# Internal Audit And Financial Accountability In County Governments Of Western Kenya: Applications Of Internal Audit Competence

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**Abstract:** Internal audit is a critical aspect in all organizations as it aids in efficiently and effectively managing public resources. Auditor general report has established that many county governments are still facing challenges of resource allocation and misappropriation of funds which has increased the need for internal audits in all county governments. The main objective of this study was to evaluate the effect of internal audits on financial accountability in county governments of western Kenya. The specific objective was to determine the influence of internal audit competence on financial accountability in county governments of western Kenya. The study was guided by fraud triangle theory. The study's target population was 194 respondents composed of; 67 cabinet executive committee members for finance, 4 director of internal audit services, 4 principal auditors, 36 audit assistants and 83 accountants in four county governments of western Kenya. A correlational research design was used. Proportionate stratified random sampling was used to select respondents. Primary data was collected through questionnaires and secondary data through analysis of auditor general reports. Kisumu county government was used for a pilot study. Cronbach's Alpha was used to test reliability. Experts and factor analysis were used to test validity. Data were analyzed using SPSS version 26 with the aid of descriptive and inferential statistics. Multiple regression analysis indicated that, internal audit competence had a significant influence on financial accountability by reducing the unsupported expenditure with a coefficient of -0.246 and p-value of 0.021 being less than 0.05. The study depicted that internal audit competence had a significant influence on financial accountability with an $R^2$ of 0.346 and derived f statistics of 3.89 that was more than f critical of 2.45. Therefore, the study concluded that internal audit competence improvement improves financial accountability by reducing unsupported expenditure. The study recommended that management of the county governments should employ experienced auditors.

**Keywords**: Internal Audit: Financial Accountability: County Governments

## Introduction:

Internal audit is the critical aspect of promoting financial accountability in organizations, whether public or private, as it helps in the minimization of wastage or misuse of resources. Management of the resources require high accountability within the organization, otherwise, there will be extreme embezzlement of resources by the people provided with the obligation to handle public funds on behalf of the citizens (Grubor et al, 2020).The main function of county government is managing public money in an effective and transparent way which has been challenge due to weak internal controls that could not detect management risk and misappropriation of funds. Due to this challenge, an internal audit arose to give an objective assurance that is purposed to add value to and improve an organization's operations and ensure all transactions are appropriately authorized, executed and recorded (Trotman & Andrew, 2018). Despite the existence of this internal audit, county governments are still facing challenges on misallocation of resources and misappropriation of funds. Busia county government was found with the un-vouched expenditure of goods and services figure of Kshs.242.5 million with no supporting documents (The Auditor General Report, 2019). Due to this situation, employee's payments in many county governments usually are delayed. Some employees have been retrenched, some county government projects have stalled and others have delayed to be completed and this has led to the need to evaluate the influence of internal audit on the financial accountability of county Governments in western Kenya.

## Objectives of the study

### General Objective

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

### Specific Objectives

The specific objective of the study was to determine the influence of internal audit competence on financial accountability in county governments in western Kenya.

**Conceptual Framework**

**Independent Variable** **Dependent Variable**

**Internal Audit**

**Internal Audit Competence**

- Level of professional experience
- Level of professional qualification

→

- Unsupported expenditure

***Figure 2.1: Conceptual Framework (Source**: Researcher's own Conceptualization, 2022**)***

**Theoretical Review**

**Fraud Triangle Theory**

The theory was initially developed by (Cressey, 1953) when he was examining how people's money is lost through fraud. He suggested that people's money is committed to others who are expected to be faithful and honest in fulfilling their duties. The entrusted people are exposed to certain variables that encourage fraud. Such variables include; Pressure (a non-shareable problem), opportunity (lack of internal controls) and rationalization (the ability to rationalize one's actions). Employees engage in fraudulent activities when there is an opportunity to commit fraud, when some conditions motivate them to do so and also when they are able to rationalize and defend their actions (Cressey, 1953). An opportunity is a lack of internal controls that enables one to easily commit fraud because of the organization's intrinsic sensitivity to manipulation and the institution's circumstances, one may be tempted to commit fraud. Weak internal controls, inadequate bookkeeping and irregular audits, for example, are some of the situations that make it easy for an employee to perpetrate fraud. According to the theory, the lower the danger of being detected in a fraud scheme, the more fraud is committed. A pointless control or governance framework that allows individuals to conduct corporate deception creates prospect (Kiragu et al., 2013). Individual integrity is crucial in defining whether a person will be susceptible to vindicate fraud. The fraud triangle gives a way of curbing opportunities; this is by strengthening internal controls within an organization. Committing fraud by using one's position and power on many occasions occurs when internal controls are weak or do not exist. Pressure in the organization can make trusted persons become trust violators when they conceive of themselves as having a monetary problem that is non-shareable as they think of a way of fixing the problem secretly by abuse of the position of financial confidence (Vousinas, 2019). Fraud triangle theory was relevant to this study since it helped in understanding why fraud still persists in county governments by revealing forces like pressure to commit fraud, opportunity and rationalization of one's actions. The government has put in place several internal audit control measures including internal audit to aid in reducing the opportunity to commit fraud by filling the loopholes within the organization. Therefore, once there is no opportunity, then pressure and rationalization of committing fraud will also be minimized, which will enhance transparency within the organization.

**Literature review**

Kemunto (2018) focused on the influence of internal audit competence on the financial sustainability of Non-Governmental organizations in Nakuru county government. The study targeted a population of 115 respondents including program managers, grants managers and accountants. Questionnaires was used to collect data. SPSS was used for data analysis. Both descriptive and inferential statistics was then generated. ANOVA was used to test the influence of independent variables on the dependent variable. The study findings showed that auditor's competence had a relatively weak significant and positive influence on the financial sustainability of non-government organizations in Nakuru County. Jachi and Lucky (2019) examined research on professional competence and staffing of internal audit function on transparency and accountability of Zimbabwe local governments. The target population of the study was eight audit Practitioners (Chief Audit Executives and Audit Staff) and thirteen senior managements. The study employed survey data which was obtained using semi-structured questionnaires. The secondary data was obtained from various documentary sources. The hypothesis was tested by the use of regression and multivariate analysis. It was revealed that there is a significant positive relationship between internal audit competence on transparency and accountability in Zimbabwe local authorities. Hajering and Muhammad (2019) did a research with the purpose of determining the extent of competence, accountability influences audit quality and how auditor ethics can moderate the relationship between competence and audit quality and between accountability and audit quality. The study used a population of 55 auditors consisting of 10 Public Accountant Firms (PAF) that are officially registered in Makassar City. The study used census sampling by taking all samples in the population. This research was conducted using quantitative data collection methods using field research by collecting field data using a questionnaire method distributed directly to the Auditor of the Public Accountant Office (PAO) in the Makassar area. Data analysis uses the Partial Least Square (PLS) approach. The result showed that Auditor Competency and Accountability had a positive and significant effect on audit quality. (Kemunto & Oluoch, 2021) did research on the effect of Internal Auditing Characteristics on Financial Accountability of Public organizations. The study targeted 47 internal auditors from the 47 county governments. The study adopted a descriptive research design. Census sampling was employed in the study. The study used primary data through the distribution of the questionnaire. Descriptive and inferential statistics were used to analyze data. The study revealed a positive and significant influence of internal audit competence on the financial accountability of public organizations.

## Research methodology

### Research design

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

### Target Population

The study targeted 194 respondents consisting of 67 cabinets' executive committee members for finance, 4 director internal audit services, 4 principal auditors**,** 36 audit assistants and 83 accountants from the four-county governments in Western Kenya (Kakamega, Vihiga, Bungoma and Busia) as shown in table 1

*Table 1: Target Population*

| Category | Kakamega | Vihiga | Bungoma | Busia | Total | Percentage |
|---|---|---|---|---|---|---|
| Cabinet executive committee members of finance | 20 | 14 | 18 | 15 | 67 | 35 |
| Director internal audit services | 1 | 1 | 1 | 1 | 4 | 2 |
| Principal auditor | 1 | 1 | 1 | 1 | 4 | 2 |
| Audit assistants | 11 | 8 | 9 | 8 | 36 | 19 |
| Accountants | 25 | 17 | 22 | 19 | 83 | 42 |
| Total | **58** | **41** | **51** | **44** | **194** | **100** |

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

### Sample and Sampling Technique

This study used fishers' equation that was adopted by (Jung, 2014). The method was most appropriate in determining the sample size where the targeted population is less than one thousand hence will be employed in this study. Proportionate stratified random sampling was employed by the study in determining the sample size of each category of respondents. Simple random sampling was used to select the respondents, as shown in table 3.2.

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

Where;

n - Desired sample size

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

P - Proportion of the population with the desired characteristics

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

$I^2$ - Degree of precision which is 5%

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

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

$n_0 = 384$

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

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

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

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

n=129

This sample size is 66% of the total population. Collins and Hussey (2014) argues that if well chosen, samples of above 10% of a population give good and reliable findings. The sample distribution is given in table 3.

*Table 2: Sample Size*

| Category | Kakamega | Vihiga | Bungoma | Busia | Total | Percentage |
|---|---|---|---|---|---|---|
| Cabinet executive committee members of finance | 13 | 9 | 11 | 10 | 43 | 33 |
| Director internal audit services | 1 | 1 | 1 | 1 | 4 | 3 |
| Principal auditor | 1 | 1 | 1 | 1 | 4 | 3 |
| Audit assistants | 7 | 5 | 6 | 5 | 23 | 18 |
| Accountants | 17 | 11 | 15 | 12 | 55 | 43 |
| Total | **39** | **27** | **34** | **29** | **129** | **100** |

## Data Collection

The study used both primary and secondary data. Primary data was collected through use of questionnaires that were distributed by the research assistants to the respondents face to face in all the four selected county governments. A period of two weeks was allowed for the respondents to fill up the questionnaires. After the allowed period the research assistants collected back the questionnaires. Secondary data was collected by analyzing auditor general report on county governments for the period of 2020/2021. All the amount relating to expenditures that lacked supporting documents were identified and recorded.

### Pilot Test

A pilot test was done in Kisumu county Government in the western region selected randomly. The scope was ideal since the county government of Kisumu was located in the same region as counties in western Kenya, thus exhibiting the same characteristics. Questionnaires were given to nine cabinet executive committee members for finance, one director internal audit services, one principal auditors, five audit assistants and eleven accountants. This gave a total of 27 respondents out of 129 sampled respondents. This amounted to 20.9% which is considered satisfactory since an aggregate of above 10% of the expected sample size is considered satisfactory (Cooper & Schndler, 2011). Reliability and validity of the research instrument was tested. Reliability refers to the degree to which a research instrument yields consistent results or data after repeated trials and is the accurate representation of the total population under study. Reliability was measured using Cronbach's alpha, where its values range from 0 to 1. Values between 0.7 and 1.00 indicate a considerable reliability hence acceptable and values below 0.70 are considered less reliable thus not acceptable (Fraenkel & Wallen, 2000).

*Table 3: Cronbach's Alpha Reliability*

| Construct | Number of Items | Cronbach alpha |
|---|---|---|
| Internal Audit Competence | 11 | 0.889 |

From table 3 above, the study construct had reliability measures of 0.889 which is above 0.7 indicating the research instruments were reliable. Table 3 shows the Cronbach's Alpha of the various study constructs. Validity is the judgement on how well a test measure purports to measure what is intended to measure (Kothari 2014). Validity was tested through an expert analysis and factor analysis. Experts including supervisors and other specialist in accounting were given questionnaire. They identified all the irrelevant, offensive, ambiguous and awkward questions restructured it appropriately. Factor analysis tested validity by assessing the construct validity of the questionnaire so as to give an assertion that features being verified by a tool of data collection adequately and properly cover what is intended. Dimension reduction of observed variables was used to test validity. KMO and Bartlett's tests were carried in this study in order to explore the adequacy of data sampling and in determining its suitability for factor analysis.

*Table 4: KMO and Bartlett's Tests*

| | Items retained | AVE | KMO | Bartlett's test | | |
|---|---|---|---|---|---|---|
| | | | | 2 | df | P-value |
| Internal Audit Competence | 11 | 0.621 | 0.825 | 570.662 | 45 | 0.000 |

From table 4 above, the KMO statistics for the variable was found to be above 0.5 implying the suitability of data for factor analysis. According to (Tabachnick & Fidell, 2007) considered a KMO value of above 0.5 to be suitable for factor analysis. The adequacy of the sampling was determined by Bartlett's tests that were based on the significance of the chi-square statistics. According to this pilot study, Bartlett's statistic have p-values of 0.000 which is less than 0.05 implying that the item correlation matrix is not an identity matrix thus the pilot study data is adequate and suitable for the factor analysis models carried out.

### Data processing, Analysis and Presentation

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

$\hat{Y}=\beta_0+\beta_1 IAI+\varepsilon$… ......................3.1

Where:

Y-Financial Accountability

$\beta_0$- constant

$\beta_1$ - Regression coefficients

IAC-internal audit competence

$\varepsilon$ -The error term

### Response Rate

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

*Table 6: Response Rate*

| Targeted respondents | returned questionnaires | Response Rate |
|---|---|---|
| 129 | 110 | 85.3% |

## Demographic information

**Number of Years Served in the County Government**
Majority of the respondents at 57.3% had served at the county government for a period of more than three years as shown in table 7. This implied that majority of the employees had adequate knowledge and experience on county government meaning that the responses obtained from them were very objective and reliable.

*Table 7: Number of Years Served in the County Government*

| | Frequency | Percent | Cumulative percent |
|---|---|---|---|
| Above 6 years | 22 | 20.0 | 20.0 |
| 3-5 years | 41 | 37.3 | 57.3 |
| 1-2 years | 27 | 24.5 | 81.8 |
| Below one year | 20 | 18.2 | 100.0 |
| Total | 110 | 100.0 | |

**Professional qualification in relation to accounting knowledge**
A large number of the respondents at 81.0% had qualification in ATD and CPA as shown in table 8. This means that most of the employees in county government are competent as they have the required qualification to carry their respective duties effectively. In few county governments employees had no professional qualification hence were not competent enough to detect cases of corruption at the county government hence lowering the level of financial accountability.

*Table 8: Professional Qualification in Relation to Accounting Knowledge*

| | Frequency | Percent | Cumulative percent |
|---|---|---|---|
| Others (specify) | 8 | 7.3 | 7.3 |
| Certificate in accounting and management skills (CAMS) | 13 | 11.8 | 19.1 |
| Accounting Technical Diploma(ATD) | 39 | 35.5 | 54.5 |
| Certified Public Accountants (CPA) | 50 | 45.5 | 100.0 |
| Total | 110 | 100.0 | |

## Descriptive statistics

The study sought to determine the influence of internal audit competence on financial accountability in county governments of western Kenya. The results were in table 9 show that the audit department was composed of auditors who have inadequate auditing experience with a mean of 3.16, internal auditors were unable to detect fraud In county governments at an early stage with a mean of 3.35, the auditors at county government are qualified to undertake audit function with a mean of 3.51, audit qualifications helps the auditors to give valuable advice to the management with a mean of 3.61, the level of qualification of internal auditors affects audit quality with a mean of 3.71, internal audit competence enhances financial accountability with a mean of 3.55, the internal audit department gives objective reports to management with a mean of 3.54, internal audit staff undergo regular training with a mean of 3.64, training of internal audit staff positively impacts on financial accountability with a mean of 3.57 and internal audit was not carried out based on accepted international audit standards with a mean of 3.05.

*Table 9: Descriptive Statistics of Internal Audit Competence and Financial Accountability*

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

**Inferential Statistics**

The main objective of the study was to evaluate the influence of internal audit on financial accountability in county governments in western Kenya. Data was analyzed with the help of multiple regression to assess for the relationship between the independent variable and dependent variable. It also helped in testing the hypothesis of the study and in determining whether internal audit competence had a significant influence on financial accountability in county governments of western Kenya.

**Correlation Analysis**

Pearson product moment correlation was used to assess the strength and direction of the relationship among internal audit independence, internal audit competence, top management support, compliance with auditing standards and financial accountability in county governments of western Kenya. The values from the correlation coefficient ranges from -1 to +1. The closer the values to -1 and +1 the closer the relationship between two variable and vice versa. A value of +1 indicates perfect positive relationship, a value of -1 indicates perfect negative relationship and a value of 0 indicates no relationship. The correlation coefficient was tested at 95% confidence level based on 2 tail test. Therefore, the rejection criteria were based on a p value of 0.05 where values above it was deemed as insignificant while values below it is significant. The correlation coefficient of internal audit competence was -0.609 implying that there is a significant strong negative association with financial accountability since the p values of 0.000 was less than 0.05.

*Table 9: Correlation Matrix*

| | IAI |
|---|---|
| **$Y^0$** | -0.609* |
| | 0.000 |

a. *Predictors: (Constant), IAI*

b. *Dependent Variable: Financial Accountability*

**Model Summary**[b]

The model summary helps in reporting the strength of the relationship within the model variables and the dependent variable as shown in table 10. R is a multiple correlation coefficient that depicts the linear correlation between observed model predicted values of the dependent variable. R value of 0.589 suggests a strong direct correlation between independent and dependent variables. R square depicts the coefficient of determination which indicates the variability in the independent and dependent variables. The R square value of 0.346 shows that 34.6% variation in financial accountability are caused by the internal audit independence. The remaining 65.4% of the variations in financial accountability are caused by other factors not found in the model. R square adjusted indicates that the percentage estimate of this explainable dispersion for the total population under the investigation is 33.8%.

*Table 10: Model Summary*[b]

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| **1** | .589[a] | .346 | .338 | .407 |

a. *Predictors: (Constant), IAI.*
b. *Dependent Variable: Financial Accountability*

**ANOVA**[a]
The ANOVA table 11 depicts the relationship between internal audit components and financial accountability of county governments in western Kenya. The overall model indicates that internal audit has a significant influence on financial accountability at 95% confidence interval with a p value 0.000<0.05. This significance can also be supplemented with derived f statistics value of 3.89 which is greater than a critical f value of 2.46

*Table 11: ANOVA*[a]

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| | Regression | 1.779 | 4 | 0.4448 | 3.89 | .000[b] |
| **1** | Residual | 11.991 | 105 | 0.1142 | | |
| | Total | 13.77 | 109 | | | |

a. *Predictors: (Constant), IAI,*
b. *Dependent Variable: Financial Accountability*

## Regression Coefficients Analysis

Table 12 shows the regression coefficient of the independent variables which aids in explaining how each influences the dependent variable. Therefore, on the basis of the results in table 12, the constant value of 9.154 is significant at 95% confidence interval indicated with a p-value of 0.011<0.05. The constant value depicted that when county government have not adopted internal audit, the average financial accountability which is measured by the amount of unsupported expenditure in the selected county governments of Western Kenya is approximately Sh. 1.425 billion per year (Antilog of 9.154). Internal audit independence (IAI had a coefficient of -0.214.

*Table 12: Regression Coefficients*

| Model | | Unstandardized Coefficients | | T | Sig. |
|---|---|---|---|---|---|
| | | B | Std. Error | | |
| | (Constant) | 9.154 | 2.32 | 3.944 | .011 |
| | IAI | -.246 | -.083 | -2.964 | .021 |

c. *Predictors: (Constant), IAC*
d. *Dependent Variable: Financial Accountability*

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

$$\log \hat{Y} = 9.154 - 0.246\,\text{IAC} \quad \text{.........................} (4.1)$$

The study was also centered on the null hypothesis that there was no significant influence of internal audit competence on financial accountability in county governments of western Kenya. Table 4.17 show to a regression coefficient of -0.246 with a p- value of 0.021. This p- value is significant at 95% confidence interval since it is less than the probability of 0.05 implying that internal audit competence has a significant influence on financial accountability. This was also complement with the results from t statistics where the derived t statistics of -2.964 was more than t critical of -1.660. From the results the null hypothesis of the study is rejected implying that adoption of internal audit independence by county government of western Kenya would improve financial accountability by reducing the log average of unsupported expenditure of county government of western Kenya by 0.246 from 9.154 to 8.908 resulting to unsupported expenditure of approximately sh. 0.809 billion (Antilog of 8.908) This results conform with the results obtained from descriptive statistics which showed that most respondents were in agreement with the statement that audit qualification help the auditors to give valuable advice to the management, the level of qualification of internal audit, internal audit competence, training of internal audit improves financial accountability in county governments of western Kenya. The results were also established to be similar with the findings from (Kemunto, 2018) who focused on the influence internal audit competence on financial accountability in Nakuru County government and found that internal audit competence had a weak positive influence on financial accountability of NGOs in Nakuru County. The results were also in line with the findings of (Jachi & Lucky, 2019) who studied on professional competence and staffing of internal audit function on transparency and financial accountability of Zimbabwe local governments and their findings revealed that there is a significant positive relationship between internal audit competence and accountability in Zimbabwe local authorities. The findings also support fraud triangle theory that upholds pressure, opportunity and rationalization exposes people to fraud. Competent and experienced internal auditors will be able to identify pressure that makes employees to engage in misuse of public resources, identify opportunities that can make employee engage in fraudulent activities and how they rationalize their activities. Once these factors have been identified by internal auditors, management will be able to lay ways in which it can be reduced or eliminated so as to reduce the level of unsupported expenditure.

## Summary of the Findings

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

## Conclusions

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

## Recommendations

The inferential statistics found that internal audit competence had a significant influence on financial accountability in county governments of western Kenya. From the descriptive statistics, majority of the respondents in many county governments agreed that the audit department was not composed of experienced auditors. Therefore, the study recommended that county governments' management should recruit experienced internal auditors. Competent and experienced internal auditors will be able to detect all errors and fraud committed by county government staff at an early stage, therefore, improving the level of financial accountability. Experienced auditors will also be able to give objective reports and advice to the management on how financial accountability can be enhanced. Majority of the respondents agreed that many internal auditors were not able to detect fraud at an early stage and internal audit was not carried out based on accepted auditing standards. It was therefore recommended that county governments' management should ensure that internal auditors strictly adhere to the auditing standards. Adherence to auditing standards enables internal auditors to give independent reports to the management hence improving financial accountability in county governments of western Kenya.

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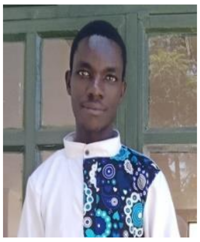

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