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Assessment of Internal Audit Practices on Financial Performance of County Government of Mandera, Kenya

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Abstract

The key goal of this study was to assess internal audit practices on financial performance of county government of Mandera. The investigation also sought to institute the influence of audit schedule, audit planning, financial reporting, and competence on financial performance of county government of Mandera, Kenya. The theories included; agency theory, shareholder, and stewardship theory. The study utilized a descriptive design. The study was conducted in the county government of Mandera and the target population was 432 staff working in finance and accounting, procurement, and human resource departments including the director for internal audit, internal auditing officers, accountants, and clerks in accounting and finance department. Using stratified sampling techniques, the study sampled 207 respondents. The study gathered data using structured and semi-structured questionnaires. The reliability of these tools was measured at r=0.7. The collected data was analyzed through SPSS version 22 where descriptive statistics which include frequencies, means, and standard deviations were used. Inferential statistics such as correlation was also used to establish the relationship between variables. The study found that audit planning, audit schedule, financial reporting, and audit competency had a positive and significant effect on financial performance of county government of Mandera (β=0.422, p=0.000). The study also found that audit schedule had a positive and significant effect on financial performance of county government of Mandera (β=0.224, p=0.002). Further results indicated that financial reporting had a positive and significant effect on financial performance of county government of Mandera (β=0.181, p=0.002). Results also indicated that audit competency had a positive and significant effect on financial performance of county government of Mandera (β=0.259, p=0.002). The study recommends that the Management of county governments in Kenya should implement effective internal audit practices to enhance performance. It also recommends that the management of the county governments in Kenya should bear the responsibility of equipping their firms' internal audit functions with adequate resources to enable them to develop effective annual risk-based audit plans.

Keywords: *Internal audit, financial performance, audit schedule, audit planning, financial reporting, and competence*

1.0 Introduction

The inability of resources of the public to keep up with the increase in demand of citizens can create an expectation gap between the expectations of citizens and what they get from their government, and increase pressure on officials of the public to exhibit a high level of accountability that is operational over public funds (Montondon, 2005). Public sector operational accountability demands accountability show for the efficiency in the activities of resource alteration once assessed alongside functional purposes (Hence, 2012). One major method to enhance operations accountability over resources of the public is through internal observing instruments efficiently like internal audits to advance governance in public. Despite the significance of internal audits in the financial oversight government procedure, investigation in public management has paid little concern to the connection between internal audits and effective governance. Consequently, an investigation that assesses the effects of government internal audits on governance is proper and greater than ever before.

Accountability in county government finance is strengthened by the internal auditors via improvement of processes of governance, management risks, and internal control. This part encompasses the procedures and policies well-known to warrant the accomplishment of goals and objectives (Asare, 2008).

The role of administration auditors in accountability is attained via internal control effectiveness of identifying and reducing situations that lead to resource misappropriation and corruption amongst the officials of the government. Henceforth, auditors can detect corruption which involves misappropriation of funds, inappropriate and abusive acts, and misuse of power to enhance efficiency in the county as well as enhance appropriate utilization of resources. Internal auditors add value to the public sector governance structure in the county and enhance organizational effectiveness. The internal auditors also act as catalysts for change and thus they advocate for improvements in the governance structure (IIA, 2006).

Government internal auditors enhance risk management in the counties by assessing and monitoring risks in the firm as well as they give suggestions for controlling the risks. They also evaluate the trade-offs related to the risks to allow the firm to accomplish its objectives and thus giving an assurance that the risk levels were controlled (Asare, 2008; Griffiths, 2006). Further, fraud risk evaluations, reporting, and investigations

For instance, through assessments of misrepresentation hazards, announcing and examinations of existing practices in charge to ease extortion, interior reviewers increase the value of the governance process (Corain et al., 2007) by proposing roads for working on financial performance and cost-saving. Hence, there is a requirement for managers in the general population to perceive the worth option job of auditors and to add towards its adequacy (Van Gansberghe, 2005) to help with fortifying administration in the public sector

The IIA (2006) forces that the communal sector addresses a connection between the agent and the principal, where the authorities go about as the head specialist needs to disclose to the head for usage and asset stewardship. To guarantee this subsequently, an inward review that is viable would attempt to diminish the dangers innate in such a relationship. In this manner, the IIA (2006) distinguished the inspecting job in the public sector as three overlay that incorporates hazard recognizable proof and assessment, the board, administration cycles, and control.

Inner Audit plays a focal role in public administration and has expanded its importance in many associations in current years (Carcello, Hermanson & Raghunandan, 2005). It has generally been a player that is in the background, as a rule helping the review council in playing out their obligations, and arrangement of the executives having confirmation of organization exercises.

Diamond (2012) hypothesizes that a transformation has been there and it hushes up the capacity of the internal auditors in numerous nations which has permitted it to take a more complete perspective on the social and monetary ramifications of the tasks in government, alluded to as performance audit or an incentive for cash.

According to the International Institute of Auditing (2012), auditing is an establishment of public sector administration that is acceptable. By giving unprejudiced and target appraisals of whether the assets of the citizens, in general, are overseen successfully and responsibly to accomplish results that are planned, evaluators help public sector associations to accomplish uprightness and responsibility, foster activities, and support certainty amongst the citizens. In yet another view Mikesell (2007) noted that audit assists in improving controls by ascertaining deviations from standards that are accepted and illegality instances, ineffectiveness, inefficiency, and irregularity to take hold violators accountable, restorative moves and take steps to forestall misfortunes further. As indicated by the Institute of Internal Auditors (2012) administration is named as the blend of constructions and cycles that the board carries out by illuminating, coordinating, overseeing, and observing the exercises of the association toward the accomplishment of its goal.

Governance in the public sector is related to the ways in whereby objectives are accomplished. It also comprises happenings that aim at ensuring public sector transparency, assessing of equitability of resources amongst the citizens as well as assuring appropriate government officials' behavior. Institute of Internal Auditors (2012) further notes that a unique governance exercise arises because of the nature of the public sector that is unique.

In general, any form of entity of the public sector can be of importance from measures in accountability that ensure officials utilize authority and resources to meet the directive goals and objectives. Moreover, good public governance entails fair and impartial laws and regulations that are enforced. The absence and lack of devotion to principles of basic governance enhance the public corruption risk, which is described as the entrusted power misuse for private gain. Therefore, upholding the responsibility, integrity, and equity principles is of benefit in the public sector (IIA, 2012).

1.1 Problem Statement

The great execution of any district in any country is expected to be portrayed by the revenue collected by the county (Walker & Jones, 2014). Effective internal controls are essential for a performance of any county. According to Sherman and Gorley (2008), effective internal controls lead to improved performance in an organization. However, the requirement for inward review inside the regional governments in Kenya is highlighted by noted abnormalities inside the county government expenditure.

However, the performance of Mandera County government has been declining. As per a Mandera County government report (2017), a review investigation of the County Government of Mandera endorsed spending plan for the Financial Year 2016/2017 indicated that during the financial year 2016/2017, Mandera county Government had total receipt of Kshs.10,044,714,658. Out of which total local revenue collected for the year was Kshs.55,843,625 against the county budget of Kshs.265,643,523 as locally generated revenue. Further, this resulted in an unexplained revenue shortfall of Kshs.200,799,898 and hence registered a decrease of Kshs.24,175,972(30%) compared to the previous financial year's collection of Kshs.80,019,597.00. No explanation was provided for the cause of the decline in the collection of revenue. There is additionally maltreatment of imprest and loans which puts public resources at risk. The county management didn't give any support to the inconsistencies noted hence affecting the financial management of the county government.

Past studies have been conducted but little has been done on internal audits of financial performance of county governance. Mbuti (2014) focused on the influence of internal audit recording on performance. The research focused on Saccos thus showing a scope gap. Ondieki (2013) focused on the impact of internal audits on commercial banks' performance. Jean (2014) did an investigation on internal audit on business growth. The study was therefore set out to gauge the relationship between internal audit and financial performance of county governance in the public sector with keen interest of Mandera County.

1.2 Objectives of the Study

The study objective was to assess the influence of internal audit practices on financial performance of county government of Mandera.

Specific Objectives

i. To establish the effect of audit planning on financial performance of county government of Mandera, Kenya.

ii. To evaluate the effect of audit schedule on financial performance of county government of Mandera, Kenya.

iii. To establish the effect of financial reporting on financial performance of county government of Mandera, Kenya.

iv. To investigate the effect of audit competence on financial performance of county government of Mandera, Kenya.

2.0 Literature Review

2.1 Theoretical Review

The study was informed by agency theory, shareholder theory, and stewardship theory.

The Agency Theory

The hypothesis was advanced by Meckling and Jensen (1976). They clarified the office relationship as an understanding where somewhere around one individual in any case called the boss interface with another person in any case called the expert to play out some the organizations on their (principal) advantage which incorporates assignment of some unique capabilities to the specialist (Tapiwa, 2013). The agents must have adequate control mechanisms and motivation to always act in accordance with the maximization of profitability of the business of the principal (Nyabenge, 2009).

This hypothesis is essential to the examination because for audit strategies to be incredible top organization support and their opportunity is needed. Auditors in an association are consistently utilized by significant level administration, and similarly, they are specialists of the review council and the board who have trust in the auditing capacity to do audit planning, audit scheduling, and financial reporting and even evaluate senior management’s works. The audit practices such as audit planning, audit scheduling, financial reporting, and audit competence thus enhance financial performance. From an agency perspective, the importance of audit planning, audit scheduling, financial reporting, and audit competence that is strong emanates from the necessity to help the interest of the management with diverse partners in the organization to diminish income lack and expand the viability of internal audit department.

Shareholder Theory

This hypothesis was proposed by Freeman (1984) and models and recognizes the gatherings that are stakeholders of an enterprise. The partners are named as every one of the gatherings intrigued for whom the advancement of the firm and great well-being is of principal distress (Ranti, 2011). The partners have additionally been characterized as any collection of individuals or a person who might be influenced by the administration's target's acknowledgment. There are essential and secondary investors.

The main investors are referred to as performers who engage in a direct and legal relationship still up in the determined, as the name demonstrates, with the organization and are on occasion called the authoritative partners (Kulundu, 2014). The theory is important to the study since audit planning, audit scheduling, financial reporting, and audit competency influence financial performance. The investigation will also borrow incredibly from this hypothesis since the overall public who are the citizens; county government officials and the district government representative are large partners of the county government. Audit planning, audit scheduling, financial reporting, and audit competence affect the County Government, therefore, any misappropriation of the county government funds affects all the stakeholders thus affecting the financial performance such as revenue collection of the county. The quality of financial reporting Audit planning, audit scheduling, and audit competence are affected by characteristics of the available stakeholders such as the board of directors and board committee members are important factors in aligning the financial management of the county.

Stewardship Theory

This hypothesis contends that the organization directors have special interests that are steady with the investors (Noah, 2013). In this specific circumstance, Ngotho (2014) takes note that the job of the association holders is considered as being persuaded by a need to get and accomplish ordinary fulfillment through performing sufficiently normal testing work, to rehearse hazard and authority, and hence to acquire certification from the administration.

Ngenoh (2013) notes that organizational success achievement additionally fulfills the requirements that are close to the steward (Gad, Shane & Strong, 2010). Oketch (2013) indicated this hypothesis sees the significance of plans that partner with the agent, contributing most unbelievable self-organization reliant upon reliance. The hypothesis is relevant in this investigation in the setting that interior review reports, audit planning, audit scheduling, financial reporting, and audit competence help the administration in settling on choices that eventually prompt the enhancements of shareholder value.

2.2 Empirical Review

Kasiva (2012) investigated the effect of risk-based audits on Kenyan banks' performance. The investigation took on a correlation research plan. The study found that appropriate arranging further develop productivity, precision, culmination, practicality, accommodation, and lucidity. Sound review reports, evaluator freedom to recognize and amend review blunders, powerful execution of review proposals, monetary administration and consistency with acknowledged review norms, compelling inside review staff, and autonomous review panel impact monetary execution in business banks.

Muraguri (2016) examination indicated that hazard evaluation, internal review standards, control climate, and data system determinedly impacted the monetary execution in Kenya. The examination recommends that the Management of state associations ought to execute amazing danger-based review practices to update execution. State organizations in Kenya ought to allow the commitment of setting up their associations' inward review limits with acceptable resources to engage them to encourage incredible yearly risk-based audit plans

Tobi, Osasrere, and Emmanuel's (2016) investigation indicated that firm size affects return on assets of Nigerian banks; likewise, the audit committee has a huge influence return on the value of cited Nigerian banks. Another finding is that review council size has altogether influenced overall revenue of cited Nigerian banks. Given this, the examination suggested among others that organizations should utilize the internal audit with obvious histories of review quality and notoriety; subsequently, the discussion on audit quality is not a settled matter.

Egbunike and Abiahu (2017) did an ex post facto investigation. The investigation finds that the audit schedule significantly affects the return on assets. Audit expense and review report Slack had no critical impact on return on assets. The investigation in this way suggests the compulsory pivot of inspectors as a huge factor in defending examiner freedom and working on the nature of review; and the foundation of corporate administration rules that address issues identifying with board autonomy and advisory group sizes to direct exercises in the financial sector.

Oyedokun, Waluyo, and Fathoni (2018) conducted a study on the impact of financial reports discernment, HR capability, and monetary execution on charge consistency levels. The analytical method used is quantitative and analytic statistics. The outcomes showed that the perception of the quality of financial statements didn't influence citizen consistency while the competence of human resources and financial performance affected the citizen consistency of SMEs in Karawang Regency. This investigation suggests that MSMEs in Karawang Regency ought to guarantee the ability of their HR and monetary execution for compelling expense consistency. Doing this will likewise lessen the danger of duty openness.

Mwithi (2016) directed an investigation because of administration abilities on company execution. Results revealed that all the authority abilities had a positive basic relationship with the state association's execution in Kenya. Regardless, the significance of the effect was unmistakable for the specific drive abilities. Social care drive capacity had the greatest effect followed by mindfulness abilities then agreeable capacities organization expertise in conclusion the self-organization drive capacity.

Hadisantoso, Hasanuddin and Rura (2017) found that the two factors of the demonstrable skill and capability of auditors have critical impacts on the auditor’s performance working in the evaluator's workplaces in Southeast Sulawesi. Subsequently, the regional government overall and the examiner's workplaces in the area of Southeast Sulawesi specifically should focus on both professionalism and the ability of their auditors to work on the performance.

2.3 Conceptual Framework

The relationships between these two variables were as shown below.

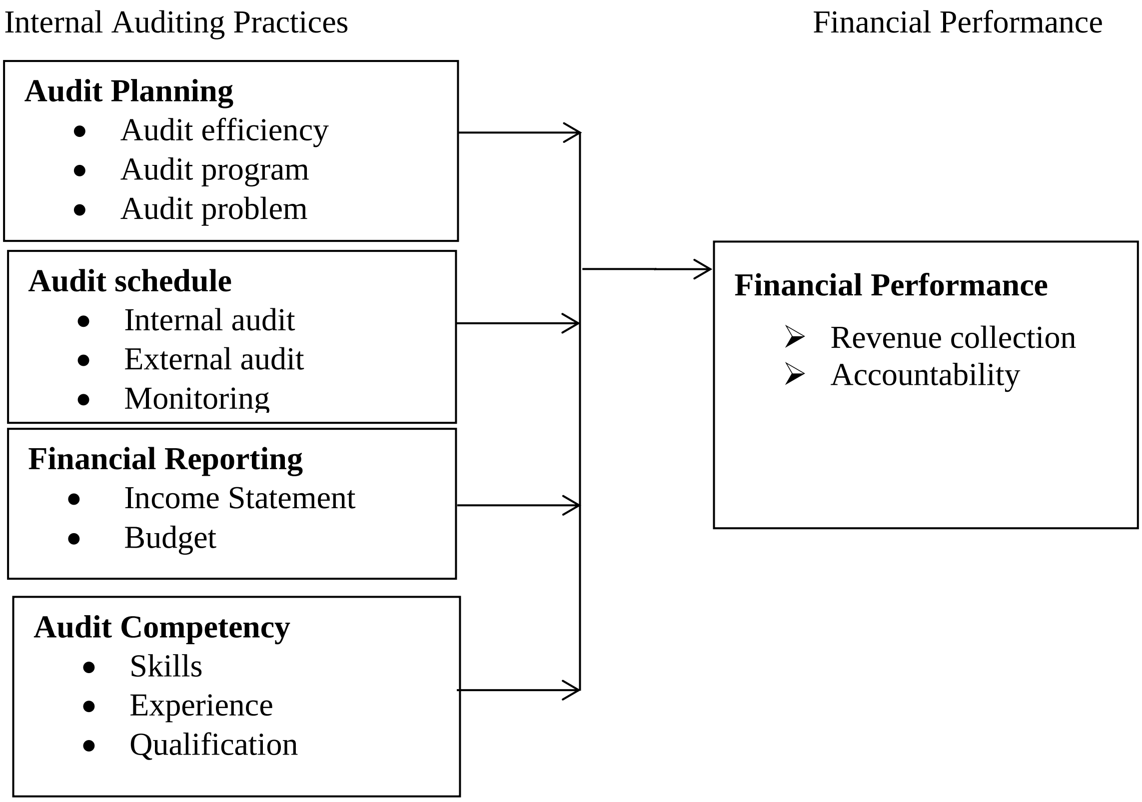

Figure 1: Conceptual Framework

3.0 Methodology

The researcher used a descriptive research design. The study involved 432 staff in the procurement, accounting, and finance departments and the human resource department comprising chief auditing officers, auditors, and clerks. The department is comprised of senior managers, middle-level managers, and support staff. A sample size of 207 respondents was selected. The investigation employed stratified sampling. Simple random sampling was also applied to select each respondent from each stratum. A survey that contained unstructured and structured research questions was used. The investigation used qualitative and quantitative techniques of data analysis. The primary data was organized, edited, analyzed, and interpreted using descriptive and inferential measurements. Descriptive statistics that were used included means, standard deviations, and percentages. The inferential statistics which included correlation analysis and multiple regression model was used to examine and verify the variables. Graphs, charts, tables, and percentages were used to present the information.

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4.0 Results and Discussion

4.1 Demographics of the Study

Table 1: Response Rate

Response Rate	The research targeted 207 staff in the procurement, accounting, and finance departments and human resource department in Mandera County Government A total of 177 questionnaires were properly filled and returned.
Age of the Respondents	Results showed that 17% of the respondents were above 36 years, 61% were between 31 and 35 years while 22% were between 26 and 30 years. This implied that most staff in the procurement, accounting, and finance departments and human resource department in Mandera County government between 31 and 35 years
Gender of the Respondents	Results showed that majority of the respondents who were 76% were males while 24% were females.
Work Experience of the Respondents	The outcomes displayed that 51.2% of the respondents had worked for the Mandera county government for 8 – 10 years, 37.7% had worked for 4 – 7 years, 8.1% had worked for 2 – 3 years, 3% had worked for less than 2 years.
Education Level	Results showed that 62.5% of the respondents had a bachelor's degree, 25.5% had a master's degree, 11.3% had a diploma, 0.7 had a certificate and none had a Ph.D.
Position Held	Results showed that 36.2% of the respondents were finance and accounts staff, 29.4% were in were working in the auditing department, 18.1% were members of the management committee, 7.3% were departmental heads and 9% were finance officers.

4.2 Descriptive Results

Descriptive analysis was done for all the independent and dependent variables as shown below.

Descriptive Analysis for Audit Planning

Table 1: Audit Planning

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std.Dev
The county government prepares its audit programme adequately	7.30%	8.50%	14.10%	42.40%	27.70%	3.75	1.17
The county government selects who, when, and	49.20%	6.80%	9.60%	19.80%	14.70%	2.44	1.59

how audit strategies are planned							
The county government puts attention that is appropriate to significant areas of the internal audit	10.20%	2.80%	16.90%	33.90%	36.20%	3.83	1.24
The county government ensures it resolves audit problems on a timely basis	13.00%	2.30%	16.90%	35.00%	32.80%	3.72	1.30
Average						**3.44**	**1.33**

Source: Field Data (2022)

The results showed that majority of the respondents who were 70.1% of the respondents agreed with the statement that the county government prepares its audit programme adequately (mean =3.75, std.dev=1.17). Further outcomes showed that most respondents who were 56.0% of the respondents disagreed with the statement that the county government selects who, when, and how to audit strategies are planned (mean =2.44, std.dev=1.59). In addition, outcomes showed that most respondents who were 70.1% of the respondents agreed with the statement that the county government puts attention that is appropriate to significant areas of the internal audit (mean =3.83, std.dev=1.24). Further outcomes showed that most respondents who were 67.8% of the respondents agreed with the statement that the county government selects who, when and how audit strategies are planned (mean =3.72, std.dev=1.30). The overall mean for audit planning was 3.44 while the standard deviation was 1.33.

Descriptive Analysis for Audit Schedule

Table 2: Audit Schedule

Statement	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**	**Mean**	**Std.Dev**
Management of the County government is connected to closely monitoring the implementation of internal auditing practices	12.40%	13.00%	5.60%	33.30%	35.60%	3.67	1.40
Management provides both internal and external auditors to conduct auditing activities	4.50%	13.00%	4.00%	30.50%	48.00%	4.05	1.21
Management is dedicated to auditing practices procedures	5.10%	16.90%	6.80%	41.20%	29.90%	3.74	1.20
Management acts with a high notch of truth in doing their roles in auditing practices	10.20%	4.00%	27.10%	37.30%	21.50%	3.56	1.17
Average						**3.76**	**1.25**

Source: Field Data (2022)

The results showed that majority of the respondents who were 68.9% agreed with the statement that management of the county government is connected to closely monitoring the implementation of internal auditing practices (mean =3.67, std.dev=1.40). In addition majority of the respondents who were 78.5% agreed with the statement that management provides both internal and external auditors to conduct auditing activities (mean =4.05, std.dev=1.21). Further results showed that majority of the respondents who were 71.1% agreed with the statement that management is dedicated to auditing practices procedures (mean =3.74, std.dev=1.24). In addition, a majority of the respondents who were 78.5% agreed with the statement that management acts with a high notch of truth in doing their roles in auditing practices (mean =3.56, std.dev=1.17).

The average mean of the audit schedule was 3.76 implying that the respondents agreed with the statements on audit schedule. The standard deviation was 1.25 implying that most of the answers on the audit schedule were valid from the mean.

Descriptive Analysis for Financial Reporting

Table 3: Financial Reporting

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std.Dev
The budget-making process is predisposed by management strategies	11.90%	0.60%	3.40%	18.10%	66.10%	4.26	1.31
Article of connotation affects institutional reports	6.80%	6.80%	10.20%	23.70%	52.50%	4.08	1.23
Expenses and income statement being determined by management practices	10.20%	2.80%	5.60%	18.60%	62.70%	4.21	1.30
The profit and loss financial statement of the establishment is influenced by the organization's actions and procedures	12.40%	1.10%	7.90%	24.30%	54.20%	4.07	1.34
Average						**4.16**	**1.30**

Source: Field Data (2022)

Results showed that the majority of the respondents who were 84.2% agreed with the statement that the budget-making process is predisposed by management strategies (mean = 4.26, std.dev=1.21). Further results showed that the majority of the respondents who were 72.6% agreed with the statement that the article of connotation affects institutional reports (mean = 4.08, std.dev=1.23). In addition, majority of the respondents who were 72.6% agreed with the statement that the expenses and income statement is being determined by management practices (mean = 4.21, std.dev=1.30). Further results showed that the majority of the respondents who were 78.5% agreed with the statement that the article of connotation affects institutional reports (mean = 4.07, std.dev=1.34).

The average mean of financial reporting was 4.16 implying that the respondents agreed with the statements on audit schedule. The standard deviation was 1.30 implying that most of the answers on financial reporting were valid from the mean.

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Descriptive Analysis for Audit Competency

Table 4: Audit Competency

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Dev
The trustworthiness of employees is determined by their accountability	6.20%	1.10%	20.90%	19.80%	52.00%	4.10	1.15
The management employs auditors in the county who have the required knowledge and skills to undertake the duties	7.90%	9.60%	25.40%	26.60%	30.50%	3.62	1.23
The level of experience of the auditors has influenced the financial performance of the county government	13.00%	5.10%	11.90%	22.00%	48.00%	3.87	1.40
The auditors are trained gradually to influence the financial performance of the county government	9.00%	9.00%	12.40%	26.00%	43.50%	3.86	1.31
Average						**3.86**	**1.27**

Source: Field Data (2022)

Findings showed that majority of the respondents who were 71.8% agreed with the statement that the trustworthiness of employees is determined by their accountability (mean =4.10, std.dev= 1.15). Further results showed that majority of the respondents who were 57.1% agreed with the statement that the management employs auditors in the county who have the required knowledge and skills to undertake the duties (mean =3.62, std.dev= 1.23). In addition, results showed that majority of the respondents who were 70.0% agreed with the statement that the level of experience from the auditors has influenced the financial performance of the county government (mean =3.87, std.dev= 1.40). Further results showed that majority of the respondents who were 70.0% agreed with the statement that the auditors are trained gradually to influence the financial performance of the county government (mean =3.86, std.dev= 1.31). The average mean of audit competency was 3.86 implying that the respondents agreed with the statements on audit schedule. The standard deviation was 1.27 implying that most of the answers on audit competency were valid from the mean.

Descriptive Analysis for Financial Performance

Table 5: Financial Performance

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std.Dev
The county government has improved its efficiency	12.40%	2.30%	6.80%	31.10%	47.50%	3.99	1.33
The county government has improved on effectiveness	11.90%	0.00%	14.70%	28.20%	45.20%	3.95	1.29
The image of the county government has improved	10.20%	3.40%	24.90%	26.00%	35.60%	3.73	1.26
The employees are accountable and	11.90%	14.10%	15.30%	32.80%	26.00%	3.47	1.33

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transparent in their activities		
Average	**3.79**	**1.30**

Source: Field Data (2022)

Results showed that majority of the respondents who were 78.6% agreed with the statement that the county government has improved its efficiency (mean =3.99, std.dev= 1.33). Further results showed that majority of the respondents who were 73.4% agreed with the statement that the county government has improved effectiveness (mean =3.95, std.dev= 1.29). Results showed that majority of the respondents who were 61.6% agreed with the statement that the image of the county government has improved (mean =3.73, std.dev= 1.26). In addition, most of the respondents who were 58.8% agreed that the employees are accountable and transparent in their activities (mean =3.47, std.dev= 1.33). The average mean of financial performance was 3.79 implying that the respondents agreed with the statements on financial performance. The standard deviation was 1.30 implying that most of the answers on financial performance were valid from the mean.

4.3 Inferential Statistics

Inferential analysis was conducted to generate correlation results, a model of fitness, and an analysis of the variance and regression coefficients.

Correlation Analysis

Table 6 below presents the results of the correlation analysis.

Table 6: Correlation Results

		Performance	**Audit Planning**	**Audit Schedule**	**Financial Reporting**	**Competence**
Performance	Pearson Correlation	1				
	Sig. (2-tailed)					
Audit Planning	Pearson Correlation	.697**	1			
	Sig. (2-tailed)	0.000				
Audit Schedule	Pearson Correlation	.685**	.564**	1		
	Sig. (2-tailed)	0.000	0			
Financial Reporting	Pearson Correlation	.590**	.432**	.582**	1	
	Sig. (2-tailed)	0.000	0	0		
Competence	Pearson Correlation	.613**	.398**	.616**	.478**	1
	Sig. (2-tailed)	0.000	0	0	0	

Source: Field Data (2022)

The results showed that audit planning had a strong positive linear association with financial performance of Mandera County Government (r = 0.697, p = .000). These findings were consistent with Kasiva (2012) who indicated that audit planning played a key role in Kenyan banks performance. Further, audit schedule had a strong positive linear association with the financial performance of Mandera County Government (r = 0.685, p = .000). These outcomes agreed with Egbunike and Abiahu (2017) who indicated that audit schedule significantly affected return on assets.

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In addition, results showed that financial reporting had a moderate positive linear association with financial performance of Mandera County Government (r = 0.590, p = .000). These findings agreed with Oyedokun, Waluyo, and Fathoni (2018) financial reports discernment had a significant effect on financial performance of SMEs in Karawang Regency. Further, audit competency had a strong positive linear association with financial performance of Mandera County Government (r = 0.613, p = .000). These findings agreed with Mwithi (2016) whose findings revealed audit competency had a positive basic relationship with the state associations performance in Kenya.

Regression Analysis

The results presented in Table 7 present the fitness of model used of the regression model in explaining the study phenomena.

Table 7: Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.823a	0.677	0.67	0.62302

Table 7 shows that the r was 0.823. This implies that internal audit practices have a strong positive correlation with financial performance of Mandera County Government. In addition, the R square was 0.677. This implies that internal audit practices account for approximately 67.70% of the variation in financial performance of Mandera County Government ($R^2 = 0.677$). Therefore, the improved financial performance of Mandera County Government can be explained by internal audit practices.

The model in Table 7 was further examined for its significance in predicting internal audit practices in explaining financial performance of Mandera County Government using ANOVA.

Table 8: ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	140.08	4	35.02	90.223	.000[b]
Residual	66.762	172	0.388		
Total	206.842	176			

Table 8 shows the F statistic of 90.223 and the associated P-value of 0.000 which is a value less than a p-value of 0.05. This implies that the internal audit practices have a statistically significant effect on financial performance of Mandera County Government at a 95% confidence level.

The regression of coefficient significance of the internal audit practices and financial performance of the Mandera County Government was presented in Table 9.

Table 9: Regression of Coefficient

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-0.333	0.227		-1.467	0.144
Audit Planning	0.422	0.055	0.411	7.724	0.000
Audit Schedule	0.224	0.073	0.200	3.075	0.002
Financial Reporting	0.181	0.054	0.183	3.335	0.001
Competence	0.259	0.061	0.239	4.264	0.000

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Table 9 shows that audit planning has a beta coefficient of 0.422 and an associated p-value of 0.000 ($\beta=0.422$, $p=0.000$). Therefore, there was a positive and significant effect between audit planning and financial performance of Mandera County Government. This implied that an improvement in audit planning in one unit would lead to an improvement in financial performance of Mandera County Government by 0.422. These findings were consistent with Kasiva (2012) who indicated that audit planning played a key role in Kenyan banks' performance.

Further, audit schedules have a beta coefficient of 0.224 and an associated p-value of 0.002 ($\beta=0.224$, $p=0.002$). Therefore, there was a positive and significant effect between the audit schedule and financial performance of Mandera County Government. This implied that an improvement in audit schedule in one unit would lead to an improvement in financial performance of Mandera County Government by 0.224. These outcomes agreed with Egbunike and Abiahu (2017) who indicated that audit schedule significantly affected return on assets.

In addition, financial reporting had a beta coefficient of 0.181 and an associated p-value of 0.001 ($\beta=0.181$, $p=0.002$). Therefore, there was a positive and significant effect between financial reporting and financial performance of Mandera County Government. This implied that an improvement in financial reporting in one unit would lead to an improvement in financial performance of Mandera County Government by 0.181. These findings agreed with Oyedokun, Waluyo, and Fathoni (2018) financial reports discernment had a significant effect on financial performance of SMEs in Karawang Regency.

In addition, audit competency has a beta coefficient of 0.259 and an associated p-value of 0.001 ($\beta=0.259$, $p=0.002$). Therefore, there was a positive and significant effect between audit competency and financial performance of Mandera County Government. This implied that an improvement in audit competency in one unit would lead to an improvement in financial performance of Mandera County Government by 0.259. These findings agreed with Hadisantoso, Hasanuddin, and Rura (2017) who found that audit competency had critical impacts on the auditors' performance working in the evaluator's workplaces in Southeast Sulawesi.

$$\mathbf{Y} = -0.333 + 0.422\mathbf{X_1} + 0.224\mathbf{X_2} + 0.181\mathbf{X_3} + 0.259\,\mathbf{X_4} + \boldsymbol{\varepsilon}$$

Where:

Y is Financial Performance

X_1 is Audit Planning

X_2 is Audit Schedule

X_3 is Financial Reporting

X_4 is Audit Competency

is the error term

4.4 Summary of Findings

The first objective was to scrutinize the impact of audit planning on financial performance of county government of Mandera, Kenya. Descriptive results showed that most respondents indicated that Mandera county government prepares its audit programme adequately. However, most respondents disagreed that the county government selects who, when and how audit strategies are planned. In addition, outcomes showed that most respondents indicated that the county government puts attention that is appropriate to significant areas of the internal audit. Further outcomes showed that most respondents agreed with the statement that the county government selects who, when and how audit strategies are planned. Correlation results showed that audit planning had a strong positive linear association with financial performance of Mandera County Government. Regression results showed that there was a positive and significant effect between audit planning and financial performance of Mandera County Government.

The second objective was to scrutinize the impact of audit schedule on financial performance of county government of Mandera, Kenya. Descriptive results showed that majority of the respondents indicated that management of the county government is connected to closely monitoring the implementation of internal auditing practices. In addition, majority of the respondents agreed that management of Mandera County Government provides both internal and external auditors to conduct auditing activities. Further results showed that the management was dedicated to auditing practices procedures and it also acts with a high notch of truth in doing their roles in auditing practices. Correlation results showed that audit schedule had a strong positive linear association with financial performance of Mandera County Government. Regression results showed that there was a positive and significant effect between audit schedule and financial performance of Mandera County Government.

The third objective was to scrutinize the impact of financial reporting on financial performance of county government of Mandera, Kenya. Descriptive results showed that most respondents agreed that the budget making process is predisposed by management strategies. Further results showed that majority of the respondents indicated that the article of connotation affects institutional reports. In addition, majority of the respondents agreed that the expenses and income statement is being determined by management practices. Further results showed that majority of the respondents indicated that the article of connotation affects institutional reports. Correlation results showed that financial reporting had a moderately strong positive linear association with financial performance of Mandera County Government. Regression results showed that there was a positive and significant effect between financial reporting and financial performance of Mandera County Government.

The fourth objective was to scrutinize the impact of audit competency on financial performance of county government of Mandera, Kenya. Descriptive results showed that majority of the respondents indicated that trustworthy of employees are determined by their accountability Further results showed that majority of the respondents who were 57.1% agreed with the statement that the management employs auditors in the county who have the required knowledge and skills to undertake the duties. In addition, results showed that majority of the respondents indicated that the level of experience from the auditors has influenced the financial performance of the county government. Further results showed that majority of the respondents indicated that auditors are trained gradually to influence the financial performance of the county government. Correlation results showed that audit competency had a strong positive linear association with financial performance of Mandera County Government. Regression results showed that there was a positive and significant effect between audit competency and financial performance of Mandera County Government.

5.0 Conclusion

The study concluded that audit planning had a positive and significant effect on financial performance of Mandera County Government. In addition, audit planning helps to detect risks on time and concentrate on high-risk areas leading to increased transparency and accountability, hence enhancing financial performance of the County.

The study also concluded that audit schedule had a positive and significant effect on financial performance of Mandera County Government. In addition, scheduling in auditing is an important part of the performance structure in the county government and comprises oversight activities taken by the directors at the board and audit committees to ensure the credibility of financial reporting.

The study also concluded that financial reporting had a positive and significant effect on financial performance of Mandera County Government. An improvement in financial reporting would boost the county government's financial performance.

The study concluded that audit competency had a positive and significant effect on financial performance of Mandera County Government. An improvement in audit competency would boost the county government's financial performance.

6.0 Recommendations

The study recommended that county governments in Kenya should make use of the services of audit firms with unquestionable track records of audit quality and reputation. This will enhance the performance of the county.

The study recommended that internal auditors of the county governments should perform their duties in a fast, efficient, and reliable manner. This will improve the performance of the county governments.

The county governments in Kenya should have a mandatory rotation of auditors as a significant factor in safeguarding auditor independence and improving the quality of audits. The county governments should also establish corporate governance principles that address issues relating to board independence and committee sizes to guide activities in the county government.

The study recommends that the Management of county governments in Kenya should implement effective internal audit practices to enhance performance. It also recommends that the management of the county governments in Kenya should bear the responsibility of equipping their firms' internal audit functions with adequate resources to enable them to develop effective annual risk-based audit plans.

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