INTERNAL AUDIT AND FINANCIAL ACCOUNTABILITY IN COUNTY GOVERNMENTS OF WESTERN KENYA

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A THESIS SUBMITTED TO THE DEPARTMENT OF ACCOUNTING AND FINANCE IN THE SCHOOL OF BUSINESS AND ECONOMICS IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (ACCOUNTING) OF KAIMOSI FRIENDS UNIVERSITY

2022

DECLARATION

This thesis is my original work and has not been presented for a degree in any other University.

Signature: ______________________________ Date:___________________

DGS/MBA/G/0022/2020

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DEDICATION

I dedicate this work to my parents: my father, Gilbert Ojili, and my mother, Celestine Eseu, for their love and support.

ACKNOWLEDGEMENT

My acknowledgement goes to Kaimosi Friends University for the scholarship they awarded me to undertake this master's degree. My sincere gratitude goes to my supervisors, Dr. Margaret Atieno and Dr. Denis Ouma for taking their time and attention to guide me throughout the writing of this thesis.

ABSTRACT

Internal audit is a critical aspect in all organizations as it aids in efficiently and effectively managing public resources. Auditor general report has established that many county governments are still facing challenges of resource allocation and misappropriation of funds which has increased the need for internal audits in all county governments. The main objective of this study was to evaluate the effect of internal audits on financial accountability in county governments of western Kenya. The specific objectives were to; evaluate the effect of internal audit independence on financial accountability, determine the effect of internal audit competence on financial accountability, establish the effect of top management support on financial accountability and ascertain the effect of compliance with internal audit standards on financial accountability in county governments of western Kenya. The study was guided by accountability, agency, and fraud triangle theories. The study's target population was 194 respondents composed of; 67 cabinet executive committee members for finance, 4 directors of internal audit services, 4 principal auditors**,** 36 audit assistants and 83 accountants in four county governments of western Kenya. A correlational research design was used. Proportionate stratified random sampling was used to select respondents. Primary data was collected through questionnaires and secondary data from the auditor general reports. Kisumu county government was used for a pilot study. Cronbach’s Alpha was used to test reliability. Experts and factor analysis were used to test validity. Data were analyzed using descriptive and inferential statistics. Multiple regression analysis indicated that internal audit independence, internal audit competence, top management support and compliance with internal audit standards had a significant effect on financial accountability by reducing the unsupported expenditure with a coefficient of -0.214, -0.246, -0.205, and -193 respectively. The study depicted that 71% of the variation in financial accountability is caused by internal audits. The study may help Government and policymakers to understand the shortfalls that still exist in internal audit, thus being able to formulate policies and strategies to improve internal audit in county governments and other public sectors. Therefore, the study concluded that internal audit adoption increases financial accountability by reducing unsupported expenditures. The study recommended that the management of county governments should not interfere with the duties of internal auditors, should employ experienced auditors and should also recruit adequate audit staff. It was also recommended that the internal audit scope should be well-defined.

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ACRONYMS

AA	Audit Assistant
CIAS	Compliance with Internal Audit Standards
DIAS	Director Internal Audit Services
IA	Internal Audit
IAC	Internal Audit Competence
IAI	Internal Audit Independence
NACOSTI	National Commission for Science Technology and Innovation
NGOS	Non- governmental organizations
PA	Principal Auditor
PFM	Public Financial Management
SPSS	Statistical Package for Social Sciences
TMS	Top Management Support

OPERATIONAL DEFINITION OF TERMS

Term	Definition
Compliance with Internal Audit Standards	This is where internal auditors are required to adhere to the laid down auditing standards both nationally and internationally (Abdulaziz, 2015)
County Government	It is an arrangement that entails devolving authority from the National government to subordinate organizations, agencies, or government units to assist in planning, making decisions and managing public functions (County Government Act Article 176, 2012).
Financial Accountability	It is the responsibility to use public funds economically for the benefit of the citizens (Grubor, 2020).
Internal Audit	It is a neutral assessment, unbiased assurance, and consultation process to enhance an organization's operational activities (Pitt & Sally, 2014).
Internal Audit Competence	It is the capability of an internal auditor to perform his functions adequately with the required skills, knowledge, qualification, capacity and due diligence (Pickett, 2010).
Internal Audit Independence	It is the ability of an auditor to carry out audit engagement objectively without effect from the

	third party (Kenton, 2021)
Top Management Support	It is the assistance that the board of management provides to the internal audit department to carry out an audit engagement effectively and efficiently (Raymond, 2016).
Unsupported expenditure	These are the expenses on goods and services that lacked fully supporting documents.
Western Kenya	It is part of Kenya bordering Uganda and is west of the Eastern Rift Valley for this study, four county governments of the former western province (Kakamega, Bungoma, Vihiga and Busia) will be used.

CHAPTER 1

INTRODUCTION

1.1 Background of the Study

Internal audit is the critical aspect of promoting financial accountability in organizations, whether public or private, as it helps minimize wastage or misuse of resources. Management of the resources requires high accountability within the organization; otherwise, there will be extreme resource embezzlement by the people with the obligation to handle public funds on behalf of the citizens (Grubor, 2020).

The main function of county government is managing public money effectively and transparently. Managing public money has been a big challenge in most county governments because of weak internal controls that could not detect management risk and misappropriation of funds. Due to the challenges of managing public resources, an internal audit arose to give an objective assurance, to add value to and improve an organization's processes and ensure all transactions are appropriately authorized, executed and recorded (Trotman & Andrew, 2018).

Despite establishing this internal audit at the county government, public funds management remains a challenge as there are still scandals in the county government concerning the squandering of public funds and resources. Therefore, the relationship between internal audit and financial accountability has received research attention over many years.

In the USA congress, the government accountability office had consistent internal control systems that facilitated high financial accountability within the USA. Under this office in USA, the internal audit has facilitated financial transparency and answerability over the federal government's fiscal outlook, activities, procedures and financial status (Dodaro, 2020).

In Malaysia, Effective and transparent Public Financial Management (PFM) has been a major difficulty in utilizing public funds. Every year, the Malaysian government collects and spends hundreds of billions of dollars. Due to the large sums of money collected by the government, efficient and effective financial management machinery was required to function with responsibility and due diligence in adhering to the established laws and regulations and other financial management instructions. As a result, all government ministries, departments and organizations were required to keep accurate and reliable accounting records for auditing and future use. This brought the need to establish an internal audit to ensure all transactions were properly recorded, executed and authorized (Baharud, Shokiyah, & Mohd, 2017).

In Australia, many state corporations have established internal audit departments to ensure strong internal controls that help detect and report any risk occurrence within the state corporation. Due to these solid internal controls, all the funds' embezzlement by senior and junior employees was detected. Reports indicate that above $150 million had been lost by the state corporations through fraudulent activities detected by auditors (Alshurafat, Beatie, & Jones, 2019).

In Afghanistan, internal audit is one of the vital functions implemented in many public companies. This internal audit has international standards that ensure companies comply with policies, procedures and sound business practices. Despite this work of internal audit, accountability of resources is still challenging due to high corruption cases. According to an Afghanistan report, firms still face a considerable danger of misusing public funding. This affects the provision of public services and the country's general development. The analysis also reveals that the country's anti-corruption laws have not been appropriately implemented (Risk and Compliance Report, 2020).

In Nigeria, corruption has been increasing daily. Internal audit was established in 1997 and supported by the management of public sectors in carrying out their tasks to curb the misappropriation of resources. However, still, it was not able to gain sufficient recognition as cases of mismanagement of public resources exist. It was revealed that Nigerian Politicians are the key perpetrators of financial accounting because of their position, power and wealth. The oil and gas industry was most affected in Nigeria by politicians. The country still faces embezzlement, money laundering, petty bribery and seizing salaries from fake workers. The country has lost over £400 billion since its independence (Risk and Compliance Office, 2020).

In Uganda, the need for governments to be answerable for the enormous resources they hold on trust and manage for people who gave them the political and administrative authority pushed the government to come up with an internal audit which is fully supported through staffing of competent and qualified professional auditors and also enough resources allocated to audit department to enable it to carry its functions effectively and efficiently. Government expenditure is a huge business and the public demands to know whether the vast expenditures of money are being spent wisely for public interest led to the establishment of a body that is independent of aiding in giving credibility to the stewardship accounts rendered by the government. Internal audit has strengthened internal controls, which could curb any irregularities concerning the use of resources (Niwebyona, 2019).

In Kakamega county government, a report from the Kenya Institute for Public Policy Research and Analysis shows that the management of assets and liabilities at the County government is still a challenge as it lacks a comprehensive fixed asset register. The report indicated that the county bank account had some cash and its equivalents, it also had financial assets, which included 20% shares of Kakamega Golf Hotel. However, this asset was not recorded as an asset in the annual Financial Statements (Onyango, Malot, & Otieno, 2019).

In Kisumu County Government, the internal audit had shortfalls that could not identify weak internal controls that could not detect misuse of funds. The auditor general identified that Ksh.300 million allocated for several urban development projects was not appropriately accounted for. It was also stated that the acquisition of materials and labor utilized in remodeling the Kisumu Urban Project offices cost Sh1.6 million. Still, procurement records and specifications for the works, issues and receipt vouchers were not made available for audit (The Auditor General Report, 2020).

In Vihiga County government, an internal audit department has been established to help curb corruption cases by county government officials and other employees. This internal audit was insufficient to entirely prevent public funds' misuse, but it helped identify some fraudulent cases. These cases were investigated by the ethics and anti-corruption commission, where the government of Vihiga was found with allegations of misappropriation and embezzlement of funds amounting to Kshs.10, 000,000 meant for COVID-19 pandemic mitigation activities (Ethics and Anti-Corruption Commission Annual Report, 2020).

1.2 Statement of the Problem

Internal audit supports sound financial management, helps in the allocation of the funds, ensures all transactions are appropriately authorized, executed, recorded and also ensures financial records reflect an accurate and fair organization's financial condition (Iliemena & Okoye, 2019). Internal audit has been adopted in all public organizations since it is a legal requirement for them to adopt internal audit. Despite this internal audit, county governments still face challenges in misallocating resources and misappropriating funds. In Vihiga county government, for example, Kshs.460 million was lost as a result of paying county government ghost employees. Busia county government was found with the un-vouched expenditure of goods and services figure of Kshs.242.5 million with no supporting documents. Bungoma County Government ministry of education spent ksh.22.6 million for the award of scholarships to the needy students. However, the ministry was not able to provide receipts and evidence of the students who benefited from the scholarship (The Auditor General Report, 2019). Due to this situation, employees' payments in many county governments usually are delayed, some employees have been retrenched and some county government projects have stalled. Most of the studies have been undertaken on internal audit and financial performance and others on financial sustainability but are very limited on how general internal audit relates to financial accountability in terms of unsupported expenditure in county governments of western Kenya. Hence the need to evaluate the effect of internal audits on the financial accountability in county Governments of western Kenya.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of this study was to evaluate the effect of internal audit on financial accountability in county governments of western Kenya.

1.3.2 Specific Objectives

The specific objectives of the study were to;

i. To evaluate the effect of internal audit independence on financial accountability in county governments of western Kenya.

ii. To determine the effect of internal audit competence on financial accountability in county governments of western Kenya.

iii. To establish the effect of top management support on financial accountability in county governments of western Kenya.

iv. To ascertain the effect of compliance with internal audit standards on financial accountability in county governments of western Kenya.

1.4 Hypotheses of the Study

i. **HO_1:** There is no significant effect of internal audit independence on financial accountability in county governments of western Kenya.

ii. **HO_2:** There is no significant effect of internal audit competence on financial accountability in county governments of western Kenya.

iii. **HO_3:** There is no significant effect of top management support on financial accountability in county governments of western Kenya.

iv. **HO_4:** There is no significant effect of compliance with internal audit standards on financial accountability in county governments of western Kenya.

1.5 Significance of Study

Government and Policymakers will be able to better understand the shortfalls that still exist in internal audits, thus enabling them to formulate policies and strategies to improve internal audits in county governments and other public sectors. The government will also use the information from the findings to understand how internal audit elements affect the firms' activities and the effective management of resources.

Management of county governments and other firms will be able to understand the weaknesses and loopholes that still exist in internal audits so that they can improve transparency and accountability by strengthening internal controls of the organizations. The management will also benefit from the recommendations of this study on how the internal audit department can be supported to enhance its financial accountability.

Citizens and other employees will benefit from improved internal audit as they may get efficient delivery of services from county government and other firms, and they may also benefit from the completed projects that are advantageous to them. This study's recommendations will help minimize the chances of misappropriation of public money, which may help protect citizens' property entrusted to the county governments.

The study will also benefit researchers and academic scholars as it will add to the relevant body of knowledge by contributing to the existing theories, particularly internal audit and accountability. Therefore, scholars will obtain supplementary knowledge on internal controls and gaps for further studies and research in the audit areas. It may also add to the prevailing internal audit and financial accountability literature.

1.6 Scope of Study

This study focused on western Kenya county governments, including Kakamega, Bungoma, Busia and Vihiga. This study area was most appropriate because many of the counties in western Kenya face challenges in managing public funds. The auditor report shows a lot of misappropriation of funds and misallocation of resources occurring in these county governments. According to the 2018 Kenya Bureau of Statistics report, Bungoma, Busia, and Vihiga counties in western Kenya have the lowest gross county product in comparison to other counties in Kenya. The study covered the operation of these county governments for the financial period of 2020/2021.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter contains the theoretical framework, conceptual framework, empirical literature review, critique of literature review and research gaps on internal audit and financial accountability.

2.2 Theoretical Review

The study was based on the following theories; Accountability theory, Agency theory and Fraud triangle theory.

2.2.1 Accountability Theory

The theory was proposed by Tetlock and Lenner (1999). They suggest that Accountability is a means of shielding or protecting the actions of one party from another party. This makes people be responsible for decision-making and judgment-making. Individuals must account for the process of making a decision as well as the result of that decision. This causes one to think deeply and methodically about one's daily habits. They also asserted that accountability equates to being accountable to a third party. By being answerable, one needs to assume liability and be ready to take on all the tasks imposed on him. As a result, one must make a possible promise to explain one's behaviour to a third party.

The notion of accountability explains the reason why a person is required to be responsible and be able to justify his/her actions to another party. This brings accountability as the person who is involved in a certain action is required to be able to account for the decisions and judgments made. Accountability was defined as a virtue that is a desired feature among public leaders, government institutions and businesses since it demonstrates a willingness to accept responsibility. It was also defined as a mechanism because in accountability there is a procedure that people are required to follow in elaborating their actions to a third party who has the power to pass judgment on the actions and to subject the person to possible penalties (Vance & Eggett, 2017).

In accountability, individual liability perception may be affected by several factors such as the expectation of evaluation, the presence of another party and identifiability. Components of accountability theory such as social presence, the anticipation of assessment, the consciousness of monitoring, and identifiability can be affected by designed artefacts such as information technology to improve organizations' accountability (Trevor, Anderson, & Didier, 2019).

Accountability theory was significant to this study since it assisted in a detailed understanding of the dependent variable, which is financial accountability. It assisted in understanding factors that make people accountable, particularly when they are aware that a third party will evaluate the actions they undertake. The expectation of valuation, cognizance of monitoring and social presence means that the external auditors will analyze what has been done by internal auditors to determine the level of reliability and provide audit reports for which the absence of accountability will be doubtful. The superficial requisite to account for the process of making a decision and the consequence of outcomes increases the possibility of thinking intensely and systematically about one’s actions.

2.2.2 The Agency Theory.

The theory was proposed by Ross and Mitnick (1973) who stated the theory as a principle that can be used to elaborate and resolve actions and issues that emerge in the relationship between business principals and their agents. According to them, audit services are used in the interests of third parties and management. There is an agency connection between the agent and the principals, in which the agent is given decision-making authority.

The agency theory describes how one party defines the tasks the second party is supposed to undertake. According to this theory, the agent is required to assist the principal to achieve the agreed mission. The theory focuses on the cost and advantages of an agent-principal relationship. It also advocates that to limit the risk of a moral threat, principals and agents contract to maximize benefits, which involves establishing monitoring functions like auditing. The philosophy recommends that a firm's fundamental aim is to make superlative use of the stakeholders' funds (Jensen & Meckling, 1976).

According to the theory, the principal and the agent strive to maximize utility. They all have interests and the principal usually wants the agent to operate in his best interests. However, the agent's best interests may not always be the same as that of the principal, for example, auditors are expected to monitor the performance of management on behalf of the stakeholders. Auditors sometimes fail to work in the interest of the stakeholders as they collude with the management in the performance of their tasks. The most challenging aspect of this principal-agent relationship is adverse selection, which occurs when the principal does not have access to all available information at the moment of decision-making (Adams & Michael, 2011).

The separation of ownership and control results in asymmetry of information, moral hazard, different risk preferences, agency cost and conflicts of interests. The idea suggests several solutions, including strong management ownership, independent board members, and several committees, which can reduce agency conflict and expenses. (Brahmadev & Leepsa, 2017).

From the agency theory, the nature of the relationship between principal and agent is well focused on. The theory also focuses on the rights and responsibilities of both parties involved, various corporate governance practices, and their mitigation through regulations, agency problems, and observations aimed at controlling the decisions and actions of the agents in the modern firm. The dilemma of conflicting interests among the parties in a relationship or contract is at the heart of the agency theory (Nwaubani, 2019).

This theory was relevant to the study since the agency problem relates to county governments that incur agency costs by employing internal auditors to minimize the conflict between executors of county government services and county government stakeholders that may lead to the misappropriation of funds. However, the internal auditors may have a conflict of interest, collude with management, and fail to reveal a true and fair view of the county governments.

2.2.3 Fraud Triangle Theory

This theory was initially developed by Cressey (1953) when examining how people's money is lost through fraud. He suggested that people's money is committed to others who are expected to be faithful and honest in fulfilling their duties. The entrusted people are exposed to certain variables that encourage fraud and the variables include a non-sharable problem (pressure), lack of internal controls (opportunity) and the ability to rationalize one's action (rationalization). Employees engage in fraudulent activities when there is an opportunity to commit fraud when some conditions motivate them to do so and also when they can rationalize and defend their actions (Cressey, 1953).

An opportunity is a lack of internal controls that enables one to easily commit fraud because of the organization's intrinsic sensitivity to manipulation and the institution's circumstances, one may be tempted to commit fraud. Weak internal controls, inadequate bookkeeping and irregular audits, for example, are some of the situations that make it easy for an employee to perpetrate fraud. According to the theory, the lower the danger of being detected in a fraud scheme, the more fraud is committed. A pointless control or governance framework that allows individuals to conduct corporate deception creates prospects (Kiragu, 2013).

Individual integrity is crucial in defining whether a person will be susceptible to vindicate fraud. The fraud triangle gives a way of curbing opportunities by strengthening internal controls within an organization. On many occasions, committing fraud by using one's position and power occurs when there are weak internal controls. Pressure in the organization can make people who are trusted become violators of trust due to monetary problem that is non-shareable. This problem makes one find a way of fixing it secretly by abuse of the position of financial confidence (Vousinas, 2019).

The fraud triangle theory was relevant to this study since it helped understand why fraud persists in county governments by revealing forces like pressure to commit fraud, opportunity and rationalization of one’s actions. The government has implemented several internal audit control measures, including an internal audit, to reduce the opportunity to commit fraud by filling the loopholes within the organization. Therefore, once there is no opportunity, the pressure and rationalization of committing fraud will also be minimized, enhancing transparency within the organization.

2.3 Conceptual Framework

The relationship between internal audit independence, internal audit competence, top management support, compliance with internal audit standards and Financial Accountability is illustrated in figure 2.1.

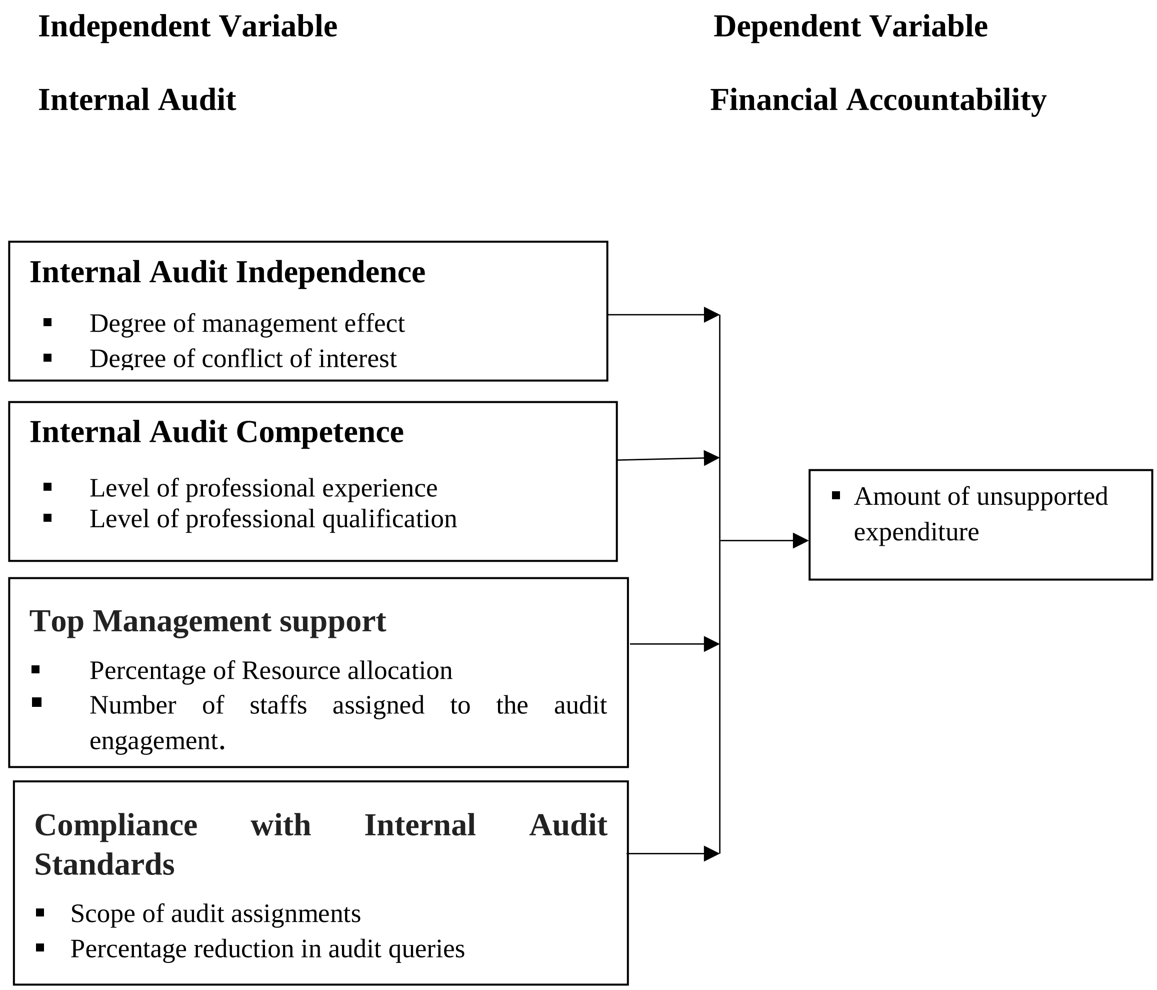

Figure 2. 1: Conceptual Framework
(Source: Researcher's own conceptualization, 2022)

2.3.1 Internal Audit Independence

Independence is "the ability of the Certified Public Accountants (CPA) to keep an impartial mental attitude and to be objective throughout the engagement." Internal audit independence is the conduct of an internal audit with impartial and unbiased judgment. It involves the independence of the firm engaged in performing audits and the individual auditors who conduct the audits Kenton (2021). This variable was measured using the degree of management influence in order to determine if the management of county government affects the independence of internal auditors. It was also measured through the degree of conflict of interest. This assisted in identifying whether internal auditors had a conflict of interest that may affect their independence.

2.3.2 Internal Audit Competence

Audit competence relates to the ability of internal auditors to detect fraud at an early stage. Internal audit competence is gained through acquiring the required knowledge in financial accounting, financial statement audit, reporting, and information technology. Competence can also be acquired through training, qualification and experience of auditors (International Federation of Accountants, 2018). The variable was measured through the level of professional experience. This helped to know whether the internal auditors at the county government had the required competence. It was also measured through the level of professional qualification which assisted in knowing whether internal auditors had done professional courses relevant to their specialization.

2.3.3 Top Management Support

This is the involvement of the board of management to provide support in terms of time, cost and resources in order to support activities of the internal audit department within organizations to aid in the achievement of their objectives. Management support is also a fundamental tool used in implementing and promoting the right and best attitudes among workers. The right attitude among the workers makes them gain pride when engaging in their duties and it also enables workers to deliver tasks of high quality (Raymond, 2016). This variable was measured using the percentage of resources allocated to the audit department.

It assisted in knowing whether the management allocates adequate resources to the audit department. This variable was also measured through the number of staff assigned to the audit engagement.

2.3.4 Compliance with Internal Audit Standards

Internal audit standards offer a framework for conducting and promoting internal auditing that is principle-focused. The standards are the legally required specifications that include a list of fundamental criteria for internal auditing's professional activities and for assessing how well it performs. It is a statutory requirement for all internal auditors to adhere to the rules and regulations governing the operations and functions of internal auditors in each organization. Performing auditing functions according to internal audit standards contributes positively to the financial accountability of county governments in Kenya and other institutions. It also adds value to the organization's operational activities (The institute of Internal Auditors Kenya, 2018). This variable was measured through the scope of audit assignments as it assisted in knowing whether internal audits were given enough audit scope during auditing. It was also measured through a percentage reduction in audit queries.

2.3.5 Financial Accountability

Accountability is a guarantee that an individual or an organization will be assessed on their performance or behaviour associated with something they are answerable for. Disclosure and dissent of information relating to financial activities and performance to the concerned parties are well articulated due to the high level of financial accountability (Grubor, 2020). Financial accountability is where public and private service organizations or individuals are entrusted with some obligations and are held liable for their outcomes and activities. It also involves holding an individual accountable for their actions for effective financial management (Andrew & Sayag, 2010). This variable was measured by the amount of unsupported expenditure by the county governments. Audited financial statements outlined all the amounts that lacked supporting documents.

2.4 Empirical Literature Review

This section contains an empirical review of the components of internal Audit with Financial Accountability.

2.4.1 Internal Audit Independence and Financial Accountability in County Governments

Nyaga, Ndungu and Kamau (2018) carried out a study on the effect of internal audit independence on effectiveness in the Kirinyaga county government. A descriptive research design was used. The target population comprised forty-six staff members from the internal audit department. Closed-ended questionnaires were administered in primary data collection. Descriptive and regression analysis was used to analyze data. The study findings of the study showed that internal audit independence had a significant positive effect on the effectiveness of county government.

Jachi, Moses and Lucky (2019) examined the impact of internal audit independence on the transparency and accountability of Zimbabwe's local authorities. The study targeted eight audit Practitioners (Chief Audit Executives and Audit Staff) and thirteen senior managers. Survey data was collected. Semi-structured questionnaires were used to collect primary data. Secondary data was also collected from various documentary sources with a review checklist. The hypothesis was tested using correlation and regression analysis. The study findings revealed that an independent internal audit function is positively associated with transparency and accountability.

Ainomugusha, (2019) studied internal auditing and accountability of public funds in Uganda's local government. The study employed quantitative and qualitative research designs. The study's target population was 30 staff and administrators. Purposive sampling and simple random sampling were employed. Questionnaires and interviews were used to collect data. Regression analysis was used to analyse data with the help of descriptive statistics. The study findings revealed that the independence of internal audit was positively related to the accountability of public funds of local governments.

Nerantzidis, Pazarkis, & Drogalas (2020) studied the effect of internal auditing on the financial performance of public sectors in Europe. The study applied descriptive and inferential designs. The Census method was employed where all internal audit and accounting department technical staff members were used. The study adopted regression analysis. The study showed a significant positive relationship between internal audit independence and the financial performance of public sectors.

2.4.2 Internal Audit Competence and Financial Accountability in County Governments

Kemunto (2018) focused on the effect of internal audit competence on the financial sustainability of Non-Governmental organizations in the Nakuru county government. The study targeted a population of 115 respondents, including program managers, grants managers and accountants. Data were collected with the aid of questionnaires. Collected data were analysed using both descriptive and inferential statistics. The effect of independent variables on the dependent variable was tested using inferential statistics. The study findings showed that auditor's competence had a relatively weak significant and positive effect on the financial sustainability of non-government organizations in Nakuru County.

Jachi and Lucky (2019) examined research on the transparency and accountability of Zimbabwe's local governments' professional competence and staffing of internal audit functions. The study's target population was eight audit Practitioners (Chief Audit Executives and Audit Staff) and thirteen senior managements. The study employed survey data which was obtained using semi-structured questionnaires. The secondary data was obtained from various documentary sources. The hypothesis was tested by the use of regression and multivariate analysis. It was revealed that there is a significant positive relationship between internal audit competence on transparency and accountability in Zimbabwe's local authorities.

Hajering and Muhammad (2019) did a research with the purpose of determining the extent of competence, and accountability effects audit quality and how auditor ethics can moderate the relationship between competence and audit quality and between accountability and audit quality. The study used a population of 55 auditors consisting of 10 Public Accountant Firms (PAF) that are officially registered in Makassar City. The study used census sampling by taking all samples in the population. This research was conducted using quantitative data collection methods using field research by collecting field data using a questionnaire method distributed directly to the Auditor of the Public Accountant Office (PAO) in the Makassar area. Data analysis uses the Partial Least Square (PLS) approach. The result showed that Auditor Competency and Accountability had a positive and significant effect on audit quality.

(Kemunto & Oluoch, 2021) did research on the effect of Internal Auditing Characteristics on the Financial Accountability of Public organizations. The study targeted 47 internal auditors from the 47 county governments. The study adopted a descriptive research design. Census sampling was employed in the study. The study used primary data through the distribution of the questionnaire. Data were analysed with the aid of descriptive and inferential statistics. A positive and significant relationship between internal audit competence and the financial accountability of public organizations was revealed by the study.

2.4.3 Top Management Support and Financial Accountability in County Governments

Suleiman, Ayoin and Zalina (2017) investigated the relationship between internal audit quality and organizational performance with moderating variables of top management support in the federal universities in Nigeria. A target population of 40 Nigerian federal universities was used. From the population, a sample of 400 senior internal auditors was drawn. Descriptive and inferential statistics were used to analyze data for testing the hypothesis. The results show that top management has a positive and significant relationship with organizational performance.

Gamayuni (2018) examined the effect of the support of management on the effectiveness of the internal audit function and the implications of financial reporting quality in local government. 118 cities were the target population of the study. The cluster sampling technique was used to sample 42 Inspectorate agencies. The study conducted by Indonesia's local government at Java Island used a survey method with a descriptive verification approach. Primary data were statistically tested using partial least square. The study showed that management support significantly affected internal audit effectiveness.

Kagali and Muturi (2019) carried out research on factors influencing the performance of internal auditors in county governments in Kenya. The target population was ninety-four internal auditors. Primary data was collected using a semi-structured questionnaire. Survey data from auditors across the 47 counties in Kenya was used. Descriptive and inferential statistics were used to analyze data, and a regression model was used to relate the relationship between dependent and independent variables. The study showed that top management support had a significant positive relationship with the performance of internal auditors in County Governments.

(Kemunto & Oluoch, 2021) researched internal audit characteristics on the financial accountability of public organizations in Kenya. The study targeted one internal auditor from each of the 47 county governments in Kenya. The study employed census sampling and a descriptive research design. Primary data was collected with the help of the distributed questionnaires. Data was analysed using statistics like inferential and descriptive. The study also used correlation analysis to analyze the study. The findings revealed that management support and financial accountability of public organizations had a positive and significant relationship.

2.4.4 Compliance with Internal Audit Standards and Financial Accountability in County Governments

Zeyn (2018) conducted a study on the effect of internal audit quality on financial accountability quality in local governments in Indonesia. The study employed a cross-sectional research design for hypothesis testing by testing the relationship of all the variables studied. A research survey method with a description verification approach was also used. The study's target population was 36 Inspectorate Local Governments in West Java and Banten. The Census method was employed where all the local governments were studied. Primary data was collected with the help of questionnaires. Validity and reliability tests were done on the entire collected questionnaire. A hypothesis test was done using Regression. The results revealed that internal audit compliance positively and significantly affects financial accountability quality.

Edna (2019) researched the effect of internal audit functions on the financial accountability of commercial enterprises in Kenya. A cross-sectional research design was adopted for the study. The study targeted five commercial enterprises in the textile manufacturing enterprises in Kenya. The census approach was adopted to collect information from all the commercial enterprises. Structured questionnaires were administered for primary data collection. The validity and reliability of the research instrument were tested. The collected data was cleaned and coded and after that, SPSS was used to analyze with the help of descriptive and inferential data. The findings revealed a positive and significant relationship between internal audit compliance and financial accountability of commercial enterprises in Kenya.

Ainomugusha, (2019) studied internal auditing and accountability of public funds in Uganda local government. Both quantitative and qualitative research design was used. 30 staffs and administrators were selected. Simple random sampling and purposive sampling was employed by the study. The study used questionnaires and interviews to collect primary data. Data was analysed using quantitative and regression analysis. Descriptive statistics was used to analyse data. The study findings revealed that internal audit standards were positively related to the accountability of public funds of local govermnents.

Koskei and Otinga (2021) analyzed the effect of internal audit standards on financial sustainability in Kericho County Government, Kenya. The study adopted an explanatory survey design to explain the relationship between the variables. The targeted population was 109 respondents: auditors, finance officers, accountants, procurement officers, and information communication and technology officers working in Kericho county government, Kenya. Proportional sampling technique was used to draw a sample of 86 officers from a target population in Taro Yamane’s. Primary data was adopted where questionnaires were administered. Descriptive and inferential techniques were used to analyze data. The relationship between internal audit standards and the financial performance of the County Government of Kericho had a a positive significant relationship. It also revealed that an increase in the internal audit standards unit would lead to an increase in the financial performance of the county government of Kericho.

2.5 Critique and Research Gaps

Table 2. 1 Critique and Research Gaps

Author	Title and Focus of the study	Target population and sampling	Research gap
Nyanga, K., Ndungu, D. K. and Kamau, G. R., (2018	Effects of internal audit independence on Internal Audit Effectiveness in Kirinyaga county Government	Forty-six (46) staff members from the directorate of internal audit.	Effectiveness was measured in terms of transparency hence the results cannot be generalized to that of financial accountability. Kirinyaga county government is not a representative of the whole counties in Kenya hence the need for another study in other counties.
Jachi and Lucky, (2019)	Internal Audit independence and Transparency & Accountability in Zimbabwe local authorities.	Internal Audit Practitioners and senior management	The study was carried out outside Kenya hence the need for a similar study in Kenya.
(Ainomugusha, 2019)	Internal Auditing and Accountability of Public Funds of Uganda Local Government.	30 staff and administrators of finance departments.	The study employed unfaithful representation to measure financial accountability which is not a representation of unsupported expenditure used by this study. Similar study needs to be done in Kenya as this study focused in Uganda local governments
(Nerantzidis, Pazarkis, & Drogalas (2020)	Studied the effect of internal auditing on the financial performance of public sectors in Europe	Technical staff members of internal audit and accounting departments. Census was employed.	Meru and Tharaka Nithi do not fully represent the whole counties in Kenya hence need a similar study of other county governments
Kemunto (2018)	Internal Auditors Competency and Financial Sustainability of Non-Governmental Organizations in Nakuru County Kenya.	115 program managers, grants managers and accountants.	The study left internal auditors as their target population who might have given in-depth information. The aspect of financial accountability was ignored. The study was done at NGOs hence the need for a study for county governments in Kenya.
Jachi and Lucky, (2019)	Professional competence and staffing of internal audit function on	Eight Internal Audit Practitioners and thirteen	The study was done outside Kenya hence the need for a similar study in Kenya.

	transparency and accountability of Zimbabwe local governments.	senior managers.	
Hajering and Muhammad, (2019)	Zimbabwe local governments. Moderating Ethics Auditors Effect of Competence, Accountability on Audit Quality in Public Accountants Firms.	55 auditors consisting of 10 public Accountant Firms, Census was employed.	There was a need for a similar study to focus on county governments in Kenya.
(Kemunto & Oluoch, 2021)	Internal audit characteristics and financial accountability of public organizations in Kenya.	47 internal auditors from 47 county governments and Census sampling were employed	There was a need for a similar study to focus on non-governmental organizations
Suleiman, Ayoin and Zalina, (2017)	Audit and Organizational Performance of Nigerian Universities.	40 Nigerian Federal Universities. 400 samples of senior internal auditors' level were drawn from the population.	The study was done by Nigerian Universities hence the need for a similar study in Kenya county governments.
Gamayuni (2018)	Effect of internal auditor competence on the effectiveness of internal audit in Java island in Indonesia.	118 cities were targeted with a sample of 42 Inspectorate agencies using the cluster sample technique.	The study is done outside Kenya hence need for the same study in county governments in Kenya. The study focused on effectiveness hence the need for a study focusing on financial accountability.
Kagali and Muturi, (2019)	Factors influencing the performance of internal auditors in county governments in Kenya.	The target population consisted of ninety-four (94) internal auditors.	The aspect of financial accountability was ignored in this study as the study focused on financial accountability.
(Kemunto & Oluoch, 2021)	Internal audit characteristics and financial accountability of county governments in Kenya.	47 internal auditors from the 47 county governments.	There was need for a similar study in non-government organizations.
Zeyn (2018)	Effect of internal audit quality on financial accountability quality at local government in Indonesia.	36 Inspectorate Local Government in West Java and Banten. The Census method was employed	The study was done outside Kenya hence the need for a study in Kenyan county governments.
Edna (2019)	Effect of internal audit functions on the financial accountability of commercial enterprises in Kenya.	Five commercial enterprises in the textile manufacturing enterprises in Kenya. The census approach was adopted.	The study was done in commercial enterprises hence the need for a similar study in the context of the Kenyan County Government.
(Ainomugusha, 2019) **Koskei and Otinga (2021)**	Internal auditing and accountability of public funds in Uganda county government.	30 staffs and administrators of finance departments	Similary study is needed to focus in Kenyan county government as this study focused on Uganda government.
(Koskei & Otinga, 2021)	Effect of internal audit standards on financial sustainability in Kericho County Government, Kenya.	109 respondents; auditors, finance officers, accountants, procurement officers.	The study focused on financial sustainability hence the need for a study focusing on financial accountability.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

This chapter entails the research methodology that will be used in the study. It will cover the research philosophy, design, targeted population, data collection instruments and procedures followed. It will also give details on the reliability and validity of data collection instruments, data processing, analysis, presentations and ethical considerations.

3.2 Research Philosophy

A research philosophy is an opinion on how information about a specific occurrence should be obtained, examined, and used. It shows how different people focus on reality, knowledge and the existence of ideas. It also encompasses what is known to be true and what is believed to be true hence there is a need to transform things believed into things known (Collins & Hussey, 2014).

This study was based on positivism, which considers that reality is independent of us, steady and can be perceived and described objectively without going against the phenomenon under study. Positivists believe there is truth to understanding the world well enough so that we can predict and control it.

Positivism was most appropriate for this study because it helped in describing what is being observed, which can result in the creation of data that can directly be observed and objectively measured. Besides, this philosophy was also appropriate since the data collected in this study was quantitative. This philosophy thus enables the application of quantitative statistical techniques to assess the study's hypothesis.

3.3 Research Design

Research design is the overall strategy used to integrate various components of the study in a coherent and logical way. The study adopted a correlational research design which is used to investigate relationships between variables without manipulating or controlling them (Kothari, 2014). This research design was appropriate because it aided in establishing the relationship that existed between internal audit and financial accountability of county government. It, therefore, assisted in obtaining true and accurate information on the independent and dependent variables as they are.

3.4 Target Population

The study targeted 194 respondents consisting of 67 cabinets' executive committee members for finance, 4 directors of internal audit services, 4 principal auditors**,** 36 audit assistants and 83 accountants from the four-county governments in Western Kenya (Kakamega, Vihiga, Bungoma and Busia). The respondents were chosen because they had the required knowledge of the accounting and auditing field hence they were able to give objective responses. The respondents are as shown in Table 3.1

Table 3. 1. Target Population

Category	Number	Percentage(%)
Cabinet executive committee members for finance	67	35
Director of internal audit services	4	2
Principal auditor	4	2
Audit assistants	36	19
Accountants	83	42
Total	**194**	**100**

Source: Human Resource Registry of all County Government (2022)

3.5 Sample and Sampling Technique

3.5.1 Sample

This study used the fishers' equation. The equation was most appropriate in determining the sample size where the targeted population was less than one thousand units (Jung, 2014). The sample was calculated as follows;

The formula is given by $n_o = \frac{Z^2 P(1-P)}{I^2}$ (3.1)

Where;

n - Desired sample size

Z – The normal standard deviation at the confidence level of 95% equivalent to 1.96

P - Proportion of the population with the desired characteristics

This study will assume 50:50, a probability of 0.5

I^2 - Degree of precision which is 5%

Since the proportion of the population with the characteristics is not known, 50% will be used

Therefore, $n_o = \frac{1.96^2 * 0.5(1-0.5)}{(0.05)^2}$ (3.2)

$n_0 = 384$

However, since the target population was less than 1000, the sample size adjustment was made using the formula

$$n = \frac{no}{1 + \frac{(no-1)}{N}}$$

$$n = \frac{384}{1 + \frac{(384-1)}{194}}$$

$$n = \frac{384}{1+2.9237}$$

n=129

This sample size is 66% of the total population. Collins and Hussey (2014) argue that samples above 10% of a population give good and reliable findings if well chosen.

3.5.2 Sampling Technique

Proportionate stratified random sampling was employed to attain a sub-sample for each category of the respondents. The members of the substrata were randomly selected until saturation. This is shown in Table 3.2.

Table 3. 2 Proportionate distribution of Sample Size

Category	Total	Percentage
Cabinet executive committee members of the finance	43	33
Director of internal audit services	4	3
Principal auditor	4	3
Audit assistants	23	18
Accountants	55	43
Total	**129**	**100**

3.6 Data Collection Instruments

Questionnaires were used to collect primary data where essential information was gathered. Closed-ended questions were used because they were cost-effective, easier and quicker to be answered by the respondents, easy to administer and evaluate, easy to analyze and assure confidentiality to the respondents, thus acting without any fear or bias. Secondary data was obtained from the auditor general report for all the four-county government of Western Kenya for the financial year 2020/2021.

3.7 Data Collection Procedure

Primary data was collected through questionnaires distributed by the research assistants to the respondents face to face in all the four selected county governments. Two weeks were allowed for the respondents to fill out the questionnaires. After the allowed period, the research assistants collected back the questionnaires. Secondary data was collected by analyzing the auditor's general report on county governments for 2020/2021. All the amounts relating to expenditures that lacked supporting documents were identified and recorded.

3.8 Pilot Test

A pilot test was done in Kisumu county government in the western region selected randomly. The scope was ideal since the county government of Kisumu was located in the same region as counties in western Kenya, thus exhibiting the same characteristics. Misappropriation of funds has been witnessed in the county as indicated in the auditor general report of 2020, where the county had lost over

Kshs.300 million which was allocated for several urban development projects but was not appropriately accounted for.

Questionnaires were given to nine cabinet executive committee members for finance, one director of internal audit services, one principal auditor**,** five audit assistants and eleven accountants. This gave a total of 27 respondents out of 129 sampled respondents. This amounted to 20.9% which is considered satisfactory since an aggregate of above 10% of the expected sample size is considered satisfactory (Cooper & Schndler, 2011).

3.8.1 Reliability

Reliability refers to the extent to which a research tool consistently produces results or data after numerous trials and faithfully captures the entire group being studied. Reliability helped communicate the degree to which the data obtained gives reliable results (Kothari, 2014). Reliability was measured using Cronbach's alpha, where its values range from 0 to 1. Values between 0.7 and 1.00 indicate considerable reliability and hence acceptable and values below 0.70 are considered less reliable and thus not acceptable (Fraenkel & Wallen, 2000). The results were as shown in Table 3.3.

Table 3. 3: Cronbach's Alpha Reliability

Construct	Number of Items	Cronbach alpha	Conclusion
Internal Audit Independence	11	0.877	Reliable
Internal Audit Competence	11	0.889	Reliable
Top Management Support	11	0.883	Reliable
Compliance with Internal Audit Standards	11	0.885	Reliable
Financial Accountability	11	0.884	Reliable

From Table 3.3 above, the constructs had a Cronbach's alpha values of 0.877, 0.889, 0.883, 0.885 and 0.884 all being above 0.7. This indicates that all the constructs variables of the study were reliable.

3.8.2 Validity

This is the judgment on how well a test measure purports to measure what is intended to measure (Kothari, 2014). Validity was tested through expert analysis and factor analysis. Experts, including supervisors and other specialists in accounting, were given questionnaires. They identified all the irrelevant, offensive, ambiguous and awkward questions and restructured them appropriately.

Factor analysis tested validity by assessing the construct validity of the questionnaire to assert that features being verified by a tool used to collect data adequately and properly cover what is intended. Validity was tested using dimension reduction of observed variables. KMO and Bartlett's tests were carried out in this study to explore the adequacy of data sampling and determine its suitability for factor analysis. Table 3.4 shows the validity test carried out.

Table 3. 4: KMO and Bartlett's Tests

	Items retained	AVE	KMO	Bartlett's test		
				χ^2	df	p-value
Internal audit independence	11	0.536	0.768	457.178	45	0.000
Internal audit competence	11	0.621	0.825	570.662	45	0.000
Top management support	11	0.579	0.804	575.829	45	0.001
Compliance with internal audit standards	11	0.515	0.747	486.932	45	0.000
Financial accountability	11	0.571	0.791	489.296	45	0.000

According to Tabachnick & Fidell (2007) a KMO value above 0.5 is suitable for factor analysis. From Table 3.4 above, all the variables had a KMO statistics that are above 0.5, implying that the data is more suitable for factor analysis. The adequacy of the sample was determined by Bartlett's tests that was based on the significance of the chi-square statistics. From Table 3.4 also, Bartlett's test statistics for all the variables have p-values of 0.000 which are all less than 0.05. this implies that the item correlation matrix is not an identity matrix. therefore, the data from the pilot study is adequate and suitable for the factor analysis.

3.9 Data processing, Analysis and Presentation

The data collected was cleaned, sorted, coded and run through the statistical package for social sciences (SPSS) version 27. Diagnostic tests used by the study included the normality test using Shapiro Wilk, the autocorrelation test using Durbin Watson, multicollinearity test using variance inflation factor and heteroscedasticity test using Breusch Pagan test. Both descriptive and inferential statistics were generated. Descriptive statistics comprised mean, standard error, standard deviation, and minimum and maximum statistics. Inferential statistics comprised multiple regression analysis and correlation analysis. Data were presented using tables. The following regression model was used to establish the strength of the relationship between internal audit and Financial Accountability.

$$Log\ Y = ß_0 + ß_1 IAI + ß_2 IAC + ß_3 TMS + ß_4 CIAS + \varepsilon \qquad (3.3)$$

Where:

Y-Financial Accountability

$ß_0$- constant

$ß_{1,}\ ß_2\ ß_3\ ß_4$- Regression coefficients

IAI-internal audit independence

IAC-internal audit compliance

TMS-top management support

CIAS-compliance with internal audit standards

ε -The error term

3.10 Ethical Considerations

The authorization letter to carry out the research was obtained from the director of graduate studies. A permit to carry out the research was also obtained from the national commission for science technology and innovation (NACOSTI) for carrying out research. The respondents' consent was requested to assist in filling out questionnaires to give the required information for the study. The data collected from the respondents were treated with the utmost privacy it deserves since it is clear that sensitive information should not be accessed by anyone. The respondents were not compelled to provide any information relevant to the study. The information from the respondents has been strictly used for research purposes.

CHAPTER 4

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter entails the presentation of research findings and a discussion of the study. The results were presented based on the analysis of the study variables and objectives, including descriptive analysis where responses to the indicators of each of the study variables were analysed, presented as univariate analyses and inferential analyses to explore the relationships between the constructs, test hypothesis and draw conclusions on the study objectives.

4.2 Response Rate

The study targeted 194 respondents in four county governments in western Kenya. Only 129 respondents were selected and given questionnaires. Questionnaires from 110 respondents were received, while the rest did not return their questionnaires, representing 85.27% of the targeted respondents as shown in Table 4.1. This was considered adequate for the study based on the suggestions given by (Edward & Roberts, 2002) who considered a response rate of below 60% to be poor and above 60% to be adequate.

Table 4. 1: Response Rate

Targeted respondents	returned questionnaires	Response Rate
129	110	85.3%

4.3 Demographic Analysis

4.3.1 Number of Years Served in the County Government

The majority of the respondents, at 57.3%, had served in the county government for more than three years, as shown in Table 4.2. This implies that most of the employees had adequate knowledge and experience in county government, meaning that their responses were very objective and reliable.

Table 4. 2: Number of Years Served in the County Government

	Frequency	Percent
Above 6 years	22	20.0
3-5 years	41	37.3
1-2 years	27	24.5
Below one year	20	18.2
Total	**110**	**100.0**

4.3.2 Professional Qualification in Relation to Accounting Knowledge

A large number of the respondents had qualifications in professional courses. 45.5% had CPA, 35.5% had ATD and 11.8% had as shown in Table 4.3. This means that most of the employees in the county government are competent as they have the required qualification to carry out their duties effectively. In a few county governments, employees had no professional qualifications hence they may not be competent enough to detect cases of corruption in the county government hence lowering the level of financial accountability.

Table 4. 3: Professional Qualification in Relation to Accounting Knowledge

	Frequency	Percent
Certified Public Accountants (CPA)	50	45.5
Accounting Technical Diploma(ATD)	39	35.5
Certificate in accounting and management skills (CAMS)	13	11.8
No professional qualification	8	7.3
Total	**110**	**100.0**

4.4 Descriptive Statistics

This part contains descriptive statistics of the questionnaires issued to the respondents in the county governments of western Kenya. The questionnaires were measured on a Likert scale to acquire information concerning internal audit independence, internal audit competence, top management support, compliance with internal audit standards and financial accountability.

4.4.1 Internal Audit Independence and Financial Accountability

Regarding the question on whether the management of county governments' does not interfere with the duties of internal auditors. A significant number of the respondents with a mean average of 3.05≈3 were indifferent that the management of county government does not interfere with the duties of internal auditors. This, therefore, implies that the management of many county governments does not give internal auditors the freedom to perform their duties. This will lead to internal auditors being unable to get enough audit evidence to be used in making conclusions on the financial statements hence they will not be able to report the real and the true picture of county governments. In a few county governments, the management gives internal auditors freedom to perform their duties.

This will enable internal auditors to obtain enough audit evidence to aid in giving objective reports for the management to act. This confirms why there is high financial accountability in those county governments. The findings were similar to that of the study carried out by (Nerantzidis, Pazarkis, and Drogalas, 2020) who found that management limits the scope of internal audit in most county governments.

Concerning whether the independence of internal audits positively affects financial accountability, many of the respondents with an average mean of 3.77≈4 agreed that the independence of internal auditors positively affects financial accountability in the county governments. The results imply that when internal auditors remain independent in their duties, they can audit efficiently and effectively without compromising any situation and being affected by a third party. This will therefore make county governments realize improved financial accountability.

Regarding whether internal auditors do not have a conflict of interest while carrying out their functions, most of the respondents with a mean average of 3.12≈3 were indifferent that internal auditors do not have a conflict of interest while carrying out their duties. This means that most internal auditors have a conflict of interest with the clients or may be serving the clients in legal disputes. This will make internal auditors give a biased opinion to the management that will benefit their interest at the expense of other parties. In a few county governments, internal auditors do not have a conflict of interest. This may enable internal auditors to detect all the fraudulent cases at the county government without hiding any corruption cases and they may even give unbiased and objective opinions to the management.

Respondents were also asked a question on whether the conflict of interest by internal audit staff affects financial accountability. Many respondents, with an average mean of 3.55≈4 agreed that conflict of interest by internal audit staff affects financial accountability. This result implies that internal auditors in a conflict of interest may not effectively audit the clients' work. The client involved in a conflict of interest with the auditor may be unwilling to give all the relevant information. Internal auditors may also decide to give an unbiased report concerning the client in a conflict of interest.

The study also sought to determine the perception of the respondents on interference by top management in internal audit activities negatively impacting financial accountability. A great number of the respondents, with a mean average of 3.73≈4 agreed that interference by top management in internal audit activities negatively impacts financial accountability. This implies that the management of county governments may coerce internal auditors to give a report that will not expose some wrong actions of the management to the public and this will increase the misappropriation of public funds.

On the question regarding internal auditors having family ties with the management, a great number of the respondents with an average mean of 3.07≈3 were indifferent that internal auditors have no family ties with the management. This implies that in many county governments, many internal auditors have family ties with management which will erode their independence as they will not be willing to expose how their family members have defrauded an organization. In a few county governments, there were no family ties between internal auditors and the management. This may promote the auditors' independence as they will be auditing without any pressure to seal the actions of other members. These findings collaborate with the study results done by (Nyaga, Ndungu, & Kamau, 2018) who found that a significant number of auditors had a family tie with the management.

Regarding the question of internal auditors having the integrity required to carry out their obligations, most respondents with a mean average of 3.05≈3 were indifferent that internal auditors have the integrity required to carry out their duties. This shows that most of the internal auditors in many county governments are not honest, lack strong moral principles and may not work with due diligence in carrying out their duties and this will negatively affect the county government's financial accountability as the internal auditors will be engaged in bribery. In a few county governments, however, internal auditors have integrity as they seem to carry out their tasks with due diligence. The findings supported the study by (Jachi, Moses, & Lucky, 2019) and found that most auditors carried out auditing with low integrity.

In determining if the integrity of internal audit staff affects financial accountability, it was found that many respondents with a mean average of 3.75≈4 agreed that the integrity of internal audit staff affects financial accountability positively. This implication shows that county governments need to employ internal auditors with high integrity who will be honest in their duties and who should not engage in bribery. Auditors with high integrity will perform their functions without favouring any party who may have defrauded the organization.

The study also sought to establish if internal audit staff carries out their duties objectively without threat from management. The majority of the respondents, with a mean average of 3.35≈3 were indifferent that internal audit staff carried out their duties objectively without threat from management. This denotes that the internal audit staff may not be making an independent decision. Such auditors may not give an objective report to the management to assist in curbing fraud. In a few county governments, internal auditors make objective reports without threat from management and these reports will help the management to identify all loopholes of corruption. This will therefore aid the management in increasing the level of financial accountability.

Regarding whether threats from management to internal audit staff negatively affect financial accountability, many respondents with an average mean of 3.62≈4 agreed that threats from management to internal audit staff negatively affect the financial accountability of county governments. This means that management threats make internal audit staff give a subjective report that will not expose all the fraudulent activities of the management to the public and will make county governments lose a lot of resources.

Table 4. 4: Internal Audit Independence and Financial Accountability

Statements	Minimum	Maximum	Mean		Std. Deviation
	Statistic	Statistic	Statistic	Std. Error	Statistic
Management of county government does not interfere with duties of internal audit.	1	5	3.05	.124	1.302
The independence of internal auditors positively effects financial accountability.	1	5	3.77	.113	1.186
Internal auditors do not have a conflict of interest while carrying out their duties.	1	5	3.12	.133	1.393
Conflict of interest by internal audit staff affects financial accountability.	1	5	3.55	.102	1.072
Interference by top management on internal audit activities negatively impacts financial accountability.	1	5	3.75	.115	1.211
Internal auditors have no family ties with top management.	1	5	3.07	.126	1.325
Internal auditors have the integrity required to carry out their duties.	1	5	3.05	.136	1.430
The integrity of internal audit staff positively affects financial accountability.	1	5	3.75	.121	1.272
Internal audit staff carries out their duties objectively without threat from management.	1	5	3.35	.129	1.358
Threats from management to internal audit staff negatively affect financial accountability.	1	5	3.62	.120	1.256

4.4.2 Internal Audit Competence and Financial Accountability

The respondents were asked first whether the audit department comprises auditors with auditing experience. A higher number of the respondents with a mean average of $3.16 \approx 3$ were indifference that the audit department is composed of internal auditors with auditing experience. Internal auditors who lack auditing experience will be unable to detect all errors and frauds, and cannot give objective decisions to the management. This will confirm why the county government suffers from the problem of financial accountability. In other county governments, the audit department is composed of auditors who have auditing experience, thus they will be able to carry out their duties effectively by revealing all ways in which corruption may occur. The findings were in line with a study done by (Kemunto, 2018), who revealed that many organizations do not recruit highly experienced internal auditors.

The second question was to determine whether the internal auditors could detect fraud in the county government early. A large number of the respondents with a mean average of 3.35≈3 were indifference that internal auditors can detect fraud early. The results imply that internal audits may not be competent enough to identify situations that may make people commit fraud. Incompetent auditors will not be able to have a broader view and wide knowledge in the auditing area hence unable to detect fraud early. In other county governments, internal auditors can detect fraud early, enabling them to identify all corruption loopholes early enough before it occurs.

The respondents were asked whether the internal auditors were qualified to undertake audit functions. Most of the respondents with a mean average of 3.51≈4 agreed that the internal auditors at the county government are qualified to undertake audit functions. Qualified internal auditors may be able to audit even more complex areas hence being able to give an objective and independent opinion to the county government management. In a few county governments, internal auditors were not qualified hence they may not be able to audit financial statements adequately to give objective report to the relevant stakeholders. Similar results were found by (Kemunto, 2018) who established that many respondents agreed that organizations hire qualified respondents to perform auditing functions.

Another question of whether audit qualifications help the auditors to give valuable advice to the management was asked. It was found that many respondents with a mean average of 3.61≈4 agreed that audit qualification helps auditors in giving valuable advice. This then shows that the county government needs to employ qualified auditors who are competent enough and have more knowledge to help give valuable advice to the management on how to increase the level of financial accountability.

On evaluating whether the level of qualification of internal auditors affects audit quality, it was found that a greater number of the respondents with an average mean of 3.71≈4 agreed that the level of internal auditors affects audit quality. Management of county government need to employ qualified auditors as the level of qualification is a key requirement since it will help internal auditors to detect ways in which county government resources are misappropriated. These findings collaborate with the finding from (Kemunto, 2018) which also revealed that competent auditors enhance the good governance of non-governmental organizations.

A question on whether internal audit competence enhances financial accountability was asked. It was discovered that most respondents with a mean average of 3.55≈4 agreed that internal audit competence enhances financial accountability. The results above imply that county governments need to employ competent auditors who will assist in minimizing risks relating to public resources and they may have the knowledge and skills required to effectively audit county government and detect all frauds, enhancing financial accountability. These findings were similar to the finding from (Kemunto, 2018) who also found that competent auditors enhance the good governance of non-governmental organizations.

Regarding whether the internal audit department is giving objective reports to management, it was found that a large number of the respondents with a mean average of 3.54≈4 agreed with the perception that the internal audit department gives objective reports to management. This depicts that management can use these reports to obtain reasonable assurance on whether the financial statements are free from material misstatements. It may also aid in identifying sections where more concentrations should be put in order to minimize cases of corruption. In a few county governments, internal auditors do not give objective reports, which may make the management not get the real picture of these county governments. The results were established to be similar to that of (Jachi & Lucky, 2019) who also reported that management receives objective reports from the internal auditors.

There was also a concern about whether the internal audit staff undergoes regular internal and external training. It was discovered that most employees with a mean average of 3.64≈4 agreed that internal audit staff undergoes regular training. Training of internal auditors equips auditors with current technical knowledge and skills in preparing for an audit. It will also equip internal auditors with skills and knowledge of dealing with computerized auditing. Internal audit training may help internal auditors in obtaining variety of sources of evidence. Internal auditors in a few county governments, however, are not regularly trained. Internal auditors may not be able to develop the capacity of the profession to deliver high output. This will make internal auditors unable to define all the scope needed for audit and unable to audit non-specific requirements well. Similar results were obtained from (Kemunto & Oluoch, 2021) who identified that training and capacity building in audit services was minimal in county government.

A question on whether training of internal audit staff positively impacts financial accountability was posted to the respondents. It was again found that many respondents with a mean average of 3.57≈4 agreed that training of internal audit staff positively impacts financial accountability. This implies that internal audit training will enable auditors to gain enough knowledge and skills which helps in curbing and detecting all ways and intentions of fraud. In a few county government employees who are trained are effective in their auditing duties, impacting financial accountability negatively.

Another question was whether an internal audit is carried out based on accepted international audit standards. It was found that a significant number of the target respondents with a mean average of 3.05 ≈3 were indifferent to the perception that internal audit is carried out based on accepted international standards. Non-compliance with internal audit standards makes the reports generated not reflect a true and fair view as the funds being misused will not be revealed. In other county governments, internal audit is based on the generally accepted audit standards. This makes internal auditors release true and fair opinions that reveal the real picture of the county government.

Table 4. 5: Internal Audit Competence and Financial Accountability

Statements	Minimum	Maximum	Mean		Std. Deviation
	Statistic	Statistic	Statistic	Std. Error	Statistic
The audit department is composed of auditors who have auditing experience.	1	5	3.16	.138	1.450
Internal auditors can detect fraud In county governments at an early stage.	1	5	3.35	.129	1.358
The auditors of the county government are qualified to undertake audit functions.	1	5	3.51	.124	1.305
Audit qualifications help the auditors to give valuable advice to the management.	1	5	3.61	.110	1.150
The level of qualification of internal auditors affects audit quality and financial accountability.	1	5	3.71	.110	1.152
Internal audit competence enhances financial accountability.	1	5	3.55	.126	1.317
The internal audit department gives objective reports to management.	1	5	3.54	.115	1.401
Internal audit staff undergoes regular training both internally and externally.	1	5	3.64	.122	1.283
Training of internal audit staff positively impacts financial accountability.	1	5	3.57	.117	1.230
Internal audit is carried out based on accepted international audit standards.	1	5	3.05	.136	1.430

4.4.3 Top Management Support and Financial Accountability

The first indicator of top management support was to evaluate whether adequate funds are always allocated to the audit department. A great number of the respondents with a mean average of 3.41≈3 were indifferent that adequate funds are allocated to the audit department. From the results, it was found that many county governments do not allocate adequate funds to the audit department and this will hinder the effective functioning of the audit department due to inadequate funds required for the acquisition of audit tools and audit preparation hence this will negatively impact the financial accountability. In a few county governments, adequate funds are allocated to the audit department hence they may be able to acquire all the necessary resources and auditing tools required to facilitate an effective audit. These results were similar to that of Kemunto & Oluoch, (2021) who established that management provides enough budget for audit services.

Concerning the question of whether adequate resources facilitate effective functions of audit hence improving financial accountability, it was found that many respondents with an average mean of 3.97≈4 agreed that adequate resources facilitate effective functions of audit hence improving financial accountability. This implies that adequate resources will enable internal auditors to acquire all the necessary auditing tools and equipment to aid internal auditors in effectively and efficiently auditing a given audit assignment.

Another question on whether the audit department has enough staff was also posted to the respondents. It was found that most respondents with a mean average of 3.17≈3 were indifferent on the perception that the audit department has enough audit staff. This implies most county governments have few auditors who will not be able to tackle all audit assignments in the department effectively within the stipulated time and they may not give internal audit reports frequently, while in other counties, auditors are enough hence being able to carry out audit activities conveniently due to adequate audit assignment allocated per auditor. These results contradicted the results from (Kemunto & Oluoch, 2021) who established that management had an adequate number of internal audits in the audit department.

The study required to establish the insight of the respondents that the adequacy of internal audit staff enhances financial accountability. The results imply that a large number of the respondents with a mean average of 3.57≈4 were in agreement that the adequacy of internal audit staff enhances financial accountability. County governments need to ensure that audit departments recruit enough audit staff so that the department may be able to assign enough auditors to a given audit assignment to carry out auditing within the shortest period and give an objective audit report to the management of the county government.

There was also a concern about establishing the respondents' perception that management supports professional development. It was found that a significant number of the respondents with an average mean of 3.78≈4 agreed that management supports professional development. This will enable auditors to acquire adequate knowledge and skills to highlight all fraudulent activities. In a few county governments, internal audit professional development is not supported hence will ruin their professionalism and may not detect all fraudulent activities as those engaging in fraud always find ways of sealing their mistakes. The results were similar to that of (Gamayuni, 2018) who found that the management of local governments promotes professional development.

Respondents were also asked a question to determine their perception that the professional development of internal audit staff improves financial accountability. Most of the targeted respondents with a mean average of 3.71≈4 were in agreement that the professional development of internal audit staff improves financial accountability. County governments managements need to promote professional development among internal auditors since it is a key requirement that enables them to gain adequate skills and knowledge to aid in discovering all errors and frauds successfully hence increasing their financial accountability.

The study wanted to evaluate the respondents' perception that the county government has relevant modern technology applicable to internal audits. It was found that a large of the respondents with a mean average of 3.19≈3 were indifferent that the county government has relevant modern technology applicable to internal audits. This may be the reason why internal auditors cannot perform computerized auditing, as they are not familiar with this auditing. Few county governments have modern technology hence internal auditors may be able to familiarize themselves with this technology and audit it effectively.

Regarding whether adopting modern technology in internal audits positively affects financial accountability, it was established that many of the respondents with a mean average of 3.79≈4 agreed that adopting modern technology in internal audits positively affects financial accountability. This implies that with modern technology, auditors could do all kinds of auditing, be it computerized auditing, enabling them to detect all kinds of fraud at the county government.

The study required determining the respondents' perception that management promptly acts on reports by internal auditors. Most respondents with an average mean of 3.23≈3 were indifferent that management promptly acts on reports by internal auditors. This implies that in all corruption cases identified by internal auditors in different sections, recommendations and advice given to the management are not promptly acted upon. Through this, the management may be unable to find ways of curbing corruption cases in the county government. Management of a few county governments act upon reports given by auditors and hence will be able to implement all the recommendations and advice given to them that may be able to lower corruption cases. The results were similar to that of (Kemunto & Oluoch, 2021) who also found that the management of many county governments is implementing audit recommendations.

The study also sought to assess the respondents' perception that prompt action by management on internal audit reports positively impacts financial accountability. A great number of the respondents with an average mean of 3.49≈3 were found to be indifferent that prompt action by management on internal audit reports positively impacts financial accountability. This shows that when the management of the county governments acts on the reports, the loopholes that the auditors have identified will be sealed hence reducing cases of fraud in county governments. These results were established to be similar to that of (Kemunto & Oluoch, 2021) who found that implementing audit recommendations by the management improves financial accountability.

Table 4. 6: Top Management Support and Financial Accountability

Statements	Minimum Statistic	Maximum Statistic	Mean Statistic	Mean Std. Error	Std. Deviation Statistic
Adequate funds are always allocated to the audit department.	1	5	3.41	.140	1.467
Adequate resources facilitate effective functions of audit hence improving financial accountability.	1	5	3.97	.094	.098
The audit department has enough staff	1	5	3.17	.132	1.380
Adequacy of internal audit staff enhances financial accountability.	1	5	3.57	.121	1.274
Management supports/facilitates professional development.	1	5	3.78	.106	1.112
Professional progression/development of internal audit staff improve financial accountability.	1	5	3.40	.121	1.265
The county government has relevant modern technology applicable to internal audits.	1	5	3.19	.131	1.378
The adoption of modern technology in internal audits positively affects financial accountability.	1	5	3.79	.116	1.212
Management promptly acts on reports by internal auditors.	1	5	3.47	.124	1.304
Prompt action by management on internal audit reports positively impacts financial accountability.	1	5	3.49	.127	1.332

4.4.4 Compliance with Internal Audit Standards and Financial Accountability

The first indicator of compliance with internal audit standards sought to establish respondents' perception that internal auditors perform their functions according to the auditing standards. It was found that most respondents with an average of $3.12 \approx 3$ were indifferent that internal auditors perform their functions according to the auditing standards. This implies that in many county governments, internal audit is done without following all the laid down principles and procedures of auditing and this may lead to unreliable reports given to the management hence reducing the level of financial accountability. However, in some county governments, internal auditors comply with all internal audit standards, giving the management objective and reliable reports. The above findings were in line with those of (Edna, 2019) who established that most of the auditors in most public organizations failed to strictly comply with auditing standards.

Another question assesses the perception that performing auditing work according to internal audit standards contributes significantly to financial accountability. The majority of the respondents with a mean average of 3.78≈4 agreed that performing auditing work according to internal audit standards contributes significantly to financial accountability. This shows that when internal auditors comply with auditing standards, true and fair views of the county government's financial statements are released hence the management will make the right decision which may help improve financial accountability. The results were similar to that of (Zeyn, 2018) who conducted a study on the effect of internal audit quality on financial accountability in the Indonesian local government.

The study sought to establish whether internal auditors ask objective queries during auditing. A great number of the respondents, with an average mean of 3.04≈3 were indifferent that internal auditors ask objective queries during auditing. This implies that auditors do not exhaust all the questions that may assist in obtaining all the relevant information, explanations and audit evidence hence being unable to detect all ways that promote corruption. In a few county governments, internal audit asks objective queries during auditing and this aids in obtaining enough evidence that will assist in pinpointing all ways that perpetuate corruption. The results resembled that of (Koskei & Otinga, 2021) who found that internal auditors have enough interrogation with employees being audited.

Concerning whether audit query during auditing improves financial accountability, it was found that most respondents with a mean average of 3.60≈4 agreed that audit query during auditing improves financial accountability. This implies that audit query during auditing helps to get all relevant information and enough audit evidence on how county government is defrauded hence it may aid in identifying and curbing ways that lead to corruption, which promotes financial accountability.

Another question was to evaluate whether internal auditors frequently meet with the audit committee per the statutory requirement for internal auditing. A large number of the respondents, with an average mean of 3.35≈3 were indifferent that internal auditors frequently meet with the audit committee per the statutory requirement for internal auditing. This implies that internal auditors do not meet with the audit committee hence the report generated may not be discussed and reviewed with the audit committee and a subjective report may be given to the management. In other county governments, internal auditors meet with the audit committee regularly hence they provide oversight of the audit and financial reporting process. The results contrast with the findings from (Edna, 2019) who found that internal auditors frequently meet with audit committees to report the findings they have obtained.

Regarding whether the internal audit assignments have a sufficient scope for unbiased reports, it was found that most of the respondents, with a mean average of 2.94≈3 were found to be indifference that the scope laid for internal audit assignments is adequate enough to obtain objective reports. This depicts that internal auditors may not be able to assess the reliability and sufficiency of the information in the underlying accounting records and other sources. In other county governments, the scope of an audit is adequate hence internal auditors may be able to get enough information and explanation which will assist in getting sufficient audit evidence.

Respondents were also asked whether financial accountability is improved when internal audit tasks are followed. Many respondents with a mean average of 3.57≈4 agreed that financial accountability is improved when internal audit tasks are followed. Management of county governments should therefore ensure internal auditors adhere to the scope of auditing so as to obtain enough audit evidence to be used in giving audit report.

The study also required to evaluate of the respondents' perception on whether internal auditors' meeting with the audit committee improves financial accountability. It was established that a great number of the respondents, with an average mean of 3.65≈4 were in agreement that internal auditors' meeting with the audit committee improves financial accountability. This implies that audit committee meetings will help internal auditors improve their audit and financial reporting processes. This will help in performing and reporting audit reports effectively and efficiently.

Another question was whether the auditors carried out their functions objectively and in compliance with accepted audit standards. It was found that the majority of the respondents, with a mean average of 2.85≈3 were indifferent that auditors carry out their functions objectively and in compliance with accepted audit standards. This implies that internal auditors of many county governments do not strictly comply with all the audit standards and hence will not be able to give reliable reports for management to depend on decision making. In a few county governments however, internal auditors perform their duties objectively and complies with audit standards. This will enable them to determine the extent of audit steps and procedures that should be applied to fulfill the audit objective.

There was a need to seek the respondents' perception that auditors provide other relevant services besides financial reports as per statutory requirements for internal auditing. It was discovered that most of the respondents, with an average mean of $3.34 \approx 3$ were indifferent that auditors provide other relevant services other than financial reports as per statutory requirements for internal auditing. This implies that in many county governments, management may not be able to get valuable advice from internal auditors that may assist in curbing some corruption cases.

Table 4. 7: Compliance with Internal Audit Standards and Financial Accountability

Statements	Minimum	Maximum	Mean		Std. Deviation
	Statistic	Statistic	Statistic	Std. Error	Statistic
Internal auditors perform their functions according to internal auditing standards.	1	5	3.12	.144	1.507
Performing auditing work according to internal auditing standards contributes significantly to financial accountability.	1	5	3.78	.104	1.087
Internal audit asks objective queries during auditing.	1	5	3.04	.128	1.347
Audit query during auditing improves financial accountability.	1	5	3.60	.119	1.243
Internal auditors frequently meet with the audit committee as per the statutory requirement for internal auditing.	1	5	3.35	.107	1.253
Internal audit assignments have a sufficient scope for unbiased reports.	1	5	2.94	.131	1.377
Financial accountability is improved when internal audit tasks are followed.	1	5	3.57	.120	1.260
Internal auditors' meeting with audit commit improves county governments' financial accountability.	1	5	3.65	.128	1.344
Auditors carry out their functions objectively and in compliance with accepted audit standards.	1	5	2.85	.141	1.479
Auditors provide other relevant services other than financial reports as per statutory requirements for internal auditing.	1	5	3.34	.127	1.336

4.4.5 Financial Accountability

The study also sought to determine whether financial statements reflect a true and fair view of the county government's financial status. Most respondents, with an average mean of 2.67≈3 were indifferent that financial statements reflect a true and fair view of the county government's financial status. This implies that books of accounts may not reveal all the fraudulent activities occurring in many county governments. In a few county governments, financial statements reflect a true and fair view of financial statements implying that financial statements reveal all the fraudulent activities hence management will make the right decision on how to run county governments.

Regarding the perception of whether relevant supportive documents accompany all transactions, it was found that the majority of the respondents, with a mean average of 2.80≈3 were indifferent that all transactions are accompanied by relevant supportive documents. This will imply that most of the funds used at the county government may have lacked supportive documents and also manipulation of transactions at county governments may exist. In some county governments, transactions were accompanied by supportive documents, making tracking the records easy, hence facilitating accountability.

Concerning whether financial statements are fairly presented according to statutory and legal requirements, a great number of the respondents, with an average mean of 3.26≈3 were indifferent that financial statements are fairly presented according to statutory and legal requirements. This implies that the financial statements of many county governments may not reflect the true and fair view of county governments. It may also mean that some fraudulent activities may not be revealed by the financial statements. In a few county governments, financial statements are prepared according to the statutory requirements hence the management will make the right decisions as they may highlight areas where fraud occurs.

The respondents were asked a question on whether the preparation of financial statements according to statutory and legal requirements improves financial accountability. A larger number of respondents with an average mean of 3.72≈4 agreed that preparing financial statements according to statutory and legal requirements improves financial accountability as it will aid in ensuring that financial statements are free from material misstatements and faithfully represent the financial performance of the county governments.

Regarding the statement that financial statements reflect all relevant information to stakeholders in a transparent and verifiable manner, it was found that the majority of the respondents, with a mean average of 2.53≈3 were indifferent that financial statements reflect all relevant information to stakeholders in a transparent and verifiable manner. This may show that stakeholders like management may not understand the going concern of the organization and may not make the relevant decisions.

The study ascertained respondents' perceptions on whether safety measures are in place to safeguard all county assets. It was found that many respondents with an average of 2.79≈3 were indifferent that safety measures are in place to safeguard all county assets. This may indicate why assets belonging to the county government are getting lost. It may also indicate why tracking assets at the county government are very difficult. In a few county governments, safety measures are in place to safeguard assets and this may be easy to track and identify missing assets.

Concerning whether safety measures enacted by county government to safeguard assets positively affect financial accountability, the majority of the respondents with a mean average of 3.71≈4 agreed that safety measures enacted by county government to safeguard assets positively affect financial accountability. This implies that the county government needs to develop measures for safeguarding assets by ensuring county assets are not misused. This boosts financial accountability in the county governments.

The study sought to establish whether the loss of assets at the county government is investigated and acted upon. Most respondents with an average mean of 3.02≈3 were indifference that loss of assets is investigated and acted upon. This implies that in many county governments, valuable assets may get lost without the knowledge of the management. Also, records of assets may not be accurately kept hence tracking all valuable assets will be difficult. In a few county governments, loss of assets is investigated and acted upon and this will assist in tracking all valuable assets therefore leakages and loss of assets will be minimized.

A question regarding whether auditors' independence enables county governments to attain their goals objectively and timely was asked and it was found that the majority of the respondents, with a mean average of 3.68≈4 agreed that auditors' independence enables county governments to attain their goals objectively and timely. This implies that county governments must promote audit independence to promote financial accountability.

Another question sought to establish if there is high transparency in the preparation of financial reports of the county governments. The results show that the majority of the respondents, with a mean average of 2.83≈3 were indifferent that there is high transparency in the preparation of financial reports of the county governments. This may be why financial statements are not reflecting the true and fair picture of county governments hence errors and fraud occurring in county government may not be easy to identify.

Table 4. 8: Financial Accountability

Statements	Minimum	Maximum	Mean		Std. Deviation
	Statistic	Statistic	Statistic	Std. Error	Statistic
The financial statements reflect a true and fair view of the county government's financial status.	1	5	2.67	.137	1.328
All transactions are accompanied by relevant supportive documents.	1	5	2.80	.130	1.130
Financial statements are fairly presented according to statutory and legal requirements.	1	5	3.26	.125	1.311
Preparation of financial statements according to statutory and legal requirements improves financial accountability.	1	5	3.72	.121	1.272
Financial statements reflect all relevant information to stakeholders in a transparent and verifiable manner.	1	5	2.53	.118	1.239
Safety measures are in place to safeguard all county assets.	1	5	2.79	.128	1.342
Safety measures enacted by the county government to safeguard assets positively affect financial accountability.	1	5	3.71	.123	1.295
Loss of assets is investigated and acted upon.	1	5	3.02	.132	1.388
Auditors' independence enables the county government to attain its goals objectively and timely.	1	5	3.71	.116	1.222
There is high transparency in the preparation of financial reports of the county government.	1	5	2.83	.135	1.420

4.5 Inferential Statistics

The study's main objective was to evaluate the effect of internal audits on financial accountability in county governments of western Kenya. Data were analyzed with the help of multiple regression to assess the relationship between the independent and dependent variables. It also helped in testing the study's four hypotheses and determining whether internal audits had a significant effect on financial accountability in county governments of western Kenya.

4.5.1 Correlation Analysis

Pearson product-moment correlation was used to assess the strength and direction of the relationship between internal audit independence, internal audit competence, top management support and compliance with auditing standards with financial accountability in county governments of western Kenya. The values from the correlation coefficient range from -1 to +1. (Sekran, Bougie & Roger, 2010). The correlation coefficient was tested at a 95% confidence level based on 2 tail tests as shown in Table 4.9. Therefore, the rejection criteria were based on a p-value of 0.05 where values above it was deemed insignificant while values below were significant.

Table 4. 9: Correlation Matrix

	IAI	**IAC**	**TMS**	**CIAS**	**Y^0**
IAS	1				
IAC	0.199	1			
	(0.118)				
TMS	0.181	0.083	1		
	(0.261)	(0.436)			
CIAS	0.270	0.299	0.252	1	
	(0.106)	(0.173)	(0.133)		
Y^0	-0.721*	-0.609*	-0.581*	-0.641*	1
	(0.017)	(0.000)	(0.001)	(0.011)	

Values in not brackets show the correlation coefficients
Values in brackets show the probability values

From Table 4.9, the coefficient values show that all the independent variables had no significant correlation with each other because the p values were more than 0.05, indicating non-multicollinearity. The correlation coefficient of internal audit independence, internal audit competence, top management support and compliance with audit standards with financial accountability had a coefficient of -0.721, -0.609, -0.581 and -0.641 respectively. This implies a significantly strong negative association between internal audit independence, internal audit competence, top management support, compliance with internal audit standards and unsupported expenditure (financial accountability) since their p-values were all less than 0.05.

4.5.2 Diagnostic Tests

When analyzing linear regression, it was necessary to test whether the model fits all the diagnostic tests. Four diagnostic tests were done to determine the residuals' normality, heteroscedasticity, autocorrelation and multicollinearity.

4.5.2.1 Test of Normality

Variables were tested to determine if it was normally distributed. This ensures that the resultant mean value was representative of the data used since the mean value is used to compare between and among the groups to calculate the significance level (p-value). It also helps to determine whether parametric or non-parametric will be done. The Shapiro-Wilk test was used to test the normality of the variables in the study as shown in Table 4.10. The null hypothesis for this test states that variables are normally distributed. The null hypothesis is rejected when the p values are less than 0.05 and failed to be rejected when p values are more than 0.05.

Table 4. 10: Test of Normality

	Variables	Shapiro-Wilk		
		Statistic	df	Sig.
Financial Accountability	IAI	.839	110	.079
	IAC	.826	110	.082
	TMS	.831	110	.071
	CIAS	.816	110	.069

From Table 4.10, the results depicted that all the variables are normally distributed since all the computed p values were greater than 0.05. Hence, the study failed to reject the null hypothesis that variables are normally distributed.

4.5.2.2 Test of Autocorrelation

This is used to test the independence of the error terms that implied that the observations are autonomous. Linear regression analysis assumes that there is no autocorrelation in the residuals of the model hence the variables are independent of each other. An autocorrelation test was done to ensure that the estimated variance of the regression coefficient is not biased and inconsistent. It also aided in ensuring the R^2 is not overestimated to indicate a better fit than the one it truly exists (Kenton, 2021). Durbin Watson test was used to test whether there is autocorrelation in the residuals from a statistical model as shown in Table 4.11. If a Durbin Watson test statistics is below 1.5 or greater than 2.5 then it depicts a problem of autocorrelation. Otherwise, if it lies between 1.5 and 2.5 then there is no autocorrelation. (Kenton, 2021).

Table 4. 11: Autocorrelation Test

Durbin Watson
1.81

The results from Table 4.11, show a test statistic of 1.81 which suggests that there is no autocorrelation of the model residuals.

4.5.2.3 Test for Multicollinearity

Multicollinearity is where two or more independent variables in the regression model are highly correlated. This leads to a reduction of the estimated coefficient which may weaken the statistical power of the regression model since it is difficult to trust the p -values to identify independent variables that are statistically significant. Variance inflation factor was used to assess multicollinearity as it measures the rate at which regression coefficients are affected by other independent variables in the model as shown in Table 4.12. A value of less than 10 indicates no multicollinearity while values above 10 indicates existence of multicollinearity (Jong, 2019).

Table 4.12: Multicollinearity Test

Model	Collinearity Statistics	
	VIF	Tolerance
IAI	1.420	.704
IAC	1.301	.768
TMS	1.268	.789
CIAS	1.109	.902
Mean VIF	1.275	

From Table 4.11, VIF values were 1.420, 1.301, 1.268 and 1.109 all being less than 2.5, implying that there is no multicollinearity among the variables.

4.5.2.4 Heteroscedasticity Test

Heteroscedasticity is where the variance of the error is not constant across observations. It results to the production of p-values that are smaller than the expected one and may make the regression coefficient biased and inconsistent

(Jong, 2019). The null hypothesis states that the residuals in the model are not heteroscedastic. Breusch Pagan's (BP) test was used to test for the presence or absence of heteroscedasticity as shown in Table 4.13. If the derived probability of the chi-square is greater than 0.05 then the residuals are homoscedastic and if the derived probability of the chi-square is less than 0.05 then there is the presence of heteroscedasticity in the residuals.

Table 4.13: Heteroscedasticity Test Results

	chi2(1)	**Prob > chi2**	**Conclusions**
BP test	2.29	0.1329	Fail to reject H_0

From Table 4.13, the derived chi-square probability is 0.1329 and it is more than 0.05, implying the presence of homoscedasticity.

4.5.3 Model Summary[b]

The model summary helps report the strength of the relationship between the model variables and the dependent variable. R is a multiple correlation coefficient that depicts the linear correlation between the observed model and the predicted values of the dependent variable. R square depicts the coefficient of determination, indicating the variability in the independent and dependent variables as shown in Table 4.14.

Table 4. 14: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.843[a]	.710	.698	.499

a. Predictors: (Constant), IAI, IAC, TMS and CIAS
b. Dependent Variable: Financial Accountability

From Table 4.14, the R-value of 0.843 suggests a strong correlation between independent and dependent variables. The R square value of 0.710 shows that the internal audit variables cause a 71.0% variation in financial accountability. The remaining 29.0% of the variations in financial accountability are caused by other factors not found in the model. R square adjusted indicates that the percentage estimate of this explainable dispersion for the total population under investigation is 69.8%.

4.5.4 ANOVA[a]

Table 4.15 depicts the relationship between internal audit components and financial accountability of county governments of western Kenya as shown in Table 4.15. The overall model shows that internal audit significantly affects financial accountability at a 95% confidence interval with a p-value of 0.017<0.05. This significance can also be supplemented with a derived f statistics value of 3.552, greater than a critical f value of 2.45.

Table 4. 15: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.641	4	0.4103	3.552	.017[b]
	Residual	12.129	105	0.1155		
	Total	13.77	109			

a. Predictors: (Constant), IAI, IAC, TMS, CIAS
b. Dependent Variable: Financial Accountability

4.5.5 Regression Coefficients Analysis

Table 4.16 shows the regression coefficient of the independent variables, which aids in explaining how each affects the dependent variable. Therefore, based on the results, the constant value of 9.154 is significant at a 95% confidence interval indicated with a p-value of 0.001<0.05. The constant value depicted that when county governments have not adopted internal audit, the average financial accountability measured by the amount of unsupported expenditure in the selected county governments of Western Kenya is approximately Sh. 1.425 billion per year

(Antilog of 9.154). Internal audit independence (IAI), internal audit competence (IAC), top management support (TMS) and compliance with internal audit standards (CIAS) had a coefficient of -0.214, -0.246, -0.205 and -1.93, respectively.

Table 4. 16: Regression Coefficients

Model		Unstandardized Coefficients		T	Sig.
		B	Std. Error		
	(Constant)	9.154	2.32	3.944	.001
	IAI	-.214	-.068	-3.163	.018
	IAC	-.246	-.083	-2.964	.021
	TMS	-.205	-.062	-3.306	.000
	CIAS	-.193	-.076	-2.539	.031

a. Predictors: (Constant), IAI, IAC, TMS, CIAS
b. Dependent Variable: Financial Accountability

The results from the regression coefficient analysis were used to establish the following regression model.

$$\hat{Y} = 9.154 - 0.214\,\mathrm{IAI} - 0.246\,\mathrm{IAC} - 0.205\,\mathrm{TMS} - 0.193\,\mathrm{CIAS} \quad \ldots\ldots\ldots\ldots\ldots \quad (4.1)$$

4.6 Discussion

4.6.1 Internal Audit Independence and Financial Accountability

The first objective of this study was to evaluate the effect of internal audit independence on financial accountability in county governments of western Kenya. The study was based on the null hypothesis that internal audit independence has no significant effect on financial accountability in the county governments of western Kenya.

From the regression analysis results in Table 4.16, internal audit independence had a regression coefficient of -0.214 with a p-value of 0.018. The p-value was less than 0.05, implying that internal audit independence is statistically significant. The t statistics of -3.163 was less than the t critical value of -1.660, implying a significant relationship. Therefore, the null hypothesis that internal audit independence had no significant effect on financial accountability was rejected. This implies that a percentage increase in internal audit independence improves financial accountability by reducing the log average of unsupported expenditure in county governments of western Kenya by 0.214 from 9.154 to 8.94 resulting in unsupported expenditure of 0.87 billion (Antilog of 8.94).

The results from this study are in agreement with the findings from the descriptive statistics that elaborated that most respondents agreed that indicators of internal audit independence like non-conflict of interest by internal audit staff, non-interference by top management on internal audit activities, the integrity of internal audit staffs, and lack of threats from management improve financial accountability in county governments of western Kenya.

The results of the study were also in line with the results of research done by (Nyanga, Ndungu & Kamau, 2018), who found that internal audit independence had a significant positive effect on the effectiveness of county government. These findings also were similar to a study done by (Jachi, Moses, & Lucky, 2019) who revealed that an independent audit function was positively associated with transparency and accountability.

The results also support the agency theory that explains the relationship between the principal and its agent. Once the management of county governments has incurred the agency costs by employing auditors, then misuse of public resources will be minimized. Once the management of county governments has also assigned duties to auditors, it should allow them to act without interference to give independent reports.

4.6.2 Internal Audit Competence and Financial Accountability

The study's second objective was to determine the effect of internal audit competence on financial accountability in the county government of western Kenya. The study was also centered on the null hypothesis that there was no significant effect of internal audit competence on financial accountability in county governments of western Kenya. Table 4.16 show a regression coefficient of -0.246 with a p-value of 0.021. This p-value is significant at 95% confidence interval since it is less than the probability value of 0.05, implying that internal audit competence has a significant effect on financial accountability. This was also complemented with the results from t statistics, where the derived t statistics of -2.964 was less than the t critical of -1.660. From the results, the null hypothesis of the study is rejected, implying a percentage increase in internal audit independence would improve financial accountability by reducing the log average of unsupported expenditure of the county government of western Kenya by 0.246 from 9.154 to 8.908 resulting to the unsupported expenditure of approximately sh. 0.809 billion (Antilog of 8.908)

These results conform with the results obtained from descriptive statistics, which showed that most respondents agreed with the statement that audit qualification helps the auditors to give valuable advice to the management, the level of qualification of internal audit, training of internal audit improves financial accountability in county governments of western Kenya.

The results were also established to be similar to the findings from (Kemunto, 2018) that internal audit competence had a weak positive effect on the financial accountability of NGOs in Nakuru County. The results were also in line with the findings of (Jachi & Lucky, 2019) who revealed that there is a significant positive relationship between internal audit competence and accountability in Zimbabwe local authorities.

The findings also support the fraud triangle theory that upholds pressure, opportunity and rationalization to expose people to fraud. Competent and experienced internal auditors will be able to identify pressure that makes employees misuse public resources, identify opportunities that can make employees engage in fraudulent activities and how they rationalize their activities. Once internal auditors have identified these factors, management will be able to lay ways in which they can be reduced or eliminated to reduce the level of unsupported expenditure.

4.6.3 Top Management Support and Financial Accountability

A third objective of the study was to establish the effect of top management support on financial accountability in county governments of western Kenya. The study was also grounded on the null hypothesis that top management support has no significant effect on the financial accountability in county governments of western Kenya. The results from regression analysis shown in Table 4.16 had a regression coefficient of -0.205 with a p-value of 0.000 and derived t statistics of -3.306 that is less than a critical t value of -1.660, implying that top management support has significant effect on financial accountability. This implies that a percentage increase in top management support will improve financial accountability by reducing the log average of unsupported expenditure by 0.205 from 9.154 to 8.949 resulting into unsupported expenditure of approximately ksh. 0.889 billion (Antilog of 8.949).

These findings were in line with those of descriptive statistics which indicated that most of the respondents in many county governments agreed that adequate resources, adequate internal audit staff and adoption of modern technology improve financial accountability. The results also conform with that of (Gamayuni, 2018) who found that management support had a positive and significant effect on the effectiveness of internal audit function and financial reporting quality on local governments. The results were also in line with that of the study carried out by (Kagali & Muturi, 2019) that found that top management support had a positive and significant relationship with internal auditors' performance.

4.6.4 Compliance with Internal Audit Standards and Financial Accountability

The fourth objective of the study was to ascertain the effect of compliance with internal audit standards on financial accountability in county governments of western Kenya and was based on the null hypothesis that compliance with internal audit competence had no significant effect on financial accountability.

The regression analysis shown in Table 4.16 had a regression coefficient of -0.193 with a p-value of 0.031, which indicates that there is a significant effect of compliance with internal audit standards on financial accountability in the county government of western Kenya since the p-value of 0.031 was less than 0.05 and derived t statistics of -2.539 was less than -1.660. Therefore, the study's null hypothesis was rejected, indicating that a percentage increase in compliance with internal audit standards improves financial accountability. This is evident by a reduction in the log average of unsupported expenditure by 0.193 from 9.154 to 8.961, resulting in an unsupported expenditure of 0.914 billion (Antilog of 8.961).

The findings from inferential statistics were in agreement with the descriptive statistics, which indicated that most of the respondents agreed that performing audit work according to internal auditing standards, internal audit frequent meetings, adherence to the scope of internal audit and auditors meeting with audit committee enhances financial accountability.

Similar results were indicated in a study by (Zeyn, 2018) and found that internal audit compliance with audit standards had a significant positive effect on financial accountability. Also, a study by (Koskei & Otinga, 2021) revealed that internal audit compliance had a significant positive effect on the financial sustainability of the Kericho county government.

The results support the accountability theory that upholds the need for shielding or protecting one's actions from another party. One way for internal auditors to be accountable is by complying with auditing standards, as they will be able to shield their actions. Once they have complied with internal audit standards, they will be able to give objective and independent reports to the management of the county government which will help the management to enhance financial accountability by reducing unsupported expenditure.

4.7 Summary of Tested Hypotheses

From the discussion of the coefficient analysis, the tested hypotheses were summarized as shown in Table 4.17.

Table 4. 17: Summary of Tested Hypotheses

No.	Hypothesis	P-value	Results
Ho_1	Internal audit independence have no significant effect on financial accountability in county governments of western Kenya.	0.018<0.05	Rejected
Ho_2	Internal audit competence have no significant effect on financial accountability in county governments of western Kenya.	0.021<0.05	Rejected
$H0_3$	Top management support have no significant effect on financial accountability in county governments of western Kenya.	0.00<0.05	Rejected
Ho_4	Compliance with internal audit standards have no significant effect on financial accountability in county governments of western Kenya.	0.031<0.05	Rejected

CHAPTER 5

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter contains the major research summary, conclusions, recommendations, limitations and further areas of this study.

5.2 Summary of the Findings

The study was conducted to evaluate the effect of internal audit on the financial accountability in county governments of western Kenya. The specific objectives were; to evaluate the effect of internal audit independence, internal audit competence, top management support, and compliance with auditing standards on financial accountability in county governments of western Kenya. The study adopted both descriptive and inferential statistics in the analysis.

The first specific objective of the study was to evaluate the effect of internal audit independence on the financial accountability in county governments of western Kenya. The objective was based on the null hypothesis that internal audit independence had no effect financial accountability. From the descriptive statistics, it was found that in many county governments, management interferes with the duties of auditors, internal auditors had a conflict of interest and family ties and also interna auditors lacked the required integrity in performing their duties. Correlation analysis shows a strong correlation of -0.721 and a p-value of 0.017 with financial accountability (unsupported expenditure). Regression analysis indicated a regression coefficient of -0.214 with a p-value of 0.018, indicating a significant negative relationship between internal audit independence and financial accountability through reduction of unsupported expenditure. Therefore, the null hypothesis was rejected, implying that when internal audit independence is improved, the unsupported expenditure will reduce by 0.214.

The study's second objective determined the effect of internal audit competence on financial accountability in county governments of western Kenya. This objective was based on the null hypothesis that internal audit competence had no significant effect on financial accountability. Under descriptive statistics, the study found that in majority of the county governments, audit departments are composed of auditors with low audit experience, internal auditors were unable to detect fraud at an early stage, and internal audit was not carried out based on auditing standards. The correlation analysis established a strong and significant association between internal audit competence and financial accountability through reduction of unsupported expenditure ($r=-0.609$, p-value= 0.000). Regression analysis revealed a coefficient of -0.246, p-value of 0.021 with a t statistic of -2.964 indicating a significant negative relationship between internal audit competence and financial accountability (unsupported expenditure) since at 95% confidence interval, the p-value was less than 0.05 and also t statistic was less than computed critical t value of -1.660. From the regression analysis results, the null hypothesis was rejected, implying that when internal audit competence is improved, financial accountability in the county government of western Kenya would also improve by reducing unsupported expenditure by 0.246.

The third objective sought to establish the effect of top management support on financial accountability. The study based this objective on the null hypothesis that top management support had no significant effect on financial accountability in county governments of western Kenya. Under descriptive statistics, the study found that in most county governments, adequate funds were not allocated to the audit department, the audit department had inadequate staff and there was no modern technology applicable to internal audits. Correlation analysis shows a negative and significant association between top management support and financial accountability (r=0.581, p value=0.001). Regression analysis results indicated a coefficient of -0.205, p-value of 0.000 with a t statistic of -3.306. At 5% significance level, the relationship between top management support and financial accountability was significant since the p-value was less than 0.05 and the t statistic was less than the t critical value of -1.660. The study rejected the null hypothesis indicating that top management support significantly effectd financial accountability in western Kenya's county government.

The fourth objective of the study ascertained the effect of compliance with internal audit standards on financial accountability and was based on the null hypothesis that compliance with internal audit standards had no significant effect on financial accountability. From the correlation analysis, it was found that there was a strong negative and significant association between compliance with internal audit standards and financial accountability (r=-0.641, p value=0.001). The results from regression analysis showed a coefficient of -0.193, a p-value of 0.031 and a t statistic of -2.539. The results found that compliance with internal audit standards had a significant negative relationship with financial accountability through the reduction in unsupported expenditure since the p-value at 95% confidence interval was less than 0.05 and the t statistic was less than a critical t value of -1.660. The null hypothesis under this objective was rejected, indicating that compliance with internal audit standards improves financial accountability in county governments of western Kenya by reducing unsupported expenditure by 0.193.

5.3 Conclusions

The conclusion of the study was based on both descriptive and inferential statistics carried out. Conclusions were also based on empirical and theoretical literature.

5.3.1 Internal Audit Independence and Financial Accountability

From the descriptive statistics, most respondents agreed that internal audit independence improves financial accountability in many county governments of western Kenya through the integrity of internal auditors, giving freedom to internal auditors to perform their duties and non-conflict among auditors. From the inferential statistics (regression coefficient=-0.214, p value=0.018), it was also established that there is a significant relationship between internal audit independence and financial accountability in county governments of western Kenya. Therefore, it was concluded that internal audit independence significantly effects financial accountability in county government of western Kenya.

5.3.2 Internal Audit Competence and Financial Accountability

Under the descriptive statistics, majority of the respondents agreed that internal audit competence improves financial accountability in county governments of western Kenya through recruiting qualified and experienced internal auditors, adherence to audit standards and training of internal auditors. From the inferential statistics, it was also established that there is a significant relationship between internal audit competence and financial accountability in county governments of western Kenya (regression coefficient=-0.246, p value=0.021). It was therefore concluded that internal audit competence significantly effects financial accountability in county governments in western Kenya.

5.3.3 Top Management Support and Financial Accountability

From the descriptive statistics, it was established that majority number of the respondents agreed that top management support improves financial accountability through allocating adequate resources, allocating adequate staff to audit assignments, adopting modern technology applicable to internal audits, and management acting on audit reports. Under inferential statistics, it was established that there was a negative and significant relationship between top management support and financial accountability in the county government of western Kenya (regression coefficient= -0.205, p value=0.000). Therefore, it was concluded that top management support significantly effects financial accountability in county governments of western Kenya.

5.3.4 Compliance with Internal Audit Standards and Financial Accountability

From the descriptive it was established compliance with internal audit standards had a significant relationship with financial accountability in county governments of western Kenya through internal auditors strictly adhering to the stipulated auditing standards, auditors frequent meeting with the audit committee, auditors requesting enough information and explanation required to help in auditing. From the inferential statistics, it was established that compliance with internal audit standards significantly effects financial accountability in county governments of western Kenya (regression coefficient=-0.193, p value=0.031). It was therefore concluded that compliance with internal audit standards significantly effects financial accountability in county governments of western Kenya.

5.4 Recommendations

This section gives recommendations that are based on the findings of the study.

5.4.1 Internal Audit Independence and Financial Accountability

The inferential statistics found that internal audit independence had a significant effect on financial accountability in county governments of western Kenya. From the descriptive statistics, the majority of the respondent in many county governments of western Kenya agreed that internal auditors' duties are being interfered by the management. It was therefore recommended that the management of county governments should not interfere with the duties of internal auditors and should give auditors the freedom to exercise their duties. This will help in improving financial accountability because internal audit will independently perform their functions and be able to reveal all the loopholes that may encourage one to be involved in corruption.

Majority of the respondents agreed that there is conflict of interest and family ties among the auditors. It was therefore recommended that management should find ways of reducing conflict of interest among the auditors. This can be done by eliminating factors that encourage conflict of interest or punishing those involved in conflict of interest. Auditors having a conflict of interest perform their duties based on their interests as they will prioritize their interests at the organization's expense. Reducing or eliminating the conflict of interest will improve financial accountability and help reduce the amount of unsupported expenditure in county governments of western Kenya.

Majority of the respondents also agreed that in many county governments internal auditors had no integrity. Therefore, it was recommended that management of county government should encourage auditors to exercise high integrity when carrying out their duties. This will help them effectively and efficiently carry out their duties. The integrity of internal auditors will help them not be engaged in collaboration with county government accountants by either cooking books of accounts. This will help in improving financial accountability.

5.4.2 Internal Audit Competence and Financial Accountability

The inferential statistics found that internal audit competence had a significant effect on financial accountability in county governments of western Kenya. From the descriptive statistics, majority of the respondents in many county governments agreed that the audit department was not composed of experienced auditors.

Therefore, the study recommended that county governments' management should recruit experienced internal auditors. Competent and experienced internal auditors will be able to detect all errors and fraud committed by county government staff at an early stage, therefore, improving the level of financial accountability. Experienced auditors will also be able to give objective reports and advice to the management on how financial accountability can be enhanced.

Majority of the respondents agreed that many internal auditors were not able to detect fraud at an early stage and internal audit was not carried out based on accepted auditing standards. It was therefore recommended that county governments' management should ensure that internal auditors strictly adhere to the auditing standards. Adherence to auditing standards enables internal auditors to give independent reports to the management hence improving financial accountability in county governments of western Kenya.

5.4.3 Top Management Support and Financial Accountability

From the inferential statistics, it was found that top management had a significant effect on financial accountability. From the descriptive statistics, many respondents in many county governments agreed that inadequate funds were allocated to the audit department. It was therefore recommended that the management of the county government should allocate adequate funds to the audit department to help the department in acquiring all the equipment required at the time of auditing. With enough funds, the audit department will be able to purchase all the required auditing tools and equipment necessary to assist in effective and efficient auditing which will help in boosting financial accountability.

Majority of the respondents also agreed that in many county government audit departments had inadequate staff. It was therefore recommended that the management should employ enough audit staff at the county government. Enough audit staff will be able to audit effectively since the scope involved by each auditor will be adequate hence being able to audit effectively and efficiently. Having enough audit staff will enhance financial accountability as quality audits will be done.

5.4.4 Compliance with Internal Audit Standards and Financial Accountability

From the inferential statistics, it was found that internal audit compliance had a significant effect on financial accountability. From the descriptive statistics, most of the respondents in county governments of western Kenya agreed that internal auditors do not ask objective queries during auditing. It was therefore recommended that management should encourage internal auditors to ask objective queries during auditing to get all relevant information and explanation regarding particular areas of concern, which will help boost financial accountability.

Most of the respondents in many county governments agreed that the scope of internal audit assignment is inadequate for objective reports. Therefore, it was recommended that the county government's management should lay well-defined scope before auditing. This will help auditors get all relevant information and explanation required to improve financial accountability in county governments of western Kenya.

5.5 Limitations

i. The study focused only on county governments yet internal audit is crucial in other sectors.

ii. The study focused on effect of internal audit on financial accountability in county governments which was not the only factor under audit that affected financial accountability.

iii. The study adopted unsupported expenditure as a measure of financial accountability which was not the only measure of financial accountability.

iv. The study focused only on four elements of internal audit (internal audit independence, internal audit competence, top management support and compliance with internal audit standards) which caused only 71% variation in financial accountability.

5.6 Areas for Further Studies

Future researchers can focus on;

i. Determining the effect of internal audit on the financial accountability of other sectors like education sectors and NGOs. This is because the findings from this study cannot be generalized to all other sectors.

ii. Future researchers can also focus on the effect of external audits on financial accountability to know whether the external audit will help identify loopholes that the internal auditors did not cover.

iii. They can also focus on other measures that affect financial accountability other than unsupported expenditure.

iv. Future researchers need to focus on other factors affecting internal auditors other than those described in this study because the listed factors do not cause 100% variation in financial accountability.

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APPENDICES

Appendix I: Letter of Introduction

Dear Sir/Madam,

REF: Request for Research Data

I am a Postgraduate student pursuing a master's degree in Business Administration (Accounting option) at Kaimosi Friends University Reg. No. DGS/MBA/G/0022/2020. I am doing a research project on **" Effect of Internal audit on Financial Accountability in county governments in Western Kenya."** You have been selected to form part of those to provide the necessary data for this study. On this basis, I kindly request to assist in filling the attached questionnaire at your convenience. I wish to assure you that all the information collected will be treated with the utmost confidentiality and will only be used for this research. Your assistance and cooperation will be highly appreciated.

Yours faithfully

Ojili Justus

Tel: 0796942282

Appendix 2: Questionnaire

Dear Sir/Madam, I humbly request you to participate in the above-mentioned research, which contains a questionnaire designed to collect data to establish the effect of internal audit on the financial accountability in county governments of western Kenya. The data shall be used for academic purposes only and will be treated with the confidentiality it deserves. Your participation in facilitating this study will be highly appreciated. Kindly tick in the space provided with the correct answer or supply the information required.

Section A. General Information

1. Number of years served in the county government

Use the table below to indicate the number of years you have served in the county government

Number of years served	Below 1 year	1-2 years	3-5years	Above 6 years
Tick where appropriate				

2. Professional qualification with accounting knowledge

Use the table below to indicate your professional qualification with accounting knowledge

Employee Professional Qualifications	Certified Public Account(CPA)	Accounting Technical Diploma(ATD)	Certificate in Accounting and Management Skills(CAMS)	No professional qualification
Tick where appropriate				

Section B: Internal Audit Independence and Financial Accountability

Using a Likert scale from 1-5, please rate the degree to which you agree with the following statements using the 5 -point Likert scale below. Where 5- strongly agree (SA), 4- agree (A), 3- neutral (N), 2- disagree (D), 1- strongly disagree (SD).

No.	Statement	5 SA	4 A	3 N	2 D	1 SD
1.	The management of the county government does not interfere with the duties of internal auditors.					
2	The independence of internal auditors positively effects financial accountability.					
3.	Internal auditors do not have a conflict of interest while carrying out their duties.					
4.	Conflict of interest by internal audit staff affects financial accountability.					
5.	Interference by top management on internal audit activities negatively impacts financial accountability.					
6.	Internal auditors have no family ties with top management.					
7.	Internal auditors have the integrity required to carry out their duties.					
8.	The integrity of internal audit staff positively affects financial accountability.					
9.	Internal audit staff carries out their duties objectively without threat from management.					
10.	Threats from management to internal audit staff negatively affect financial accountability.					

Section C: Internal Audit Competence and Financial Accountability

Using a Likert scale from 1-5, please rate the degree to which you agree with the following statements using the 5 -point Likert scale below. Where 5- strongly agree (SA), 4- agree (A), 3- neutral (N), 2- disagree (D), 1- strongly disagree (SD).

No.	Statement	5 SA	4 A	3 N	2 D	1 SD
1.	The audit department is composed of auditors who have auditing experience.					
2.	Internal auditors are able to detect fraud in county governments at an early stage.					
3.	The auditors at the county government are qualified to undertake audit functions.					
4.	Audit qualifications help the auditors to give valuable advice to the management.					
5.	The level of qualification of internal auditors affects audit quality and financial accountability.					
6.	Internal audit competence enhances financial accountability.					
7.	The internal audit department gives objective reports to management.					
8.	Internal audit staff undergoes regular training both internally and externally.					
9.	Training of internal audit staff positively impacts financial accountability.					
10.	Internal audit is carried out based on accepted international audit standards.					

Section D: Top Management support and Financial Accountability

Using a Likert scale from 1-5, please rate the degree to which you agree with the following statements using the 5 -point Likert scale below. Where 5- strongly agree (SA), 4- agree (A), 3- neutral (N), 2- disagree (D), 1- strongly disagree (SD).

No.	Statement	5 SA	4 A	3 N	2 D	1 SD
1.	Adequate funds are always allocated to the audit department.					
2.	Adequate resources facilitate effective functions of audit hence improving financial accountability.					
3.	The audit department has enough staff.					
4.	Adequacy of internal audit staff enhances financial accountability.					
5.	Management supports/facilitates professional developments.					
6.	Professional progression/development of internal audit staff improves financial accountability.					
7.	The county government has relevant modern technology applicable to internal audits.					
8.	The adoption of modern technology in internal audits positively effects financial accountability.					
9.	Management promptly acts on reports by internal auditors.					
10.	Prompt action by management on internal audit reports positively impacts financial accountability.					

Section E: Compliance with Internal Audit Standards and Financial Accountability

Using a Likert scale from 1-5, please rate the degree to which you agree with the following statements using the 5 -point Likert scale below. Where 5- strongly agree (SA), 4- agree (A), 3- neutral (N), 2- disagree (D), 1- strongly disagree (SD).

No.	Statement	5 SA	4 A	3 N	2 D	1 SD
1.	Internal auditors perform their functions according to the internal auditing standards.					
2.	Performing auditing work according to internal auditing standards contributes significantly to financial accountability.					
3.	Internal audit asks objective queries during auditing.					
4	Audit query during auditing improves financial accountability.					
5.	Internal auditors frequently meet with the audit committee as per the statutory requirement for internal auditing.					
6	Internal audit assignments have a sufficient scope for unbiased reports.					
7	Financial accountability is improved when internal audit tasks are followed.					
8.	Internal auditors' meeting with audit commit improves county governments' financial accountability.					
9.	Auditors carry out their functions objectively and in compliance with accepted audit standards.					
10.	Auditors provide relevant services other than financial reports per statutory requirements for internal auditing.					

Section F: Financial Accountability

Using a Likert scale from 1-5, please rate the degree to which you agree with the following statements using the 5 -point Likert scale below. Where 1- strongly agree (SA), 2- agree (A), 3- neutral (N), 4- disagree (D), 5- strongly disagree (SD).

No.	Statement	5 SA	4A	3 N	2D	1 SD
1.	The financial statements reflect a true and fair view of the county government's financial status.					
2.	Relevant supportive documents accompany all transactions					
3.	Financial statements are fairly presented according to statutory and legal requirements					
4.	Preparation of financial statements according to statutory and legal requirements improves financial accountability					
5.	Financial statements reflect all relevant information to stakeholders in a transparent and verifiable manner					
6.	Safety measures are in place to safeguard all county assets					
7.	Safety measures enacted by the county government to safeguard assets positively affect financial accountability					
8.	Loss of assets is investigated and acted upon					
9.	Auditors' independence enables the county government to attain its goals and objectives timely					
10.	There is high transparency in the preparation of financial reports of the county government					

Appendix 3: List of County Governments in Kenya

County Government No.	County Government Name
037	Kakamega
038	Vihiga
039	Bungoma
040	Busia

Appendix 4: Secondary Data Sheet

Unsupported Expenditure	County government 1	County government 2	County government 3	County government 4
	2020/2021	2020/2021	2020/2021	2020/2021
Unsupported Community Empowerment Fund	40,674,300	1,700,000	36,900,000	10,873,200
Unsupported Expenditure on acquisition of assets	1,034,261,326	20,666,872	692,364,000	278,467,000
Unsupported National Hospital Insurance Fund (NHIF)	285,926,691	275,427,000	-	123,853,290
Inaccuracies in Use of Goods and Services	178,423,709	375,432,700	246,809,650	207,572,750
Domestic Travel and Subsistence	85,632,158	-	78,984,300	45,679,000
Unsupported Accounts Payable	316,041,096	144,348,339	442,566,124	432,437,800
Payment of ghost workers	237,905,342	467,603,589	487,122,857	321,754,400
Total unsupported expenditure	Kshs. 2,178,864,622	Kshs. 1,256,678,500	Kshs. 1,984,746,931	Kshs. 1,420,637,440

Appendix 5: Approval of Proposal

Kaimosi Friends University College (KAFUCO)
(A Constituent College of Masinde Muliro University of Science and Technology)

Tel: 0773040235 / 0771373639
E-mail: dgs@kafuco.ac.ke
Website: www.kafuco.ac.ke

P.O Box 385
Kaimosi – 50309,
Kenya

Office of the Director, Directorate of Graduate Studies

Date: 17th June, 2022

REG NO: DGS/MBA/G/0022/2020

FROM: DIRECTOR OF GRADUATE STUDIES

TO: Ojili Justus

SUBJECT: APPROVAL OF PROPOSAL

This is to inform you that your MBA Proposal titled **"Internal Audit and Financial Accountability in County Governments of Western KENYA"** was approved at the **98th UCAB** meeting of **14th June, 2022** to enable you proceed to the field.

You will work closely with the following approved supervisors in executing your research;

1. Dr. Atieno Margret - Department of Accounting & Finance (KAFUCO)
2. Dr. Denis Ouma - Department of BAMS (KAFUCO)

You will be expected to submit progress reports every two months regularly to the Director, Graduate Studies. Do not hesitate to consult the undersigned on any matter pertaining to your studies. The Directorate of Graduate Studies wishes you success in your studies.

Thank you

Dr. B.R. Shiundu, Ph.D.
Director of Graduate Studies

Copy to:
Deputy Principal (A&SA)
Dean, SOBE
Supervisors
Registrar Academics
COD, BAMS

Appendix 6: Research Permit from NACOSTI

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **226666**

Date of Issue: **13/July/2022**

RESEARCH LICENSE

This is to Certify that Mr.. Justus Ojili Irukan of Masinde Muliro University of Science and Technology, has been licensed to conduct research in Bungoma, Busia, Kakamega, Vihiga on the topic: Internal Audit and Financial Accountability In County Governments of Western Kenya for the period ending : 13/July/2023.

License No: **NACOSTI/P/22/18680**

226666

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Verification QR Code

NOTE: This is a computer generated License, To verify the authenticity of this document, Scan the QR Code using QR scanner application.

Appendix 7: t table

t Table

cum. prob	$t_{.50}$	$t_{.75}$	$t_{.80}$	$t_{.85}$	$t_{.90}$	$t_{.95}$	$t_{.975}$	$t_{.99}$	$t_{.995}$	$t_{.999}$	$t_{.9995}$
one-tail	0.50	0.25	0.20	0.15	0.10	0.05	0.025	0.01	0.005	0.001	0.0005
two-tails	1.00	0.50	0.40	0.30	0.20	0.10	0.05	0.02	0.01	0.002	0.001
df											
1	0.000	1.000	1.376	1.963	3.078	6.314	12.71	31.82	63.66	318.31	636.62
2	0.000	0.816	1.061	1.386	1.886	2.920	4.303	6.965	9.925	22.327	31.599
3	0.000	0.765	0.978	1.250	1.638	2.353	3.182	4.541	5.841	10.215	12.924
4	0.000	0.741	0.941	1.190	1.533	2.132	2.776	3.747	4.604	7.173	8.610
5	0.000	0.727	0.920	1.156	1.476	2.015	2.571	3.365	4.032	5.893	6.869
6	0.000	0.718	0.906	1.134	1.440	1.943	2.447	3.143	3.707	5.208	5.959
7	0.000	0.711	0.896	1.119	1.415	1.895	2.365	2.998	3.499	4.785	5.408
8	0.000	0.706	0.889	1.108	1.397	1.860	2.306	2.896	3.355	4.501	5.041
9	0.000	0.703	0.883	1.100	1.383	1.833	2.262	2.821	3.250	4.297	4.781
10	0.000	0.700	0.879	1.093	1.372	1.812	2.228	2.764	3.169	4.144	4.587
11	0.000	0.697	0.876	1.088	1.363	1.796	2.201	2.718	3.106	4.025	4.437
12	0.000	0.695	0.873	1.083	1.356	1.782	2.179	2.681	3.055	3.930	4.318
13	0.000	0.694	0.870	1.079	1.350	1.771	2.160	2.650	3.012	3.852	4.221
14	0.000	0.692	0.868	1.076	1.345	1.761	2.145	2.624	2.977	3.787	4.140
15	0.000	0.691	0.866	1.074	1.341	1.753	2.131	2.602	2.947	3.733	4.073
16	0.000	0.690	0.865	1.071	1.337	1.746	2.120	2.583	2.921	3.686	4.015
17	0.000	0.689	0.863	1.069	1.333	1.740	2.110	2.567	2.898	3.646	3.965
18	0.000	0.688	0.862	1.067	1.330	1.734	2.101	2.552	2.878	3.610	3.922
19	0.000	0.688	0.861	1.066	1.328	1.729	2.093	2.539	2.861	3.579	3.883
20	0.000	0.687	0.860	1.064	1.325	1.725	2.086	2.528	2.845	3.552	3.850
21	0.000	0.686	0.859	1.063	1.323	1.721	2.080	2.518	2.831	3.527	3.819
22	0.000	0.686	0.858	1.061	1.321	1.717	2.074	2.508	2.819	3.505	3.792
23	0.000	0.685	0.858	1.060	1.319	1.714	2.069	2.500	2.807	3.485	3.768
24	0.000	0.685	0.857	1.059	1.318	1.711	2.064	2.492	2.797	3.467	3.745
25	0.000	0.684	0.856	1.058	1.316	1.708	2.060	2.485	2.787	3.450	3.725
26	0.000	0.684	0.856	1.058	1.315	1.706	2.056	2.479	2.779	3.435	3.707
27	0.000	0.684	0.855	1.057	1.314	1.703	2.052	2.473	2.771	3.421	3.690
28	0.000	0.683	0.855	1.056	1.313	1.701	2.048	2.467	2.763	3.408	3.674
29	0.000	0.683	0.854	1.055	1.311	1.699	2.045	2.462	2.756	3.396	3.659
30	0.000	0.683	0.854	1.055	1.310	1.697	2.042	2.457	2.750	3.385	3.646
40	0.000	0.681	0.851	1.050	1.303	1.684	2.021	2.423	2.704	3.307	3.551
60	0.000	0.679	0.848	1.045	1.296	1.671	2.000	2.390	2.660	3.232	3.460
80	0.000	0.678	0.846	1.043	1.292	1.664	1.990	2.374	2.639	3.195	3.416
100	0.000	0.677	0.845	1.042	1.290	1.660	1.984	2.364	2.626	3.174	3.390
1000	0.000	0.675	0.842	1.037	1.282	1.646	1.962	2.330	2.581	3.098	3.300
z	0.000	0.674	0.842	1.036	1.282	1.645	1.960	2.326	2.576	3.090	3.291
	0%	50%	60%	70%	80%	90%	95%	98%	99%	99.8%	99.9%
	Confidence Level										

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Appendix 8: f table

		Degrees of freedom in numerator (df1)										
Degrees of freedom in denominator (df2)	*p*	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**12**	**24**	**1000**
10	0.100	3.29	2.92	2.73	2.61	2.52	2.46	2.41	2.38	2.28	2.18	2.06
	0.050	4.96	4.10	3.71	3.48	3.33	3.22	3.14	3.07	2.91	2.74	2.54
	0.025	6.94	5.46	4.83	4.47	4.24	4.07	3.95	3.85	3.62	3.37	3.09
	0.010	10.04	7.56	6.55	5.99	5.64	5.39	5.20	5.06	4.71	4.33	3.92
	0.001	21.04	14.90	12.55	11.28	10.48	9.93	9.52	9.20	8.45	7.64	6.78
12	0.100	3.18	2.81	2.61	2.48	2.39	2.33	2.28	2.24	2.15	2.04	1.91
	0.050	4.75	3.89	3.49	3.26	3.11	3.00	2.91	2.85	2.69	2.51	2.30
	0.025	6.55	5.10	4.47	4.12	3.89	3.73	3.61	3.51	3.28	3.02	2.73
	0.010	9.33	6.93	5.95	5.41	5.06	4.82	4.64	4.50	4.16	3.78	3.37
	0.001	18.64	12.97	10.80	9.63	8.89	8.38	8.00	7.71	7.00	6.25	5.44
14	0.100	3.10	2.73	2.52	2.39	2.31	2.24	2.19	2.15	2.05	1.94	1.80
	0.050	4.60	3.74	3.34	3.11	2.96	2.85	2.76	2.70	2.53	2.35	2.14
	0.025	6.30	4.86	4.24	3.89	3.66	3.50	3.38	3.29	3.05	2.79	2.50
	0.010	8.86	6.51	5.56	5.04	4.69	4.46	4.28	4.14	3.80	3.43	3.02
	0.001	17.14	11.78	9.73	8.62	7.92	7.44	7.08	6.80	6.13	5.41	4.62
16	0.100	3.05	2.67	2.46	2.33	2.24	2.18	2.13	2.09	1.99	1.87	1.72
	0.050	4.49	3.63	3.24	3.01	2.85	2.74	2.66	2.59	2.42	2.24	2.02
	0.025	6.12	4.69	4.08	3.73	3.50	3.34	3.22	3.12	2.89	2.63	2.32
	0.010	8.53	6.23	5.29	4.77	4.44	4.20	4.03	3.89	3.55	3.18	2.76
	0.001	16.12	10.97	9.01	7.94	7.27	6.80	6.46	6.20	5.55	4.85	4.08
18	0.100	3.01	2.62	2.42	2.29	2.20	2.13	2.08	2.04	1.93	1.81	1.66
	0.050	4.41	3.55	3.16	2.93	2.77	2.66	2.58	2.51	2.34	2.15	1.92
	0.025	5.98	4.56	3.95	3.61	3.38	3.22	3.10	3.01	2.77	2.50	2.20
	0.010	8.29	6.01	5.09	4.58	4.25	4.01	3.84	3.71	3.37	3.00	2.58
	0.001	15.38	10.39	8.49	7.46	6.81	6.35	6.02	5.76	5.13	4.45	3.69
20	0.100	2.97	2.59	2.38	2.25	2.16	2.09	2.04	2.00	1.89	1.77	1.61
	0.050	4.35	3.49	3.10	2.87	2.71	2.60	2.51	2.45	2.28	2.08	1.85
	0.025	5.87	4.46	3.86	3.51	3.29	3.13	3.01	2.91	2.68	2.41	2.09
	0.010	8.10	5.85	4.94	4.43	4.10	3.87	3.70	3.56	3.23	2.86	2.43
	0.001	14.82	9.95	8.10	7.10	6.46	6.02	5.69	5.44	4.82	4.15	3.40
30	0.100	2.88	2.49	2.28	2.14	2.05	1.98	1.93	1.88	1.77	1.64	1.46
	0.050	4.17	3.32	2.92	2.69	2.53	2.42	2.33	2.27	2.09	1.89	1.63
	0.025	5.57	4.18	3.59	3.25	3.03	2.87	2.75	2.65	2.41	2.14	1.80
	0.010	7.56	5.39	4.51	4.02	3.70	3.47	3.30	3.17	2.84	2.47	2.02
	0.001	13.29	8.77	7.05	6.12	5.53	5.12	4.82	4.58	4.00	3.36	2.61
50	0.100	2.81	2.41	2.20	2.06	1.97	1.90	1.84	1.80	1.68	1.54	1.33
	0.050	4.03	3.18	2.79	2.56	2.40	2.29	2.20	2.13	1.95	1.74	1.45
	0.025	5.34	3.97	3.39	3.05	2.83	2.67	2.55	2.46	2.22	1.93	1.56
	0.010	7.17	5.06	4.20	3.72	3.41	3.19	3.02	2.89	2.56	2.18	1.70
	0.001	12.22	7.96	6.34	5.46	4.90	4.51	4.22	4.00	3.44	2.82	2.05
100	0.100	2.76	2.36	2.14	2.00	1.91	1.83	1.78	1.73	1.61	1.46	1.22
	0.050	3.94	3.09	2.70	2.46	2.31	2.19	2.10	2.03	1.85	1.63	1.30
	0.025	5.18	3.83	3.25	2.92	2.70	2.54	2.42	2.32	2.08	1.78	1.36
	0.010	6.90	4.82	3.98	3.51	3.21	2.99	2.82	2.69	2.37	1.98	1.45
	0.001	11.50	7.41	5.86	5.02	4.48	4.11	3.83	3.61	3.07	2.46	1.64
1000	0.100	2.71	2.31	2.09	1.95	1.85	1.78	1.72	1.68	1.55	1.39	1.08
	0.050	3.85	3.00	2.61	2.38	2.22	2.11	2.02	1.95	1.76	1.53	1.11
	0.025	5.04	3.70	3.13	2.80	2.58	2.42	2.30	2.20	1.96	1.65	1.13
	0.010	6.66	4.63	3.80	3.34	3.04	2.82	2.66	2.53	2.20	1.81	1.16
	0.001	10.89	6.96	5.46	4.65	4.14	3.78	3.51	3.30	2.77	2.16	1.22

Use StaTable, WinPepi > WhatIs, or other reliable software to determine specific *p* values