GOVERNANCE, INTERNAL AUDIT, FINANCIAL REPORTING AND PERFORMANCE OF NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUNDS IN KENYA

KEYA CHARLES THOMAS

A THESIS SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF DOCTOR OF PHILOSOPHY IN BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

DECEMBER 2019

DECLARATION

This thesis is my original work and has not been presented for a degree in any other university for purposes of examination.

Signed …………………………………. Date:…………………………….

KEYA CHARLES THOMAS

D80/ 72746 / 2012

This thesis has been presented for examination with our approval as the candidate's University supervisors.

Signed …………………………………… Date ……………………………….

PROF. JOSIAH ADUDA
Department of Finance and Accounting,
School of Business,
University of Nairobi,
Kenya.

Signed …………………………………… Date ……………………………….

DR. WINNIE NYAMUTE
Department of Finance and Accounting,
School of Business,
University of Nairobi,
Kenya.

Signed …………………………… Date:………………………..

PROF. GANESH POKHARIYAL
Department of Applied and Industrial Mathematics,
School of Mathematics,
University of Nairobi,
Kenya.

COPYRIGHT

DEDICATION

This study is dedicated to all lovers as well as seekers of knowledge and wisdom and the sincere hardworking Kenyans who have been made the wretched of the earth by the landlords of poverty.

ACKNOWLEDGEMENT

Thanks to the God for His blessing He has poured unto me as I did my studies. I do appreciate the immense work, sacrifice, challenges and advice from several people without whom this research thesis wouldn't have seen the light of the day.

Although it is not possible to name all of them, first my sincere appreciation is expressed to my supervisors Prof. Aduda, Dr. Nyamute, Dr. Sifunjo, Prof. Pokhariyal and doctoral committee discussants in particular Prof. Martin Ogutu and Prof. Njihiah for their objective criticisms and guidance through the entire period. I also thank the management, administration staff at the School of Business, University of Nairobi. Thanks to NG- CDFs officials in all the constituencies in Kenya who participated in the study. I did benefit a lot from librarians at University of Nairobi particularly Jomo Kenyatta Memorial Library with special reference to Regina Mutonga. I appreciate the following persons who ensured that type setting was properly done; Cecilia Wanjiku, Jane Muturi, Shiro Mwaura. Winnie Muriithi and Eunice Mutheu Munyao. I am grateful to Eunice Wambui Maina for proof reading this thesis. A hearty round of applause also goes to NW and JA for data analysis. I salute all my fellow PhD students, Nicodemus Mokaya, Macharia Munene, Dorothy Ssendagire, Rose Jamhuri, Perminus Nyaga, Robert Bosire, Munyao and others for their teamwork in our studies. Finally, I do thank my family for their support in all dimensions. May God bless you abundantly.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ABSTRACT

The study conceptualized a relationship between governance, internal audit, financial reporting and organizational performance. The performance of most National Government Constituencies Development Funds (NG-CDFs) has been poor and the role of internal audit and financial reporting in the relationship between governance and NG-CDFs performance has been lacking. A census survey was carried out on all the 290 NG-CDFs performance in Kenya. A positivistic research philosophy and a descriptive cross-sectional survey design were used. Data was collected using structured and unstructured questionnaire. Simple, stepwise, hierarchical and multiples regression analysis were then used to test the hypotheses at 95 percent confidence level. The results of the study were established and compared to various theories anchoring the study and conceptual, contextual and empirical evidence. It was established that there is a statistically significant relationship between governance and NG-CDFs performance. The introduction of internal audit as an intervening variable has statistically significant effect on the relationship between governance and NG-CDFs performance. Financial reporting as a moderating variable also had a significant effect on the relationship between governance and NG-CDFs performance. Finally the study established that there is statistically significant combined effect of governance, internal audit and financial reporting on NG-CDFs performance. The study benefits policy makers and managerial practise in both public and private sector. At policy level the unnecessary bureaucracy common in the governance of public sector needs to be looked at to reduce its negative relationship between governance and performance. Further, formulators of policy in the NG-CDF regarding governance, internal audit and financial reporting can benefit from the findings of this study. Managerial practitioners especially in NG-CDF may consider strengthening governance interaction and combination with the other variables of the study to enhance performance. The study also made contributions to knowledge in the use of DEA technique to measure performance in NG-CDFs. The study enhanced building of existing theory by confirming theoretical postulations of agency theory. The study can also be used in different contexts in order for researchers to draw different patterns showing the effect of governance on organisational performance outcome. In addition future studies need to use similar variables in the other funds such as youth fund, women fund among others.

LIST OF ACRONYMS

AC	Audit Committee
ACFE	Association of Certified Fraud Examiners
AGM	Annual General Meeting
ANOVA	Analysis of Variance
BSC	Balance Score Card
CAE	Chief Audit Executive
CDF	Constituency Development Fund
CDFC	Constituency Development Fund Committee
CEO	Chief Executive Officer
CG	Corporate Governance
CGC	Certified Guaranty Company
CIPE	Centre for International Private Enterprise
CMA	Capital Markets Authority
COSO	Committee of Sponsoring Organizations
DEA	Data Envelopment Analysis
ECIIA	European Confederation Institute of Internal Auditors
FC	Full committee
GOK	Government of Kenya
IA	Internal Audit
IAD	Internal Audit Department
IAF	Internal Audit Function
IAS	International Auditing Standards
ICGN	Internal Governance Network
IEBC	Independent Electoral and Boundaries Commission

IIA	Institute of Internal Auditors
IPSAS	International Public Sector Accounting Standards
IS	Information System
ISA	International Standards on Auditing
MP	Member of Parliament
NG-CDFs	National Government Constituencies Development Fund
NGOs	Non-Governmental Organization
NSE	Nairobi Securities Exchange
OECD	Organization of Economic Corporation Development
PMC	Project Management Committee
PSCGT	Private Sector for Corporate Governance
PSCGT	Private Sector Governance Trust
ROA	Return on Assets
ROE	Return on Equity
ROS	Return on Sales
SEC	Security Exchange Commission

CHAPTER ONE
INTRODUCTION

1.1 Background

The relationship between governance and performance significantly helps in drafting public regulatory and corporate management policies. Governance enhances an entity's performance and there is a direct link between performance and governance (Tariq & Abbas, 2013). Improvement of business performance can be as a result of better governance through proper allocation of assets, proper labor practices, efficiency in management and other improvements in efficiency (Claessens, 2006). Governance is responsible for the installation of internal structures and techniques for making decision, accountability, control and behaviour in an organization (Armstrong et al., 2005).

However, governance alone cannot satisfactorily account for organizational performance. Other variables are critical to balance the relationship between governance and organizational performance. Such variables could be internal audit and financial reporting. Internal audit mitigates risks and also monitors the management's activities and advices the board on the same thus improving overall governance process. Credible financial reporting aids stakeholders particularly the creditors in making informed lending decisions whether to lend or not (Miles & Miles, 2019). In case of extension of credit facility, the entity is able to operate optimally thus enhancing performance.

This study was anchored on agency theory (Fama & Jensen, 1983a), stewardship theory (Donaldson & Davis, 1990), stakeholder theory (Freeman, 1984), legitimacy theory (Terreberry, 1968) and result based management theory (Greer et al., 1999). Agency theory describes the correlation among the agents and the investors and states that organizations should provide adequate governance, surveillance and mitigating mechanisms to regulate the agency problem hence enhance organization governance processes, voluntary disclosure and financial performance (Siddiqui et al., 2013). Additionally, agency theory and legitimacy theory explain the installation of organizational structures and the oversight function of internal audit in protection and enforcing controls to the benefit of the shareowners' wealth (Jensen & Meckling, 1976; Renneboog & Szilagyi, 2011, Scott, 2003).

Stakeholder theory explains how stakeholders influence the financial reporting of an organization, structure and financial policy (Freeman, 1984). Stewardship theory could best be used to explain the excellency discharge of duties by National Government-Constituencies Development Fund (NG-CDFs) committee which perform their duties without much pay since the theory postulates that a supervisor or overseer safeguards as well as maximize shareholder's property through company growth, as by so acting the agent utility roles become fully utilized (Davis et al., 1997). Results Based Management theory explains how efficient utilization of resources by the management can improve organizational performance. This shows that the organization's success is grounded on good governance, the oversighting role of internal audit and proper budget planning and its execution.

Currently Governance is major debate in the world (Renn, 2017) due to the various corporate financial scams and the resultant business failures which include the Asian financial crisis of the late 1990s, Enron, WorldCom, Global Crossing and Tyco in the USA as well as Vivendi, Parmalat and others in Europe. In Kenya the National Social Security (NSSF), Youth Enterprises Development Fund, National Hospital Insurance Fund (NHIF) among others are also involved in fraud and corruption scandals. The company's board and management must reaffirm or improve internal audit's independence and scope of inquiry (Centre for Governance, 1999) as well as financial reporting integrity to enhance performance.

NG-CDF is a government body formed by the Act of parliament in 2003 and amended in 2007, 2015 and 2016 to bring about social and economic growth at constituency level by financing domestically preferred projects and improve the welfare of the people. Various researches have been done on governance and NG-CDFs performance (Malala & Ndolo, 2014, Auya & Oino, 2013, Hassan, 2012) with outcome which are inconclusive. This study strives to establish the interrelation among governance, internal audit, financial reporting and achievement of National Government Constituencies Development Funds (NG-CDFs) in Kenya.

This research was motivated by the fact that NG-CDFs are very important in the sense that they accord persons at the integral privilege to form expenditure decisions that magnify their well-being in accordance with the need of education and security services hence promoting economic growth. There has been public outcry due to massive financial scandals, fraud, corruption and poor performance by NG- CDFs (Auditor General’s Report, 2018). Some projects have been completed while others stalled due to poor governance and change of leaders, where the successor member of parliament (MP) is not ready to proceed with his or her predecessor's ideas. According to the Economic survey (2019) most constituencies have reported mismanagement, massive corruption, over valuation of projects, extortion, fraudulence and expropriation, and that NG-CDFs matters are mostly political in ethos. Ongoya and Lumallas, (2005) posit that, NG- CDFs have ability of being utilized by politicians for political mileage in their constituencies to marshal political backing. Okungu (2008) contends that 70 percent of the constituencies have noted misappropriation, stealing, fraud as well as exploitation, and that NG-CDFs matters are mostly have political inclination. Therefore, there was need to do this study to provide some tangible solutions.

1.1.1 Governance

Governance are policies, laws and regulations that direct the way an organization is managed and controlled resulting to transparency as well as objectivity in the association between the entity and the owners that contain both internal and external contracts between employees and the owners containing the distribution of rewards and obligations that enhance harmony for improved performance (Buallay et al., 2017).

According to Okiro (2014), this is the system that promotes and enhances efficiency, transparency and accountability of an organization that regards compliance with the law and proper utilization and management of organizational resources. Corporate governance in public sector refers to a system of procedures and policies, practices and responsibilities carried out by firm's top management to facilitate in directing strategy to ensure attainment of goals, perils are managed and resources are utilized responsibly and in an accountable manner (ANAO, 2006). In accordance to World Bank 1992, governance is the sound development management that needs techniques of information disclosure, transparency, organizational structure, accountability, legal frame work and sufficient and dependable information public service delivery and efficient resource allocation.

Good governance is mainly concerned with the rule of law, participation of the relevant parties, full disclosure, transparency, installation of structures, equity and inclusiveness, accountability, efficiency and effectiveness (Okiro, 2014). The researcher of this study describes governance as a technique comprising a set of regulations and laws, responsibilities and practices which guide and give strategic direction to assure risks are managed; objectives are attained and resources have been used responsibly and there is transparency, disclosures, structures in an organization and accountability to enhanced performance.

Indicators of governance used by the researcher are organizational structures, transparency and disclosures. Organizational structures are the frameworks and pillars for practicing corporate governance (Semmar, 2012). They are the mechanisms for decisions making that are not clearly particular in initial contract between managers and owners (Formentini & Taticchi, 2016). The governance structures are concerned with setting up frameworks that ensure proper commitment, allocation and utilization of resources (Pearce et al., 2012). Efficient use of resource and accountability enhances entity's output.

Transparency is essentially about the availability of information for all the players such as agents, owners, firm and other partners (Hebb, 2006). It has various parts: financial disclosures, governance transparency and performance transparency (Bushman et al. 2004). According to McGee and Yuan (2009), it further incorporates disclosure of pertinent information about a firm's methods of corporate governance, its operational as well as financial performance. On the other hand, disclosure is the openness in the organisation's conduct of its business activities (OECD, 2004). It provides all sufficient information about the entity (Cheung et al., 2011).

Governance is important to an organization because it installs organizational formations and procedures for making decisions, accountability, regulation and behavior at the organizations (Armstrong et al., 2005). Good governance ensures that processes and techniques that encourage required behavior are executed by organizations (Braadbaart, 2007). The action prompts organizations to create as well as implement instructions and practice manuals which help the organization to adopt a culture which encourages responsibility, accountability and transparency which results to enhanced performance (Braadbaart, 2007).

The guidelines and procedure manuals challenge organizations to struggle to attain a culture of good governance, promote accountability and transparency and identify problems early, and deal with them adequately. Further, good governance ensures adherence to the law and regulations in agreements that affect the organization. Compliance with the law and regulations and contracts make the organization to be acceptable in the society (Deephouse et al., 2017) thus gets its inputs from within hence continues with its operations.

Governance sets strategic aims and implements the strategies, provide leadership, supervision of the management and report back to the stakeholders on their stewardship (Tricker & Tricker, 2015). Leadership supervision enhances efficient resource utilization which results to improved performance. Alternatively, effective governance promotes clearly formalized distinction of executive and accountability roles within the organization (Brennan et al., 2016). As a result, oversight committee for example audit committee promotes transparency and accountability which enhances performance.

According to Rezaee (2009) governance enhances the reliable characteristics of public financial information therefore promoting integrity and efficiency. Honesty and effectiveness earns the organization a good name among the stakeholders in which case some invest their resources in the organization which eventually enhances performance. Finally, reliable governance permits more control to the principals, offers employees a clear notion of their function while those outside the institution have a clear informed opinion of how it works (Okiro, 2014). This translates into good relationship among the stakeholders and the organization thus leading to improved organizational performance.

Governance was operationalized in NG-CDFs in the sense that it explains management systems and techniques that include the association among the board, management and partners. The different stakeholders participate in different ways for the well-being of the NG-CDFs. For example, the community provides people who form vigilant groups such as ‘Nyumba kumi’ which enhances security thus achieving one of their objectives of security provision. Governance mechanism instills discipline in the NG-CDFs committee members which promote good public reputation. Good reputation of NG-CDFs may lead to positive participation of the stakeholders hence enhanced achievement.

1.1.2 Internal Audit

Internal audit is a body charged with the provision of an autonomous and objective view to an institution on peril management, control as well as governance (Asaolu et al., 2016). This is achieved through measurement and evaluation of the effectiveness provision of independent and objective consultancy and assurance services (Newman et al., 2019) to monitor the activities of the organization or entity to realize the set objectives (Tesema, 2018).

Internal audit is an autonomous, neutral, guarantee and consulting action tailor-made to accelerate worth and upgrade an organizations' activities. It assists an organization attain its goals by installing formal techniques and strategies to explore and modernize the efficiency of risk management, control and upgrade practices of governance (Sarens & De Beelde, 2006). Another definition alludes that internal audit is an entity's structure the management of a firm puts in place to guarantee compliance to anticipated work process and an aid to management (Unegbu & Obi, 2007). An efficient internal audit is its ability to identify, recognize and oversee important risk, ensure installment of functional internal control procedures, reliable measures for response on risks management and assurance and objective confirmation from the entity that information is dependable (Ester et al., 2012).

According to the researcher of this study, internal audit is part of internal structure that the organization's management put in place which must be independent, objective, consultative in nature that provides assurance services to the entity, adds value, and ensure that the organization has complied with the rules, regulations and laws that affect it and improve organizations operations leading to enhanced performance. Internal audit was operationalized to include, consultative/risk assessment compliance, assurance, objective and independent.

Internal Audit offers management consultancy services because of its competency in understanding of the entity's strategic peril reduction risk skills. Consulting role of internal audit provides consultant services that may cover identification and management of risks, advice for financial reporting, monitoring and aligning internal controls to the internal process of the company (Mihret & Grant, 2017).

Internal audit ensures that the entity complies with the authority's laws which enhances confidence of the leadership to navigate risks and venture into new opportunities (Ndimitu et al., 2018). Provision of assurance by internal audit on performance of control systems, procedures and assessment on the efficient utilization of organizational resources enhances effectiveness and efficiency in governance. Further, internal audit reviews budget and budgetary controls, strategic plans in order to assure the management on compliance with all regulations and also assures the organization that its risk management policy was good (Koutoupis et al., 2018).

Internal audit discharges its objectivity duties by being neutral that is free from bias in selecting or presentation of information without favoring any interested user group (Mihret & Grant, 2017). It means that the information is not manipulated such that it meets all proper user needs of all the Internal audit's independentness and objectivity enables it to provide authoritative information on compliance and assurance advice to the organization (Sands & Kurek, 2017).

Additionally, internal audit safeguards established funds and implements systems to ensure funds are not lost. Functional internal audit detects fraud as well as misreporting in organizations (Ester et al., 2012). Therefore, internal audit has the responsibility for control of very debatable matters of fraud and its detention. Fraud together with corruption renders organization a bad image. Internal audit has the obligation to stay in line with the new laws and to raise any evidence of legal non-compliance in the organization and recommend remedial controls for necessary action (Koutoupis et al., 2018). It reviews budget and budgetary control assuring the entity that all the regulations are complied with.

Internal audit was operationalized in NG-CDFs in identifying and managing risks. Risk management promotes NG-CDFs' output in which case they should carry out periodical risk management for them to ascertain their effectiveness in practice (Crawford & Stein, 2004). Finally, adherence with laws and regulations is critical to all NG-CDFs in Kenya for them to be successful in providing education and security services. Compliance involves testing and reporting on whether an organization has complied with the requirement of various laws, regulations and agreements.

For example, NG-CDFs must ensure that in the construction of classrooms, dormitories, laboratories and administration blocks they comply with the ministry of education safety standards such as inclusivitivity, escape exit in case of fire outbreak or terrorist attack and so on. Consequently, internal audit's goal is to enhance compliance with policies and pillars of governance. Therefore, it is important for NG-

CDFs to adhere with the rules and regulation as outlined by NG-CDF Act of 2016 for enhanced performance.

1.1.3 Financial Reporting

Financial reporting are the entity's financial statements which include income statement, owner's equity, balance sheet among others that show formal financial records and position of an organization at a particular time that are published periodically (Gaitho, 2018) On the hand, financial reporting is the organization's annual report performance and progress that the management releases to the final users of accounting information which they use in making informed decisions. According to Hastuti (2016) it is the dispatch of periodic business report via electronic and print media to enable the users of accounting and financial information in making final decision in their relationship with the organization. Since it has audited financial statements, it contains true data concerning the reporting entity and thus generates confidence among the users. It contains information about financial statements and other worthwhile information like business organizations current and future policies (Chander, 1992).

According to Al-Dmour et al., (2018) financial reporting is a formal way of reporting financial undertakings of an organization which is an important resource for any market participant which eventually minimizes conflict in all interested users of accounting information. They further say that it covers performance measurement which is critical in formulation of strategy that assess the organization's achievement of objectives and goals that promotes performance. Financial reporting is a statement that explains the plans of an organization periodically to be achieved in a particular period of time (Flower & Ebbers, 2018).

According to the researcher of this study, financial reporting is the annual report performance and progress as per the organizations objectives and goals prepared conforming to generally accepted accounting principles that the organization releases to the final users to aid them in performance measurement, benchmarking and making informed decisions.

In this study, financial reporting was operationalized to include the definitions of communication of results, benchmarking and budgeting (Thijssens et al., 2016). Financial reporting is vital to organizations in the following ways: First since financial reporting communicates results which are free, fair and sufficient help final users in making informed decisions. For example, lenders confidently decide whether to lend their resources to the organization or not. In case of credit extension, the organization is assured of continuous provision of resources which sustains optimum operations thus enhanced organizational performance. The creditors' willingness to provide resources to the entity is because they are sure of the repayment of the resources because of the full disclosure in the financial reports which show the performance of the organization.

Additionally, the released outcomes enable the management to measure performance and compare it from period to period and with similar organizations in the same industry (Siddiquiet et al., 2013). The comparison facilitates benchmarking which aids the management to come up with strategies such as budget planning, innovation and so on which enhance performance. Full disclosure needs that financial reporting information must be designed, prepared and released to show perfectly the economic happenings that affected the entity in the period under review containing adequate information to enable both literate and semi-illiterate potential investors to make informed decision (Porwal, 1989).

Further, business report communicated in time influences corporate governance (Gibbins et al., 1990). Information disclosed is important for use by the management and the stakeholders in assessment and rating. High governance ratings improves the reputation of the organization thus increases capital inflow which is invested thus boosting organizational performance. According to Alkhatib and Marji (2012) financial reporting is crucial in decision making by external users.

Suppliers use financial reports in assessing the organization's performance and in case of good performance they are assured of payment for the goods and services supplied on credit which encourages them to continue supplying more goods and services on credit to the entity (Mwangi et al., 2016). Availability of goods and services sustain the organization's operations thus enhancing performance.

Financial reports are processed in adherence to International Public Sector Accounting Standards (IPSAS) specifically disclosing management's environmental issues thus making them appealing and relevant to the utilizers of accounting information in formulating decisions (The Constitution of Kenya, 2010 Section 81(1) & (3)). The government and other stakeholders readily accept the reports thus the organization gets acceptance from the society hence continues with its operations since the community willingly continues supplying the resources to it. The proponents of legitimacy theory Dowling and Pfefer (1975) and Lindblom (1994) suggest that the right of existence of an organization is conferred upon it by society on condition that it complies to the laws of the society and in case of the breach of the laws the rights can be revoked (Deegan, 2002).

Budgeting is another indicator in financial reporting. A budget is a mathematical statement that explains the plans, policies and targets of an organization to be achieved over specific period of time (Argenti, 2018). Budgeting is essential in the sense that targets to be achieved are set for an organization. The achievements of targets motivate an organization to start new projects. Budgeting is also important since it helps an organization to compare the actual and the budgeted performance and any divergences noted (Chander, 1992). The divergences act as a signal on the specific areas to be keenly observed thus help the management in appropriate allocation of resources by focusing on the needy projects (Audit General's Report, 2019).

In addition, budgeting helps an organization to assess its performance. Success is measured by the achievement of the budget objectives that is, the projects completed vis-à-vis the set target (GoK, 2016). Financial reporting is important in NG-CDFs in the sense that first it safeguards NG-CDFs' assets from unapproved use for example embezzlement, theft, damage, unauthorized purchase or unapproved disposal through the financial reporting control system enforced by internal controls. The resources saved are used in operations and investment which leads to improved performance that enables NG-CDFs to attract funding from the stakeholders.

NG-CDFs should prepare annual financial reports in conformity with the IPSAS so as to attract increased funding from the government and interested donors. Inflow of more increased resources to NG-CDFs other factors constant enhances performance. Second, financial reporting further assists the NG-CDFs in assessing their performance in relationship to the achievement of their goals hence take necessary actionn which is in agreement with the Internal Financial Reporting Standards (IFRS) on financial reporting. Third, financial reporting provides useful information which aids the NG-CDFs to evaluate operations efficiency of the management in terms of resources utilization to ascertain execution of the budgeted projects.

Fourth, assessment of NG-CDFs performance that is contained in financial reports help the NG-CDFs to measure and compare performance from period to period and among themselves (NG-CDFs) hence benchmark appropriately and formulate strategies to enhance performance (GoK, 2012). Fifth, financial reporting enhances the confidence of NG-CDFs stakeholders particularly the government in the sense that good performance encourages and motivates the government, citizens and other stakeholders thus they continue supporting them. Finally, enhanced performance contained in financial reports motivates the NG-CDFs committees who are entrusted with tax payer's resources of which they are stewards to work hard without being monitored thus reduce agent costs. They maximize the NG-CDFs resources and drive a higher utility from satisfying NG-CDFs aims than through self-serving behavior hence enhance organizational performance.

1.1.4 Organizational Performance

The major goal of an institution is to succeed in its diverse ventures. A firm’s achievement is seen through activities it conducts to achieve its goals. According to

Carmeli and Tishler (2004) the firm's output and impact in society are the most tangible elements of its performance. Lee and Nowell (2015) posits that performance is value addition to an entity's output. Additionally, performance is the economic and product resulting from the combination and interaction of various variables in a firm's components and activities (Combs et al, 2005).

According to Arena et al, (2015) performance refers to organizational effectiveness, efficiency, financial viability and relevance. Efficiency on the other hand is all about the capability that organizations innovate to achieve their goals whilst efficiency is the cost per unit of output cheaper compared to input and no any other substitute method of input could be cheaper than the similar production (Machuki & Aosa, 2011). Financial ability is the organization's capability to remain in operation throughout. It implies a firm's outflow of financial resources should be less than the inflow. Finally, relevance is the organization's capability and capacity to formulate ways that consolidate their effort (Chung et al., 2016).

McCann (2004) asserts that organizational performance compares to efficiency and effectiveness of a business in converting inputs into outputs. Performance on the other hand is the amount of utility or gains accrued from the organization by its stakeholders. How to measure firm performance is a critical issue in business research. Market based and accounting measures have been employed by different researchers and scholars albeit with varied results (Rodriguez-Fernandez, 2016; Arthur, 2016; Rehman & Hashim, 2018). Most firms tend to rely on their financial and non-financial achievements as proof of how well a firm is doing.

According to Alkins (2011) an entity's performance is conducted in terms of revenues, profits and market share. An organization's performance can also be gauged by clientele satisfaction, loyalty, frequency of buying and selling of the company's products (Paparoidamis et al., 2017). However, a good measure of organization performance should widely cover various dimensions of performance outcome. Mayne (2017) suggests that a realistic measure of performance should include historical and future achievement.

Hladchenko (2015) measured performance using the Balanced Score Card (BSC). It measures performance using four viewpoints namely monetary viewpoint, client standpoint, learning and development, and internal business systems. According to Schulz and Flanigan (2016) measurement of performance has evolved from traditional financial measures to Triple Bottom Line (TBL) which supports a broad spectrum of stakeholders including local community, government, natural environment and social responsibility performance.

The importance of performance is that it shows the organization's output value in relationship to the input at a particular period. This is what is called results. The results enable the management to compare its performance from period to period and with similar firms in the same industry (Mayne, 2017). In incidence of improved performance the management is assured of practicing good governance hence high rating. Poor performance on the other hand means that the management has to employ strategies such as adaptability, new innovations and so on to improve performance (Abbas & Sajid, 2017). Adaptability for example is an essential aspect that performs a critical function in improving performance. Adaptability is the result of learning of individuals (Abbas & Sajid, 2017).

Organizations or companies whose performance is measured, perform better and their security prices are always high (James, 2017) as opposed to those that are not measured. Performance measurement can be measured using both objective and subjective indicators (Reid & Ashelby, 2002). Performance measurement is the foundation for assessing the efficiency with which that performance is achieved (Mugambi & K'Obonyo, 2012).

Organizational performance may be measured by various methods that consider cost of operations and the benefits arising therefrom. The specific methods are cost effective analysis, and the Data Envelopment Analysis (DEA) as suggested by Tavana et al. (2016). DEA technique is mostly vigorous than the other techniques given the fact that it measures performance considering several inputs and output variables (Iraya, 2014). DEA model is a non-parametric method which evaluates performance of Decision Making Units (DMU) as per ratios that utilize several in take to generate numerous turnout (Emrouznejad et al., 2010). It is a mechanism that optimizes the weighted output/input degree of every Decision Making Unit (DMU), subject to the state that this portion may equal, and not exceed, one of any other data measurement unit in the data set that was applied to mete performance of the entity. Data Envelopment Analysis (DEA) is a system for determining the relative efficiencies of a group of organizational unit like as school or banks branches when there are various in equivalent inputs and outputs (Emrouznejad et al., 2010).

DEA model computes a ratio for entire weighted output to while weighted inputs for every organization. The calculated best DMUs are assumed to be the border and the level of ineffectiveness of the other DMUs is contrasted to the efficient frontier and then acknowledged. There aren’t regulations to decide what must be the intake and what will be called the end product. Consequently, DEA needs categorization of output and inputs to enhance comparison in different DMUs that are contrasted. DEA also needs that the DMUs being analyzed most significantly be more than the entities of outputs and inputs (Tavana et al., 2016). The DEA model should include all the elements considered; weights of all inputs as well as outputs should be greater than zero.

DEA is the most complex mathematical method used for comparative public sector performance measurement and is applied in contrasting performance amongst identical public services. First, it requires a solid background in linear programming to understand and use. Secondly, it requires similar outputs and inputs among organizations, hence deemed inappropriate for comparative analysis of disparate programs within public organizations. Emrouznejad, et al. (2010) assert that DEA is a way of evaluating the progress in efficiency of peer DMUs with many inputs as well as outputs.

Performance of NG-CDFs in Kenya was measured using DEA model based on Consumer Rights and Standards requirements by the Constitution of Kenya (GoK, 2010) which include the following key performance indicators: Customer satisfaction survey, compliance with budget levels, safety measures, utilization of allocated funds, project implementation, compliance with strategic plan, development of service charter, corruption eradication, disposal of idle assets, employee satisfaction survey, HIV/AIDS behavioral change, fulfillment of statutory obligations; repair and maintenance.

In this research, DEA Model inputs were: budget allocations, projects approved, operational costs incurred and employee remunerations. The outputs were projects completed projects efficiency, employee efficiency and operational efficiency. Customer satisfaction in NG-CDFs is achieved through the fulfillment of the output that reflect quality education and security services that citizens of the constituency get from NG-CDFs. Education and security quality services are measured for example by the number of projects completed as per schedule and reduction in crimes. Employee remuneration refers to staff costs and other costs related to operational costs incurred in terms of salary and committee allowances. Employee efficiency is measured by total number of projects completed, projects efficiency, project quality, timeliness in project completion and provision of services. Performance of NG-CDFs is computed to reflect efficiency of the organization in terms of the output- input ratio.

In the context of operationalization of performance in NG-CDFs, organizational performance is a gauge of capability in timeliness in provision of quality education and security services (Auditor General Report, 2018). Another measure is the number of projects implemented and completed on time in terms of expansion and construction of new educational institutions and police posts. Reduction of crimes in each constituency is also a measure of improved performance by NG-CDFs.

1.1.5 National Government- Constituencies Development Fund (NG-CDF) in Kenya

The origin of NG-CDF was the CDF Act (2003) and revised in 2007, 2013, 2015 and 2016. Through the Act 2015 of parliament its name changed from CDF to NG-CDF. The CDF Act 2013 requires balanced representation in every constituency in terms of age, gender, geographical location, political and disability.

The NG- CDF through the 290 NG-CDFs is meant to attain rapid socio-economic development, start and implement prioritized projects which are community centred in order to enhance community participation and guarantee that the gains are accessible to all the locals of a specific locality. The projects shall be in respect of national government functions that cover education and security.

The two hundred and ninety NG- CDFs are allocated five per cent of the national revenue as decentralized funds. According to CDF Act (2013) the NG-CDFs is a means introduced in sharing national wealth through constituencies. However, this led to emergence of bureaucracy in NG-CDFs projects management and accountability questions.

The NG-CDFs are expected by the government to be efficient and adequately provide education and security services. In the interest of improving efficiency services; good governance, implementation of internal audit functions and efficient financial reporting mechanism is critical. Every NG-CDF management committee is obliged to appoint ward representatives to perform responsibilities of service delivery and enforce the law through Nyumba Kumi initiative. The improvement of service delivery is a function of governance leadership which is responsible in the implementation of efficient internal audit as well as financial reporting.

Despite the huge national expenditure for NG-CDFs in some instances it has not been marched by corresponding performance. These unacceptable performances of NG-CDFs have been attributed to widespread corruption and poor financial management which results from dismal adherence to internal audit role and poor governance leadership practices (Okungu, 2008). The government of Kenya needs to strengthen internal audit that continually keep evaluating efficacy and efficiency of governance and give advice in order to enhance education and security service delivery. Internal audit has the responsibility of over sighting overall management of an organization. Fraud, corruption and other malpractices witnessed in NG-CDFs in Kenya are attributed to inefficient internal audit. However, the performance of some NG-CDFs has been rising as a result of effective and efficient internal audit functions that help to reduce corruption and frauds which enhance organizational performance. NG-CDFs need to improve efficiency of their management which in turn strengthens its internal audit as well as information on financial status in order to improve their performance.

Public sector services performance is pegged on certain key performance indicators according to the Constitution of Kenya consumer rights (2010).The indicators are: Customer satisfaction survey, compliance with budget levels, safety measures, utilization of allocated funds, project implementation, compliance with strategic plan, development of service charter, corruption eradication, disposal of idle assets, employee satisfaction survey, HIV/AIDS behavioral change, fulfillment of statutory obligations; repair and maintenance.

The inputs and outputs for performance of NG-CDFs in Kenya in this research study are budget allocations, projects approved, operational costs incurred and employee remunerations. The outputs were projects completed, projects efficiency, employee efficiency and operational efficiency. Employee efficiency is measured by how well the budget is planned and executed resulting to the output performance. The NG-CDF has spent billions of shillings since its inception in 2004 (Auditor General's Report 2018) with some achievements and failures.

1.2 Research Problem

Good governance has an influence on organizational performance (Tariq & Abbas, 2013). However, governance may require other factors to intervene or moderate the relationship between governance and organizational performance (Awino, 2011). The factors could be internal audit and financial reporting (Hutchinson & Zain, 2009). Internal audit ensures management of monitoring risks as well as financial reporting credibility which the management uses to assess their performance (Ndimitu et al., 2018). Financial reporting has a great influence on governance in terms of management of information disclosure in annual reports (Mwangi et al., 2016).

Contextually, many state funds in Kenya such as NG-CDFs, National Social Security Fund (NSSF), and Women Fund among others face financial crisis due to poor governance, lack of internal audit monitoring, poor financial reporting, fraud and corruption (Auditor General's Report, 2018). The NG- CDF through the 290 NG-CDFs are meant to initiate and implement prioritized projects that cover education and security which are community based and ensure that the gains are available to a greater segment of the inhabitants of a specific region. The NG-CDF has spent billions of shillings since its dawn in 2004 (Auditor General Report, 2018). However, there has been public outcry because of immense financial scandals, fraud, corruption and poor performance by NG- CDFs. The above challenges can be minimized through good governance, oversight by internal audit and credible financial reporting.

Empirically, studies on the relationship between governance and performance of NG-CDFs have not yet to come out with authoritative relationship between the two variables. Most researches put more emphasis on determining the association between governance and organizational performance thus empirical gap. Also, it is evident that outcomes of these studies are conflicting. While some studies found out that good governance enhances performance (Tariq & Abbas 2013, Kalezic 2012, Tsamenyi et al., 2007) others found that governance had an inverse relationship between governance and entity's performance (Price et al., 2011). Some researchers found that internal audit is related to organizational performance (Hutchson & Zain, 2009, Prawitt, 2009) others did not find any effect of internal audit on the relationship between governance and organizational performance (Eeter et al., 2012). Some past literature found that financial reporting had no effect on the association between firm's governance and performance (Khan et al., 2016).

The effect of internal audit or financial reporting as an intervening and moderating variables on the relationship between governance and NG-CDFs performance in Kenya is lacking. The empirical assessment of the relationship between governance, internal audit, financial reporting and organizational performance has yet to provide the relationship among the four variables. Research was necessary in the area to fill the above gaps. There are no studies outside Kenya that have been carried out on governance and performance of NG-CDFs in Kenya. There are studies on NG-CDFs in Kenya but none exist on the relationship between governance and performance of NG-CDFs as intervened and moderated by internal audit and financial reporting respectively. Malala and Ndolo (2014) studied the relationship between managerial factors and social factors in implementation of CDF projects in Kenya. This study however, did not consider the relationship between governance and performance of

NG-CDFs in Kenya and how this relationship is intervened by internal audit or moderated by financial reporting. The current study filled the above gaps.

There are also methodological gaps. Auyo and Oino (2013) and Malala and Ndolo (2014) used case study on CDF performance. Price et al. (2011), Hastuti et al. (2016), Khan et al. (2016) did longitudinal studies and they did not incorporate DEA as a measure of performance. The current study did a cross-sectional survey on all the 290 NG-CDFs in Kenya and also used DEA in measuring their performance. Theoretically studies by Hassan (2012) in CDF performances in Kenya were underpinned by only stakeholder theory (Freeman, 1984). This is different from the theories anchoring this study. The current study was underpinned by Agency, stakeholder, stewardship, legitimacy and results based management theories. Therefore, the current study was an attempt to address the gaps demonstrated along conceptual, contextual, methodological and theoretical by answering the questions, what is the relationship among governance internal audit, financial reporting and NG-CDFs performance in Kenya?

1.3 Research Objectives

The main (general) objective of the research was to determine the relationship among governance, internal audit, financial reporting and performance of National Government Constituencies Development Funds (NG-CDFs) in Kenya. The particular objectives were to:-

i. Establish the relationship between governance and performance of NG-CDFs in Kenya.

ii. Determine the intervening effect of internal audit on the relationship between governance and performance of NG-CDFs in Kenya.
iii. Establish the moderating effect of financial reporting on the relationship between governance and performance of NG-CDFs in Kenya.
iv. Determine the joint effect of governance, internal audit and financial reporting on performance of NG-CDFs in Kenya.

1.4 Value of the Study

Enhanced organizational performance is of interest not only for academicians but also to the business owners. As a result stakeholders are interested to know how organizational that is governance, internal audit and financial reporting combine and interact to influence performance. This study enhanced building of existing theory by confirming theoretical postulations of agency theory The research also found governance effectiveness in enhancing performance of NG-CDFs in Kenya depends on financial reporting and internal audit. This confirms the position of agency theory that explains that, governance effectiveness to enhance firm performance depends on oversight part of internal audit. The agency theory suggests that performance is enhanced when internal audit is introduced. The theory explains that internal audit reviews the operations and adherence to internal controls by the management that safeguards the assets of NG-CDFs as well as secure accountability and transparency in financial and non-financial reporting. Internal audit was also found to review the financial reports to assure the stakeholders of their accuracy and completeness. The relationship among governance, internal audit, financial reporting and performance has received important input both conceptually and empirically which will benefit researchers and scholars for future studies.

The research findings contribute to the existing policy tools that will guide the performance of NG-CDFs. Most NG-CDFs are guided by poor governance structures, weak ineffective committees to drive enhanced performance. This means that as government seeks to use NG-CDFs to improve education and security services delivery in all parts of the country, the research findings complement the data available in effectively linking NG-CDFs performance to available resources. The result of the study informs policy formulation in NG-CDFs in Kenya with a view to improving on governance structures by strengthening the efficiency of internal audit. Internal audit must be well resourced to enhance its effectiveness. Policies should be developed that enhance good governance and create a good internal audit climate and also provision of adequate resources for internal audit function.

Policy makers benefit in understanding how key corporate governance structures such as monitoring adherence to key internal regulations and risk management policy and financial reporting could enhance efficient delivery of quality education and security services thus ensure correct policies are set and implemented by all NG-CDFs. The function of governance structure and the measurement of performance using DEA in organizations can also benefit the policy.

The study contributes to knowledge by testing the joint influence of governance, internal audit as well as financial reporting on performance of NG-CDFs in Kenya.

The relationship amongst governance, internal audit, financial reporting on performance has not been studied. Therefore, nothing is known about the impact of the above variables to performance of NG-CDFs in Kenyan scenario.

The research findings also benefit managers of NG-CDFs in Kenya by understanding the contributions of governance, internal audit, financial reporting to performance. NG-CDFs management committees are directly involved in financial management, projects approval and creating and nurturing transparency, compliance, disclosures and risk assessment within their organizations. As such the study findings enable NG-CDFs management committees to create organizations that are accountable to the people.

Managers also benefit from the results of this study on the appropriate enforcement of adherence to organizational structures and optimal utilization of firm resources since governance and internal audit lead to improved performance. Governance positively and significantly improves performance of NG-CDFs in Kenya.

Managers of organization are encouraged to strengthen efficiency of internal audit department. The relationship between performance and governance of NG-CDFs is intervened by internal audit and moderated through financial reporting. The managers of companies learn that internal audit requires to be well resourced and be able to oversee adherence to internal controls and monitoring company operations as it is a core activity of governance that improves performance of NG-CDFs. Managers also benefit from the findings on how governance impacts in the relationship among internal audit and financial reporting and performance hence determining improved output.

Furthermore, the fact that the NG-CDFs management committee is involved in formulation and execution of strategies, the research findings improve risk analysis, selection and implementation of performance strategies of NG-CDFs. NG-CDFs management committee needs to strive to enhance performance. This requires them to find a proper link of allocating the limited funds between the security and education needs. The NG-CDFs benefit in using the study findings to identify which variable combinations have a higher influence on performance than others and thus use them for enhancing performance.

The outcomes of the study might equally contribute to sphere of knowledge. The literature examined had insufficient theoretical and empirical studies on the interrelation amongst governance, internal audit and financial reporting on the performance of NG-CDFs. Therefore, the research study filled the gap by analyzing the relationship between the variables. The study helps NG-CDFs management on how the variables combine and interact to promote performance. This study also adds to future research by empirically testing the linkage between the variables and trigger further studies. The researchers also identify the research gap that need to be addressed.

The study is a census hence the findings have an ability to act as a model study of emerging practices. The practices would include variables such as governance structure, transparency, disclosures, internal controls, compliance, risk assessment and timeliness of service delivery in performance of NG-CDFs in Kenya. Lastly but not least the study provides further information on the kinds and management of NG-CDFs organizational risks and probably gives a signal on the areas that require training of risk analysis.

1.5 Organization of the Thesis

The research is arranged in six chapters. Chapter one addresses the introduction and background of the study variables which include governance, internal audit, financial reporting and organizational performance. It further highlights the study problem, the research questions, objectives of the study and the value of the research. Chapter two deals with broad literature review of the study variables which include governance, internal audit, financial reporting and organizational performance. This is culminated into a conceptual framework illustrating the relationship linking the variables in this study.

Chapter three addresses the research methodology applied and outlines how the variables were operationalized and analytical models applied to test the hypotheses. Chapter four outlines the descriptive data analysis while chapter five shows the results on tests of hypothesis as well as discussion of results. Chapter six highlights the summary of the findings, conclusions, limitations of the study, suggestions for further research and implications of the study on theory, policy and practice.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter is organised into six parts: Part 2.2 examines theoretical foundation of the study, section 2.3 analyses empirical literature review, part 2.4 explores the preamble of empirical review of literature and research gaps, section 2.5 conceptual framework and section 2.6 research hypotheses. Lastly section 2.7 presents chapter brief.

Literature review was conducted to furnish a more clarity on the concepts of the research study. The chapter comprises of theoretical and empirical review of literature of the governance, internal audit, financial reporting and organizational performance. This chapter explores the theories underpinning the study and key relationships between variables.

The literature review disclosed several research gaps outlined along conceptual, contextual, methodological and theoretical gaps. Finally, a conceptual frame work is extracted showing the relationship of variables as conceptualised by the study and hypotheses stated. The subsections that follow present detailed description of all the aspects.

2.2 Theoretical Foundation of the Study

This research study had four concepts namely; governance, internal audit, financial reporting and organizational performance. The concepts were anchored in various theories. The major theories are agency (Jensen & Meckling, 1976), stewardship (Davis, 1990), Stakeholder (Freeman, 1984), legitimacy (Lindblom, 1994) and Result based management (Greer et al., 1999) theories.

The interaction of governance based theories and performance one is very important in literature. Result based management theory is about preservation and utilization of organizational resources for better results. The proponents of agency, stewardship, stakeholder and legitimacy theories advocate for proper resource utilization, control, monitoring and oversight. In the absence of monitoring and oversight, misuse of resources may be rampant leading to poor organizational performance. Equally excessive oversight and monitoring may deny the agents freedom of decision making. The end result is a negative influence on organizational performance.

Therefore, there is need to have a balance between close monitoring, oversight and the freedom of the agents for better performance. The next is the pairwise review of the concepts. This study is grounded in agency theory supplemented by stakeholder's theory, stewardship theory, and legitimacy theory and results based management theory, as they explain the effects and relationships among variables of the study that is, governance, internal audit, financial reporting and NG-CDFs performance. The effects and relationship can best be explained by these theories as follows:

2.2.1 Agency Theory

The proponents of this theory are Adam smith in 18th century and tested by Ross (1973) as well as Jensen and Meckling (1976). The proponents of the theory assert that the separation of ownership from the owners results to an agency challenge in which management operates the company in accordance to their individual desires, and not the one's of shareholders (Jensen & Meckling, 1976). It offers chances for leaders to utilize organization resources optimally to their utilities instead of amplifying the shareholder resources. The managers who usually have greater knowledge and proficiency about the organization have the privilege to address individual interests instead of those for shareholders (proprietor) concerns (Fama & Jensen, 1983). However, managers too have self-interest which escalates the cost of the company. This leads to principle agent conflict. Apart from the relationship of the principal and the managers, agency differences might occur between other stakeholders.

The theory suggests that organizational performance is improved through the shareholders' delegation of responsibilities to the professional managers with strong mechanism to monitor the performance of managers to register improved performance hence high return to the shareholders (Power, 2000). Modovean (2001) suggests that the owners should enact ratification, monitoring and sanctioning to guard against management failure. Two significant governance ways solving or minimize the agent principle problem escalating from self-interest is through proper remuneration of board of directors and installation of governance structures to lower agency costs (Haniffa & Hudaib, 2006; Solomon, 2010).

Power (2000) suggests that the major way of monitoring is through the final annual accounts whose credibility is enhanced by the audit report. However, accounts might not be a sufficient tool for monitoring purpose as a result of information asymmetry whereby managers or external auditors doctor final results to conceal information fearing that it may be used against them. Different corporate mechanisms like board of management, an effective audit team and internal and external audit can be used to monitor management's behaviour. The internal audit monitors and assures the stakeholders that all is well. Since the management may falsify the financial reports to hide their misconduct, internal audit acts the oversight role in ensuring that the agents are transparent and accountable (Colbert, 2002).

To be able to overcome information asymmetry bottleneck and protect their wealth, shareholders may install effective internal audit and internal controls. The internal audit and audit board produce audited financial statements and other reports assuring the owners about the development of their entity. Internal audit also watches the management's activities and advices the board on the same. Similarly audit board enforce internal controls which ensure that the agents' activities are meant to improve the organizational performance. Organizational controls ensure compliance with the regulatory laws and regulations. According to Hayes et al. (1999) an auditor hired by shareholders can enforce internal controls thus ensure there is no information asymmetry.

Agency theory links to the variables of this research in the sense that the theory proposes that sound governance by the management through effective mechanism to reduce agency costs, mitigate monitoring and cost resulting to general governance processes improvement, discretionary disclosure as well as enhancement performance of the firm (Siddiqui et al. 2013). Reduction in agency costs results to improved organizational performance. In organizational structure, internal audit is responsible for overseeing good governance. Good governance promotes performance since organizational resource misuse is minimal. Further, the agency theory advocates for composition of a strong board, formation of audit committee, remuneration and compensation committees. Audit committee for example among other functions ensures that financial reports are prepared complying with accounting International standards. The financial reports help the management to compare their performance against the set targets and with other firms in the same industry for strategic planning. Therefore, every NG-CDF should uphold good governance practices and tighten internal audit role to promote efficiency and eliminate incompetence, corruption, fraud and so on to enhance improved performance.

Agency theory faces numerous criticisms and one of them is the analytical approach on how to handle the governance challenge which is limited to shareholders only and yet there are many stakeholders in the organization and thus its governance is affected by the relationship among these stakeholders. Other stakeholders are therefore left out in consideration of the running and management of the organization.

Such a scenario may lead to decisions that maximize wealth of the shareholder at the expense of employees, suppliers, creditors, the media, customers, the environment and community at large. Organizations that use this model would have their performance measurement and reporting limited to indicators such as returns on investments, profits or surplus and earnings per share.

2.2.2 Stewardship Theory

The first scholars who came up with the theory were Donaldson and Davis (1990). In contradiction to agency theory, this theory depends on the notion that directors aren’t driven by personal concern, rather than by the principal’s goals (Davis et al., 1997). Subsequently, it proposes that leaders to manage organizations should be credible (Siebels & Knyphausen-Aufseb, 2012).

The theory assumes absence of contradiction between agents and principals, and the aim of governance is, concisely, to establish the mechanism and structures that ensures the most efficient coordination between the two groups (Letza et al., 2004). The theory further suggests that a steward protects as well as boosts the output of shareholders or owners' investment as suggested by Davis et al., (1997). Thus managers act as stewards by acting as if they were the proprietors of the firm by executing their duties whole heartedly. It also addresses that manager's resolutions are equally impacted by non-financial interests, like crave for attainment and identification, the inherent satisfaction of prosperous achievement, together with regard for command and the work ethics. This theory is engrossed on unquantifiable inherent rewards such as progress, attainment and obligation.

The theory is relevant to the variables of this research s it holds the view that good governance is as a result of trustworthiness and faithfulness of managers and they seek to utilize the firms' resources efficiently to maximize the performance of the organization (Nicholson & Kiel, 2007). Proponents of governance structures posit that managers left on their own will always pursue self-seeking ventures using organizational resources (Berger & David, 1997). However, some studies (Hambrick & Finkelstein, 1987; Finkelstein & Hambrick, 1990) found out that organizations which gave the managers autonomy performed better than those with close monitoring. This means that the communities should trust the NG-CDFs management committees without using resources to monitor them. The saved resources will be used for the intended activities thus improve service delivery

Within the organization internal audit is responsible with the oversight role for best governance and also provides management with assurance of internal controls. Internal controls ensure good governance in the organization through checks and balances. Since internal audit helps the management with compliance with the public listing laws, then management strives to produce quality financial reporting information. Financial reports that are released on time aids both the internal and external users to make informed decisions. The management for example uses the financial reporting information as a measurement of achievement of their performance targets as well as for performance comparison with the same businesses in similar industry. The results obtained from the above two actions help the management to formulate new budget plans and strategies that will help the firm to accelerate its performance.

The theory is relevant to the study due to its relationship to the value of tax payer's money than individual goals since the managers are self-motivated and strive to safeguards and maximizes shareholders' wealth through company performance to achieve the organizational set targets. This encourages NG-CDFs management committee in the 290 constituencies in Kenya to discharge their duties without expecting high perks from the government. It is a fact that the NG-CDFs management committee members apart from fund account manager are not in permanent government payroll. They earn sitting allowances which are not even equivalent to the tasks performed. Furthermore, stewardship encourages servant leadership such that it promotes integrity, honesty, diligence, selfishlessness and accountability among NG-CDFs management committee workers. These values and the contribution of other variables of the research that is internal audit and financial reporting as intervening as well as moderating variables accordingly on the relationship between governance and performance enhance NG-CDFs performance.

Criticisms of stewardship theory include; the assumption that one becomes a steward as a result of a rational process where the individual evaluates the merits and demerits of one position against the other. Some scholars as well argue that stewards are not altruistic since in certain instances where managers believe that serving principals' interest also serves their own interest in which case the agents tend to think that the achievements of the entity directly impacts on the individual careers of the managers (Daily et al., 2005). Another weakness of the theory is that it does not talk about organizational performance measurement and how it should be carried out. Further, the theory fails to illustrate in detail how organizational structures such as the board, internal audit, internal controls and so on should discharge their duties. .

2.2.3 Stakeholders Theory

Freeman (1984) was the first scholar who came up with the theory and later developed by Donaldson and Davis (1991). Stakeholders is a wide terminology that commonly alludes to category of persons who might influence directly or indirectly by attainment of the institution's aims and performance (Daviis et al; 1997). Stakeholders include for example owners, employees, customers, Non-Governmental organisations, suppliers, the media, competitors, government, financial advisers, local community where the organization operates among others (Donaldson & Preston, 1995).

The theory asserts that the owner is one of several equal stakeholders. Therefore, the focus of management decisions considers the interest of all stakeholders. Stakeholders can influence the reporting of an organization, structure and the financial policy. Their contributions and expectations should be considered in developing critical goals and objectives of the firm which eventually improves organizational performance. For stakeholder theory, corporate governance a brainchild of managerial rationale needed for robust organizational performance (Donaldson & Preston, 1995). The theory suggests that the participants in governance contribute significantly to entity's performance (Maher & Anderson, 2000; Inkpen, 2004b). Stakeholder habits are thus significant due to their influence on kinds of governance structures applied (Freeman et al., 2004; Kyereboah-Coleman, 2007).

Stakeholder theory is related to the study variables in that it accommodates various stakeholders who have a variety of expertise which contributes to organizational performance. The protagonists of the theory assert that growth of the institution or entity is to meet the stakeholders' needs and its major objective is to have a strong customer relationship (Berry, 1993). The theory further suggests that the interrelationship among stakeholders influences the process of decision making by the management which leads to effectiveness and enhanced organizational performance (Freeman, 1984).

The theory promotes good governance given the fact that it assumes that agents are always answerable to participants as well the organization has to protect their interest (Chen & Roberts, 2010). When managers are answerable to all stakeholders it means that they abide by the law ensuring that among other things proper organizational structures are put in place and readily approve the function of the board as a monitoring mechanism. Lenders for example will use the financial reports to ascertain whether to lend their resources to the firm or not. If the resources from the stakeholders are efficiently utilized the end result is improved organizational performance. Improved performance earns the organization good reputation hence attracts more investors who invest more capital in it.

The stakeholder theory is relevant to NG-CDFs because the various stakeholders particularly the community provide land to NG-CDFs all over Kenya to build education and security institutions which provide education and security services respectively to all stakeholders. Furthermore, the communities disclose important information about criminals and dangerous groups which help the security forces to capture and hand them to the relevant authorities thus reduce criminology and ensure peace and harmony prevailed among the people.

Similarly, other stakeholders for example the media highlights the operations and activities of criminals which assist the police in managing them hence boost security service delivery. Suppliers provide construction materials on credit to contractors hired by NG-CDFs to construct police posts, local administration offices and educational facilities thus boosting security and education services delivery. They also supply food on credit to learning institutions thus enabling the learners to be well fed which results to concentration in learning thus enhanced academic performance. In short, the participation of stakeholders in service delivery in NG-CDFs is paramount in enhancing performance.

The theory faces a number of criticisms. First, there is a challenge to identify genuine stakeholders (Smallman, 2004). Again meeting stakeholder interest is difficult as a result of variations in stakeholder values and expectations of the organization.

Practically, it's difficult to handle all stakeholders equally as well have them effectively represented in corporate governance recommendations since it will underrate the welfare of the organization (Habbath, 2010). Further, fulfilling stakeholders' interest opens a route for corruption, as it provides the managers the occasion to channel the resources away from owners to elsewhere (Smallman, 2004).

2.2.4 Legitimacy Theory

This theory was started by Terreberry (1968) and later developed by Dowling and Pfefr (1975), Ashworth and Gibbs (1990) Lindblom (1994) and Hybels (1995). The proponents of the theory suggest that an organization doesn't intent to exist. The right of existence is bestowed on it by community on condition that the organization and community value systems are in agreement (Lindblom, 1994). Further, the privilege may be recalled if the entity is deemed to have contravened particular social agreements (Deegan, 2002). This cancellation might be attained by customers minimizing need for the firm's output (Terreberry, 1968).

According to Deegan (2004), the organization's authority of undertaking its operations is granted by the community and thus answerable to the society. The theory suggests for consideration of society's rights and other stakeholders should be taken into account, failure to do so results to restrictions to the firm's operations as suggested by Hybels (1995). It is further argued that the state and the stakeholders controls the organization by tax, grants, contracts, and legislations, whereas the public may regulate the organization through labour sources (Tilling, 2004).

Stakeholders regularly get the information that provides their anticipated legitimacy from a number of documents comprising organizational financial reports. For example, quality financial reporting information is utilized by investors in decision making on resources allocation and regarding engaging contractual relationship with a company. This is amplified by the argument of Pasewark et al. (1995) which posits that regulations governing reporting and accounting processes are viewed critical for sustaining legitimacy and reporting processes. They are tailor-made to yield in performance information that ensures the legitimacy of organizations activities.

The relevance of the theory to research objectives is based on the fact that internal audit and internal regulations of an entity are meant to safeguard an institution's rightful existence and that accounting processes are significant (Scott, 2003). Secondly, investors as one of the many stakeholders are influenced by financial reporting to invest in the business organization. When investors release more resources to an organization, its survival and growth is assured. Therefore, financial reporting links the stakeholders with the principals and managers of the organization.

The theory as well encourages the participation of the stakeholders whose importance is crucial for the well-being of the organization. For example, the local community gives the NG-CDFs land to construct educational and security facilitates and at the same time enhance security through community policing such as Nyumba 'Kumi'. Stakeholders particularly the media enlighten the other stakeholders on the performance of the NG-CDFs in Kenya thus exposing their achievements and failures. The stakeholders instill checks and balances in all the NG-CDFs in Kenya.

The theory has received quite a number of criticism from other scholars. It is argued that the abstract nature of legitimacy makes it very hard to discover the mechanism by which the organizations are encouraged to voluntarily disclose information (Scott, 2003). The theory however assumes that an organization can be accepted by all the stakeholders in the society as legitimate which is impossible since there is a challenge in meeting stakeholders' interests as a result of variations in stakeholder values and expectations of the organization (Smallman, 2004). Another criticism is that the theory is fundamentally focused on society approvals with no regard of how to enhance organizational performance. Therefore, organization's approval is limited to few stakeholders.

2.2.5 Results Based Management Theory

The first scholars who came up with the theory were Greer et al. (1999). The proponents of the theory explain that organizational performance depends on management tactics. The theory posits that firms strive to improve performance by change efforts that place more strength on outputs as opposed to processes. This is realized by managerial input and giving managers freedom to discharge their duties without close monitoring, making sure they account for their actions and put more emphasize on outcomes as opposed to processes.

The proponents of the theory moreover suggest that results founded management mechanisms are significant in promoting elaborate objectives definitions and backing innovative management. Internal audit is a result based management tool used by organizations to improve efficiency and effectiveness while reducing agency costs (Fama & Jensen, 1983, Siddiqui et al., 2013). The saved resources due to tight internal controls and scrutiny are invested in activities that improve the organizational performance.

The theory is applicable to the objectives of this research in the sense that it is results oriented whereby it covers the influence of the joint variables on the study. According to this theory good governance means minimal misuse of organizational resources whereby the resources are wisely allocated by the managers resulting to better performance (Ali Shah et al., 2009). Furthermore, superior organizational performance is enhanced when the moderating variable, financial reporting is introduced. Financial reporting controls help an organization to protect its properties from unapproved disposal and formulate financial statements in line with the acceptable accounting tenets (GAAP). More capital resources once properly utilized translate to enhanced performance. The decline in performance is attributed to frequent political interference and outright.

The first criticism of the theory is that it does not explain how performance should be measured. This research uses DEA in measuring performance of NG-CDFs in Kenya. Secondly, the theory does not capture the installation of organizational structures and the over sighting role of internal audit. Thus, this study employed agency theory to fill the gap. Thirdly, the theory does not explain who the owners of the organization and their role are. This made this study to bring on board agency and stakeholder theories.

2.3 Empirical Literature Review

This section describes the past studies focusing on governance, internal audit, financial reporting and organizational performance. In every study reviewed, an explanation of the objectives, methodology as well as findings is carried out. Brief of the literature reviewed while determining the research gap is also depicted. This comprised a foundation for development of the suggested conceptual model.

2.3.1 Governance and Organizational Performance

Some research studies have established positive relationship amongst governance and organizational performance (Rashid et al., 2008) while others found negative relationship Price et al., (2011). Good governance reduces management compensation

(Godfrey et al., 2003) and the resources saved are used in revenue generating activities thus boosts organizational performance.

On the other hand, good governance installs governance structures. These governance structures offer oversight role ensuring that resources are efficiently utilized leading to improved performance (Mallin, 2010). The proper use of resources and accountability result in enhanced organizational performance.

Tariq and Abbas (2013) studied the association between corporate governance practices and company performance in 119 listed companies from the period 2000 to 2010 applying multidimensional performance scheme. Their findings were clearly indicative of a notable effect of compliance on firm performance that is excellent corporate governance practices affect positively performance of the firm. The research work illustrated the link between governance and firm performance. Subsequently, the research didn't capture the effect of internal audit and financial reporting as intervening and moderating variables respectively on relationship between governance and firm performance. An aspect that would have boosted the study was if it regarded the effect of internal audit and financial reporting as intervening and moderating variables respectively on the relationship between governance and firm performance and also the use of DEA to measure organizational performance. The research also did not carry out a census. The current study filled the above contextual, conceptual and methodological gaps and also measured the performance of NG-CDFs in Kenya using DEA.

Tsamenyi et al. (2007) conducted a study to explore levels of compliance of all firms listed on the Ghana security exchange from 2001-2002. He formulated a Ghanaian corporate governance index for 22 Ghanaian companies via corporate governance practice survey. The findings were an average disclosure and transparency score of 52%. The study would have been richer if it had carried a study also on the association between governance and organizational performance and the effect of internal audit and financial reporting as intervening as well as moderating variables respectively on the relationship between governance and firm performance. It should have also used agency, stakeholder and stewardship theories to enrich the study. The study further did not use DEA to measure the firm's performance as well as failed to employ primary data. The current study filled the gaps by using both primary and secondary data, examined the relationship between governance and performance of NG-CDFs in Kenya and measured their performance using DEA technique. The study was also a census of the 290 NG-CDFs in Kenya.

Price et al. (2011) studied the association between governance practices and performance of the firm in Mexico. The study made use of 107 firms for a period between 2000 and 2004. Their findings were that good corporate governance practices do not have impact on firm performance. The weakness of the study is that it used only financial measures leaving out non-financial measures in evaluating performance while the current study applied DEA technique in measuring performance of NG-CDFs in Kenya. Further it used a sample while the current study was a census of the 290 NG-CDFs. Conceptually the study estimated the relationship between governance of firm and their respective performance in Mexico as opposed to the current stud on the association between governance and performance of NG-CDFs in Kenya. The effect of internal audit as an intervening variable and financial reporting as moderating variable respectively on the link between governance and performance of NG-CDFs was lacking. The study too did not use DEA technique in measuring performance. The current study filled the above gaps

An assessment of the quality of corporate governance practices was done by Kalezic (2012) with respect to the basic principles OECD and corporate governance. Their influence was linked to performance firms in Montenegro. The findings depicted quality of corporate governance practice was associated positively with performance of firms. The study would have been more informative if it had assessed the connection or link existing between governance and NG-CDFs performance in Kenya as well as the effect of internal audit and financial reporting as intervening and moderating variables respectively on the relationship between governance and performance of NG-CDFs in Kenya and also use primary method of data collection. Contextually the study was focused on companies' performance in Montenegro while the current study was on performance of NG-CDFs in Kenya. The study did not use DEA as a technique of performance measurement. The current study filled the above conceptual, contextual and methodological gaps.

2.3.2 Governance, Internal Audit and Organizational Performance

Sarens and Bebedde (2006) carried out a research to examine whether the position of the internal auditor in a firm promotes the auditor's independence and how it affects his or her function in the promotion of governance. The study was a survey of European companies using multivariate regression analysis. The findings revealed that internal audit function has a wide coverage of work, free access to information, and adequate resources to monitor various company decisions and internal control systems. They concluded that the accelerated concentration to corporate governance and fraud instances in organizations have given rise to increased recognition of internal audit. However, it has the following weaknesses; it failed to capture the effect of internal audit as an intervening variable on the link between governance and performance of an organization. Finally, the study was not about performance of NG-

CDFs in Kenya. The current study addressed the conceptual, contextual and methodological gaps by considering the intervening role of internal audit on the association between governance and performance of NG-CDFs in Kenya. The study was also a census of the 290 NG-CDFs in Kenya.

Prawitt et al. (2009) investigated the link between quality of internal audit and earnings of management. They used data from 218 firms for the years between 2000 and 2005 via OLS estimation technique to test the relationship between explanatory and dependent variables. The findings disclosed a link between qualification of internal audit and earning management. Therefore, there is a strong relationship between internal audit and performance. The research did good investigation with deep disclosures. However, the study did not address the conceptual, contextual, methodological and theoretical gaps outlined below. Conceptually the study didn't explore the link between governance and organizational performance. The effect of internal audit and financial reporting as mediating and moderating variables respectively on the association between governance and organizational performance was also lacking.

Methodologically, the study was a longitudinal one which limited itself to secondary data. Finally, the study never used primary data for more information. Therefore, the study would have been richer if it investigated the relationship between governance and organizational performance as well as examine the effect of internal audit and financial reporting as intervening and moderating variables respectively on the association between governance and organizational growth. Contextually, the research was not on performance of NG-CDFs in Kenya which the current study investigated.

Finally, the study should have used primary data to get more information on the concepts.

Kibet (2008) undertook a study on the function of internal audit in promotion of good corporate governance in States owned enterprises in Kenya. The research employed primary as well as secondary data. The findings were that internal audit department contributed to sound corporate governance. The study contributed to the body of knowledge but it had conceptual, contextual, methodological and theoretical gaps. The association between governance and performance of the organization was lacking as well as the effect of internal audit as well as financial reporting as intervening and moderating variables respectively. Contextually, the study was a survey on the function of internal audit in promoting good corporate governance in Government owned enterprises. The study was also underpinned by only two theories that is agency theory (Jensen & Meckling, 1976) and institutional theory (Scott, 2008). This is different from the theories anchoring the current study which was anchored on agency theory, stewardship theory, stakeholder theory, legitimacy theory, and result based management theory. The contextual gap was addressed by the current study which investigated the link between governance and NG-CDFs performance in Kenya. This methodological gap was addressed by the current study through a census study of the 290 CDFs in Kenya. Using a wide range of theories would have enriched the concepts of Kibet's study. The current study used five theories in total.

Ester et al. (2012) did a research to determine the association between an internal audit role of organization and its financial reporting quality through a survey of internal auditors of 63 banks in Spain. Their findings revealed that banks with high quality financial reporting have higher partnership between internal as well as external auditors in the annual audit. Use of internal audit to review financial reporting leads to improved quality reporting. The findings are appropriate for regulators of banks, management, board of directors and investors. However, the study did not capture the impact of quality financial reporting on the organization's achievement.

Hutchinson and Zain (2009) undertook a study on the link between internal audit and performance of 60 companies listed on Malaysian Bourse in 2003 using OLS regression to test the corporation among internal audit quality and organization performance. Their findings were that important connection between qualification of internal audit quality and performance of organization. The study would have been improved if it had a census study and investigated the effect of internal audit as an intervening variable on the link between governance and organizational performance and also use DEA in measuring performance.

2.3.3 Governance, Financial Reporting and Organizational Performance

Tabar and Ungurea (2012) revealed that audit committees are nominated to be in charge among other functions in overseeing financial reporting process, including the peril and similar controls. Therefore, financial reporting information, that is financial statements are assessed by audit committee first before being submitted for scrutiny by the board particularly among the key issues such as significant adjustments arising on the audit, subject them to independent appraisal and ensure that they have been prepared complying with accounting standards, disclosure and legal requirement (Sarbanes Oxley Act, 2002).

Studies carried out include the following: Adekule and Taiwo (2013) carried out a study to examine financial reporting among post merging of banks in Nigeria and the resulting stability of the same. Sample size was the 21 banks quoted at the Nigerian

Stock Exchange between 2005 and 2009. Published annual reports were used to collect data. The key findings of the study were in compliance with mandatory disclosure and at high level as necessities for banks recording high on the CDI (mean in excess of 90%).

The results indicated that banks' stability was positively influenced by disclosure. In spite of the high compliance with the current requirements of regulation, the banks' exposure to internal weakness and subsequent distress were not removed. The authors argued that the existing compulsory disclosure of information needs were insufficient and required to be enhanced. They further suggested that the regulatory authorities should strengthen the examining process by identifying banks that failed to comply with the regulatory laws and be forced to do so and instantly imposing restrictions. This was to provide a better understanding to financial reporting and enable regulatory authorities to be proactive rather than reactive to in rescuing the banks.

The study was informative on compliance with mandatory disclosure. However, it failed to explore the association between governance and performance of NG-CDFs in Kenya. The second weakness is that it did not use primary data to enrich the content. Finally, though the study had an effect on governance, it never looked at the moderating effect of financial reporting on the link between governance and organizational performance. Therefore, the study would have been richer if it had addressed the conceptual and contextual gaps mentioned above.

Mironiuc et al. (2015) investigated the value significance of the complete income relative to that of net income as a result of usage of IFRS in Romania using a sample of sixty five firms quoted in the Bucharest Stock bourse in the period 2011 to 2012. The study found out that the two sections of accounting results are linked with a rise in value relevance and usefulness for the investors on the Romanian financial market. Put it differently, the authors found out that the financial reporting had a positive effect on the performance of the quoted Romanian companies in the context of adopting the International Financial Reporting Standards.

The study however has some gaps. First, the research used a sample of 65 firms without disclosing the total number of companies in the period under review. Further, it never investigated the association between governance and performance of NG-CDFs as well as the effect of financial reporting as a moderating variable on the link between governance and performance. At the same time the study was not a census. Last but not least, it only used secondary data. The study would have been more informative if it had addressed the above gaps. The current study filled the above mentioned gaps.

Hastuti et al. (2016) examined the influence of IFRS based accounting standards on the real earning management (REM) moderated by internal control structure. The sample of the study was the manufacturing companies listed in the Indonesia Stock Market from 2010 – 2014 using a non-probabilistic sampling. The findings were that adoption of IFRS-based accounting norm had a positive effect on the REM and good corporate governance proxied by internal control structure weakens the positive effect on the IFRS – based accounting standard adoption on REM. The study was informative. However, it has these weaknesses; first, the study never stated the population size of the manufacturing companies at the Indonesia stock exchange in the period indicated. Secondly, the study only examined the input variables without including the output that is performance which is important to any organization in business. Further it used only agency theory. Lastly but not least the effect of financial reporting as a moderating variable on the link between governance and organizational performance was never examined.

Therefore, the study would have been more informative if it had indicated the population size where the sample was picked from to be able to conclude about the generalization of the results. Finally, the study would have been richer if it had demonstrated the effect of financial reporting as a moderating variable on the relationship between governance and performance of organization and also use more theories other than agency theory. The current study addressed the above conceptual, contextual and methodological gaps.

Khan et al. (2016) examined the association between timeliness of financial reporting and performance of the firm and relationship between financial voluntary disclosure and firm performance. The sample size was 98 firms of 294 firms' annual observations from 2011 to 2013 in Malaysia. Performance of the firm was measured by use of Tobin's Q and Returns on Asset. They established that timeliness of financial reporting has principal link with organization's growth and financial voluntary disclosure has unrecognizable link with the performance of the firm.

The study highlighted the importance of financial reporting in aiding effective decision making for their future investment. However, the study had these weaknesses. First it only used financial measure to assess firm performance excluding DEA technique. Secondly it only used agency theory leaving out other important theories such as legitimacy, stakeholder's, and stewardship theories. Further the study did not investigate the association between governance as well as performance of NG-CDFs in Kenya. Finally, the study did not investigate the effect of financial reporting as a moderating variable on the relationship between governance and organizational performance. Therefore, the study could have improved if it had included non-financial measures and addressed the above conceptual and theoretical gaps. The current study addressed the above gaps.

2.3.4 Governance, Internal Audit, Financial Reporting and Organizational Performance

Monitoring enhances corporate governance that offers best quality accounting information which plays a crucial role in ensuring reliable financial reporting (Habib & Azim, 2008). Credible financial reporting information attracts investors who bring their resources to the business which are invested in income generating activities that enhance performance.

Due to its depth knowledge and expertise in many aspects of the organizations operations, internal audit is highly reliable in detecting fraudulent financial reporting. As such it performs a key part in preventing fraudulent financial reporting thus minimizing high expenses related to those activities (Church et al., 1998; 2001). The reduction of fraudulent costs saves organizational resources which are invested in other various organizational activities that generate revenue which contributes to enhanced organizational performance

Performance studies carried out include the following: Ochieng et al. (2012) did a case study on the effectiveness of supervising and evaluation process on CDF projects in Ainamoi Constituency, Kenya. The findings were that project management committee, constituency development fund committee and external assessors were included in examining and evaluation of projects with limited participation of the constituents. The study also found out that meaning of the recommendations from monitoring and evaluation were utilized under the guidance of CDF office. The study was comprehensive and informative.

However, it has conceptual, contextual, methodological and theoretical gaps. Conceptually, the research did not investigate the association between governance and performance of NG-CDFs in Kenya neither the effect of internal audit and financial reporting as intervening and moderating variables respectively on the relationship between governance and NG-CDFs performance in Kenya. The research used only primary data, did not measure performance of NG-CDFs in Kenya using DEA technique and did not use any theory. Therefore, the study would have been richer if it had addressed the above mentioned conceptual, contextual, methodological and theoretical gaps.

Malala and Ndolo (2014) examined the determinants for performance of constituency development funds projects in Kenya: a case study of kikuyu constituency. The study used quantitative and descriptive survey. The sample size was 80,000 registered voters and beneficiaries of the CDF projects out of the target population of 265,827 beneficiaries. The study found out that a variety of factors such as procurement process, entrepreneurial attitude of small medium enterprises participating in CDF projects procurement governance and political interference, monitoring and evaluation and capacity of small and medium enterprises at constituency level to supply needs of CDF funded projects affected the performance of CDF projects in Kenya.

The research however did not examine the association between governance and performance of NG-CDFs in Kenya. It also failed to capture the effect of internal audit and financial reporting as intervening and moderating variables respectively on the association between governance and NG-CDs performance in Kenya. Finally, the study was not underpinned in any theory unlike the current study which has five theories in total. Therefore, the study would have been more informative if it had addressed the above gaps which are addressed by this study.

Auya and Oino (2013) examined the function of CDF in rural development, experiences from North Mugirango Constituency, Nyamira County, Kenya. The objective of the study strived to establish the function of CDF on social development. The study employed quasi experiment research design to give qualitative and quantitative data required to respond to research hypothesis using questionnaire and interviews.

The findings were that CDF had contributed significantly than ever before in provision of education and health services. The study also found out that there were some challenges such as embezzlement of funds by MPS and committees managing the funds, absence of community participation and involvement, and poor sustainability strategies that hindered the delivery of services. The study suggested that the government should increase the projects in the area, promote community participation encompassing efficiency through accountability and transparency aiming to realize the objective of equity in resource distribution.

The study demonstrated the role of CDF in service delivery in the area under study. However, it failed to address the conceptual, contextual, theoretical and methodological gaps. To begin with, the study didn’t investigate the association between governance and organizational performance as well as the effect of internal audit and financial reporting as mediating as well as moderating variables respectively on the association between governance and performance of NG-CDFs. Contextually the link between governance and NG-CDFs performance in Kenya is lacking. Methodologically, the research was a case study but not a census in North Mugirango Constituency, Nyamira County, Kenya. The study did not use any theory to get more relevant information to enrich it. Finally, the research did not apply DEA technique to evaluate performance of NG-CDFs in Kenya. Therefore, the study would have improved if it had addressed the above gaps. The current study was a census of the 290 NG-CDFs in Kenya and addressed the mentioned gaps.

Hassan (2012) studied the influence of stakeholder contribution on performance of CDFs projects in Kenya. The research focused on Isiolo North Constituency. The study used a questionnaire and interviewed respondents from 155 projects. In total 465 possible respondents from 155 projects participated in a questionnaire study. The goal of the study was to determine the role of various stakeholders in performance of CDF funded projects and apply the findings to come up with measures or recommendations to strengthen the application of CDF funds. The study found revealed a positive association among the stakeholders in performance of CDF funded projects.

The study had these weaknesses which formed conceptual, contextual, theoretical and methodological gaps. First the relationship between governance and performance of NG-CDFs was not investigated. Also the effect of internal audit and financial reporting as mediating as well as moderating variables respectively on the relationship between governance and performance of NG-CDFs in Kenya was lacking. The study was also underpinned by only stakeholder theory (Donaldson & Preston, 1995). This is different from the theories anchoring this study which are five in number. Besides stakeholder theory, the study should have also used some of the current study's theories particularly agency, stewardship and legitimacy theories to enrich it given the nature of the study. Methodologically, it was a case study limited to one constituency instead of the current study's census of the 290 NG-CDFs in Kenya. Finally, they should have addressed the other gaps mentioned above.

2.4 Summary of the Knowledge and Research Gaps

This chapter analysed and examined different issues which gave raise to conceptual methodological, theoretical and conceptual research gaps. Governance, internal audit, financial reporting, and performance of NG-CDFs in Kenya have not been extensively studied thus giving rise to contextual gap which is focused by this study. Furthermore, conceptual gaps a rise since most studies carried on NG- CDFs in Kenya have not captured the intervening and moderating role of internal audit and financial reporting respectively on NG-CDFs performance in Kenya. A major limitation is that previous studies generally dwelt on investigating effects of internal audit variable on organizational performance. No study has been carried out on the effects of the three variables (governance, internal audit and financial reporting) on performance. The present study examined governance internal audit, financial reporting and organizational performance in totality.

The methodological gaps arise since organizational performance analysed methods mostly used in literature that are tailored to meet financial performance and subsequently might not be ideal in gauging service delivery (non-financial performance) performance in NG-CDFs in Kenya. The inability to qualify performance in NG- CDFs has prompted this research to apply DEA model to consider non – financial performance in NG-CDFs in Kenya.

Concerning research gaps, a number of them arose from the analysis of the matters investigated in this chapter such as lack of combination of the variables and their effect on organizational performance. There are studies which were carried on the association between firms' internal audit role and quality of financial reporting. Other studies researched on the link between internal audit and organizational structure as well as how to promote independence of internal auditor and corporate governance while others researched on performance measurement in NG-CDFs. Lastly, most of the studies have looked at internal audit and governance without analysing their effects on performance.

A major limitation in the knowledge and the research gap is that studies reviewed haven't analysed the ideas in the ways suggested in the present study. Again many of the studies reviewed were carried out in most advanced nations of the world that are different from Kenya in terms of organization efficiency, legal and regulatory environment. Theoretically the influence of internal audit or governance is inconclusive with the propositions of agency theory seem to be contradicting that of stewardship theory. The table 2.1 illustrates a brief of the studies assessed, their findings and research gaps.

Table 2.1: Summary of Knowledge Gaps Identified

Empirical study	Focus of the study	Methodology	Research findings	Knowledge Gaps	Focus on current study
Tariq and Abbas(2013)	Corporate governance practices and firm performance.	Multidimensional performance framework.	Good governance has a significant and positive effect on performance of the firm	The effect of internal audit (mediating variable) and financial reporting (moderating variable) on the relationship between governance and organizational performance were not considered.	This study was meant to determine the link between governance and performance of NG-CDFs in Kenya as well as the effect of internal audit and financial reporting as mediating and moderating variables respectively on the relationship between governance and NG-CDFs performance in Kenya. It was a census study of the 290 NG-CDFs. Primary and secondary data was used
Tsamenyi et al.(2007)	Examine levels of compliance of all companies listed at the Ghanian security Exchange from 2001-2002.	Ghanian corporate governance index of 22 Ghanian companies survey.	Average disclosure and transparency score of 52%.	Did not investigate the relationship between governance and performance of NG-CDFs. It also not assess the effect of internal audit and financial reporting as mediating and moderating variables respectively on the association between governance and performance of NG-CDFs in Kenya	The study investigated the association between governance and performance of NG-CDFs in Kenya. It also assessed the effect of internal audit and financial reporting as mediating and moderating variables respectively on the association between governance and performance of NG-CDFs in Kenya. The study used primary and secondary data.
Kalezic (2012)	Quality of corporate governance practices and their effect on firm performance in Montenegro	Used secondary performance data	Quality of corporate governance practice is highly linked to corporate performance	Limited itself to corporate performance rather than firm performance. The study did not investigate the association between governance and organizational performance The study also did not investigate the effect of internal audit and financial reporting as mediating and moderating variables respectively on the association between governance and organizational performance.	This study investigated the association between governance and performance of NG-CDFs in Kenya. It also investigated the effect of internal audit and financial reporting as mediating and moderating variables respectively on the relationship between governance and NG-CDFs performance in Kenya. Used both primary and secondary data

Empirical study	Focus of the study	Methodology	Research findings	Knowledge Gaps	Focus on current study
Price et al (2011)	Relationship between corporate governance practices and firm performance on 107 Mexican firms	Longitudinal study from 2000 to 2004	Firm performance is not affected by good corporate governance practices	The study used only accounting based financial measures omitting non-financial measures. The study did not investigate the effect of internal audit and financial reporting as mediating and moderating variables respectively on the relationship between governance and organizational performance .Used only secondary data	The current study sought to establish the association between governance and performance of NG-CDFs and found a positive association between the two variables. It also investigated the effect of internal audit and financial reporting as mediating and moderating variables respectively on the relationship between governance and performance of NG-CDFs in Kenya. The study used both financial and non-financial performance measures It also used both primary and secondary data.
Hutchinson and Zain (2009)	Relationship between internal audit and firm performance of 60 firms listed on Malaysian Bourse in 2003.	Multiple regression analysis Study	Positive association between internal audit and firm performance.	This study did not investigate the association between governance and organizational performance as well as the effect of internal audit and financial reporting as mediating and moderating variables respectively on the association between governance and organizational performance.	The current study investigated the association between governance and organizational performance as well as the effect of internal audit and financial reporting as mediating and moderating variables respectively on the relationship between governance and performance of NG-CDFs in Kenya.
Prawitt et al (2009)	Investigated the association between internal audit quality and earnings from 218 unique companies from 2000 to 2005 using OLS regression to test the association between independent variable and dependent variable	Longitudinal Study. Used Primary data	The findings disclosed an association between independent variable and dependent variable	Study didn't investigate the association between governance and organizational performance. It did not also consider the mediating effect of internal audit on the association between governance and organizational performance.	The study investigates the association between internal audit and performance of NG-CDFs in Kenya It also examined the mediating effect of internal audit on the relationship between governance and performance of NG-CDFs in Kenya.
Kibet (2009)	Effect of internal audit and corporate governance.	Survey	The study found that internal audit has a positive influence on corporate governance.	Study did not evaluate the association between internal audit and organizational performance. It also did not investigate the effect of internal audit as an mediating	The study focuses on the association between internal audit and organizational performance and the mediating effect of internal audit on the association between governance and performance of NG-CDFs in Kenya

Empirical study	Focus of the study	Methodology	Research findings	Knowledge Gaps	Focus on current study
				variable on the association between governance and organizational performance. The study was also outside Kenya	
Khan et al (2016)	Relationship between timeliness of financial reporting and firm performance. Relationship between financial voluntary disclosure and firm performance	Longitudinal study	Timeliness of financial reporting has important relationship with firm performance. Financial voluntary disclosure has minimal relationship with the firms performance	The study was longitudinal. The relationship between financial reporting and organizational performance was not investigated The study did not also investigate the moderating effect of financial reporting on the association between governance and performance of NG-CDFs in Kenya	This study was a census of the 290 NG-CDFs in Kenya. The study considered the association between financial reporting and organizational performance It also investigated the moderating effect of financial reporting on the association between governance and performance of NG-CDFs in Kenya
Hastuti et al (2016)	Effect of international financial reporting standards based on accounting standards on the real earning management moderated by internal controls	Longitudinal study	Adoption of international financial reporting standards based accounting standard had a positive effect on the real earning management Good corporate governance moderated by internal controls weaken the positive effect on IFRS-based accounting standard adoption on real earning management	The study did not investigate the association between financial reporting and organizational performance. Study did not also investigate the moderating effect of financial reporting on the association between governance and organizational performance. The study was longitudinal	The study investigated the association between financial reporting and organizational performance The study also investigates the moderating effect of financial reporting on the relationship between governance and performance of NG-CDFs in Kenya. The study was a census of the 290 performance of NG-CDFs in Kenya.
Mironivc et al (2015)	The value of the comprehensive income in relation to that of net income as a consequence of application of international financial	Longitudinal study	The study found that financial reporting had a positive effect on the performance of the quoted Romanian companies in the	Study did not investigate the association between financial reporting and organizational performance. It also did not investigate the	The study investigated the moderating effect of financial reporting on the association between governance and performance of NG-CDFs in Kenya The study also investigated the moderating

Empirical study	Focus of the study	Methodology	Research findings	Knowledge Gaps	Focus on current study
	reporting standards in Romania		context of adopting international financial reporting standards	moderating effect of financial reporting on the association between governance and organizational performance	effect of financial reporting on the association between governance and performance of NG-CDFs in Kenya. The study comprised of primary and secondary data
Adekule and Taiwo (2013)	Examined financial reporting among post consolidation banks in Nigeria. Sample size of21 banks quoted at Nigeria security exchange from 2005 to 2009.	Secondary data of analysis of annual reports accounts.	Disclosure has a positive and major influence on banks stability.	The study did not investigate the association between financial reporting and organizational performance. It also did not investigate the moderating effect of financial reporting on the association between governance and performance. The study used secondary data	The study investigated the association between financial reporting and organizational performance The study also investigated the moderating effect of financial reporting on the association between governance and performance of NG-CDFs in Kenya. The study used both primary and secondary data
Malala and Ndola (2014)	Factors affecting performance of CDF projects in Kenya, a case study of Kikuyu constituency in Kiambu county, Kenya	A case study	The study found that a variety of factors such as procurement process, entrepreneurial attitude of small medium enterprises, political interference, monitoring and evaluation et al affected performance of CDF projects in Kenya	The study did not investigate the association between governance and performance of NG-CDFs in Kenya. It did not also consider the effect of internal audit and financial reporting as mediating and moderating variables respectively on the association between governance and performance of NG-CDFs in Kenya	The study investigated the association between governance and performance of NG-CDFs in Kenya. It also considered the effect of internal audit (mediating variable) and financial reporting (moderating variable) on the association between governance and performance of NG-CDFs in Kenya.
Auya and Oino (2013)	Role of CDF in rural development, experiences from North Mugirango Constituency Nyamira County, Kenya	A case study	The study findings were that CDF had played a critical role than ever before in the provision of education and health services	The study focused mostly on the provision of education and health services. Study did not investigate the association between governance and performance of NG-CDFs in Kenya Did not examine the effect of internal audit and financial reporting as mediating and moderating variables respectively on the association between governance and	It was a census study on the 290 NG-CDFs in Kenya. The study investigated the association between governance and performance of NG-CDFs in Kenya It also investigated the association of internal audit and financial reporting as mediating and moderating variables respectively on the relationship between governance and performance of NG-CDFs in Kenya.

Empirical study	Focus of the study	Methodology	Research findings	Knowledge Gaps	Focus on current study
				performance of NG-CDFs in Kenya.	
Hassan (2012)	Influence of stakeholder role on performance of CDF projects, a case study of Isiolo Constituency, Isiolo county, Kenya	Secondary data	Influence of stakeholder role on performance of CDF projects	Used only stakeholder theory Did not address the association between governance and performance of NG-CDFs in Kenya Did not investigate the effect of internal audit and financial reporting as mediating and moderating variables respectively on the association between governance and performance of NG-CDFs in Kenya.	Study used stakeholder theory and many others. The study investigated the association between governance and performance of NG-CDFs performance in Kenya. It also assessed the effect of internal audit and financial reporting as mediating and moderating variables respectively on the association between governance and performance of NG-CDFs in Kenya. The study used both primary and secondary data

Source: Author (2019)

2.5 Conceptual Framework

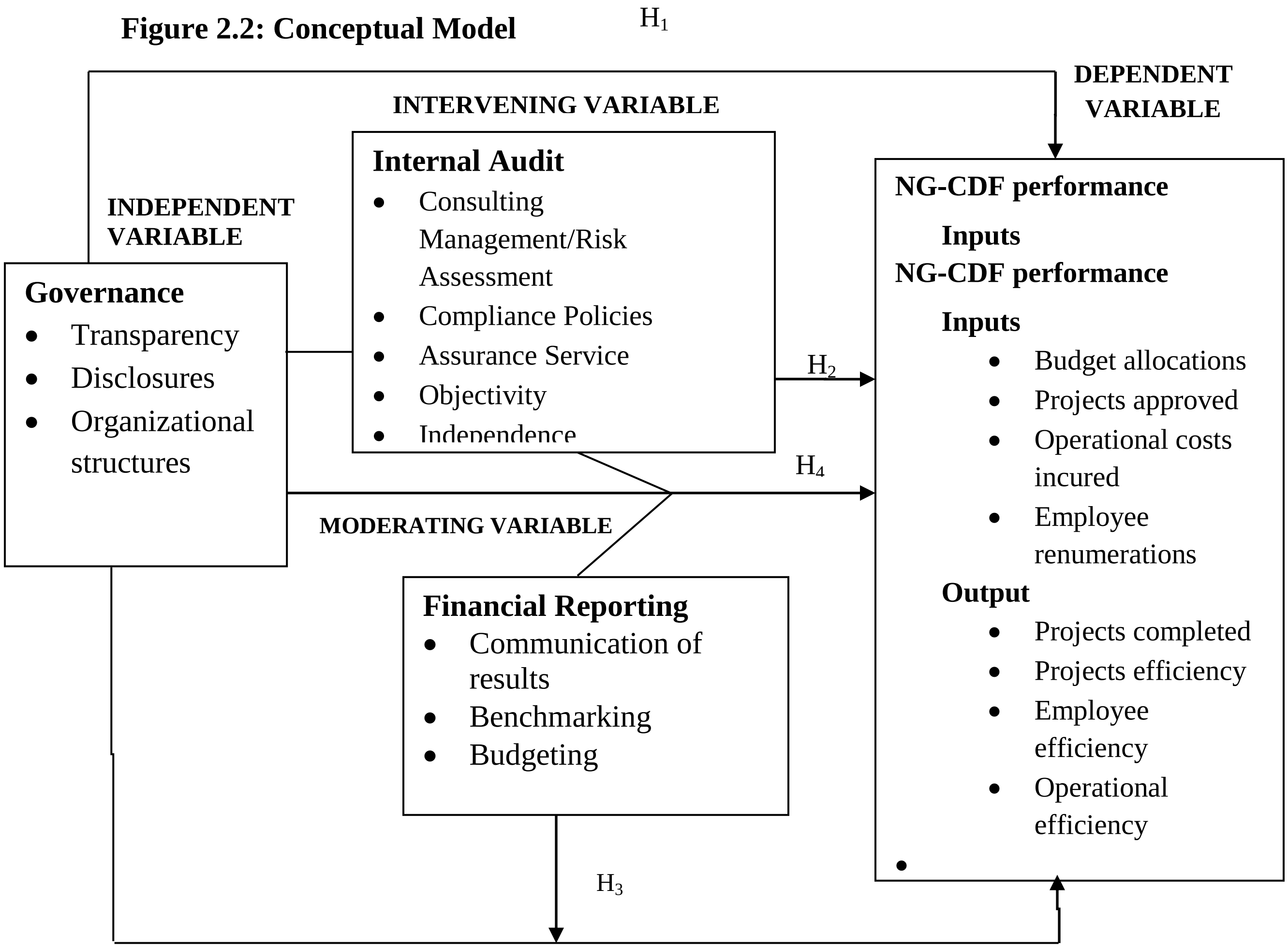
This framework (Figure 2.2) shows association between governance, internal audit, financial reporting and organizational performance. Performance of NG-CDFs in Kenya is the dependent variable measured by ratio of outputs to inputs as computed via. DEA model using the following inputs: budget allocations, projects approved, operational costs incurred and employee remunerations. DEA output were: projects completed, projects efficiency, employee efficiency and operational efficiency. The explanatory variable is governance as depicted by transparency, disclosures and organizational structures.

Governance has a direct influence on performance of an organization. This position was investigated by Tariq and Abbas (2013) who found out that improved organizational financial performance was strongly influenced by governance. The model further depicts that internal audit can mediate the relationship between governance and performance of an organization. This basis has been investigated by Kibet (2009) who found that internal audit helps governance in terms of monitoring and oversight functions leading to improved organizational performance.

The main concerns are based on Unegbu and Obi (2007), and Tesema (2018) definitions to include independence, objectivity, consulting, risk management, compliance and assurance services. Internal audit's independent and objectivity enables it to provide authoritative information on compliance and assurance advice to a firm. The consulting contribution of internal audit provides consultant services that may cover identification and management of risks, advice on financial reporting, monitoring and aligning internal controls to the internal process of the company (IIA, 2004).

Internal audit provides assurance on compliance with regulations, rules and laws of the land which enhances the management’s confidence to navigate risks and venture into new opportunities. It also reviews budget and budgetary controls, strategic plans in order to assure the management on compliance with all regulations and also assures the organization that its risk management policy was good. The link between governance and NG-CDFs performance in Kenya is moderated by financial reporting which was based on Khan et al. (2016) to include communication of results, bench marking and budgeting. Disseminated information on NG-CDFs performance and benchmarking aided comparison within NG-CDFs while budgeting was significant in resource allocation. Finally, the model evaluates the joint effect of governance, internal audit, financial reporting and performance of NG-CDFs in Kenya which is tested in the fourth hypothesis. This proposition hasn’t been tested in the past studies to the best knowledge of the researcher.

Figure 2.2: Conceptual Model



Source: Researcher (2019)

2.6 Research Hypotheses

H_1 There is no significant relationship between governance and performance of NG-CDFs in Kenya.

H_2 There is no significant intervening effect of internal audit on the relationship between governance and performance of NG-CDFs in Kenya.

H_3 There is no significant moderating effect of financial reporting on the relationship between governance and performance of NG-CDFs in Kenya.

H_4 There is no significant joint effect of governance, internal audit and financial reporting on performance of NG-CDFs in Kenya.

2.7 Chapter Summary

The literature reviewed is appropriate to the building of the model leading this research. These include governance, internal audit, financial reporting and organizational performance. Each construct in the framework was defined as well as discussed in relationship to parameters measured in this research. Furthermore, this chapter presented analysis of the literature of the association between these constructs under study. Some studies show a relationship between two or three constructs but no studies to current date have linked all the four constructs.

Also discussed are the objective performance measures. Finally, the chapter reviewed relevant empirical studies on governance, internal audit, financial reporting and organizational performance. This resulted to exposition of study gaps from past researches along conceptual, theoretical and methodological spheres. A summary of some of the previous studies were tabulated. The conclusion of the chapter captured the conceptual framework which defined the relationships between the variables of study and a brief of the study hypotheses.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter is organized into eight sections: 3.2 analyses research philosophy, 3.3 examine research design, 3.4 explore population, 3.5 analyses data collection; 3.6 explains Reliability and validity of instruments, 3.7 Covers Data analysis, 3.8 Preliminary data analysis methods, 3.9 Covers operationalization of research variables,3.10 Diagnostic tests 3.11 Empirical model for testing hypotheses and section 3.12 presents chapter summary.

3.2 Research Philosophy

This is concerned with the way research is carried out. It refers to the procedure of systematic logical approach applying researcher's assumption about the environment. It also implies what, how, why and when study requires to be carried out (Carson et al., 2007). There are various research philosophies which can be used. These are ontology, epistemology, realism, interpretivism and axiology, positivism and phenomenological. Accounting research is concentrated by two prime research paradigms; positivism and phenomenology. This study is inclined to the positivism approach because it is theory based from which testable quantitative hypotheses are drawn for testing like similar studies by Aosa (1992).

Each philosophy of research makes its own assumption about the nature of social reality (Saunders et al., 2007). Phenomenology philosophy tries to understand social phenomena being studied. It focuses on interpretation, meaning and immediate experience with the researcher being open and relying on experience (Saunders et al., 2007). This study paradigm is based on belief that study includes gathering large amounts of information through in-depth interviews to be able to uncover meanings and understanding of the matters under study. Phenomenological study enhances the understanding of matters under study. It advocates use of case studies that provide qualitative data that describes and explores the occurrence in depth and providing more solid results (Zikmund et al., 2010). Its opponents argue that phenomenological paradigm is subjective, lacks sound theoretical foundation and does not adhere to strict scientific secret code required in solid scientific study.

This study is inclined to the positivism approach because it is theory based from which testable quantitative hypotheses are drawn for testing like similar studies by Aosa (1992). Positivism was introduced by Auguste Comte between 1798 and 1857. Positivism philosophy is objective, deductive such that research starts with theory then data collection to either support or contradict the theory (Nachmias & Nachmias, 2004). Positivism presumes that study is based on neutrality, real facts, consistency, validity and measurements of findings. It also assumes that the approach is methodologically quantitative and value free (Saunders et al., 2007, Zikmund et al., 2010).

3.3 Research Design

Following Burns and Grove (2010) a research design is a blue print for carrying out the research with maximum control over aspects that may interfere with soundness of the findings and which involves data collection measurement, analysis and presentation. The role of a research design is to ascertain that the data obtained during the data collection will be adequate in answering the primary question(s) as clearly as possible (Muganda, 2010).

Broadly, research design is of three main categories namely descriptive, exploratory and casual. Descriptive research design is involved with establishing who, what, when, where as well as how questions. Within these studies casual study is focused with learning why that is, how one variable yields changes in the other. Descriptive research as the term implies is to express attributes of a population or event, approximation of the portions of a populace that have these features as well as discovery amid diverse variables (Cooper & Schindler, 2006). It requires research skills to meet the high standards for design and execution. In other words accuracy is of paramount significance. It should be appreciated that simply describing a situation provides significant information and which in most instances descriptive information is all that is required to tackle business challenges as much as such research may not answer the why question.

Descriptive designs can be grouped into cross-sectional or longitudinal. Cross-sectional research design studies are undertaken and exhibit a snapshot of one point in time. In other words data is gathered at an individual facet of time (Zikmund et al., 2010). In this research design, various segments of the population are sampled and divided into appropriate subgroups so that the relationships among variables may be investigated by cross tabulation.

Barbie (2010) observes that many descriptive studies are cross sectional in nature. Sekaran (1992) asserts that longitudinal design deals with where members of the sample are measured repeatedly over time. Exploratory research design aids one to explore and learn something about an investigation which may be so new or so vague or important variable which is unknown or not thoroughly designed. They also help a research to formulate the needed hypotheses of the study. They further help a research to investigate to be certain if it is practical to undertake a formal study in the research.

Experimental studies which involve experiments and the researcher tries to control or navigate the variables where the researcher tests the hypotheses of casual relationships between variables (Cooper & Schindler, 2003). An exploratory research design method accommodates a case study, that investigates in depth and breadth one or a less instances same with the researcher’s problem instances (Zikmund et al., 2010). Field setting involves simulation of field conditions such as role playing and other behavioural activities for example Hawthome studies of the late 1920s (Cooper & Schindler, 2006). These studies are usually used by researchers especially in operations research.

This study thus adopted cross-sectional survey design which is ideal for this study since it has clearly stated hypotheses (Cooper & Schindler, 2006; Bryman & Bell, 2011). It was also suited for the study because NG-CDFs in Kenya are spread in all parts of the country. Data collection and other relevant costs were minimal as most of the secondary data was easily accessible from the National Treasury, Kenya National Bureau of

Statistics, the General Auditor's reports and NG-CDF website and most of the respondents were within reach at the headquarters where they come to file reports.

3.4 Population of the Study

Cooper and Schindler (2006) describe population as the whole set of individuals on objectives having same characteristics that comply to given particulars that the researcher targets for the study. Target population has all members with same chances of being selected to the final sample that is required (Bryman, 2003). Kothari (2014) explains that target population is the components on which conclusions are arrived at.

The target population consists of all the constituencies in Kenya that is the two hundred and ninety NG-CDFs in Kenya and the unit of analysis was NG-CDFs management. Therefore, the study was a census of the 290 NG-CDFs in Kenya (as per NG-CDFs Act of 2016) since the NG-CDFs are few but spread in the entire country, Kenya. Data collection costs were minimal since some of the respondents were within reach at NG-CDFs headquarters where they come to file monthly returns and the secondary data was readily accessible from Auditor General Reports, Ministry of National Treasury and Planning, Kenya National Bureau of Statistics and NG-CDF websites. This context was chosen because there was a prevalent manifestation of the variables in this study as shown by the literature reviewed NG-CDFs Act (2016). Either the chairperson or the secretary or the treasurer or the Fund account manager answered the questions resulting to one hundred and eight five respondents.

3.5 Data and Data Collection Instruments

The research study applied both secondary and primary mechanisms in data collection because both data reinforce each other (Cooper & Schindler, 2006). Primary data was collected by self-administered, pre-arranged questionnaire. The questionnaires consisted of both closed ended or structured questions and open-ended or unstructured questions prepared in line with the goals, theories upon which the study was anchored, empirical studies and corresponding hypotheses of the study. The instruments were administered by a drop and pick later technique by study assistants who were recruited and trained. The data collection instruments were delivered to either the Chairperson or the Secretary or the Treasurer or the Fund Account Manager who were considered as best placed to have the required information.

According to Newbert (2008), one respondent who is knowledgeable on matters regarding a study is well placed to be a key informant. Secondary data on performance of NG-CDFs was collected for the period 2014 to 2018 from NG-CDFs reports. An average of that data for the five years showing the performance of each NG-CDF was computed and analyzed. The primary data collected on governance, internal audit and financial reporting was regressed on performance of the NG-CDFs to establish the relationships. The questionnaire was segmented into four sections. Section A, gathered information on the NG- CDFs profile while sections B, C and D sought to collect the respondent's responses on various issues about variables in the period under review. Section B was particularly concerned with governance while section C focused on internal audit and section D on issues of financial reporting, lastly but not least section E dealt with items of NG-CDFs performance by use of secondary data utilizing a five point likert scale. This tool was successfully used by Iraya (2014) in his studies.

A pilot study was done using the NG- CDFs which were not incorporated in this study to ascertain validity and reliability. The results were important in the construction of the final sample questionnaire for this study. Out of two hundred and ninety (290) NG-CDFs, ten were used for pilot study, eight were inaccessible while five declined to fill the questionnaire, eighty two constituencies were dropped and one hundred and eighty five completed the questionnaire. The results presented in this study thus present a 66.07% response rate which was considered adequate. A five point type likert scale was employed in the study and Kirkman and Rosenman (1999) had used such perceptual measure of performance which was found to have 0.94 as coefficient of reliability.

According to Zikmund et al. (2010) secondary data can be gathered from several sources such as company's annual reports, regional publications, books, government sources, commercial sources and periodicals. This study gathered performance of NG-CDFs reports from the website and annual reports which included data on budget allocations, projects proposed, operational costs incurred, employee remunerations, projects completed, projects efficiency, employee efficiency and operational efficiency.

3.6 Reliability and Validity of Instruments

Reliability and validity tests were conducted so as to determine the goodness of fit of the collected data given the study variable.

3.6.1 Reliability

This refers to the level in which a tool consistently measures whatever it is measuring (Cooper & Schindler, 2014). Reliability of the instrument measures the degree to which it produces consistent results on frequent trials (Mugenda & Mugenda, 2003). Reliability depends on how much of the variation in scores is attributed to random errors (Zikmund et al., 2010) arising from inaccurate instructions to subjects, interviewer and interviewee fatigue.

A research is reliable when different researchers at diverse time obtain the same results or when a diverse sample of the population is used to give similar results as given by another sample with the assumption that no changes have occurred to what is being measured (Cooper & Schindler, 2006). The reliability of this study was established from a number of measures taken. They include interpretation of printed and unprinted secondary sources correctly, identification of proper methods for qualitative and quantitative representation of data; collecting of qualitative primary data from NG-CDFs professionals and using suitable statistical convections to analyze data according. For all Likert-type questions, computation of Cronbach's Alpha coefficient was done. The alpha of 0.7 is considered as the acceptable limit (Cronbach's & Shavelson, 2004). The models were also tested for multicollinearity to establish how well the regression assumptions were. Cronbach's alpha ranging between 0.7 and 0.9 is seen as good for reliability test (Cooper & Schindler, 2006).

3.6.2 Validity

It is based on estimation of accuracy and meaningfulness of data collected in the study representing a given variable or construct. Cooper and Schindler (2006) suggest that validity is the capability of the instrument of the study to measure what is required to be measured. If the tool has a representative sample of the global subject substance, then validity is good. Face validity deals with the researcher's own opinions evaluation of the validity of the evaluating instrument and to the extent the researcher believed the instrument was suitable. For instance, face validity was addressed by discussing the questionnaire with experts in governance, internal audit, financial reporting and performance of NG-CDFs in Kenya.

The research at hand depended on instruments used in other similar studies and concepts created from a wide range of suitable literature. Content validity ensured that the questionnaires tested was double checked and covered all the four areas of the study that is governance, internal audit financial reporting and performance. Content validity was enhanced by adopting established measurement scales that were documented in literature.

By and large however, expert examination was applied for the confirmation of theoretical dimensions that came out as conceptualised. On the other hand, construct valid was confirmed through confirmed through operationalization of terms and factor analysis (Sekaran, 2004). To develop on validity, the study instrument development used professional opinion. Furthermore, the instrument also adopted questions from previous studies that tested the governance, internal audit functions and financial reporting of firms. Pre-testing of the questionnaire was also done where ten respondents were considered in responding to the questions in the research instrument to improve the data collection instrument (Sekaran, 1992).

3.7 Data Analysis

Data analysis refer to the utilization of logic in order to comprehend the data collected with the purpose of ascertaining consistent patterns and summarize the pertinent information disclosed in the study (Zikmund, 2010). Information was sorted, coded and put into the Statistical Package for Social Sciences (SPSS) version 22 and analysed through descriptive and inferential statistics (Waller, 2008). Qualitative data was collected using Likert scale where content analysis was undertaken to determine the association of the independent variable with the dependent variable. To determine the significant factors Principal Component Analysis (PCA) was conducted. High values ranging from 0.4 and 1.0 indicated that the aspect is ideal while a value below 0.4 will mean that the factor is not suitable (Mugenda & Mugenda, 2008). This offered the foundation for removal of the redundant variables in the suggested model.

In order to determine the extent of accuracy of the explanatory variable in envisioning the dependent variable Cox and Snell's R-squared was used and Nagelkerkel's R-squared was applied to test the strength of the overall relationship of the predictor variable in anticipating the dependent variable (Gujarat, 2009). The Pearson product moment correlation coefficient was applied to test the direction of the relationship between the dependent and the independent variables. A negative value indicated that as one variable raises the other variable decreases, whilst a positive value construe that if one variable increases the other variable also increases.

To determine the importance of the effect of the predictor variable(s) on the dependent variable both simple and multiple linear regression models were used. These models were also used by Machuki (2011) in Kenya. Fischer distribution test (F-test) was used to test the significance of the independent variable and the overall model. The association between the dependent and predictor variables was tested via F-statistic by rejecting or accepting the null hypotheses. In this study, the null proposition was tested against the alternative hypothesis, which proposes absence of relationship between the NG-CDFs performance in Kenya, governance, internal audit as well as financial reporting variables. The p-value for the F-statistic was used to determine the robustness of the model. It was used to accept or reject the null hypothesis. If P-value > 0.05 the null hypothesis is accepted then the overall model is insignificant and if P-value < 0.05 the null hypothesis is rejected then the overall model was significant and has good predictors and the results are not based on chance.

The DEA model by Basso and Funari (2003) was used to test the NG-CDFs' effectiveness. The model analyses effectiveness of a group of decision-making entities (the NG-CDFs) that use given inputs and in eventually give outputs. Efficiency equals output/input*100. Multicollinearity was measured using tolerance and the Variance Inflation Factor (VIF). VIF indicates how inflated the difference of the coefficient is, contrast with what it would be if the variable were uncorrelated with some other variable in the model.

VIF = $\underline{1}$ where; Tolerance=1-R^2

The R^2 adjusted controls for the declining levels of freedom arising from rise in predictor variables and it can also indicate decline as predictor factors are added to a model.

Correlation analysis was also employed to determine the strength of the correlation between governance and NG-CDFs performance in Kenya. Internal audit, financial reporting and performance of NG-CDFs; and the connection among the variables considered. This assisted in ascertaining the appropriateness of the data for regression consideration by confirming that the dependent and independent variables have a statistically important relationship while at the same time regulating for multicollinearity challenge which arises if any two independent variables are highly correlated (Cooper & Schindler, 2014). Pearson's Product Moment correlation coefficient was used to this effect since most of the gathered data was of interval scale.

Baron and Kenny (1986) was employed in determining the intervening effect of internal audit on the link between governance and performance of NG-CDFs in Kenya,), hierarchical regression analysis was used. Multiple regression analysis yielded the coefficient of determination (R^2) which offered the ratio of variance in the dependent variable accounted for by the combination of predictors.

Hierarchical regression was used to analyse the moderating effect of financial reporting on the link between governance and performance of NG-CDFs in Kenya. Multivariate regression analysis was used in testing combined effect of governance, internal audit and financial reporting on the association between governance and performance of NG- CDFs in Kenya. In some cases, stepwise models were used so as to test the relationship between one independent variable and dependent variable while controlling the other independent variables.

Both simple and multiple linear regression analysis yields the R^2 which gave the ratio of variance accounted for by the combination of predictors. The regression equation was presented as $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + ... + \beta_n X_n + \varepsilon$

Where:

Y = Performance of NG-CDFs in Kenya

β_0 = Regression Constant

β_1 β_2 β_3............ β_n = Coefficients measured the change in a dependent variable with respect to a unit change in predictor variable holding other factors constant.

X_1 = Governance

X_2 = Internal Audit

X_3 = Financial reporting

ε= the error term / disturbance term. It accounted for variables other than those stated in the model that explains variations in the dependent variable.

Hierarchical regression was used to test for mediation and moderation. In the analysis, each of the variables was added to the regression and intervention and moderation tested by checking for significance levels of the interaction.

3.8 Preliminary Data Analysis Methods

The performance of NG-CDFs was measured using DEA model specified by Charnes et al. (1978) on target population. DEA was used for comparing service units taking into account all resources used and services provided, in identifying the most efficient and inefficient units. DEA Model inputs were: budget allocations, projects approved, operational costs incurred and employee remunerations. DEA output were: projects completed, projects efficiency, employee efficiency and operational efficiency. DEA defines a single input and a single output technical efficiency (*TE*) as:

TE = Output / Input

The study adopted a computed composite index that ensured the outputs and inputs of the dependent variable were aggregated. To compute the composite index, Max-Min procedure was used. The original data was converted into indices ranging from 0 to 100 based on minimum values on NG-CDFs in Kenya. DEA model Indices were defined in a manner that the greater the value of the aspect variables, the better the score. To deal with interferences arising from outliers, lower and upper limits were set prior to converting the original data. The indicators were transformed logarithmically prior to applying the Max - Min procedure; reducing skewness and increasing comparability in NG-CDFs. Transformation of indicator logarithmically assisted minimize error term and guarantee that Data fitted with the assumptions of linear regression.

The index numbers were obtained by deducting the minimum value in the distribution from every observed value in the series and expressing the results as a percentage of the difference amongst the Maximum and the Minimum values in the distribution. The model results were given by;

$$I = \frac{V - Min}{Max - Min} * 100 \qquad \text{……………………..……………………………………………….3.1}$$

Where:

V= the observed indicator value (after limits are imposed)

I =New index number representation.

DEA Model gave data points for every NG-CDFs values ranging from 0 to 1, according to equation 3.2:

$$Ei = \text{Maximize} \frac{\sum_{k=1}^{m} u_k y_{ki}}{\sum_{j=1}^{n} v_j x_{ji}} \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots 3.2$$

Subject to

$$\frac{\sum_{k=1}^{m} u_k y_{ki}}{\sum_{j=1}^{n} v_j x_{ji}} =< 1, \text{ for it=1, …N and } u_k \text{ and } v_j >= 0 \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots 3.3$$

m = number of outputs in % for each NG-CDFs using n different inputs

n = number of inputs used by each NG-CDFs to produce m different outputs

y_{ki} = is the amount of the kth output for the ith NG-CDF

x_{ji} = is the amount of the jth input used by the ith NG-CDF

u_k = is the output weight

v_j = is the input weight.

This study considered weaknesses of DEA model such as: failure to compute complete effective but excellent performers in the population of the study. Out puts and inputs depend on the researcher; measurement errors and exclusion of variables affect the results. To address the weaknesses, the study considered all the water service providers in Kenya, relied on extensive literature review to choose the inputs and outputs and their assessment.

Table 3.1: Summary of Analytical Models

Objectives	Hypothesis	Analysis	Interpretation
Objective One: To establish the relationship between governance and performance of NG-CDFs in Kenya	**Ho$_1$:** There is no significant relationship between governance and performance of NG-CDFs in Kenya	Simple Regression analysis Y (P) = F (Governance) $Y_1= \alpha +\beta_1 X_1 + \varepsilon$ Y_1= Performance α= constant (intercept) β_1= Coefficient parameters to be determined X= Composite index of governance dimensions (Transparency, Disclosures, Organizational Structures), ε = Error term	• F and t-test to determine overall as well as the significance of individual variables • If calculated p – value is less than (0.05), then regression coefficient is significant. Therefore reject the null hypothesis. If t- value is greater than estimated t then fail to reject the null hypothesis
Objective Two: To determine the intervening effect of internal audit on the relationship between governance and performance of NG-CDFs in Kenya	**Ho$_2$:** There is no significant intervening effect of internal audit on the relationship between governance and performance of NG-CDFs in Kenya	Stepwise Regression analysis $Y_2= \alpha+ \beta_1X_1+ \varepsilon$ $W= \alpha+ \beta_1X_1+\varepsilon$ $Y_3= \alpha+ \beta_1W+ \varepsilon$ $Y_4= \alpha+ \beta 1\ X_1+ \beta_2W+\varepsilon$ α =constant (intercept) β_1, β_2, = coefficients X_1= Governance Y_2, Y_3 andY_4= Performance W = Internal audit ε= Error term	• F and t-test to determine overall as well as the significance of individual variables • t-test to determine the significance of individual variables • Systematically determine the intervening variables that explain the variance. If calculated p – value is less than alpha (0.05), then overall model is significant. • An intervening association exists if X1 is correlated with Y, and X is correlated with M, and M correlated with Y but controlling for X on Y, and when effect of M on Y is controlled, X is no longer correlated with Y hence complete intervention while correlation between X and Y is reduced we have partial mediation
Objective Three: To establish the moderating effect of financial	**Ho$_3$:** There is no significant moderating effect of financial reporting	Hierachical Regression analysis $Y_5= \alpha+ \beta_1X + \varepsilon$ $Y_6= \alpha+ \beta_1X+ \beta_2Z+\varepsilon$ $Y_7= \alpha+ \beta_1X+ \beta_2Z+\beta_3 X.Z + \varepsilon$ α =constant (intercept), $\beta_1, \beta_2, \beta_3$= coefficients	• F and t-test to determine overall as well as the significance of individual variables • t-test to determine the significance of individual variables • If P- value and the beta coefficients are

reporting on the relationship between governance and performance of NG-CDF in Kenya	on the relationship between governance and performance of NG-CDFs in Kenya	$Y_{5,}$ Y_6 and$Y_{7\ =}$ Performance ; X= governance, Z=financial reporting ε= Error term; X.Z= governance and financial reporting interaction	significant with the interaction term added, then moderation has occurred.
Objective four: To determine the joint effect of governance, internal audit and financial reporting on the performance of NG-CDFs in Kenya	**Ho$_4$:** The is no significant joint effect of governance, internal audit and financial reporting on the performance of NG-CDFs in Kenya	Multiple Regression analysis $Y_8= \alpha + \beta_1 X_{1.} + B2\ X_{2.} + \beta_3 X_{3.} + \varepsilon$ Y= Performance α= constant (intercept) $X_{1=}$ Is the composite index of governance $X_{2-=}$ Is the composite index of internal audit $X_{3=}$ Is the composite index of financial reporting $\beta_{1,} \beta_2, \beta_{3-}$ are the coefficients ϵ-is the error term	• F and t-test to determine overall as well as the significance of individual variables • t-test to determine the significance of individual variables • If calculated P-value is less than alpha (0.05) the overall model is significant. The closer R approaches ±1, then a relationship is significant. • If (R2) value is significant, then the overall model is significant • If t-statistic is greater than critical value then the variables are individually significant • If p-value < α, then variables are individually significant If calculated p – value is less than alpha (0.05), then overall model is significant. Therefore fail to reject the hypothesis

Source: Author (2019)

3.9 Operationalization of Research Variables

This section explains how variables in the conceptual model were operationalized. This is the process of firmly describing constructs into measurable factors. The process delineates uncertain concepts as well as allowing them to be measured, empirically and quantitatively (Nachmias & Nachmias, 2004). It means finding a measurable quantifiable and valid index study variables whether independent or intervening or moderating or dependent variables. It provides meaning to a concept by specifying activities or operations necessary to measure it. It facilitates the testing of the relationships among the variables in the theoretical model. The predictor variable in the study was governance while the predicted variable was performance of NG-CDFs in Kenya. The variables in the study are governance, internal audit, financial reporting and performance of NG-CDFs in Kenya.

3.9.1 Operationalization of Governance

The operationalization was based on the definition of governance Amina et al. (2017). The independent variable governance was operationalized along the evidence in the literature by Rashid et al. (2008), Price et al. (2011), Tsamenyi et al. (2007) and Klezic (2012) and measured by disclosure policies, inclusiveness and openness in tender awarding and equity in project geographical distribution.

Table 3.2: Operationalization of Governance

Variable	Operational Indicators	Operational Definition	Supporting Literature	Measurement	Questionnaire Items
Governance	• Disclosures • Transparency • Organisational structures	Disclosure policies Inclusiveness and openness in tender awarding Equity in project geographical distribution.	Prce et al. (2011) Tsamenyi et al. (2007), Kalezic (2012)	5 Likert scale 5 Likert scale 5 Likert scale	Section B

Source: Researcher own Conceptualization (2019)

3.9.2 Operationalization of Internal Audit

Internal audit which is an intervening variable was operationalized using the frame work established by Tasema (2018), Rezaee (2009), Prawitt (2009), and Hutchison and Zain (2009). The operationalization was based on the definition of Tasema (2018**).**

It was divided into five sub variables: Assurance services to the management and other stakeholders; compliance with international standards of internal auditing and practice guides, consulting services to the management on operating risks and risk mitigation; independence of internal audit from the management and objectivity in reporting.

Table 3.3: Operationalization of Internal Audit and Measurement

Variable	Operational Indicators	Operational Definition	Supporting Literature	Measurement	Questionnaire Items
Internal audit	- Assurance role.	Review of Financial statement and non-financial reports and telling the Truth. Ensuring no Conflict of interest. Financial reporting statements. Number of cases audited. Confirmation to stakeholders all is well.	Hutchison & Zain (2009), Gordon et al. (2009), Tasema (20108), Razaee(2009) Prawitt et al (2009). IIA, (2010b). Sarens and DE Bleeld(2006)	5 Likert scale	Section C
	- Compliance policies	Compliance framework Governance oversight, monitoring and guidance team.		5 Likert scale	Section C
	- Consulting management	Risk analysis and solution search. Advice to the management, Assurance, Training and assurance over the design and operation of internal controls.	IIA,(2004) Hutchinson and Zain (2009), Kibet (2008), Rezaee (2009).	5 Likert scale	Section C
	- Independence	Internal audit functionary reporting to Audit board and Administratively to the C.E.O. Access to all organization information and other resources.		5 Likert scale	Section C
	- Objectivity	Appointment , remuneration, analysis and firing by the board Financial reporting-review Budget review and Financial performance Disclosure of material facts		5 Likert scale	

Source: Researcher (2019)

3.9.3 Operationalization of Financial Reporting

Financial reporting was a moderating variable and was operationalized along evidence in literature by Hastuti (2016), Khan (2016), Mironic (2015), SOS (2002), Levitt (1999) and measured by communication of financial results, discussion with stakeholders, bench marking and budgeting.

Table 3.4: Operationalization of Financial Reporting

Variable	Operationalizational Indicators	Operationalizational Definition	Supporting Literature	Measurement	Questionnaire Items
Financial Reporting	• Communication of results • Benchmarking • Budgeting	• Financial report • Open forum • Discussions with stakeholders. • Comparison of performance from period to period and with other NG-CDFs. • Compare actual and budgeted performance • Evaluate performance	Khan et al. (2016) and Ester et al (2012),Sarbanes-Oxley Act(2002),IIA(2004), Ade-kule and Taiwo(2013), Khan et al;(2016), Hastuti et al, (2016)	5 Likert scale 5 Likert scale 5 Likert scale	Section D

Source: Researcher (2019)

3.9.4 Operationalization of Performance of NG-CDFs in Kenya

This study proposed operationalized performance as a composite index of several indicators along the Basso and Funari (2003) and Elkington (1997) Hubbard (2009), Javier (2002), McCann (2004) and Lebron and Euske (2006) and was measured by total projects completed, projects efficiency, employee efficiency’s project quality, and operational efficiency. Performance of NG-CDFs in Kenya is based on major key performance indicators as per the constitution of Kenya article 46(1) on consumer rights (GoK 2010). The key performance indicators are: customer satisfaction survey, compliance with budget levels, safety measures, utilization of allocated funds, project implementation, compliance with strategic plan, development of service charter, establishment of corruption eradication structures, disposal of idle assets, HIV/AIDS behavioral change, fulfilment of statutory obligations, repair, and maintenance.

NG-CDF service provision efficiency is measured by total projects completed, project efficiency, employee efficiency, project quality, operational efficiency and timeliness in project completion. This translates to provision of quality education and security services as a percentage of the total population supposed to be served by the NG-CDF in each constituency. This indicates the number of people enjoying NG-CDF security services in every ward which reflects the efficient utilization of allocated funds.

Project efficiency is measured by compliance with building safety standards issued by the ministry of education and public works. This has the effect of ensuring that incase of fire outbreaks students are able to escape through fire exits. Inclusivity standards means that persons with disabilities particularly learners and stakeholders are able to use the school buildings and toilets or latrines. The police cells buildings must also comply with safety measures for the well-being of the suspects. Measurement of quality performance of laboratory equipment, apparatus, chemicals and text books bought by NG-CDF funds must meet the Kenya Bureau of standards requirements to ensure their functionality thus operational efficiency.

The number of students on NG-CDFs scholarship bursary who complete secondary or college education is a performance measure of efficient use of allocated funds through bursary education. Number of reduction of crimes in every constituency measures the cumulative security services that people enjoy in a 24 hour day. It establishes the efficiency of security services provided by NG-CDFs police posts in the area. It indicates the efficiency with which security service provider is able to manage crimes in its area of jurisdiction.

Employee's efficiency that is Staff and NG-CDF management committee refers to the number of staff hired by NG-CDF to serve the people in the constituency in project implementation and service delivery. Employee efficiency ratio indicates the total costs for a NG-CDF as a percentage of total operational costs. Additionally, total projects completed, projects efficiency, employee efficiency and operational efficiency is measured by the issue of certificate of completion of projects to the contractors and the number of ceremonies of receiving the projects from the contractor that are launched.

Table 3.5: Performance of NG-CDFs in Kenya.

Variable	Operationalization Indicators	Operationalization Definition	Supporting Literature	Measurement	Questionnaire Items
Performance indicators For NG-CDFs	**Inputs** • Budget allocations • Projects proposed • Operational costs incurred • Employee remunerations **Output** • Projects completed • Projects efficiency • Employee efficiency • Operational efficiency	• Total staff remuneration. • Employee efficiency. • Project quality. Service delivery. • Number of learning institutions built in a year. • Number of bursaries awarded to learners. • Number of police posts constructed in a year. • Provision of security services. • Reduction in crimes	DEA, Basso and Funari (2003); Carton(1966), Javier (2002) Combs et al; (2005), Machuki and Aosa (2011) Ochieng et al. (2012) Carton (1966), Javier(2002), Combs et al;(2005), Machuki and Aosa(2011) Ochieng et al; (2012) Carton (1996) Hubbard (2009) Kemp et al (2011)	Ratio scale Ratio scale	Secondary data of performance indicators was used Secondary data Secondary data

Source: Author (2019)

3.10 Diagnostics Tests

These tests were performed to determine the reliability as well as validity of the specified functional model(s) stated to measure the hypothesized relationship between the governance and the performance of NG-CDFs in Kenya. The study tested for the assumption of linearity of data, that is, the sampled data from a population that relates to the independent and dependent variable. Osborne and Waters (2002) pointed out that the chance of non-linear relationships is high in the social sciences, thus it is essential to test for linearity. Normality test was conducted to ensure that a normality assumption was not violated. Mecceri (1989) observes that normality is rare in social studies.

According to Park (2008) neither the numerical nor graphics individually provide conclusive evidence of normality. Therefore, the study established normality of the data for each dependent variable both numerically and graphically. Descriptive statistics was performed to derive the skewness and kurtosis for describing normality of the data. Park the data. Park (2008) observes that a normally distributed variable should have skewness near zero with mean closer to median.

Multicollinearity is the unacceptable high level of correlation among the predictor variables making it hard to separate the effects of the individual predictors. The test for multicollinearity was performed using Pearson moment of correlation and confirmed by Variance Inflation Factors (VIF). Keith (2006) observes that small values for tolerance and large VIF values show the presence of multicollinearity. The acceptable range of CI<30, VIF< 10, and tolerance >0.1 were applied to test multicollinearity.

The study tested for homoscedasticity by use of Levene's t test of homogeneity of variance at the significance level of 5%. The violation of homoscedasticity (heteroscedasticity) is present when the size of the error term differs across values of an independent variable. Low heteroscedasticity has little effect on significance tests but high heteroscedasticity weakens and distorts the analysis thus increasing possibility of committing type I error (Tabachnick & Fidell, 2007).

3.10.1 Tests of Assumption of Regression Analysis

Statistical test depend upon specific assumptions relating to the variables used in the analysis. Failure to meet the assumptions results are not reliable leading to either type 1 or type 2 error. The assumptions of the regression analysis are two and they include those that are robust to violations and the other kind consists of assumptions that are not robust to violations. This research study addressed assumptions of multiple regression that are not robust to violations. The assumptions comprise linearity, reliability of measurements, homoscedasticity and normality.

Regression analysis assumes that variables have normal distribution and variables with substantial outliers can misrepresent relationships as well as significant tests. Normality was explored via P-P plots. Outliers were excluded to lower measurements error. The connection between predictor and dependant variables were investigated for linearity. Theories and previous empirical evidence were used to inform analyses in this research. The assumption of homoscedasticity was checked by visual inspection of standardized residuals by the regression standardized predicted value.

3.10.2 Descriptive Statistics

This refers to the transformation of raw data into easily understandable form to ease interpretation (Zikmund, 2010). It is associated with explanation of responses or observations into naturally initial form of analysis. Computing means, frequencies as well as percentages are the main common ways used to summarize data. An assessment of respective governance variable was also undertaken to determine the variables suitable for governance as well as the performance of NG-CDFs on particular basis. Mean was used in this study to indicate central tendency, whereas maximum as well as minimum values of the appropriate variables to depict the range. According to Veal and Ticehurst (2005) the maximum value will be employed to demonstrate the highest value of the variable in the population. In divergence, the minimum value will be used to display the least value of the variable in the population. These statistics aid in reporting trends or patterns of data and offer the basis for contrasts between variables.

3.10.3 Factor Analysis

According to Zikmund (2010) factor analysis is a kind of appraisal employed to discern the underlying dimension or regularity in phenomena. In this study factor analysis was done to determine the correlation among the variables used as well establish the weights for factor loading on each construct about the association between governance and the performance of NG-CDFs in Kenya.

In this research, factor analysis has been employed as confirmatory to weigh the variables in each construct and also act to boost robust (Field, 2009), namely governance, internal audit financial reporting and combined variables. Robustness leads to reduction of ambiguity as variance matrix rotation applied maximizes the sum of variances hence simplifies the factors. Factor loadings exceeding 70 percent is regarded as indicative of a well described structure.

3.10.4 Tests of Normality

Normality test is utilized to decide whether the examination information is normally dispersed. Checking for normality is fundamental in light of the fact that the utilization of inferential insights, for example, regression and correlation investigation depend on the assumption that the information is normally distributed. Normality was checked by assessing model fitness via P-P plot and Kolmogorov-Smirnov test.

3.10.5 Heteroscedasticity

This is a condition in which the variance of the error term varies across the data (Ghasemi & Zahediasl, 2012). Heteroscedasticity is a serious problem since it tends to inflate the standard errors, and thus increasing the likelihood of a type two errors, that is failing to reject a false hypothesis about a coefficient. Heteroskedasticity is the absence of homoscedasticity. Heteroscedasticity portrays a circumstance in which the error term in the link between the predictor variable and dependent variable is not the same over all estimations of the independent variable. If the points are randomly distributed around the horizontal axis or mean there is no heteroscedasticity and if the points are dispersed from the horizontal axis or mean there is heteroscedasticity. Non normality of data leads to a log-linear transformation to fix it to a normal distribution (Field, 2009).

3.10.6 Correlation Analysis Test

Linearity alludes to a circumstance where increase or decrease in one variable caused a comparing increment or reduction in the other variable as well (Field, 2009). Linear regression was utilized as a part of the examination and linearity is one of its key assumptions. Linearity was tested using scatter plots.

3.10.7 Significance Testing and Goodness of Fit

According to Veal and Ticehurst (2005), t test is employed to test hypotheses encompassing the mean difference between two autonomous groups. The *t* test was used to determine the importance of respective parameters (propositions) of the model employed. These individual hypothesis are allied to the relationship between governance, internal audit, financial reporting and the NG-CDFs performance in Kenya. The *t* value and significant level indicates whether to reject or fail to reject the hypotheses suggested. The F test can be used to determine the existence of a linear association between two variables. This test is equivalent to the t test in a simple linear regression. On multiple regression, F test is used to determine whether or not a particular equation explains a significant proportion of the variance in the dependent variable. The findings of the two tests will lead to the same conclusion. In bivariate regression, t and F tests gives the same findings since t^2 is similar to F. In multiple regression, the F test has an overall role for the model, and each of the predictor variable is evaluated with a separate t-test. The larger the F value the better. If the calculated F value is greater than the significance value the significance value of .05, reject the null hypothesis. In this study, the alternative proposition was tested against the null hypothesis, which suggests absence of relationship between the performance of NG-CDFs in Kenya, governance, internal audit and financial reporting variables.

3.10.8 R-squared

This is the coefficient of determination. It shows the proportion of the dependent variable explained by the predictors. According to Campbell et al., (1997) it ranges between the values of 0 and 1. The closer the coefficient is to 1, in this case shows how governance, internal audit and financial reporting explain the variation in the performance of NG- CDFs in Kenya. Both adjusted R-squared and R^2 are computed for simple and multiple linear regression.

3.10.9 Multicollinearity Test

This is an assumption of linear regression stating that there is too correlation between some of the predictors involved in the study. In order to guarantee non-violation of this assumption, correlation matrix and Variance Inflation Factors (VIF) were calculated. VIF indicates how inflated the difference of the coefficient is, contrast with what it would be if the variable were not correlated with some other variable in the model. A tolerance of less than 1 and a VIF larger than 10 indicates presence of multicollinearity.

3.11 Empirical Models for Testing Hypotheses

3.11.1 Empirical Model for Testing Hypothesis One: The Effect of Governance on Performance of NG- CDFs in Kenya

The first objective was to establish the relationship between governance and performance of NG-CDFs in Kenya. A simple regression model was employed to determine the importance of the dependent-independent variables relationship. This model tests hypothesis is as follows; Y = f (Governance)

$Y_1 = \alpha + \beta_1 X_1 + \varepsilon$

Y_1= Performance

α= constant (intercept)

β_1= Coefficient parameters to be determined

X= Composite index of governance dimensions (Transparency,

Disclosures, Organizational Structures),

ϵ-is the error term

3.11.2 Empirical Model for Testing Hypothesis Two: Intervening effect of internal audit on the Relationship between Governance and Performance of NG-CDFs in Kenya

The second objective of the study was to examine the impact of internal audit on the association between governance and performance of NG-CDFs in Kenya as illustrated in chapter five (5.3)

The Baron and Kenny (1986) four steps approach was used to test the intervention effects of internal audit on the relationship between governance and performance of NG-CDFs in Kenya.

For the first step of the intervention test, regression analysis was done to measure the relationship between governance (independent variable) and performance of NG-CDFs (dependent variable). The model is $Y = a + \beta_1 X_1 + \varepsilon$

Where: Y= Performance β_1 is beta coefficient

a= intercept

ε= is error term

X_1= Governance (composite)

In the second step, governance (independent variable) was regressed against internal audit (intervening variable) to assess the relationship between internal audit and governance while ignoring the dependent variable (performance of NG-CDFs). The model is:

$X_3 = f(X_1)$

Where: X_3 = Aggregated score internal audit attributes

$f(X_1)$ = Function of aggregated score governance attributes

In the third step of the mediation analysis, the relationship between performances of NG-CDFs (dependent variable), internal audit (intervening variable) while ignoring governance (independent variable) was derived. The model used is:

Step 3: $Y = f(X_3)$

Where: Y= performance

X_3= internal audit attributes

In the fourth step of the intervention analysis, the relationship between performance of NG-CDFs, internal audit, and governance was derived. The prediction equation was given as: $Y_j = f(X_3) = a + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$

Where: β= is beta coefficient,

a =Intercept

Y_j=NG-CDFs Performance

X_1= Governance attributes

X_2= internal audit attributes

Intervention influence of internal audit on the link between governance and performance of NG-CDFs in Kenya was tested through steps (four) of Baron and Kenny (1986). In first step, the significance must be established. The second step, significance should be observed between internal audit (mediating variable) and governance (predictor variable) ignoring the dependent variable (performance of NG-CDFs). In the third step, significance ought to be observed between internal audit (mediating variable) and performance of NG-CDFs (dependent variable) while disregarding the predictor variable (governance). In the last step, the effect of governance on performance of NG-CDFs shouldn't be statistically significant. A contrast of the coefficients linked with the independent variable between the model 1 and 2 would then serve to determine whether partial or full mediation is present.

3.11.3 Empirical Model for Testing Hypothesis Three: Moderating effects of financial reporting on the Relationship between Governance and Performance of NG-CDFs in Kenya

In the third objective, the moderating effect of financial reporting on performance of NG-CDFs in Kenya was established. Hierarchical regression model was used in line with methodology suggested by Baron and Kenny (1986). The model tested hypothesis three is as follows;

Y= f (Governance, financial reporting)

$Y_5 = \alpha + \beta_1 X + \varepsilon$
$Y_6 = \alpha + \beta_1 X + \beta_2 Z + \varepsilon$
$Y_7 = \alpha + \beta_1 X + \beta_2 Z + \beta_3 X.Z + \varepsilon$
α =constant (intercept), $\beta_{1,}$ β_2, β_3 are the regression coefficients

$Y_{5,}$ Y_6 and$Y_{7\,=}$ Performance ; X= Aggregated score for governance, Z=financial reporting

X. Z= governance and financial reporting interaction term

ϵ-is a error term

3.11.4 Empirical Model for Testing Hypothesis Four: The Joint Effect of Governance, Internal Audit, Financial reporting on Performance of NG-CDFs in Kenya

Multiple linear regression model was used to investigate this relationship. It is represented as follows;

Y = f (Governance, Internal audit, financial reporting)

$Y_8 = \alpha + \beta_1 X_1 + B_2 X_{2.} + \beta_3 X_{3.} + \varepsilon$
Y= Performance
α= constant (intercept)
$X_{1=}$ Is the composite index of governance

$X_{2-=}$ Is the composite index of internal audit

$X_{3=}$ is the composite index of financial reporting

$\beta_1, \beta_2, \beta_3$ are the regression coefficients

ϵ-is a error term

3.12 Chapter Summary

This chapter introduced the philosophical foundation views regarding knowledge and reality (school of thoughts) namely positivism (deduction research) and phenomenology (induction research). Positivism is a quantitative method which follows a scientific approach to research while phenomenological philosophy holds the view that the subject matter of social science, people and institution are significantly different from that of the natural science.

The research study was anchored on positivism. The research design adopted a cross sectional survey and was described. The chapter also provided the population of the study which was two hundred and ninety (290) NG- CDFs of which census study was undertaken. The use of primary as well as secondary data was embraced as it was gathered by use of structured questionnaires. Analysis of annual reports was done.

Reliability and validity were explored via internal consistence method by calculating Cronbach's alpha and double checking the questionnaire covering the four variables respectively. Validation of data collected was examined through coding and checking for any coding errors and omissions and ran through the SPSS version 22. Simple, multiple linear regression analysis were applied to test hypotheses at 95 per cent confidence level using Pearson's product moment correlation coefficient.

Operationalization of the research variables was presented. Finally a table summary of objectives, corresponding hypotheses and analytical model were presented. This chapter's information opened the way for chapter four since data analysis was later useful in the empirical findings and results of the application

CHAPTER FOUR

DESCRIPTIVE ANALYSIS AND FINDINGS

4.1 Introduction

The chapter presents the descriptive findings of the study variables using procedures mentioned in chapter three. The chapter is organized in the following sequence; Section 4.2 covers pilot testing Section 4.3 presents response rate while section 4.4 discusses the results of reliability. Section 4.5 covers validity tests. Section 4.6 discusses factor analysis. Section 4.7 discusses diagnostic tests of variables. Section 4.8 discusses normality test. Section 4.9 presents Organizational Demographical Profiles. Section 4.10 presents descriptive analysis of the variables whilst section 4.11 describes correlation analysis.

The preliminary results are presented in this chapter forming the foundation for additional analysis such as hypothesis testing. Every variable was measured by presenting descriptive statements to the respondents for rating on 5 point likert scale. The respondents were required to answer the questions basing on their organization.

Pre-tests reliability results and validity were also detailed in this chapter. Reliability and validity give a clear direction about the data viability in measuring the intended objectives. The results of descriptive statistics using means and t-tests at test point 3 and descriptive analysis using frequency distribution tables were used for ranking responses, test of normality and Cronbach alpha. The descriptive statistics of respondents, response rate, as well as organization profiles were summarized.

4.2 Pilot Test

A pilot study was conducted to make sure that the instrument was effective in collecting the appropriate information. Table 4.1 displays the reliability statistics for governance, internal audit, financial reporting and performance. All the four scales were quite reliable since Cronbach's alpha reliability coefficient was greater than 0.7. The governance has the coefficient of 0.764 while internal audit had coefficient of 0.972. Financial reporting alpha coefficient of 0.836 whilst performance had coefficient of 0.999.

Table 4.1: Pilot Test Reliability Analysis

Scale	**Number of items Items**	**Cronbach's Alpha (α)**
Governance	10	0.764
Internal Audit	10	0.972
Financial Reporting	10	0.836
Performance of NG-CDFs	10	0.999

Source: Author (2019)

4.3 Response Rate

The study targeted 280 respondents; however, the researcher received response from 185 respondents forming 66.07% response rate, which was found to be adequate. The response rate further is supported by Fowler (1984) cited in Njeru, (2013) proposes that a response rate of sixty percent is representative of the population of the study. Such a high response rate for this study can be as a result of the use of trained research assistants who were equipped with skills on how to build rapport with respondents.

4.4 Assessment of Reliability of Study Instrument

Reliability measures the extent an instrument under the research is yielding the same results after trials have been done repeatedly. This is measured or rather estimated by use of a ratio called Cronbach's alpha which have the capability in assessing the correlation average of items in a test or the internal consistency measure. It is a measure of consistency as the correlation analysis tests the assumptions in order to avoid Type I and Type II errors (Osbone et al, 2001).

The study further takes into account the argument that it is vital that the measurement instrument is reliable for it to measure consistently (Mugenda & Mugenda, 2003; Saunders, 2007; Cooper & Schindler, 2011). The study adopted the alpha coefficients ranges in value from 0 (no internal consistency) to 1 (complete internal consistency) to describe reliability factors extracted from formatted questionnaires on likert scale (rating from scale 1-not at all, 5- very large extent). The study used value of 0.70 and above as a quick rule. Murgor, (2014) in his study with similar measurements attained a high degree of reliability. Test of reliability results are presented in Table 4.2.

Table 4.2: Summary of Cronbach Alpha Reliability Coefficients

Variables	Measures	No. of Items	Chronbach Alpha Coefficient
Governance	• Transparency • Disclosures • Organizational structures	16	0.805
Internal Audit	• Consulting Management/Risk Assessment • Compliance Policies • Assurance Service • Objectivity • Independence	36	0.874
Financial Reporting	• Communication of results • Benchmarking • Budgeting	18	0.889

Source: Author (2019)

4.5 Validity Tests

The content validity was established via discussions involving the departmental lecturers, supervisors and other research experts. Also content validity index was determined at 0.791. Some studies suggest that validity coefficient of minimum 0.70 is deemed acceptable (Oso & Onen, 2009). This suggests that the questionnaire went through validity test.

4.6 Factor Analysis

It was performed by use of KMO and Bartlett's Test for sampling adequacy to test various types of validity including construct, discriminant and convergent validity. The study results are presented in Table 4.3.

Table 4.3: Summary of KMO and Bartlett's Test

		Bartlett's Test of Sphericity		
Variable	**KMO**	**Chi-square (χ)**	**Df**	**Sig. Level**
Governance	.721	1663.321	120	.000
Internal Audit	.782	4186.704	595	.000
Financial Reporting	.841	2707.636	153	.000

Source: Author (2019)

The results indicate that the sampling adequacy for all the variables under study showed adequacy in the respective samples. Corporate governance (KMO=.721, Chi-square (χ) = 1663.321, df=120 and sig. level=0.000); internal audit (KMO=.782, Chi-square (χ)= 4186.704, df=595 and sig. level=0.000) and financial reporting (KMO=.841, Chi-square (χ) = 2707.636, df=153 and sig. level=0.000). All the variables showed varied factor loadings with corporate governance showing five factor loadings, internal audit showing ten factor loadings and financial reporting showing four factor loadings therefore implying that they closely measure the dependent variable. Detailed results of factor analysis details are in Appendix V.

4.7 Diagnostic Tests Results of Variables

4.7.1 Normality Test

The test for normality of NG – CDFs performance (dependent variable) was done by use of Kolmogorov-Smirnov test. Table 4.4 indicates that using the Kolmogorov-Smirnov Test of normality, NG – CDFs performance data is normal since the P-value, 0.240 is above 0.05.

Table 4.4: One-Sample Kolmogorov-Smirnov Test

		NG – CDFs Performance
N		267
Normal Parameters[a,b]	Mean	3.99
	Std. Deviation	1.104
Most Extreme Differences	Absolute	0.233
	Positive	0.179
	Negative	-0.233
Test Statistic		0.233
Asymp. Sig. (2-tailed)		0.240[c]

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

Source: Author (2019)

Data normality was also demonstrated by the plotted Quantile Quantile plot (QQ plot) and normal histograms. Q-Q plots are as presented in Figures 4.1(a), 4.1(b), 4.1(c) and 4.1(d). The normal distribution had a good fit for the study variables.

Figure 4.1 (a): Normal Q-Q Plot of Data on Governance

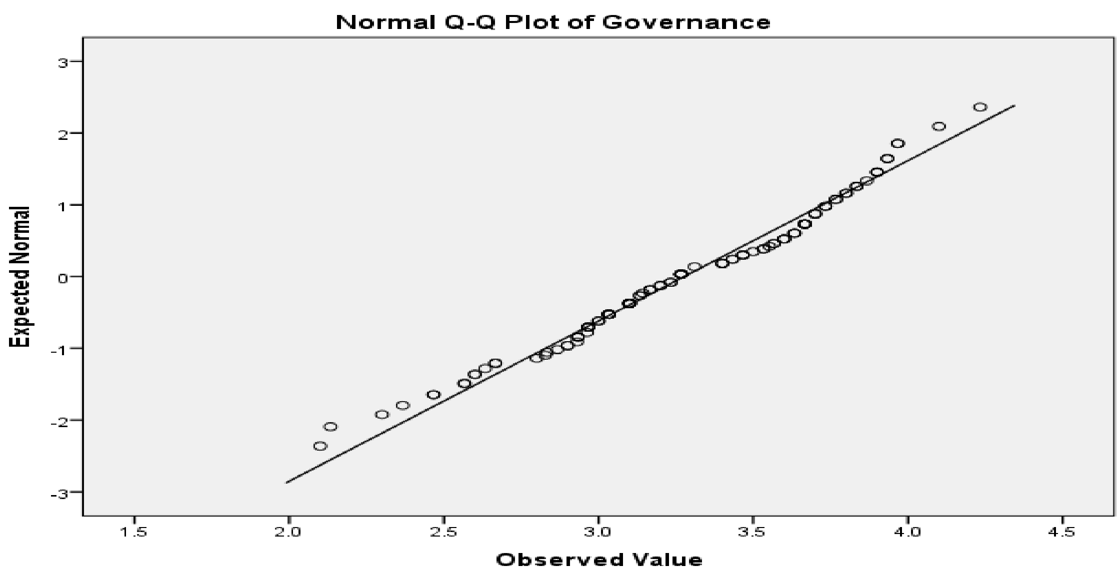


Figure 4.1 (b): Normal Q-Q Plot of Data on Internal Audit

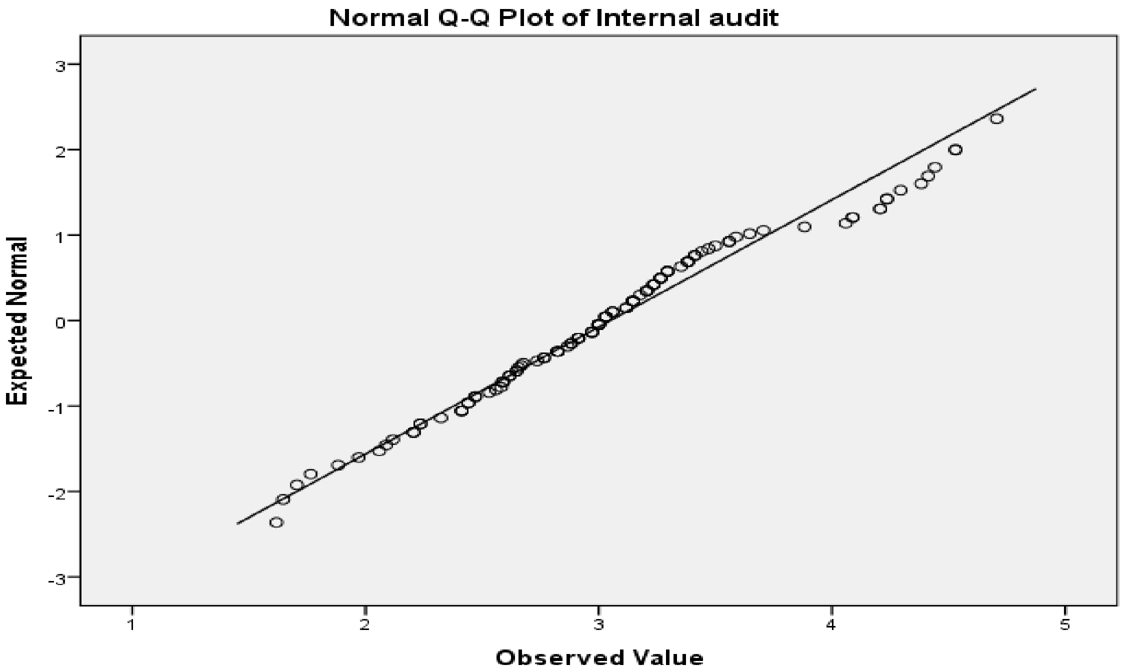


Figure 4.1 (c): Normal Q-Q Plot of Data on Financial Reporting

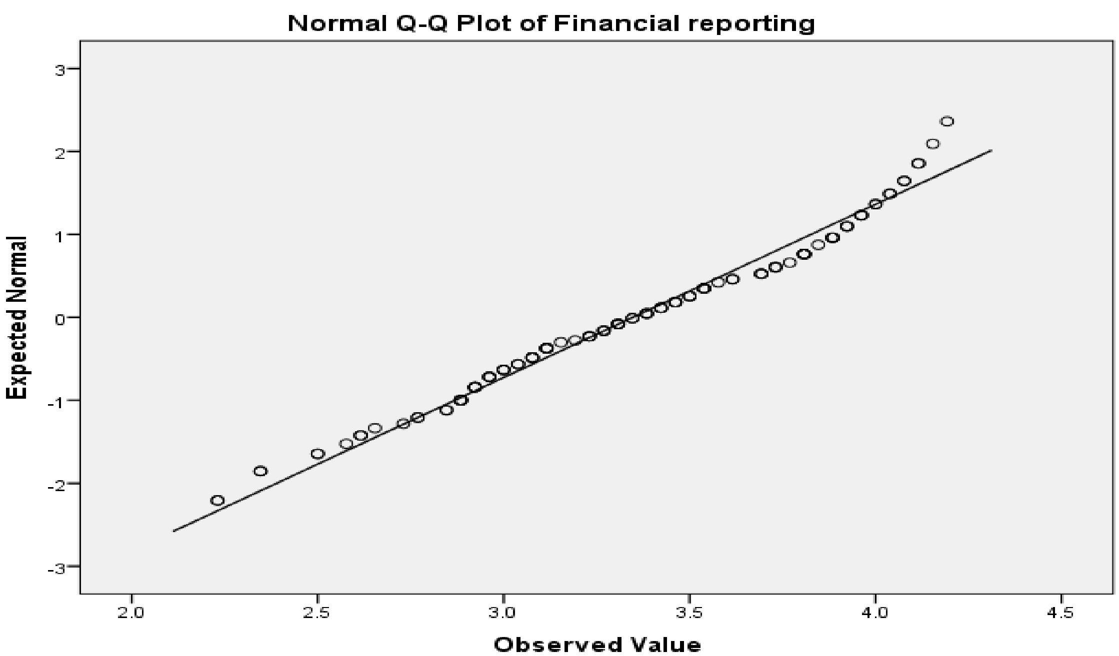
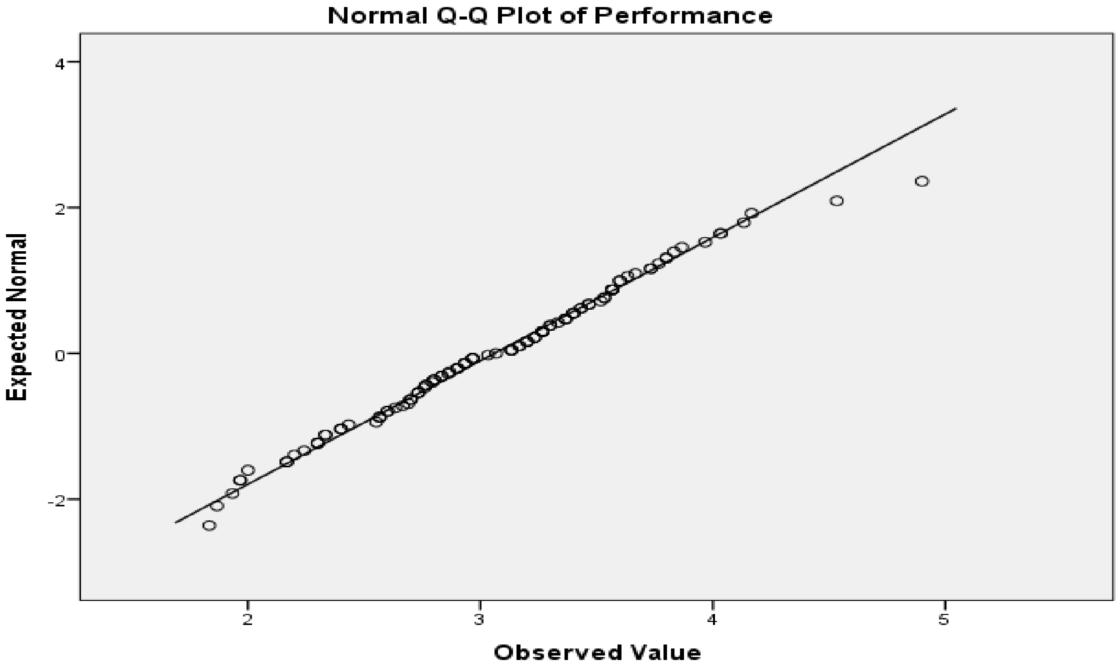


Figure 4.1 (d): Normal Q-Q Plot of Data on Performance



The results shown above observe that the circles in the Q-Q plots show that all the observed values are normal with Q-Q plots cleaving along the line of best fit showing normality distribution. Therefore all the variables had a good fit in the normal distribution.

4.7.2 Multicollinearity

The results for multicollinearity are as indicated in table 4.5. From these results it is clear that the variable of this study could not lead to multicollinearity problems.

Table 4.5: Multicollinearity Test

Description	Multicollinearity statistics	
	Tolerance	VIF
Governance	.658	1.521
Internal Audit	.731	1.369
Financial Reporting	.690	1.448

Source: **Fieldwork (2019)**

The VIF outcome in the findings were varying from 1.369 to 1.521, however they do not display a problem with multicollinearity as VIFs were less than 10 (Hair et al., 2010) or even less than 5 (DeVaus, 2002).

4.7.3 Test of Heteroscedasticity

Table 4.6 shows the test for constant variance. Levene's Statistic was used where p>0.05 indicated equal variance.

Table 4.6: Tests for Heteroscedasticity

Variable	Levene's Statistic	df1	df2	Sig.
Governance	1.29	10	257	.11
Internal audit	1.89	10	257	.10
Financial Reporting	2.44	10	257	.17
NG-CDFs performance	1.97	10	257	.13

Source: Author (2019)

The significant values for the Lavene's test were 0.11 for governance, 0.10 for internal audit and 0.17 for financial reporting and 0.13 for NG-CDFs performance. From the results, P-values of Levene's test for homogeneity of variances were all greater than 0.05. The test therefore was non-significant indicating absence of heteroscedasticity.

4.8 Organizational Demographical Profiles

4.8.1 Respondents Position

The participants were asked to exhibit their position in their constituency. The findings are as shown in Table 4.7.

Table 4.7: Respondents Position

		Frequency	Percent
Valid	Chairperson	21	11.35
	Secretary	23	12.43
	Treasurer	43	23.24
	Fund Account Manager	98	52.97
	Total	**185**	**100.0**

Source: Author (2019)

According to the findings 52.97% (n = 98) indicated were fund account manager, 23.24% (n = 43) indicated treasurer while Secretary 12.43% (n =23) and chairperson 11.35% (n = 21).

4.8.2 Gender Distribution

The results in Table 4.8 shows that 58.9 percent of the respondents were male while female were 41.1%. This was considered to be a fair distribution of gender.

Table 4.8: Distribution of Respondents by Gender

Gender	Frequency	Percentage (%)
Male	109	58.9
Female	76	41.1
Total	**185**	**100.0**

Source: Author (2019)

4.8.3 Age Distribution

The age distribution of the respondents is are presented in Table 4.9.

Table 4.9: Distribution of Respondents by Age

Age	Percentage (%)
Below 30 years	12.0
31 – 39 years	31.0
40 – 49 years	39.0
50 years & above	18.0
Total	**100.0**

Source: Author (2019)

The findings show that most of the respondents (39%) were aged between 40 and 49 years, 31% were aged between 31 and 39 years while 18% were aged 50 years and above.

4.8.4 Education Level of the Respondents

It was vital to establish levels of education held by respondents so as to establish if they possessed appropriate knowledge and skills on governance, internal audit, financial reporting and NG-CDFs performance in Kenya.

Table 4.10: Education Level of the Respondents

Education Level	Percentage %
Diploma	7.6
Bachelors' degree	54.7
Post graduate degree	23.2
Secondary education	3.2
professional qualifications	11.3
Total	**100.0**

Source: Researchers (2019)

Table 4.10 shows the level of education of respondents sought and majority (54.70%) had bachelors' degree, 23.20% had post graduate degree, and 11.30% had professional qualifications, 7.6 had diploma, 3.2% had secondary education level.

4.9 Descriptive Statistics of the Study Variables

Measures of central tendency, dispersion and one sample test and coefficient of variation were incorporated in the findings of descriptive statistics. Further, the study conducted a descriptive analysis of the questionnaire items and the results were also included in the findings. Descriptive statistics on governance, internal audit, financial reporting and NG–CDFs performance in Kenya are discussed in the following section.

4.9.1 Descriptive Statistics for Governance

Governance was an independent variable in the study having three (3) measurement items namely; transparency, disclosure and organizational structure. To capture data on the various governance dimensions, descriptive statements derived from literature were presented to respondents on a five - point Likert-type scale with ranges from 1 representing (not at all) to 5 representing (very large extent). The respondents were required to indicate the extent to which the statements are applicable to their respective NG-CDFs. The subsequent subsections present the findings.

4.9.1.1 Transparency

The study determined the extent to which transparency attributes are manifested among the surveyed NG-CDFs in Kenya. Transparency plays a significant role in making process and procedures straight which in turn provides organizations with the ability to succeed in their intended purpose. To capture these data, the respondents were asked to indicate the rating to which they view which statements relating to transparency. The findings are presented in Table 4.11 in terms of mean scores, standard deviation, and coefficient of variation, t statistics and significance values.

Table 4.11: Transparency Attributes

	N	Mean	Std. Deviation	CV %	T	Sig.
The NG-CDFs management hold meetings frequently to discuss the planning and execution of projects to improve performance	185	3.61	1.110	31	8.123	.000
The NG-CDFs management committee ensures that notice is sent in advance prior to the meeting (except in case of emergency)	185	2.39	1.13	47	-10.243	.000
All significant issues are placed at NG-CDFs meeting for their considerations as per the terms of governance best practices	185	3.81	1.01	27	11.823	.000
Information on the NG-CDFs management committee is provided to stakeholders	185	3.58	.997	29	10.226	.000
The NG-CDFs management committee ensures implementation of an effective system of internal control	185	3.31	1.001	30	.159	.873
Average Mean Score		**3.34**	**1.05**	**33**		

Source: Author (2019)

The average mean score of the statements depicting the manifestations of transparency as the sub-variable of governance was 3.34, standard deviation of 1.05 and CV of 33 percent. This is a moderate mean score depicting that transparency manifests moderately within the NG-CDFs in Kenya. The t-test for the entire transparency statements had high t values yielding to statistically significant (p values of less than 0.05) apart from the statement that the NG-CDFs management committee ensures implementation of an effective system of internal control which manifested p-value greater that 0.05 and a relatively low t-value which was insignificant.

The statement with the highest mean score was that all significant issues are placed at NG-CDFs meeting for their considerations as per the terms of governance best practices (Mean=3.81, SD=1.01, CV=27) and that information on the NG-CDFs management committee is provided to stakeholders (Mean=3.58, SD=0.997 and CV=29). All other statements also had a mean score above 2.0; the NG-CDFs management hold meetings frequently to discuss the planning and execution of projects to improve performance (Mean=3.61, SD=1.110 and CV=31) and that the NG-CDFs management committee ensures implementation of an effective system of internal control (Mean=3.31, SD=1.001 and CV=30). However the statement with the lowest mean score was that the NG-CDFs management committee ensures that notice is sent in advance prior to the meeting (except in case of emergency) (Mean=2.39, SD=1.13 and CV=47). The coefficient of variation also showed a range between 27% and 47% depicting that the responses varied low among the surveyed NG-CDFs in Kenya.

4.9.1.2 Disclosure

The study established the extent to which disclosure attributes are manifested among the surveyed NG-CDFs in Kenya. Good disclosure through keeping of accurate and up to date financial records and sharing with intended shareholders has enabled organizations to operate efficiently and to the shareholders expectations and interest. The statements depicting how disclosure attributes manifest were presented to respondents and the findings are presented in Table 4.12.

Table 4.12: Disclosure Attributes

	N	Mean	Std. Deviation	CV %	T	Sig.
All significant matters (issues) are brought to the attention of the NG-CDFs management committee and stakeholders for example budget planning, identification of projects to be financed, bursary deserving cases et al.	185	3.34	1.120	34	4.92	.000
The minutes of the meetings are properly recorded in the minute book and subsequently circulated to the NG-CDFs management committee within thirty days of the meeting for their comments	185	3.44	1.030	30	3.751	.001
The NG-CDFs management committee actively monitors results of quarterly business	*184	3.38	0.990	29	4.398	.000
The NG-CDFs management committee is given induction training opportunity on disclosure	*184	3.52	1.131	32	6.232	.000
Average Mean Score		**3.42**	**1.068**	**31**		

Source: Author (2019)

The statements depicting disclosure gave an average mean score of 3.42, standard deviation of 1.068 and coefficient of variation of 31. This depicts moderate manifestations implying that disclosure is on average among the NG-CDFs in Kenya. The statement with the highest mean score was that the NG-CDFs management committee is given induction training opportunity on disclosure (Mean=3.52, SD=1.131 and CV=32) and the statement with the lowest mean score being that all significant matters (issues) are brought to the attention of the NG-CDFs management committee and stakeholders for example budget planning, identification of projects to be financed, bursary deserving cases and so on (Mean=3.34, SD=1.120 and CV=34).

The other statements depicting disclosure attributes were all above neutral point that is 3.0; the minutes of the meetings are properly recorded in the minute book and subsequently circulated to the NG-CDFs management committee within thirty days of the meeting for their comments (Mean=3.44, SD=1.030 and CV=30) and the NG-CDFs management committee actively monitors results of quarterly business (Mean=3.38, SD=0.99 and CV=29). The t-test for the entire disclosure statements had high t values yielding to statistically significant (p values of less than 0.05). Coefficient of variation showed low range from 29 to 34 implying low variations among the responses.

4.9.1.3 Organizational Structure

The study determined the extent to which organizational structure attributes are manifested among the surveyed NG-CDFs in Kenya. Good organizational structures that relate to strategically handling of personnel issues are key to an organizational ultimate survival. The statements depicting how organizational structure attributes manifest among these NG-CDFs were presented to respondents who were asked to rate factors on a Likert-type scale of 1 (not at all) to 5 (to a large extent). The results of the findings were shown in Table 4.13.

Table 4.13: Organizational Structure Attributes

	N	Mean	Std. Deviation	CV %	T	Sig.
The local community gives sufficient input to NG-CDFs management on matters of constituency performance	184	3.48	1.038	30	6.311	.000
The NG-CDFs management committee works in line with the national vision and mission	184	3.63	1.097	30	7.717	.000
The appointment of board members involves all NG-CDFs stakeholders.	184	3.23	1.381	43	8.107	.000
The operation of NG-CDFs board is guided by clear guidelines.	182	3.33	1.21	36	2.678	.008
There is well defined NG-CDFs board responsibilities in the structure	185	3.09	1.037	34	1.322	.142
Gender balance is considered in the NG-CDFs board composition.	185	3.48	1.000	29	4.555	.000
NG-CDFs activities are based on strict reporting structures.	185	3.31	1.081	33	4.231	.000
Average Mean Score		**3.36**	**1.121**	**34**		

Source: Author (2019)

The average mean score of the statements depicting the manifestations of organizational structure was 3.36, standard deviation of 1.121 and coefficient of variation of 34 percent. This is a slightly higher mean score implying that there is a structure governing NG-CDFs in Kenya. All the statements manifested a mean score above 3.0. However the statement that manifested the highest mean score was that the NG-CDFs management committee works in line with the national vision and mission (Mean=3.63, SD=1.097 and CV=30) followed by the local community gives sufficient input to NG-CDFs management on matters of constituency performance (Mean=3.48, SD=1.038 and CV=30). The statement that showed low mean was that there is well defined NG-CDFs board responsibilities in the structure (Mean=3.09, SD=1.037 and CV=34).

Other statements were; the appointment of board members involves all NG-CDFs stakeholders (Mean=3.23, SD=1.381 and CV=43), gender balance is considered in the NG-CDFs board composition (Mean=3.48, SD=1.000 and CV=29), NG-CDFs activities are based on strict reporting structures (Mean=3.31, SD=1.081 and CV=33) and that the operation of NG-CDFs board is guided by clear guidelines (Mean=3.33, SD=1.21 and CV=36). The t-test for the entire organization structure statements had high t values yielding to statistically significant (p values of less than 0.05). Coefficient of variation showed low range from 29 to 43 implying low variations among the responses on all the statements regarding organizational structure.

4.9.2 Internal Audit

The study determined the respondents' level of agreement on internal audit dimensions. This function is crucial in any organization as it monitors and gives a summary of how funds were spend on various projects and if they were utilized as expected. Various statements depicting the different manifestations of internal audit were posed and respondents were required to indicate the extent of agreement to which these statements applied in NG-CDFs in Kenya. The respondents were asked to rate the factors on a Likert-type scale of 1 (not at all) to 5 (to a large extent). The results are presented in sub sections herein

4.9.2.1 Consulting Management/Risk Assessment

Risk assessment as a construct of internal audit was determined by the study using different attributes that are deemed to measure its manifestations in the surveyed NG-CDFs in Kenya. To capture data on the various risk assessment dimensions, descriptive statements derived from literature were presented to respondents on a five - point Likert-type scale with ranges from 1 representing (not at all) to 5 representing (very large extent). The respondents were requested to indicate the extent to which the statements are applicable to their respective NG-CDFs in Kenya. Table 4.14 presents the findings.

Table 4.14: Risk Assessment Attributes

	N	Mean	Std. Deviation	CV %	T	Sig.
There is constant consultations between management and internal auditors on risk management strategies	185	3.46	1.004	29	7.023	.000
Internal auditors recommendations on risk management are highly implemented by the management	185	3.59	1.231	34	8.220	.000
Cases of fraud are expeditiously investigated by the management	185	3.72	1.03	28	10.110	.000
The management have initiated measures to curb fraud	185	2.88	1.220	42	-3.522	.000
Our management consults internal auditors on the best practices of financial management	185	2.69	1.112	41	-5.352	.000
Internal Audit functions are usually performed with emphasis on the risk assessment and control	185	2.99	1.110	37	-1.321	.152
The internal control system is effective in minimizing potential losses	184	3.33	.966	29	.754	.657
Average Mean Score		**3.24**	**1.096**	**34**		

Source: Author (2019)

The average mean score for the constructs relating to risk assessment is 3.24, standard deviation of 1.096 and coefficient of variation of 34 percent. The statement with the highest mean score was that cases of fraud are expeditiously investigated by the management (Mean=3.72, SD=1.03 and CV=28%) followed by the statement that internal auditor's recommendations on risk management are highly implemented by the management (Mean=3.59, SD=1.231 and CV=29%) and there is constant consultations between management and internal auditors on risk management strategies (Mean=3.46, SD=1.004 and CV=29%). Our management consults internal auditors on the best practices of financial management had the lowest mean (Mean=2.69, SD=1.112 and CV=41%).

The t-test for the entire statements relating to risk assessment had high t values yielding to statistically significant (p values of less than 0.05) except for the statements that internal audit functions are usually performed with emphasis on the risk assessment and control and the internal control system is effective in minimizing potential losses. Coefficient of variation showed low range from 28 to 42 implying slightly high variations among the responses on all the statements regarding risk assessment. Overall the risk assessment construct showed average mean score implying that it is moderately manifested among NG-CDFs in Kenya.

4.9.2.2 Compliance Policies

The research also sought to determine the manifestation of compliance policies in the NG-CDFs in Kenya according to respondents. Compliance policies are crucial in ensuring the smooth running of the organizations without arising conflicts that are likely to arise during the operations. Various statements depicting the different manifestations of compliance policies were posed and respondents were required to indicate the extent of agreement to which these statements applied to their respective NG-CDFs in Kenya. The participants were asked to rate compliance policies factors on a Likert-type scale of 1 (not at all) to 5 (to very large extent). The results were presented in Table 4.15.

Table 4.15: Compliance Policies Attributes

	N	Mean	Std. Deviation	CV %	T	Sig.
The management encourages adherence to audit policies and procedures	185	2.73	1.125	41	-6.862	.000
The recommendations from internal auditor helps to review procedures of operation	185	2.88	1.01	35	-.754	.367
The internal procedures are customized to specific situations	184	3.11	.998	32	.000	1.000
Fraud is detected from well designed and thorough auditing procedures	185	3.17	1.002	32	1.105	.233
The internal audit, audit the NG-CDFs books regularly as the policies put in place	185	3.24	1.082	33	.768	.334
The procedures and policies dictate that internal audit to report regularly to the national board	185	2.98	.925	31	-1.212	.199
The internal audit reports are considered by the national audit	183	3.32	1.101	33	1.644	.086
The NG-CDFs management responds to audit findings from internal audit, regulators and the national auditor	184	2.91	1.033	35	-.228	.818
Internal Audit provides relevant information in making decisions on financial matters.	185	3.42	.888	26	.906	.265
Average Mean Score		**3.08**	**1.018**	**33**		

Source: Author (2019)

The average mean score for the statements relating to compliance policies is 3.08, standard deviation of 1.018 and coefficient of variation of 33 percent. The statement that internal audit provides relevant information in making decisions on financial matters had the highest mean score (Mean=3.42, SD=0.888 and CV=26%). Other statements with a mean score above 3.0 include; fraud is detected from well designed and thorough auditing procedures (Mean=3.17, SD=1.002 and CV=32), the internal audit, audit the NG-CDFs books regularly as the policies is place (Mean=3.24, SD=1.082 and CV=33), the internal audit reports are considered by the national audit (Mean=3.32, SD=1.101 and CV=33) as well as internal procedures are customized to specific situations (Mean=3.11, SD=0.998 and CV=32).

Those statements below 2.0 are; the management encourages adherence to audit policies and procedures (Mean=2.73, SD=1.125 and CV=41), the recommendations from internal auditor helps to review procedures of operation (Mean=2.88, SD=1.01 and CV=35), the procedures and policies dictates that internal audit to report regularly to the national board (Mean=2.98, SD=.925 and CV=31) and that the NG-CDFs management responds to audit findings from internal audit, regulators and the national auditor (Mean=2.91, SD=1.033 and CV=35). The t-test for most statements relating compliance policies except a statement that; the management encourages adherence to audit policies and procedures, had low t values yielding to statistically insignificant (p values of greater than 0.05). Overall the results imply that compliance policies although important are not fully manifested among NG-CDFs in Kenya.

4.9.2.3 Assurance Service

Various statements depicting the different manifestations of assurance service were posed and respondents were required to indicate the extent of agreement to which these statements applied to NG-CDFs in Kenya. The respondents were asked to rate assurance service attribute factors on a five Likert-type scale of 1 (not at all) to 5 (to very large extent) as applied in the respective surveyed NG-CDFs in Kenya. The results of the findings were presented in Table 4.16.

Table 4.16: Assurance Service

	N	Mean	Std. Deviation	CV %	T	Sig.
The reliability of internal audit procedures is determined and recommendations given before they are adopted	185	3.22	1.100	34	2.316	.018
Comprehensive information provided by internal audit is key in the organizations operations	185	3.09	1.045	34	.737	.454
The organization regards the information given by internal audit as reliable	185	3.02	1.199	39	.813	.410
Information provided by internal audit is regarded highly	185	2.80	1.217	43	-2.521	.009
Internal controls that are used to detect and mitigate fraud are evaluated by the management with the assistance from internal audit	185	2.97	1.099	37	-.677	.511
Both management and internal audit are involved in fraud investigations	185	2.89	1.108	38	-.872	.383
Average Mean Score		**2.998**	**1.128**	**38**		

Source: Author (2019)

The statements depicting the manifestations of assurance service was 2.998, standard deviation of 1.128 and coefficient of variation of 38. The statements with mean score above 3.0 were; the reliability of internal audit procedures is determined and recommendations given before they are adopted (Mean=3.22, SD=1.100 and CV=34%), comprehensive information provided by internal audit in key in the organizations operations (mean=3.09, SD=1.045 and CV=34%) and the organization regards the information by internal audit as reliable (Mean=3.02, SD=1.199 and CV=39%). Statements with mean score bellow 3.0 include, Internal controls that are used to detect and mitigate fraud are evaluated by the management with the assistance from internal audit (Mean=2.97, SD=1.099 and CV=37), both management and internal audit are involved in fraud investigations (Mean=2.89, SD=1.108 and CV=38) and information provided by internal audit is regarded highly (Mean=2.80, SD=1.217 and CV=43). The t-test for most statements relating to assurance service had low t values yielding to statistically insignificant (p values of greater than 0.05). However, this was with the exception of statements such as; the reliability of internal audit procedures is determined and recommendations given before they are adopted as well as the statement; information provided by internal audit is regarded highly. Overall the results imply that assurance service although important is not fully manifested among NG-CDFs in Kenya.

4.9.2.4 Objectivity

The study further determined how the objectivity attribute of internal audit variable is manifested within the NG-CDFs surveyed. Various statements depicting the different manifestations of objectivity were posed and respondents were required to indicate the extent of agreement to which these statements applied to respective NG-CDFs in Kenya.

The respondents were asked to rate objectivity attribute factors on a Likert-type scale of 1 (not at all) to 5 (to very large extent). The results of the findings were presented in Table 4.17.

Table 4.17: Objectivity Attributes

	N	Mean	Std. Deviation	CV %	T	Sig.
Internal Auditors freely choose any transactions or area of interest for audit.	185	2.93	1.122	38	-2.125	.032
The board determines terms of service for the internal audit staff	184	3.23	1.088	34	1.98	.049
The board gets reports directly from the internal audit regularly	185	3.02	1.217	40	3.055	.001
Internal Audit is able to influence key management decisions on matters within its expertise.	184	3.34	1.062	32	1.649	.100
Internal audit freely provide NG-CDFs management committee with advice on means of reducing cost, improving efficiency and effectiveness.	185	2.82	1.200	43	-.833	.362
Average Mean Score		**3.068**	**1.14**	**37**		

Source: Author (2019)

The average mean score of the statements relating to objectivity is 3.068, standard deviation of 1.14 and coefficient of variation of 37 percent. This is a moderate mean score implying that objectivity is manifested among the NG-CDFs in Kenya. The statements with the mean above 3.0; the board gets reports directly from the internal audit regularly (Mean=3.02, SD=1.217 and CV=40), the board determines terms of service for the internal audit staff (Mean=3.23, SD=1.088 and CV=34) and that internal audit is able to influence decisions by key management on matters regarding their expertise (Mean=3.34, SD=1.062 and CV=32).

Most of the t-test for the statements relating to objectivity had low t values yielding to statistically insignificant (p values of greater than 0.05) with other few having (p values of less than 0.05). The statements with mean score below 3.0 are; internal audit freely provide NG-CDFs management committee with advice on means of reducing cost, improving efficiency and effectiveness (Mean=2.82, SD=1.200 and CV=43) and that internal auditors freely choose any transactions or area of interest for audit (Mean=2.93, SD=1.122 and CV=38). The results therefore imply that objectivity is manifested on average in NG-CDFs in Kenya which is also shown by the coefficient of variation low range between 32% and 43%.

4.9.2.5 Independence

The study further determined how the NG-CDFs surveyed apply independence as an internal audit function in operations. NG-CDFs audit should be independent to smoothly do their functions without interference for accurate, realistic and honesty audit. Various statements depicting the different manifestations of independence were posed and respondents were required to indicate the extent of agreement to which these statements applied to their respective NG-CDFs in Kenya. The respondents were asked to rate the factors on a Likert-type scale of 1 (not at all) to 5 (to very large extent) and the results of the findings presented in Table 4.18.

Table 4.18: Independence Attributes

	N	Mean	Std. Deviation	CV %	T	Sig.
The internal audit in our organization is independent from other operational activities	185	2.87	1.110	39	-4.62	.000
Our organization relies much on its own internal audit department which is independent	185	2.73	1.001	37	-5.410	.000
There has been no any case of conflict of interest reported between management and internal audit	185	2.52	1.103	44	-6.022	.000
There are formalized principles of internal audit guiding its position and powers in the framework of the NG-CDFs	185	2.77	1.021	37	-2.500	.013
The management decisions does not affect the independence of internal audit	185	2.19	1.01	46	-4.537	.000
The achievement of the function and objective of internal audit has resulted to management effectiveness	185	2.80	1.038	37	-4.854	.000
The audit staff have direct and unrestricted access to audit committee and the board	185	2.68	1.066	40	-6.240	.000
The internal auditor determines scope of auditing freely without interference	185	2.37	1.102	46	-8.112	.000
Average Mean Score		**2.618**	**1.058**	**41**		

Source: Author (2019)

The average mean score for independence within the internal audit among the surveyed NG-CDFs in Kenya was 2.618, standard deviation of 1.058 and coefficient of variation of 41 percent. This is slightly below average implying that there is low manifestation of independence as a function of internal audit among the surveyed NG-CDFs in Kenya. All the statements relating to independence had a mean below 3.0 with the highest statement being that the internal audit in our organization is independent from other operational activities (Mean=2.87, SD=1.11 and CV=39) and the statement with the lowest mean score being that the management decisions does not affect the independence of internal audit (Mean=2.19, SD=1.01 and CV=46).

Other statements were; formalized principles of internal audit guiding its position and powers in the framework of the NG-CDFs (mean= 2.77, SD=1.021 and CV=37), our organization relies much on its own internal audit department which is independent (Mean=2.73, SD=1.001 and CV=37), the internal auditor determines scope of auditing freely without interference (Mean=2.37, SD=1.102and CV=46), the achievement of the function and objective of internal audit has resulted to management effectiveness (Mean=2.80, SD=1.038 and CV=37), there has been no any case of conflict of interest reported between management and internal audit (Mean=2.52, SD=1.103 and CV=44) and the audit staff have direct and unrestricted access to audit committee and the board (Mean=2.68, SD=1.066 and CV=40). However the t-test for most statements relating to independence had high t values yielding to statistically significant (p values of less than 0.05).

4.9.3 Financial Reporting

The concept of financial reporting has become the center of academic research due to an upsurge in stakeholders' knowledge on how funds should be utilized. When financial reporting is well done, shareholders are able to determine the performance of an organization to determine the major areas that need turn around to enhance performance. When organizations report the financial outcomes more efficiently, improved productivity and performance is expected. To capture data on the various financial reporting dimensions, descriptive statements derived from literature were presented to respondents on a five - point Likert-type scale with ranges from 1 representing (not at all) to 5 representing (very large extent). The respondents were requested to indicate the extent to which the statements are applicable to their respective NG-CDFs in Kenya. The subsequent subsections present the findings.

4.9.3.1 Communication

Communication as a construct of financial reporting was determined by the study using different attributes that are deemed to measure its manifestations in the surveyed NG-CDFs in Kenya. The ability of organization to consistently and timely communicate their financial positions allows for the effective financial management. Various statements depicting the different manifestations of communication were posed and respondents were required to indicate the extent of agreement to which these statements applied to the various NG-CDFs in Kenya. The results are presented in Table 4.19.

Table 4.19: Communication Attributes

	N	Mean	Std. Deviation	CV %	T	Sig.
The fund account manager report contains all statements as required by international public sector accounting standards	184	2.77	1.422	51	-3.110	.001
All the statements of accounts are signed by the chairperson and fund account manager after approval and authorization by the NG-CDFs management committee before circulation to the interested parties.	185	2.33	1.002	43	-7.121	.000
The NG-CDFs management committee publishes and distributes its performance and management analysis for stakeholders scrutiny	185	2.78	.899	32	-6.741	.000
The NG-CDFs management committee frequently hold open forum meetings where income and expenditure accounts issues are discussed and allow input on budgeting matters	185	2.48	1.02	41	-9.122	.000
The NG-CDFs management committee prepares financial reports for auditing purposes	185	3.37	1.11	33	3.278	.001
The NG-CDFs management committee publishes the financial accounts in at least two daily newspapers with national circulation	184	3.22	1.101	34	1.648	.100
Average Mean Score		**2.836**	**1.026**	**37**		

Source: Author (2019)

The results show that the average mean score of the communication attribute is 2.836, standard deviation of 1.026 and coefficient of variation of 37 percent. The statements with the highest mean score are; the NG-CDFs management committee prepares financial reports for auditing purposes (Mean=3.37, SD=1.11 and CV=33).

All other statements had a mean score lower than 3.0; the fund account manager report contains all statements as required by international public sector accounting standards (Mean=2.77, SD=1.422 and CV=51), the NG-CDFs management committee publishes and distributes its performance and management analysis for stakeholders scrutiny (Mean=2.78, SD=.899 and CV=32), all the statement of accounts is signed by the chairperson and fund account manager after approval and authorization by the NG-CDFs management committee before circulation to the interested parties (Mean=2.33, SD=1.002 and CV=43) and that the NG-CDFs management committee frequently hold open forum meetings where income and expenditure accounts issues are discussed and allow input on budgeting matters (Mean=2.48, SD=1.02 and CV=41). The t-test for the statements relating to communication had high t values yielding to statistically significant (p values of less than 0.05). Overall communication is slightly below average implying that it is manifested among the NG-CDFs in Kenya slightly below average.

4.9.3.2 Benchmarking

The study also sought to establish the manifestation of benchmarking in NG-CDFs in Kenya according to respondents. Various statements depicting the different manifestations of benchmarking were posed and respondents were required to indicate the extent of agreement to which these statements applied to their respective NG-CDFs in

Kenya. The respondents were asked to rate factors on a Likert-type scale of 1 (not at all) to 5 (to very large extent) and the results of the findings presented in Table 4.20.

Table 4.20: Benchmarking Attributes

	N	Mean	Std. Deviation	CV %	T	Sig.
The reports prepared for constituency members contain only basic information of sufficient details to enable all stakeholders to assess performance of NG-CDFs	180	2.33	1.101	47	-9.624	.000
The NG-CDFs has adopted International Public Sector Standards Report (IPSAS) in its financial reporting	178	2.88	1.187	41	-.299	.652
Your NG-CDFs management committee has ensured that the statement of compliance with the best practices of governance is reviewed and certified by the general auditor, where such compliance can be objectively verified before publication.	179	3.11	1.100	35	2.823	.005
The projects implemented are subjected to review by the voters	182	2.82	1.099	39	-3.132	.000
Professionalism as suggested by International Public Sector Standards Report (IPSAS) is strongly emphasized	182	2.61	1.133	43	-3.322	.000
The NG-CDFs management committee apply the standard and recognized way of fraud detection and report to internal auditors for necessary actions	180	2.26	1.098	49	-7.666	.000
Average Mean Score		**2.736**	**1.123**	**41**		

Source: Author (2019)

The statements relating to benchmarking gave a mean score of 2.736, standard deviation of 1.123 and coefficient of variation of 41 percent. This was a low mean implying that benchmarking is lowly manifested among the NG-CDFs in Kenya. The t-test for most statements relating to benchmarking had high t values yielding to statistically significant (p values of less than 0.05) except for the statement that the NG-CDFs has adopted International Public Sector Standards Report (IPSAS) in its financial reporting (Mean=2.88, SD=1.187 and CV=41).

Further the statement with the highest mean score was that the NG-CDFs management committee has ensured that the statement of compliance with the best practices of governance is reviewed and certified by the general auditor, where such compliance can be objectively verified before publication (Mean=3.11, SD=1.100 and CV=35) but all other statements had a mean score below 3.0; the NG-CDFs has adopted International Public Sector Standards Report (IPSAS) in its financial reporting (Mean=2.88, SD=1.187 and CV=41), the projects implemented are subjected to review by the voters (Mean=2.82, SD=1.099 and CV=39), professionalism as suggested by International Public Sector Standards Report (IPSAS) is strongly emphasized (Mean=2.61, SD=1.133 and CV=43) with the statement that the NG-CDFs management committee apply the standard and recognized way of fraud detection and report to internal auditors for necessary actions having the lowest mean score (Mean=2.26, SD=1.098 and CV=49). The CV range was slightly high ranging from 39 to 49 depicting slightly high variation in responses.

4.9.3.3 Budgeting

Various statements depicting the different manifestations of budgeting were posed and respondents were required to indicate the extent of agreement to which these statements applied to their respective NG-CDFs in Kenya. The respondents were asked to rate budgeting factors on a five Likert-type scale of 1 (not at all) to 5 (to very large extent) as applied in the respective NG-CDFs in Kenya. The results of the findings were presented in Table 4.21.

Table 4.21: Budgeting Attributes

	N	Mean	Std. Deviation	CV %	T	Sig.
The NG-CDFs management committee has set time aside for budget preparation	178	2.05	1.004	49	-9.612	.000
The money budgeted is strictly used for the intended projects	179	2.22	1.112	50	-5.100	.000
The annual budgets are continuously prepared from the date of the previous budget approval	179	2.63	1.02	39	-3.852	.000
There is midterm review of budget approved by NG-CDFs management committee if urgency requires	179	2.88	1.105	38	-3.532	.000
The budget is prepared by qualified personnel with supervision of NG-CDFs management committee	183	2.33	1.203	52	-11.026	.000
NG-CDFs management committee ensures that the budget is within the allocated funds	179	2.42	1.054	44	-8.721	.000
Average Mean Score		**2.496**	**1.0988**	**45**		

Source: Author (2019)

The average mean score of the statements regarding budgeting attributes is 2.496, standard deviation of 1.0988 and coefficient of variation of 45 percent. The t-test for most statements relating to benchmarking had high t values yielding to statistically significant (p values of less than 0.05). The statement with the highest mean score was that there is midterm review of budget approved by NG-CDFs management committee if urgency requires (Mean=2.88, SD=1.105 and CV=38) and that the annual budgets are continuously prepared from the date of the previous budget approval (Mean=2.63, SD=1.02 and CV=39). However, all the statements had a mean below of 2.5. For instance other statements were; the money budgeted is strictly used for the intended projects (Mean=2.22, SD=1.112 and CV=50), NG-CDFs management committee ensures that the budget is within the allocated funds (Mean=2.42, SD=1.054 and CV=44), the NG-CDFs management committee has set time aside for budget preparation (Mean=2.05, SD=1.004 and CV=49) and that the budget is prepared by qualified personnel with supervision of NG-CDFs management committee (Mean=2.33, SD=1.203 and CV=52). Coefficient of variation ranged from 38 to 52 which a variation of 1.004 indicating lowest variation in responses.

4.9.4 Performance of NG-CDFs in Kenya

Data envelopment analysis was used to examine performance of NG-CDFs in Kenya using input/output relationship. A decision-making unit where a score less than 100% is considered inefficient compared to other units. The findings are shown in table 4.22.

Table 4.22: Performance of NG-CDFs in Kenya

Range/Statistic	Frequency	Value
0.0 to 0.3	81	43.78%
0.31 to 0.6	85	45.95%
0.61 to 0.9	17	9.18%
0.91-1	2	1.08%
Mean		0.37368
Standard Error		0.0214
Median		0.333523
Mode		0.454532
Standard Deviation		0.182824
Sample Variance		0.025175
Kurtosis		0.063122
Skewness		0.543802
Range		0.94742
Minimum		0.05054
Maximum		1
Sum		105.8571
Count		185
Confidence Level (95.0%)		0.032132

Source: Author (2019)

Efficiency is defined as the ratio of outputs to the resources used/inputs. In this study, DEA Model inputs were: budget allocations, projects approved, operational costs incurred and employee remunerations. The outputs were: projects completed, projects efficiency, employee efficiency and operational efficiency. The findings shown in table 4.22 indicates that (45.95%) of NG-CDFs were moderately inefficient with efficiency score of between 0.31 and 0.6. It was also established that 43.78% of NG-CDFs were inefficient with efficiency score of 0.3 and below.

Further findings indicate that the performance of 9.18% of NG-CDFs was above average with efficiency score ranging from 0.61 and 0.9. Only 2 NG-CDFs representing 1.08% were found to be efficient with efficiency score of 1. The mean efficiency score was

0.37368 which is below average. In order to increase efficiency, NG-CDFs should decrease the level of resources and investments and/or increase the production factors. The DEA performance is shown in Appendix vii.

4.10 Results of Correlation Analyses

Pearson correlation was used to measure the degree of association between variables under consideration that is independent variables (governance, internal audit and financial reporting) and the dependent variable (NG-CDFs performance). The results are as presented in Table 4.23

Table 4.23: Correlation Analysis Results

Correlations					
		GV	IA	FR	PER
GV	Pearson Correlation	1	.657**	.843**	.442**
	Sig. (2-tailed)		.000	.000	.000
	N		265	265	265
IA	Pearson Correlation		1	.676**	.269**
	Sig. (2-tailed)			.000	.000
	N			267	267
FR	Pearson Correlation			1	.338**
	Sig. (2-tailed)				.000
	N				267
PER	Pearson Correlation				1
	Sig. (2-tailed)				
	N				

**. Correlation is significant at the 0.01 level (2-tailed).
Scale; GV = Governance: IA= Internal Audit: FR= Financial Reporting: PER=Performance

Source: Author (2019)

The analysis above shows that corporate governance has moderate and positive influence on performance (r =.442 and $P<0.05$) implying that the relationship is significant. In addition, financial reporting is positively correlated to performance (r =.338 and $P<0.05$) implying a statistically significant relationship though the association is moderate. Further internal audit showed a weak but statistically significant relationship with performance ($r = .269$ and $P<0.05$) implying that all the variables are significant in explaining NG-CDFs performance.

CHAPTER FIVE

TESTS OF HYPOTHESES AND DISCUSSION

5.1 Introduction

Hypotheses were formed on the foundation of the objectives of the study; they were tested using simple regression analysis for direct relationship in hypotheses one and stepwise regression analysis for indirect hypothesis two and three and multiple regression for hypothesis four. The choice of analytical tools to be used was guided by the study objective, type of data as well as the measurement scales. The study tested hypotheses at 5% level of significance, subsequent decision points to reject or fail to reject a hypothesis were founded on the p-values. Where $p<0.05$, the research rejected the null hypotheses, and where $p>0.05$, the research failed to reject the null hypotheses. The findings are presented along study objectives and corresponding hypotheses.

5.2 Governance and NG-CDFs Performance

The first objective tested the following hypothesis; **H_0: there is no significant relationship between governance and performance of NG-CDFs in Kenya.** NG – CDFs performance (dependent variable) was regressed on governance (Independent variable). This was tested through the bivariate regression analysis and the relevant outcomes are shown in Table 5.1.

Table 5.1: Regression Results of Governance and NG–CDFs Performance

a) Goodness of Fit

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.447[a]	.215	.202	.17543

a. Predictors: (Constant), Governance

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.895	1	1.895	49.868	.000[b]
	Residual	6.901	181	.038		
	Total	8.796	182			

a. Dependent Variable: Performance (Efficiency Score)

b. Predictors: (Constant), Governance

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		β	Std. Error	Beta		
1	(Constant)	.286	.017		16.824	.000
	Governance	.049	.007	.398	7.062	.000

a. Dependent Variable: Performance (Efficiency Score)

Source: Author (2019)

The study established a relatively moderate relationship between governance and performance of NG-CDFs in Kenya (R= .447). Coefficient of determination (R^2 =.215) shows that governance explains 21.5% of variation in performance of NG-CDFs in Kenya with the remaining 78.5% being explained by other variables implemented by NG-CDFs and not considered in the model. However, although moderate, the relationship is significant (F=49.868, p<0.05).

The significant association is further manifested by the t-value in the coefficient table (β=.049, t=7.062, p<0.05). This therefore depicts that governance is key in determining performance of NG-CDFs in Kenya and thus the hypothesis **that there is no significant relationship between governance and performance of NG-CDFs in Kenya** was rejected and the alternative hypothesis that there is significant relationship supported.

Founded on the outcomes of the regression results analysis as presented in Table 5.1, the model becomes;

$Y= 0.286 +0.049X_1$

Where Y was NG-CDFs performance and X_1 is Governance. This incudes that a single change in governance produces 0.049 changes in performance of NG-CDFs. However, when governance is held constant, performance is 0.286 units as represented by a constant value (β_0). This implies that governance significantly adds to performance of NG-CDFs in Kenya. This was guided by the model represented as; Objective 1: $Y_i = \beta_0 + \beta_1 X_1 + \varepsilon$. Where: Y_i is NG-CDFs performance; X_1 is governance; β_0 and β_1 are the coefficients of determination and ε is the error or disturbance term to represent omitted variables.

5.3 Governance, Internal Audit and NG-CDFs Performance

The second objective was to identify the intervening effect of internal audit on the interrelationship between governance and NG-CDFs performance in Kenya through formulation of the following hypothesis.

H_2 There is no significant intervening effect of internal audit on the relationship between governance and performance of NG-CDFs in Kenya.

In testing for the intervening effect of internal audit, the Baron and Kenny (1986) method was used. The approach known as stepwise technique includes a four step process whereby in step one, the influence of governance on NG – CDFs performance to establish the direct relationship was evaluated. Step two evaluates the influence of governance on internal audit to establish the relationship between the independent variable and the intervener. Step three evaluates the influence of internal audit on NG-statistically CDFs performance in Kenya and the requirement is that this effect should be significant. Finally, step four tests the influence of governance on performance of NG-CDFs while controlling for the effect of internal audit. The influence of governance should be statistically significant when controlling for internal audit for mediation to be confirmed. Results from the four steps are presented in Table 5.2, 5.3, 5.4 and 5.5 respectively.

Step One: Governance was regressed against NG-CDFs Performance. Outcomes are shown in Table 5.2.

Table 5.2: Governance and NG-CDFs Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.447[a]	.215	.202	.17543

a. Predictors: (Constant), Governance

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.895	1	1.895	49.868	.000[b]
	Residual	6.901	181	.038		
	Total	8.796	182			

a. Dependent Variable: Performance (Efficiency Score)

b. Predictors: (Constant), Governance

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.286	.017		16.824	.000
	Governance	.049	.007	.398	7.062	.000

a. Dependent Variable: Performance (Efficiency Score)

Source: Author (2019)

The findings in Table 5.2 indicate a statistically strong and positive relationship between governance and performance of NG-CDFs. The overall R squared was .215 indicating that governance explains 21.5% of variation in performance of NG-CDFs in Kenya. Although moderate, the relationship is significant ($F=49.868$, $p<0.05$). The p-value of 0.000 was less than 0.05 level of significance, hence the model is statistically significant. This was as well depicted in the corresponding t statistic ($\beta=.049$, $t=7.062$) hence governance was a key determinant on performance of NG-CDFs. The results thus confirmed the first step of testing for the intervening effect of internal audit on the linkage between governance and performance of NG-CDFs.

The testing process in step two involved testing the influence of governance on internal audit. The findings of the tests are presented in Table 5.3.

Table 5.3: Governance and Internal Audit

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.669[a]	.444	.429	.88098

a. Predictors: (Constant), Governance

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	196.002	1	196.002	164.018	.000[b]
	Residual	216.21	181	1.195		
	Total	412.212	182			

a. Dependent Variable: Internal Audit

b. Predictors: (Constant), Governance

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.585	.065		9.003	.000
	Governance	.525	.041	.603	12.807	.000

a. Dependent Variable: Internal Audit

Source: Author (2019)

The outcomes depicted in Table 5.3 indicate that governance has a positive and statistically strong relationship with internal audit (R=.669). Further the coefficient of variation (R^2=.444) depicted that internal audit is explained at 44.4% by governance. Further the F-value was 164.018 with P-value of 0.000 which is<0.05, hence the model is statistically significant. The corresponding t statistics was also significant. The results, therefore suggest that the second step of testing conforms to the process of testing the intervening effect to move to step 3. In third step, internal audit was regressed against performance of NG-CDFs. The outcomes in the third step are demonstrated in Table 5.4.

Table 5.4: Internal Audit and NG-CDFs Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.317[a]	.220	.161	.29006

a. Predictors: (Constant), Internal Audit

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.899	1	.899	23.658	.000[b]
	Residual	7.000	183	.038		
	Total	9.889	184			

a. Dependent Variable: Performance (Efficiency Score)

b. Predictors: (Constant), Internal Audit

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.216	.016		13.500	.000
	Internal Audit	.063	.013	.376	4.864	.000

a. Dependent Variable: Performance (Efficiency Score)

Source: Author (2019)

The results in Table 5.4 indicate that internal audit had a reasonable relationship with performance of NG-CDFs (R=.317) where by internal audit explaining 22% of performance of NG-CDFs (R^2=.220) with remaining percent being described by other aspects not considered in the model. The analysis from the model had F-value of 23.658 with P-value of 0.000 which is less than the level of significance 0.05; hence the model is considered to be statistically significant. Just like in the second step, the corresponding t statistic was significantly different from zero. Therefore, the condition in the third step in testing for an intervening effect was satisfied and hence it was in order to progress to step 4 and conclude the test for the intervening effect.

Finally, step four tested the influence of governance on performance of NG-CDFs while controlling for the effect of internal audit. These tests were done utilizing simple linear regression analysis. The effect of governance on performance of NG-CDFs shouldn't be statistically significant at α=.05 when internal audit is controlled.

Table 5.5: Regression Results Depicting Intervening Effect of Internal audit on Governance and Performance of NG-CDFs in Kenya

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.445[a]	.201	.191	.18451

a. Predictors: (Constant), Governance, Internal Audit

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.833	2	.917	25.472	.000[b]
	Residual	6.564	180	.036		
	Total	8.397	182			

a. Dependent Variable: Performance (Efficiency Score)

b. Predictors: (Constant), Governance, Internal Audit

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		β	Std. Error	Beta		
1	(Constant)	.127	.011		11.545	.000
	Governance	.388	.045	.413	8.622	.000
	Internal Audit	-.099	.054	-.119	-1.833	.078

b. Dependent Variable: Performance (Efficiency Score)

Source: Field Data (2019)

The outcome in Table 5.5 demonstrate that both governance and internal audit explains 20.1% of the variation in performance of NG-CDFs (R^2 =.201) which is statistically significant (p-value< 0.05). Jointly, the two variables (governance and internal audit) had a significant effect on performance of performance of NG-CDFs (F=25.472, p-value=.000) however, on individual evaluation, the study show that governance had a positive and significant effect on performance of NG-CDFs (t=8.622, p-value=.000) whereas internal audit was not statistically significant at 5% level since the t statistic was 1.833 in absolute and p value was 0.078. In addition, the sign of effect was negative. Following Baron and Kenny (1986) four steps of testing intervening effect, the study has comprehensively confirmed that internal audit significantly influence relationship between governance and NG-CDFs performance in Kenya.

5.4 Moderating effect of Financial Reporting on the relationship between Governance and Performance of NG-CDFs in Kenya

This was done through hypothesis $\mathbf{H_3}$: there is no significant moderating effect of financial reporting on the relationship between governance and performance of NG-CDFs in Kenya. The hypothesis was tested through stepwise regression analysis. First a regression model (step 1) predicted performance of NG-CDFs in Kenya from both the predictor in this case governance and the moderator in this case financial reporting. Here we expect, a significant effect. Step 2, regression involving governance, financial reporting and performance of NG-CDFs. Here the moderator need to be insignificant. Step 3, add the interaction effect. If both moderator and interaction term are significant, then moderation is occurring. However, observe the following, if the predictor and moderator are not significant given addition of the interaction, then complete moderation is reported. Also, if the predictor and moderator are significant with the interaction term added, then moderation has occurred, however the main effects are also significant.

Table 5.6: The Moderation Results of Financial reporting on Governance and NG-CDFs Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.447[a]	.215	.202	.17543
2	.453[b]	.249	.208	.17407
3	.459[a]	.326	.256	.16325

a. Predictors: (Constant), Governance
b. Predictors: (Constant), Governance, Financial Reporting

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.895	1	1.895	49.868	.000[b]
	Residual	6.901	181	.038		
	Total	8.796	182			
2	Regression	1.826	2	.913	50.722	.000[c]
	Residual	3.202	180	.018		
	Total	5.028	182			
3	Regression	.307	3	.102	2.040	.026[d]
	Residual	9.135	181	.050		
	Total	6.538	184			

a. Dependent Variable: Performance (Efficiency Score)
b. Predictors: (Constant), Governance
c. Predictors: (Constant), Governance, Financial Reporting
d. Predictors: (Constant), Governance, Financial Reporting, Interaction Term

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.286	.017		16.824	.000
	Governance	.049	.007	.398	7.062	.000
2	(Constant)	.238	.019		12.526	.000
	Governance	.356	.015	.163	23.733	.000
	Financial reporting	.104	.062	.089	1.677	.082
3	(Constant)	.097	.016		6.063	.000
	Governance	.765	.394	.287	1.942	.056
	Financial reporting	-.198	.118	-.078	-1.680	.087
	Interaction Term (G*F)	-.062	.051	-096	-1.223	.125

a. Dependent Variable: Performance (Efficiency Score)

Source: Author (2019)

The result in Table 5.6 on the moderating effect of financial reporting on the relationship between governance and NG-CDFs performance was computed using three steps. In model one the result shows that the association between governance and NG-CDFs performance was moderate and significant (R=.447[a,] R^2=0.215, F=49.868, P-value<0.05). In model two (R= .453[a,] R^2=.249, F=50.722, P-value<0.05) which was strong and significant and in model three (R= .459[a,] R^2=0.326, F=2.04, P-value<0.05) which is strong and significant at 5% level, suggesting presence of a moderating effect in model three after an interaction term is introduced.

The value of the interaction term (G*F) had a negative and non-significant influence (β=-.062, t=1.223, P>0.05). In addition, the respective effects of governance and financial reporting in the third model after introduction of an interaction term turned to be statistically insignificant thus confirming a presence of complete moderation effect of financial reporting. This finding supports the hypothesis that there is no significant moderating effect of financial reporting on the association between governance and performance of NG-CDFs in Kenya.

5.5 The Joint Effect of Governance, Internal Audit, Financial Reporting and NG-CDFs Performance

The fourth study objective was to establish the joint effect of governance, internal audit and financial reporting on performance of NG-CDFs in Kenya. From this objective, the following hypothesis was formulated and tested**- H_4**: There is no significant joint effect of governance, internal audit and financial reporting on the performance of NG-CDFs in Kenya. The hypothesis was tested using multiple regression analysis.

In the regression model, performance was the dependent variable, while governance, internal audit and financial reporting were predictor variables. The joint effect was then established by regressing predictor variables on performance.

Table 5.7: Joint Effect of Study Variables

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.376[a]	.454	.315	.18632

a. Predictors: (Constant), Financial Reporting, Internal Audit, Governance

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.351	3	.117	2.388	.028[b]
	Residual	8.815	179	.049		
	Total	9.166	182			

a. Dependent Variable: Performance (Efficiency Score)

b. Predictors: (Constant), Financial Reporting, Internal Audit, Governance

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		β	Std. Error	Beta		
1	(Constant)	.287	.016		17.938	.000
	Governance	.332	.078	.421	4.256	.000
	Internal Audit	.086	.039	.116	2.205	.038
	Financial Reporting	-.073	.068	-.113	-1.074	.074

a. Dependent Variable: Performance (Efficiency Score)

Source: Field Data (2019)

The regression results presented in Table 5.7 indicates overall model which was significant (p-value<0.05). The employed model with R^2 =0.454, F=2.388, and p value=.028 imply that governance, internal audit and financial reporting variables jointly and significantly explain 45.4% of variation in NG-CDFs performance while the other 54.6% is described by other factors not considered in this study.

This model suggests that even in the absence of all three variables NG-CDFs performance in Kenya will perform by .287 units. Also, for a unit increase in governance and internal audit, NG-CDFs increased by .332 units, and .002 units respectively. These changes were both significant at 5% level. Their respective significance that is p-values; .000 and .038 were less than 0.05 level. On the other hand, for a unit increase in financial reporting, NG-CDFs declines by .086 units. However, the change is not statistically significance. A significance level (p-value) of .074 was more than 0.05 level of significance. The model is as presented below;

$Y= .287+0.332G +.086IA -.073FR$

Where:

Y = NG-CDFs Performance

G= Governance

IA= Infernal audit

FR= Financial reporting

Ɛ = error term

From Table 5.7 above, it is evident that only financial reporting had an inverse and non-significant association with NG-CDFs performance in Kenya (p>.05). Since the overall regression was statistically significant given the p value of less than 0.05, the study concludes that the study variables had a joint and statistically significant association with NG-CDFs performance in Kenya. Therefore, proposition that the joint effect of governance, internal audit and financial reporting on the performance of NG-CDFs in Kenya is not significant was rejected and alternative hypothesis was supported.

Table 5.8: Summary of Test of Hypotheses

Hypothesis	Empirical evidence	Decision
Ho_1: There is no significant relationship between governance and NG-CDFs performance in Kenya.	NG-CDFs performance is supported	H_{o1} Rejected H_1 Fail to reject
Ho_2: There is no significant intervening effect of internal audit on the relationship between governance and NG-CDFs performance in Kenya.	NG-CDFs performance is supported	H_{o2} Rejected H_2 Fail to reject
Ho_3 There is no significant moderating effect of financial reporting on the relationship between governance and NG-CDFs performance in Kenya.	NG-CDFs performance is supported	H_{o3} Rejected H_3 Fail to reject
Ho_4: There is no significant joint effect of governance, internal audit and financial reporting on the performance of NG-CDFs in Kenya.	NG-CDFs performance is supported	H_o Rejected H_4 Failed to Rejected

Source: Author (2019)

In summary the hypothesis were, supported with moderate fit. The relationships between the predictor variables and the dependent variable were found to be statistically significant.

5.6 Discussion of Findings

The previous sections presented each of the findings of the tests of the main hypothesis. Discussions are done along conceptual, empirical and theoretical spheres. The discussion agrees with issues of agreement and contradiction between the outcomes of the present study and those of other researches as well as postulations of the major theories. The discussion is organized along the various hypotheses. The broad objective of the study was to establish the relationship among governance, internal audit and financial reporting and performance of NG-CDFs in Kenya. The results of the linear regression indicated the presence of a strong linear relationship between governance and NG-CDFs performance. This part discusses the findings of the study founded on the null hypothesis tested.

5.6.1 Governance and NG- CDFs Performance

This part presents the outcomes of testing governance and performance of NG- CDFs in Kenya. The focus was on the effect of governance on NG- CDFs performance. The study strived to establish the link between governance and performance of NG-CDFs in Kenya. The study hypothesized that there is no significant relationship between governance and performance of NG-CDFs in Kenya.

The study establishes significant positive association between governance and NG-CDFs performance in Kenya. The finding shows that 21.5 % of variations in performance of NG-CDFs are explained by variations in governance practices. Since the results of the regression analysis demonstrates a significant positive correlation between governance and NG-CDFs performance, a conclusion is drawn that there is an important link between governance and performance of NG-CDFs in Kenya leading to the rejection of the first hypothesis (H_1). The findings agree with the empirical study conclusions by Tariq and Abbas (2013) that governance improve organizational performance. The study results too agree with the agency theory perspective that the organizational performance is dependent upon governance. The study also confirms the findings of Kalezic (2012) that effectiveness of governance to enhance firm performance depends on support from top management to provide adequate resources required for organizational performance. Within the results based management theory, the findings confirm the assertion that organizations employ their resources by creating and implementing effective governance practices in a way to maximize their performance

Governance is deemed a crucial determinant of performance. Renneboog and Szilagy (2011) showed that governance appliance can eliminate agency costs and whatever inefficiency that occur from moral perils. The external auditor, the board of directors and the board's audit committee are the major actors in an organization's governance composition. The fundamental part of the board is to regulate the performance of management and to establish if the business is properly managed. It is also noted in stewardship theory explained by Siebels and Knyphausen-Aufseb (2012) that managers are trustworthy such that good governance that gives them freedom in decision making can improve organizational performance. In stakeholder theory, Kaplan and Norton (1996) posit that necessity for financial services is a result of the participation of outside stakeholders in the organization who require transparency from the management, in reciprocation for their contribution to the organization.

The outcomes in table 5.1 depict that there exists a statistically positive important relationship between governance and performance of NG-CDFs in Kenya. This implies that NG- CDFs that have strong governance practices, installed internal audit department with strong audit committee and so on have improved performance agreeing with the findings of IIA (2004) and Khas (2000). Some NG- CDFs that had well organized committee which met frequently and had well-documented governance policies. The services delivery of these NG-CDFs and general performance was very good. There are many schools and a well-kept record of bursary disbursement. In conclusion, this demonstrates that there is a remarkable link amongst governance and performance of NG-CDFs in Kenya.

5.6.2 Governance, Internal Audit, and NG- CDFs Performance

The second objective sought to determine the intervening effect of internal audit on the relationship between governance and performance of NG-CDFs in Kenya. This study hypothesized that there is no significant intervening effect of internal audit on the relationship between governance and performance of NG-CDFs in Kenya. The four steps by Baron and Kenny (1986) approach were applied to test the intervention effects of internal audit on the association between governance and performance of NG-CDFs in Kenya. The results (R= .445, adjusted R^2 = 0.201, F = 25.472, and p< 0.05) means that there is a positive and significant association between governance, internal audit and performance of NG-CDFs in Kenya with governance and internal audit jointly explaining 20.1% of the variations in performance of NG=CDFs in Kenya. Based on these findings, H_2 is rejected implying that internal audit has a statistically significant intervening effect on the relationship between governance and performance of NG-CDFs in Kenya.

The findings were consistent with the study of Prawitt et al. (2009) and Hutchison and Zain (2009) that internal audit improves organizational performance. The findings also supported the empirical literature of Kibet (2008) who found out that internal audit objectivity promotes governance and organizational performance. The study results agree with the agency theory perspective that the organizational performance is dependent upon internal audit. This is illustrated by Power (2000), who suggests that the role of internal audit in monitoring operational undertakings is provided for in the agency theory.

Further the results agree with the result based management theory, which states that organizations that practice good governance succeed in implementing effective internal audit in a way to maximize their performance (Greer et al, 1999). At the same time the study findings concur with the research results of Kibet (2009) on the role of internal audit as a tool for improving governance and accountability in state owned enterprises in Kenya. Additionally, the agency theory emphasizes that organizational ownership protect their interests from abuse by managers by putting in place strong internal audit and other organizational structures which enhance organizational performance. It is also noted within the stakeholder theory arguments put forward by Atkinson (1997) that the necessity for audit services is a result of the participation of outside stakeholders in the organization that require accountability from the management, in return for their contribution to the organization.

From the findings of the study, it is clear that the introduction of the intervening variable, internal audit, leads to enhancement of the relationship between governance and performance of NG-CDFs as shown by changes in coefficient of determination, R^2 in table 5.5. According to Razaee (2009) internal audit can be considered as the major part in monitoring and over sighting of the board. Thus in such an instant internal audit intervenes on the relationship between governance and performance.

The above interaction confirms that internal audit has a notable effect on governance and organizational performance. This explains why NG-CDFs that audited their books of accounts always had better performance than those that did not audit their books regularly. This is because besides the auditing of the books, the internal audit also provides NG-CDFs management committee with advice on means of reducing cost, improving efficiency and effectiveness and in decision making on financial matters.

All these functions of internal audit other factors constant, might have contributed to utilizing the money budgeted strictly for intended projects resulting to most projects being completed as scheduled and education bursaries awarded to deserving students. Many projects not completed and inequalities in bursary allocation just but to mention a few are common indicators in non-performing NG-CDFs captured in the findings of this study.

5.6.3 Governance, Financial Reporting and NG-CDFs Performance

The study was meant also to determine the moderating effect of financial reporting on the link between governance and NG- CDFs performance. The study hypothesized that there is no significant moderating effect of financial reporting on the relationship between governance and performance of NG-CDFs in Kenya. As presented in table 5.6, a positive relationship between the interaction of governance and financial reporting on one hand and organizational performance on the other hand was statistically significant. The findings (adjusted $R^2 = 0.326$, $F = 2.04$, and $p < 0.05$). The value of the interaction term (G*F) had a negative and non-significant influence (β=- .062, t=1.223, P>0.05). Additionally, the respective effects of financial reporting and governance in the third model after introduction of an interaction term turned to be statistically insignificant thus confirming a presence of complete moderation effect of financial reporting.

This finding leads to the conclusion that there is significant moderation effect of financial reporting on the association between governance and organizational performance. This finding thus leads to reject of hypothesis three (H_3). The findings collaborate with prior findings by Khan (2016), Mironiuc et al. (2015) and Hastuti (2016) which indicated that financial reporting influences the relationship between governance and organizational performance.

The results were in accordance to the literature of Ester et al. (2012) which indicated that financial reporting possess significant impact on the relationship between internal audit and financial reporting which positively impacts on organizational performance. It appears evident that financial reporting when properly modeled and incorporated in the analysis has a potential significant effect on performance in organizations.

NG-CDFs that prepared financial accounts and financial budgets and frequently reported their financial performance were efficient in terms of revenue expenditure with maximum output that is achieving the set targets. The study found that NG- CDFs that had not engaged NG-CDF Fund account manager with strong financial background and did not prepare and report their accounts had poor performance. At the same time financial reporting were rarely done thus leading to poor service delivery since the absence of financial reporting created problems in proper budget planning.

In conclusion, financial reporting has a positive remarkable effect on the relationship between governance and organizational performance. Khas (2000) also stated that the firm’s financial reporting systems are mitigated by internal audit which is part of governance structure which monitor the internal control system of the company hence enhancing performance. From the findings, financial reporting has a pertinent positive effect of performance of NG- CDFs in Kenya. This simply means that the all NG-CDFs should embrace financial reporting.

5.6.4 Governance, Internal Audit, Financial Reporting and NG-CDFs Performance in Kenya

In the fourth objective, the study was geared towards determining the joint effect of governance, internal audit and financial reporting on performance of NG-CDFs in Kenya. The study hypothesized that there is no significant joint effect of governance, internal audit, and financial reporting on performance of NG-CDFs in Kenya.

The outcomes of the regression model depicted in tables 5.7 (R=0.376, R^2 = 0.454, F= 2.388, and p value=.028) imply that there is a significant joint effects of governance, internal audit, and financial reporting on performance of NG-CDFs in Kenya. This implies that governance, internal audit and financial reporting jointly explaining 45.4% of the disparities in NG-CDFs performance. From the findings, H_4 is rejected implying that there is a significant joint effect of governance, internal audit and financial reporting on performance of NG-CDFs in Kenya. This is an indication that the intervening and moderating variables influenced performance of NG-CDFs significantly. This is not in agreement by the prior findings of Kalezic (2012), Kibet (2008) and Khan (2016). Therefore, the concepts of governance, internal audit, financial reporting and performance of NG-CDFs in Kenya have not been previously considered together as the case in this study.

Though not significant in the joint relationship, internal auditing functioning assists governance since it acts as a crucial part in regulating the internal control process of the firm (Khas, 2000). The NG-CDFs that had good governance structures had good performance. These NG-CDFs for example have built many schools and given many disadvantaged needy students bursaries. At the same time most of the projects were completed as per schedule. Very few projects were incomplete. The same NG-CDFs prepared final accounts which were audited regularly and made public the results for public scrutiny. The management frequently assessed the progress of the projects and reported the same to the stakeholders for example the community, creditors, civil society, Government and among others.

The findings also disclosed that the performing NG-CDFs mentioned above had put in place other mechanisms like strong system of internal controls that reduced wastage, enhanced proper utilization of resources and promoted efficiency hence high level of performance. For example, one NG-CDF was so organized and efficient in performance such that other NG- CDFs used it for benchmarking. In fact it is a case study of a success story in the proper utilization of public resources in rebate of poverty and improvement of well-being of the inhabitants.

The other common indicators of performing NG-CDFs disclosed by this study were regular financial reporting which showed proper usage of the tax payers' funds. The aspect of financial reporting instilled discipline in the NG-CDFs management committee such that the money budgeted was strictly used for the intended projects. The study findings further revealed that NG-CDFs that had weak governance structures with poor governance practices had poor performance. The common features with these NG-CDFs included poor governance, poor book keeping of accounts and poor budget planning. All these led to many projects remaining incomplete, bursaries awarded to the same students, money budgeted was not strictly used for intended projects and poor service delivery.

Thus these indicators confirm that absence of good governance; functional internal audit department and financial reporting have negative effect on performance.

5.7 Summary

This chapter has been dedicated to test hypotheses and discussion of the study findings. In total four hypotheses were tested. The key findings indicate that governance significantly influenced the NG- CDFs performance in Kenya. The research also showed that the relationship between governance and NG-CDFs performance was intervened by internal audit. The study further displayed that the relationship between governance and NG-CDFs performance was moderated by financial reporting. The table 5.9 below is the Summary of Research Objectives, Hypotheses and Test Results.

Table 5.9: Summary of Research Objectives, Hypotheses and Test Results

Research Objectives	Hypotheses	Hypotheses Test Results
Objective 1 To establish the relationship between governance and performance of NG- CDFs in Kenya.	**Hypothesis 1** There is no significant relationship between governance and performance of NG-CDFs in Kenya	Decision: rejected null hypothesis. Alternative hypothesis confirmed
Objective 2 To determine the intervening effect of internal audit on the relationship between governance and performance of NG-CDFs in Kenya	**Hypothesis 2** There is no significant intervening effect of internal audit on the relationship between governance and performance of NG-CDFs in Kenya	Decision: rejected null hypothesis. Alternative hypothesis confirmed
Objective 3 To establish the moderating effect of financial reporting on the relationship between governance and performance of NG-CDFs in Kenya	**Hypothesis 3** There is no significant moderating effect of financial reporting on the relationship between governance and performance of NG-CDFs in Kenya	Decision: rejected null hypothesis. Alternative hypothesis confirmed
Objective 4 To determine the joint effect of governance, internal audit and financial reporting on performance of NG- CDFs in Kenya	**Hypothesis 4** There is no significant joint effect of governance, internal audit and financial reporting on the performance of NG-CDFs in Kenya	Decision: Rejected null hypothesis. Alternative hypothesis confirmed

Source: Author (2019)

These findings have been discussed and compared with theory as well as previous studies. The results were found to concur with several as well as differ with other studies and theoretical and conceptual propositions. In what follows, chapter six presents the summary conclusions and recommendations.

CHAPTER SIX
SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

Relationship among governance, internal audit, financial reporting and performance of National Government Constituencies Development Funds (NG-CDFs) in Kenya formed the foundations of this study. They were tested via four hypotheses that covered the four variables. The chapter is organized as follows; Section 6.2 presents the brief of the findings of the research while Section 6.3 is the conclusion. Section 6.4 presents contributions of the study findings. Section 6.5 presents limitations of the study. Section 6.6 presents recommendations. Finally, Section 6.7 Chapter summary.

6.2 Summary of Findings

The first hypothesis (H_1) explored the relationship between governance and performance of NG=CDFs in Kenya. Findings of simple regression indicate that there is a significant and positive relationship (R=0.447, R2= 0.215, F= 49.868 p<0.05) between governance and performance of NG-CDFs in Kenya leading to the rejection of null hypothesis and accepting the alternative hypothesis. Hypothesis two **(H_2)** examined the intervening effect of internal audit on the association between governance and performance of NG-CDFs in Kenya. Results (R=0.445, R2= 0.201, F =25.472, P 0.05) show that internal audit significantly mediates the relationship between governance and NG-CDFs performance. The study confirmed internal auditing was a significant intervener. The null hypothesis was therefore rejected and alternative hypothesis accepted. The third hypothesis (H_3) examined the moderating effect of financial reporting on the link between governance and performance of NG-CDFs in Kenya. Results of hierarchical multiple regression analysis found significant moderating effect of financial reporting on the relationship between governance and performance of NG-CDFs in Kenya. The results (adjusted R^2 = 0.326, F = 2.04, and p< 0.05). The value of the interaction term (G*F) had a negative and non-significant influence (β=- .062, t=1.223, P>0.05. The null hypothesis was therefore rejected. The fourth hypothesis **(H_4)** that tested the joint effect of governance, internal audit and financial reporting on performance of NG-CDFs in Kenya. The study hypothesized that there is no significant joint effect of governance, internal audit, and financial reporting on performance of NG-CDFs in Kenya.

The outcomes of the regression model depicted in tables 5.7 (R=0.376, R^2 = 0.454, F= 2.388, and p value=.028) imply that there is a significant joint effects was rejected implying that the joint effect had a significant influence on NG-CDFs performance in Kenya.

6.3 Conclusions

The main objective of the study was to establish the relationship among governance, internal audit, financial reporting and performance of NG-CDFs in Kenya. The study was anchored on agency theory.

To achieve this, respective objectives and matching hypotheses were stated and a positivist philosophy was used to test four quantitative hypotheses. The association was conceptualized and schematized in a conceptual framework. Primary as well as secondary data was gathered on the concepts to test these relationships. A 66.07 percent response rate was reported. Both descriptive and inferential statistics was done where hierarchical bivariate and multiple linear regressions were employed.

The findings showed that all hypotheses were rejected in favor of alternative hypotheses which were supported. The rejection of the first hypothesis **(H_1)** and accepting the alternative hypothesis which explored the association between governance and performance of NG-CDFs in Kenya ascertained that governance had a significant remarkable effect on performance. Governance accounted for 21.5 percent of performance of NG-CDFs in Kenya that is explaining 21.5 percent variation of performance of NG-CDFs in Kenya. The results anchor in literature the importance of governance in influencing performance of NG-CDFs in Kenya.

From policy perspective, the study findings demonstrate that governance is practiced in all the NG-CDFs. The study investigated the relationship between governance and NG-CDFs performance in Kenya and the results were positive and significant. The introduction of internal audit as an intervening variable gave new insights to the association between governance and performance of NG-CDFs in Kenya. The study showed that internal audit significantly intervened the association between governance and performance of NG-CDFs in Kenya.

The second hypothesis **(H_2)** was rejected leading to accepting the alternative hypothesis which explored the intervening effect of internal audit on the association between governance and performance of NG-CDFs in Kenya implying that internal audit had a significant effect on performance of NG-CDFs in Kenya. It is clear that the findings implied that intervening effect of internal audit was positive from the analysis of responses made by the research respondents. Therefore, by introducing the intervening variable, internal audit, leads to enhancement of the link between governance and performance of NG-CDFs as shown by changes in coefficient of determination, R^2 in table 5.5.

The implication is that internal audit can be considered as the major part in monitoring and over sighting of the board by rendering independent, objective, and assurance on strategic operational components of governance. The above interaction confirms that internal audit possess a notable effect to governance and organizational performance.

Hypothesis **(H_3)** was meant to find out the moderating effect of financial reporting on the relationship between governance and performance of NG-CDFs in Kenya was also rejected. The study established significant moderating effect of financial reporting on the link between governance and performance of NG-CDFs in Kenya. The results showed that financial reporting moderated the relationship between governance and performance of NG-CDFs in Kenya. It appears evident that financial reporting when properly modeled and incorporated in the analysis has a potential significant effect on performance in organizations.

NG-CDFs that prepared financial accounts and financial budgets and frequently reported their financial performance were efficient thus achieved the set targets as opposed to those that did not comply to financial reporting requirements which resulted to poor service delivery as a result of absence of proper budget planning. Therefore, the relationship between financial reporting and performance of NG-CDFs cannot be ignored.

In the fourth hypothesis **(H_4),** the study rejected the null hypothesis that tested the joint effect of governance, internal audit and financial reporting on performance of NG-CDFs in Kenya. Both variables were shown to have a joint influence on performance of NG-CDFs in a significant way. Thus, the research strongly affirms that the combined influence of governance, internal audit and financial reporting complement each other and significantly influence the performance of NG-CDFs in Kenya. Due to the outcome, the conglomerated influence of the independent variables creates synergy that delivers superior performance.

In conclusion therefore, the study results confirm some conceptual and empirical studies while refuting others. They have also supported several theoretical postulations and refuted some. Finally, the study's conceptual model was tested and retained due to the empirical evidence. The model suggests that performance of NG-CDFs is influenced by more than one variable thus validating the major objective of this study that the relationship among governance, internal audit and financial reporting influence performance of NG-CDFs in Kenya. The research has several inferences to theory, managerial practice as well as policy. The successive sections present those inferences.

6.4 Contributions of the Study Findings

Literature has demonstrated that good governance is critical to organizational sustainable performance hence its survival. Internal audit and financial reporting have since been connected to performance. Consequently, little empirical literature existed on relationship among governance, internal audit, financial reporting and performance of NG-CDFs in Kenya.

Studies such as Ochieng et al., (2012), Auya and Oino (2013), Hassan (2012) and Malala and Ndolo (2014) have been carried out in NG-CDFs in Kenya but using different variables from those of this study thus resulting to weak conceptual models. Worse, conceptual literature has leaned towards governance and performance of companies. The study therefore, sought to establish the link among governance, internal audit, financial reporting and performance of NG-CDFs in Kenya. The study result will arouse deeper academic discourse and form a basis of strengthening, policy and managerial practices in performance of NG-CDFs in Kenya.

6.4.1 Contributions to Theory

This study was grounded in the Agency, stakeholder, stewardship, legitimacy and result based management theories. The findings of this research boosted the empirical strength to agency theory. The study established that enhanced performance is influenced by good governance. Therefore, the findings can help other funds for example NHIF, NSSF, Youth enterprise development fund among others to embrace good governance, internal audit and financial reporting in promoting enhanced service delivery. As per the agency theory propositions, the study findings reinforce that adherence to internal controls leads to improved performance by ensuring safety for assets, fraud detection and deterrence, risk management and controls. The results based management theory arguments that success of organizational performance depends on management tactics by change effort that place more strength on outcomes as opposed to processes. Governance mechanisms is confirmed by the mediation relationships of internal audit. The presence of segregation of duties and monitoring role of internal audit indicate the principles that support the agency theory.

The agency theory's main contend is that governance structures installed by the board ensure tight monitoring of the managers thus minimizing the misuse of organizational resources leading to enhanced performance. Therefore, this study contributes more required empirical stronghold to this theory which critics have dismissed as being more logical than empirical grounded.

Further, the theory will be beneficial from the findings that governance as well as financial reporting has a noticeable effect on performance. The contextualization of this theory in performance of NG-CDFs in Kenya broadens the coverage of applicability and operationalization of the theory. Legitimacy theory has been equally supported by this study.

The study identified that internal audit has a positive effect on the association between governance and NG-CDFs performance. It explained 20.1 percent of performance. Legitimacy theory's main proposition has been that procedural and composition controls are meant to safeguard on organizations legitimacy and that accounting procedures are an essential regulation instruments specifically as it touches on the relationship between technical exercises and belief practices. This proposition compliments agency theory. However, this study disclosed that internal audit alone cannot significantly influence performance of NG-CDFs in Kenya. Legitimacy theory therefore benefits since the proponents will appreciate that the need for combining internal audit, financial reporting in enhancing performance of organization. The research results demonstrate that the introduction of financial reporting yielded stronger explanatory power of the association between governance and NG-CDFs performance in Kenya.

6.4.2 Contributions to Managerial Practice

Managerial practice is a permanent concern within many NG-CDFs in Kenya and NG-CDFs management committees have been seeking best formulae to enhance performance. This study benefits managerial procedure in NG-CDFs and other firms. First the research study established hat governance has a considerable effect on performance of NG-CDFs in Kenya. This posits that managers could consider governance as critically significant for enhanced performance. The joint effect discloses the importance of study variables in determining organizational performance.

The research results have shown that internal audit has a statistically notable effect on the association between governance and NG-CDFs performance. Managers should therefore embrace internal audit and also be alive to the fact that organizational performance also relies on other inputs. The NG-CDF Board should ensure that there are sound governance practices in all the NG-CDFs that results to effective internal audit mechanisms which ultimately enhances NG-CDFs performance. Management effort should focus on autonomous and objectivity of internal audit and its support to internal audit and robust, effective internal control by provision of sufficient resources.

It is therefore likely that the variables of this study could be more beneficial in improving NG-CDFs performance. Managers who consider making managerial decisions should consider these variables since their combination is likely to enhance performance as opposed to using other variables.

6.4.3 Contributions to Policy

NG-CDFs play a remarkable role in distributing and allocation of resources with a major objective of improving the citizen’s welfare. Therefore, their location throughout the country and subsequent performance is a matter of policy concern. The findings of the study have several policy implications and have brought out key policy aspects that may require to be relooked at.

Stakeholders particularly the local communities can participate positively for example in providing land for the construction of schools and police posts. However, the resources they may provide are not enough to enhance service delivery. Therefore, government policy should be focused towards resource acquisition by increasing annual budget allocation that would then have a stronger influence on performance of NG-CDFs.

Another area of policy that can be noticed from this study is that governance has a very huge influence on NG-CDFs performance. The NG-CDF board should ensure that all NG-CDFs have homogeneous governance practices and adherence to internal audit mechanisms that ensure performance in the NG-CDFs that in return give value for tax payer’s money. The government can as a result develop a policy that ensures NG-CDFs focus more of their resources in these areas to ensure enhanced performance.

Finally, the study revealed that only two NG-CDFs’ performance was efficient. There could be two interpretations to this revelation which could have an impact on policy. First, there could be other factors that influence performance in the NG-CDFs like political interference, tribal interest and among others. It would therefore be advisable for the government of Kenya to seek to establish these factors with an aim of laying more emphasis on them for improved results. Secondly, it could be likely that the tool or process to measure performance of NG-CDFs yields to inaccurate results than the actual performance. This study therefore, recommends that policy makers to review the entire performance measurement tool and process in the NG-CDFs to verify that the results reported reflect the situation on the ground. In this case the NG-CDFs should use Data Envelopment Analysis (DEA) in measuring performance.

6.4.4 Contributions to Methodology

The results of this research contribute to methodology in the following ways: The interaction between the subjective and objective results led to outcomes that need further exploration. A totally qualitative research would also provide deeper understanding of performance of NG-CDFs in Kenya. Operationalization of internal audit is another methodological implication. Governance's continuous evolution will be boosted by the operationalized of internal audit as an intervening variable and not its traditional role as a reinforce of internal controls to mitigate exploitation of the agent's resources by the managers. Finally, the positive interaction and combinations of the three variables particularly financial reporting and its moderating role in the performance of NG-CDFs in Kenya invites further investigation.

6.4.5 Contributions to Knowledge

The study used the DEA model to measure performance in NG-CDFs. Prior studies on performance in public sector have often focused on financial and Balanced Score Card and not the model (DEA) used in this study. This study also adopted DEA methodology to evaluate performance of NG-CDFs as it is based on their costs and benefits. The importance of DEA technique is the empirical ability of estimation of the efficiency of

NG-CDFs. Further, the method enables the researcher to compare the performance of all the NG-CDFs.

The research findings confirmed that governance significantly influences organizational performance and thus concurs with the previous studies. The interaction and effect of governance, internal audit as well as financial reporting on performance of NG-CDFs in Kenya and their relationships with the theories underpinning this study is probably the biggest implication on knowledge. The study hopes that the outcomes of the study shall deepen conceptual and theoretical debate on the results brought about by the relationships among the four variables. Agency and result based management theories are about efficient utilization of organizational resources for better performance. These theories promote proper management of resources for enhanced sustainable performance. On the other hand, agency theory, stewardship as well as legitimacy theories are about control, monitoring and oversight. Presence of oversight and monitoring might result to optimal use of available resources in an organization resulting to enhanced performance. The results have demonstrated that governance has positive influence on performance.

6.5 Limitations of the Study

The main objective of the study was to establish the relationship among governance, internal audit, financial reporting and performance of NG-CDFs in Kenya. The objective was achieved but the study like any other faced some limitations. First, some respondents might have been biased in their responses so as to be seen as a proper managed fund. Their responses regarding the aspect of study were therefore one sided. While they are resource persons, the aspect of biasness can’t entirely be disregarded however, it is vulnerable to the risk of occurrences reported. This peril was subsequently reduced by careful phrasing as well as reorganization of the study instrument.

Another limitation of the study is that other constituencies were currently created from other constituencies. This made secondary data limited because whilst sharing physical boundaries and tangible assets it was impossible to do the same with stored secondary data. This subjected the report to have insufficient data from the new constituents. The obstacle was reduced by obtaining secondary data before the creation of the new constituencies and from the ministry of Finance and Planning. The wide geographical spread of NG-CDFs was yet another limitation. The NG-CDFs are spread across the country some found in inaccessible areas because of rough terrain and insecurity. This resulted to the risk of limited data. To minimize the risk in some circumstances emails were used to administer the questions.

6.6 Recommendations

This research concentrated establishing the relationship among governance, internal audit, financial reporting and their influence on performance of NG-CDFs in Kenya. The study attained all its objectives. It prompted matters that could be considered for further research. The following recommendations should be considered by future researchers. First, the study applied both primary and secondary data through the administration of a questionnaire and analyzing the books of accounts and the financial reports. There is need to consider other primary sources of data such as observation, interviewing, video recording and photographing. Further, a longitudinal study would also likely to produce complimentary results to this study.

Secondly, internal audit performed the intervening role in this particular research. Forthcoming study might strive to establish its independent influence on performance of NG-CDFs in Kenya. Further it could be worthy to introduce governance processes to such research and repeat similarly repeat the same in other contexts. The current research was undertaken across NG-CDFs in Kenya. Similar variables can be observed within functional categorizations of the other funds such as NHIF, Water Fund, Youth Fund and Women Fund among others.

Additionally, this research conceptualized the association among governance, internal audit and financial reporting on the influence of performance of NG-CDFs in Kenya. The results revealed that joint influence of the variables on performance was high. However, the conceptualization did not fully explain performance. Therefore, future studies may perhaps introduce new variables such as governance code, audit committees and the auditor general among others to this study. Further, financial reporting played a moderating role in this study. Its independence effects on performance of NG-CDFs in Kenya were not within the scope of this study. Subsequent studies can actually introduce it. Future studies should also employ phenomenological apart from positivism paradigms in utilizing qualitative method. This research used a census study of the 290 NG-CDFs. Future studies could concentrate on individual NG-CDF for deeper understanding that is case study.

REFERENCES

Abu-Tapanjeh, A.M. (2009). Corporate governance from the Islamic perspective: a comparative analysis with OECD principles. *Critical Perspectives on Accounting*, 20(5), 556–567.

Adekunle, A.A. & Taiwo, A. (2013). An empirical investigation of the financial reporting practices and banks stability in Nigeria Kuwait chapter of Arabian. *Journal of Business and Management Review*, 2(5), 157-180.

Adeyemi, S.B & Fagbemi, T.O. (2010). Audit quality, governance and firm characteristics in Nigeria. *International journal of Business and Management* 5(5) 45-57.

Aghion, P& Bolton, P. (1992). Distribution and growth in models of imperfect capital markets. *European Economic Review*, 36(2), 603–611.

Aguilera, R. & Cuervo-Cazurra, A. (2009). Codes of Good Governance, Corporate Governance. *An International Review,* 17(3), 376-387.

Ahmed, H & Gábor,A. (2012). An examination of the relationship of governance structure and performance: evidence from banking companies in Bangladesh. *Society and Economy*, 34(4), 643–666.

Al-Dmour, H.A., Abbod, M. & Al Qadi, N.S. (2018). The impact of the quality of financial reporting of non-financial business performance and the role of organizations demographic attributes (Type, size and experience). *Academy of accounting and financial studies journal,* Vol 22.

Ali Shah, S, Butt, S&Hassan, A (2009), 'Corporate governance and earnings management an empirical evidence form Pakistani listed companies', *European Journal of Scientific Research*, vol. 26, no. 4, pp. 624–638.

Al-Janadi, Y. Rahman, A. & Omar, N. (2013). Corporate Governance Mechanisms and Voluntary Disclosure in Saudi Arabia. *Research Journal of Finance and Accounting,* 4(4), 25-35.

Alkhatib, K.S. & Marji, Q. (2012). Audit report timeliness: Empirical evidence from Jordan. *Social and Behavioural Sciences,* 6(2), 1342-1349.

Al-Shammari, B. &Al-Sultan, W. (2010). Corporate governance and voluntary disclosure in Kuwait. *International Journal of Disclosure and Governance*, 7(3), 262–280.

Ammann, M. Oesch, D. & Schmid, M. (2013). Product Market Competition, Corporate Governance, and Firm Value: Evidence from the EU Area. *European Financial Management*, 19(3), 452-496.

ANAO (2006). *Implementation of Programme and Policy Initiatives: Making Implementation Matter*. Better Practice Guide, Australian National Audit Office, Canberra.

Anuntaakalaku, A. (2010). *The achievement in risk management and governance of public sector organizations in Thailand.* The Empirical Evidence of Internal Auditing efforts, EABR, & ETL Conference Proceedings Dublin, Ireland, 99-44

Aosa E. (1992). *An empirical investigation of aspects of strategy formulation an implementation within large private manufacturing companies in Kenya*, PhD Thesis. University of Strathclyde, Glasgow.

Arena, M., Azzone, G., & Bengo, I. (2015). Performance measurement for social enterprises. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, *26*(2), 649-672.

Argenti, J. (2018). *Practical corporate planning*. Routledge.

Armstrong, A, Jia, X & Totikidis, V. (2005). *Parallels in Private and Public Sector Governance, GovNet Annual Conference, Contemporary Issues in Governance.* Paper presented to GovNet Annual Conference, Contemporary Issues in Governance Melbourne, 28-30 November.

Arthur, E. E. (2016). *Corporate governance and performance of banks in Ghana* (Doctoral dissertation).

Asaolu, T. O., Adedokun, S. A., & Monday, J. U. (2016). Promoting good governance through internal audit function (IAF): The Nigerian experience. *International Business Research*, *9*(5), 196-204.

Ashforth, B. & Gibbs, B. (1990). The Double-edge of Organizational Legitimation. *Organization Science*, 1(2), 121-212.

Auditor General's Reports (2018). *Public -Sector Accountability*. Series No.1/2010.

Auya, S. & Oino, P. (2013). The Role of Constituency Development Fund in Rural Development: Experiences from North Mugirango Constituency, Nyamira

County, Kenyan. *International Journal of Science and* Research (I.J.S.R). 2(6), 306-312.

Awino, Z. B. (2011). Strategic management: An empirical investigation of selected strategy variables on firm performance: a study of supply chain management in large private manufacturing firms in Kenya. *Prime Journals*, 1(1), 9-18.

Baron, R. M. & Kenny, D. A. (1986). The moderator-mediator variable distinction in social psychological research: conceptual, strategic and statistical consideration. *Journal of Personality and Social Psychology*, 51, 1173-1182.

Basso A. & Funari, S. (2003). Measuring the performance of ethical mutual funds: A DEA approach. *The Journal of Operation Research Society*, 54 (5), 521-531

Bauer, R, Frijns,B, Otten, R.&Tourani-Rad,A. (2008). The impact of corporate governance on corporate performance: Evidence from Japan. *Pacific-Basin Finance Journal*, 16(3), 236–251.

Beiner, S & Schmid, M. (2005). *Agency Conflicts, Corporate Governance, and Corporate Diversification-Evidence from Switzerland.*

Bennett, J. A. (2000). Focus on research methods mediator and moderator variables in Nursing research: Conceptual and statistical differences. *Research in Nursing & Health*, 23, 415-420.

Berger, A. N. & Humphrey, D. B. (1997). Efficiency of financial institution: international survey and directions of future research. *European Journal of Operational Research*, 98, 175-212.

Berle, A. & Means, G. (1932). *The Modern Corporation and Private Property*. New York: Macmillan.

Berry, L. L. (1983). Relationship marketing. In emerging perspectives on services marketing. *American Marketing Association*, 2, 25–28.

Berry, L., William, D. & Stanley, F. (1985). *Multiple Regression in Practice*. Newbury Park, CA: Sage.

Bhatta, M.M. (1995). *Corporate published Accounting information and investors.* ISBN-81-900422-9-7, Books Treasure Jodhpur, India PP6.

Blue Bibbon Committee (1999). *Report and Recommendation of the Blue Ribbon Committee on Improving the Effectiveness of Corporate Audit Committees.* New York: Stock Exchange.

Boytsun,A.Deloof,M.&Matthyssens,P.(2011). Social Norms, Social Cohesion, and Corporate Governance. *Corporate Governance: An International Review*,19(1), 41-60.

Bozec,R.(2005).Boards of Directors, Market Discipline and Firm Performance. *Journal of Business Finance & Accounting*, 32(9-10), 1921-1960.

Braadbaart, O. (2007). Collaborative Benchmarking, Transparency and Performance: Evidence from the Netherlands Water Supply Industry. *Benchmarking: An International Journal*, 14(6), 677-92.

Bradley Lail, Jason McGregor, James Marcum & Martin Stuebs (2015). *Virtuous professionalism in Accountants to avoid Fraud and Restore Financial reporting.* Hankamer School of business, Baylor University Waco, Texas 76798 – 8002.

Bradley, D, Noonan, P, Nugent, H. &Scales, B. (2009). *Review of Australian Higher Education: Final Report*, Department of Education, Employment and Workplace Relations, Canberra.

Brennan, N. M., Kirwan, C. E., & Redmond, J. (2016). Accountability processes in boardrooms: a conceptual model of manager-non-executive director information asymmetry. *Accounting, Auditing & Accountability Journal*, *29*(1), 135-164.

Bryman, A. & Bell, E. (2011). Ownership structure and governance and its effects on performance: A case of selected banks in Kenya. *International journal of Business Administration*, 2(3).

Buallay, A., Hamdan, A. & Zureigat, Q. (2017). Corporate Governance and Firm Performance: Evidence from Saudi Arabia, *Australasian Accounting, Business and Finance Journal*, 11(1), 2017, 78-98. doi:10.14453/aabfj.v11i1.6

Burns, N., & Grove, S.K. (2010). Understanding nursing research: Building evidence based practice. Elsevier Health services.

Bushman, R. M., Piotroski, J. D., & Smith, A. J. (2004). What determines corporate transparency? *Journal of Accounting Research*, 42(2), 207-252.

Byard, D, Li, Y & Weintrop, J. (2006). Corporate governance and the quality of financial analysts' information. *Journal of Accounting and Public Policy*, 25(5), 609–625.

Cadbury (2000).The Corporate Governance Agenda. *Corporate Governance: An International Review*, 8(1), 7-15.

Cadbury Report (1992). *Report of the Committee on the Financial Aspects of Corporate Governance.* London: Gee & Co.

Cadbury,A. (1999). What are the trends in corporate governance? How will they impact your company? *Long Range Planning*, 32, 12–19.

Capital Markets Authority (CMA) (2002). *Guidelines on corporate governance practices by public listed companies in Kenya. Capital Markets Authority (CMA).* Nairobi: Government Printer.

Carcello, J.V., Hermanson, D. R. & Raghunandan K. (2005b). Changes in Internal Auditing During the Time of the Major US Accounting Scandals. *Internal Journal of Auditing*, 9 (2), 117- 127.

Carmeli, A., & Tishler, A. (2004). The relationships between intangible organizational elements and organizational performance. *Strategic management journal*, *25*(13), 1257-1278.

Carson, K. A., Grossman, S. A., Fisher, J. D. & Shaw, E. G. (2007). Prognostic Factors for Survival in Adult Patients With Recurrent Glioma Enrolled Onto the New Approaches to Brain Tumor Therapy CNS Consortium Phase I and II Clinical Trials. *Journal of Clinical Oncology: American Society of Clinical Oncology*, 25(18), 2601-2606.

Casement, A. (2008). Ethical Governance. *British Journal of Psychotherapy*, 24, 407-428.

Chander, S. (1992). *Corporate Reporting Practices.* New Delhi: Deep and Deep publications,

Chandra, G. (1974). A study of the consensus on Disclosure among Public Accountants and Security Analysts. *The Accounting Review*, 733-742.

Chau, G. & Gray, S. (2010). Family Ownership, Board Independence and Voluntary Disclosure: Evidence from Hong Kong. *Journal of International Accounting, Auditing and Taxation*, 19(2), 93-109.

Chen, J.&Roberts, R.(2010).Towarda More Coherent Understanding of the Organization–Society Relationship: A Theoretical Consideration for Social and Environmental Accounting Research. *Journal of Business Ethics*, 97(4),651-665.

Chiang, H.T & Chia, F (2005). An empirical study of corporate governance and corporate performance. *Journal of American Academy of Business,* 6(1), 95–101.

Christ, M. H., Emett, S., Summers, S., & Wood, D. (2012a). The effects of preventive and detective controls on employee performance and motivation. *Contemporary Accounting Research*, 29(2), 432–452.

Chung, H. F., Wang, C. L., Huang, P. H., & Yang, Z. (2016). Organizational capabilities and business performance: When and how does the dark side of managerial ties matter?. *Industrial Marketing Management*, *55*, 70-82.

Church,B.K.,McMillan,J.J. Schneider, A.(1998).The effect of risk factors and decision frame on internal auditors' consideration of fraud explanations. *Advances in Accounting*, 16,75-88.

Church,B.K.,McMillan,J.J.&Schneider, A.(2001).Factors affecting internal auditors' consideration of fraudulent financial reporting during analytical procedures. *Auditing: A Journal of Practice&Theory*,20(1),65-80.

Claessens,S.(2006),Corporate Governance and Development, WorldBank Research Observer, 21(1).

Clarke,T.(1998).The stakeholder corporation: A business philosophy for the information age. *Long RangePlanning*,31(2),182-194.

Clarkson, M.E. (1995). A stakeholder framework for analyzing and evaluating corporate social performance. *Academy of Management Review*, 20(1), 92–117.

Cohen, J. G., Krishnammorthy, & Wright, A. M. (2002). Corporate Governance and the Audit Process. *Contemporary Accounting Research* (Winten), 573-95.

Cohen, J. Krishnamoorthy, G. & Wright, A. (2004). The corporate governance mosaic and financial reporting quality. *Journal of Accounting Literature*, 23, 87–152.

Cohen, J. R., Ding, Y., Lesage, C., & Stolowy, H. (2010). Corporate fraud and managers' behavior: Evidence from the press. *Journal of Business Ethics*, 95, 271–315.

Combs, J. G. & Ketchen, D.J. Jr. (1999). Explaining inter firm cooperation and performance: Towards a reconciliation of predictions from resource based view and organization economics. *Strategic Management Journal*, 20,867-888.

Combs, J.G., Crook, T.R. & Shook, C.L. (2005). The dimensionality of organizational performance and its implications for strategic management research, in Ketchen, D.J. (Ed.). *Research Methodology in Strategy and Management*, 2, 259-286.

Conyon, M. & He, L. (2011). Executive Compensation and Corporate Governance in China. *Journal of Corporate Finance*, 17(4), 1158-1175.

Cooper, R.D. & Schindler, S.P. (2014). *Business Research Methods.* 12th Edition. New York: McGraw Hill

Cooper, W.W, Ijiri, & Yuji (1984). *Kohler's Dictionary for Accountants.* New Delhi: Prentice Hall India.

Crawford, M. & Stein, W. (2004). Risk Management in U.K Local Authorities: The effectiveness of current guidance and Practice. *International Journal of Public Sector Management* 17(6), 498-512.

Creswell, J.W., & Plano Clark,V.L.(2011).*Designing and conducting mixed methods research* (2ed). Thousand Oaks, CA: Sage Publications.

Cronbach, L. J. (1951). Coefficient alpha and the internal structure of tests. Psychometrika, 16(3), 297-334.

Cronbach, L. J., & Shavelson R. J. (2004). My current thoughts on coefficient alpha and successor procedures. *Educational and Psychological Measurement,* 64 (3),391-418.

Dahya, J, McConnell, J.J. & Travlos, NG (2002). The Cadbury Committee, Corporate Performance, and Top Management Turnover. *Journal of Finance*, 57(1), 461-83.

Davis, J.H., Schoorman, F.D, & Donaldson, (1997). Towards Stewardship Theory of Management. *Academy of Management Review*,22(1), 20-47.

De Vaus, D. A. (2002). *Surveys in Social Research*, 5th edition. Crows Nest, Australia: Allen & Unwin.

Deegan, C. M. (2009). *Financial accounting theory* (3rd ed.). North Ryde, NSW: McGraw-Hill.

Deegan, C. (2002). *Australian Financial Accounting.* Sydney: McGraw Hill Book Company.

Deegan, C. (2004). *Financial Accounting Theory*, McGraw-Hill Australia, Sydney.

Deephouse, D. L., Bundy, J., Tost, L. P., & Suchman, M. C. (2017). Organizational legitimacy: Six key questions. *The SAGE handbook of organizational institutionalism*, 27-54.

Deloitte, (2010). *The changing role of internal audit.* Retrieved from http://www.deloitte.com/assets/Dcom-Belgium/Local%20Assets/Documents/EN/Services/AERS/Internal%20audit%20and%20internal%20control/be-aers-ers-internalauditsurvey-march2010.pdf

Donaldson, L. & Davis, J. (1991). Stewardship Theory or Agency Theory: CEO Governance and Shareholder Returns. *Australian Journal of Management*, 16(1), 49-64.

Donaldson, T & Preston, L. E. (1995). The Stakeholder Theory of the Corporation: Concepts, Evidence and Implications. *Academy of Management Review*, 20(1), 65-91.

Doodley, D. (2003). *Social Research Methods*.3rd Edition. New Delhi: Prentice-Hall of India

Dose, J. J., & Klimoski, R. J. (2005). Doing the Right Thing in the Workplace: Responsibility in the face of Accountability. *Employee Responsibilities and Rights Journal*, 8.

Doyle, J, Ge, W & McVay, S. (2007). 'Determinants of weaknesses in internal control over financial reporting', *Journal of Accounting and Economics*, 44(1-2), 193-223.

Ebrahim, M.A., Abdulla, K. & Faudziah, H.B.F. (2014). The effect of the internal Audit and firm performance: A proposed Research framework. The international review of management and marketing, 4(1), 34-41.

Economic Survey (2016). *Kenya National Bureau of Statistics*. Herufi House, Nairobi. Http://www.knbs.or.ke

Economic Survey (2019). Kenya National Bureau of Statistics. The Popular Version. Series No.1/2019

Emrouznejad, A., Anouze, A. L., & Thanassoulis, E. (2010). A semi-oriented radial measure for measuring the efficiency of decision making units with negative data, using DEA. *European Journal of Operational Research, 200*(1), 297-304.

Enofe, A.O, Mgbame C.J, Osa-Erhabor V.E & Ehiorobo A.J. (2013). The Role of Internal Audit in Effective Management in Public Sector. Research Journal of Finance and Accounting, 4(6).

Ester Gkras – Gil, Salvador Marin – Hernandez & Domingo Garcia – Perez de Lema (2012). *Internal audit and financial reporting in the Spanish banking industry. Managerial Journal*, 27(8), 728 – 753.

European Confederation of Institutes of Internal Auditing (2005). *Position Paper*: *Internal Auditing in Europe.*

Fama,E.& Jensen, M.(1983).Separation of Ownership and Control. *Journal of Law and Economics*, 26(2), 301-325.

Fama, E.F. (1980). Agency Problems and the Theory of the Firm. *The Journal of Political Economy*, 88(2), 288–307.

Fan, J. P. & Wong, T.J. (2005). Do external auditors perform a corporate governance role in emerging markets? Evidence from East Asia. *Journal of Accounting Research*, 43(1), 35–72.

Farber,D.(2005).Restoring trust after fraud: Does corporate governance matter? *The Accounting Review,* 80(2),539–561.

Fich, E. M. & Shivdasani, A. (2007). Financial fraud, director reputation, and shareholder wealth. *Journal of Financial Economics*, 86(2), 306–336.

Field, H. (2009). The Normative Role of Logic. *Proceedings of the Aristotelian Society Supplementary,* 83, 251-268.

Flesher, D. L. & Zanzig J.S. (2002). Management Accountants Express a Desire for Change in the Functioning of Internal Auditing. *Managerial Auditing Journal*, 15 (7), 331- 337.

Flower, J., & Ebbers, G. (2018). *Global financial reporting*. Macmillan International Higher Education.

Formentini, M., & Taticchi, P. (2016). Corporate sustainability approaches and governance mechanisms in sustainable supply chain management. *Journal of Cleaner Production*, *112*, 1920-1933.

Freeman, R. E., Wicks, A. C., & Parmar, B. (2004). Stakeholder Theory and "The Corporate Objective Revisited". *Organization Science*, 15(3), 364–369.

Freeman, R.E. (1984). *Strategic Management: A Stakeholder Approach.* Boston: Pitman Publishing.

Freeman, R.E. (1999). Divergent stakeholder theory. Academy of management Review, 24(2), 233–236.

Gaitho P. R. (2018). An Assessment of Financial Reporting and Auditing Practices in County Governments of Kenya. *Journal of Public Administration and Governance.* ISSN 2161-7104 2018, Vol. 8, No. 4

Galbraith, J. (1973). *Designing complex organizations*. Reading, MA: Addison-Wesley

Gansberg, V.C.N. (2005). Internal Auditing in the Public Sector: A Consultative forum in shores up best practices for government audit professional's in developing nations. *Internal Auditor,* 62(4).

Ghabayen, M.A. (2012). Board characteristics and firm performance: Case of Saudi Arabia. *International Journal of Accounting and Financial Reporting,* 2(2), 168–200.

Ghasemi, A. & Zahediasl, S. (2012). Normality tests for statistical analysis: a guide for non-statisticians. *International Journal of Endocrinology and Metabolism,* 10(2), 486-489.

Gibbins, M., Richardson, A. & Waterhouse, J. (1990). The management of corporate financial disclosure: opportunism, ritualism, policies and processes. *Journal of Accounting Research,* 28(1), 121-143.

Gok, (2016). Report on evaluation of the performance of public agencies for the financial. *Economic Development Report April.* Nairobi: Government Printers.

Gordon, L.A., Loeb, M.P. & Tseng C. (2009). Enterprise risk management and firm performance. A Contingency perspective. *J. Account, Public Policy,* 28, 301-327.

Greer, C. R., Youngblood, S. A. & Gray, D. A. (1999). Human resource management outsourcing. The make or buy decision. *Academy of Management Executive,* 13, 85-96.

Grove, H.,Patelli, L.,Victoravich,L.,&Xu,P.(2011).Corporate governance and performance in the wake of the financial crisis: Evidence from US commercial banks. *Corporate Governance: AnInternationalReview,*19,418–436.

Gujarati, D&Porter, D. (1992). *Essentials of Econometrics*. New York: McGraw-Hill.

Gupta, Ambrish (2009). *Financial accounting for management: An analytical perspective,* 3rd edition. New Delhi: Pearson Education.

Gürsoy, G & Aydoğan, K. (2002). Equity ownership structure, risk taking, and performance: An empirical investigation in Turkish listed companies. *Emerging Markets Finance and Trade*, 38(6), 6–25.

Habib, A. & Azim, I. (2008). Corporate governance and the value-relevance of accounting information: evidence from Australia. *Accounting Research Journal*, 21(2), 167–194.

Hair, J.Black, W.Babin, B, Anderson, R&Tatham, R. (2006). *Multivariate Data Analysis*. Prentice-Hall: Englewood Cliffs.

Hair, J.F., Black, W.C., Babin, B.J., & Anderson, R.E. (2010). *Multivariate Data Analysis.* Seventh Edition. New Jersey: Prentice Hall, Upper Saddle River.

Haniffa,R.&Hudaib,M.(2007).Locating Audit Expectations Gap within a Cultural Context: The Case of Saudi Arabia. *Journal of International Accounting, Auditing and Taxation*, 16(2), 179-206.

Harrison, W, Horngern, C, Thomas, C. & Suwardy, T. (2011). Financial accounting. *International financial reporting standards.* 8th edition.

Hart, O. (1995). Corporate governance: some theory and implications. *The economic Journal*, 105(430), 678–689.

Hassan, A.I. (2012). *Influence of Stakeholders on Performance of Constituency, Development Fund projects. A case of Isiolo North Constituency, Kenya.* Unpublished M.A Project, University of Nairobi.

Hassan, M., Rahman, R. A. & Mahenthiran, S. (2008). Corporate governance, transparency and performance of Malaysia companies. *Managerial Auditing Journal*, 23(8), 744-778.

Hastuti, T.D., Ghozali, I. & Vuyetta, E.N. (2016). The effect of international financial reporting standards on real earnings management and internal control structure as a moderating variable. *International Journal of Economics and Finance Issues,* 6(4), 1807-1814.

Hebb, T. (2006). The economic inefficiency of secrecy: Pension fund investors' corporate transparency concerns. *Journal of Business Ethics*, 63, 385-405.

Higgs, D 2002, *Review of the Role and Effectiveness of Non-Executive Directors*, London: Department of Trade and Industry.

Hladchenko, M. (2015). Balanced Scorecard–a strategic management system of the higher education institution. *International Journal of Educational Management*, *29*(2), 167-176.

Hsu Wen-His, Ldia, Wang G. Y., Tsai, L& Lu Chun-Weil (2003.). *Recent Researches in Applied Computers and Computational Science* ISBN: 978-1804-084-8.

Hubbard, G. (2009). Measuring firm's performance: Beyond the triple bottom line, *Business Strategy and the Environment*, 19,177–191.

Hutchinson, M.R., & Zain, M.M. (2009). Internal audit quality, audit committee independence, growth opportunities and firm performance. *Corporate Ownership and Control*, *7*(2), 50-63.

Hybels, Ralph C. (1995).On Legitimacy, Legitimation, and Organizations: A Critical Review and Integrative Theoretical Model. *Academy of Management Journal, 8*(Best Papers Proceeding1995), 241-245.

ICGN (2005). *ICGN Statement on Global Corporate Governance Principles.* London: International Corporate Governance Network. IIA (2002*). Manual*

IIA (2010). Measuring Internal audit effectiveness and efficiency .I.P.P.F- Practice guide. The Institute of Internal Auditors

IMF (1997).*GoodGovernance:theIMF'sroles,*www.imf.org,accessed25February 2008.

Institute of Internal Auditors (2004). *The Professional Practices Framework: Internal Standard for the Professional Practice of Internal Auditing.*

Institute of Internal Auditors [IIA]. (2010b). *Definition of internal auditing.* Retrieved from http://www.theiia.org/guidance/standards-and-guidance/ippf/definition-of-internal-auditing/

International Federation of Accountants [IFAC]. (2010). *International Auditing and Assurance Standards Board.* Retrieved from http://web.ifac.org/download/IAASB_Fact_Sheet.pdf

James, E. (2017). Commercialism and the mission of nonprofits. *In search of the nonprofit sector* (pp. 87-98). Routledge.

Jensen, M. C. (2003). Paying people to lie: The truth about the budgeting process. *European Financial Management*, 9(3), 379–406.

Jensen, M. & Meckling, W. (1976). Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure. *Journal of Financial Economics*, 3(4), 305-360.

Kalezić, Z. (2012).Corporate governance and firm performance with special reference to the banking system: empirical evidence from Monetengro. *Journal of Central Banking Theory and Practice*, 2, 19–54.

Kaplan, R. S. & Norton, D. P. (1996). The balanced scorecard – measures that drive performance. *Harvard Business Review*, January-February, 71-79.

Keith, T. Z. (2006). *Multiple regression and beyond: An introduction to multiple regression and structural equation modeling*. Routledge.

Khan, N. I. & Rahim, N.H.A. (2016). Firm performance: An empirical study on timeliness of financial reporting and financial voluntary disclosure. *E-academia Journal,* 55(1)

Khas, M. N. (1999). *Corporate Governance: Emerging Roles for Internal Auditors.* Paper Presented kat the Internal Audit Conference, Kuala Lumpa.

Kibet, P. K. (2008). *A Survey on the Role of Internal Audit in Promoting Good Corporate Governance in State Owned Enterprises.* Unpublished Management Research Paper, University of Nairobi.

Kothari, C. (2014). *Research methodology methods and techniques,* 3rd edition. New Delhi: New Age International Limited Publishers.

Kothari,S.P.,& Lester, R.(2012).The role of accounting in the financial crisis: Lessons for the Future. *Accounting Horizons*, 26(2),335–351.

Koutoupis, A., Pazarskis, M., & Drogalas, G. (2018). Auditing Corporate Governance Statements in Greece–the role of internal auditors. *Corporate Governance: The International Journal of Business in Society*, *18*(5), 1007-1020.

Krishnan, J. (2005). Audit committee quality and internal control: An empirical analysis. *The Accounting Review,* 80(2), 649–675.

Kyereboah-Coleman, A& Biekpe, N. (2005). *Corporate Governance and the Performance of Microfinance Institutions(Mfis)in Ghana*, UGBS Working paper, Universal Gaussian Basis Set Legon. Hair, J, Anderson, R, Tatham, R& Black, W1998, *Multivariate Data Analysis*, Prentice Hall, Englewood Cliffs.

Lamport M J, Seetanah, B.&S annassee R.V. (2011). Relationship between Corporate governance and firm performance: Evidence from a sample of Top 100 Mauritian companies. *Cambridge Business &Economics Conference*, Cambridge, UK, 1-31.

Lawrence, P. & Lorsch, J. (1967). *Organization and environment*. Cambridge, MA: Harvard University Press.

Lawrence, P.R. & Lorsch, J.W. (1967). Differentiation and integration in complex organizations. *Administrative Science Quarterly,* 12(1), 1-47.

Lee, C., & Nowell, B. (2015). A framework for assessing the performance of nonprofit organizations. *American Journal of Evaluation*, *36*(3), 299-319.

Lehn,K.Patro,S.&Zhao,M.(2007).Governance Indices and Valuation: which Causes which? *Journal of Corporate Finance*, 13(5), 907-928.

Letza, S. Sun, X. & Kirkbride, J. (2004). Shareholding Versus Stakeholding: a Critical Review of Corporate Governance. *Corporate Governance: An International Review*, 12(3), 242-262.

Levitt, A. (1999). *Remarks to the committee for economic development*, viewed 26 September 2010, <http://www.sec.gov/news/speech/speecharchive/1999/spch278.htm>.

Levitt, A. (1998). The Numbers Game. *The CPA Journal: Accounting &Tax Periodicals*, 68(12), 14-19.

Li, Wa& Tang, Y. (2007).An Evaluation of Corporate Governance Evaluation, Governance Index(CGI[superscript NK]) and Performance: Evidence from Chinese Listed Companies in 2003. *Frontiers of Business Research in China*, 1(1), 1–18.

Likert, R. A., (1932). A technique for the measurement of attitudes. *Archives of Psychology*, 40-52.

Lindblom, C. K. (1994). *The Implications of organizational Legitimacy for Corporate Social Performance and disclosure.* Paper presented at the Critical Perspectives on Accounting Conference, New York, NY.

Lynch, R, (2006). *Corporate strategy*, 4th ed. London: Prentice Hall.

Machuki, V. N. & Aosa, E. (2011). The influence of external environment on the performance of publicly quoted companies in Kenya. *Business Administration and Management Journal*, 1(7),205-218.

Maher, M & Anderson, T. (1999). *Corporate Governance. Effects of Firm Performance and Economic Growth*. Paris: OECD.

Maher, M. & Andersson, T. (2000), 'Corporate governance: effects on firm performance and economic growth', Available at SSRN 218490: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=218490

Malala, A.J & Ndolo J. (2014). *Factors affecting performance of Constituency Development Fund Projects in Kenya:* htpp://www.researchgate.net/publication/281590305.

Mallin, C.A. (2010). *Corporate governance*, 3rdedn, New York: Oxford University Press.

Marshall, C., & Rossman, G. (2006). *Designing qualitative research* (3rd ed.). Thousand Oaks, CA: Sage.

Mayne, J. W. (2017). *Monitoring performance in the public sector: Future directions from international experience*. Routledge.

McCann, J. (2004). The changing definition of organizational effectiveness. *Human Resource Planning.* 27(1), 17-30.

McGee, R.W. & Yuan, X. (2009). 'Corporate governance and the timeliness of financial reporting: An empirical study of the people's Republic of China', *International Journal of Business, Accounting and Finance,* 3(1), 19-27.

Mecceri, T. (1989). The unicorn, the normal curve, and other improbable creatures. *Psychological Bulletin*, 105**,** 156–166.

Melis, A. (2004). Financial reporting corporate communication and governance. *Corporate Communication and Governance. Corporate Ownership and Control*, 1(2), 31–37.

Mihret, D. G., & Grant, B. (2017). The role of internal auditing in corporate governance: a Foucauldian analysis. *Accounting, Auditing & Accountability Journal*, *30*(3), 699-719.

Mikes, A., & Kaplan, R. S. (2014). Towards a contingency theory of enterprise risk management. *Working Paper,* 13-063.

Miles, S., & Miles, S. (2019). Stakeholder Theory and Accounting. *The Cambridge Handbook of Stakeholder Theory*, 173.

Mintzberg, H. & Waters, J. (1985). Of Strategies, Deliberate and Emergent. *Strategic Management Journal*, 6(3), 257-72.

Mirie, M. (2014). *The influence of members' income and conduct of Saccos in the relationship between characteristics and efficiency of Saccos in Kenya.* PhD thesis. Nairobi: University of Nairobi.

Mironiuc, M., Carp, M. & Chersan, I.C. (2015). The relevance of financial reporting on performance of quoted Romanian companies in the context of adopting the IFRS. Procedia Economics and Finance, 20(2015), 404-413.

Mitchell, R. Agle, B. & Wood, D. (1997). Toward a Theory of Stakeholder Identification and Salience: Defining the Principle of Who and What Really Counts. *The Academy of Management Review,* 22(4), 853-886.

Mkalama, R.N. (2014). *Top management demographics, strategic decision making, and macro-environment and performance of Kenyan State Owned corporations.* University of Nairobi, (Ph.D. Thesis Unpublished).

Modoveanu, & Mihrea (2001). *Agency Theory and the Design of An Efficient Governance Mechanism.* Minnesota: Rotman School of Management, University of Minnesota

Mucciarone, M. (2005). *Performance Reporting in an Australian Government Context.* Paper presented to National Business Student Research Conference, Sydney.

Mugambi, G. K., & K'Obonyo, P. (2012). The predictive value of contextual factors on corporate performance in Kenya. *Prime Journal of Business Administration and Management*, 2(10), 709-725.

Muganda, N. (2010). *Applied Business and Management Research.* Nairobi: Nicrop Publications.

Mugenda, O. M. & Mugenda A. G. (2003). *Research Methods: quantitative and qualitative approaches.* Nairobi: Acts Press.

Mulili, BM & Wong, P (2011). Corporate governance practices in developing countries: The case for Kenya. *International Journal of Business Administration,* 2(1), 14-27.

Murphy, P. R. (2012). Attitude, Machiavellianism and the rationalization of misreporting. *Accounting, Organizations and Society,* 37, 242–259.

Murphy, P. R., & Dacin, M. T. (2011). Psychological pathways to fraud: Understanding and preventing fraud in organizations. *Journal of Business Ethics*, 101, 601–618.

Mwangi, I.C (2014). Socially responsible investment, portfolio management, institutional characteristics and performance of mutual funds in Kenya. *PhD Thesis*, University of Nairobi.

Mwangi, P. G., Kiarie, D. M., & Kiai, R. M. (2016). Integrated financial management information system, procurement performance and customer satisfaction in the county government of Nyeri.

Nachmias, D. & Nachmias, C. (2004). *Research methods in the social sciences,* 5th Edward Arnold, New York.

Ndimitu, P. N., Mwangi, C. I., Kisaka, S., & Mwangi, M. (2018). The Relationship Between Internal Audit and Internal Controls in Water Service Providers in Kenya. *DBA Africa Management Review*, *8*(2).

Newbert, S. L. (2008). Value, rareness, competitive advantage, and performance: A Conceptual-level empirical investigation of the resource-based view of the firm. *Strategic Management Journal*, 29(7), 745–768.

Newman, W., Alban, M., Alfred, S., & Ongayi, W. (2019). Literature Review on Non-Implementation of Internal Audit Recommendations in an Organization. *Academy of Entrepreneurship Journal*.

Nicholson, G. & Kiel, G. (2007). 'Can Directors Impact Performance? A Case-Based Test of Three Theories of Corporate Governance', Corporate Governance: *An International Review*, 15(4), 585-608.

Njeru, W. G. (2013). *Market orientation, marketing practices, firm characteristics, external environment and performance of tour firms in Kenya.* Unpublished Doctoral Thesis. Nairobi: University of Nairobi

OCED, (2004). *Principles of Corporate Governance.* Paris: OECD Publication, 2, rue, Dare-Pascal

Ochieng, F.O, Chepkuto, P., Tubey, R. & Kuto L.Y. (2012. Effectiveness of Monitoring and Evaluation of C.D.F Projects In Kenya. Case of Ainomoi Constituency. *International Journal of Arts and Commerce*, 1(6).

Ogollah, K., Bolo, Z.A. & Ogutu, M. (2011). Strategy structure environment linkage and corporate performance: A conceptual view. *Prime Journals*, 1(3), 101-113.

Okiro, K.O. (2014). *Corporate governance, capital structure, regulatory compliance and performance of firms listed at the East African Community Exchange.* Unpublished PhD Thesis, University of Nairobi.

Okungu, J, (2008). *The beauty and shame of Kenya's Constituency Development Fund.* [Online] Available: http:/www.afroarticles.com/article-dash boardarticle.php?id=6337&act=print.

Ongeti, W. J. (2014). *Organizational Resources, Corporate Governance and Performance of Kenyan StateOwned Corporations.* (Unpublished Ph.D. Thesis) University of Nairobi.

Ongore,V. O., & K'Obonyo,P.O. (2011). Effects of selected corporate governance characteristics on firm performance: Empirical evidence from Kenya. *International Journal of Economics and Financial Issues,*1(3), 99-122.

Ongoya, Z. & Lumallas, E. (2005). *A critical appraisal of the Constituency Development Fund Act.* Nairobi, Kenya.

Organization for Economic Co-operation and Development (2004*), "OECD Principles of Corporate Governance.* Paris: Press.

Orlandini,B.(2003).'Consuming good governance in Thailand', *The European Journal of Development Research*, 15(2),16-43.

Osborne, J., & Waters, E. (2002). Four assumptions of multiple regression that researchers should always test. *Practical assessment, research & evaluation*, *8*(2), 1-9.

Paparoidamis, N. G., Katsikeas, C. S., & Chumpitaz, R. (2017). The role of supplier performance in building customer trust and loyalty: A cross-country examination. *Industrial marketing management*.

Patel, S.A., Balic, A. & Bwakira, L. (2002). Measuring transparency and disclosure at firm- level in emerging markets. Emerging Markets Review, 3(4), 325–337.

Patterson, E. R., & Smith, J. R. (2007). The Effects of Sarbanes-Oxley on Auditing and Internal Control Strength. *The Accounting Review*, 82(2), 427–455.

Pearce II, J.A., Robinson, R.B., & Mital, A. (2012) *Strategic Management: Formulation, Implementation and Control 12th Edition.* New Delhi: Tata McGraw Hill Education Private Ltd.

Porwal, L.S. (1989). *Accounting Theory-An introduction.* Tata McGraw-Hill. ISBN-0-07-463820-3, Third Edition, PP81 and 136-137.

Power, M. (2000). *The Audit Implosion: reporting risk from the Inside*. London: ICAW.

Prawitt, D., Smith, J., & Wood, D. (2009). Internal Audit Quality and Earnings Management. *The Accounting Review*, 84, 1255-1280.

Price, R., Román, F. J. & Rountree, B. (2011). The impact of governance reform on performance and transparency. *Journal of Financial Economics*, 99(1), 76–96.

PricewaterhouseCoopers. (2011). *The Global Economic Crime Sur- vey,* November. London: PricewaterhouseCoopers.

Public Company Accounting Oversight Board (PCAOB). (2007). *An audit of internal control over financial reporting that is integrated with an audit of financial statements.* Auditing standard no. 5. (July 25). Washington, DC: PCAOB.

Public Oversight Board (1994). *Strengthening the professionalism of the independent auditor.* Stamford, CT: POB.

Rashid, K., Islam, S. & Anderson, R. (2008). *A Comparison of Corporate Governance and Firm Performance in Developing (Malaysia) and Developed (Australia) Financial Markets*. PhD Thesis, Victoria University, Melbourne.

Rehman, A., & Hashim, F. (2018). Forensic Accounting on Corporate Governance Maturity mediated by Internal Audit: A Conceptual Overview. In *1st Economics and Business International Conference 2017 (EBIC 2017)*. Atlantis Press.

Renn, O. (2017). *Risk governance: coping with uncertainty in a complex world*. Routledge.

Republic of Kenya (2003). *Public Audit Act.* Nairobi: Government Printer

Republic of Kenya (2010). *Constitution of Kenya.* Nairobi. Government Printers

Republic of Kenya (2013). *CDF Act.* Nairobi. Government Printers.

Republic of Kenya (2015).NG-CDF *Act.* Nairobi. Government Printers

Republic of Kenya (2016). NG-CDF *Act.* Nairobi. Government Printers

Republic of Kenya, (2013). *IEBC voter register.* Nairobi: Government Printers.

Republic of Kenya, (2019). *Economic Development Report April.* Nairobi: Government Printers.

Rezaee, Z. (2009). *Corporate Governance and Ethics*. John Wiley & Sons.

Rittenberg, L. E., (2006). Internal control: No small matter. *Internal Auditor*, 63(5), 47-51.

Rodriguez-Fernandez, M. (2016). Social responsibility and financial performance: The role of good corporate governance. *BRQ Business Research Quarterly*, *19*(2), 137-151.

Ross, S.A. (1973). The economic theory of agency: the principal's problem. *American Economic Review*, 63(2), 134–139.

Rossouw, G. J. (2005). Business ethics and corporate governance in Africa. *Business & Society,* 44, 94-106.

Russ, F. A, & McNeilly, K. M. (1995). Links among satisfaction, commitment and turnover inventories: The moderating effect of experience, gender and performance. *Journal of Business Research,* 34, 57-65.

Rutherford,B.A. (1983). *Financial Reporting in the Public Sector,* Lexis Law Publishing Va, Charlottesville.

Rutherford, M. (1995). The old and new institutionalism: can bridge be built? *Journal of Economic Issues,* 2(2), 443-451.

Saeed, M. (1990). *The Theory of Corporate Disclosure and its Applications in Financial Reporting. In M. Saeed. (Ed.).* Corporate Financial Reporting. New Delhi: Anmol Publications,

Sands, P., & Kurek, S. (2017). Charter for the Office of Audit, Risk, and Compliance. *Policy*, *11*, 5.

Sarbanes – Oxley Act (2002). *Corporate and auditing and accountability, Responsibility and transparency act of 2002,* Us public law 107 – 204 17th congress, 2nd session, July 30.

Sarens, G. & De Beelde, (2006). Internal Auditors; Perception about their Role in Risk Management: A Comparison between USA and Belgium, Companies, *Managerial Auditing Journal,* 21 (1) 63-80.

Saunders, M.N., Saunders, M, Lewis, P, & Thornhill, A. (2007). *Research Methods for Business Students.*5th edition, Pearson education, New Delhi.

Sawyer, L. (1973). *The Practice of Modern Internal Auditing: Appraising Operations for Management.* Altamonte Springs, FL: The Institute of Internal Auditors.

Schulz, S. A., & Flanigan, R. L. (2016). Developing competitive advantage using the triple bottom line: A conceptual framework. *Journal of Business & Industrial Marketing*, *31*(4), 449-458.

Scott, W. R. (2004). *Institutional Theory. Encyclopedia of Social Theory.* George Ritzer, ed. Thousand Oaks, CA: Sage.

Scott,W.R.(2003).*Organizations:Rational,Natural,andOpenSystems,*5th edn,Englewood Cliffs, NJ: Prentice- Hall.

Seal, W. (2006). 'Management accounting and corporate governance: an institutional interpretation of the agency problem', *Management Accounting Research*, 17(4), 389–408.

Sekaran, U. (2004). *Research methods for Business Skill Building Approach.* New York: John Wiley and Sons.

Shleifer,A.&Vishny,R.W.(1997).Asurveyofcorporategovernance.*TheJournalof Finance*, 52(2),737-783.

Siddiqui, M. Razzaq, N. Malik, F. & Gul, S. (2013). Internal Corporate Governance Mechanisms and Agency Cost: Evidence from Large KSE Listed Firms. *European Journal of Business and Management*, 5(23), 103-109.

Siebels, J. and Knyphausen-Aufseb, D. (2012). A Review of Theory in Family Business Research: The Implications for Corporate Governance', *International Journal of Management Reviews*, 14(3), 280-304.

Smallman, C. (2004). Exploring Theoretical Paradigm in Corporate Governance. *International Journal of Business Governance and Ethics*, 1(1), 78-94.

Smith,A.(1776).The Wealth of Nations E. Cannan (Ed.) Retrieved from http://site.ebrary.com.ezproxy.ecu.edu.au/lib/ecu/docDetail.action?docID=10381174

Solomon, J. (2010). *Corporate Governance and Accountability*, 2nd Edition, Chichester, UK: Hoboken, NJ, Wiley.

Sridharan, U&St. John,C. (1998). The Effects of Organizational Stability and Leadership Structure on Firm Performance. *Journal of Managerial Issues*, 10(4), 469-70.

Standard & Poors (2002). *Standard & Poor's corporate governance scores: criteria, methodology and definition*, Standard & Poor.

Sternberg, E. (1997). The Defects of Stakeholder Theory. *Corporate Governance: An International Review,* 5(1), 3-10.

Suchman, M. (1995). Managing Legitimacy: Strategic and Institutional Approaches. *Academy of Management Review*, 20(3), 571-610.

Sumritsakun, C. & Ussahawanitchakit, P. (2009). Internal audit innovation and firm stability of Thai listed Company: how do I Implement in an Organization? *Journal of Academy Business and Economics,* 9(4), 1-23

Tabara, N.S. &, Ungureanu, M. (2012).Internal Audit and its role in improving Corporate Governance System. Annales Universitatis Apulensis Series. *Oeconomica,* 14(1), 2012

Tandelilin, E., Kaaro, H. & Mahadwarths, P.A. (2007). *Corporate governance, risk management and bank performance: Does type of ownership matter*. EADN individual grant project (34).

Tapestry Networks (2004). *The Internal Auditor's Perspective.* Insights (July 6)

Tariq, Y. & Abbas, Z. (2013). 'Compliance and Multidimensional Firm Performance: *Evaluating the Efficacy of Rule-Based Code of Corporate Governance', Economic Modelling*, 35, 565-575.

Tavana, M., Kaviani, M. A., Di Caprio, D., & Rahpeyma, B. (2016). A two-stage data envelopment analysis model for measuring performance in three-level supply chains. *Measurement*, *78*, 322-333.

Taylor, D. W., Sulaiman, M., & Sheahan, M. (2001). Auditing of environmental management systems: A legitimacy theory perspective. *Managerial Auditing Journal*, 16(7), 411-422.

Terre Berry, S. (1968). The Evolution of Organizational environments," Administrative Science Quarterly, 12, 590-613.

Tesema Geda (2018).The Role of Internal Audit Practice to Promote Good Governance in Public Institution of Ethiopia: The Case of Jimma Zoneglobal. *Journal of management and business research: d accounting and auditing,* Volume 18 Issue 2 Version 1.0 Year 2018. Online ISSN: 2249-4588& Print ISSN: 0975-5853

The commonwealth Association of governance (2004). *CACG – Governance guidelines – principles for governance in the commonwealth states.*

Thijssens, T., Bollen, L., & Hassink, H. (2016). Managing sustainability reporting: many ways to publish exemplary reports. *Journal of Cleaner Production*, *136*, 86-101.

Tilling, M. (2004). *Refinements to Legitimacy Theory in Social and Environmental Accounting*, School of Commerce Research Paper Series, Flinders University, Adelaide.

Tricker, R. B., & Tricker, R. I. (2015). *Corporate governance: Principles, policies, and practices*. Oxford University Press, USA.

Tsamenyi, M., Enninful-Adu, E. & Onumah, J. (2007). 'Disclosure and corporate governance in developing countries: evidence from Ghana', *Managerial Auditing Journal*, 22(3), 319–334.

Unegbu, A.O. & Obi, B.C. (2007). *Auditing.* Hipuks Additional Press Uwani Enugu.

Van Peursem,K.A.(2005). Conversations with internal auditors: The power of ambiguity. *Managerial Auditing Journal, 20*(5), 489-512.

Vasile, E., Croitoru, I.S., Mitran, D. (2012). Risk Management in financial and accounting activity. *Internal auditing & risk and management Annual*, 1(25), 13-34.

Veal, A&Ticehurst, G. (2005). *Business Research Methods: A Managerial Approach*. London: Longman.

Venkatraman, N. & Ramanujam, V. (1986). Measurement of business performance in strategy research: A Comparison of approaches. *The Academy of Management Review*, 11(4), 801-814.

Vijakumar, A.N.S & Nagaraja, N. (2012). *Internal control systems: Effectiveness of audit in risk management at public sector enterprises.* B.V.M.R Management Edge, 5(1), 1-8

Watson, S.M. & Hirsch, R. (2010). '*The link between corporate governance and corruption in New Zealand',* New Zealand Universities Law Review, 24(1), 42.

Westphal, J. & Zajac, E. (2013). A Behavioral Theory of Corporate Governance: Explicating the Mechanisms of Socially Situated and Socially Constituted Agency. *The Academy of Management Annals*, 7(1), 605-659.

White, H. (1980). 'Using Least Squares to Approximate Unknown Regression Functions. *International Economic Review*, 21(1), 149-70.

World Bank(1992).*GovernanceandDevelopment.*WashingtonD.C.:WorldBank.

World Bank(1994)*Governance: the World Bank's experience,* www.worldbank.org, accessed15April2008.

Zikmund, W. G., Babin, B. J., Carr, J. C. & Griffin, M. (2010). *Business Research Methods,* 8th ed. South-Western: Cangage Learning.

APPENDICES

Appendix I: University Introductory Cover Letter

UNIVERSITY OF NAIROBI
COLLEGE OF HUMANITIES & SOCIAL SCIENCES
SCHOOL OF BUSINESS

Telephone: 0729-396808 Ext 306

P.O. Box 30197
Nairobi, KENYA

21st March, 2016

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

INTRODUCTORY LETTER FOR RESEARCH
KEYA CHARLES THOMAS – REGISTRATION NO. D80/72746/2012

The above named is a registered PhD candidate at the University of Nairobi, School of Business. He is conducting a study on ***"Governance, Internal Audit, Financial Reporting and Performance of Constituency Development Fund (CDF) in Kenya".***

I request your organisation to assist the student with necessary data which forms an integral part of the research project. The information and data required is needed for academic purposes only and will be treated in **Strict-Confidence**.

Your co-operation will be highly appreciated.

Thank you.

ASSOCIATE DEAN
Graduate Business Studies
School of Business (UON)
P.O. Box 30197 – 00100, NAIROBI

Dr. Mary Kinoti
Associate Dean, Graduate Business Studies
School Of Business

MK/rm

Appendix II: Researcher's Introductory Cover Letter

21st March 2016

To Whom It May Concern

Dear Sir / Madam,

RE: GOVERNANCE, INTERNAL AUDIT, FINANCIAL REPORTING AND PERFORMANCE OF NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUNDS IN KENYA

I am a Doctor of Philosophy (PhD) candidate in the Department of Finance and Accounting, School of Business – University of Nairobi. As part of the requirement for the award of the degree, I am expected to undertake a research study on the above topic whose purpose is to investigate the Governance, Internal Audit, Financial Reporting and Performance of National Constituencies Development Funds in Kenya.

To facilitate the completion of this thesis, I wish to humbly request for your assistance with certain data from your NG- CDF. I have attached a copy of the research instrument and introduction note from the University for your Quick Reference on the matter. The research findings are meant for academic purposes only and will be treated with highest confidentiality. No particular reference will be made on your NG- CDF and only the summary results will be made public.

I look forward to your utmost support and remain grateful.

Keya Charles Thomas

Telephone: 0722 453 377

Email: keya.charles@yahoo.com

Appendix III: Questionnaire

QUESTIONNAIRE ON GOVERNANCE, INTERNAL AUDIT, FINANCIAL REPORTING AND NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUNDS PERFORMANCE IN KENYA

This questionnaire is developed to collect data from National Government Constituencies Development Funds performance in Kenya on internal audit, governance, financial reporting and NG-CDFs performance. The data collected shall be used for scholarly work. Kindly be free to answer the respective questions. Your participation is highly appreciated.

SECTION A: NG-CDFs PROFILE

Name of the constituency………...

Address and location..

What is your position in the NG-CDFs?

Chairperson [ ] Secretary [ ] Treasurer [ ] Fund Account Manager [ ]

Your Gender: Male [ ] Female [ ]

1. Age Bracket

   Below 30 years [ ]

   31-39 years [ ]

   40-49 years [ ]

   Above 50 [ ]

How long have your worked in this NG-CDFs.

Below 3 Years	3-5 years	Over 5 years

What is your current level of education attained

Diploma	Bachelor	Masters	Doctorate	Any other specify

SECTION B: GOVERNANCE

The following statements relates to manifestation of governance in your organization. To what extent do the statements manifest in your organization? Kindly indicate (by ticking one box for each statement) **Use the following scale as appropriate**

Key: 1-Not at all; 2-Less extent; 3- Moderate extent; 4- Large extent; 5-Very large extent

Governance Dimensions		**1**	**2**	**3**	**4**	**5**
A. Transparency						
GT1	The NG-CDFs management hold meetings frequently to discuss the planning and execution of projects to improve performance					
GT2	The NG-CDFs management committee ensures that notice is sent in advance prior to the meeting (except in case of emergency)					
GT3	All significant issues are placed at NG-CDFs meeting for their considerations as per the terms of governance best practices					
GT4	Information on the NG-CDFs management committee is provided to stakeholders					
GT5	The NG-CDFs management committee ensures implementation of an effective system of internal control					
B. Disclosure						
GD1	All significant matters (issues) are brought to the attention of the NG-CDFs management committee and stakeholdesr e.g. budget planning, identification of projects to be financed, bursary deserving cases et al					
GD2	The minutes of the meetings are properly recorded in the minute book and subsequently circulated to the NG-CDFs management committee within thirty days of the meeting for their comments					
GD3	The NG-CDFs management committee actively monitors results of quarterly business					
GD4	The NG-CDFs management committee is given induction training opportunity on disclosure					

C. Organizational Structure						
GOS1	The local community gives sufficient input to NG-CDFs management on matters of constituency performance					
GOS2	The NG-CDFs management committee works in line with the national vision and mission					
GOS3	The appointment of board members involves all NG-CDFs stakeholders.					
GOS4	The operation of NG-CDFs board is guided by clear guidelines.					
GOS5	There is well defined NG-CDFs board responsibilities in the structure					
GOS6	Gender balance is considered in the NG-CDFs board composition.					
GOS7	NG-CDFs activities are based on strict reporting structures.					

SECTION C: INTERNAL AUDIT

One concept of this study is internal audit which consists of all the aspects and issues that revolve around internal audit execution. Please tick (√) appropriately.

The scale ranges from Not at all to Very large extent.

Key:1 Not at all, 2 less extent, 3-moderate extent; 4 large extent, 5- very large extent

	Internal Audit Dimensions	**1**	**2**	**3**	**4**	**5**
A. Consulting Risk Assessment						
IAR1	There is constant consultations between management and internal auditors on risk management strategies					
IAR2	Internal auditors recommendations on risk management are highly implemented by the management					
IAR3	Cases of fraud are expeditiously investigated by the management					
IAR4	The management have initiated measures to curb fraud					
IAR5	Our management consults internal auditors on the best practices of financial management					
IAR6	Internal Audit functions are usually performed with emphasis on the risk assessment and control					

IAR7	The internal control system is effective in minimizing potential losses					
B.	**Compliance Policies**					
IAC1	The management encourages adherence to audit policies and procedures					
IAC2	The recommendations from internal auditor helps to review procedures of operation					
IAC3	The internal procedures are customized to specific situations					
IAC4	Fraud is detected from well designed and thorough auditing procedures					
IAC5	The internal audit, audit the NG-CDFs books regularly as per the policies put in place					
IAC6	The procedures and policies dictates that internal audit to report regularly to the national board					
IAC6	The audit plan is regularly reviewed to ensure compliance with the IIA standards of reporting					
IAC7	The internal audit reports are considered by the national audit					
IAC8	The NG-CDFs management responds to audit findings from internal audit, regulators and the national auditor					
IAC9	Internal Audit provides relevant information in making decisions on financial matters.					
C.	**Assurance Service**					
IAA1	The reliability of internal audit procedures is determined and recommendations given before they are adopted					
IAA2	Comprehensive information provided by internal audit in key in the organizations operations					
IAA3	The organization regards the information by internal audit as reliable					
IAA4	Information provided by internal audit is regarded highly					
IAA5	Internal controls that are used to detect and mitigate fraud are evaluated by the management with the assistance from internal audit					
IAA6	Both management and internal audit are involved in fraud investigations					
D.	**Objectivity**					
IAO1	Internal Auditors freely choose any transactions or area of interest for audit.					
IAO2	The board determines terms of service for the internal audit staff					
IAO3	The board gets reports directly from the internal audit					

	regularly					
IAO4	Internal Audit is able to influence key management decisions on matters within its expertise.					
IAO5	Internal audit freely provide NG-CDFs management committee with advice on means of reducing cost, improving efficiency and effectiveness.					
E. **Independence**						
IAI1	The internal audit in our organization is independent from other operational activities					
IAI2	Our organization relies much on its own internal audit department which is independent					
IAI3	There has been no any case of conflict of interest reported between management and internal audit					
IAI4	There are formalized principles of internal audit guiding its position and powers in the framework of the NG-CDFs					
IAI5	The management decisions does not affect the independence of internal audit					
IAI6	The achievement of the function and objective of internal audit has resulted to management effectiveness					
IAI7	The audit staff have direct and unrestricted access to audit committee and the board					
IAI8	The internal auditor determines scope of auditing freely without interference					

SECTION D: FINANCIAL REPORTING

The following statements relate to various aspects of financial reporting. Please indicate to what extent they have applied to your NG-CDFS. Kindly use the key provided to **TICK** as appropriate.

Key: 1 = Not at all; 2 = Small extent 3 = Moderate extent 4 = Great extent 5 = Very great extent)

Financial Reporting Dimensions		**1**	**2**	**3**	**4**	**5**
A. Communication						
FRC1	The fund account manager report contains all statements as required by international public sector accounting standards					
FRC2	All the statement of accounts are signed by the chairperson and fund account manager after approval and authorization by the NG-CDFs management committee before circulation to the interested parties.					
FRC3	The NG-CDFs management committee publishes and distributes its performance and management analysis for stakeholders scrutiny					
FRC4	The NG-CDFs management committee frequently hold open forum meetings where income and expenditure accounts issues are discussed and allow input on budgeting matters					
FRC5	The NG-CDFs management committee prepares financial reports for auditing purposes					
FRC6	The NG-CDFs management committee publishes the financial accounts in at least two daily newspapers with national circulation					
B. Benchmarking						
FRB1	The reports prepared for constituency members contain only basic information of sufficient details to enable all stakeholders to assess performance of NG-CDFs					
FRB2	The NG-CDFs have adopted International Public Sector Standards Report (IPSAS) in its financial reporting					
FRB3	Your NG-CDFs management committee has ensured that the statement of compliance with the best practices of governance is reviewed and certified by the general auditor, where such compliance can be objectively verified before publication.					
FRB4	The projects implemented are subjected to review by the voters					
FRB5	Professionalism as suggested by International Public Sector Standards Report (IPSAS) is strongly emphasized					

FRB6	The NG-CDFs management committee apply the standard and recognized way of fraud detection and report to internal auditors for necessary actions					
C. Budgeting						
FRBU1	The NG-CDFs management committee has set time aside for budget preparation					
FRBU2	The money budgeted is strictly used for the intended projects					
FRBU3	The annual budgets are continuously prepared from the date of the previous budget approval					
FRBU4	There is midterm review of budget approved by NG-CDFs management committee if urgency requires					
FRBU5	The budget is prepared by qualified personnel with supervision of NG-CDFs management committee					
FRBU6	NG-CDFs management committee ensures that the budget is within the allocated funds					

SECTION E: NG-CDFs PERFORMANCE (Required Secondary Data)

NG-CDFs Performance Indicator	**Year**				
	2014	2015	2016	2017	2018
Input (From audited financial statements – K shs)					
Budget allocations					
Projects approved					
Operational costs incurred					
Employee remunerations					
Output (composite performance measures in % - DEA model)					
Projects completed %					
Projects efficiency %					
Employee efficiency %					
Operational efficiency %					

Source: Researcher 2019

Thank you

Appendix IV: Constituencies in Kenya

COAST PROVINCE

1. MOMBASA

1. Mvita Constituency
2. Kisauni Constituency
3. Likoni Constituency
4. Changamwe Constituency
5. Jomvu Constituency
6. Nyali Constituency

2. KWALE

7. Matuga Constituency
8. Kinango Constituency
9. Msambweni Constituency
10. Lunga Lunga Constituency

3. KILIFI

11. Malindi Constituency
12. Magarini Constituency
13. Kaloleni Constituency
14. Kilifi North Constituency
15. Kilifi South Constituency
16. Ganze Constituency
17. Rabai Constituency

4. TANA RIVER

18. Galole Constituency
19. Garsen Constituency
20. Bura Constituency

5. LAMU

21. Lamu West Constituency
22. Lamu East Constituency

6. TAITA TAVETA

23. Wundanyi Constituency
24. Voi Constituency
25. Mwatate Constituency
26. Taveta Constituency

NORTH EASTERN PROVINCE

7. GARISSA

27. Garissa Constituency
28. Dadaab Constituency
29. Lagdera Constituency
30. Fafi Constituency
31. Mbalambala Constituency
32. Ijara Constituency

8. WAJIR

33. Wajir East Constituency
34. Wajir South Constituency
35. Wajir West Constituency
36. Wajir North Constituency
37. Eldas Constituency
38. Tarbaj Constituency

9. MANDERA

39. Mandera South Constituency
40. Mandera West Constituency
41. Mandera East Constituency
42. Mandera North Constituency
43. Banisa Constituency
44. Lafey Constituency

EASTERN PROVINCE

10. MARSABIT

45. Saku Constituency
46. Laisamis Constituency
47. Moyale Constituency
48. North Horr Constituency

11. ISIOLO

49. Isiolo North Constituency
50. Isiolo South Constituency

12. MERU

51. Imenti Central Constituency
52. Imenti North Constituency
53. Buuri Constituency
54. Imenti South Constituency
55. Igembe South Constituency
56. Igembe North Constituency
57. Igembe Central Constituency
58. Tigania West Constituency
59. Tigania East Constituency

13. THARAKA NITHI

60. Chuka/Igambang'ombe Constituency
61. Maara Constituency

62. Tharaka Constituency

14. EMBU
63. Runyenjes Constituency
64. Manyatta Constituency
65. Mbeere South Constituency
66. Mbeere North Constituency

15. KITUI
67. Kitui Central Constituency
68. Mwingi Central Constituency
69. Mwingi North Constituency
70. Mwingi West Constituency
71. Kitui South Constituency
72. Kitui East Constituency
73. Kitui West Constituency
74. Kitui Rural Constituency

16. MACHAKOS
75. Machakos Constituency
76. Yatta Constituency
77. Mwala Constituency
78. Masinga Constituency
79. Kathiani Constituency
80. Mavoko Constituency
81. Kangundo Constituency
82. Matungulu Constituency

17. MAKUENI
83. Makueni Constituency
84. Kibwezi East Constituency
85. Kibwezi West Constituency
86. Mbooni Constituency
87. Kaiti Constituency
88. Kilome Constituency

CENTRAL PROVINCE
18. NYANDARUA
89. Ndaragwa Constituency
90. Kinangop Constituency
91. Ol Kalou Constituency
92. Ol Jororok Constituency
93. Kipipiri Constituency

19. NYERI
94. Nyeri Town Constituency
95. Kieni Constituency
96. Othaya Constituency
97. Tetu Constituency
98. Mathira Constituency
99. Mukuruweini Constituency

20. KIRINYAGA
100. Kirinyaga Central Constituency
101. Ndia Constituency
102. Mwea Constituency
103. Gichugu Constituency

21. MURANG'A
104. Kiharu Constituency
105. Kangema Constituency
106. Mathioya Constituency
107. Maragwa Constituency
108. Kigumo Constituency
109. Gatanga Constituency
110. Kandara Constituency

22. KIAMBU
111. Githunguri Constituency
112. Kiambu Constituency
113. Kikuyu Constituency
114. Lari Constituency
115. Limuru Constituency
116. Gatundu South Constituency
117. Ruiru Constituency
118. Gatundu North Constituency
119. Thika Town Constituency
120. Kabete Constituency
121. Juja Constituency
122. Kiambaa Constituency

RIFTVALLEY PROVINCE
23. TURKANA
123. Turkana South Constituency
124. Turkana North Constituency
125. Turkana Central Constituency
126. Turkana West Constituency
127. Loima Constituency
128. Turkana East Constituency

24. WEST POKOT
129. Kacheliba Constituency
130. Kapenguria Constituency
131. Sigor Constituency
132. Pokot South Constituency

25. SAMBURU
133. Samburu West Constituency
134. Samburu East Constituency
135. Samburu North Constituency

26. TRANS NZOIA
136. Saboti Constituency
137. Kiminini Constituency
138. Cherangany Constituency
139. Endebees Constituency
140. Kwanza Constituency

27. UASIN GISHU
141. Ainabkoi Constituency
142. Kapseret Constituency
143. Moiben Constituency
144. Turbo Constituency
145. Kesses Constituency
146. Soy Constituency

28. ELGEYO/MARAKWET
147. Keiyo North Constituency
148. Keiyo South Constituency
149. Marakwet West Constituency
150. Marakwet East Constituency

29. NANDI
151. Mosop Constituency
152. Emgwen Constituency
153. Nandi Hills Constituency
154. Aldai Constituency
155. Chesumbei Constituency
156. Tinderet Constituency

30. BARINGO
157. Eldama Ravine Constituency
158. Mogotio Constituency
159. Baringo Central Constituency
160. Baringo South Constituency
161. Baringo North Constituency
162. Tiaty Constituency

31. LAIKIPIA
163. Laikipia East Constituency
164. Laikipia West Constituency
165. Laikipia North Constituency

32. NAKURU
166. Nakuru East Constituency
167. Nakuru West Constituency
168. Bahati Constituency
169. Molo Constituency
170. Njoro Constituency
171. Naivasha Constituency
172. Rongai Constituency
173. Kuresoi North Constituency
174. Kuresoi South Constituency
175. Gilgil Constituency
176. Subukia Constituency

33. NAROK
177. Emurua Dikirir Constituency
178. Kilgoris Constituency
179. Narok North Constituency
180. Narok South Constituency
181. Narok East Constituency
182. Narok West Constituency

34. KAJIADO
183. Kajiado North Constituency
184. Kajiado Central Constituency
185. Kajiado West Constituency
186. Kajiado South Constituency
187. Kajiado East Constituency

35. KERICHO
188. Ainamoi Constituency
189. Kipkelion West Constituency
190. Belgut Constituency
191. Sigowet/Soin Constituency
192. Bureti Constituency
193. Kipkelion Eas Constituency

36. BOMET
194. Chepalungu Constituency
195. Bomet Central Constituency

196. Bomet East Constituency
197. Sotik Constituency
198. Konoin Constituency

WESTERN PROVINCE
37. KAKAMEGA
199. Lugari Constituency
200. Likuyani Constituency
201. Butere Constituency
202. Mumias West Constituency
203. Mumias East Constituency
204. Matungu Constituency
205. Khwisero Constituency
206. Navakholo Constituency
207. Malava Constituency
208. Kakamega South Constituency
209. Lurambi Constituency
210. Shinyalu Constituency
211. Ikolomani Constituency

38. VIHIGA
212. Vihiga Constituency
213. Sabatia Constituency
214. Emuhaya Constituency
215. Luanda Constituency
216. Hamisi Constituency

39. BUNGOMA
217. Kanduyi Constituency
218. Tongaren Constituency
219. Webuye East Constituency
220. Webuye West Constituency
221. Kabucchai Constituency
222. Sirisia Constituency
223. Kimilili Constituency
224. Bumula Constituency
225. Mt. Elgon Constituency

40. BUSIA
226. Teso North Constituency
227. Teso South Constituency
228. Matayos Constituency
229. Budalangi Constituency
230. Funyula Constituency
231. Nambale Constituency
232. Butula Constituency

NYANZA PROVINCE
41. SIAYA
233. Alego Usoga Constituency
234. Ugenya Constituency
235. Bondo Constituency
236. Rarieda Constituency
237. Gem Constituency
238. Ugunja Constituency

42. KISUMU
239. Kisumu East Constituency
240. Kisumu West Constituency
241. Nyando Constituency
242. Kisumu Central Constituency
243. Seme Constituency
244. Nyakach Constituency
245. Muhoroni Constituency

43. HOMABAY
246. Homa Bay Town Constituency
247. Rangwe Constituency
248. Ndhiwa Constituency
249. Kasipul Constituency
250. Kabondo Kasipul Constituency
251. Karachuonyo Constituency
252. Suba Constituency
253. Mbita Constituency

44. MIGORI
254. Kuria West Constituency
255. Kuria East Constituency
256. Suna East Constituency
257. Suna West Constituency
258. Rongo Constituency
259. Nyatike Constituency
260. Uriri Constituency
261. Awendo Constituency

45. KISII
262. Bomachoge Chache Constituency
263. South Mugirango Constituency
264. Bobasi Constituency
265. Bomachoge Borabu Constituency
266. Bonchari Constituency
267. Kitutu Chache South Constituency

268. Nyaribari Chache Constituency
269. Nyaribari Masaba Constituency
270. Kitutu Chache North Constituency

46. NYAMIRA

271. West Mugirango Constituency
272. North Mugirango Constituency
273. Borabu Constituency
274. Kitutu Masaba

NAIROBI PROVINCE

47. NAIROBI

275. Westlands Constituency
276. Lang'ata Constituency
277. Kibra Constituency
278. Dagoretti North Constituency
279. Dagoretti South Constituency
280. Kamukunji Constituency
281. Roysambu Constituency
282. Ruaraka Constituency
283. Starehe Constituency
284. Mathare Constituency
285. Kasarani Constituency
286. Embakasi Central Constituency
287. Embakasi North Constituency
288. Embakasi South Constituency
289. Embakasi West Constituency
290. Embakasi East Constituency
291. Makadara Constituency

Total = 290 constituencies (CDFs). Source: IEBC 2013

Appendix V: Factor Analysis

Corporate Governance

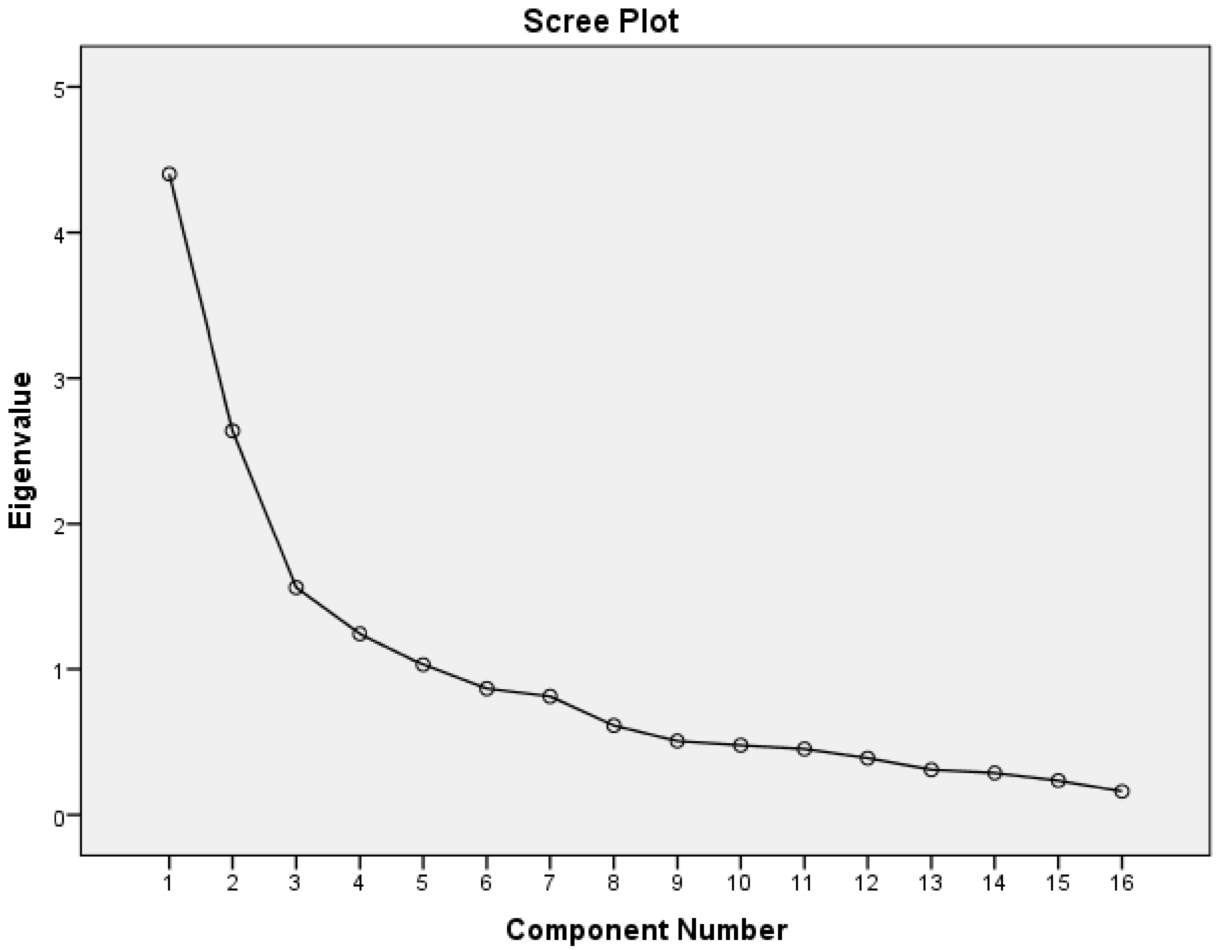
KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.721
Bartlett's Test of Sphericity	Approx. Chi-Square	1663.321
	Df	120
	Sig.	.000

Total Variance Explained

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	4.400	27.498	27.498	4.400	27.498	27.498	2.893	18.082	18.082
2	2.636	16.477	43.976	2.636	16.477	43.976	2.582	16.139	34.221
3	1.561	9.758	53.734	1.561	9.758	53.734	2.510	15.690	49.911
4	1.245	7.780	61.514	1.245	7.780	61.514	1.769	11.058	60.969
5	1.032	6.452	67.966	1.032	6.452	67.966	1.120	6.997	67.966
6	.867	5.417	73.383						
7	.813	5.084	78.467						
8	.614	3.839	82.306						
9	.508	3.174	85.480						
10	.479	2.994	88.474						
11	.454	2.836	91.310						
12	.391	2.444	93.754						
13	.312	1.948	95.702						
14	.289	1.808	97.510						
15	.237	1.480	98.990						
16	.162	1.010	100.000						

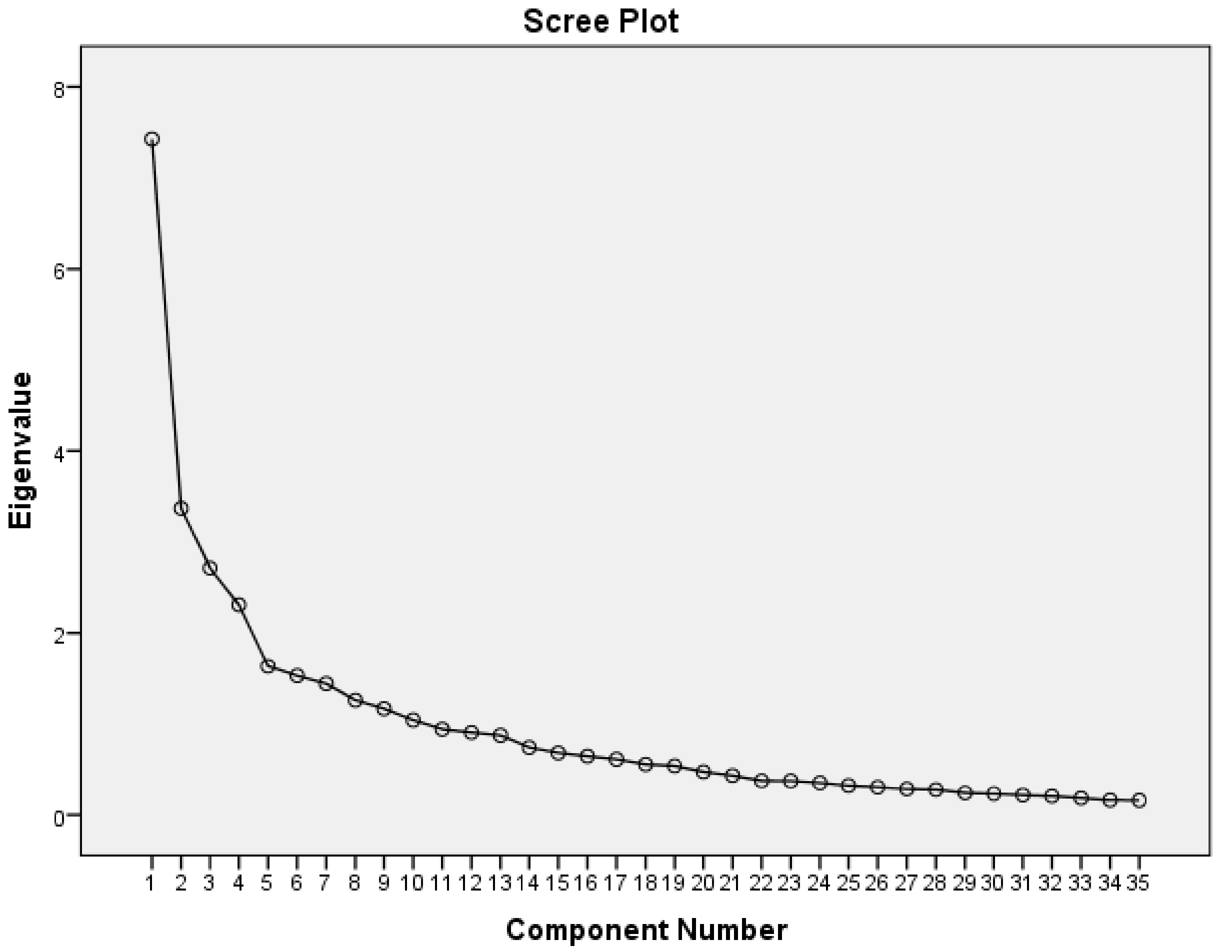
Extraction Method: Principal Component Analysis.



Internal Audit

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.782
Bartlett's Test of Sphericity	Approx. Chi-Square	4186.704
	Df	595
	Sig.	.000


Scree Plot
Eigenvalue
8
6
4
2
0
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35
Component Number

Financial Reporting

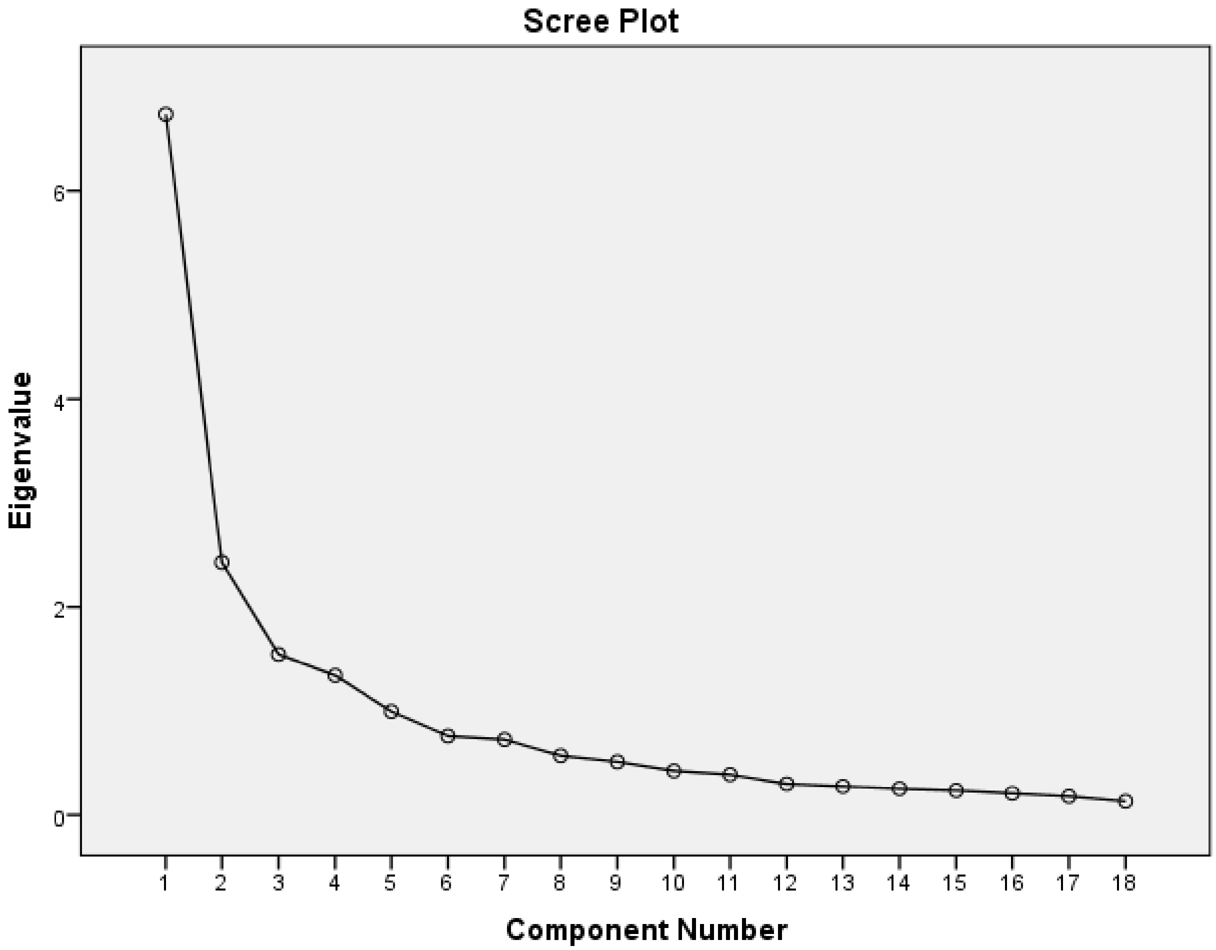
KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.841
Bartlett's Test of Sphericity	Approx. Chi-Square	2707.636
	Df	153
	Sig.	.000

Total Variance Explained

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	6.738	37.431	37.431	6.738	37.431	37.431	3.771	20.953	20.953
2	2.427	13.481	50.912	2.427	13.481	50.912	3.373	18.742	39.694
3	1.545	8.581	59.493	1.545	8.581	59.493	2.569	14.273	53.967
4	1.341	7.448	66.941	1.341	7.448	66.941	2.335	12.973	66.941
5	.994	5.522	72.463						
6	.760	4.221	76.684						
7	.726	4.031	80.715						
8	.571	3.173	83.888						
9	.512	2.845	86.734						
10	.425	2.360	89.093						
11	.388	2.157	91.250						
12	.298	1.658	92.908						
13	.274	1.523	94.431						
14	.253	1.404	95.835						
15	.235	1.304	97.140						
16	.207	1.148	98.288						
17	.178	.989	99.277						
18	.130	.723	100.000						

Extraction Method: Principal Component Analysis.



Source: Researcher 2019

Appendix VI: Data Envelopment Analysis

NO	DMU	Score	Proportionate Movement (Operational_Costs_Incured)	Slack Movement (Operational_Costs_Incured)	Projection (Operational_Costs_Incured)	Proportionate Movement (Employee_Renumerations)	Slack Movement (Employee_Renumerations)	Projection (Employee_Renumerations)	Proportionate Movement (Total_Projects_Completed)	Slack Movement (Total_Projects_Completed)	Projection (Total_Projects_Completed)
1	NG-CDF1	0.303744	-9942299.512	0	4337363.568	-12965295.98	-1015177.526	4640979.02	0	0	47277262.9
2	NG-CDF2	0.174672	-16127726.11	0	3413270.886	-15811496.19	0	3346344.007	0	0	35557736.58
3	NG-CDF3	0.310118	-8748534.478	0	3932662.062	-13061192.32	-1663349.882	4207948.408	0	0	42866016.48
4	NG-CDF4	0.26904	-9871839.204	0	3633474.086	-11935444.01	-505196.5919	3887817.273	0	0	39604867.54
5	NG-CDF5	0.194351	-9711857.97	0	2342836.58	-11500884.44	-267576.5985	2506835.141	0	0	25536918.72
6	NG-CDF6	0.180024	-11251618.05	0	2470272.909	-13445329.75	-308706.4311	2643192.013	0	0	26925974.71
7	NG-CDF7	0.337616	-8794200.597	0	4482380.463	-8288786.77	0	4224772.39	0	0	45781314
8	NG-CDF8	0.248168	-9427273.43	0	3111803.01	-11122826.2	-341850.5873	3329629.221	0	0	33918652.81
9	NG-CDF9	0.086009	-10224074.99	0	962114.9614	-13578849.6	-248345.9243	1029463.009	0	0	10487053.08
10	NG-CDF10	0.488156	-5815598.192	0	5546462.748	-6219459.177	0	5931633.773	0	0	60439851.97
11	NG-CDF11	0.118129	-12456931.1	-230543.6192	1438088.845	-10091691.01	0	1351803.515	0	0	14668506.22
12	NG-CDF12	0.258073	-11808705.61	-706476.564	3401075.461	-9191012.244	0	3197010.936	0	0	34690969.7
13	NG-CDF13	0.298232	-9790099.661	0	4160514.449	-9274831.257	0	3941540.003	0	0	42602320.4
14	NG-CDF14	0.320421	-12250614.65	-777496.5269	4998646.78	-9965525.913	0	4698727.977	0	0	50986197.16
15	NG-CDF15	0.131653	-19305782.54	-710376.801	2216628.941	-13743099.43	0	2083631.206	0	0	22609615.2
16	NG-CDF16	0.299239	-10607337.58	0	4529539.669	-11109460.07	0	4743955.749	0	0	48819242.48
17	NG-CDF17	0.489228	-7424278.741	-660944.151	6450177.818	-6330174.507	0	6063167.153	0	0	65791813.74
18	NG-CDF18	0.231939	-10249600.64	0	3095166.862	-11006282.57	-11840.57072	3311828.543	0	0	33737318.8
19	NG-CDF19	0.325706	-5283563.902	0	2552130.198	-5436710.676	0	2626104.984	0	0	27254588.16
20	NG-CDF20	0.483281	-7163430.412	0	6699864.868	-6927791.254	0	6479474.576	0	0	69316476.4
21	NG-CDF21	0.687738	-4611334.328	-992914.231	9163257.941	-3910878.479	0	8613462.471	0	0	93465231
22	NG-CDF22	0.564832	-7282078.441	-2134722.735	7317161.064	-5299165.065	0	6878131.405	0	0	74635042.85
23	NG-CDF23	0.342909	-8873435.492	-504142.4835	4126546.965	-7432942.72	0	3878954.15	0	0	42090779.04
24	NG-CDF24	0.521163	-9337171.195	-2589461.33	7573051.475	-6540530.549	0	7118668.391	0	0	77245125.04

25	NG-CDF25	0.181966	-13522840.22	-377640.758	2630416.984	-11115633.06	0	2472591.967	0	0	26830253.24
26	NG-CDF26	0.332441	-11241175.2	0	5598051.854	-11306913.06	0	5630788.999	0	0	59085007.2
27	NG-CDF27	0.192416	-15250468.9	0	3633596.149	-15175343.44	0	3615696.66	0	0	38140229.91
28	NG-CDF28	0.25518	-9860998.458	0	3378431.642	-11885441.85	-457095.0864	3614921.858	0	0	36824904.9
29	NG-CDF29	0.271421	-7899027.303	0	2942668.357	-8127984.611	0	3027963.089	0	0	31425204.8
30	NG-CDF30	0.219039	-10776554.63	-141146.9287	2881401.763	-9656912.591	0	2708517.659	0	0	29390297.98
31	NG-CDF31	0.120205	-12950398.84	-204561.1478	1564824.741	-10765994.22	0	1470935.258	0	0	15961212.36
32	NG-CDF32	0.41079	-5322044.591	0	3710465.669	-5719212.097	-17167.8251	3970198.267	0	0	40444075.8
33	NG-CDF33	0.387288	-77045446.73	0	48699417.27	-79453116.94	0	50221274.06	0	0	520662327.5
34	NG-CDF34	0.611621	-4301930.964	0	6774694.436	-7647877.274	-4794978.178	7248923.049	0	0	73844169.36
35	NG-CDF35	0.714393	-3117039.159	0	7796701.421	-4190118.213	-2138341.223	8342470.523	0	0	84984045.5
36	NG-CDF36	0.559524	-72951648.35	-30287911.48	62380398.67	-46161495.01	0	58637574.79	0	0	636280066.4
37	NG-CDF37	0.507001	-3169244.178	0	3259261.882	-4225658.902	-858272.2929	3487410.215	0	0	35525954.52
38	NG-CDF38	0.530918	-6429962.201	0	7277570.109	-6470917.373	0	7323924.057	0	0	76832028.24
39	NG-CDF39	0.470202	-6071871.629	0	5388865.571	-6196636.115	0	5499595.686	0	0	57303686
40	NG-CDF40	0.357503	-7087205.97	0	3943515.95	-7042910.934	0	3918868.976	0	0	41365207.2
41	NG-CDF41	0.249949	-11769565.33	-345718.8201	3576401.539	-10088198.85	0	3361817.449	0	0	36479295.7
42	NG-CDF42	0.366972	-7995966.565	0	4635342.935	-10234837.2	-973422.0149	4959816.942	0	0	50525238
43	NG-CDF43	0.442104	-7191047.93	-160163.6865	5538370.383	-6569599.346	0	5206068.164	0	0	56491377.91
44	NG-CDF44	0.379389	-7965407.779	0	4869372.321	-11498934.54	-1819241.43	5210228.385	0	0	53076158.3
45	NG-CDF45	0.253526	-7603978.364	0	2582542.976	-12118840.52	-1352606.884	2763320.985	0	0	28149718.44
46	NG-CDF46	0.312644	-8217669.242	0	3737810.928	-9686749.774	-406565.242	3999457.694	0	0	40742139.12
47	NG-CDF47	0.352858	-6831724.033	0	3725040.367	-11035861.9	-2031579.706	3985793.193	0	0	40602940
48	NG-CDF48	0.20195	-10590895.51	0	2680076.225	-19849602.9	-2155354.382	2867681.561	0	0	29212830.85
49	NG-CDF49	0.452517	-7163255.182	0	5920715.898	-11132085.76	-2865946.532	6335166.013	0	0	64535803.3
50	NG-CDF50	0.334126	-8821774.548	0	4426643.122	-13069295.63	-1821481.67	4736508.142	0	0	48250410.04
51	NG-CDF51	0.257187	-9292915.41	0	3217518.24	-11151498.49	-418277.3702	3442744.518	0	0	35070948.82
52	NG-CDF52	0.345801	-7161434.744	0	3785440.156	-9585304.966	-1016245.087	4050420.968	0	0	41261297.7
53	NG-CDF53	0.334207	-9280770.472	0	4658654.468	-11402089.44	-738729.4921	4984760.283	0	0	50779333.71
54	NG-CDF54	0.457304	-6102763.471	0	5142510.699	-8449980.19	-1617912.98	5502486.45	0	0	56053366.63
55	NG-CDF55	0.35474	-9636524.669	0	5297805.031	-10921394.63	-335527.6502	5668651.385	0	0	57746074.84

56	NG-CDF56	0.073458	-11382436.74	-74402.14206	828023.8353	-9817351.694	0	778342.4058	0	0	8445843.12
57	NG-CDF57	0.176933	-9357302.554	0	2011522.046	-11228763.07	-261497.8653	2152328.59	0	0	21925590.3
58	NG-CDF58	0.275229	-7986816.398	0	3032968.252	-8572516.266	-10109.89292	3245276.031	0	0	33059353.95
59	NG-CDF59	0.35474	-6367670.372	0	3500709.778	-7344046.494	-291725.8126	3745759.463	0	0	38157736.58
60	NG-CDF60	0.360419	-7101000.017	0	4001588.123	-9028414.308	-806034.1786	4281699.293	0	0	43617310.55
61	NG-CDF61	0.286023	-11688669.19	0	4682535.655	-13270077.38	-305742.0339	5010313.153	0	0	51039638.65
62	NG-CDF62	0.276519	-9691815.848	0	3704264.302	-11113282.17	-283993.5948	3963562.805	0	0	40376480.9
63	NG-CDF63	0.309633	-9532719.817	0	4275472.343	-11558422.78	-609254.8062	4574755.408	0	0	46602648.54
64	NG-CDF64	0.366972	-6762194.087	0	3920112.513	-8211235.677	-565616.2328	4194520.391	0	0	42729226.4
65	NG-CDF65	0.262672	-11307332.37	0	4028228.739	-10841736.33	0	3862360.497	0	0	41496224.18
66	NG-CDF66	0.230392	-11770089.19	-439102.5111	3084427.376	-9685101.964	0	2899361.736	0	0	31461159.24
67	NG-CDF67	0.30591	-7652003.235	0	3372508.925	-7795478.294	0	3435743.466	0	0	35829664.52
68	NG-CDF68	0.464356	-7230328.387	-1208112.229	5059950.554	-5486543.306	0	4756353.524	0	0	51611495.65
69	NG-CDF69	0.391516	-8297019.624	-227171.9816	5111369.505	-7467317.662	0	4804687.338	0	0	52135968.95
70	NG-CDF70	0.354556	-10686403.74	0	5870254.793	-10874987.33	0	5973847.526	0	0	62330949.76
71	NG-CDF71	0.255915	-13982553.46	0	4809054.727	-18839650.98	-1333879.916	5145688.559	0	0	52418696.53
72	NG-CDF72	0.156503	-11385852.89	0	2112538.283	-19288974.3	-1318472.422	2260415.964	0	0	23026667.29
73	NG-CDF73	0.096572	-15174875.96	0	1622113.945	-21404561.87	-552372.4849	1735661.921	0	0	17681042
74	NG-CDF74	0.320002	-7809681.192	0	3675175.768	-7419197.131	0	3491416.979	0	0	37684686.9
75	NG-CDF75	0.435877	-6795734.877	-899635.6184	4351178.794	-5293519.8	0	4090108.07	0	0	44382023.7
76	NG-CDF76	0.513712	-7780253.368	-1408186.876	6810838.456	-6060407.887	0	6402188.153	0	0	69470552.25
77	NG-CDF77	0.43047	-8671923.727	-319932.8127	6234588.03	-7753720.037	0	5860512.753	0	0	63592797.91
78	NG-CDF78	0.096959	-111492169.2	0	11970802.79	-107156362.6	0	11505271.57	0	0	123462972
79	NG-CDF79	0.280058	-11582199.07	0	4505483.207	-17921929.09	-2150775.404	4820867.033	0	0	49109766.96
80	NG-CDF80	0.316764	-9771803.488	0	4530436.712	-9771803.488	0	4530436.712	0	0	47674134
81	NG-CDF81	0.45323	-91387712.73	-26594307.97	49159175.29	-55746504.79	0	46209624.81	0	0	501423588
82	NG-CDF82	0.407747	-8143637.565	0	5606635.155	-10677213.69	-1351822.028	5999099.618	0	0	61112323.2
83	NG-CDF83	0.427871	-8846155.944	-703794.5441	5911874.112	-7430770.991	0	5557161.669	0	0	60301115.94
84	NG-CDF84	0.081144	-16291011.95	-86727.97593	1351936.078	-14390393.89	0	1270819.915	0	0	13789748
85	NG-CDF85	0.081796	-17150050.75	-219801.0052	1307970.765	-13801707.51	0	1229492.52	0	0	13341301.8

86	NG-CDF86	0.430863	-9493529.984	-1299785.322	5887262.894	-7310018.085	0	5534027.125	0	0	60050081.52
87	NG-CDF87	0.086915	-12873846.46	0	1225432.238	-18836470.09	-481788.3586	1311212.495	0	0	13357211.4
88	NG-CDF88	0.519111	-7968301.467	-786465.1105	7815187.813	-6805360.17	0	7346276.55	0	0	79714915.69
89	NG-CDF89	0.227173	-10792865.21	0	3172577.677	-14184908.56	-775015.402	3394658.115	0	0	34581096.68
90	NG-CDF90	0.285109	-10806878.17	0	4309939.453	-11546296.14	0	4604830.046	0	0	46941696.82
91	NG-CDF91	0.67455	-5930958.25	-6252328.157	6040595.914	-2739537.857	0	5678160.163	0	0	61614078.32
92	NG-CDF92	0.298165	-9994955.202	0	4246222.798	-11494198.48	-339697.8225	4543458.395	0	0	46283828.5
93	NG-CDF93	0.221018	-10876426.74	0	3085924.076	-11914631.11	-78550.79344	3301938.762	0	0	33636572.43
94	NG-CDF94	0.209699	-14672020.63	0	3893073.468	-16977623.87	-339253.5438	4165588.611	0	0	42434500.8
95	NG-CDF95	0.299122	-10392121.5	-699875.1641	3735288.779	-8227096.185	0	3511171.455	0	0	38099945.55
96	NG-CDF96	0.332789	-11236389.15	-726300.186	4878135.549	-9193409.3	0	4585447.42	0	0	49756982.6
97	NG-CDF97	0.225156	-14396410.29	-453513.2949	3729828.937	-12065562.91	0	3506039.204	0	0	38044255.16
98	NG-CDF98	0.090038	-12957731.97	-65050.96392	1217082.517	-11562283.9	0	1144057.567	0	0	12414241.67
99	NG-CDF99	0.230392	-17290024.69	-866655.9081	4309338.75	-13531323.67	0	4050778.428	0	0	43955255.25
100	NG-CDF100	0.261866	-9868687.986	-5730.11503	3495369.239	-9261384.113	0	3285647.087	0	0	35652766.24
101	NG-CDF101	0.661125	-8092791.652	-8062252.828	7726325.621	-3722684.161	0	7262746.089	0	0	78808521.33
102	NG-CDF102	0.239935	-11959379.43	-381546.377	3393754.596	-10105675.62	0	3190129.323	0	0	34616296.88
103	NG-CDF103	0.28233	-16881054.51	-2566904.93	4074078.46	-9734741.435	0	3829633.755	0	0	41555600.29
104	NG-CDF104	0.32526	-16737174.68	-2335847.462	5732329.059	-11178041.66	0	5388389.319	0	0	58469756.4
105	NG-CDF105	0.159601	-17789562.82	-805075.108	2573365.071	-12737326.98	0	2418963.168	0	0	26248323.72
106	NG-CDF106	0.080136	-21926850.21	-508036.3825	1402180.412	-15129526.64	0	1318049.588	0	0	14302240.2
107	NG-CDF107	0.519044	-12738308.8	-6678558.828	7068547.651	-6156849.253	0	6644434.797	0	0	72099186.04
108	NG-CDF108	0.276948	-17490129.17	-1786788.429	4912395.522	-12055696.18	0	4617651.794	0	0	50106434.32
109	NG-CDF109	0.215432	-10561721.82	-524486.6755	2375616.106	-8132525.799	0	2233079.141	0	0	24231284.28
110	NG-CDF110	0.312396	-9419925.274	-250408.8434	4029305.882	-8336633.868	0	3787547.532	0	0	41098920
111	NG-CDF111	0.179089	-9038585.233	0	1971848.417	-8797556.297	0	1919265.793	0	0	20466775.36

112	NG-CDF112	0.189899	-13643191.4	-391263.5963	2806891	-11255632.91	0	2638477.542	0	0	28630288.2
113	NG-CDF113	0.294118	-14056562.96	-1464225.314	4392675.926	-9909876.886	0	4129115.374	0	0	44805294.45
114	NG-CDF114	0.178368	-10928050.55	-416426.8691	1955944.382	-8469239.179	0	1838587.721	0	0	19950632.7
115	NG-CDF115	0.226696	-15398368.67	-24011.01799	4490059.91	-14397474.71	0	4220656.318	0	0	45798611.08
116	NG-CDF116	0.330275	-3802723.501	0	1875315.699	-7643474.236	-1762796.756	2006587.798	0	0	20440941.12
117	NG-CDF117	0.238532	-13890071.32	0	4351106.678	-16043032.38	-369844.0663	4655684.147	0	0	47427062.8
118	NG-CDF118	0.283896	-18071334.34	-1208160.366	5956117.662	-14122413.13	0	5598750.606	0	0	60752400.15
119	NG-CDF119	0.38299	-14542294.94	-4097210.086	4929455.875	-7465044.734	0	4633688.526	0	0	50280449.92
120	NG-CDF120	0.330021	-11749970.71	-1231458.278	4556395.607	-8694978.326	0	4283011.874	0	0	46475235.19
121	NG-CDF121	0.179366	-15460975.28	-701024.8194	2678274.302	-11518426.58	0	2517577.846	0	0	27318397.88
122	NG-CDF122	0.481651	-3967917.455	0	3687002.945	-6110592.883	-1732891.385	3945093.152	0	0	40188332.1
123	NG-CDF123	0.642202	-3523417.861	0	6324083.339	-6165981.257	-4300376.668	6766769.175	0	0	68932508.4
124	NG-CDF124	0.362393	-5931340.552	0	3371154.548	-14057277.11	-4382500.913	3607135.368	0	0	36745584.58
125	NG-CDF125	0.305492	-12178656.04	-199463.2506	5157549.706	-11021683.72	0	4848096.727	0	0	52607007
126	NG-CDF126	0.587128	-4865465.469	-834204.0291	6084782.302	-4022118.122	0	5719695.368	0	0	62064779.48
127	NG-CDF127	0.236423	-23946983.8	-3110081.526	4304533.121	-13068211.16	0	4046261.136	0	0	43906237.83
128	NG-CDF128	0.274276	-12870476.51	-517468.5014	4346735.392	-10811200.27	0	4085931.272	0	0	44336701
129	NG-CDF129	0.194617	-10857657.34	-376808.1623	2246893.1	-8740414.154	0	2112079.516	0	0	22918309.62
130	NG-CDF130	0.091618	-192753640.2	-6342394.471	13098423.33	-122077305.5	0	12312517.94	0	0	133603918
131	NG-CDF131	0.155963	-6480546.848	0	1197492.352	-10109653.08	-586771.2519	1281316.817	0	0	13052666.64
132	NG-CDF132	0.06255	-22837940.74	-329621.9928	1194204.265	-16823949.68	0	1122552.01	0	0	12180883.5
133	NG-CDF133	0.101431	-25499765.43	-1446411.593	1432001.513	-11924890.31	0	1346081.423	0	0	14606415.43
134	NG-CDF134	0.07923	-65237080.7	-3963774.981	1649706.723	-18021743.54	0	1550724.32	0	0	16827008.57
135	NG-CDF135	0.134125	-46522612.53	-4237421.966	2968983.15	-18016939.04	0	2790844.163	0	0	30283628.13
136	NG-CDF136	0.426304	-21617185.58	-9783271.757	6280091.467	-7944315.697	0	5903285.983	0	0	64056932.96
137	NG-CDF137	0.53485	-5341029.891	0	6141350.709	-5412243.624	0	6223235.386	0	0	65066823.4
138	NG-CDF138	0.357714	-12649821.58	-1349077.184	5696103.635	-9613864.399	0	5354337.421	0	0	58100257.08
139	NG-CDF139	0.185511	-15153567.9	-624193.3977	2827228.903	-11668247.28	0	2657595.171	0	0	28837734.81

140	NG-CDF140	0.614679	-3378431.643	0	5389402.857	-6044014.209	-3874980.652	5766661.059	0	0	58744491.15
141	NG-CDF141	0.364577	-9984155.236	-182822.7876	5545624.376	-9085581.262	0	5212886.918	0	0	56565368.64
142	NG-CDF142	0.272167	-26086880.12	-5033137.385	4721809.29	-11869530.45	0	4438500.736	0	0	48162454.76
143	NG-CDF143	0.29695	-12468368.98	-224098.362	5042213.055	-11221532.08	0	4739680.275	0	0	51430573.16
144	NG-CDF144	0.45323	-11056794.1	-5200138.325	3965105.471	-4496429.605	0	3727199.145	0	0	40444075.8
145	NG-CDF145	0.636127	-142984870.9	-189869180.9	60098648.24	-32314580.82	0	56492729.38	0	0	613006212
146	NG-CDF146	0.170427	-24778351.76	-3113840.956	1976612.082	-9044098.391	0	1858015.359	0	0	20161443.24
147	NG-CDF147	0.234297	-20549219.79	-2341219.708	3946627.5	-12124039.68	0	3709829.853	0	0	40255600.5
148	NG-CDF148	0.518942	-241214050.2	-212689001.7	47520536.12	-41408411.96	0	44669303.98	0	0	484709468.4
149	NG-CDF149	0.433216	-9588353.256	-4288108.905	3040659.039	-3739457.771	0	2858219.499	0	0	31014722.2
150	NG-CDF150	0.324159	-7837301.002	0	3759067.448	-9770501.915	-664101.9143	4022202.171	0	0	40973835.19
151	NG-CDF151	0.708899	-8907937.857	-14942719.65	6750186.088	-2605571.822	0	6345174.928	0	0	68851898.1
152	NG-CDF152	0.525994	-6367954.446	0	7066375.254	-7641545.335	-918628.7808	7561021.524	0	0	77023490.28
153	NG-CDF153	0.614679	-2187868.316	0	3490170.884	-4441372.683	-3350564.05	3734482.847	0	0	38042862.64
154	NG-CDF154	0.87156	-1171451.799	0	7949137.201	-1874322.878	-4213042.714	8505576.808	0	0	86645595.5
155	NG-CDF155	1	0	0	9346523.1	0	0	10000779.72	0	0	101877101.8
156	NG-CDF156	0.458716	-4243951.734	0	3596569.266	-6450806.636	-1618456.168	3848329.115	0	0	39202605
157	NG-CDF157	0.3018	-19224306.42	-3270878.876	5038921.506	-10957854.66	0	4736586.219	0	0	51396999.36
158	NG-CDF158	0.844037	-1349849.971	0	7305070.429	-1984279.458	-2922028.171	7816425.361	0	0	79625267.68
159	NG-CDF159	0.550459	-4426858.338	0	5420642.862	-7127241.924	-2927147.143	5800087.864	0	0	59085007.2
160	NG-CDF160	0.440367	-5205983.497	0	4096511.603	-6091000.693	-409651.1603	4383267.417	0	0	44651976.48
161	NG-CDF161	0.344037	-5095414.374	0	2672420.126	-5706864.098	-133621.0055	2859489.536	0	0	29129379.38
162	NG-CDF162	0.724771	-2162284.735	0	5694016.465	-3070444.322	-1992905.758	6092597.62	0	0	62064779.48
163	NG-CDF163	0.475892	-7044370.605	-861914.7187	5534399.726	-5729421.423	0	5202335.747	0	0	56450877.21
164	NG-CDF164	0.345588	-16143258.78	-2720773.959	5804317.765	-10331685.62	0	5456058.703	0	0	59204041.2
165	NG-CDF165	0.38635	-8272836.719	-886556.9184	4321964.963	-6452812.642	0	4062647.068	0	0	44084042.62
166	NG-CDF166	0.299363	-248279220.3	-61787669.7	44295270	-97449593.97	0	41637553.83	0	0	451811754
167	NG-CDF167	0.097917	-17080408.83	-276126.7031	1577866.867	-13664327.06	0	1483194.856	0	0	16094242.04
168	NG-CDF168	0.201835	-10710205.64	0	2708327.862	-12923648.14	-370138.1403	2897910.813	0	0	29520773.7

169	NG-CDF169	0.641362	-134231906.9	-145562528.3	94487956.8	-49665805.54	0	88818679.46	0	0	963777159.4
170	NG-CDF170	1	0	0	5639040.4	0	0	5300697.98	0	0	57518212.08
171	NG-CDF171	0.361538	-11148703.39	-1947665.056	4365456.15	-7246657.206	0	4103528.784	0	0	44527652.73
172	NG-CDF172	0.489489	-8014840.318	-2697855.211	4986944.471	-4889052.594	0	4687727.806	0	0	50866833.6
173	NG-CDF173	0.303699	-13007309.91	-362123.5108	5311144.782	-11446432.72	0	4992476.099	0	0	54173676.78
174	NG-CDF174	0.656687	-13907244.99	-15610863.74	10990785.17	-5401185.846	0	10331338.06	0	0	112106008.7
175	NG-CDF175	0.192644	-21693806.43	-1927379.21	3249010.664	-12799345.79	0	3054070.026	0	0	33139908.77
176	NG-CDF176	0.255991	-22767294.31	-4458456.248	3375093.044	-9220754.196	0	3172587.464	0	0	34425949.05
177	NG-CDF177	0.408023	-10603756.71	-2215930.453	5092752.435	-6945460.647	0	4787187.293	0	0	51946074.84
178	NG-CDF178	0.504587	-4299212.081	0	4378827.119	-7179684.174	-2627296.268	4685345.019	0	0	47729215.6
179	NG-CDF179	0.372848	-11439984.4	-2062064.02	4739129.578	-7493189.783	0	4454781.807	0	0	48339121.7
180	NG-CDF180	0.618964	-6360651.482	-2967815.512	7364579.206	-4261636.491	0	6922704.459	0	0	75118707.9
181	NG-CDF181	0.432737	-17826412.71	-9439640.097	4159228.394	-5125093.657	0	3909674.693	0	0	42424129.62
182	NG-CDF182	0.409586	-20439942.72	-9428017.881	4751721.004	-6438581.953	0	4466617.747	0	0	48467554.24
183	NG-CDF183	0.415212	-23034792.71	-8438593.481	7916618.612	-10480830.68	0	7441621.501	0	0	80749509.84
184	NG-CDF184	0.370631	-11709406.66	-146714.5502	6748868.994	-10772654.12	0	6343936.859	0	0	68838463.74
185	NG-CDF185	0.798165	-1769654.67	0	6998179.83	-3303945.269	-5577549.321	7488052.42	0	0	76280160.15

Source: Researcher 2019

Appendix VII: Research Clearance Permit

CONDITIONS

1. You must report to the County Commissioner and the County Education Officer of the area before embarking on your research. Failure to do that may lead to the cancellation of your permit.
2. Government Officer will not be interviewed without prior appointment.
3. No questionnaire will be used unless it has been approved.
4. Excavation, filming and collection of biological specimens are subject to further permission from the relevant Government Ministries.
5. You are required to submit at least two(2) hard copies and one (1) soft copy of your final report.
6. The Government of Kenya reserves the right to modify the conditions of this permit including its cancellation without notice

REPUBLIC OF KENYA

NACOSTI

National Commission for Science, Technology and Innovation

RESEACH CLEARANCE PERMIT

Serial No.A 13433

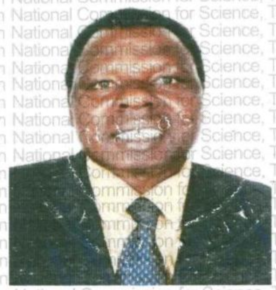
CONDITIONS: see back page

THIS IS TO CERTIFY THAT:
MR. CHARLES KEYA THOMAS
of UNIVERSITY OF NAIROBI, 30197-100 nairobi,has been permitted to conduct research in*All Counties County*

on the topic: *INTERNAL AUDIT, GOVERNANCE, FINANCIAL REPORTING AND PERFORMANCE OF CONSTITUENCY DEVELOPMENT FUNDS IN KENYA*

for the period ending:
27th March,2018

Permit No : NACOSTI/P/17/18743/16372
Date Of Issue : 27th March,2017
Fee Recieved :Ksh 2000



....
Applicant's Signature

....
Director General
National Commission for Science, Technology & Innovation