that to a very great extent reports plus board's fields' visit helps in improving performance, 40.8 percent indicated that they help in achieving the intended objectives and 10.2 percent of the respondents indicated that reports plus board's fields' visit are of no use at all in improving performance. Thus the study indicates that reports plus board's fields' visit helps in improving performance as was indicated by most of the respondents. The study findings agree with those of Adepoju, (2014) he asserted that in fight against fraud. There should be periodic monitoring, evaluation process and whistle blowing policy.

4.6.6 Statement Relating to Monitoring and Evaluation

Respondents were asked to indicate their level of agreement on the listed statements about monitoring and evaluation. A scale whereby 5- strongly agrees, 4- agree, 3- Neutral, 2- Disagree, 1- strongly disagree was used. The study findings were as shown in the Table 4.39

Table 4.39: Statement Relating to Monitoring and Evaluation

Statement	1	2	3	4	5	Mean	S.D
There are independent process checks and evaluations of controls activities on ongoing basis.	0	20	14	11	4	2.980	0.989
The CDF office projects are monitored and reported as required of their monitoring and evaluation criteria	4	13	13	12	7	3.102	1.195
Internal reviews of implementation of internal controls in units are conducted periodically.	5	13	13	17	1	2.918	1.057
Progressive reports have helped in assessing the quality of performance of the CDF office over time	3	14	16	10	6	3.041	1.117
Monitoring and Evaluation committees has assigned responsibilities for the timely review of audit reports and resolution of any non-compliance items noted in those audit reports	9	12	14	5	9	2.857	1.354
There is a reporting mechanism for all activities of this organization	4	13	13	13	6	3.082	1.170
Quality assurance is adhered to for all	4	11	13	17	4	3.122	1.111

organization projects

Boards fields visit help assessing the quality of performance of the CDF office over time	3	9	13	19	5	3.286	1.080
---	---	---	----	----	---	-------	-------

As was shown in the Table 4.39, majority of the respondents were neutral that; boards fields visit help assessing the quality of performance of the CDF office over time this was shown by a mean of 3.286 and a standard deviation of 1.080, also that quality assurance is adhered to for all organization projects this was shown by a mean of 3.122 and a standard deviation of 1.111. Also the respondents were neutral that the CDF office projects are monitored and reported as required of their monitoring and evaluation criteria this was shown by a mean of 3.102 and a standard deviation of 1.195 and that there is a reporting mechanism for all activities of the organizations as was shown by a mean of 3.082 and a standard deviation of 1.170.

Further the respondents were neutral that progressive reports have helped in assessing the quality of performance of the CDF office over time as was shown by a mean of 3.041 and a standard deviation of 1.117 and that there are independent process checks and evaluations of controls activities on ongoing basis this was shown by a mean of 2.980 and a standard deviation of 0.989. Additionally, the respondents were neutral that internal reviews of implementation of internal controls in units are conducted periodically this was shown by a mean of 2.918 and a standard deviation of 1.057 also that monitoring and evaluation committees has assigned responsibilities for the timely review of audit reports and resolution of any non-compliance items noted in those audit reports as was shown by a mean of 2.857 and a standard deviation of 1.354. The study findings agrees with those of Yttri, (2012) he indicated that lack of monitoring and evaluation process in the execution to government funded projects led to massive corruption in the implementation of projects.

4.7 Risk Assessment

This study objective sought to determine the effects of risk assessment on projects performance of constituency development fund in Embakasi East Constituency. The study findings were as presented in each of the section.

4.7.1 How often the Risks Assessment Reports are produced

Respondents were asked to indicate how often the risk assessments reports are produced, the study findings were as tabulated in the Table 4.40.

Table 4.40: How often the Risks Assessment Reports are produced

How often the risks assessment reports are produced	Frequency	Percentage
Monthly	13	26.5
Quarterly	17	34.7
Annually	19	38.8
Total	49	100

As was shown in the Table 4.40, 38.8 percent of the respondents indicated that risk assessment reports are produced annually, 34.7 percent indicated that the reports are produced quarterly and 26.5 percent of the respondents indicated that the reports were produced on a monthly basis. The study shows that risk assessment reports are produced mostly annually.

4.7.2 Reports plus Risk Aspects on Improving Performance

Respondents were asked to indicate their opinion as to why they think that reports plus risk aspects helps in improving performance. The study findings were as shown in the Table 4.41

Table 4.41: Reports Plus Risk aspects on Improving Performance

Help on improving performance	Frequency	Percentage
Yes they do to a very great extent	20	40.8
They help in achieving the intended objectives	27	55.1
They are of no use at all	2	4.1
Total	49	100

As was shown in the Table 4.41, 55.1 percent of the respondents indicated that risk assessment reports plus risk aspects helps in improving performance, 40.8 percent of the respondents agreed that these reports help in improving organizations performance to a very great extent and 4.1 percent indicated that the reports are of no use at all. This shows that risk assessment reports plus risk aspects helps in improving performance to a great extent.

4.7.3 Statements Relating to Risk Assessment

Respondents were asked to indicate the extent that they agree with the listed statements relating to risk assessment. The study findings were as presented in the Table 4.42.

Table 4.42: Statements Relating To Risk Assessment

Statement	1	2	3	4	5	Mean	S.D
There are mechanisms in place to identify and react to changes that can have effects on the organization	4	13	21	9	2	2.837	0.965
Controls exist for approving decisions regarding financing	6	16	14	10	3	2.755	1.109
Management has defined appropriate objectives for the organization.	0	13	22	13	1	3.041	0.789
Management has put in place mechanisms for mitigation of critical risks that may result from fraud	6	7	22	13	1	2.918	0.997
Management has some criteria for ascertainment of which fraud related risks to the organization are most critical	1	11	21	12	4	3.143	0.935
The reporting mechanism in place is less risky	0	9	18	14	8	3.429	0.979
Management identifies risks that affect achievement of the objectives.	0	7	20	21	1	3.184	0.808

As was shown in the Table 4.42, majority of the respondents were neutral that; the reporting mechanism in place is less risky to the organization communication channels is in place for changes in service delivery as was shown by a mean of 3.429 and a standard deviation of 0.979, also that management identifies risks that affect achievement of the objectives as was shown by a mean of 3.184 and a standard deviation of 0.808 additionally the respondents were indifferent that management has some criteria for ascertainment of which fraud related risks to the organization are most critical this was shown by a mean of 3.143 and a standard deviation of 0.935.

Respondents also were neutral that there are mechanisms in place to identify and react to changes that can have dramatic effects on the organization this was shown by a mean of 2.837 and a standard deviation of 0.965, also that controls exist for approving decisions regarding financing alternatives and accounting principles, practices and methods as was shown by a mean of 2.755 and a standard deviation of 1.109. The study findings agree with those of Ongare, (2013) he asserted that there is a positive and noteworthy impact of risk appraisal techniques

4.7.4 The Risk Assessment Methods Which Can Ease Fraud

Respondents were asked to indicate the risk assessment methods which can ease fraud detection prevention and performance in their organization, the study findings were as shown in the Table 4.43

Table 4.43: The Risk Assessment Methods Which can Ease Fraud

Method	Frequency	Percentage
Risk screening	16	32.7
Professional opinions	22	44.9
Qualitative Risk Assessment Matrix	11	22.4
Total	49	100

As was shown in the Table 4.43, the study indicated that 44.9 percent of the respondents indicated that professional opinions can ease fraud detection prevention and performance in the

organization, 32.7 percent indicated that risk screening will ease frauds and 22.4 percent indicated that qualitative risk assessment matrix will ease the fraud. Thus the study indicates that most of the respondents indicated that professional opinions, risk screening and qualitative risk assessment matrix are the methods that will ease fraud detection prevention and performance in the organization.

4.8 Project Performance

On the project performance the study findings were as shown in each of the section.

4.8.1 Rating Project Implemented by CDF Fund

Respondents were asked to indicate their opinion as to what they consider about the project implemented by their CDF fund. The study findings were as tabulated in the Table 4.44

Table 4.44: Rating Project Implemented by CDF Fund

Rating	Frequency	Percentage
Very Poor	6	12.2
Poor	14	28.6
Average	10	20.4
Good	9	18.4
Very Good	10	20.4
Total	49	100

As was shown in the Table 4.44, 28.6 percent of the respondents indicated that project implemented by their CDF fund was poor, 20.4 percent indicated that it was average and also a similar 20.4 percent indicated that the project implementation by their CDF was very good. Also the study indicated that 18.4 percent of the respondents said that the project implementation by their CDF was good and 12.2 percent of the respondents indicated that it was very poor. This shows that project implemented by respondents CDF fund were poor.

4.8.2 Improving the Utilization of the Fund

Respondents were asked to indicate what they think can be done to improve the utilization of CDF funds, the study findings were as presented in the Table 4.45

Table 4.45: Improving the Utilization of the Fund

Improving the utilization of the fund	Frequency	Percentage
Strong internal controls	17	34.7
Professional running the CDF offices	11	22.4
Proper budgeting and projects monitoring	13	26.5
Development of yearly strategic plans	8	16.3
Total	49	100.0

The study showed that 34.7 percent of the respondents indicated that there should be strong internal controls, 26.5 percent indicated that there should be proper budgeting and projects monitoring, 22.4 percent indicated that there should be professional running the CDF offices and 16.3 percent of the respondents indicated that there should be development of yearly strategic plans.

4.8.3 Measures for CDF Offices Performance

Respondents were asked to indicate suggestions on the best measures for CDF offices performance. The study findings were as shown in the Table 4.46

Table 4.46: Measures for CDF offices performance

Measures for performance	Frequency	Percentage
Number of completed projects	13	26.5
Effectiveness of projects implemented	16	32.7
Proper utilisation of funds allocated	13	26.5
Allocation of funds to the fundamental projects	7	14.3
Total	49	100.0

The study showed that 32.7 percent of the respondents indicated that CDF should consider effectiveness of projects implemented, 26.5 percent of the respondents indicated that number of completed projects should be examined and also a26.5 percent indicated that there should be

examination of utilization of funds allocated to ensure proper utilization and 14.3 percent indicated that there should be a measure on the allocation of funds to the fundamental projects.

4.8.4 General performance of the CDF fund

The respondents were asked to indicate on the general performance of the CDF fund in the indicated areas. A key whereby 5 = Excellent, 4=Good, 3=Satisfactory, 2=Poor, 1=Very poor was applied. The study findings were as shown in the Table 4.47,

Table 4.47: General Performance of the CDF Fund

Statement	1	2	3	4	5	Mean	S.D
Effectiveness and efficiency (level of projects completion)	35	4	9	0	1	1.531	0.938
Functionality (state of the use of the projects)	23	13	10	3	0	1.857	0.957
Improving your livelihood (end user satisfaction)	21	10	10	8	0	2.102	1.141

As was shown in the Table 4.47, majority of the respondents' describes the general performance of the CDF fund in the following areas as poor; improving their livelihood (end user satisfaction) as was shown by a mean of 2.102 and a standard deviation of 1.141, also that functionality (state of the use of the projects) was rated poor as was shown by a mean of 1.857 and a standard deviation of 0.957. Additionally, respondents indicated that effectiveness and efficiency (level of projects completion) was poor as was shown by a mean of 1.531 and a standard deviation of 0.938. The study findings agree with those of Cecilia, (2015) she asserted that lack of appropriate regulations, resources low status and lack of independence hinder the effective performance Government ministries in Kenya.

4.9 Correlation

Table 4.48: Correlations

		Performance	Detective Controls	Preventive Controls	Monitoring and evaluation	Risk assessment
	Correlation Coefficient	1.000	.653	.633	.602	.648
Performance	Sig. (1-tailed)	.	.476	.439	.335	.958
	N	49	49	49	49	49
	Correlation Coefficient	.653	1.000	.142	.037	.001
Detective controls	Sig. (1-tailed)	.000	.	.000	.003	.002
	N	49	49	49	49	49
	Correlation Coefficient	.633	.142	1.000	.046	.008
Preventive controls	Sig. (1-tailed)	.002	.001	.	.000	.000
	N	49	49	49	49	49
	Correlation Coefficient	.602	.037	.046	1.000	.124
Monitoring and evaluation	Sig. (1-tailed)	.002	.000	.001	.	.002
	N	49	49	49	49	49
	Correlation Coefficient	.648	.001	.008	.124	1.000
Risk assessment	Sig. (1-tailed)	.000	.001	.003	.000	.
	N	49	49	49	49	49

On the correlation of the study variable, a Pearson moment correlation was conducted. From the finding in the table 4.48 above, the study found that there was strong positive correlation coefficient between CDF project performance and detective controls as shown by correlation factor of 0.653. This relationship was found to be statistically significant as the significant value was 0.000 which is less than 0.05. The study found strong positive correlation between CDF project performance and preventive controls, as shown by correlation coefficient of 0.633, the significant value was 0.002 which is less than 0.05. The also study found strong positive correlation between CDF project performance and monitoring and evaluation as shown by correlation coefficient of 0.602, this too was also found to be significant at 0.002.

Finally, the study found strong positive correlation between CDF project performance and risk assessment as shown by correlation coefficient of 0.648 at 0.000 levels of confidence. The findings concur with Curswoth, (2013) who found out that there is strong positive correlation between projects performance and audit controls in the public sector.

4.10 Regression Analysis

In this review, investigation was directed to test the impact among indicator factors. The examination utilized (SPSS V 21.0) to code, enter and process the estimations of the study.

4.10.1 Model Summary

The model summary was presented in the Table 4.49.

Table 4.49: Model Summary

The study used coefficient of determination to evaluate the model fit.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.818 ^a	.669	.652	.37290

The adjusted R^2 , also called the coefficient of multiple determinations, is the percent of the variance in the dependent explained uniquely or jointly by the independent variables. The model had an average adjusted coefficient of determination (R^2) of 0.652 and which implied that 65.2 percent of the variations in CDF project performance are explained by the independent variables

under study (detective controls, preventive controls, monitoring and evaluation and risk assessment).

4.10.2 ANOVA

The study further tested the significance of the model by use of Analysis of Variance (ANOVA) technique. The findings are tabulated in Table 4.50.

Table 4.50: Summary of One-Way ANOVA results

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	0.392	4	0.098	4.083	.001 ^b
1 Residual	1.056	44	0.024		
Total	1.448	48			

Critical value =1.96

From the ANOVA statics, the review set up the relapse demonstrate had a significance level of 0.1 percent which means that the information was perfect for making a conclusion on the populace parameters as the estimation of noteworthiness (p-value) was under 5 percent. The calculated value was greater than the critical value ($4.083 > 1.96$), an indication that detective controls, preventive controls, monitoring and evaluation and risk assessment had a significant effect on performance of CDF projects. The significance value was less than 0.05 indicating that the model was significant.

4.10.3 Coefficients of Determination

In addition, the study used the coefficient table to determine the study model. The findings are presented in the table 4.51.

Table 4.51: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std.	Beta			

		Error			
(Constant)	0.176	0.317		0.555	0.592
Detective controls	0.417	0.096	0.397	4.344	0
Preventive controls	0.596	0.143	0.67	4.168	0.001
Monitoring and evaluation	0.569	0.118	0.394	4.822	0
Risk assessment	0.492	0.122	0.413	4.033	0.003

As per the SPSS generated output as presented in table above, the equation ($Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$) becomes:

$$Y = 0.176 + 0.417X_1 + 0.596X_2 + 0.569X_3 + 0.492X_4$$

From the regression model obtained above, a unit increase in detective controls would lead to an increase in CDF project performance by a factor of 0.417; a unit change in preventive controls would increase CDF project performance by a factor of 0.596, a unit increase in monitoring and evaluation would lead to an increase in CDF project performance by a factor of 0.569 and a unit change in risk assessment would lead to an increase in CDF project performance by a factor of 0.492 and vice versa. The analysis was undertaken at 5 percent significance level. The criteria for comparing whether the predictor variables were significant in the model was through comparing the obtained probability value and $\alpha=0.05$. If the probability value was less than α , then the predictor variable was significant otherwise it wasn't. All the predictor variables were significant in the model as their probability values were less than $\alpha=0.05$.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the findings, conclusions and recommendations for practice and further research on the problem.

5.2 Summary of the Key Findings

The first objective was to establish the effects of detective controls on projects performance of constituency development fund in Embakasi Constituency. The study revealed out that detective controls in the organization are effective and that the CDF offices had adopted various internal controls. Also the study revealed that separation of duties plays a huge role in detecting frauds and enhancing performance.

Additionally, the study found out that top management enhanced areas pointed by the external auditor's report and that to a great extent areas pointed by the external auditor's report help in detecting frauds. The study also revealed that the reason behind the lack of enhancement on areas pointed by the auditor's report was mostly because of the corruption culture as well as the lack of interest and ignorance among the CDF officials. Further the study revealed that; there is segregation of responsibilities on collections, general accounting and general ledger posting of revenue and that accounts are reconciled on monthly basis to detect errors and fraud. The findings indicated that where strong audit controls have been put in place for detection purposes, performance of the projects has been enhanced greatly. These findings agree with a study conducted by Wainaina (2011) on internal control function which concluded that detective control plays a vital role to prevent and detect fraud and in protecting the organization's resources hence improving performance level.

The second objective was to determine the effects of preventive controls on projects performance of constituency development fund in Embakasi East constituency. On this objective the study research found out that CDF uses preventive measures on project performance among them being; strong internal controls, safeguarding and reconciliation of petty cash, discouraging

related party transactions, pre-approval of actions and transactions, physical control over assets, computer passwords and access controls and employee screening and training.

The study also indicated that where there are no operation manuals in the department employees get guidance from other staff members. Additionally, the study revealed that; inspection committee provides feedback to the management about the effectiveness of preventive controls and that accounting records are limited to employees with designated responsibility for such records. Also the study revealed that staff are aware of the penalties for breaking internal control procedures and that reconciliation is done monthly to reconcile separate records and properly resolve any differences. Preventative measures put in place were seen to have enhanced project performance to a great extent.

The third objective was to establish the effects of monitoring and evaluation measures on projects performance of constituency development fund in Embakasi East Constituency. On this objective the study revealed that there are monitoring and evaluation committees in the organization and that the committees are effective. Also the study revealed that in organizations that lacks monitoring and evaluation committees' top management and external consultants plays the role of monitoring and evaluation.

In addition, the study revealed that; boards fields visit help assessing the quality of performance of the CDF office over time and that quality assurance is adhered to for all organization projects. Further the study revealed that CDF office projects are monitored and reported as required of their monitoring and evaluation criteria and that there is a reporting mechanism for all activities of the organizations.

The fourth objective was to determine the effects of risk assessment on projects performance of constituency development fund in Embakasi East Constituency. The study revealed that risk assessment reports are produced mostly annually and that risk assessment reports plus risk aspects helps in improving performance to a great extent.

Further the study revealed that; the reporting mechanism in place is less risky to the organization communication channels is in place for changes in service delivery also that management identifies risks that affect achievement of the objectives. Additionally, the research revealed that

management has defined appropriate objectives for the organization and that management has put in place mechanisms for mitigation of critical risks that may result from fraud.

5.3 Conclusion of the Study

On the effects of detective controls on projects performance of constituency development fund in Embakasi Constituency. The study concludes that separation of duties plays a huge role in detecting frauds and enhancing performance. Also the study concludes that reason behind the lack of enhancement in CDF was mostly because of the corruption culture as well as the lack of interest and ignorance.

Regarding the effects of preventive controls on projects performance of constituency development fund in Embakasi East constituency the study concludes that internal audit department was not effective in executing its mandate due to, low employees' motivation, non-accountability culture and also due poor top management support. The findings indicate that preventative controls affect positively the performance of the CDF projects. These findings agree with the research on effects of preventative controls on operational productivity of non-Governmental organizations in Nairobi, Michina (2011) which that concluded that preventive control impacts operational effectiveness.

The third objective of the study was to the effects of monitoring and evaluation measures on projects performance of constituency development fund in Embakasi East Constituency. The study concludes that reports plus board's fields' visit helps in improving performance as was indicated by most of the respondents. Also the study concludes that internal reviews of implementation of internal controls in units are conducted periodically.

Regarding the effects of risk assessment on projects performance of constituency development fund in Embakasi East Constituency, the study concludes that risk assessment reports plus risk aspects helps in improving performance to a great extent. Also the study concludes that controls exist for approving decisions regarding financing alternatives and accounting principles, practices and methods.

5.4 Recommendations of the Study

Based on the above conclusions, the study makes the following recommendations;

The study recommends the management of CDF should have clear level of authorities and that CDF office should be frequently audited and report made to the top management for implementation. The study also recommends that the policy makers concerned with the CDF should develop procedures that should be followed while exercising CDF office duties.

The also study recommends that legislators and CDF management board should ensure that there are independent process checks and evaluations of controls activities on ongoing basis for CDF. Finally, the study recommends that the CDF management should develop objectives for the CDF fund in each of the area and put strategies to ensure that the objectives are achieved in an efficient manner identifying risks that affect achievement of the objectives.

5.5 Areas for Further Studies

The purpose of this study was to investigate the effects of audit controls to the projects performance of constituency development fund in Embakasi East Constituency. The study recommends that further research should be conducted this time investigating forms of preventive controls on projects performance of constituency development fund in any other constituency.

REFERENCES

- Abdel Khalik, R. (2013). Deterrence in the Workplace: Perceived Certainty, Perceived Severity, and Employee Theft, Social Force.
- ACCA. (2005). being in the right place: A structural analysis of individual influence in an organization. *Administrative science quarterly*, 518-539.
- Achuora, J., Arasa, R. and Ochriri, G. (2011). Precursors to effectiveness of public procurement audits for Constituency Development Funds (CDF) in Kenya. *European Scientific Journal*, 8(25), 198 – 214.
- Adeleye, B., Annansingh, F., and Nunes, M. (2014). Risk management practices in IS outsourcing: an investigation into commercial banks in Ghana. *International Journal of Information Management*, 24(2), 167-180.
- Adepoju, N. (2014). Information flow through strong and weak ties in intraorganizational social networks. *Social networks*, 3(4), 273-285.
- Akelola, P. (2012). *Fraud in the banking industry: a case study of Kenya* (Doctoral dissertation, Nottingham Trent University).
- Albrecht, W. (2011). *Fraud Detection and prevention*; American Institute of Certified Public Accountants. (New York 1211 Avenue of the Americas, New York 10036-8775).
- American Institute of Certified Public Accountants (AICPA) (2007). *Consideration of Fraud in Financial Statement Audit*. Statement on Auditing Standards No.82, New York.
- AMF Working Group (2007). *The Internal Control System: Reference framework*.
- Amudo, A. and Inanga, M. (2012). *Auditing and assurance services: An integrated approach* (13th Ed.). New Jersey: Prentice Hall Inc
- Anderson, R. and Macie, K. (2012). Understanding the differences in group purchasing. *NAPM Info Edge*, 2 (4).

- Aylesworth, M. (2014). Purchasing Consortia in the Public-Sector Models and Methods for Success.” Paper presented at the 88th Annual International Supply Management Conference, Nashville, Tennessee.
- Baily, P. (2015). *Purchasing Principles and Management*. U.K.: Pearson Education Limited.
- Barra, M. (2010). Internal auditing practices and internal control system. *Managerial Auditing Journal*, 20 (8), 844-866.
- Barrett, P. (2010). Balancing accountability and efficiency in a more competitive public-sector environment. *Australian Journal of Public Administration*, 59(3), 58-71.
- Batra, O. (2012). The unethical practices of accountants and auditors and the compromising stance of professional bodies in the corporate world: evidence from corporate Nigeria. *Accounting Forum*, 31, 277-303.
- Brinkerhoff, D. (2013). Accountability and health systems: Toward conceptual clarity and policy relevance. *Health Policy and Planning* 19:371–9.
- Byekwaso, G. (2010). The effects of the communication process in the implementation of budgetary controls in the manufacturing companies in Uganda. *Makerere University: published MBA Dissertation*.
- Carmichael, H. (2013). Corporate Fraud and Manager's Behavior: Evidence from the Press. *Journal of Business Ethics*, DOI 10.1007/s10551-011-0857-2, 271-315.
- Cecilia, D. (2015). National and international policies to control illegal forest activities: a report prepared for the Ministry of Foreign Affairs, Government of Japan.
- Cohen, D. (2011). Unspecified operating expense disclosure requirements in New Zealand. *Pacific Accounting Review*, 14(2), 57-95.

COSO. (2004). Internal Control Integrated Framework of the American Institute of CPA.

Dixit, A. (2013). Incentives and organizations in the public sector: An interpretative review. *Journal of Human Resources*, 37 (4), 696-727.

Ewa, E. and Udoayang A. (2012). A proposed research framework: Effectiveness of internal control system in state commercial banks in Ghana. *International journal of scientific research and innovative technology*, 1 (5), 25-44.

Gathogo, G., and Wanyoike, D. (2015). Assessment of factors affecting the Implementation of integrated financial Management information system in The County Governments: A case of Nyandarua County, Kenya. *International journal of economics, commerce and management, United Kingdom*, 111(11).

Gaventa, J. (2012). Who counts reality? Participatory monitoring and evaluation: A literature review.

Gavrilov, P. and Gavrilova. S. (2011). Research note: Revisiting fair value accounting-measuring commercial banks' liabilities. *Abacus*, 39(2), 250-272.

Hillison, L. (2013). Evaluating financial reporting quality: The effects of financial expertise vs. financial literacy. *The Accounting Review*, 77, 139-167.

Hooks, K. and Ponemon, L. (2014). Enhancing communication to assist in fraud prevention and detection; Comment: Whistle-blowing as an internal control mechanism: Individual and organizational considerations. *Auditing*, 13(2), 86.

Ingle, M. (2013). Monitoring the LED fund in South Africa: Lessons from a Brave New Programme. In *World Bank Conference on Integrating Rural Development and Small Urban Centres*. World Bank, Washington DC.

Ishumgisa, L. (2011). Antecedents of internal control in National Social Security Fund (NSSF). Makerere University: *Unpublished MBA Dissertation*.

- Jensen, M. and Meckling, W. (1976). Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure Theory of the Firm : Managerial Behavior, Agency Costs and Ownership Structure. *Journal of Financial Economics*, 3(4), 305– 360.
- Joshi, A. (2011). Review of Impact and Effectiveness of Transparency and Accountability Initiatives: Annex 1 Service Delivery. Paper prepared for the Transparency and Initiative Workshop.
- Kakucha, U. (2013). Accountants’ perceptions regarding fraud detection and prevention methods. *Managerial Auditing Journal* 21(5): 520-536.
- Kantzos, P. and Chondraki, M. (2013). Organized frauds and organizing frauds: unpacking the research on networks and organization. *Journal of Criminology and Criminal Justice*, (7), 389-419.
- Karagiorgos, N. (2013). Competence driven accountability: the role of human resources specialist in improving accountability. Kampala: Business Publishing Group.
- Khanna, A. (2014). A study to investigate the reasons for bank frauds and the implementation of preventive security controls in Indian banking industry. *Int. Journal of Business Science and Applied Management*, 4(3).
- Kimenyi, G. (2014). Monitoring and Evaluation of Micro and Small Enterprises policies. Nairobi: KIPPRA.
- Kinney, M. (2010). Information quality and correlated signals. *Journal of Accounting Research*, 35(1), 43-59.
- Kusek, J. (2014). *Ten steps to a results-based monitoring and evaluation system: a handbook for development practitioners*. World Bank Publications.

- Kusek, T. (2014). Security controls and management tone. *Internal Auditing*, 19,(2), 42-46.
- Lawrence, S. (2010). The usefulness of ERP systems for effective management. *Industrial Management and Data Systems*, 103(9), 34 – 56.
- Liu, M. (2012). Organized frauds and organizing frauds: unpacking the research on networks and organization. *Journal of Criminology and Criminal Justice*, (7), 389-419.
- Mamiro, R. (2014). Value for Money, the Limping Pillar in Public Procurement. *Tanzania Procurement Journal*, 4 -5.
- Michina, Z. (2011). Empirical research on external auditors' detection of financial statement fraud. *Journal of Accounting Literature*, 19, 190– 245.
- Millichap, N. (2013). Quality of internal control procedures: Antecedents and moderating effect on organizational justice and employee fraud. *Managerial Auditing Journal*, 23 (2), 104-124.
- Mueller, R. (2012). *COSO Enterprise Risk Management: Establishing Effective Governance, Risk, and Compliance (GRC) Processes* (Vol. 560). John Wiley and Sons.
- Mueller- Hirth, N. (2012). If you don't count, you don't count: Monitoring and evaluation in Ethiopia NGOs. *Development and Change*, 43(3), 649-670.
- Mugenda, O. and Mugenda, A. (2012): *Research Methods: Qualitative and Quantitative Techniques*. Africa Centre for Technology Studies, Nairobi, Kenya
- Murdock, H. (2013). The three dimensions of fraud: auditors should understand the needs, opportunities, and justifications that lead individuals to commit fraudulent acts. *Internal Auditor*, 65(4), 81-83.
- Mutua, J. (2011). Operational response strategies to payment card fraud by commercial banks in Kenya. Unpublished MBA Project. Univeristy of Nairobi.
- Mutunga, M. and Osiemo, P. (2010). Effect of fraud risk management on organization performance: A case of deposit-taking microfinance institutions in Kenya. *International Journal of Social Sciences and Entrepreneurship*, 1 (7), 490-507

- Ngare, E. (2013). A survey of credit risk management practices by Commercial Banks in Kenya. *Unpublished MBA Project*.
- Ntongo, V. (2012). Internal controls, financial accountability and service delivery in private health providers of Kampala District.
- Nyaguthii, E. and Oyugi, L. (2013). Influence of community participation on successful implementation of Constituency Development Fund Projects in Kenya: Case of Mwea Constituency. *International Journal of Education and Research*, 1(8), 1 – 16.
- OECD. (2011). internal control and internal audit: Ensuring public sector integrity and accountability. A report by OECD Internal Audit and the OECD Public Governance and Territorial Development Directorate. Paris, France.
- Okungu, N. (2013). Audit committee financial expertise and misappropriation of assets. *Managerial Auditing Journal*, 25(3).
- Rae, K. and Subramaniam, N. (2013). Quality of Internal Control Procedures: Antecedents and Moderating Effect on Organizational Justice and Employee Fraud.
- Rezaee, Z. (2012). What the COSO report means for internal auditors. *Managerial Auditing Journal*, 10 (6), 5-9.
- Rittenberg, R. (2014). Developing effective tools to manage the risk of damage caused by economically motivated crime fraud. *Journal of Financial Crime*, 14 (1), 17-27.
- Saaren, F., de Beelde, M. (2014). Internal auditing practices and internal control system. *Managerial Auditing Journal*, 20 (8), 844-866.
- Singleton, A. (2013). Accounting, auditing and control.' *Journal of Accounting and Economics*,. 7(3), pp. 85-107.

- Speklè, R. (2012). The adoption and design of enterprise risk management practices: An empirical study. *European Accounting Review*, 21(3), 533-564.
- Stratton, H. (2013). An investigation of the effect of valuation alternatives for fixed assets on the decisions of statement users in the United States and Germany. *Journal of International Accounting Auditing and Taxation*, 11(2), 155.
- Subramaniam, N. (2010). Quality of internal control procedures: Antecedents and moderating effect on organisational justice and employee fraud. *Managerial Auditing Journal*, 23(2), 104-124.
- Tufano, P. (2016). Who manages risk? An empirical examination of risk management practices in the gold mining industry. *The Journal of Finance*, 51(4), 1097-1137.
- Vian, M. and Collins, S. (2012). Paying for ‘free’ health care: the conundrum of informal payments in post-communist Europe. London: Pluto Press.
- Wainaina, S. (2011). An evaluation of the internal control function. The Case of Kenya Polytechnic University College. University of Nairobi. Retrieved from erpository.uonbi.ac.ke
- Walker, F. (2012). Discriminatory public procurement and international trade. *World Economy*, 23(1), 57-76.
- Wambugu, B. (2011). Best Practices in Constituency Development Fund (CDF). Nairobi: International Development Centre
- Yttri, K. (2012). Introduction to the European Monitoring and Evaluation Programme (EMEP) and observed atmospheric composition change during 1972–2009. *Atmospheric Chemistry and Physics*, 12(12), 5447-5481.

APPENDICES

APPENDIX I: GRADUATE SCHOOL APPROVAL LETTER



KENYATTA UNIVERSITY
GRADUATE SCHOOL

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

Website: www.ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 810901 Ext. 4150

Internal Memo

FROM: Dean, Graduate School

DATE: 21st May, 2018

TO: Margaret W. Muriithi
C/o Accounting and Finance Dept.

REF: D53/CTY/24706/2013

SUBJECT: APPROVAL OF RESEARCH PROJECT PROPOSAL

This is to inform you that Graduate School Board at its meeting of 9th May, 2018 approved your Research Project Proposal for the M.B.A Degree Entitled, "Audit controls and projects performance of constituency development fund in Embakasi East constituency, Kenya".

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

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

Thank you.

ELIJAH MUTUA
FOR: DEAN, GRADUATE SCHOOL

c.c. Chairman, Accounting and Finance Department.

Supervisor: Dr. John N. Mungai
C/o Department of Business Administration
Kenyatta University

EM/jm

APPENDIX II: RESEARCH AUTHORISATION LETTER



NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone:+254-20-2213471,
2241349,3310571,2219420
Fax:+254-20-318245,318249
Email: dg@nacosti.go.ke
Website : www.nacosti.go.ke
When replying please quote

NACOSTI, Upper Kabete
Off Waiyaki Way
P.O. Box 30623-00100
NAIROBI-KENYA

Ref: No. **NACOSTI/P/18/26951/23887**

Date: **24th July, 2018**

Margaret Wangui Muriithi
Kenyatta University
P.O Box 43844-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on *“Audit controls and projects performance of Constituency Development Fund in Embakasi East Constituency, Kenya”* I am pleased to inform you that you have been authorized to undertake research in **Nairobi County** for the period ending **24th July, 2019**.

You are advised to report to **the County Commissioner and the County Director of Education, Nairobi County** before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit **a copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.


BONIFACE WANYAMA
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Nairobi County.

The County Director of Education
Nairobi County.

ssion for Science, Technology and Innovation National Commission for Science, Technology and Innovation National Commission for Science, Techni
ssion for Science, Technology and Innovation National Commission for Science, Technology and Innovation National Commission for Science, Techni
ssion for Science, Technology and Innovation National Commission for Science, Technology and Innovation National Commission for Science, Techni

THIS IS TO CERTIFY THAT Permit No.: **NACOSTI/P/18/26951/23887**

MS. MARGARET WANGUI MURIITHI Date Of Issue : **24th July, 2018**

of KENYATTA UNIVERSITY, 1397-100 Fee Received : **Ksh. 1000**

NAIROBI, has been permitted to conduct

research in Nairobi County

on the topic: **AUDIT CONTROLS AND**

PROJECTS PERFORMANCE OF

CONSTITUENCY DEVELOPMENT FUND IN

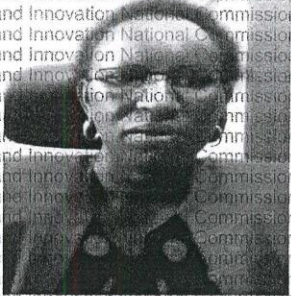
EMBAKASI EAST CONSTITUENCY, KENYA

for the period ending:

24th July, 2019

Applicant's

Signature



By Director General
National Commission for Science,
Technology & Innovation

APPENDIX III: LETTER OF INTRODUCTION TO RESPONDENTS

Embakasi East CDF office

Po Box 46682 00100,

GPO, Nairobi

Dear Respondent,

RE: COLLECTION OF SURVEY DATA

In order to fulfill my post graduate program requirements, I am undertaking a research on the effects of audit controls to the projects performance of constituency development fund in Embakasi East Constituency. Therefore, I kindly request you to assist me to collect data by filling out the accompanying questionnaire.

The information provided will be used exclusively for academic purposes and will be held in strict confidence. Thank you.

Yours faithfully,

MARGARET MURITHI

APPENDIX IV: QUESTIONNAIRE

The following question is intended to answer on the effects of audit controls to the projects performance of constituency development fund in Embakasi East Constituency. Please fill in with a tick [] to answer the closed ended questions. The choices given are; strongly disagree (SD), disagree (D), Not sure (NS), Agree (A) and strongly agree (SA).

1. Please feel free to give any relevant information.

Questionnaire Number:

Date

SECTION A: BIODATA

2. Gender (a) Male [] (b) Female []

3. Age in years

18-25 []

26-35 []

36-45 []

46-50 []

Above 55 []

4. What is your highest level of education?

(a) Primary []

(b) Secondary []

(c) College []

(d) University []

(e) Post Graduate []

5. State where you are positioned at the constituency

Project leaders	<input type="text"/>
Project committee members	<input type="text"/>
Fund managers	<input type="text"/>
Community leaders	<input type="text"/>

6. For how long have you been a part of constituency CDF office?

1-5 years

5-10 years

10-15 years

DETECTIVE CONTROLS

7. How effective are the detective controls in your organisation

Very effective

Effective

Not effective at all

8. Kindly indicate some of the internal controls that have been adopted by the CDF office? You can tick more than one.

Separation of Duties	
Access Controls	
Physical Audits	
Standardized Documentation	
Trial Balances	
Periodic Reconciliations	
Approval Authority	
Any other control	

9. Which among the stated controls plays a huge role in detecting frauds and enhancing performance?

Separation of Duties	
Access Controls	
Physical Audits	
Standardized Documentation	
Trial Balances	
Periodic Reconciliations	
Approval Authority	
Any other control	

10. Has the top management enhanced areas pointed by the external auditor's report?

Yes [] No []

10a. If yes, have it helped in detecting frauds?

Yes and to a greater extent [] Yes but to a low extent [] Not at all []

10b. If no, what could be the reason behind the lack of enhancement n areas pointed

Ignorance [] Lack of Interest [] Corruption Culture []

11. If yes, what are major issues addressed?

Strengthening the internal control systems	
Having frequent audits by internal auditor	
Any other	

12. Does segregation of segregation of duties help in minimizing frauds and errors?

Yes and to a greater extent [] Yes but to a low extent [] Not at all []

13. To what extent do you agree with the following statement relating to detective controls? Use scale 1- strongly agrees, 2- agree, 3- Neutral 4- Disagree, 5 – strongly disagree.

Statement	1	2	3	4	5
Accounts are reconciled on monthly basis to detect errors and fraud					
All payments are authorized by responsible officer before payment					
All payment procedures are followed for all transactions					
All financial transactions are recorded in vouchers for future references					
Our CDF office is frequently audited					
The internal auditor works independently					
All departments have clear levels of authority					
There is segregation of responsibilities on collections, general accounting and general ledger posting of revenue					

14. In which areas do you think need urgent changes to enhance swift detection of errors and frauds in your organisation?

Cash office	
All department	
Any other	

PREVENTIVE CONTROLS

15. Which are the major preventive control in place to detect and prevent frauds and enhance performance in your organisation?

Strong internal controls	
Safeguarding and reconciliation of petty cash	

Discouraging related party transactions	
Pre-approval of actions and transactions.	
Physical control over assets	
Computer passwords and access controls.	
Employee screening and training.	
Any other control	

16. How effective are these systems

Very effective

Effective

Not effective at all

17. Do you have manuals of operations in your department?

Yes No

17a. If yes, how are they in terms of user friendliness

They are frequently updated They are never updated Some of the information contained is irrelevant

17b. If no, what is used to guide you in your operations

Guidance from the other staff members guidelines from other institutions

18. Does the inspection committees keep the top management informed on how effective are the audit controls in the organisation?

Yes No

18a. If yes, how frequent is it done

Weekly Monthly Quarterly Annually

18b. If no, to whom does the inspection committee report to?

Area MP	
---------	--

Any other	
-----------	--

19. Is the Internal audit department effective in minimizing frauds and errors in your organisation?

Yes [] No []

19a. If yes, how can you rate them in the last financial year?

Very effective [] Effective [] Moderate []

19b. If no, why do you think it's not effective in executing its mandate

Low employees motivation [] Non-accountability culture [] Poor top management support []

20. To what extent do you agree with the following statement relating to preventive control? Use scale 1- strongly agrees, 2- agree, 3- Neutral 4- Disagree, 5 – strongly disagree.

Statement	1	2	3	4	5
Staffs are given up to date internal control manuals for reference purposes					
Accounting records are limited to employees with designated responsibility for such records					
Staff are aware of the penalties for breaking internal control procedures					
Changes to the prescribed billing amount require the approval of an authorized individual					
Procedures exist to prevent the interception or alteration by unauthorized persons of billings or statements before posting					
Reconciliation is done monthly to reconcile separate records and properly resolve any differences					
Inspection committee provides feedback to the management about the effectiveness of preventive controls					

21. In your own opinion, kindly describe the best preventive which can ease fraud detection prevention and performance in your organisation.

25. To what extent do you agree with the following statement relating to monitoring and evaluation? Use scale 1- strongly agrees, 2- agree, 3- Neutral 4- Disagree, 5 – strongly disagree.

Statement	1	2	3	4	5
There are independent process checks and evaluations of controls activities on ongoing basis.					
The CDF office projects are monitored and reported as required of their monitoring and evaluation criteria					
Internal reviews of implementation of internal controls in units are conducted periodically.					
Progressive reports have helped in assessing the quality of performance of the CDF office over time					
Monitoring and Evaluation committees has assigned responsibilities for the timely review of audit reports and resolution of any non-compliance items noted in those audit reports					
There is a reporting mechanism for all activities of this organization					
Quality assurance is adhered to for all organization projects					
Boards fields visit help assessing the quality of performance of the CDF office over time					

RISK ASSESSMENT

26. How often are the risk assessment reports produced?

Monthly []

Quarterly []

Annually []

Any other

27. Do you think these reports plus risk aspects helps in improving performance? Kindly explain.

- Yes they do to a very great extent []
- They help in achieving the intended objectives []
- They are of no use at all []

28. To what extent do you agree with the following statement relating to risk assessment? Use scale 1- strongly agrees, 2- agree, 3- Neutral 4- Disagree, 5 – strongly disagree.

Statement	1	2	3	4	5
There are mechanisms in place to identify and react to changes that can have dramatic effects on the organization					
Controls exist for approving decisions regarding financing alternatives and accounting principles, practices and methods					
Management has defined appropriate objectives for the organization.					
Management has put in place mechanisms for mitigation of critical risks that may result from fraud					
Management has some criteria for ascertainment of which fraud related risks to the organization are most critical					
The reporting mechanism in place is less risky to the organization Communication channels is in place for changes in service delivery					
Management identifies risks that affect achievement of the objectives.					

29. In your own opinion, kindly describe the risk assessment methods which can ease fraud detection prevention and performance in your organization.

Risk screening	
Professional opinions	
Qualitative Risk Assessment Matrix	
Any other	

PROJECT PERFORMANCE

30. In your own opinion, what do you consider about the project implemented by your CDF fund?

Very Poor [] Poor [] Average [] Good [] Very Good [] Excellent []

31. In your own opinion, what do you think can be done to improve the utilization of this fund?

Strong internal controls	
Professional running the CDF offices	
Proper budgeting and projects monitoring	
Development of yearly strategic plans	
Any other	

32. Kindly suggest the best measures for CDF offices performance

Number of completed projects	
Effectiveness of projects implemented	
Proper utilisation of funds allocated	
Allocation of funds to the fundamental projects	
Any other	

33. Please tick (√) the number that best describes the general performance of the CDF fund in the following areas: KEY 5=Excellent, 4=Good, 3=Satisfactory, 2=Poor, 1=Very poor.

Statement	1	2	3	4	5
Effectiveness and efficiency (level of projects completion)					
Functionality (state of the use of the projects)					
Improving your livelihood (end user satisfaction)					

THANK YOU FOR YOUR TIME