

**INTERNAL AUDIT MECHANISM ON PUBLIC FINANCIAL
MANAGEMENT OF THE COUNTY GOVERNMENT OF TURKANA,
KENYA**

BY

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DECLARATION

Declaration by Candidate

This research project is my original work and has not been presented for a degree in any other university.

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DEDICATION

This project is sincerely dedicated to my loving mother-Hellen Edapal for her moral and financial support. I could not also have done it without constant encouragement from my dear wife-Hyvine Losur. God bless you all.

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ABSTRACT

A robust public financial management system is the cornerstone for any government, particularly developing countries. Transparent and equitable public finances provide a platform for governments to deliver a strong enabling environment for business and effective public services. Most County governments in Kenya have not been able to manage public finances effectively, resulting to under development and poor service delivery that do not meet citizens' expectations. The general objective of the study is to examine the effects of internal audit mechanism on public financial management of the county government of Turkana. The study sought to: evaluate the effect of internal audit control on public financial management in Turkana county, assess the effect of internal audit compliance on public financial management in Turkana county, determine the effect of internal audit independence on public financial management in Turkana county and investigate the effect of internal audit assurance on public financial management in Turkana county. The study was guided by the new public management theory, agency theory and resource-based theory. Explanatory research design was adopted to establish the causal relationship between the study's variables. The target population comprised of 273 employees in the department of finance and economic planning at the County Government of Turkana. The study conducted a census. Data were collected through structured questionnaires. A pilot study to test the validity of the research instruments was conducted at West Pokot County, using 10 % of the sample size which was excluded during the actual data collection phase. Reliability of the instruments was established using Cronbach Alpha coefficient which recommends a coefficient of 0.7 and above. The Statistical Package for Social Science version 26 was used to analyse the data collected. Data was analysed by use of both descriptive and inferential statistics comprising of percentages, means and standard deviation, Pearson product moment coefficients and multiple regression in form tables. Findings revealed that internal audit control positively and significantly affects public financial management in Turkana County ($\beta = 0.127$, $p = 0.007$). It was noted that internal audit compliance positively and significantly affects public financial management in Turkana County ($\beta = 0.345$, $p = 0.000$). Results indicated that internal audit independence positively and significantly affects public financial management in Turkana County ($\beta = 0.392$, $p = 0.000$). Findings revealed that internal audit assurance positively and insignificantly affects public financial management in Turkana County ($\beta = 0.020$, $p = 0.750$). The study concluded that the internal audit function within Turkana County improves financial management practices. Internal audit department enhances adherence to regulatory requirements. Process audits identify weaknesses or deficiencies in internal controls, thus facilitating timely corrective actions. Internal audit reports enhance control mechanisms through provision of clear and actionable recommendations for improvement. It is recommended that the county government of Turkana continuously reviews and updates financial accountability measures. To optimize its effectiveness, the county government of Turkana's internal audit department should prioritize conducting comprehensive process audits to identify weaknesses in internal controls and recommend timely corrective actions. Clear policies should be established to prevent conflicts of interest and safeguard the independence of the internal audit function.

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ABBREVIATIONS AND ACRONYMS

CG	County Government
CIPFA	Chartered Institute of Public Finance and Accountancy
CoB	Controller of Budget
EAC	External Auditors' Cooperation
IFMIS	Integrated Financial Management Information System
NPM	New Public Management
OAG	Office of the Auditor General
PFM	Public Financial Management
PLS	Partial Least Squares

OPERATIONAL DEFINITION OF TERMS

County Government	level of government which serve smaller part than state but serve larger area than towns and cities created with powers delegated from the central government (Mwikali et al., 2015)
Internal audit	systematic and independent examination of data, statements, records, operations and performances, financial or otherwise of the county governments (Athmay, 2008).
Internal Audit Assurance	activity that affirms an organization's risk management, governance, and internal control processes are functioning efficiently (Barros & Marques, 2022)
Internal Audit Compliance	activity that assesses comprehensive risks related to compliance and security, aiming to ascertain adherence to internal guidelines within the organization (Tuzzahroh & Laela, 2022)
Internal Audit Control	function that mitigates risks, safeguard assets, guarantee records accuracy, enhance operational efficiency, and enhances compliance (Younas & Kassim, 2019)
Internal Audit Independence	ability to form impartial judgments and decisions grounded in audit activities and factual information, ensuring independence from any

internal or external interference or obstruction, coupled with functional accountability (Trukhina, 2021)

Internal audit mechanism

means to perform a risk assessment to identify and prioritize potential high-risk areas, with an emphasis on the most critical auditable activities. This risk assessment forms the basis for developing an audit plan, which outlines the audits to be conducted (Ampri & Adhariani, 2019).

Public financial management

laws, rules, organization and systems and processes that governments employ to effectively secure, manage, and spend public funds (Dolo, 2021).

CHAPTER ONE

INTRODUCTION

1.1 Overview

This topic provides the framework of the research finding. The study's background is presented and the problem statement is explained. The chapter states the objectives and hypothesis of the research. The study's significance and its scope are explained.

1.2 Background of the Study

Public financial management (PFM) entails government budgeting, financial reporting, accountability and auditing of public funds use (Tobgyel, 2021). Public financial management focuses on enhancing transparency and efficiency in delivery of government provisions. Through improved public financial management, the performance of public entities is bound to improve. Public financial management involve implementing public policy (Gui, 2022). Effective organizations and processes of public financial management perform an essential task in the performance of public programs and sound economic management. Internal audit mechanism is the integration of the efforts, policies, plans and activities to supply sensible guarantee that the organization achieves its objective (Levchenko, 2023). Internal audit mechanism normally maintains state of affairs or performance within what is allowed, accepted or expected.

Public financial management has obtained a lot of doubts among many shareholders universally. Consequently, deliberate efforts have been done towards growing and implementing plans aimed at enhancing PFM (Nerantzidis et al., 2020). The usefulness of PFM constitutes primary principles of public sector financial management. Institutional effectiveness and public finance systems are required for

the successful formulation and implementation of government policies and the judicious management of the economy. These systems serve a vital role in ensuring that all government initiatives are carried out without difficulty. Public financial management strategies involve implementing public policy (Younas & Kassim, 2019). According to Towett, Naibei and Rop (2019), these policies help implement public initiatives successfully. Effective organizations and processes of public financial management perform an essential task in the performance of government programs and sound financial control.

The Chartered Institute of Public Finance and Accountancy (CIPFA, 2010) describes public finance management as the channel by which financial management necessities are directed, controlled and planned to facilitate and effect the logical and successful achievement of public service objectives. Public financial management strategies are crucial for successful and sustainable economic management and delivery of public services (OECD, 2018). The position of governments to systematically gather money and expend it in an honest and effective way is important for nations that strive to accelerate economic growth, raise available resources to achieve development objectives, and enhance service delivery (PEFA, 2016). Effective PFM systems serve a vital task in enabling the effectiveness, accountability, and openness of government institutions.

Public financial management includes financial planning as a key component (Pasunuri, 2021). In order to improve financial performance, public entities should invest the maximum amount in funding, investment and policy implementation. Sound financial planning improves accountability at all decision-making levels, thereby improves financial performance. Kang'aru and Tirimba (2018) assert that

financial performance is positively and significantly affected by sound procurement practices, working capital management, budgeting techniques and cash planning.

Mathenge and Muturi (2017) note that yearly budget adherence, financial investment decision, monitoring and fiscal planning affect PFM of public entities. Public institutions should institute sound financial planning and budgeting measures to enhance PFM. Kibunja (2017) notes that though PFM has been distributed to agencies, there are incompetencies concerning the technology application, oversight, managements and timely supplementary budgeting. Budget observation should strengthen internal controls including auditing, shareholder compliance and oversight to regulatory frameworks. Budget evaluation procedures should be successful (Kibunja, 2017). The budgetary procedure should involve evaluation, monitoring, planning and implementation.

Pakurár, Haddad, Nagy, Popp and Oláh (2019) note that internal control, customer integration, internal integration and supplier integration have an effect on PFM. Asiligwa and Rennox (2017) assert that developing and maintaining efficient internal controls contributes to PFM. Cheruiyot et al. (2017) explain that county governments that have invested in functional internal audit systems have enhanced performance as opposed to the county governments that have an ineffective internal management system. County governments that observe control integrity, risk assessment, ethical values and monitoring processes record better PFM (Cheruiyot et al.,2017). To achieve a transparent PFM and communicating back in public offices, there must be firm compliance to the preparedness and presentation of financial statements, review and submission as well as timely report of the Auditor-general to the Parliamentary Public Account Committees. County government officials must be constantly informed and practical in international financial reporting standards and guidelines so

as to improve their skills and knowledge in implementation of public financial control and to store them informed on the current issues (Cheruiyot et al.,2017).

Public financial management internal audit systems originated in the United States and have since proliferated globally. Governments should implement reforms to promote accountability, transparency, and good governance. Automated PFM systems (Egan & Haynes 2019), play a pivotal role in enhancing performance of public entities. These systems leverage technology to streamline and optimize financial processes, leading to increased efficiency. Governments should adopt and innovate in their PFM, to enhance a more robust and accountable public sector (Stamatović, Maksimović & Sućeska, 2020).

According to Amaraveni and Susruth (2021), PFM, which deals with a public entity's administration of a funds with a view to better delivery of public services, includes financial planning as a key component. Public entities should invest as much as possible in making funding, investment, and financial policy decisions. This results in the least departure from the anticipated outcomes, which has the greatest influence on service delivery. Good financial planning improves responsibility at all decision-making levels, which improves PFM. Selvakumar and Abima (2021) stated that in India that an enterprise is unlikely to be successful in managing money without proper PFM. Analysis of the PFM is necessary for proper financial planning.

Hoque (2021) conducted a cross-sectional study of public financial control systems and effects on financial performance of public entities in Australia, the United Kingdom, Europe and North America. He asserted that, there has been a paradigm shift in PFM and consequent financial performance of public entities. The understanding of how government entities manage their finances enhances

accountability, and good governance. The public becomes more aware of how public funds are utilized.

Public financial management have been embraced throughout the world. America and Europe have been at the forefront of instituting elaborate structures and controls on the management of public funds (Nyamita et al., 2015). Public financial management entails government budgeting, financial reporting, responsibility and auditing of public funds use. Public financial management focuses on enhancing accountability and efficiency in provision of government services. Through improved public financial management, the financial performance of public entities is bound to improve (Nzibonera & Ninsiima, 2020).

Scholars and professionals have increasingly paid close attention to the association between financial reporting and performance (Al-Dmour, Abbod & Al Qadi, 2018). The elements that make up financial reporting quality have a big effect on how well an organisation performs. Their size and experience, not the sort of business they operate in, are highly correlated with disparities in the standard of financial reporting. According to Agyei (2018), businesses tend to report their financial performance to the public early when it is strong. Companies who don't adhere to timely financial reporting procedures will have a hard time attracting financing because the delay will damage their reputation.

In Indonesia, Sumual et al. (2021) note that public participation performs a critical task in promoting clarity in PFM. The authors assert that internal audit, proper budgeting and public accountability have a significant association with the performance of a public institution. Government institutions should hence involve the public in financial management. Additionally, robust internal audit systems must be

put in place to enhance PFM of public entities. Through these, the public will gain confidence in the public institutions and support them (Dwamena, 2021).

Africa's PFM policies, in different countries, have evolved over time. Countries have instituted various reforms that guide on public finance and public procurement. Bawole and Adjei-Bamfo (2020) explain that despite the PFM reforms in Africa, performance of public entities has not been sustainable. Their study considered public financial management in Ghana, the Central African Republic and Ethiopia. They concluded that these components influence the value of public administration and public finance systems.

Aboelazm (2018) highlight that social cultural values, government structure and economic variables influence PFM systems in Africa. They asserted that social cultural factors have a task to perform in public fiscal control. Amankwa and Tetteh (2022) addressed the issue of public procurement and financial control in public entities in Africa and Asia. Their comparative study concluded that Asian PFM systems were better implemented than those in African countries, hence enhanced financial performance.

In South Africa, Wishnia and Goudge (2021) explain that with the increased public demand for accountability on the utilization of public resources, PFM is critical in ensuring good governance. They concluded that effective PFM requires public participation and collaboration of all departments within government entity. Managers and their juniors must be trained on accountability and application of prudent financial management to improve performance of public entities.

In Uganda, Kavuma et al. (2020) explain that various strategies have been adapted to enhance PFM, to improve performance of state corporations. For the good

performance of state entities, adequate funding and reduced government bureaucracies must be instituted to guarantee success. Government entities must be supported to offer quality services to the people. All stakeholders must work together to ensure efficiency. Public private partnerships ought to be encouraged and supported to promote accountability and good governance in public projects. According to Kabuye, Kato, Akugizibwe and Bugambiro (2019), internal audit systems do not significantly predict financial success. Therefore, firms are more likely to have sustainable internal audit systems that improve financial performance after they have proper working capital management. Most organisations have given internal audit systems and working capital management little thought.

In Kenya, a county is said to have attained PFM if it is effectively public funds are managed, ensuring responsible fiscal practices and optimal use of resources for sustainable economic growth (Nyaga & Kamau, 2018). The county is thus able to realize its goals in time. The county can hence prepare realistic budgets that can be handled by the county resources. This increases accountability and eventually encourage the collection of more revenue for the people (Marwan & Moeljadi, 2017). This results in stability in provision of service to the people. The county suppliers and employees receive their dues in time.

County governments in Kenya face numerous financial challenges -they cannot meet their financial obligations (Nyaga & Nyaribo, 2018). This leads to poor service delivery; worker strikes and stagnant projects. The county government needs come up with creative strategies to enhance PFM and ultimately meet its financial responsibilities. The county governments encounter a variety of challenges in internal audit systems that would guarantee prudent use of public resources (Nyaga &

Nyaribo, 2018). The counties should institute measures to enhance PFM through internal audit mechanisms. The counties should, through public participation create and enhance their internal audit control, compliance, independence and assurance.

Chepkorir and Rugut (2021) investigated the influence of PFM and financial performance in Kericho county. They asserted that budgetary monitoring is progressively related to financial performance. They recommended proper planning that matches expenditure to expected revenues. Additionally, staff should be trained in budgeting process so as to be efficient. These findings corroborated those of Ndzovu and Ng'ang'a (2019) which concluded that automated cash control-budgeting, electronic procurement and automated financial reporting have a good and deliberate effect on financial performance.

Mathenge and Muturi (2017) note that yearly budget adherence, investment decision, financial monitoring and financial planning have a significant effect on the financial performance of public entities. Cheruiyot et al. (2017) summarized that county governments that have invested in successful internal audit systems have better performance than those county governments that have a weak internal audit system. County governments that observe integrity, risk assessment, management practices, ethical values and monitoring processes record great performance (Ngwega, 2023).

To achieve transparent public financial management and presentation in public offices, there must be tough compliance to the nation's constitutional framework in terms of preparedness and reporting of financial statements, submission and analysis as well as timely report of the Auditor-general to the Parliamentary Public Account Committees (Cheruiyot et al., 2017). County government officials must be regularly informed and practical in international financial reporting standards (IFRS) and

guidelines so as to improve their skills and knowledge in implementation of PFM and to store them informed on the ongoing challenges. Njahi (2017) established that allocation of resourced influenced performance of the county governments.

The running of counties in Kenya has to be entrusted to individuals who are professional to set up robust internal audit systems that enhance PFM that would improve financial performance of the counties. There has been demand from the public for accountability of public resources use. Elaborate PFM are a prerequisite for good performance of county governments in service delivery to the people. Consequently, this study examines the effects of internal audit mechanism on public financial management of the county government of Turkana.

The 2010 Constitution of Kenya introduced a paradigm shift in PFM and governance. In response to the people's demands for enhanced democracy, human rights protection and government accountability to its citizens, the Constitution upholds a republic with increased openness in the political and economic institutions of all 47 counties. In addition to administrative and political authority, these counties have fiscal authority to institute internal audit systems to enhance their performance and service delivery to the people. Through county governments, past issues of inequity, poor service delivery, insufficient fiscal discipline, lack of transparency and inadequate public participation in financial processes will be rectified (Ngigi & Busolo, 2019).

Public financial management in county governments is pivotal for ensuring the availability and efficient utilization of funds in the best interest of citizens. It encompasses acquiring and utilizing funds in a manner that aligns with the principles of efficiency and effectiveness. Auditing the transfer of funds concerning the budget is crucial for the financial health of public institutions. According to the Office of

Controller of Budget (CoB) in Kenya, the internal audit systems and procedures within county governments are weakened by a lack of goodwill and insufficient resources for conducting audits (CoB, 2021). Over the past two years, inadequate funds, weak internal audit systems and prolonged procurement processes have resulted in poor services (CoB, 2021). Strengthening these financial management aspects is essential for fostering clarity, accountability and improved public service delivery.

The constitution of Kenya 2010 brought social, economic and political prospects for Kenyans. As all of Kenya's sovereign power belongs to its citizens, devolution is the most revolutionary policy change, having a significant effect on the way services are provided and the government structure. Citizens can exercise their right to self-determination, which will enable them to enjoy their right to self-determination as Kenyan citizens. The county of Turkana is in the northern part of Kenya. The County has embraced the Integrated Financial Management System (IFMIS) for enhanced PFM. Additionally, the county employs e-sourcing for the procurement of goods and services. Efforts are directed towards ensuring the budget's efficient and effective execution through expenditure tracking and addressing any deviations. Strong internal audit systems on expenditures are also instituted. To attain value for money, there is a necessity to strengthen the internal audit function by continuously reviewing audit risks and regularly monitoring and evaluating projects and programs.

1.3 Statement of the Problem

Robust PFM enhances good governance and accountability to the people. In a report published by the Controller of budget in 2021, an examination of county expenditures showed that between July and December, a total of Sh. 159.5 billion was spent, of

which just Sh. 25.9 billion (16 percent) was allocated to development. This indicates that counties spent 5.1 times more on recurring activities than on development. The Auditor General discovered issues regarding theft of funds by counties during the 2014-2015 fiscal year (GoK, 2015). In addition, the majority of individuals are dissatisfied with their counties' performance and the services given by their counties (Republic of Kenya, 2014; TI, 2015). Turkana County Government has got a lot of challenges associated with PFM. These challenges are weak financial management systems (Mungai, Maina & Kungu, 2021), misallocation of resources, corruption, embezzlement of funds (Kisanyanya, 2020), poor procurement process and poor service delivery (Waweru, 2021).

The adoption of the 2010 Constitution of Kenya has placed financial devolution and PFM at the focal point of reforms to public financial management policy. The constitution intended to enhance both financial planning and financial discipline in the use of public funds. However, it does not appear that the reforms have achieved the expected benefits. Empirical reviews (Wandera, 2018; Olugbenga, Teniola & Ojo, 2020) on the influence of internal audit mechanism on public financial control have yielded mixed and inconsistent results (Kulmie, 2023).

Few researches that have been carried out in the Kenyan scope have also led to mixed outcomes (Wambui, 2018; Dubat, 2020). Overdependence on national government's assistance by county governments has static growth in most counties in the nation (Muturi & Mungai, 2020). Today, most county governments are not in a position to institute internal audit mechanisms for PFM to deliver services to the people, leading to poor service delivery and under development that do not meet citizens' expectations, with major provisions such as health care, sanitation, education, water and agricultural extension services being unsatisfactory (Nnah & Ibeenwo, 2022).

Given the conflicting results of previous empirical studies alluded herein, more research is needed to help and describe the relationships among the finding variables, as well as to examine interaction effects. This addresses this gap as it examined the effects of internal audit mechanism on public financial control of the county government of Turkana.

1.4 Objectives

1.4.1 General objective

The general objective of the study is to examine the effects of internal audit mechanism on public financial management of the county government of Turkana.

1.4.2 Specific objectives

The study sought to:

- i. evaluate the effect of internal audit control on public financial management in Turkana county
- ii. assess the effect of internal audit compliance on public financial management in Turkana county
- iii. determine the effect of internal audit independence on public financial management in Turkana county
- iv. investigate the effect of internal audit assurance on public financial management in Turkana county

1.5 Research Hypothesis

This study was guided by the hypothesis:

H₀₁: There is no significant relationship between internal audit control and public financial management in Turkana County

H02: There is no significant relationship between internal audit compliance and public financial management in Turkana County

H03: There is no significant relationship between internal audit independence and public financial management in Turkana county

H04: There is no significant relationship internal audit assurance and public financial management in Turkana county

1.6 Significance of the Study

This study examines the effects of internal audit mechanism on public financial management of the county government of Turkana. The National and County Governments will use the recommendations and findings of the research to develop a comprehensive and strong PFM reform framework that will enhance the growth of a robust and effective PFM system, which will then bring about the success of responsibility and clarity in the use of government materials, therefore ensuring sustainable and efficient service provision to the people.

The outcome and recommendations of the study will assist the policy makers such as the controller of budget, Kenya National Audit Office and Commission of Revenue Allocation in formulating an effective policy framework that will guide the implementation of PFM reforms in order to promote the proper functioning of devolved governments. This will help policymakers at both grades of government align their policies with the devolved system of government. It is anticipated that the finding will supply to the existing body of literature in the similar area, as it will serve as a resource for coming academics and observers in the areas of PFM.

The recommendations and results of the finding will result to the formation of new ideas that will be applied to implement new PFM reforms in the counties, thereby

enhancing the performance of academics working in the fields of public policy and finance for county governments. The outcome of the research will be of big importance to development partners because they will serve as a tool for guiding their funding decisions for government development programs.

1.7 Scope of the Study

The study examined the effects of internal audit mechanism on public financial management of the county government of Turkana. The study focused on internal audit control, internal compliance, internal independence and internal assurance on public financial management in Turkana County. The target population comprised of 273 employees in the Ministry of finance and economic planning (County Government of Turkana, 2024), as they had adequate experience with PFM. This was a census study. The study focused on the period 2013-2024.

The research finding was carried out in Turkana County, Kenya. The county is situated in the northern Kenya. The county had a population of 926,976 (Kenya National Census, 2019). It has 6 sub counties. The main economic activities in the county are pastoralism and fishing.

CHAPTER TWO

LITERATURE REVIEW

2.1 Overview

The topic shows the relevant literature, including conceptual, theoretical and empirical works. The theoretical analysis comprises of the theories that were applied to guide the research finding, whilst the conceptual literature explains the ideas included in the finding and the anticipated link between them. The empirical literature provides information on previously carried out studies.

2.2 The Concept of Public Financial Management

Public financial management holds paramount importance in enhancing the quality of public service outcomes. It governs the utilization of funding to address both national and local priorities, while also influencing the availability of resources for investment and the efficiency of public services. Furthermore, robust financial stewardship, accountability, and transparency are pivotal in fostering trust among the general public towards governmental institutions (Kisanyanya, 2020). Governments must prioritize proficient public financial management due to its extensive effect across various domains (Mohammed & Buba, 2023). Additionally, effective public financial management significantly contributes to informed decision-making processes, where accurate financial information serves as a cornerstone for resource allocation. However, it is imperative to acknowledge the complexity of this field, marked by numerous ongoing initiatives with relatively limited successes thus far. Implementing reforms in public financial management poses challenges across all countries, especially in resource-constrained contexts. Success in executing such projects hinges upon the adoption of practices that are not only effective but also efficient, tailored to the specific needs and constraints of each nation (Tuzzahroh & Laela, 2022).

2.3 The Concepts of Internal Audit Mechanisms

Internal audit mechanisms represent the amalgamation of efforts, policies, plans, and activities aimed at providing reasonable assurance that an organization attains its objectives (Levchenko, 2023). It typically ensures that the organization's state of affairs or performance aligns with prescribed, accepted, or anticipated standards. Originating in the United States, internal audit systems have proliferated globally, reshaping the governance structures of public entities. Governments worldwide have embarked on reforms to foster accountability, transparency, and effective governance. Automated Public Financial Management (PFM) systems (Egan & Haynes, 2019) play a pivotal role in enhancing the performance of public entities. These systems leverage technology to streamline and optimize financial processes, thereby enhancing efficiency. As nations continue to adapt and innovate in their PFM strategies, the evolution of internal audit systems and the incorporation of advanced technologies contribute to a more robust and accountable public sector (Stamatović, Maksimović & Sućeska, 2020).

2.3.1 Internal Audit Control

Internal controls encompass the mechanisms implemented by an organization to ensure the realization of its objectives, goals, and missions. These consist of a framework of policies and procedures adopted to oversee the processing of transactions in a manner that mitigates the risks of waste, theft, and misuse of resources. Responsibility for designing and implementing internal controls lies with governance bodies (Cantos, 2019). It's important to recognize that while internal controls offer reasonable assurance to management and the board of directors regarding goal achievement, they do not guarantee absolute certainty due to inherent limitations (Bananuka & Nkundabanyanga, 2023). Organizations establish internal

control systems to facilitate performance and organizational goal attainment, prevent resource loss, ensure the production of dependable reports, and uphold compliance with legal requirements. Such systems comprise a comprehensive network of established procedures intended to reasonably assure the realization of organizational objectives.

2.3.2 Internal Audit Compliance

Internal audit compliance is a critical component in assessing an organization's internal controls, encompassing corporate governance and accounting procedures. Internal audits ascertain compliance with relevant laws and regulations, thereby ensuring adherence to legal requirements and industry standards. Furthermore, these audits play a pivotal role in safeguarding the integrity of financial reporting and data collection processes. Through meticulous scrutiny, internal auditors identify weaknesses or deficiencies in internal controls, enabling organizations to rectify issues promptly and enhance operational efficiency (Alqudah, Amran & Hassan, 2019). Ultimately, internal audits contribute to the overall effectiveness of risk management practices, bolstering organizational resilience and sustainability in the face of evolving regulatory landscapes and operational challenges.

2.3.3 Internal Audit Independence

The internal audit department holds significant importance within every organization, serving as a pivotal element in the implementation and assessment of accounting systems. It functions as the backbone of business accounting, meticulously scrutinizing all operational processes. The effectiveness of the internal audit directly influences a company's development (Ziniyel, 2018). By conducting thorough examinations and providing objective assessments, the internal audit department

contributes to maintaining transparency, accountability, and integrity within the organization's financial operations. Its role extends beyond mere compliance to actively safeguarding the organization's assets, enhancing operational efficiency, and fostering stakeholder trust. Thus, the internal audit department stands as an indispensable component in the strategic management and governance structure of modern businesses.

2.3.4 Internal Audit Assurance

The hierarchical arrangement for reporting of internal auditors is established by the organization's leadership (Gal & Akisik, 2020). This structure delineates the lines of communication and accountability within the internal audit function, ensuring that audit findings and recommendations are effectively communicated to relevant stakeholders. Additionally, the allocation of budgets for internal audit activities is subject to approval by the organizational leadership, signifying their oversight and endorsement of audit plans and resources. Furthermore, the independence and autonomy of the internal audit function are crucial for its effectiveness. (Toyon, 2021) underscores the significance of ensuring that the internal audit personnel have unfettered access to the board of directors. This entails safeguarding the internal auditors' ability to operate without undue influence or interference from other staff or departments. In particular, restrictions on the selection and dismissal of internal audit personnel, as well as constraints on their engagement in non-audit work, can impede the function's objectivity and integrity (Ngwega, 2023). Unswerving access to the board empowers internal auditors to fulfill their responsibilities with impartiality and diligence. It enables them to report findings directly to the highest levels of governance, thereby enhancing transparency and accountability within the organization. Through maintenance of independence from operational pressures and

conflicts of interest, internal auditors can more effectively identify and address risks, evaluate controls, and provide valuable insights for improving organizational performance and governance processes (Kulmie, 2023).

2.4 Theoretical Review

It consists examination of interlinked concepts and ideas that are built upon approved theories. It functions as a logical structure of statements, emanated from and backed by proof or statistical data. A theoretical review aims to offer descriptions for the hidden reasons behind observed happenings. According to Kivunja (2018), theories enable researchers to enhance practical actions, make conclusions and foster the development of more developed theories. The study was guided by the agency theory, as the main theory; the new public management (NPM) and the resource dependency theory.

2.4.1 New Public Management (NPM) Theory

Christopher Hood introduced the New Public Management (NPM) Theory in 1991, outlining a set of administrative concepts that played a significant role in civil service reform across various OECD nations. NPM theory proposed seven key principles for organizational management, including adopting private sector management practices, establishing a robust policy framework, implementing a comprehensive monitoring and control system, and instituting an effective performance management system.

This theory holds relevance for the current study as it underscores the urge to enhance effectiveness and efficiency in public financial control. According to NPM, reforms should be implemented across multiple areas, including the public financial management system. Therefore, county governments, like other public organizations, are encouraged to enhance transformations for improved service delivery

performance. The NPM Theory emphasizes that the public sector must provide value for citizens' money, necessitating the use of NPM reform instruments in public service reform. The implementation of Public Financial Management (PFM) transformations is expected to promote public service provision.

The NPM Theory is pertinent to the study, particularly in guiding internal audit control, compliance, independence, and assurance related to public financial management in Turkana County. The theory advocates for robust audit controls in the financial management process, considering them crucial for determining accountability levels in county government service delivery. At the core of the NPM Theory is the concept of elevating public service management to achieve excellent results. Applying the NPM theory in this study highlights the significant effect of internal audit mechanisms on the public financial management of county governments.

2.4.2 Agency Theory

Alchian and Demsetz initially formulated the theory in 1972, with subsequent advancements by Eisenhardt (1985) and Jensen and Meckling (1976). The Agency Theory, a concept in institutional management, delineates the intricate associations and self-interested components within institutions. According to this theory, shareholders (owners) act as principals, engaging executive managers (agents) to oversee the organization on their behalf. Managers are thus required to be well-trained, technically competent, and capable of monitoring operations to achieve the organization's objectives.

Jensen and Meckling (1976) assert that conflicts of interest are inevitable in agency relationships where distinct interests and asymmetric information exist, making it

challenging for principals to ensure agents consistently act in their best interest. Two scenarios leading to conflicts of interest include instances when agents prioritize their own interests over principals' and situations where it is difficult or costly for principals to verify agents' actions.

This conflict of interest extends to risk allocation, arising from divergent risk attitudes between principals and agents. Different risk preferences may lead to varied activities, involving financial obligations like auditor fees and other agency expenses. Generally, agency dilemmas stem from the division of control and ownership, information asymmetry, moral hazards and diverse risk preferences.

The Agency Theory suggests that owners (principals) must devise incentive mechanisms to align agents' interests with theirs. Employers (principals) may use various tools such as executive remuneration, board composition, commissions, profit-sharing, performance measurement outcomes, agent contracts, the trade center for corporate management or the fear of discontinuation to align worker interests with their own.

This aspect is crucial to the research as it explains the agency relationship between the county government of Turkana (agents) and citizens (principals). The application of agency theory helps understand how these links should be managed for successful organizational performance. County Governments, like corporations, should be governed with the national government (representing citizens) allocating resources to governors (managers) for effective county operations and service delivery.

The agency theory emphasizes the importance of governance, citizen participation, and effective management of systems, procedures, policies, organizational structures,

and relationships for county government performance. It particularly focuses on management oversight, compliance, competent fiduciary governance, and adherence to the regulatory framework.

Given allegations of misappropriation of county government resources due to competing interests among county executives, the observer finds agency theory highly vital. The research finding proposes that public financial management changes can inform the necessary policy framework for resolving conflicts of interest among county executives. Specifically, the agency theory posits that the internal audit mechanism performs a vital task in influencing public financial management in county governments, encompassing governance structures, relationships with the external environment, stewardship responsibilities, strategic planning, budget formulation and execution, fiscal reporting, audit and oversight roles, and overall compliance with the regulatory framework.

2.4.3 Resource Dependency Theory

Pfeffer and Salancik (1978) succinctly express the core idea of resource dependence theory: organizational survival hinges on the ability to obtain and retain resources. The imperative to secure resources ultimately leads organizations to adapt to the requirements set by crucial resource providers. A comprehensive understanding of the dynamics of resource dependence is contingent upon adopting an open systems perspective. To acquire and sustain sufficient resources, organizations must engage with individuals and groups controlling these resources.

This theory holds paramount significance in this study, as it elucidates strategies for Kenyan County Governments to achieve self-sustainability through internal audits, thereby improving public financial management. The emphasis on internal audit

control ensures methodical monitoring and evaluation, promoting fiscal responsibility. Internal audit compliance underscores adherence to legal and procedural frameworks, fostering transparency. Internal audit independence guarantees autonomy in scrutinizing financial processes, mitigating the risk of undue influence. Internal audit assurance instills confidence in financial operations, fostering accountable governance. This approach offers a comprehensive framework for Kenyan county governments to enhance their public financial management through the internal audit mechanism.

2.5 Empirical Review

2.5.1 Effect of internal audit control on public financial management

Izedonmi and Olateru (2021) investigated the influence of internal audit standard on governmental agency management in Nigeria. The study specifically explored the relationships among internal audit variables such as public sector efficiency, fiscal management and public sector control and management controls. Primary data for the research was collected using the distribution of 150 questionnaires to participants in ministries, departments, internal audit parastatals, entities and commissions in Ondo state. However, 144 completed questionnaires were obtained. Data analysis involved the use of simple percentages and categorical least square techniques and descriptive statistics. The study's outcome revealed improved and statistically significant association between internal audit quality and financial management in the chosen government amenities in Nigeria. The recommendation was made for active participation by both internal auditors and public sector management to enhance managerial performance.

Mungai, Maina and Kungu (2021) highlighted the common issue of poor financial performance in many public institutions worldwide when compared to private institutions, attributing this to financial management practices. The finding aimed on the relationship between financial performance and internal control systems emphasizing the lack of statistical study findings in this field. Public institutions were found to exhibit weaknesses in policies, procedures, and internal audit practices, including issues such as employees handling cash not taking regular leave and the absence of rotation in sensitive finance and administration roles. Mungai et al. (2021) conducted a study on the influence of internal control systems on fiscal performance in public organizations of higher learning in Nairobi City County. Anchored in stewardship theory, positive accounting theory, agency theory and attribution theory, the study employed a descriptive study method. The sample consisted of 96 employees from different departments of Public Institutions of Higher Learning in Nairobi City County. Data was gathered using questionnaires, and the analysis involved multiple linear regression and descriptive statistics. The research finding discovered that indicators of internal management systems, including the control environment, risk assessment, control environment control activities, and information and communication, significantly influenced the financial performance of organizations in Nairobi City County. These variables described 99.1% of the shifts in financial performance. The research finding recommended improving internal management systems and upholding organizational resource accountability in the institutions.

Kalufya and Nyello (2021) discussed the implementation of various initiatives in Tanzania aimed at reforming public sector financial management, particularly focusing on improving the payroll system. Despite these efforts, instances of

fraudulent activities were reported, prompting an examination of the effect of internal audit activities on payroll accounting performance. The study included 240 participants from 321 public organizations, utilizing stratified sampling and questionnaires for data collection. Data analysis employed structural equation modeling and mean calculations. Grounded in contingency theory and institutional theory, the findings indicated a significantly good influence of the control environment on payroll record processing, while risk-based internal audit had a positive effect on salary reconciliation. The professional competence of internal auditors was found to significantly influence record processing, payroll reconciliation and payroll accounting system coverage. Additionally, internal audit work performance had a remarkably good effect on payroll accounting system and payroll reconciliation coverage. The study recommended that managers must view the internal audit performance strategically rather than operationally to strengthen the payroll accounting system.

Ziniyel (2018) examined the efficacy of internal audit practices on financial management using a descriptive cross-sectional study method. The study focused on a university in Ghana, employing questionnaires and interviews to collect primary data from account staff, audit staff and heads of institutions across various campuses. Descriptive statistics and a binary logistics regression framework were applied for data analysis. The findings discovered that the financial performance of internal auditors in adhering to assigned protection at the university was reported as very high by 58.8% of respondents. Internal auditors demonstrated relevant qualifications and experience influencing financial performance. The study identified the independence of the internal audit performance and management assistance as deliberate factors of financial performance in the university. Problems faced by internal audit in the

university included accommodation, inadequate staff and a lack of office space. The study finalized that successful internal audit practices are vital for effecting financial performance, but problems hinder the full potential improvement. The recommendation was made for the university's management to prioritize the onboarding of internal auditors for various departments over upgrading existing ones.

Inayattulloh and Siswantoro (2020) conducted an analysis on the factors influencing the standard of the state's financial statement, utilizing variables related to the state's budget control quality and internal audit. The study encompassed 52 data points from the years 2015 to 2017, employing multiple linear regression analysis depending on a data panel. Control variables, such as work unit and size were also incorporated to ensure comprehensive data analysis. The research findings indicated improved influence of both financial control standard and internal audit on the quality of the central government's financial statement. This conclusion was further suggested by Pearson correlation tests. The study recommended the empowerment of each ministry and agency, emphasizing the significance of budget control quality and internal audit in enhancing financial statement quality across ministries and agencies.

Towett, Naibei and Rop (2019) identified financial management procedures affecting the performance of income-generating units within chosen public universities. The finding focused on the effects of credit policies, internal controls, financial risk management, and internal audit on the performance of income-generating units. The targeted population comprised 290 employees in selected public universities, sampled through simple random sampling to ensure unbiased representation. Questionnaires facilitated data collection, and descriptive statistics were employed to analyze respondents' views on each variable. Qualitative data underwent content analysis,

leading to meaningful statements presented in quotations, while quantitative data was depicted in figures and tables. The study confirmed that all investigated financial management approaches, including internal audit, risk management strategies, internal control measures and credit policies, were widely adopted in the selected universities. Regression analysis results revealed a significant positive relationship between the fiscal management approaches and performance, with the studied factors explaining 47% of the performance variation. The study concluded that the performance of identified public universities was predominantly influenced by implemented financial control procedures. Successful financial control approaches were deemed crucial for enhanced performance, and any deficiencies in these mechanisms could result in diminished returns. Recommendations included prioritizing the implementation, formulation and monitoring of financial management mechanisms by the management in charge. Regular checks and inspections by the audit section were also suggested to facilitate effective financial controls, along with advocating for frequent reforms to address shortcomings in integrating financial management measures.

Waweru (2021) investigated the effect of the internal management environment on the financial performance of public institutions, recognizing it as a fundamental aspect of organizational management. The control environment implies management's attitude and policies regarding the significance of internal audit within the economic unit. The research finding employed a descriptive study technique to gather information from participants regarding the effects of the internal control surrounding on the financial performance of public institutions in Kenya. Data were gathered through a questionnaire and examined using descriptive statistics, including mean, percentage and frequencies and standard deviation. The study indicated that control

environments significantly influenced the financial performance of public organizations in Kenya. The study concluded that there is a noteworthy influence of control environments on the financial performance of public institutions in Kenya and recommended that these institutions must enhance successful management environments and generate reliable guidelines to enhance their financial performance.

According to Kisanyanya (2020), internal auditors often find themselves in a challenging place while attempting to fulfill their responsibilities. Despite the expectation to objectively assess management conduct and effectiveness, internal auditors may need to appeal to senior management within the organization. The study focused on the tasks of internal audit in public fiscal control in the public entity in Vihiga county, adopting a descriptive cross-sectional method. The target population was the finance department employees, and a sample of 53 employees was used. Data were gathered through organized questionnaires, and the research adopted a qualitative approach, utilizing descriptive statistics. The finding revealed that internal management had the most significant influence on public financial control, followed by risk management, with internal audit independence complementing these tasks. Recommendations included acknowledging the contribution of internal auditing for effective county government operations, instituting strong internal auditing functions to mitigate risks, implementing internal controls to curb financial losses, and recognizing internal auditing as an instrument for effective management to achieve set objectives.

Gamaliel and Ali (2019) assessed the effect of legislative oversight and auditing activities on budget performance in the Ministry of Devolution. Employing a descriptive study method, the study included 154 employees, and a stratified random

sampling approach was applied to choose 62 participants. Primary data, gathered through questionnaires, underwent a pilot study for validity and reliability. Quantitative analysis, utilizing descriptive and inferential statistics, revealed that Parliament played a crucial oversight role, internal management approaches enhanced budget performance in the Ministry of Devolution, and effective oversight and audit led to sound financial decision-making. Recommendations emphasized the government ensuring timely parliamentary performance, effective oversight, and audit to prevent fraud and noncompliance in the ministry.

2.5.2 Effect of internal audit compliance on public financial management

Chang et al. (2019) investigated the relationship between the International Accreditation Forum and Internal Control over Financial Reporting, with a particular focus on internal management over operations and compliance. Utilizing a distinctive dataset from Taiwan, the study explored the association between different variables. The outcome showed that a bigger internal audit group positively influenced internal audit performance for both compliance and operation. Additionally, internal auditor competence was found to be positively related with the successfulness of internal management over compliance but not for functioning. The research finding contributed to the literature by revealing the factors of achieving objectives in compliance and operations, offering valuable implications for stakeholders and practitioners. It emphasized the interdependence of a company's management over compliance and operations on its financial reporting.

Momot et al. (2021) examined the function of risk compliance application in providing methodological assistance for internal audit and financial management provisions in the public agency. The study aimed to increase transparency and

improve the quality of government control. The research objectives included studying the theoretical background for risk compliance application as an innovative process of internal audit in the public sector, investigating the preconditions for introducing the internal audit system in the public sector of Ukraine, and identifying the main risks in the functioning of public sector amenities to be considered within the framework of risk compliance. The study employed abstract-logical analysis, theoretical generalization, systemic and statistical analysis. The outcome indicated that implementing risk compliance was a solution for internal auditing in the public sector, helping increase public sector management accountability by incorporating both financial and non-financial data.

Mohammed and Buba (2023) examined the influence of fiscal policing on accountability, with a specific focus on compliance with internal audit analysis and the implementation of authorization for violations leading to government losses. The research, based on primary data from interviews with staff, revealed that tough adherence with internal audit analysis remarkably improved accountability and public trust in fiscal transactions. The strict implementation of penalties for violations causing government losses also contributed to enhanced accountability. The research recommended the provision of a comprehensive internal audit analysis timetable to unit heads and staff for proper planning, prompt reporting of anomalies, and the establishment of consequences for non-observance. It also suggested strengthening internal management to enhance checks and balances in audit analysis and imposing heavy penalties on violations causing government losses to discourage criminal members, all in strict accordance with financial regulations.

Raming, Tinangon and Pontoh (2018) highlighted that internal audit is an autonomous and objective practice aimed at enhancing the value and performance of an institution. In the governmental system, internal audit assumes a crucial role as a controlling function, responsible for evaluating and overseeing control practices, including coordinating, planning, directing, and organizing. The researchers assessed the effect of internal audits on the compliance of regional entities in financial management and explored the independent nature of internal audit in its supervisory and inspection duties. Employing a descriptive method, the study revealed the remarkable contribution of internal audit to overseeing the financial management of regional entities. The Internal Audit function, acting as the Government Internal Control Apparatus, effectively supervised the organizing, planning, directing and coordinating aspects of financial management.

Din et al. (2022) conducted an empirical study examining financial accountability as a moderating factor of financial decentralization on fraud rates in local government financial control. The study considered administrative accountability, encompassing the government internal management system, financial reporting, compliance with legislation, and follow-up to audit findings. With a purposive sampling approach, data were collected from 412 regency and city governments in Indonesia. Partial Least Squares regression statistical software was utilized for data processing. The findings indicated that financial distribution had a positive influence on fraud rates in regional fiscal control. Furthermore, fiscal accounting accountability and accountability compliance with legislation were identified as moderating factors in the relationship between fiscal distribution and fraud estimates. However, the study highlighted that the low accountability level of the internal management system did not contribute to

moderating the effect of financial distribution on fraud estimate in regional financial management.

Tuzzahroh and Laela (2022) conducted a comprehensive review of previous research on sharia auditing and its function in enhancing sharia compliance in Islamic financial institutions (IFIs). The study, covering the period from 2008 to 2021 and involving 308 publications, revealed that sharia audits were implemented in various countries, often integrated into the internal audit function of IFIs. Sharia audit was recognized as a medium to ensure sharia agreement. Problems identified in carrying out sharia audit included a lack of a standardized structure leading to disputes, a shortage of qualified sharia auditors, and concerns about efficiency. The study proposed optimizing the roles of the shariah governance committee and the shariah supervisory management to enhance the success of shariah audit.

Bananuka and Nkundabanyanga (2023) investigated the effect of audit committee successfulness, internal audit function, and firm-specific assigns on financial accounting. A questionnaire survey was conducted among 40 financial services organizations, revealing that both audit committee effectiveness and the internal audit performance significantly contributed to positive variances in financial reporting. Among firm-specific attributes, only financial composition showed a significant contribution to positive variances in financial reporting. Notably, audit committee meetings and power deliberately contributed to positive variances, while audit committee proficiency and independence did not.

John and Mutembei (2023) examined the influence of internal audit on the financial performance of commercial banks identified on the Nairobi Securities Exchange. The research, guided by dependability aspect, employed a descriptive survey method with

a target population of 10 commercial banks listed on the NSE. Data were collected from 86 respondents in various roles within these banks. The findings indicated a significant association between internal audit, asset safeguarding, risk control, compliance with laws, and fiscal performance. The research finding summarized that internal audit systems have a noteworthy influence on the financial performance of commercial banks and recommended a reassessment and strengthening of internal audit systems by listed banks to enhance their financial performance.

Abbott et al. (2019) explored the association between control self-assessment and costs related to maintaining internal management systems and complying with supervisory demands. The study revealed a negative relationship between control self-assessment and external audit fees for the audit of internal management over financial analysis. Furthermore, a progressive fee reduction was observed in the relationship between control self-assessment and Section 404 assistance presented by internal auditors to external auditors. The study also identified a negative association between control self-assessment and particular costs of the internal audit's examination of operational and financial managements for managerial basis. In summary, control self-assessment was found to reduce at least some internal management costs while diminishing control risk, as indicated by external costs of internal management adherence.

Cantos (2019) analyzed the execution process of the audit with an analogy approach to cost analysis of internal control, compliance and management. The comprehensive audit employed a systems approach to assess control procedures within the organization. The study emphasized the integral audit as a multidisciplinary and independent evaluation of an institution's objectives, its relationship with its

surroundings, and its operations. The results highlighted the importance of the integral audit as a control instrument for decision-making and identifying organizational weak points to implement timely measures and precautions.

Abdallah, Musallam, and Bader (2020) explored the correlation between audit committee roles and voluntary disclosure in Jordanian firms. The investigation focused on two specific roles—reviewing accounting policies and managing risks—as means to enhance voluntary disclosure. The research involved the distribution of questionnaires to all audit board members in insurance institutes, with 84 members participating, and 75 questionnaires considered for the pilot analysis from the original distribution. The study revealed that these identified roles significantly influenced the extent of voluntary disclosure in insurance companies. The audit committee adhered to specific strategies in overseeing, supervising, and controlling the company's accounting strategies, thereby enhancing voluntary disclosure. Additionally, in the context of risk control, the research summarized that the audit board comprehensively addressed all features of the company's functions and established coherent methodologies for handling various types of risks, contributing to the voluntary disclosure practices of the company.

2.5.3 Effect of internal audit independence on public financial management

Trukhina (2021) emphasized that internal financial audit performs a crucial task in examining the financial condition and transparency of public institutions. Internal auditors provide objective assurance and advisory services aimed at adding value and enhancing organizational performance. In executing this role, internal auditors uphold professional independence and objectivity. The study addressed methodological and

organizational challenges related to ensuring the independence of internal financial audit.

Alqudah, Amran and Hassan (2019) explored the moderating effect of task complexity on External Auditors' Cooperation (EAC), top management empowerment, and internal auditors' independence, influencing the effectiveness of internal auditors in the Jordanian public sector. The research, involving 117 questionnaires from financial managers and internal audit (IA) managers in Jordanian public entity institutions, employed partial least squares-structural equation modeling (PLS-SEM) for data analysis. Results indicated that internal auditors' independence and top management empowerment positively and significantly influenced internal auditors' effectiveness, aligned with resource-based theory, with partial support for task complexity as a moderator. The results have implications for regulators and decision-makers, suggesting potential legislative and regulatory enhancements for the IA profession in the Jordanian public sector. The study, unique in addressing task complexity as an association influence on components influencing internal auditors' success, holds significance for social implications, showcasing improved capabilities of internal auditors in safeguarding public funds and curbing administrative and financial corruption, especially in the public organization.

Dewi and Aris (2022) investigated the effect of independence and competence on the standard of audited financial statements, with audit risk acting as a mediating variable. Employing a survey procedure with primary data acquired through questionnaires distributed to auditors at Public Accounting Firms in Central Java, the study used purposive sampling for the population. The Partial Least Squares regression (PLS) analysis revealed that independence, competence and audit risk significantly

influenced the standard of audited financial statements. While competence and independence had a significant effect on audit risk, independence affected the quality of audited financial statements mediated by audit risk. However, audit risk did not mediate the influence of competence on the quality of audited financial statements. Proposals for future study include expanding the sample and incorporating additional variables affecting the standard of audited financial statements, such as the function of internal auditors.

Trukhina (2021) highlights the pivotal function of internal financial audit in assessing the financial condition and transparency of public institutions. This function offers objective assurance and advisory services aimed at adding value and enhancing organizational performance. Internal auditors, in fulfilling their role, maintain professional independence and objectivity. The study delves into methodological and organizational challenges related to ensuring the independence of internal financial audit.

Nyaga and Kamau (2018) investigated the correlation between internal audit independence and internal audit successfulness within the Kirinyaga County Government. Employing a descriptive study method, the study targeted all forty-six staff members from the Directorate of Internal Audit in the Kirinyaga County Government. Primary data was gathered using a self-administered questionnaire comprising closed-ended questions. Results indicated a lack of complete independence in the audit function based on the analyzed evidence. The regression analysis further disclosed that internal audit independence had a significant and positive effect on internal audit effectiveness at a p-value of ≤ 0.05 . The research

summarized that internal audit independence serves as a vital specifier of the audit function's successfulness within the county government.

2.5.4 Effect of internal audit assurance on public financial management

Rito, Wulan and Ari (2019) assert that internal audit must possess skills, professionalism, independence, and objectivity in executing its role. As part of its assurance function, internal audit performs a crucial task in detecting fraud—a deceptive act that can be perpetrated by various groups, ranging from employees to top management, potentially harming stakeholders. The components contributing to fraud include arrogance, opportunity, pressure, competence and rationalization. Various types of fraud, such as manipulation of financial statements, corruption and cybercrime and misuse of assets can occur.

Barros and Marques (2022) elaborate on the growing significance of internal auditing in organizations due to increasing demands for credible financial information disclosure. With the aim of ensuring real-time compliance of organizational transactions to enhance information reliability and reduce risks, continuous assurance has gained prominence. This approach helps minimize potential errors and risks while providing timely and valuable information to support more effective decision-making and internal auditing. The study investigates the usefulness and utilization of continuous assurance services from the perspective of internal auditors. Utilizing a qualitative methodology and questionnaire surveys to gather data from internal auditors in Portugal, the findings reveal that internal auditors consider continuous assurance services as highly useful. However, the performance of these services in organizations does not align with their perceived importance, indicating that full

deployment is still a distant prospect. The audit department's size emerges as an influential factor in utilizing continuous assurance.

Özçelik and Öztürk (2019) emphasize the role of integrated reporting in shaping a flexible and sustainable organizational system oriented toward strategic and long-term objectives, as opposed to short-term financial goals. Internal auditing units perform a vital function in the preparation of integrated reports, requiring their expertise and foresight. In the context of integrated reporting processes, internal audit assumes a significant role by advisory services and assurance for control. The study underscores the usefulness of internal audit in integrated reporting through study on its assurance and advisory tasks in the integrated reporting process.

Dzikrullah, Harymawan and Ratri (2020) conducted an analysis of the relationship between the standard of the internal audit team and audit opinions. The study utilized 722 observations from companies listed on the Indonesia Stock Exchange and employed Ordinary Least Square Regression analysis approaches to investigate the hypotheses. The research revealed that one of the functions of internal auditors exhibited a significant and a positive correlation with the level of audit quality. Additionally, the research identified that internal audit also exerted a negative and significant effect on companies' inclination to accept going concern audit opinions. The findings highlighted the advantages of maintaining a high-quality internal audit team for a company. The study's results suggested that companies with a robust internal audit performance are more likely to incur higher external auditor fees and engage auditors with prominent reputations to enhance audit quality. Furthermore, the presence of a well-established internal audit team reduces the likelihood of organizations receiving going concern audit opinions.

Gal and Akisik (2020) emphasized that the integrity of an organization's disclosures is strengthened through independent reviews. This underpins the need for an independent audit organization to affirm the accuracy of financial statements. While the audit of financial statements is typically associated with financial information, the internal management system has a pervasive influence, effecting systems beyond direct financial reporting. Integrated reports amalgamate financial and non-financial information to present a comprehensive overview of a firm's performance.

According to Alshamsi, Adaikalam and Karim (2020), public sector audits involve examining the financial aspects of state-owned amenities, ensuring that the processes are carried out in the public's best interest. The goal is to determine if standard processes have been followed to promote transparency and good governance, extending beyond the financial audits of non-governmental companies that primarily aim at the dependability of financial statements. The study by Alshamsi, Adaikalam, and Karim (2020) focused on investigating the effectiveness of public sector financial audits in Abu Dhabi. Additional objectives included exploring the effect of financial audit infrastructure on performance improvement and assessing the competency of public entity financial auditors.

Factors influencing the successfulness of the governmental audit procedure included the motivation and independence of the firm conducting the audit work without department intervention, as well as the freedom of internal audit and assurance for objectivity in both consultation and service. The research highlighted that the effectiveness of public sector financial audits could be enhanced through joint audits involving both local and globally reputed audit firms. The study emphasized the need for independent acceptability to align with leading nations globally. The competency

of public entity financial audits was found to be more effective when incorporating surprise elements rather than relying solely on routine checks.

Barr, Brown and Sanderson (2022) investigated whether the testing methodology and the type of internal control over financial reporting opinion issued affected panel's perceptions of auditor negligence. The study predicted and found that when auditors issued an unqualified internal control over financial reporting opinion, the panel made higher negligence assessments when auditors employed statistical sampling compared to advanced driver assistance systems. In cases where auditors issued an adverse internal control over financial reporting opinion, jurors attributed less blame to auditors and more blame to the investor for an audit failure. Furthermore, jurors perceived the use of audits as a measure of higher audit quality, making them less likely to find auditors negligent.

Ampri and Adhariani (2019) analyzed the best practices introduced by the Indonesia Financial Service Authority regarding the assurance function to ensure good corporate governance. The authority introduced a new integrated technique to obtain objectives, consolidating risk management functions across internal units, especially between internal audit assurance and risk management.

2.6 Research gaps

Table 2.1. gives a summary and analysis of research studies which exposes several gaps that this study aims to fill.

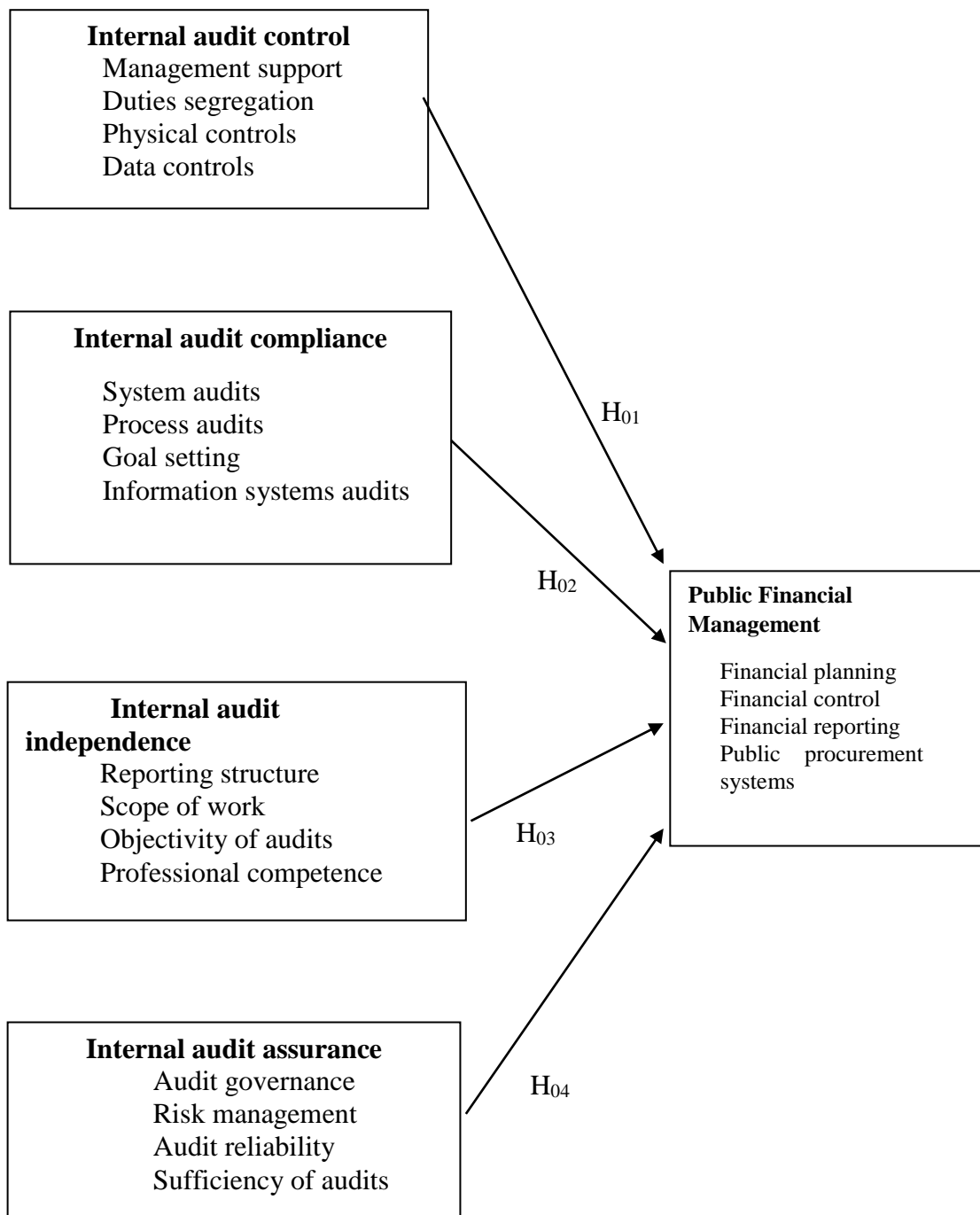
Table 2. 1: Research Gaps

Author	Topic	Methodology	Findings	Gaps
Izedonmi and Olateru (2021)	influence of internal audit level on public entity control in Nigeria.	descriptive and primary data collation via questionnaire	internal audit quality statistically affects public management entity	Dependent variable was public sector management while the research dwelt on public financial control
Inayattulloh and Siswantoro (2020)	Effect of the standard of the state's fiscal statement using the variables of the state's internal audit and budget control quality	multiple linear regression analysis	budget quality management and internal audit had a positive influence on the central government's fiscal statement standard.	Study presents a conceptual gap as variables assessed were different from current study
Dewi and Aris (2022)	Influence of independence and competence on the quality of audited fiscal statements	Partial Least Squares regression (PLS) analysis	Audit risk and independence competence had a deliberate influence on the standard of audited financial statements	Study's dependent variable was quality of financial statements, while this study's dependent variable was public financial management
Nyaga and Kamau (2018)	association between internal audit independence and internal audit effectiveness	Primary data was gathered using a self-administered questionnaire composed of closed ended questions. Descriptive and regression analysis were done	internal audit independence had a significant and positive effect on internal audit achievement.	Study was conducted in Kirinyaga county while the current study was conducted in turkana cunty
Momot et al.(2021)	role of risk compliance on financial control in the public entity	The research finding adopted abstract-logical analysis, theoretical generalization, systemic and statistical review.	Performance of risk compliance was the solution for internal auditing in the public entity	The research applied secondary data I its analysis, while the current study used primary data

Mohammed and Buba (2023)	Effect of financial regulations on accountability	study used primary data from interviews with staff	Tough adherence with internal audit analysis significantly improved accountability	The study's focus was on parastatals ,while the current study focused on county governments
Mungai, Maina and Kungu(2021)	Influence of Internal Control Systems on Financial Performance of Public Universities	The study applied a descriptive research method. Primary data was gathered from sample population using open and closed ended questionnaires.	internal control systems have a significant influence on the financial performance	The study's focus was on financial performance in public universities
Barros and Marques (2022)	role of the importance and the use of continuous assurance on financial management	methodology applied was the questionnaire survey and qualitative used to gather data	continuous assurance services significantly influenced financial management	Study was carried out in private amenity setting, while the current study focused on county governments
Alshamsi Adaikalam and Karim (2020)	investigate the public sector financial audit success in the Abu Dhabi	Secondary data sources, publications were sourced for data	effectiveness of the public sector financial audit was to be more appropriate if there was a scope of joint audit	The study used secondary data I its analysis, while the current study used primary data
Barr-Pulliam, Brown-Liburd and Sanderson (2022)	effect of internal control over financial reporting	The study used government data, journals and industry reports as sources of information	internal control significantly influenced financial reporting	Methodological gap exists due to source documents use.

2.7 Conceptual Framework

It is an interconnected set of assumptions or hypotheses that explain how its constituent components are interrelated (Crawford, 2019). It is usually represented visually using a diagram to enhance understanding of the suggested associations. Figure 1 presents the study's conceptual framework. The study's independent variables are internal audit control, internal audit compliance, internal audit independence and internal audit assurance. The dependent variable is public financial management measured through financial planning, financial control, financial reporting and public procurement systems.

Independent Variables**Dependent variable****Figure 2. 1: Conceptual Framework**

Source: Researcher (2024)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Overview

This chapter covers research design, target population, sampling design and sample size, data collection methods, validity and reliability of research instruments, data collection procedures and data analysis technique model specification, measurement of the variables, diagnostic statistics and ethical consideration upheld.

3.2 Research Design

A methodical and well-planned approach used by a researcher to conduct a scientific investigation is referred to as a research design (Abutabenjeh & Jaradat, 2018). This research used an explanatory design. Toyon (2021) define an explanatory research design as one that aims to link concepts in order to comprehend cause and effect, as well as the interaction between concepts. According to Riyaz, Rahim, Bhoje, Bhosale and Mumbai (2022), explanatory research focuses on explaining the "why" and "what" of a given study. Its primary purpose is to explore a phenomenon that may not have been studied in a sufficient manner.

An explanatory design allows for the use of questionnaires and, subsequently, the application of inferential statistics when establishing the significance of the link between variables (Pfister, Peda & Otley, 2023). Explanatory research focuses on establishing the cause-and-effect linkages between two or more constructs by comparing groups or quantifying relationships. This type of research is considered suitable because the study's main objective is to quantify correlations. Explanatory research design allowed the researcher to examine internal audit mechanism on public financial management of the county government of Turkana.

3.3 Target Population of the Study

Target population refers to the complete group of specific population elements relevant to the research project (Adam, 2020). The target population comprised of 273 employees in the Ministry of finance and economic planning at the County Government of Turkana as their choice was justified by their experience with PFM. The study was carried out in Turkana County. The target population is as shown in Table 3.1.

Table 3. 1: Target Population

Stratum	Stratum Size
Administration	28
Revenue	142
Economic Planning	56
Accounts	28
Internal Audit	19
Total	273

Source: Turkana County Human Resource Records (2024)

3.4 Sampling Procedure and Sample Size

Sampling, according to Gumpili and Das (2022), is the process of selecting study participants from the population, who would serve as the study's subject. A sample is a portion of the population whose characteristics are representative of the entire population; as such, it is ideal for research. A sample is further defined as a portion of the population that is selected and analyzed as a representation of the population due to the fact that its characteristics are identical to those of the population. The study conducted a census as the population was small and manageable.

3.5 Data Collection Instruments

The study collected primary quantitative data using structured questionnaires. Structured questionnaires are favored because, as argued by Oben (2021), they are

effective instruments for data collection since they limit responses to specified parts that are designed to meet the set objectives. In addition, Manstein, Shiah and Laikhter (2023) asserts that the data collected through structured surveys is objective and, therefore, reliable.

3.6 Pilot Testing

To test the instruments' validity and reliability, a pilot study was conducted. This test assisted the researcher determine the average time required to complete each questionnaire so that the necessary adjustments may be made. A pilot study is the initial step in the research process and is typically a smaller-scale study that aids in the modification and planning of the main research study (Brooks, Reed & Savage, 2016). According to Cooper et al. (2018) pilot test is used to establish the accuracy and appropriateness of the research design and instrumentation. In support of Mugenda and Mugenda (2003), Connelly (2008) suggests that a pilot test can consist of at least 10 percent of the sample size. As a result, the pilot project collected data from 27 respondents in West Pokot County which had similar characteristics to the study area. The completed surveys from the pilot study were examined, analyzed and shared with supervisors in order to gain more insights and suggestions for enhancements.

3.7 Validity and Reliability

3.7.1 Validity of the Instruments

Taherdoost (2016) defines validity as the extent to which a test accurately measures what it claims to measure. In this study, tests of face, construct, and content validity were conducted. To evaluate the face and content validity of the data collection instruments, expert input was solicited with the intent of enhancing both face and content validity. Content validity involves evaluation of a new instrument in order to

ensure that it includes all the items that are essential and eliminates undesirable items in the questionnaire. Specifically, the study consulted literature reviews and then followed-up with the evaluation by panel of expert (Arslan, 2020). The researcher consulted supervisors in the field of public finance during the development of the instrument to ensure that relevance and accuracy is observed. Construct validity is the relevance of made on the basis of observations or test scores, specifically whether a test measures the proposed construct (Taherdoost, 2016). In this case, the researcher used the concepts and indicators presented in the conceptual framework to ensure all the items in the instrument captured the intended variables under investigation. Face validity refers to an expert's evaluation of research instrument, particularly relating to language usage and understandability. Face validity was established through pilot study. Using 10 percent of the total sample size, a pilot test of the survey instrument was undertaken.

3.7.2 Reliability of the Instruments

Reliability relates to the consistency of data collection instruments (Mohajan, 2017). To evaluate the reliability of the instrument, Cronbach Alpha was used. The value of the coefficient alpha ranges from zero to one, where zero represents no internal consistency and one represents perfect internal consistency. Using the Cronbach's alpha coefficient, the reliability of the measurement scales was determined. According to Kullan, Mansor and Ishak (2022), a value of alpha coefficient greater than 0.50 is deemed good and suitable for testing the dependability of constructs. Coolidge & Segal, 2018) suggested that a construct's minimal reliability should be 0.7.

3.8 Data Collection Procedures

Prior to conducting the study, the researcher obtained approval and authorization from the university. A research authorization was sought from the National Commission of

Science, Technology, and Innovation upon approval (NACOSTI). Together with the transmittal letter (Appendix 1) and the questionnaire, the introduction letters from Moi University and the research permit was used to collect data from the respondents for the study. To assist with data collecting, the researcher enlisted research assistants to help deliver the questionnaires to the participants. The research assistants were graduates who knew the research procedure and offered the desired response rate within the specified time frame. The researcher trained the research assistants on the objectives of the study. The researcher and the assistants administered the questionnaires to the study participants randomly.

3.9 Data Analysis

Once the questionnaires had been collected, the data from the completed questionnaires were coded by grouping the questions into their respective dimensions. Using SPSS version 26, the data were analyzed. To test the research hypothesis and conduct data analysis, both inferential and descriptive statistics were used. The data collected from respondents were analyzed using descriptive statistics in the form of standard deviations, means, and frequencies.

Prior to data analysis, the study performed reliability and validity tests with a view to determine the internal consistency in the data collection instruments as well as to check the suitability of the stated constructs. Cronbach's alpha coefficient was used to check for reliability of the instruments.

Simple linear regression analyses were included in inferential statistics to assess direct correlations. A confidence level of 95% was applied to the analysis. Quantitative data was analyzed using inferential statistics such as correlation analysis, regression

analysis and ANOVA test analysis. All data were analyzed at a level of significance of 95%.

3.10 Measurement of Study Variables

To measure the research variables, the study established the indicators of each variable and then employed Likert scale to measure the variables as summarized in Table 3.2. The scale comprised of an interval scale of 1-5; where 1= Strongly Disagree, 2= Disagree, 3=Undecided, 4=Agree and 5= Strongly Agree. The respondents were requested to answer the questionnaire using the five-point scale.

Table 3. 2: Measurement of Variables

Variable	Variable Type	Indicators	Measurement	Source
public financial management	Dependent	<ul style="list-style-type: none"> ● financial planning ● financial control ● financial reporting ● public procurement systems 	Likert Scale	Izedonmi and Olateru (2021)
internal audit control	Independent	<ul style="list-style-type: none"> ● management support ● duties segregation ● physical controls ● data controls 	Likert Scale	Dewi and Aris (2022)
internal audit compliance	Independent	<ul style="list-style-type: none"> ● system audits ● process audits ● goal setting ● information systems audits 	Likert Scale	Barr, Brown and Sanderson (2022)
internal audit independence	Independent	<ul style="list-style-type: none"> ● reporting structure ● scope of work ● objectivity of audits ● professional competence 	Likert Scale	Nyaga and Kamau (2018)
internal audit assurance	Independent	<ul style="list-style-type: none"> ● audit governance ● risk management ● audit reliability ● sufficiency of audits 	Likert Scale	Barros and Marques (2022)

3.11 Model Specification

Linear regression analysis was used to test hypotheses H_{01} , H_{02} , H_{03} and H_{04} as follows:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + e \dots\dots\dots\text{Model 1}$$

Where:

Y: public financial management

X_1 : internal audit control

X_2 : internal audit compliance

X_3 : internal audit independence

X_4 : internal audit assurance

β_0 : Constant

$\beta_1 - \beta_4$: Regression coefficients

e: Error term

3.12 Diagnostic statistics

3.12.1 Normality tests

Tests for normality of any study data are crucial for identifying whether or not the gathered data can be appropriately modeled by a normal distribution (Moore & McCabe, 2014). This was accomplished by constructing histograms or probability plots (P-P) to examine the distribution of the data. The Kolmogorov-Smirnov test and the Shapiro-Wilk test are the most typical numerical tests for normality. For moderately high sample sizes ranging from 50 to 2000 items, the second test is the most suitable option. If the significance level of the Kolmogorov-Smirnov Test is more than 0.05, then the data set is considered normal. In contrast, if the significant value is less than 0.05 (0.05), the data set is significantly out of normal distribution

(Razali et al., 2011). In this study, the Kolmogorov-Smirnov Test and P-P Plots were used to examine the normality of the obtained data.

3.12.2 Linearity test

The goal of the linearity test is to assess whether or not the connection between each predictor variable and the target variable is linear (Zientek, Kim & Bryn, 2016; Zikmund et al., 2013). Both correlation and linear regression analysis require a linearity test. Good regression model research demonstrates a linear relationship between the predictor and the predicted variables. Using the value substantial departure from linearity, the linearity of the variables in this study were evaluated. If the value of the sig. deviation from linearity is more than 0.05, this connection is linear; otherwise, the opposite is true.

3.12.3 Multicollinearity Test

Multicollinearity is the existence of strongly linked predictor variables, which makes it difficult to discern the real contribution of each predictor variable to the variation in the dependent variable (Zikmund et al., 2013; Zhang et al., 2011; Hair et al., 2010). Variance Inflation Factor (VIF) and its reciprocal, the tolerance values, were used for the confirmation of multicollinearity.

3.12.4 Heteroscedasticity Test

Heteroscedasticity is characterized, according to Gujarati and Porter (2009), by fluctuations in the anticipated variable across the entire data set. It is the variation of error around the regression line such that this variance is not the same for all predictors in the study, or the errors of the model are not uniformly distributed (Tabachnick & Fidell, 2001). Consequently, heteroscedasticity offers a risk to the

error term, which is expected to be constant (Park, 2008). The Glejser test of variance heterogeneity was used to examine heteroscedasticity.

3.12.5 Autocorrelation

Autocorrelation indicates that the observations of a variable are independent of one another (Zikmund, Babin, Carr & Griffin, 2013; Tabachnick & Fidell, 2001). Gujarati and Porter (2009) defined autocorrelation as the correlation between members of a time- and space-ordered sequence of data. The Durbin-Watson test was used to determine its presence or absence. The Durbin-Watson statistic ranges from 0 to 4 as a result. A score closer to four suggests negative autocorrelation (Zikmund et al., 2013).

3.13 Ethical Considerations

Ethical considerations that were adhered to while conducting this research include obtaining authorization, permitting voluntary involvement, protecting the safety of participants, ensuring anonymity and confidentiality, avoiding deceit, analysing and reporting the results. In order to gain access to the selected respondents, the researcher obtained authorization letter from the National Commission for Science, Technology, and Innovation (NACOSTI) to the office of the Governor of Turkana County requesting permission to conduct the study. This letter was accompanied by a letter of introduction from Moi University, a copy of the questionnaire with a cover page describing the significance of the study and anticipated findings. Before participation, the researcher got informed consent from each participant. Individual responses were not identified, and only the researcher had access to the questionnaires and data. This ensured the participant's confidentiality.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Overview

This chapter presents demographics, descriptive statistics, inferential statistics, interpretations and discussions. Consequently, the chapter analyses data as per the objectives; that is, to evaluate the effect of internal audit control on public financial management in Turkana county; assess the effect of internal audit compliance on public financial management in Turkana county; determine the effect of internal audit independence on public financial management in Turkana county and investigate the effect of internal audit assurance on public financial management in Turkana county.

4.2 Response Rate

The study issued 273 questionnaires to employees in the department of finance and economic planning at the County Government of Turkana, out of which 257 were completed and returned; this was a response rate of 94%. The high response rate was a result of constant follow up with the respondents to complete the questionnaires in time. The incomplete questionnaires were stored confidentially. Wu, Zhao and Aime (2022) suggest that a response rate of 50% is satisfactory and provides a solid foundation for data analysis. Sammut, Griscti and Norman (2021) advise that a 50% response rate is sufficient, 60% is good and an exceedance of 70% is very good while López (2023) maintains that a response rate of 50% is adequate. Furthermore, Shiyab, Ferguson, Rolls and Halcomb (2023) affirm that response rates of 50% and above are acceptable for analysis. Consequently, the study's response rate of 94% for questionnaires is reliable. The response rate is as per Table 4.1:-

Table 4. 1: Response Rate

Stratum	Sample	Responses	Response Rate
Administration	28	26	93%
Revenue	142	138	97%
Economic Planning	56	53	95%
Accounts	28	22	79%
Internal Audit	19	18	95%
Total	273	257	94%

Source: (Field Data, 2024)

4.3 Reliability Results

Reliability pertains to the degree of consistency with which a research instrument, such as a questionnaire, yields the same information when employed in various study scenarios (Souza, Alexandre, & Guirardello, 2017). It showcases the reliability of the research instrument in consistently producing comparable and precise outcomes across multiple scenarios. The study utilized Cronbach's alpha coefficient test to assess the consistency and reliability of the instruments. It pertains to the degree of consistency with which individuals answer questions in a multiple-item evaluation. When individuals' answers to many questions are not the same or not related, it becomes unlikely to claim that they are all evaluating the same fundamental concepts. We employed Cronbach's alpha, a metric that assesses the degree of internal consistency. Table 4.2 displays the reliability findings obtained from the pilot study.

Table 4.2: Reliability Results

Variable	Item	Alpha Value	Recommendations
Internal audit control	7	0.813	Reliable
Internal audit compliance	7	0.831	Reliable
Internal audit independence	7	0.806	Reliable
Internal audit assurance	7	0.808	Reliable
Public financial management	7	0.813	Reliable

Source: (Field Data, 2024)

The Cronbach alpha coefficient was calculated for each variable. Coefficient for Internal audit control was 0.813, Internal audit compliance was 0.831 Internal audit independence was 0.806, Internal audit assurance was 0.808 and Public financial management 0.813. All the variables had reliability values higher than 0.7, which was adequate for the study.

4.4 Validity Tests

The researcher performed factor analysis to validate the preset constructs for each variable and, if needed, decrease the number of questionnaire components to ensure the questionnaire's validity. Abson, Dougill, & Stringer (2012) claim that factor analysis is a statistical technique used to identify patterns in data and simplify a large number of variables into a smaller set of variables that have comparable properties. In his study, Matsunaga (2010) employs factor analysis as a method to condense several factors with different outcomes into a smaller set and determine the unidentified factors that affect the covariance among multiple observations. These variables encapsulate essential concepts that cannot be effectively quantified by a single variable. Survey research universally use this methodology, in which the responses to individual questions serve as a result, frequently involving many or more interconnected questions.

The eigenvalues in factor analysis measure the amount of overall variance that each factor accounts for. Kaiser (1974) proposes to preserve just the elements that have eigenvalues equal to or greater than one. Prior to conducting variable reduction, it is advisable to assess the sufficiency of the study's sample by employing the Kaiser-Meyer-Olkin test (KMO). Variables with KMO values more than 0.70 are deemed acceptable according to Kaiser (1974), indicating that the sample is sufficient and factor analysis can be carried out. Principal component analysis (PCA) was chosen as

a viable technique for data processing and dimensionality reduction in this investigation. Zou, Hastie, and Tibshirani (2006) state that the primary objective of Principal Component Analysis (PCA) is to extract pertinent information from data and visually represent the patterns of similarity across observations and variables.

The study examined the determinants that effect internal audit processes. We employed a total of thirty-five items to quantify this variable. We evaluated and standardized each item using a five-point Likert scale. The subsequent key was utilized: The rating scale is as follows: 5 for strongly agree, 4 for agree, 3 for don't know, 2 for disagree, and 1 for strongly disagree. Participants were obligated to evaluate the statements according to their personal perspectives on the components of the internal audit method. In order to identify items that contain valuable information, the study initially assessed the reliability of the items using Cronbach alpha and evaluated the adequacy of the sample using KMO. In this regard, the rule of thumb is that the following conditions had to be met: KMO ($>.5$), Bartlett tests ($<.05$), Eigen values (>1.0), and factor loadings (>0.3).

Factor analysis produced the following statistical outputs: KMO measure of sampling adequacy and Bartlett's Test of sphericity, rotated component matrix, total variance explained, and scree plot. According to Table 4.3, the research determined a KMO test statistic of 0.618. According to Kaiser (1974), KMO values greater than 0.5 are statistically sufficient. In this study, the value of 0.618 indicates that sampling was sufficient. Besides to the KMO test, the Bartlett's test of sphericity was also highly significant with 11479.511 at 595 degrees of freedom and $P<0.05$. Bartlett's Test of Sphericity generated a P value of 0.000, indicating that the dataset's constructs are significantly correlated. Kothari (2014) explained that the test of KMO and Bartlett's

test should be at a significance level of less than 0.05 to be acceptable. These results provide justification for further statistical analysis to be conducted.

Table 4. 3: KMO and Bartlett's Test for Validity

<i>KMO and Bartlett's Test</i>		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.618
Bartlett's Test of Sphericity	Approx. Chi-Square	11479.511
	df	595
	Sig.	.000

Source: (Field Data, 2024)

The factor analysis process yielded nine components as indicated in Table 4.4 with Eigen values above 1.0. Table 4.4 shows the factor loading for each item for all the variables are sorted by size. The eigen value for each factor is greater than 1.0 (18.65, 15.21, 10.11, 9.06, 8.30, 6.81, 5.65, 4.00 and 2.90) which implies that each factor can explain more variance than a single variable. The cumulative percentage of variance explained by the nine factors is 80.74 per cent. In other words, more than 80 per cent of the common variance shared by the 35 items can be accounted or explained by these nine factors. Based on these results, the construct validity is established.

Table 4. 4: Total Variance Explained

Compon ent	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulativ e %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.530	18.658	18.658	6.530	18.658	18.658	5.179	14.796	14.796
2	5.326	15.218	33.876	5.326	15.218	33.876	3.652	10.435	25.231
3	3.541	10.117	43.993	3.541	10.117	43.993	3.496	9.988	35.220
4	3.172	9.064	53.056	3.172	9.064	53.056	3.430	9.799	45.019
5	2.905	8.300	61.356	2.905	8.300	61.356	3.204	9.154	54.173
6	2.386	6.816	68.172	2.386	6.816	68.172	2.805	8.014	62.187
7	1.980	5.658	73.831	1.980	5.658	73.831	2.763	7.893	70.080
8	1.403	4.008	77.839	1.403	4.008	77.839	2.415	6.901	76.981
9	1.015	2.901	80.740	1.015	2.901	80.740	1.316	3.759	80.740

Extraction Method: Principal Component Analysis.

Source: (Field Data, 2024)

Table 4.5 shows the results of the rotated component matrix (using varimax with Kaiser Normalization rotation). Principal component analysis extraction method was used to extract the components. Table 4.5 contains the loadings of each variable on each factor but all loadings less than 0.30 were suppressed using Field (2009) recommendation. The idea of rotated component matrix is to reduce the number of factors on which the variables under investigation have high loading.

Table 4. 5: Rotated Component Matrix

	Component								
	1	2	3	4	5	6	7	8	9
IND1	.838								
PFM1	.813								
ICOM1	.798								
IA1	.765								
IND3	.712								
PFM3	.705								
IA3	.623								
ICOM3	.610								
IND5		.896							
IA5		.859							
PFM5		.808							
ICOM5		.684							
IC5		.642							
ICOM2			.921						
ICOM4			.765						
ICOM6			.719						
ICOM7			.637						
IA2				.826					
PFM2				.817					
IND2				.731					
IC2				.628					
IC7					.777				
IC6					.732				
IC3					.670				
IC4					.652				
IC1					.646				
IND4						.829			
IND6						.770			
IND7						.584			
PFM6							.851		
PFM4							.757		
PFM7							.574		
IA6								.748	
IA4								.635	
IA7								.584	.558

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 10 iterations.

Source: (Field Data, 2024)

4.5 Test for Outliers

Outliers are observations that deviate from the center of the distribution (Zink et al., 2018). It is a data point that significantly diverges from other observations (Hadi et al., 2009). Outliers are those observations which tend to extremely deviate from other observations. The possibility of multivariate outliers as a combination of independent and dependent variables was expected. In such instances, it was necessary to examine the responses of the outliers in order to determine the cause of the outliers. Possible causes of outliers include coding errors, incorrect data, or a sample distribution for specific variables that may have a more extreme distribution than the norm (Zink et al., 2018). Cleaning data of outliers eliminates potential sources of threats to internal validity. It was therefore essential to determine whether the study variables contained multivariate outliers. The researcher employed the Mahalanobis distance and Chi square to identify multivariable outliers. This resulted in flagging four cases that were significant outliers. The researcher eliminated them for further analysis and therefore pursued the analysis with 253 cases. The study revealed that the outliers were values that fell outside of the normal distribution. The outliers could have been caused by the respondents not understanding the content. It could also be caused by the respondent not being keen on participating in the study and therefore just filling out the questionnaires for the sake of it. As shown in Table 4.6, cases with values less than 0.001 were excluded from further analysis.

Table 4. 6: Test for Outliers

	Minimum	Maximum	Mean	Std. Deviation	N
Mahal. Distance	.140	14.372	3.984	2.841	253

Source: (Field Data, 2024)

4.6.Preliminary Diagnostic Tests

Prior to data analysis, the study conducted a series of diagnostic tests to evaluate data quality and eliminate errors in preparation for descriptive and inferential analyses. Thus, preliminary tests would guarantee both the output's quality and the correctness of the type of analysis to be implemented. Data diagnostics consisted of normality, multicollinearity, and homogeneity of variances.

4.6.1 Normality Tests of the Study

The data in most analyses is assumed to be normally distributed. According to Tabachnick and Fidella, distribution is normal. According to Tabachnick and Fidell (2007), data is normal if the data distribution is normally distributed in each item and in all linear combinations of items. The normal distribution assumes a symmetrical bell-shaped curve with mean $\mu = 0$ and variance $\sigma = 1$. A histogram, as shown in Figure 4.1, is a graphical representation of a variable's normal distribution. This indicates the perceived ease of use if a normal distribution is assumed, as shown by the bell-shaped curve.

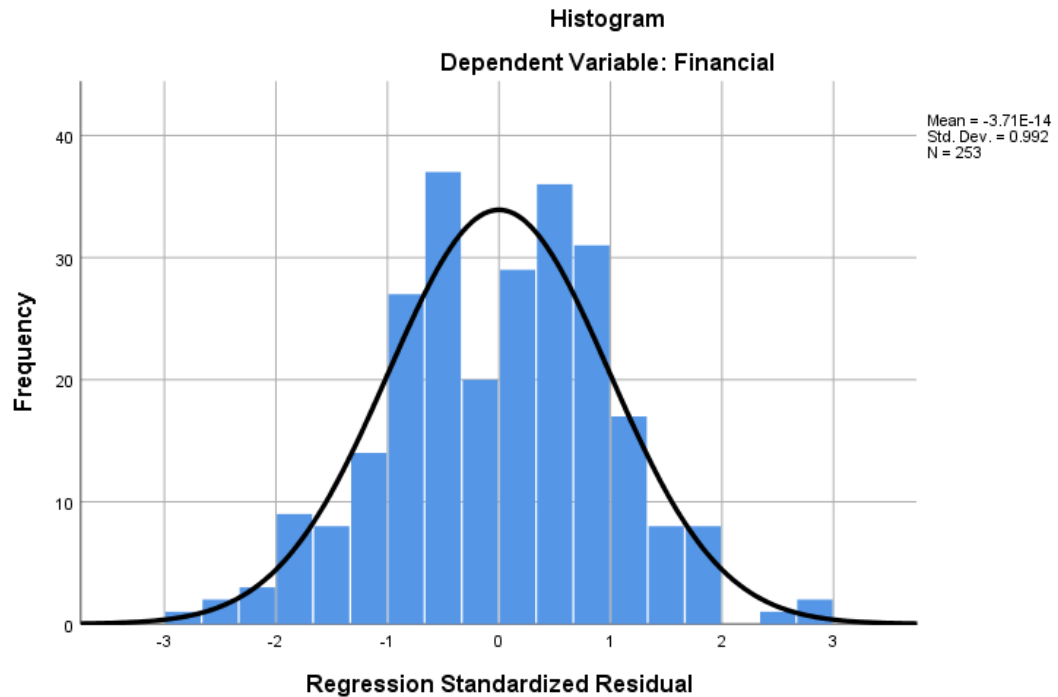


Figure 4. 1: Normality Curve

Source: (Field Data, 2024)

The symmetry of the distribution, as shown in Figure 4.1 above, is known as the Skewness. A positively skewed distribution has scores clustered to the left and the tail extending to the right, whereas a negatively skewed distribution has scores clustered to the right and the tail extending to the left. In this study, all variables in table 4.8 were within the normal range of skewness of +3 or -3 standard deviations (Hair et al., 2006). Any skewness statistics that fall outside of this range should be investigated. The values ranged from -0.033 to -0.234, based on the data, and according to Pallant (2007) negative or positive skewness does not pose a problem unless it is outside the normal range.

Kurtosis refers to the "peakness" of the distribution. Positive kurtosis values denote a peak distribution, while negative kurtosis values denote a flat distribution. Based on our data, the kurtosis ranges were -0.292 to 0.052, implying that the variables were

within the range as shown in table 4.7, and according to Pallant (2007), negative or positive skewness does not represent a problem unless it is within the normal range.

Table 4. 7: Normality Test

Descriptive Statistics

	N	Min	Max	Mean	Std. Deviation	Skewness	Kurtosis
Control	253	3.86	5.00	4.4111	.20819	-.033	-.292
Compliance	253	3.67	4.84	4.2678	.22309	-.234	.036
Independence	253	3.86	5.00	4.3800	.22601	.052	-.124
Assurance	253	3.86	5.00	4.3574	.21129	-.063	.052
Financial	253	3.71	4.86	4.2919	.20650	-.180	-.172
Valid N (listwise)	253						

Source: (Field Data, 2024)

4.6.2 Linearity Test

A relationship between independent and dependent variables is linear if the slope of the line remains constant (gradient). This link can typically be depicted using a scatter plot of residuals between the two variables. The linearity assumption was tested in this study by performing a simple inspection of the P-P plot of the scores represented by a straight line and also by determining the coefficient of determination (R^2), as shown in Figure 4.3. Due to the close proximity of R^2 to 1, this regression equation is very useful for making predictions. According to Figure 4.2, R^2 Linear = .992, which indicates that 99% of the variation in the public financial management is explained by independent variables.

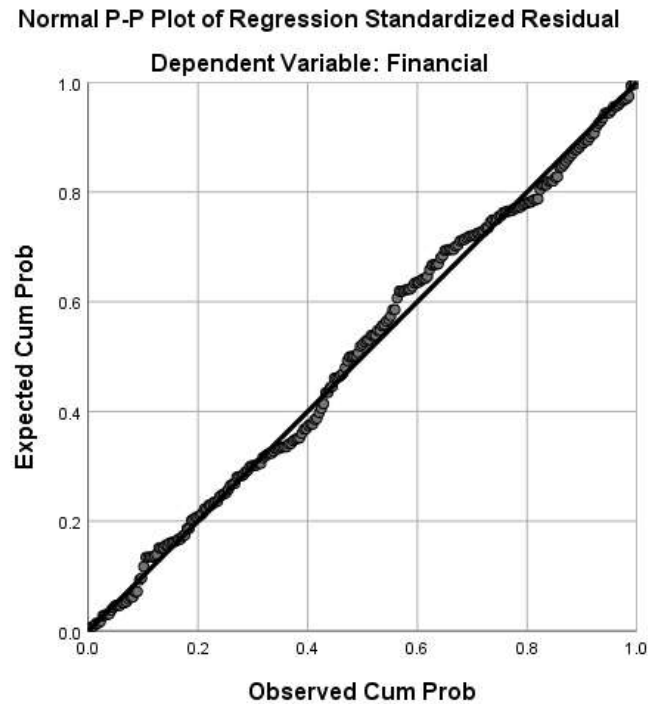


Figure 4. 2: Linearity Curve

Source: (Field Data, 2024)

4.6.3 Multicollinearity

The study conducted a multicollinearity test to determine if two or more predictor (independent) variables in the multiple regression model are highly correlated. The study used tolerance and variance inflation factor (VIF) values for the predictors as a check for multicollinearity. As a general rule, $VIF < 4.0$ and tolerance > 0.20 suggest an issue with multicollinearity in the analysis. Given that all variables have tolerance values more than .20 and the VIF is less than 10.0, there is no evidence of multicollinearity (Hair et al., 2010) as shown in table 4.8.

Table 4. 8: Multicollinearity Test

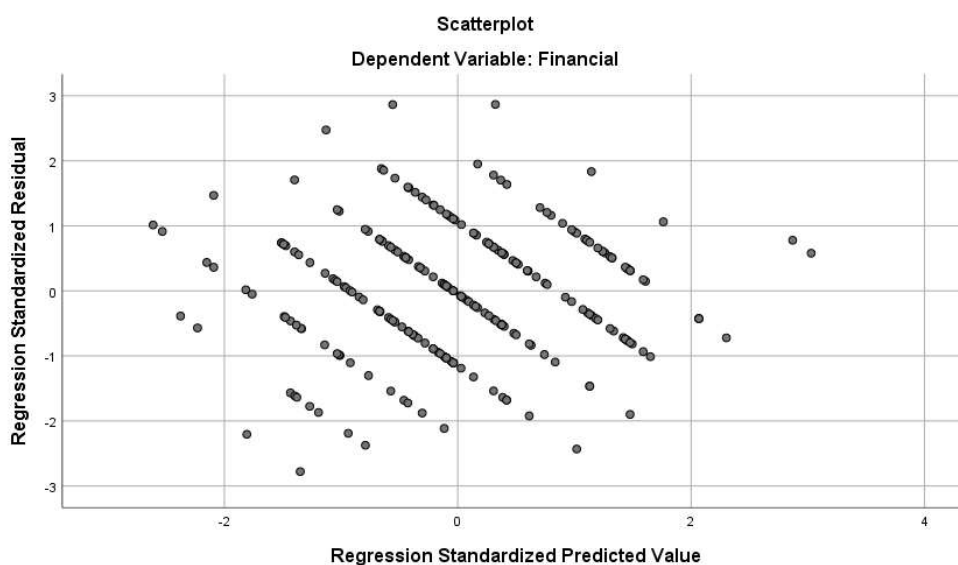
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Internal Audit Control	.695	1.440
	Internal Audit Compliance	.681	1.469
	Internal Audit Independence	.370	2.704
	Internal Audit Assurance	.369	2.712

a. Dependent Variable: Public Financial Management

Source: (Field Data, 2024)

4.6.4 Homoscedasticity Test

Homoscedasticity is the assumption that the variability of a variable is unequal across the range of values of a second variable that predicts it (Vinod, 2008). As illustrated by the residual scatter plot (Figure 4.4), the variance of residuals is assumed to be constant for all predicted values of the dependent variable, implying homoscedasticity. The residuals are distributed randomly around 0, resulting in a rather uniform distribution. When the residuals are not uniformly distributed, heteroscedasticity exists. Osborne and Waters (2002) recommend that residuals be between -3 and/or +3 points.

**Figure 4. 3: Homoscedasticity Test**

Source: (Field Data, 2024)

4.6.5 Autocorrelation Test

The Durbin-Watson test was used to determine autocorrelation levels. Results indicated that internal audit control, internal audit compliance, internal audit independence and internal audit assurance had Durbin-Watson statistics of 2.217, 2.266, 1.989 and 2.178 respectively. The Durbin-Watson test is a statistical method that measures autocorrelation, with values ranging from 0 to 4, with values between 0 and 2 indicating positive autocorrelation and >2 indicating negative autocorrelation, with values outside this range potentially causing concern. The study's values were within the range, hence no autocorrelation concerns. The autocorrelation assumption test results are provided in Table 4.16.

Table 4. 9: Autocorrelation Test

Model	Durbin-Watson
1	1.978

Source: (Field Data, 2024)

4.7 Demographic Information

The research sought to determine the respondents' demographic information. This provided information on respondents' skills, competencies, and experiences. The study considered: gender, marital status, age, work experience and education.

4.7.1 Respondents' Gender

The research sought to establish the gender of the respondents. Results showed that out of 257 respondents, 145 (56%) were male while 112 (44%) were female. Hence, there were more males than females, as illustrated in Table 4.9.

Table 4. 10: Respondents' Gender

Gender	Frequency	Percent
Male	145	56
Female	112	44
Total	257	100

Source: Field Data (2024)

4.7.2 Respondents' Marital Status

The research sought to establish the marital status of the respondents. Findings showed that out of 257 respondents, 77 (30%) were single, 175 (68%) were married, 3 (1%) were divorced and 2 (1%) were widowed. Most of the respondents were, married, as shown in Table 4.10:

Table 4. 11: Respondents' Marital Status

Marital status	Frequency	Percent
Single	77	30
Married	175	68
Divorced	3	1
Widowed	2	1
Total	257	100

Source: (Field Data, 2024)

4.7.3 Respondents' Age

The study analyzed the respondents' age. Results showed that out of 257 respondents, 49(19%) were between 20-30 years, 121(47%) were between 31-40 years, 76(30%) were between 41-50 and 11(4%) were above 50 years of age. Most of the respondents were aged 31-40 years, as illustrated in Table 4.11:-

Table 4. 12: Respondents' Age

Age	Frequency	Percent
20-30 years	49	19
31-40 years	121	47
41-50 years	76	30
above 50 years	11	4
Total	257	100

Source: Field Data (2024)

4.7.4 Respondent's Experience

Findings showed that out of 257 respondents, 75(29%) were below 2 years of experience, 102(40%) were 3-5 years of experience, 73(28%) were 6-9 years of experience, 7(3%) were above 10 years of experience. Most of the respondents had 3-5 years' experience as shown in Table 4.12:

Table 4. 13: Respondent's Experience

Experience	Frequency	Percent
Below 2 years	75	29
3-5 years	102	40
6-9 years	73	28
Above 10 years	7	3
Total	257	100

Source: Field Data (2024)

4.7.5 Respondents Education

The study showed that out of 257 respondents, 93 (36%) had college education, 103 (40%) had diploma education, 49 (19%) had bachelors and 12 (5%) had masters.

Most of the respondents had diploma education, as discussed in Table 4.7: -

Table 4. 14: Respondents Education

Education	Frequency	Percent
College	93	36
Diploma	103	40
Bachelor's degree	49	19
Master's degree	12	5
Total	257	100

Source: Field Data (2024)

4.8 Descriptive Analysis

This section presents descriptive statistics used by the researcher to establish the main findings of the study and draw conclusions. The section presents descriptive analysis of the the effects of internal audit mechanism on public financial management of the county government of Turkana. The analysis is presented as per the research objectives that is: to determine the effect of internal audit control, internal audit compliance, internal audit independence and internal audit assurance on public financial management in Turkana County.

4.8.1 Internal Audit Control and Public Financial Management

The study's first objective was to investigate internal audit control and public financial management. Respondents were asked seven questions regarding the objective. Likert scale was used to present responses.

Out of 257 responses, 35% strongly agreed that the county government management supports the internal audit function, 56% agreed and 9% were undecided (Mean=4.26; SD=0.611). Indeed, responsibility for designing and implementing internal controls lies with governance bodies (Cantos, 2019). While internal controls offer reasonable assurance to management and the board of directors regarding goal achievement, they do not guarantee absolute certainty due to inherent limitations (Bananuka & Nkundabanyanga, 2023). Organizations establish internal control systems to facilitate

performance and organizational goal attainment, prevent resource loss, ensure the production of dependable reports, and uphold compliance with legal requirements. Such systems comprise a comprehensive network of established procedures intended to reasonably assure the realization of organizational objectives (Ngwega, 2023). Thirty percent strongly agreed that there was adequate duties segregation in the management of public funds, 64% agreed and 6% were undecided (Mean=4.24; SD=0.554). Forty nine percent strongly agreed that the county had put in place adequate physical controls to enhance accountability, 49% agreed and 2% were undecided (Mean=4.47; SD=0.538). Additionally, 44% strongly agreed that there were adequate data controls for financial information access and retrieval, 54% agreed and 2% were undecided (Mean=4.42; SD=0.526). Moreover, 40% strongly agreed that county staff understood the role of internal audit in ensuring financial accountability, 56% agreed and 5% were undecided (Mean=4.35; SD=0.568). Moreover, 51% strongly agreed that the county's internal audit function provides valuable recommendations for improving financial management practices, 47% agreed and 2% were undecided (Mean=4.49; SD =0.538). Lastly, 62% strongly agreed that the internal audit team conducts thorough and independent assessments of financial processes and controls and 38% agreed (Mean=4.62; SD=0.487).

Table 4. 15: Internal Audit Control and Public Financial Management

Statements	N	Mean	Std. Dev					
				SA	A	U	D	SD
The county government management supports the internal audit function.	257	4.26	0.611	35	56	9	0	0
There is adequate duties segregation in the management of public funds.	257	4.24	0.554	30	64	6	0	0
The county has put in place adequate physical controls to enhance accountability.	257	4.47	0.538	49	49	2	0	0
There are adequate data controls for financial information access and retrieval	257	4.42	0.526	44	54	2	0	0
County staff understand the role of internal audit in ensuring financial accountability	257	4.35	0.568	40	56	5	0	0
The county's internal audit function provides valuable recommendations for improving financial management practices.	257	4.49	0.538	51	47	2	0	0
The internal audit team conducts thorough and independent assessments of financial processes and controls	257	4.62	0.487	62	38	0	0	0
Aggregate mean		4.21						

Source: Field Data (2024)

4.8.2 Internal Audit Compliance on Public Financial Management

The study's second objective was to determine the internal audit compliance on public financial management. The respondents were asked seven questions regarding the objective. Likert scale was used to present responses. Out of 257 responses, 32% strongly agreed that the internal audit department conducts regular system audits for compliance, 64% agreed and 4% were undecided (Mean=4.27; SD=0.534). Additionally, 33% strongly agreed that the internal audit department sets forth internal audit compliance goals, 61% agreed and 5% were undecided (Mean=4.28; SD=0.553). Twenty eight percent strongly agreed that the county's internal audit team conducts information system audits to enhance compliance, 62% agreed and 10% were undecided (Mean=4.18; SD=0.592). Additionally, 29% strongly agreed that process audits were regularly carried out by the internal audit department of the

county, 67% agreed and 4% were undecided (Mean=4.25; SD=0.516). Moreover, 41% strongly agreed that there was a system in place for reporting and addressing any non-compliance issues identified during internal audits, 55% agreed and 4% were undecided (Mean=4.37; SD=0.565). Internal audit identifies weaknesses or deficiencies in internal controls, enabling organizations to rectify issues promptly and enhance operational efficiency (Alqudah, Amran & Hassan, 2019). Thus, internal audits contribute to the effectiveness of risk management practices, enhancing public financial management. Nineteen percent strongly agreed that the internal audit team collaborates effectively with other departments to enhance compliance efforts, 74% agreed and 7% were undecided (Mean=4.11; SD=0.499). Finally, 42% strongly agreed that the county government undertakes accurate recording and reporting of its financial information, 54% agreed and 4% were undecided (Mean=4.39; SD=0.556).

Table 4. 16: Internal Audit Compliance on Public Financial Management

Statements	N	Mean	Std. Dev	SA	A	U	D	SD
The internal audit department conducts regular system audits for compliance	257	4.27	0.534	32	64	4	0	0
The internal audit department sets forth internal audit compliance goals.	257	4.28	0.553	33	61	5	0	0
The county's internal audit team conducts information system audits to enhance compliance.	257	4.18	0.592	28	62	10	0	0
Process audits are regularly carried out by the internal audit department of the county.	257	4.25	0.516	29	67	4	0	0
There is a system in place for reporting and addressing any non-compliance issues identified during internal audits.	257	4.37	0.565	41	55	4	0	0
The internal audit team collaborates effectively with other departments to enhance compliance efforts.	257	4.11	0.499	19	74	7	0	0
The county government undertakes accurate recording and reporting of its financial information	257	4.39	0.556	42	54	4	0	0
Aggregate mean		4.26						

Source: Field Data (2024)

4.8.3 Internal Audit Independence on Public Financial Management

The study's third objective was to examine the internal audit independence on public financial management. Respondents were asked seven questions regarding the objective. Likert scale was used to present responses.

Out of 257 responses, 35% strongly agreed that the internal audit reporting structure in the county was independent, 61% agreed and 4% were undecided (Mean=4.32; SD=0.537). Additionally, 31% strongly agreed that the scope of work for the internal control function was determined by the management of the department, 64% agreed and 5% were undecided (Mean=4.26; SD=0.543). Forty three percent strongly agreed that the internal audit department carries out its functions with objectivity, 56% agreed and 1% were undecided (Mean=4.42; SD=0.518). Indeed, Ziniyel (2018) asserts that internal audit contributes to maintaining transparency, accountability and integrity in organizations' financial operations. Its role extends beyond mere compliance to actively safeguarding the organization's assets, enhancing operational efficiency, and fostering stakeholder trust (Waweru, 2021). Forty five percent of the respondents strongly agreed that the county's internal audit function had professionally competent staff, 51% agreed and 4% were undecided (Mean=4.41; SD=0.566). Thirty nine percent strongly agreed that there were clear policies in place to prevent conflicts of interest that could compromise internal audit independence, 56% agreed and 4% were undecided (Mean=4.35; SD=0.561). Moreover, 49% strongly agreed that internal auditors had the authority to access all necessary information and resources for conducting audits, 47% agreed and 4% were undecided (Mean=4.46; SD=0.572). Lastly, 43% strongly agreed that internal auditors had the freedom to express their professional opinions without fear of reprisal, 54% agreed and 3% were undecided (Mean=4.40; SD=0.551).

Table 4. 17: Internal Audit Independence and Public Financial Management

Statement	N	Mean	Std. Dev	SA	A	U	D	SD
The internal audit reporting structure in the county is independent.	257	4.32	0.537	35	61	4	0	0
The scope of work for the internal control function is determined by the management of the department	257	4.26	0.543	31	64	5	0	0
The internal audit department carries out its functions with objectivity.	257	4.42	0.518	43	56	1	0	0
The county's internal audit function has professionally competent staff.	257	4.41	0.566	45	51	4	0	0
There are clear policies in place to prevent conflicts of interest that could compromise internal audit independence.	257	4.35	0.561	39	56	4	0	0
Internal auditors have the authority to access all necessary information and resources for conducting audits.	257	4.46	0.572	49	47	4	0	0
Internal auditors have the freedom to express their professional opinions without fear of reprisal.	257	4.40	0.551	43	54	3	0	0
Aggregate mean		4.37						

Source: Field Data (2024)

4.8.4 Internal Audit Assurance on Public Financial Management

The study's fourth objective was to examine the Internal audit assurance on public financial management. Respondents were asked seven questions regarding the objective. Likert scale was used to present responses.

Out of 257 responses, 35% strongly agreed that internal audit reports offered clear and actionable recommendations for improving control mechanisms, 61% agreed and 4% were undecided (Mean=4.32; SD =0.537). Additionally, 34% strongly agreed that the county internal audit provides credible assurance on the accuracy and reliability of financial information, 60% agreed and 5% were undecided (Mean=4.29; SD=0.561). Forty one percent strongly agreed that the internal audit function was effective in identifying and addressing potential areas of non-compliance, 57% agreed and 2% were undecided (Mean=4.40; SD=0.522). Additionally, 45% strongly agreed that the governance framework effectively oversees and guides internal audit activities, 51%

agreed and 4% were undecided (Mean=4.41; SD =0.566). Thirty nine percent strongly agreed that internal audit provides valuable assurance on the effectiveness of our organization's risk management processes, 56% agreed and 4% were undecided (Mean=4.35; SD=0.561). Through maintenance of independence from operational pressures and conflicts of interest, internal auditors can more effectively identify and address risks, evaluate controls, and outlines ways of improving organizational performance and governance processes (Kulmie, 2023). Sixty four percent of the respondents strongly agreed that the internal audit function consistently delivers credible and unbiased assurance findings, 28% agreed and 7% were undecided (Mean=4.57; SD=0.628). Lastly, 21% strongly agreed on the believe that internal audit activities were adequately resourced to ensure sufficiency, 72% agreed and 7% were undecided (Mean=4.14; SD=0.514).

Table 4. 18: Internal Audit Assurance on Public Financial Management

Statement	N	Mean	Std. Dev	SA	A	U	D	SD
Internal audit reports offer clear and actionable recommendations for improving control mechanisms.	257	4.32	0.537	35	61	4	0	0
The county internal audit provides credible assurance on the accuracy and reliability of financial information	257	4.29	0.561	34	60	5	0	0
The internal audit function is effective in identifying and addressing potential areas of non-compliance.	257	4.40	0.522	41	57	2	0	0
The governance framework effectively oversees and guides internal audit activities.	257	4.41	0.566	45	51	4	0	0
Internal audit provides valuable assurance on the effectiveness of our organization's risk management processes.	257	4.35	0.561	39	56	4	0	0
The internal audit function consistently delivers credible and unbiased assurance findings.	257	4.57	0.628	64	28	7	0	0
I believe that internal audit activities are adequately resourced to ensure sufficiency.	257	4.14	0.514	21	72	7	0	0
Aggregate mean		4.35						

Source: Field Data (2024)

4.8.5 Public Financial Management

The study examined the effects of internal audit mechanism on public financial management of the county government of Turkana. Respondents were asked seven questions on the dependent variable. Likert scale was used to present responses.

Out of 257 responses, 33% strongly agreed that the public financial planning processes in the county were well-defined and effectively guide resource allocation, 61% agreed and 6% were uncertain (Mean=4.27; SD=0.534). Additionally, 33% strongly agreed that financial plans were aligned with the strategic goals and priorities of the organization, 61% agreed and 6% were undecided (Mean=4.28; SD= 0.553). Thirty nine percent strongly agreed financial plans were aligned with the strategic goals and priorities of the organization, 60% agreed and 1% were undecided (Mean=4.37; SD=0.521). Moreover, 29% strongly agreed that financial reports produced by the county were accurate, transparent and comply with regulatory standards, 67% agreed and 4% were undecided (Mean=4.25; SD=0.516). Forty one percent strongly agreed that the county's public procurement systems ensured fair and transparent processes in the selection of suppliers, 56% agreed and 3% undecided (Mean=4.37; SD=0.552). Moreover, 19% strongly agreed that the financial reporting process was timely, providing stakeholders with up-to-date information, 74% agreed and 7% were undecided (Mean=4.11; SD=0.499). Finally, 40% strongly agreed that public procurement decisions were based on value for money and comply with ethical standards, 56% agreed and 4% were unsaid (Mean=4.36; SD=0.556).

Table 4. 19: Internal Audit Assurance on Public Financial Management

Statements	N	Mean	Std. Dev	SA	A	U	D	SD
The public financial planning processes in the county are well-defined.	257	4.27	0.534	33	61	6	0	0
Financial plans are aligned with the strategic goals.	257	4.28	0.553	33	61	6	0	0
There are robust financial control mechanisms in place.	257	4.37	0.521	39	60	1	0	0
Financial reports produced by the county are accurate.	257	4.25	0.516	29	67	4	0	0
The county's public procurement systems ensure fair and transparent processes.	257	4.37	0.552	41	56	3	0	0
The financial reporting process is timely.	257	4.11	0.499	19	74	7	0	0
Public procurement decisions are based on value for money.	257	4.36	0.556	40	56	4	0	0
Aggregate mean		4.29						

Source: Field Data (2024)

4.9 Inferential Analysis

According to Kothari (2014), inferential analysis is concerned with the estimation of population values. It is mainly on the basis of inferential analysis that the task of interpretation (that is, the task of drawing inferences and conclusions) is performed. In this study it was carried out to establish the relationships of the variables. For the inferential analysis correlation analysis and regression analysis were applied.

4.9.1 Correlation Analysis

Correlation analysis is important in a research undertaking. It is a measure of the existing relationship between the independent factors or variables and the dependent factor or variable and also between the independent factors. Correlation analysis provides a means of understanding the magnitude and direction of the existing relationship and provides a way of establishing whether there exists a linear relationship among the variables being examined. Generally, for scale measures, the Pearson Correlation coefficient is used to measure the relationships between the

variables. Concerning the correlation coefficient, it varies between -1 and +1 with values close to -1 or +1 indicating a strong relationship while values close to 0 in either case are indicative of a weak relationship. Generally, the Pearson correlation results were presented a matrix as shown in table 4.20.

Pearson correlation analysis was carried out and results illustrated in Table 4.18. The research findings highlight correlations between internal audit mechanisms and public financial management in Turkana County. The significance of these correlations is determined by p-values. Results showed that internal audit control on public financial management positively and significantly correlated in Turkana County ($r=0.513$, $p=0.000$). Internal audit compliance strongly and positively correlated with public financial management in Turkana County ($r=0.645$, $p=0.000$). It was established that internal audit independence positively and significantly correlated with public financial management in Turkana County ($r=0.692$, $p=0.000$). Findings indicated that internal audit assurance positively and significantly correlated with public financial management in Turkana County ($r=0.610$, $p=0.000$).

Table 4. 20: Correlation Analysis

	Financial	Control	Compliance	Independence	Assurance
Public Financial Management	1				
Internal Audit Control	.513**	1			
Internal Audit Compliance	.645**	.414**	1		
Internal Audit Independence	.692**	.515**	.487**	1	
Internal Audit Assurance	.610**	.474**	.528**	.774**	1

** . Correlation is significant at the 0.05 level

Source: (Field Data, 2024)

4.9.2 Linear Regression Analysis

Results from Table 4.21, Model 1 show the effect of the independent variables (internal audit control, internal audit compliance, internal audit independence and

internal audit assurance) on the Dependent variable (public financial management). Findings indicate that internal audit control ($\beta = 0.127$, $p= 0.007$) internal audit compliance ($\beta = 0.345$, $p= 0.000$), internal audit independence ($\beta = 0.392$, $p= 0.000$) were all found to have a positive and significant effect on public financial management. However, internal audit assurance ($\beta = 0.020$, $p= 0.750$) was found to have a positive and insignificant effect on public financial management This model explains 61.5% of the total variance in public financial management as shown by R^2 0.615 which has a significant $F= 199.070$, $p = 0.000$.

Table 4. 21: Coefficient Results for Direct Effect

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.457	.207		2.208	.028
	Internal Audit Control	.127	.047	.128	2.714	.007
	Internal Audit Compliance	.345	.044	.372	7.797	.000
	Internal Audit Independence	.392	.059	.429	6.617	.000
	Internal Audit Assurance	.020	.063	.021	.319	.750
Model Summary						
	R	0.784				
	R^2 Change	0.615				
	Std. Error of the Estimate	0.12914				
Model Fit						
	F change	99.070				
	Sig.	0.000				

Source: (Field Data, 2024)

Accordingly, Table 4.21 indicates that internal audit compliance and internal audit independence have the most significant positive effect on the dependent variable. Internal audit control also has a positive and significant effect, though to a lesser extent. internal audit assurance, however, does not significantly influence the dependent variable. The correlation coefficient (R) is 0.784, indicating a strong positive relationship between the predictors and the dependent variable. The R^2 value

of 0.615 indicates that approximately 61.5% of the variance in the dependent variable is explained by the independent variables in the model. The f value of 99.07 indicates that the model well fits the data.

4.10 Hypothesis Testing

This study formulated and tested four (4) hypotheses using linear regression model. Thus, the study has four (4) direct effects effect hypotheses to test.

The first hypothesis H_{01} stated that there is no significant relationship between internal audit control and public financial management in Turkana County. Findings revealed a positive and significant effect between internal audit control and public financial management ($\beta = 0.127$, $p = 0.007$, <0.05) implying that internal audit control leads to an improvement in public financial management. Thus, we reject the null hypothesis and a conclusion is made that internal audit control has a significant effect on public financial management.

The second hypothesis H_{02} stated that there is no significant relationship between internal audit compliance and public financial management in Turkana County. Findings revealed a positive and significant effect between internal audit compliance and public financial management ($\beta = 0.345$, $p = 0.000$, <0.05) implying that internal audit compliance leads to an improvement in public financial management. Thus, we reject the null hypothesis and a conclusion is made that internal audit compliance has a significant effect on public financial management.

The third hypothesis H_{03} stated that there is no significant relationship between internal audit independence and public financial management in Turkana County. Findings revealed a positive and significant effect between internal audit independence and public financial management ($\beta = 0.392$, $p = 0.000$, <0.05)

implying that internal audit independence leads to an improvement in public financial management. Thus, we reject the null hypothesis and a conclusion is made that internal audit independence has a significant effect on public financial management.

The fourth hypothesis H_{04} stated that there is no significant relationship between internal audit assurance and public financial management in Turkana County. Findings revealed a positive and insignificant effect between internal audit assurance and public financial management ($\beta = 0.020$, $p = 0.750$, >0.05) implying that internal audit assurance does not lead to an improvement in public financial management. Thus, we fail to reject the null hypothesis and a conclusion is made that internal audit assurance does not have a significant effect on public financial management.

4.11 Discussion of Findings

Findings reveal that internal audit control positively and significantly affects public financial management in Turkana County ($\beta = 0.127$, $p = 0.007$, <0.05). A unit increase in internal audit control leads to 0.127 unit increase in public financial management in Turkana County. This finding agrees with that of Izedonmi and Olateru (2021), who investigated the influence of internal audit standard on governmental agency management and noted a statistically significant association between internal audit quality and financial management. Additionally, Mungai et al. (2021) highlighted the common issue of poor financial performance in many public institutions worldwide when compared to private institutions, attributing this to financial management practices. Public institutions were found to exhibit weaknesses in policies, procedures and internal audit practices, including issues such as employees handling cash not taking regular leave and the absence of rotation in sensitive finance and administration roles. The research finding discovered that indicators of internal management systems, including the control environment, risk

assessment, control environment control activities, and information and communication, significantly influenced the financial performance of organizations. Kalufya and Nyello (2021) discussed the implementation of various initiatives in Tanzania aimed at reforming public sector financial management and findings indicated a significant influence of the control environment on payroll record processing. Internal audit work performance had a significant effect on payroll accounting system and payroll reconciliation coverage.

Likewise, Ziniyel (2018) examined the efficacy of internal audit practices on financial management and noted that the financial performance of internal auditors in adhering to assigned protection. Internal auditors demonstrated relevant qualifications and experience influencing financial performance. The study identified the independence of the internal audit performance and management assistance as deliberate factors of financial performance. Inayattulloh and Siswanto (2020) conducted an analysis on the factors influencing the standard of the state's financial statement. The research findings indicated improved influence of both financial control standard and internal audit on the quality of the central government's financial statement. Towett et al. (2019) identified financial management procedures affecting the performance. Regression analysis results revealed a significant positive relationship between the fiscal management approaches and performance and concluded that the performance is influenced by financial control procedures. Successful financial control approaches were crucial for enhanced performance.

Waweru (2021) investigated the effect of the internal management environment on the financial performance of public institutions. The study indicated that control environments significantly influenced the financial performance of public

organizations in Kenya. According to Kisanyanya (2020), internal auditors often find themselves in a challenging place while attempting to fulfill their responsibilities. Despite the expectation to objectively assess management conduct and effectiveness, internal auditors may need to appeal to senior management within the organization. Accordingly, internal management had the most significant influence on public financial control, followed by risk management, with internal audit independence complementing these tasks.

It was noted that internal audit compliance positively and significantly affects public financial management in Turkana County ($\beta = 0.345$, $p = 0.000$, <0.05). A unit increase in internal audit compliance leads to 0.345 unit increase in public financial management in Turkana County. This agrees with findings of Chang et al. (2019), who noted that a bigger internal audit group positively influenced internal audit performance for both compliance and operation. Internal auditor competence positively related with the success of internal management. Additionally, Momot et al. (2021) examined the function of risk compliance application in providing methodological assistance for internal audit and financial management and findings indicated that implementing risk compliance was a solution for internal auditing in the public sector. In the same breadth, Mohammed and Buba (2023) examined the influence of fiscal policing on accountability and it suggested strengthening internal management to enhance checks and balances in audit analysis.

Rambing et al. (2018) highlighted that internal audit is an autonomous and objective practice aimed at enhancing the value and performance of an institution. In the governmental system, internal audit assumes a crucial role as a controlling function, responsible for evaluating and overseeing control practices, including coordinating,

planning, directing and organizing. Bananuka and Nkundabanyanga (2023) investigated the effect of audit committee success, internal audit function and firm-specific assigns on financial accounting. Notably, audit committee meetings and power deliberately contributed to positive variances, while audit committee proficiency and independence did not. In the same vein, John and Mutembei (2023) examined the influence of internal audit on the financial performance and summarized that internal audit systems have a significant influence on financial performance. Cantos (2019) analyzed the execution process of the audit with an analogy approach to cost analysis of internal control, compliance and management. The results highlighted the importance of the integral audit as a control instrument for decision-making and identifying organizational weak points to implement timely measures and precautions.

Results indicate that internal audit independence positively and significantly affects public financial management in Turkana County ($\beta = 0.392$, $p = 0.000$, <0.05). A unit increase in internal audit independence leads to 0.392 unit increase in public financial management in Turkana County. This corroborates findings of Trukhina (2021) emphasized that internal financial audit performs a crucial task in examining the financial condition and transparency of public institutions. Internal auditors provide objective assurance and advisory services aimed at adding value and enhancing organizational performance. In executing this role, internal auditors uphold professional independence and objectivity. The study addressed methodological and organizational challenges related to ensuring the independence of internal financial audit. Alqudah, Amran and Hassan (2019) study indicated that internal auditors' independence and top management empowerment positively and significantly influenced internal auditors' effectiveness, aligned with resource-based theory, with

partial support for task complexity as a moderator. Resource dependency theory posits that organizations rely on external resources for survival. Internal audit independence ensures autonomy from management, reducing reliance on internal resources for oversight. This autonomy strengthens the audit function's ability to provide unbiased evaluations, aligning with resource dependency theory's emphasis on managing external dependencies for organizational effectiveness.

Dewi and Aris (2022) investigated the effect of independence and competence on the standard of audited financial statements, with audit risk acting as a mediating variable. While competence and independence had a significant effect on audit risk, independence affected the quality of audited financial statements mediated by audit risk. However, audit risk did not mediate the influence of competence on the quality of audited financial statements. Trukhina (2021) highlights the critical function of internal financial audit in assessing the financial condition and transparency of public institutions. This function offers objective assurance and advisory services aimed at adding value and enhancing organizational performance. Nyaga and Kamau (2018) investigated the correlation between internal audit independence and internal audit performance. Results indicated a lack of complete independence in the audit function based on the analyzed evidence. The regression analysis further disclosed that internal audit independence had a significant and positive effect on internal audit effectiveness. Internal audit independence in county governments is essential for effective oversight and accountability. Agency theory posits that when principals (citizens or governing bodies) delegate authority to agents (government officials), conflicts of interest may arise. In this context, internal auditors serve as independent agents tasked with monitoring and ensuring the integrity of financial reporting and

compliance. Their autonomy from management influences the quality and credibility of audit findings and recommendations.

Findings reveal that internal audit assurance positively and insignificantly affects public financial management in Turkana County ($\beta = 0.020$, $p = 0.750$). The context of internal audit assurance positively and insignificantly affects public financial management in Turkana County could be unique, which requires more research to better comprehend the relationship between the variables.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Overview

This chapter gives a summary on the effects of internal audit mechanism on public financial management of the county government of Turkana. Conclusions of the study are explained. Additionally, the recommendations from the study's findings are explained.

5.2 Summary of Findings

This section is presented in line with the objectives of the study. That is, to internal audit control, internal audit compliance, internal audit independence and internal audit assurance on public financial management in Turkana County.

The study sought to examine the effects of internal audit mechanism on public financial management of the county government of Turkana. The study developed a conceptual framework of this argument and tested it empirically guided by the specific objectives. The specific objectives were to evaluate the effect of internal audit control; assess the effect of internal audit compliance; determine the effect of internal audit independence and to investigate the effect of internal audit assurance on public financial management in Turkana County. Following extensive review of theoretical and empirical review of literature three theories were identified to underpin the study namely New Public Management Theory, Agency Theory and Resource Dependency Theory.

The explanatory research design was chosen to investigate the cause-effect relationship between the independent variables and the dependent variable in this study. Questionnaires were used to collect primary data. The acquired data was

further examined using descriptive statistics, such as mean, standard deviation, frequency, and percentage, as well as inferential statistics, including correlation analysis and regression analysis. The initial analysis was to determine the characteristics of the participants and provide a description of their responses about the study variables. Tests were conducted to assess the assumptions of normality, linearity, and multicollinearity for the study variables. Subsequently, hypothesis testing was performed to address the specific objectives outlined in the study. The study findings are further summarized based on the particular objectives of the study.

5.2.1 Internal Audit Control and Public Financial Management

The study's first objective was to evaluate the effect of internal audit control on public financial management in Turkana County. Descriptive findings indicated that the county government management supported the internal audit function. There was adequate duties segregation in the management of public funds and the county had put in place adequate physical controls to enhance accountability. There were adequate data controls for financial information access and retrieval and the county staff understood the role of internal audit in ensuring financial accountability. The county's internal audit function provided valuable recommendations for improving financial management practices and the internal audit team conducted thorough and independent assessments of financial processes and controls. There was a strong positive correlation between internal audit control and public financial management. It was revealed that internal audit control positively and significantly affected public financial management.

5.2.2 Internal Audit Compliance and Public Financial Management

The study's second objective was to assess the effect of internal audit compliance on public financial management in Turkana County. Descriptive findings indicated that

the internal audit department conducted regular system audits for compliance and the department set forth internal audit compliance goals. The county's internal audit team conducted information system audits to enhance compliance; process audits were also regularly carried out by the department. Internal audit identified weaknesses or deficiencies in internal controls and there was a system in place for reporting and addressing any non-compliance issues identified during the internal audits. The internal audit team collaborated effectively with other departments to enhance compliance efforts, and the county government undertook accurate recording and reporting of its financial information. There was a strong positive correlation between internal audit compliance and public financial management. It was revealed that internal audit compliance positively and significantly affected public financial management.

5.2.3 Internal Audit Independence and Public Financial Management

The study's third objective was to determine the effect of internal audit independence on public financial management in Turkana County. Descriptive findings indicated that the internal audit reporting structure in the county was independent. The scope of work for the internal control function was determined by the management of the department. It was indicated that the internal audit department carried out its functions with objectivity and contributed to maintaining transparency, accountability and integrity in organizations' financial operations. The county's internal audit function had professionally competent staff and there were clear policies in place to prevent conflicts of interest that could compromise internal audit independence. The county's internal auditors had the authority to access all necessary information and resources for conducting audits and had the freedom to express their professional opinions without fear of reprisal. There was a strong positive correlation between internal audit

independence and public financial management. It was revealed that internal audit independence positively and significantly affected public financial management.

5.2.4 Internal Audit Assurance and Public Financial Management

The study's fourth objective was to investigate the effect of internal audit assurance on public financial management in Turkana County. Findings reveal that internal audit assurance positively and insignificantly affects public financial management in Turkana County

5.3 Conclusion

It is concluded that the county's management is fundamentally supportive of the internal audit function. Turkana County has implemented robust measures to ensure the segregation of duties in managing public funds. These measures mitigate the risk of fraud and errors by distributing responsibilities effectively. Moreover, the presence of adequate physical controls within the county indicates a proactive approach to enhancing financial accountability. These controls safeguard against mismanagement and misuse of funds. The study highlights the importance of data controls for secure access and retrieval of financial information. The fact that county staff understood the role of internal audit in ensuring financial accountability highlights the significance of awareness and education in promoting sound financial management practices. Furthermore, the internal audit function within Turkana County improves financial management practices. The recommendations provided by the internal audit team enhance efficiency and effectiveness in financial processes. The thorough and independent audits conducted by the internal audit team contribute to integrity of financial processes and controls within the county. Most notably, the research findings revealed a strong positive correlation between internal audits.

The internal audit department plays a pivotal role in ensuring compliance with established regulations and standards. Internal audit department enhances adherence to regulatory requirements. Process audits identify weaknesses or deficiencies in internal controls, thus facilitating timely corrective actions. The existence of a structured system for reporting and addressing non-compliance issues highlight the department's commitment to maintaining high standards of governance and accountability. Internal audit departments can leverage their respective expertise to address compliance challenges effectively. Turkana county government's commitment to accurate recording and reporting of financial information enhances transparency and accountability in financial management.

The scope of work for the internal control function is determined by the management of the department. The internal audit independence is important in upholding transparency, accountability and integrity in financial operations. The internal audit department operates with objectivity, contributing significantly to maintaining high standards of governance within the county. Professionally competent staff within the internal audit enhance the credibility and effectiveness of audit processes. Clear policies prevent conflicts of interest that could compromise internal audit independence. The county's internal auditors are granted the authority to access all necessary information and resources for conducting audits, facilitating comprehensive assessments of financial processes and controls.

Internal audit reports enhance control mechanisms through provision of clear and actionable recommendations for improvement. The provision of credible assurance by the county's internal audit function on the accuracy and reliability of financial information enhances public financial management. The governance framework in the

county ensures that audit processes are robust and comprehensive. Internal audit assures the effectiveness of risk management processes in the county government. The consistent delivery of credible and unbiased assurance findings by the internal audit function reflects its commitment to public financial management. Adequate resourcing of internal audit activities ensures sufficiency in carrying out audit functions effectively.

5.4 Recommendations

5.4.1 Management and Practice Recommendations

The study recommends that the county government continues to support the internal audit function, and ensure it remains independent and well-resourced. The current practices of adequate segregation of duties, robust physical controls, and effective data controls should be maintained and regularly reviewed to adapt to emerging risks. Additionally, ongoing training for county staff on the importance of internal audits should be emphasized to maintain their understanding and cooperation. The county should also implement and monitor the internal audit team's recommendations to continually improve financial management practices.

The county government of Turkana should prioritize and support the internal audit department's efforts in conducting regular system and process audits, with a focus on enhancing compliance across all functions. The established internal audit compliance goals should be periodically reviewed and updated to align with evolving regulatory standards and organizational objectives. The system for identifying, reporting, and addressing non-compliance issues should be strengthened to ensure prompt and effective corrective actions. Additionally, the collaboration between the internal audit

team and other departments should be further encouraged, fostering a culture of compliance throughout the county.

The county government of Turkana should uphold and strengthen the independence of the internal audit reporting structure, ensuring that the internal audit function remains free from undue influence or interference. Management should maintain clear policies that prevent conflicts of interest and support the objective and transparent execution of audit duties. The internal audit department should continue to be staffed with professionally competent auditors, with ongoing training and development opportunities provided to enhance their skills. Additionally, the county should ensure that internal auditors have unrestricted access to all necessary information and resources, enabling them to perform thorough and unbiased audits. Regular reviews of the county's governance framework and internal control mechanisms are essential to ensure that audit processes remain robust and comprehensive. Adequate resourcing of internal audit activities is critical to enable the department to fulfill its responsibilities effectively. Turkana County should also prioritize the implementation of recommendations provided by the internal audit team to enhance efficiency and effectiveness in financial processes. By taking these recommendations into consideration, Turkana County can further strengthen its financial management practices and maintain the integrity of its financial processes and controls.

5.4.2 Policy Recommendations

Turkana County should establish policies to prioritize conducting thorough process audits to identify and address weaknesses in internal controls. Furthermore, the county should devise a structured system for reporting and addressing non-compliance issues will underscore the county's commitment to governance standards

and accountability. Leveraging the expertise of internal audit departments to address compliance challenges effectively will further enhance transparency and accountability in financial management.

Maintaining internal audit independence is essential for upholding transparency, accountability, and integrity in financial operations. Turkana County should formulate clear policies to prevent conflicts of interest and ensure the department operates with objectivity. Additionally, granting internal auditors unrestricted access to necessary information and resources will facilitate comprehensive assessments of financial processes and controls, thereby enhancing the credibility and effectiveness of audit processes.

Internal audit reports play a crucial role in enhancing control mechanisms by providing clear and actionable recommendations for improvement. The provision of credible assurance by the internal audit function on the accuracy and reliability of financial information enhances public financial management and reinforces the governance framework in Turkana County. The county should put in place policies to enhance resourcing of internal audit operations to ensure the sufficiency and effectiveness of audit functions, thereby reflecting the county's commitment to promoting transparency and accountability in the management of public funds. Turkana County can further strengthen its financial management practices and maintain the integrity of its financial processes and controls.

5.5 Implications to Theory

Findings of the study add to knowledge on the effects of internal audit mechanism on public financial management. Findings reveal the effect of internal audit control, internal audit compliance, internal audit independence and internal audit assurance on

public financial management. This study's findings give specific indicators upon which the internal audit could be used to enhance public financial management. The study emphasises the need to apply these internal audit mechanism variables for public financial management. The study provides a better understanding on the link between the agency theory, new public management theory and the resource theory and public financial management.

5.6 Limitations of the Study

This study was limited to the county government of Turkana. This may affect the generalization of study findings to other counties in the country. The study utilized structured questionnaires for data collection, which can introduce bias due to the respondents' self-reporting. The data collection was conducted within a specific period, which may not account for changes in internal audit practices or public financial management over time. This temporal limitation may affect the long-term applicability of the findings.

5.7 Suggestion for Further Studies

This study was limited to the county government of Turkana. This may affect the generalization of study findings to other counties in the country. Hence, other studies could focus on other counties. In the same breath, other studies could adopt a comparative approach between counties or blocks of counties, to enhance findings. The study was limited to internal audit control, internal audit compliance, internal audit independence and internal audit assurance as the internal audit mechanisms. Further studies could focus on other independent variables for example internal audit risk management and internal audit governance. The study used quantitative data collection and analysis, suggesting the need for future research to incorporate mixed methods. Combining quantitative and qualitative approaches could provide a more

comprehensive understanding, enriching scholarly discourse and enhancing the depth of findings.

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APPENDICES

Appendix I: Letter of Introduction

My name is **EKIRU DALMAS EKALO**, a master's student at **Moi University**. As part of my course, I am doing research on '*effects of internal audit mechanism on public financial management of the county government of Turkana.*' The National and County Governments will use the recommendations and findings of the study to develop a comprehensive and strong PFM reform framework that will enhance the growth of a robust and effective PFM system, which will then bring about the achievement of responsibility and clarity in the use of public resources, thereby ensuring sustainable and quality service delivery to the people. Kindly respond to the questionnaire as appropriate. The data you will give will be for the solely for academia.

Thank you

Yours Faithfully,

Ekiru Dalmas Ekalo.

Appendix II: Questionnaire

Instructions

Please tick (✓) or fill in the blanks as appropriate and respond to all items.

SECTION A: BACKGROUND INFORMATION

1. Your Gender?

Male [] Female []

2. What's your marital status?

Single [] married [] divorced [] widowed []

3. Kindly indicate your age bracket?

20 – 30 [] 31- 40 [] 41 – 50 [] Above 50 []

4. Please indicate your work experience?

Below 2 years [] 3 – 5 years [] 6 – 9 years [] above 10 years []

5. Kindly indicate your highest educational qualification?

PhD [] Masters [] Undergraduate [] Diploma [] College certificate [] High school level [] Primary school level []

SECTION B: Internal audit control and public financial management

In this section and subsequent sections, kindly indicate the extent of your agreement with the listed statements about financial planning in the county.

Kindly tick appropriately where; SD=Strongly Disagree, D=Disagree, N=Undecided, A=Agree, SA=Strongly Agree

Statement	SA	A	U	D	SD
The county government management supports the internal audit function.					
There is adequate duties segregation in the management of public funds.					
The county has put in place adequate physical controls to enhance accountability.					
There are adequate data controls for financial information access and retrieval					
County staff understand the role of internal audit in ensuring financial accountability.					
The county's internal audit function provides valuable recommendations for improving financial management practices.					
The internal audit team conducts thorough and independent assessments of financial processes and controls.					

SECTION C: Internal audit compliance on public financial management

Statement	SA	A	U	D	SD
The internal audit department conducts regular system audits for compliance.					
The internal audit department sets forth internal audit compliance goals.					
The county's internal audit team conducts information system audits to enhance compliance.					
Process audits are regularly carried out by the internal audit department of the county.					
There is a system in place for reporting and addressing any non-compliance issues identified during internal audits.					
The internal audit team collaborates effectively with other departments to enhance compliance efforts.					
The county government undertakes accurate recording and reporting of its financial information					

SECTION D: Internal audit independence on public financial management

Statement	SA	A	U	D	SD
The internal audit reporting structure in the county is independent.					
The scope of work for the internal control function is determined by the management of the department.					
The internal audit department carries out its functions with objectivity.					
The county's internal audit function has professionally competent staff.					
There are clear policies in place to prevent conflicts of interest that could compromise internal audit independence.					
Internal auditors have the authority to access all necessary information and resources for conducting audits.					
Internal auditors have the freedom to express their professional opinions without fear of reprisal.					

SECTION E: Internal audit assurance on public financial management

Statement	SA	A	U	D	SD
Internal audit reports offer clear and actionable recommendations for improving control mechanisms.					
The county internal audit provides credible assurance on the accuracy and reliability of financial information.					
The internal audit function is effective in identifying and addressing potential areas of non-compliance.					
The governance framework effectively oversees and guides internal audit activities.					
Internal audit provides valuable assurance on the effectiveness of our organization's risk management processes.					
The internal audit function consistently delivers credible and unbiased assurance findings.					
I believe that internal audit activities are adequately resourced to ensure sufficiency.					

SECTION E: Public financial management

Statement	SA	A	U	D	SD
The public financial planning processes in the county are well-defined and effectively guide resource allocation.					
Financial plans are aligned with the strategic goals and priorities of our organization.					
There are robust financial control mechanisms in place to prevent and detect financial mismanagement.					
Financial reports produced by the county are accurate, transparent, and comply with regulatory standards.					
The county's public procurement systems ensure fair and transparent processes in the selection of suppliers.					
The financial reporting process is timely, providing stakeholders with up-to-date information.					
Public procurement decisions are based on value for money and comply with ethical standards.					

Appendix III: SPSS Output

Validity Test

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.618
Bartlett's Test of Approx. Chi-Square	11479.511
Sphericity	df
	595
	Sig.
	.000

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.530	18.658	18.658	6.530	18.658	18.658	5.179	14.796	14.796
2	5.326	15.218	33.876	5.326	15.218	33.876	3.652	10.435	25.231
3	3.541	10.117	43.993	3.541	10.117	43.993	3.496	9.988	35.220
4	3.172	9.064	53.056	3.172	9.064	53.056	3.430	9.799	45.019
5	2.905	8.300	61.356	2.905	8.300	61.356	3.204	9.154	54.173
6	2.386	6.816	68.172	2.386	6.816	68.172	2.805	8.014	62.187
7	1.980	5.658	73.831	1.980	5.658	73.831	2.763	7.893	70.080
8	1.403	4.008	77.839	1.403	4.008	77.839	2.415	6.901	76.981
9	1.015	2.901	80.740	1.015	2.901	80.740	1.316	3.759	80.740

Extraction Method: Principal Component Analysis.

Rotated Component Matrix

	Component								
	1	2	3	4	5	6	7	8	9
IND1	.838								
PFM1	.813								
ICOM1	.798								
IA1	.765								
IND3	.712								
PFM3	.705								
IA3	.623								
ICOM3	.610								
IND5		.896							
IA5		.859							
PFM5		.808							
ICOM5		.684							
IC5		.642							
ICOM2			.921						
ICOM4			.765						
ICOM6			.719						
ICOM7			.637						
IA2				.826					
PFM2				.817					
IND2				.731					
IC2				.628					
IC7					.777				
IC6					.732				
IC3					.670				
IC4					.652				
IC1					.646				
IND4						.829			
IND6						.770			
IND7						.584			
PFM6							.851		
PFM4							.757		
PFM7							.574		
IA6								.748	
IA4								.635	
IA7								.584	.558

Extraction Method: Principal Component Analysis.

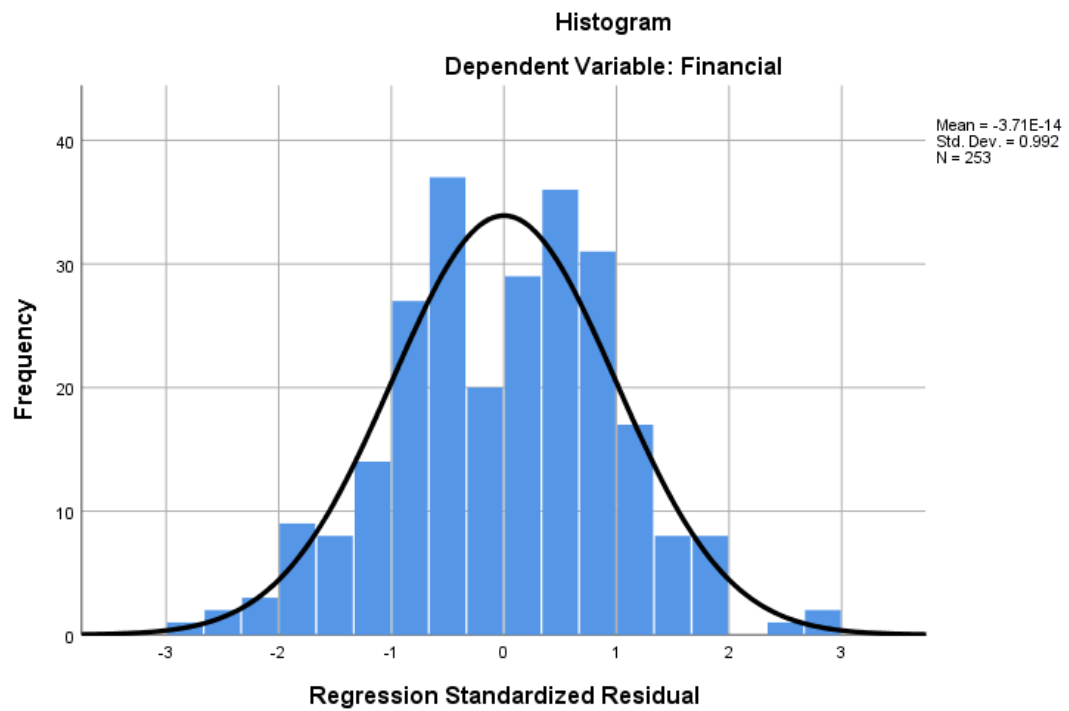
Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 10 iterations.

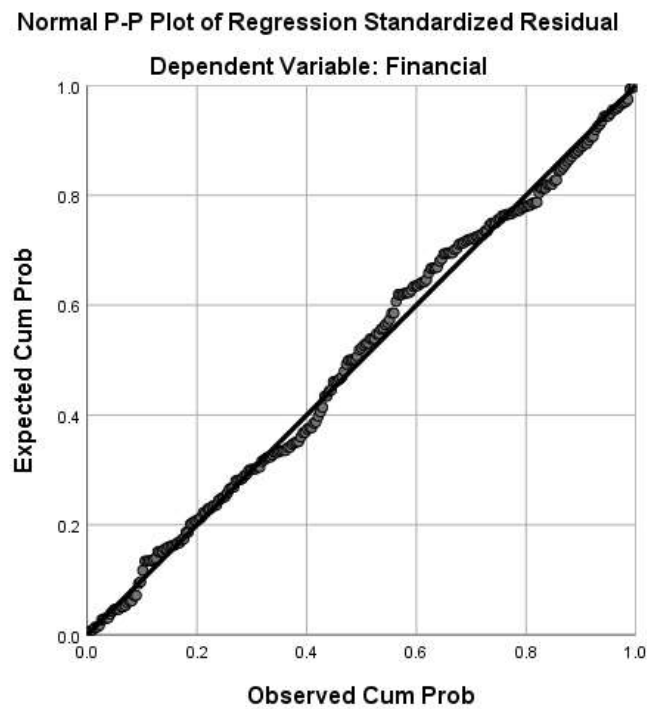
Mahalanobis Distance Test for Outliers**Test for Outliers**

	Minimum	Maximum	Mean	Std. Deviation	N
Mahal. Distance	.140	14.372	3.984	2.841	253

Normality Curve



Linearity Curve

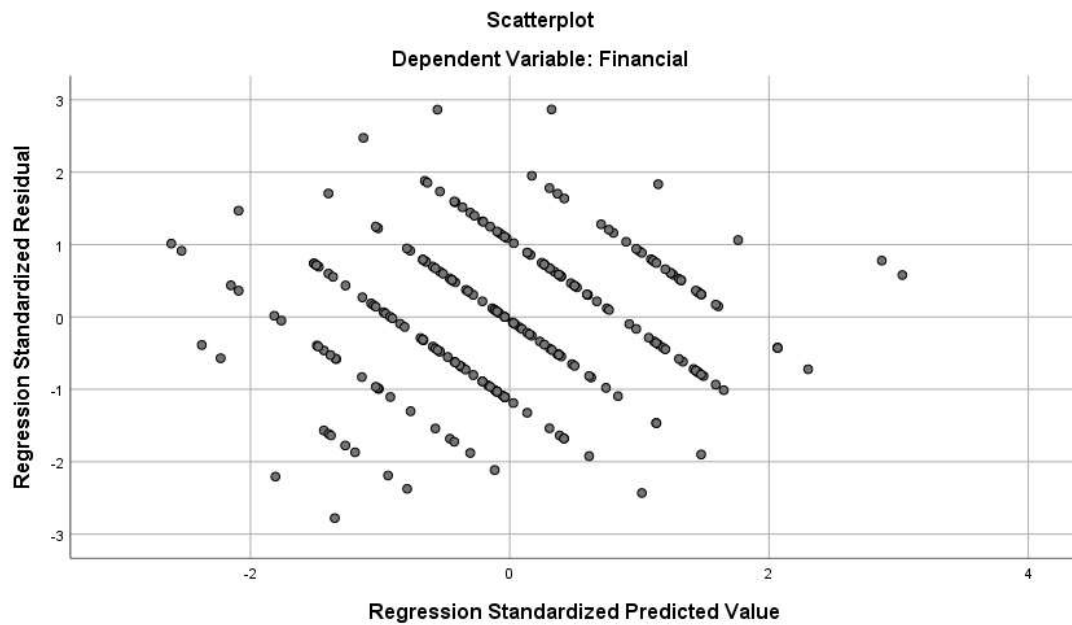


Multicollinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Internal Audit Control	.695	1.440
	Internal Audit Compliance	.681	1.469
	Internal Audit Independence	.370	2.704
	Internal Audit Assurance	.369	2.712

a. Dependent Variable: Public Financial Management

Homoscedasticity Test



Autocorrelation Test

Durbin-Watson	
Model	
1	1.978

Correlation Analysis

	Financial	Control	Compliance	Independence	Assurance
Public Financial Management	1				
Internal Audit Control	.513**	1			
Internal Audit Compliance	.645**	.414**	1		
Internal Audit Independence	.692**	.515**	.487**	1	
Internal Audit Assurance	.610**	.474**	.528**	.774**	1

** . Correlation is significant at the 0.01 level (2-tailed).

Coefficient Results for Direct Effect

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.457	.207		2.208	.028
	Internal Audit Control	.127	.047	.128	2.714	.007
	Internal Audit Compliance	.345	.044	.372	7.797	.000
	Internal Audit Independence	.392	.059	.429	6.617	.000
	Internal Audit Assurance	.020	.063	.021	.319	.750
Model Summary						
	R	0.784				
	R ² Change	0.615				
	Std. Error of the Estimate	0.12914				
Model Fit						
	F change	99.070				
	Sig.	0.000				