EFFECTS OF ETHICAL COMPLIANCE ON PROFESSIONAL ACCOUNTANTS IN SELECTED COUNTY GOVERNMENTS OF KENYA

BY

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DECLARATION

I declare that this dissertation is my original work and has not been previously published or submitted elsewhere for award of a degree. I also declare that this contains no material written or published by other people except where due reference is made, and author duly acknowledged.

Signature… Date 20.10.2021

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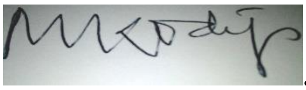
Sign**:** . Date**: …28/10/2021**

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DEDICATION

I dedicate this research work to my parents Mr and Mrs Joseph Otieno and my family members who supported me both emotionally and financially.

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ABSTRACT

Kenya has experienced the failure of multiple business organizations which has been mainly attributed to puny ethical system of these organizations. In spite of the availability of strict laws, many of the business managers still find lee way to misappropriate the finances of the business firms hence leading to their failures or collapse. This study, seeks to provide information relevant for determinants of ethical compliance by accountants in county governments in Kenya. The study objectives were; to institute influence of inner controls on the ethical submission by accounts professional in selected county governments of Kenya, to define influence of payment of accountants on ethical submission by accounts professional in selected county governments of Kenya and to evaluate the influence of freedom of accountants on the ethical submission by professional accountants in selected Kenyan county governments. The study was anchored on descriptive design and from the population of 245 professional accountants a sample size of 151 accountants was drawn. Respondents were administered with questionnaires for quantitative data. Data was analyzed both descriptively (mean, frequencies and percentages) as well as regression analysis. The study found that independence of accountants, internal controls and remuneration for accountants significantly and positively influence on compliance with code of ethics among the accountants in county governments. The study recommends that the policy makers of professional bodies such as ICPAK and IFAC should come up with policies that manages the weaknesses ascribed to compliance with the code of ethics among the professional accountants working in county governments and monitor measures that guarantee application of the same. The county governments should design strict policies and guidelines that ensures that all professional accountants detest from being victims of noncompliance with the code of ethics. The county government stakeholders should ensure that internal controls, remuneration and independence of accountants are upheld, well-structured and institutionalized.

CHAPTER ONE: INTRODUCTION

1.1Background of the study

The alarming and discouraging cases of accounting scandals experienced in business in the contemporary world, indicating a substantial failure in oversight management and reporting process, even though several professional ethics standards are in place and industrialized by the Institute of Management Accounts (International Federation of Accounts, 2016). In response to those disappointments, it has become clear to organizations that it is necessary to make critical review on factors affecting ethical compliance of accountants. Globally, various organizations are now re-looking at ethical compliance in bookkeeping profession with an upgraded interest in preparing and teaching individuals to maintain ethical principles that are strongly based and general behavior in the workplace (IFAC, 2005).

Carr and Valinezhad (2014) also detail that ethics violation, especially in accounting and finance may harm organizations and economies, given that the operations of the business may be affected by individual actions to the extent of the organization sourcing for additional funds to keep the business in operation yet at a risky level of stability. Kretzschmar et al., (2010) further elaborate that a nation's economy is capable of coming down by the failure to comply with the ethics and culture that guide financial and accounting practitioners. This is because they deal in interpretation and do recommend among others the financial matters relating to the economy of a nation. Furthermore, their importance in the economic systems did necessitate the formation of various professional bodies as ICPAK, CPSK, IHRK, and an overall state authority that does oversight the general moral conduct of individual citizens such as EACC and the capital market in Kenya.

The growing significance of government guidelines, expanded enquiry of the media, and the swelling pressure from diverse stakeholders have put the business ethics trials on strategic agenda of firms that look virtual. Despite the important contributions made earlier, there is developing need for solutions in ethics as well as cultural accountabilities of the organizations. Knowledge on the existing connections found between moral stance of different firms as well as organizational dimensions remains confined highly. Large-scale business disappointments as Enron and constant current failures associated with global financial crisis highpoint consequences of immoral corporate practices as well as poor management. Trained accountants, who are the agents of trust and transparency, are subject to a proficient code of ethics and have key roles to play not just by upholding ethical behavior as well as decision making within their organization but also in encouraging and influencing the same (IESBA Code, 2016).

Britannica (1998) describes ethics as any behavior that is morally right or wrong, good or bad. Therefore, ethics are a list of moral principles that differentiate right from anything or any action that is wrong. Its normative field from the definition usually prescribes what should be done or anything that one should abstain doing. Moreover, Code of Ethics is a set of rules assigned by any business organization to the employees and its supervision department to assis the organization carry out its activities based on its primary values as well as its ethical principles.

Yew (2012) identifies the global drivers of accounting code of ethics in his recorded information. The rational of increased pressure on accountancy profession is to strengthen the public image hence going beyond the current monetary reporting practices. This is to deliver more transparent, holistic but a simplified picture of the health of the firm and its prospects brought around by continuous international expansion. Business growth as well as regulatory complexity combined with strengthened worldwide competition and short term trade cycles drive up compliance cost. Change in science and technology advances drives troublesome innovation, overhaul industrial structures, challenges, reinvent models of business, and aid in spawning new sectors, that needs multinational accounting standards as well as practices. Constant increment of global population and the contemporary aging society relating well with the current retirement age creates challenges for management technology and leverage to integrate varied multi-cultural, multi-national and multi-generational work force in shifting social standards as well as expectations of the work, transforming both interpretative and operational basics of accountancy (Allen & Bunting, 2008). The distribution channels, structure, costs and the techniques of providing training and education are transmuting with a new developing trend in-line with online courses. An enhanced education has amplified the expectations that accountancy and CFO function thus should play greater role in all activities beginning from planned decision making to fresh revenue models design.

Accounting laws are enforced differently by most countries. For instance, in Germany tax law oversees accounting laws whereas in Sweden, the accounting laws works in tandem with the UK company laws. Furthermore, countries possess organizations that control accounting. For instance, in Sweden, the Accounting Standards Board prevails, while in Spain; Instituto de Comtabilidady Auditoria de Cuentas (ICAC) controls the accounting sector whereas in USA, the Financial Accounting Standards Board (FASB) prevails. In Kenya the ICPAK is the regulatory entity of all the accounting activities in the country (Weiss, 2015).

The International Federation of Accountants' Code of Ethics to be adhered to Professional Accountants has already been adopted by over 100 nations sponsoring the competence of universal capital markets; however, some are in process of meeting with code of ethics. This code relates to public practice professionals, academia business, and government (Allen and Bunting 2008). ICPA-Kenya controls activities of all Certified Public Accountants in Kenya. This was established in 1978 by Kenyan laws under the Accountants Act, CAP 531. ICPAK has been dedicated since then to the regulation and development of Accountancy Profession in Kenya to boost its contribution to members for the national economic development and growth. ICPAK Strategic plan of 2016-2018 recognizes one of the weaknesses as letdown by members to conform to code of integrities for the professional Accountants, thus rising cases of organizations engaging in deceitful accounting practices as well as corruption (www.icpak.com, 2016).

The Committee of International Federation of Accountants Ethics has prepared Code of Ethics for Skilled Accountants. The general task of International Federation of Accountant as constituted, is to reinforce global accountancy profession, take care of public interest and take part in development of robust global economies through promoting adherence to excellent specialized standards, advancing international merging of this kind of values and speaking on behalf of public interest, where expertise of the profession is relevant mostly. In pursuit of the mission, IFAC Board has developed Ethics Standards Board for Accountants for issue development under its authority, first-class ethical standards as well as pronouncements of other professional accountants for worldwide use (IFAC, 2006).

The Institute of Certified Public Accountants of Kenya is aimed at developing bearable institutional capacity to care for integrity and competence of the memberships and to develop contribution of accountancy profession internationally. ICPAK has supplied excellent ethical standards pertinent to trained Kenyan accountants. Professional Accountants Code of Ethics includes; entire IFAC Code laterally with precise necessities under Kenyan field context. As at now, there are more than 13,000 itemized associates of ICPAK from both public gallery and private. (www.icpak.com, 2016)

The lifelines of any company are Finance and accounting since they are money makers. Cash, proper recording of transactions and finance is the keeper a company’s life. Regarding ethics, it stands an integral part of accounting profession. If a gatekeeper, recorder of transactions permits gaps in judgment; nothing is to be trusted about company operations: bonds shall be questioned, inaccurate valuations shall be realized, shady revenues and expenses will not be easily compared to whatsoever in actuality (Weiss, 2015).

The Professional Accountants Code of Ethics necessitates the associates to obey the laid principles. It covers norms and moral principles through which humanoid actions are judged. Business ethics is about ethics management and it encompasses principles application in an organization and standards set that chaperon behavior in the conduct of business. These ethics applies to all facets of commercial practices from organizations development, produce, products and services delivery to customers' interactions, employees, suppliers, and society at large. It contains; labor and employment practices like training, gender equality, diversity, and employee health or well-being as well as human rights; bribery and corruption is also clearly stipulated. Environmental sustainability issues, like climate change and resource efficiency are also used by some organizations as a cover (www.icpak.com, 2016).

Practice ethics apprehend professional ethics which arise in accounting firm context interpreting professional services, advising clients and encompassing assurance. Accountants prearranged to high-ranking management point, have precise duty to offer ethical and trust worthy leadership, in practice and also in the business. They are not only anticipated to be strictly competent but also utilized their influence position to inspire principled behavior and advanced decision making in the entire organization (Account Learning, 2016).

The ethics knowledge assists auditors and accountants to stunned dilemmas of ethical nature, permitting for the veracious choice that relief the firm and public who rely on accountant or auditor's reporting. Unfortunately, the headlines in newspapers recently have been awash with many stories of corruption permeating the Country and more so, in the Counties. In most of these instances, an Accountant as defined under the Accountant's Act, No. 15, 2008 is involved. This research will seek to address the concern on why all these cases are happening yet the Members involved are governed by a Professional Code of Ethics which provides guidelines on the dos and don'ts of a Professional Accountant.

1.1.1 Determinants of Compliance with Accountants Code of Ethics

Complying with ethical principles and standards is essential for any professional who intends to advance his or her professional aptitudes in order to develop the overall business competences. Accounting as a profession, comprehensively relay on judgment and principles, of professional that encompasses objectivity, confidentiality, independence; competency, professional behavior, integrity and due care (Park & Blenkinsopp, 2013). As well, through performing diverse functions, like recording all the business events with monetary character, classifying, summering, and presenting them in form of profit and loss statement. The cash flow statement and balance sheet accounting aid the businesses track their monetary events (Holmes, Marriott & Randal, 2012).

ICPAK in Kenya is the custodians of the ethical issues for accountants and expect all accountants have to observe the essential principles of code of ethics: Integrity, where accountant professionally should be honest and straightforward in all business transactions; another fundamental principle is objectivity, where the professional accountant is expected not to be biased neither to have any conflict of interest, nor unnecessary influence that might compromise their professionalism or business decisions. There is also the principle of Professional Competence and Due Care, where accounts professionals have the duty to sustain professional knowledge and skills at expected level to guarantee proper services to clients with respect to contemporary developments in practice, techniques and legislation (ICPAK, 2006)..

The mandate of ICPAK also in accounting is to provide confidentiality, where accountant professionals respect the information needed because of business associations. The professionals should not disclose information to any third party without the consent from recommended authority unless legal right or professional right or even duty to disclose is given. (International Ethics Standards Board for Accountants, 2016). Personal information given as a consequent of business associations or professional should never be taken advantage of and be used for personal benefits by the accounting professional (Yew, 2012). According to Sanga, (2015), the Personal Code of Ethics, Government policies, Legislation, Ethical Code of the organization, Ethical Climate and Social Pressures of the organization stands to be determinants of accounting officers ethical behavior. Mosteut et al, (2000) also brought Organizational Factors, Legal Interpretations, and Individual Factors to be representation of ethical behavior among the accountants in an organization. On the contrary, Byrnes, (2013), investigated numerous factors like money, political views, religious beliefs and personal conscience to determine of ethical behavior.

1.1.2 County governments in Kenya

Devolved government is what most Kenyans needs to look into the widespread estrangement as a result of power concentration in the central government. For example, Controller of Budget COB (2016) clarifies that captains in Provincial Administration were known to be ill-treating powers delegated to them, whereas local authorities failed in service delivery contrasting it with corruption. Marginalization and neglect; where one is disadvantaged of resources and constant political victimization for his or her ethnic memberships really strengthened the need for devolution (Softkenya, 2014). The current constitution of 2010, gave a new system of governance, eliminating the old centralized system. The devolve system consists of one national government and the 47 county governments. According to the 2010 constitution, the counties are geographically placed as units of devolved government. Articles 191 and 192 and the fourth schedule of the Kenyan Constitution and the County Governments Act of 2012 illustrate all the powers of the devolve system of governance.

The counties are single member constituencies that elect a Senator to the senate of Kenya (upper house) and one woman as a member of parliament in the National Assembly of Kenya. Basing on 2013 general elections, 47 counties undertook and election in each representation office size as well as boundaries were based and recognized by the old Districts of Kenya. Re-organization of national administration of Kenya, these counties were unified with national administration through posting county commissioners to symbolize the national government at the county level. (Constitution of Kenya, 2010).

As outlined in article 185 of the Kenyan Constitution, the county government is authorized to undertake legislation as well as county executive functions as spelt out in the Kenyan constitution. The county is also mandated to undertake any roles transferred by the national government as stipulated in article 187 of Kenyan constitution. Other functions decided upon with other counties as stipulated in article 189(2), and establishment as well as staffing of public service was also transferred especially in the medical sectors (under article 235 of the Constitution of Kenya).

The roles as stipulated in the constitution include: County health services; Agriculture; air and noise pollution management and other public nuisances; outdoor advertisement; public entertainment, Cultural activities and public amenities; Animal control and welfare; County transport; Trade regulation and development; County development and planning; Pre-primary education, home craft centers, village polytechnics and childcare facilities; some national government policies implementation on environmental preservation and natural resources; Firefighting services and disaster management; County public works; Control of pornography and drugs. The county government is also mandated in ensuring as well as coordinating communities' participation at the local level. The county also aid communities grow administrative potential for active exercise of powers and functions especially on participatory governance at the local level (Constitution of Kenya, 2010).

1.1.3 Compliance Level with Code of Ethics for Accountants in county governments

Marshall, Smith, and Armstrong (2010) defined compliance as a change in behavior and compliant with expectation of other people; the person operate in certain manner to conform to the expectation of others, although the person has the choice of refusing or declining. Therefore, compliance is meeting specified standards by acting ethically and professionally as per the code.

As Weiss (2015) observed, the kind of activities undertaken by the professional accountants calls for high degree of ethics. This is because, the financial statements and records from the accountants are used by shareholders and potential shareholders, to make good judgments and decisions for their investments. Therefore, they base their decisions and judgments on the financial reports from the accountants.

The recent financial crunch in the banking industry, the collapse of giant co-operative societies as well as fraudulent acts in national and county governments, are proof of lack of conformity or adherence with accountants' code of ethics in the institutions. Accountants are engaged in unethical behavior and do not often put interest of the organization first (Syamsuddin, and Habbe, 2014). Corruption, a moral hazard practiced by many institutions is sliding out of control at the watch of professional accountants. The upsurge of professionals in the accounting sector in Kenya has resulted into increase in unethical business behavior compromise the codes of conduct. For instance, involvement in transactions that are transparent hence giving way for embezzlement of funds (Huang 2008).

In Kenya, budgeting pose a major problem for most of the county governments and this can be seen in the recent reports by the controller budgets, where the county governments allocates huge sum of money on nonessential projects that are never approved by office of the Controller of Budget (softkenya.com, 2020). According to the Auditor General Report for six counties for the financial year 2019/20: Nairobi, Machakos, Homa Bay, Murang'a, Trans Nzoia and Meru were cited to possess amounts not approved by Controller of Budget. The county governments highly relay on monies from national government to manage the plentiful developmental activities within their boundaries. However, many counties in Kenya are still faced with challenges in revenue collection, thereby still rely on national government to finance their county operations (Oyugi, 2000).

As noted by the Vice Chairman of ICPAK, Mr Julius Mwatu, (Standard Media, 2015) the absence of internal audit committees in the counties constrained the process of monitoring how the devolved units spend public money. The advice by the controller of budget and the auditor general tends to be largely ignored and most of the devolved units continue to use public funds in total disregard of the Public Finance Maagement Act and other existing laws. In addition, there is non-compliance with the salary and remuneration commission’s circulars on remuneration and benefits of public officers in the counties (Sanga, 2015). According to the Auditor General Report, some officers despite being assigned official vehicles are also paid a monthly commuter allowance.

Though devolution was meant to bring resources closer to the people and alleviate the challenges caused by the central government’s way of administration, little achievement has been realized in the performance of counties while in others, moral decay is evident. According with the Controller of Budget (2013/2014), Kirinyaga County had challenges, that included weak financial internal controls, , low local revenue collection, low absorption of development funds, IFMIS implementation challenges, and swelling wage bill, that could likely effect activities in the county thus threatening the service delivery of the county (County-Government Budget Report, 2014). The report endorses adoption of suitable measures to contain the huge wage bill, growing capacity in procurement and project management to advance absorption of development funds, deepening of local revenue streams through legislation, and firming controls over collections through target setting, proper management, and proper control of receipt books (County Government Budget Review Report, 2014).

In the 2019-2020 Consolidated County Reports, the Controller noted that there were also bulky expenses on activities like refurbishment and renovations, which appeared to be inflated. The Auditor General needs to audit these expenses and action taken in case of misappropriation thus stopping future misuse too. The report concluded by stating that, to realize the drive of devolution in Kenya, there is need to follow to values of public finance as shown by PFM Act and constitution. Altogether, revenue collected at county level should be forwarded to county revenue fund; like that funds are budgeted and spent for intended purpose. According with Embu County Assembly report of 2013-2014, the Auditor General detected that County Assembly paid traveling and subsistence allowances totaling to Kshs.1,783,500 to Members of the County Assembly and staff members during under review period. However, the expenditure was never supported by any document whatsoever for audit.

In regard to Mombasa County Assembly report of 2018-2019, the auditor general realized that the impress totaling to KES 512,000 was awarded to MCAs for training purposes. Though, documents presented revealed that this induction was completely supplied for since lodging and training cost were taken care of by International Republican Institute. Hence the daily payments was unbalanced (Report of the Auditor-General, 2014).

1.2 Research Problem

Every Accountant is expected to have and practice Ethical compliance, which upholds universal core, values such as integrity, honesty, truthfulness, accountability, and transparency (Mathenge, 2012). Even though ethics is a personal moral choice, adherence with the code of ethics among the financial officers has proved to be a challenge to some of them (ICPAK, 2006). Accountants without ethics can could readily interfere with the company financial statements and manipulate figures to paint wrong picture of the company performance. This may result to the temporary prosperity of the company, but interfered financial statement will eventual bring the organization to its knees especially when discovered by the ethics bodies (Lister, 2016). For instance, Syed et al, (2012) researched in Malaysia to comprehend professional accountants’ behavioral intention to observe code of ethics, in the context of a developing country accounting profession, which was triggered by incidents of an anomaly concerning compliance to code of ethics by professional accountants. Variability in their behavioural intention is caused by the limitations faced by professional accountants in certain designations and categories of practice. Kwame et al, (2016) also identified a major cause of non-compliance with accountants' adherence with Code of Ethics in Ghana to the lack of inadequate ethical education, organizational climate, and top management support.

Kenya has experienced the failure of multiple business organizations which has been mainly attributed to puny ethical system of these organizations. In spite of the availability of strict laws, many of the business managers still find lee way to misappropriate the finaces of the business firms hence leading to their failures or collapse (Wairimu, 2010). Moreover, despite the noble aim of devolution, which is improved service delivery, there is insufficient information on why accountants, in counties, are perpetrators of fraud yet are professionals governed by the code of ethics. This study, therefore, seeks to provide information relevant for determinants of ethical compliance by accountants in county governments in Kenya.

There have been many incidents of anomalies concerning compliance to accountants’ code of ethics by Kenyan County Governments, which triggered the research idea. Examples of scandals mentioned are face book installation of kshs 2 million in Kirinyaga county, wheelbarrows costing kshs 109,000 in Bungoma county, hospital gate costing millions in Nyamira county, and county offices gate worth millions in Embu. Despite the big concern, there is still scanty information on the factors influencing ethical compliance among accountants. The present study, therefore, seeks to assess the factors influencing ethical compliance among the professional accountants in selected county governments in Kenya.

1.3 Objectives of the Study

1.3.1 General Objective

The central goal of the present study is to assess the predictors of ethical Compliance among the professional accountants in selected counties in Kenya.

1.3.2 Specific objectives of the Study

i. To institute influence of inner controls on the ethical submission by accounts professional in selected county governments of Kenya.
ii. To define influence of payment of accountants on ethical submission by accounts professional in selected county governments of Kenya.
iii. To assess the effect of freedom of accountants on the ethical submission by professional accountants in selected Kenyan county governments.

1.3.3 Research Questions

i. How does internal controls influence ethical compliance by professional accountants in selected county governments of Kenya?
ii. How does remuneration of accountants influence the ethical compliance by professional accountants in selected county governments of Kenya?
iii. What is the influence of independence of accountants on the ethical compliance by professional accountants in selected county governments of Kenya?

1.4 Value of the study

First, the study findings will inform the makers of policies in the accounting sector especially the IPAK and International Federation of Accountants in coming up with ethical policies that take care of the challenges attributed to ethical compliance among the professional accountants. Secondly, the findings will assist the serving officers in understanding the influence of internal check and balances on ethical compliance. In addition, the findings will assist both the county and national governments in understanding the challenges that confront accountants on matters relating to compliance with the code hence come up with good structures that will facilitate compliance with the Code. Finally, the findings of the present study will form a precedent for future research work on similar area of interest.

1.6 Scope of the study

The present study was limited to assessing determinants of ethical compliance among the accountants working in selected county governments of Kenya. The study was delimited to only focusing on three determinants, which are internal controls, salary packages for accountants and independence in decision making among the accountants. The study also only focused on four counties; Nairobi, Homabay, Kisumu, and Siaya. These counties are chosen due to several reports of mismanagement of the county finances as reported by the national controller of budget and various publications in the mainstream media. They have also been chosen since they have the largest number of Accountants as per the ICPAK database making it more economical, valid, and efficient.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The section is set out to clarify pragmatic information on the factors manipulating compliance with the accountant ethics code in Kenya county governments as per the study objectives. It also highpoints theory on which the study is based and conceptual framework.

2.2 Theoretical Review

Human being is anticipated practice and has ethics which embraces worldwide core values like; honesty, integrity, accountability, truthfulness, transparency, justice, fairness, citizenship and tolerance (Mathenge, 2012). Even though ethics is an individual moral decision, compliance to it has proved to be a challenge to many. The theoretical review of this study presents the Code of Ethics for Accountants, Agency Model, and the Compliance Philosophy.

2.2.1 Agency Theory

Stephen and Barry (2006) were among the independent first researcher to suggest clearly, that agency theory be fashioned. Stephen was answerable for the origin of agency economic model, while Barry for agency institutional theory. Though, basic ideas underlying the tactics are alike. The methods are corresponding in use however under dissimilar expectations. In other words, Stephen and Barry presented the research of agency in terms of compensation glitches of contracting; in essence, as an inducements problem.

Agency Theory best clarifies how relationships are organized where one party define work whereas second party sort out the same work. In this connection, the principal employs someone else to do the work, or even complete a task unwilling or unable to complete. In businesses, delegating work to the agent who are the management of corporation, the principals are the stockholders of a company to do tasks on their behalf. The theory accepts that both principal and motivation of agents is self-regard. The supposition of self-regard dooms theory of agency to unavoidable inherent misunderstanding. Therefore, if the two sides are both motivated by self-regard, go-betweens are possible to follow self-regarded objectives that diverge misunderstanding with the principal of goals, hitherto; agents are thought to act for the solitary curiosity of their doyens (Bruce et al., 2005).

The corporate governance Agency theory holds a central role in the accounting practices. For example, in dispensing professionals accounting practices, the theory labels the essential conflict between self-interested accounts professional and organizations' owners, when the former have control of the finance of the firm transactions whereas the latter stomach most of the capital effects. Jensen and Meckling (1976) model, illustrates this by unfolding how inferior managerial stakes lead to upsurges in non-pecuniary expenditure by monetary managers as they cannot adopt the costs fully. Problems of this kind create agency costs. Key ingredient in the theory is: outside shareholders cannot causelessly observe actions of financial managers. Even though the model makes various confining assumptions, the outcome are applicable to more all-purpose setting as shown by many empirical and theoretical articles.

Another insight has also lead to models according with Jensen and Meckling (2006), where possession structure materials not only amount the business insiders own, but also how concentrated is the holdings of exterior stakeholders are. Large stockholders are claimed to screen management better than minor shareholders because they assume larger part of monitoring costs hence possess adequate voting control to impact decisions of corporate. In addition, range of other mechanisms that either aligns the interests of administrators and owners or bound managerial decisions that have been suggested to decrease agency costs. The taken view in the thesis is that; in order to examine effects of proprietorship structure, existence of other mechanisms has to place in account. In regard to Alchian (1969), for instance, the reports pointed along comparable lines, but one seems to be reliable in light of pragmatic results.

The insight of conclusions was: agency philosophy suggests exceptional understanding hooked on material schemes, incentives, outcome doubt, and jeopardy. This is empirically lawful standpoint; predominantly when attached with harmonizing standpoints. Main reference is joining agency standpoint in researches of several problems attached for possessing accommodating erection. This theory is applicable and important in research since it will outline clearly the relationship between accountants (agents) and employer (principal). It will also influence accountant's code of ethics compliance. As pointed out by Wairimu (2010), even though reasonable regulations are in the model, gap exists for high-ranking administrators to embezzle capital of the shareholders.

2.2.2 Compliance Theory

The forbidden fruit of Adam's chunk marked first recorded violation compliance, but never for the last. Companies continuously fight to stay biddable thru ever-developing complexity of rules, laws, and regulations **(**MacKessy, 2010). Relating to Markowitz (2008), Compliance is being per established specifications, guidelines, or legislation or the process of becoming the way illustrated. Compliance is considered as a relationship established by high-ranking control by management of the company's corporate actions and through orientation of business workforces to this power of the high-ranking administration.

This theory also explains how power and guidelines influence submission decisions. The model emphases on how civic rule impacts motives and its substitutes, thus persuading the way their partialities become organized (Etienne 2011). Rendering to the philosophy of compliance, kind of power organization uses to direct conduct of associates and type of participation of participants, as pointed out by Lunenburg (2012), classify organizations in different groups of operation. The modern management culture development and structures of organizational was prompted by United States growth in 1950s and 1960s. During 1960s, administrative sociologists such as Amitai Etzioni initiated a study and determine administration structures as well as sources of power for submission controls. **(**MacKessy, 2010).

According with study, he recognized normative power, over which an institute generates submission by use of intrinsic rewards and symbolic images to physique loyalty. Even though companies with commanding brand names and cultures like Coco Cola may employ identitive supremacy to narrow grade, this theory is more commonly linked with nonprofit corporations, universities, professional organizations. The study also deliberated forcible power, where submission is recognized through use or menace of corporeal strength. Therefore, coercive power relates to military units or prisons in the business environment. **(**MacKessy, 2010).

MacKessy (2010), studied remunerations and found that and trade is entrenched in control of business over physical capitals and extrinsic rewards like wages, benefits and bonuses. Currently, companies connect performance management progressions with incentive-based performance measurements which in turn create minimal compliance verges bonus eligibility yearly (Marshall 1998). The dissimilarity between submissive actions and unprincipled trade conduct has increasingly become hard to differentiate. WorldCom and Enron marked the commencement of intensifying prosecutions of firms and persons for acts that were taken as unscrupulous and unlawful only after facts with benefit of hindsight has been put **(**MacKessy, 2010).

Even though growth of prearranged work lowered the role of central oversight, public ideal for compliance implementation was major until 1970s since 1960s. (Marshall 1998). Numerous events throughout this period, like Watergate scandal and foreign dishonesty investigations, transferred responsibility for compliance to remote industry. Businesses recognized need to become progressively knowledgeable about manufacturing processes, sales practices, and the overall business conduct of the industries. Use of this philosophy in this research will upturn thoughtful of how individual and organizational features, regulates, power, and offer management influence submission with ethics. This theory delivers satisfactory material connecting to three aims of the research.

2.3 Relevance of the Theory to the Study

The theory underpins the study from the point that practicing accountants are projected to comply with ethical codes in monetary reporting to improve public buoyancy and endorse assurance of reliability of financial reports. Nevertheless, compliance with code of ethics in accounting; rest heavily on existing inner panels in the business independence of accountants, remuneration of accountants. In the past, ethical questions in accounting manifested in practices that have been recognized as earnings management, creative accounting, executive compensation, kickbacks, bribery, lobbying, and auditor independence audit quality, and so on. This has therefore led to the increasing request for firmer compliance of ethical ciphers in accounting practices. Generally, accounting ethics turns round the values of independence, integrity, objectivity, confidentiality, competence professional behaviour, Sand due care. Failure on accountants practicing or auditors' part to display due care and assiduousness in carrying out responsibilities and lack of honesty intrudes on reliability of accountancy occupation.

2.4 Empirical Review

2.4.1 Internal controls and compliance with code of ethics

Marshall, Smith, and Armstrong, (2010) investigated internal controls influencing ethical issues among tax professionals, tax agents and practitioners in Australia. The study used cross sectional study design and used both quantitative and qualitative methodologies of collecting data. The study administered 114 questionnaires to tax professionals, tax agents and practitioners. Data were analyzed through descriptive statistics. The study found that internal controls within the organization influenced ethical issues among tax professionals. It was also found that well-structured inner controls consist of plan of the business and all of coordinate methods assumed within the business that defend its assets, reliability and crisscross accuracy of its accounting statistics, encourage adherence, sponsor operational effectiveness to set managerial strategies. The study also acknowledges scheme of internal controls spreads beyond those substances that relate directly to functions of accounting and financial departments.

Maree, and Radloff, (2017) conducted a study on factors affecting Ethical Decision of South African Chartered Accountants. Study used descriptive study design and administered 56 questionnaires to the sampled account professionals in various audit firms in South Africa. Quantitative data were analyzed through in cooperation regression analysis and descriptive statistics. The study determined that, experience, auditing states, expertise of auditing have optimistic as well as notable connection with professional cynicism of an auditor. The study also found that there was a positive relationship between the existence of inner controls and the level of submission with the Code of ethics among the professional accountants. Though the scholars have identified several internal controls influencing compliance with accountants' code of ethics, they have not addressed the specific internal controls in devolved governments, which affect compliance despite the heavy funding by the central government.

According to the research conducted by Pamungkas, and Prasetyo, (2017) on Internal Control Systems in Improving Officers Compliance; they strong-minded the connection between the working environment and oversight of ICU variables. The general presumption here was that these directly were in contradiction of the workers' unethical or corrupt conduct variables. The research used cross sectional research design and a sample of 102 proficient accountants working in the Ghana public audit firms was used. The qualitative and quantitative data was collected through a questionnaire and interviews then analyzed by thematic analysis respectively with also descriptive statistics. The research determined ICU supervision variables and working environment to be a bad influence to workers' unprincipled or corrupt behavior. Ethics variable understanding showed that there is no effect on the employees' unethical or corrupt behavior variable. It was also established that work environment affects only behavior of unethical or corrupt accountant. From the interviews carried out, it was settled that working environment had undesirable impact on unethical behavior or corruption both to the business and conduct of individuals attached with the firm. Generally, the atmosphere and good working association built by leaders and co-workers in any working environment is very crucial since it aid each employee to achieve performance goals and diminish the incidence of unprincipled or dishonest accountant conduct.

Yang and Koo (2014) studied influence of information technology implementation on interior control adaptation in Auditing Firms in Uganda, (ITW). The correlation research design was practical and both interview schedules and questionnaires were used to collect qualitative and quantitative data. Descriptive and inferential statistics was applied for data analysis to determine noteworthy impact that exists on monetary misstatement and connection to inner control efficiency. Since IT being an essential part of control rudiments, focus of the study by the auditors was set clearly on new technological approach of IT calculations. The intent was to cultivate a clearer indulgent of ITWs material impact on financial reporting and internal control, Auditors to demonstrate the importance of their workings by go-getting first their efficiency. The research realized that even though enterprises think of internal controls in terms of accurate and fair accounting processes as well as effective operational management (IT) controls are also major subsection of internal controls in the contemporary world. Lack of controls documentation, accounting expertise, and inability to appropriately accrue for expenditures and formulate financial statements was also determined and a common gap in organizations' entities realized. The research determined the effective internal control system to be the cornerstone of reasonable public and corporate power therefore, most auditing companies in developing countries like Kenya lack ability to control the rigors, and technical capability demanded in having effective internal control. The study also found a optimistic connection between robust internal controls and submission with code of ethics.

Bulo, Mahaluça, Vilanculos, Mabjaia, Maite, Macuacua, Manhique (2020) analyzed the level of submission with code of morals in accounting occupation in Mozambique. A quantitative, a cross-sectional, descriptive and inductive research was undertaken and main statistics collected from experts listed with Order of Auditors and Accountants of Mozambique, employed in Maputo City in 2018, with goal of examining level compliance with code of ethics for professional accountants. Out of the registered 2600 professionals by Order of Accountants and Auditors of Mozambique, model size of 195, where majorities were female, young and learned. Research realized that existing internal controls and scale of ICT application for checks influences accountants' ethical compliance. The research concluded that most specialists chose to perceive rules and principles of code of ethics, notwithstanding an unimportant marginal that requires additional time on issues of ethical.

According to Ike, (2011), on Dynamics Facing Retail Companies in Nigeria, explored approaches administrators uses to reinforce internal control. Purposive model comprised OF 5 knowledgeable company bosses from big and average-size merchandizing businesses in Virginia. The theoretical frame entailed tread way board of backing society's ideal and standards of control. Document reviews, participant interviews as well as observation led to realize statistics. Interchange statistics were coded, transliterated and evaluated using adapted Van Kaam technique to categorize subjects like control, evaluation, adaptability, technology, accountability and efficiency. The research results stated that shortages instigated fluctuations in control systems, evaluation, personnel that figure centrally in the interior control reviews. Use of technologies by managers emerged as key strategy for reducing risk and encouraging ethical compliance among Company Employees. Business influential can therefore use these conclusions to reinforce working practices and instruct ethics of internal control of employees. Trade front-runners may in that way yield public memberships within operating space of workers. Subsequent subordinate prices of product can advantage clients, advance, and make the communal safer as well also communal -company relationships.

Wakiriba, Ngahu, and Wagoke (2014) likewise conducted a study on impression of effective inner control systems on financial statement, trade process as well as effectiveness of operation in the Public sector of Kenya. The study assumed use of business process diagram model and descriptive study design. This result was a graphical illustration of the intended commerce procedure to appraise effectiveness of internal control function. Application of questionnaires for 34 professional accountants in the public sector was done. The measurable data gotten were then evaluated using expressive statistics. The research determine that the internal controls secures resources of an organization against fraud, waste, and inefficiency; reliability and ensuring accuracy in operating data and accounting; evaluating the level of performance and securing compliance with the policies of the organization in all units of the organizational. The research consequently determined that internal controls were ideal for better business practices to avert errors in the financial management.

2.4.2 Remuneration of Accountants and Compliance with Code of Ethics

McGuire, Dow, and Argheyd (2013) investigated the incentives and corporate social performance among the professional accountants in Pakistan Auditing Firms. The study required to agree on how bonus, salary effects of CSR, environment, employee relations, product, and all business practices. The research used administered questionnaires and descriptive study design where 90 questionnaires were applied to accountants in the auditing firm. Descriptive statistics undertaken revealed that there is a connection between good governance, ethical business practices and incentives among the accountants.

Murphy (2011) assessed how using incentives was applicable in compliance and ethics Programs in Minepolis. The study used descriptive study design and sampled 80 employees in public organizations. The respondents were administered with semi structured questionnaires. Quantitative data was examined using descriptive statistics in form of mean, percentages and frequency. The findings from the research realized that with growing disbelief of business and snowballing levels of misbehavior, incentives can be used as an instrument to drive this kind of behavior expected from employees that will become critically important for the organizations to succeed in its objectives. Through developing appropriate ethics incentives and compliance, boards of management can demonstrate commitment to compliancy and organizational ethical conduct. Without satisfactory controls and incentives, most of us in the field occasionally will do the wrong thing. In deduction, for compliance and ethics program to be effective, affect behavior is needed of those acting on behalf of the company as a rewards and incentives.

Reynolds, Deis, and Francis (2014) investigated how the professional Service Fees influence Auditor independence among the employees in Auditing firms in Tanzania. The study employed descriptive study design. The study sampled 104 professional auditing officers working in both public and private auditing firms in Tanzania. Quantitative data were analyzed through descriptive statistics and Pearson correlation analysis with the help of SPSS v. 22. The answers were put on tables and graphs. The research realized that financial dependency does not impair auditor independence. A central conclusion was that top administration pay and corporate performance and are aligned in the companies with an outsider conquered boards and remuneration committees for easy running of their mandate. The findings also illustrated that there is a connection between remuneration and level of Code of ethics compliance. Despite earlier studies addressing how remuneration influences submission with accountants' code of ethics, the differentiation of remuneration in terms of how accountants’ pay (salary) and how to audit fee to the organization affect compliance was scanty.

Jaijairam, (2015) investigated the effects of incentives on ethical compliance among the professional accountants in Kenyan audit firms. The study assumed a qualitative descriptive study design and the survey technique used to collect main data. A descriptive survey was perfect for the research because of its ability to combine quantitative and qualitative data. Use of questionnaires was applied to collect data, and it was presented to workers at various chosen monetary institutions. Employees from finance, management and accounting sections were requested to rejoin to the questionnaires with responses depicting their views at work. 500 individuals were nominated as the sample size. These respondents were chosen and contacted then questionnaires were presented to them to safeguard 100% answer report. Data was then collected from participants sample response, coded into themes, assessed, and then analyzed using Chi-Square statistic technique, hence Microsoft Excel. The study found that incentive or motivational technique was very useful in minimizing unethical behavior among the auditors. The study found that the higher the attractive package, the higher the compliance with the Code of ethics. The research also scrutinized role of accountant professional bodies on how they are enhancing and promoting ethics in global accounting profession. Outcomes indicated that role of accountant is reliant on accounting profession ethics.

2.4.3 Accountants Independence and code of Ethics compliance

Hasan et al. (2014) explored the Ethical Instructions of Independence Auditing the influence it has on submission with Jordan quality rules of ethics on auditing. The research industrialized questionnaire that included 37 queries dispersed to a sample of practitioners in auditing of 59 auditors in number, 54 of the total collected, underwent all analysis, and then regression and one example t-test were used to test study philosophies. Research outlined that there is existence of impression of high commitment grade to the independence of auditors' ethics on excellence of audit; however, the degree of impact pledge to expert morals on excellence of audit was rough. This came from auditors' independence of first place, auditors' uncurling and their honesty in subsequent and third place effectiveness of auditor. The promise to expert demeanor in the quarter place, and finally the auditor's promise to discretion of info.

Basing on the Malaysia study conducted by Abu Bakar et al. (2006), commercial banks own by Malaysian used mail questionnaires to survey users of financial reports particularly from 86 commercial loan officers. The results indicated that minor audit companies, audit businesses helping given customer over lengthier period, audit companies operating in higher level of competitive environments, the non-existence of an audit board and , superior size of audit fees, audit companies providing Management Advisory Amenities are perceived to be having higher risk of trailing freedom. The size of audit firm was concluded to be the most significant factor, then tenancy, rivalry, audit board, and finally the amount of audit charge.

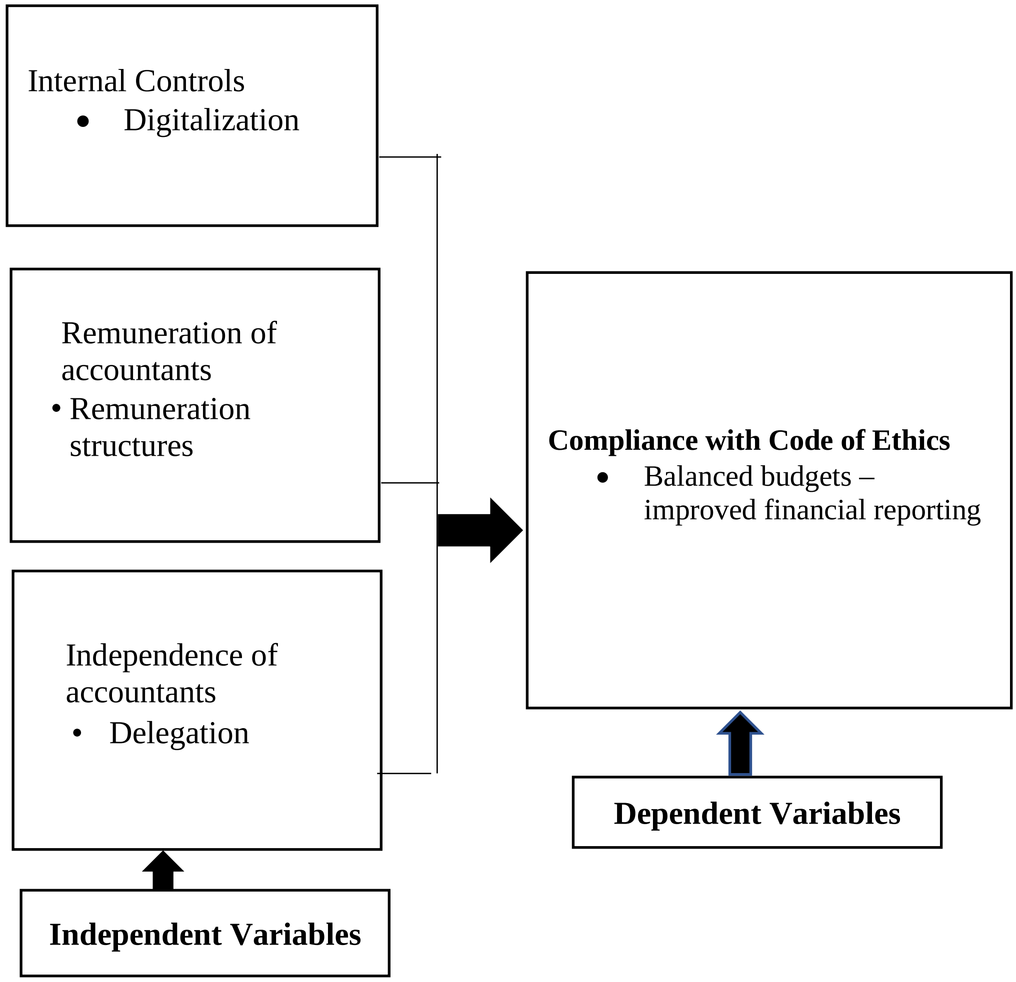
Oraka, and Okegbe, (2015) evaluated effluence accountants ethic independence in quality declaration audit in Nigeria. The research statistics was poised from primary and secondary sources and analyzed with standard deviation and means score then three framed suggestions were tested using z-test statistical instrument. Basing on this investigation, the research determined that the value assurance in audit improved sureness of investors in dependability of audited accounts and independence of expert ethics have noteworthy impression on excellence assurance among the account expert therefore, expert ethics is crucial in quality pledge in audit since it improve self-governing of the auditor. Grounded on this, the investigator recommends that accounts professional should be trained for task ahead before being positioned to the field and induction training to be delivered to contemporary auditors on essentials of resounding out excellence auditing workout.

Adekoya, Oboh, Oyewumi, (2020) scrutinized the perception of accountants in Nigeria where reserved factors manipulating ethical behaviors of auditors in Nigeria was determined. Sample data of 152 accountants where 80 rented and 72 non- rented in the State of Lagos were used in Nigeria via questionnaire that is well-structured. Data poised were analyzed by means of Mann–Whitney test and Wilcoxon rank-sum test (nonparametric tests) crisscrossing for variances in insights of rented and non-rented bookkeepers of individual factors persuading ethical behaviors of auditors. The outcomes displayed that, independence and autonomous working environment for professional accountants enhanced principled compliance among the accountants. Whereas there were important differing opinions on whether age impacts ethical behaviors of auditors, anxiety of authorization, upbringing, creed, morality, masculinity, as well as individual ideals were created to be inspiration of ethical behaviors of auditors

Gatu, (2017) established Factors Influencing Compliance in the County Governments of Kenya with Accountants Code of Ethics. From his findings, four Counties with great number of listed accountants according with ICPAK website was consider and they included; Nairobi, Murang'a, Kiambu, and Machakos Counties. From this research, sample of 151 out of a population of 245 were used. Picking of the example was arbitrarily made from ministry of finance. Use of a questionnaire was directed which comprised of open and closed ended questions. Data was then scrutinized through percentages, mean, regression analysis, frequency distributions and normal deviation. From study findings, it was time-honored that independence of accountants, internal controls, and remuneration prejudiced obedience code of morals by 72.3%. The research also recognized optimistic momentous connection of inner controls, independence and remuneration of bookkeepers on code submission. This was designated by the reversion co-efficient of variables determined. Therefore, conclusion from the research was that the three independent variables impact submission of code of ethics of accountants.

Another study in Kenya conducted by Teoh (2014), the properties of joint audit and administration referring amenities by accounting companies of the public, on Kenyan accord to public accountants, managers, shareholders and bankers was set and conclusion made. Administration of semi-structured questionnaires was applied among the 67 respondents (professional accountants) employed by the public accounting firms. Figures were then scrutinized by use of Pearson correlation analysis and descriptive figures. The result was that the growth by audit companies to non-audit services abridged sureness in the freedom of the auditors. It is also important to deduce that stockholders trust, auditors could remain autonomous if audit companies offer non-audit amenities, whereas there are no certain deductions for extra classes of respondents. The research also found that, positive connection between level of submission and independence with the Code of ethics. Therefore, higher level of independence leads to easier compliance with code of ethics.

2.5 Conceptual Framework



The frame demonstrates connection that exists between variables. Dependent variable is the code of ethics compliance, whereas the independent variables are designated by internal control system, independence, and remuneration, hence factors influencing compliance with code of ethics. Since county governments came into existence in 2013, it infers that not numerous studies have dwelled on the area especially code of ethics compliance within the county governments. Even with the application of firmer legislation and rigorous accounting standards with increased level of state oversight, mismanagement and irregular practices continue to occur. The researches done before did not analyze the factors influencing compliance critically with ethics code of accountants in the county governments mostly in developing economy as Kenya. Consequently, it is probable that at the end of the research, influence of internal controls, independence on compliance and remuneration will be build to bridge the gap shaped by the earlier researches.

2.6 Summary of literature and Research Gap

This section underscores both hypothetical and experimental literature review on factors influencing ethical compliance of professional accountants in selected county governments of Kenya. The theoretical literature highlighted how both agency theory and Compliance Theory relates with the current study. Empirical literature review highlighted are done in accordance with study objectives which are; to create the influence of inner controls on ethical submission by professional auditors in selected Kenyan county governments, to find influence of payment of accountants on ethical compliance by professional certified public accountant in selected Kenyan county governments and to evaluate influence of freedom of bookkeepers on the ethical submission by professional bookkeepers in selected county governments of Kenya. In most of the reviewed empirical literature, the studies have focused mostly on audit firms and not county governments as in the case of the current studies. Besides, most of the reviewed literatures have only looked at how ethical compliance relates with professionalism of the accountants but not on factors influencing ethical compliance of professional accountants. These findings therefore limit the generalization of the findings of the reviewed literatures for the current study. The present study will therefore fill these gaps by investigating the factors influencing ethical compliance of professional accountants in selected county governments of Kenya

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter underscores a description of research design and methodological approaches, which was adopted by the current. Therefore, the section provides research design, study population, sample size as well as techniques of sampling to be adopted. This section also highlights, data analysis techniques and data collection instruments.

3.2 Research Design

The study was anchored on descriptive design to investigate factors affecting ethical compliance among the professional accountants working with in county governments in Kenya. The choice of descriptive design for this study is on the premise that it aids in gathering information as they occur and also assist in obtaining both quantitative and qualitative at a single point in time. Moreover, this design is preferred for the present study because it allows for summarizing, interpreting, and presenting the collected data in tables, charts and graphs.

3.3 Target Population

Cooper *et al.,* (2000) describes population a group of subjects or elements under study with similar characteristic, from which some deductions and interpretations are made after scientific analysis. In this study, the population was 245 professional accountants from the chosen four county governments in Kenya. List of the professional accountants was got from the human resource office from their respective county governments.

3.4 Sampling Technique and sample size

Mugenda & Mugenda, (2003) describes sampling as the process of selecting representative individuals or respondents of a given number to represent a larger target population. The sample size for the present study was processed using the following Fischer Formula:

$$n = \frac{N}{1 + Ne^2}$$

Where	n	= Sample size
	N	Study Population = 245

e = confidence level (0.05)

Thus n $=245/1+245(0.05)^2 = 151$

From the computation of the sample size, 151 accountants from the four county governments (Kisumu, Nairobi, Homabay, Siaya). Random sampling approach was adopted to sample out 151 study participants (professional accountants) from the study population, to give every respondent same chance of being selected and also to take care of biasness when selecting the respondents. Each sample size for every county was proportionally computed with regard to their respective population, therefore, because 151 signifies 62% of the entire population, the study used this percentage to work on the sample sizes for all the selected four counties as illustrated in Table 3.1

Table 3.1 Population and Sample Sizes in the selected counties

County Government	Population	Sample	Percentage
Kisumu	73	45	62
Nairobi	81	50	62
Homabay	42	26	62
Siaya	49	30	62
TOTAL	**245**	**151**	

3.5 Data Collection Tools

The present study was sourced primary data from issuing of questionnaires that was self-administered. Lumpkin & Dess, (2001) explains questionnaires as research instruments containing a set of questions for collecting primary data at a particular point in time. In this study, the questionnaire was utilized to gather respondents' views and opinions on factors affecting ethical compliance by the professional accountants working in county governments of Kenya. This research tool is chosen owing to its nature of enhancing reliability of information because of anonymous filling of questionnaires.

The questionnaires which was self-administered was organized into five parts, i.e, Section A focusing on the basic background of the study respondents while Section B covering factors internal controls influencing ethical compliance by the accountants, Section C collecting information remuneration factors influencing ethical compliance among the accountants, Section D collected information on how accountants' independence and autonomous in decision making influence ethical compliance and finally Section E collected information on dependent variable which is ethical compliance among the respondents.

3.6 Data Collection Procedures

Data collection process is a procedure of colleting raw data, which is then processed to make meaning, applying a scientific technique of data analysis (Gall, Gall & Borg, 2007). Data collection commence by identifying the respondents, and how they can be their accessed. An introduction letter was obtained from the university, then presented to the county government organizations upon request. The researcher then made a rapport with the respondents, elaborating for them the intention of the study. The research tool was made in simple language and administered in person. Nonetheless, some questionnaires was administered electronically, particularly where physical access of the respondents is a challenge.

3.7 Data Analysis

To analyze the correlation that exists between (Internal controls, Remuneration, and Independence) and ethical compliance among the professional accountants in the county governments, the study used inferential statistics as well as descriptive statistics. Regression analysis was used as an inferential statistics, while frequencies and percentages together with the mean and standard deviation, was used as descriptive statistics. The regression approach was used to assess the existence of correlation between the variables.

3.7.1 Empirical model

Regression analysis followed the following model:

$Y= \beta 0+\beta 1X1+\beta 2X2+\beta 3X3+ \boldsymbol{\varepsilon}$

Y= Compliance with the Code of Ethics (Balanced budget)

X1= Internal controls (measured by level of digitalization)

X2= Remuneration (measured by remuneration structures)

X3 = Independence (extent of delegation)

e= Error term

β0= Constant.

β1, β2, β3 = represent regression coefficients of independent variables

3.8 Diagnostic Tests of Secondary Data

3.8.1 Multicollinearity

The current study used the correlation coefficients coupled with determinants of variance inflation to assess the presence of multi-collinearity. As Kothari, (2004) asserts, multicollinearity is a circumstance in which independent variables relate with one another to a greater extend, therefore causing interference with the coefficients and making the interpretation and comprehension of the study findings difficult, hence invalidating the significance of the tests. On the other hand, VIF reveals the extent at which standard errors increases as a consequent of multicollinearity. The coefficients are then checked whether it exceeds or are less than 0.8 and in case of VIF, the value is must be at least 5. This observation is also supported by Gujarati (2003) who also explains that the available of multicollinear among the variables was realized when the independent variables have their coefficients exceeding 0.8 threshold, or VIF recording more than 5 as the point if reference.

3.8.2 Test Normality

In testing for the normality of the data set, the study carried out a test to ascertain whether independent variables together with their respective regression coefficients showed nonskeweness. Normal distribution should not to be extremely flat (platykurtic) and neither should they be excessively steep (leptokurtic). It should also not be negatively or positively skewed and in case of absence of non-normality of the data with the estimators, interference may be witnessed in efficiency and statistical tests thereby rendering the data invalid (Green, 2008). High skewness and kurtosis of the values shows the likeliness of abnormality in data spread. Kerlinger, (2011) similarly illuminates that when the value of skewness go beyond 3, and the value of kurtosis is more than 10, then the date may be rendered abnormal.

3.9 Significance Test

A *t*-test is a statistical assessment applied to make a comparison between the actual mean and the populace mean. It can also be described as the baseline mean, with respect to standard deviation. In the present study, regression analysis used t-statistic, at a 5% significance level.

3.9.1 F-tests

F-test is used in any statistical work to illustrate how the data are distributed (F-distribution) as guided by valueless hypotheses. Normally it is applied when correlating statistical designs that fit very well in the data set, so as to pick out the model that fits very well with the study sampled population. Based on the present study, the F-test statistical analysis checked whether all predictors variables of ethical compliance fits very well, in which the F value was computed through at 95% confidence level.

CHAPTER FOUR: FINDINGS AND DISCUSSION

4.1 Introduction

In this section, the study present the findings from the analysis as well as discussions based on the research questions. It also highlights background information of the respondents which are analyzed presented in tables. The study used descriptive statistics and inferential approach that were both performed using SPSS ver. 22. All the results were presented in form of tables.

4.2 Response Rate

The study targeted 151 respondents who were the account officers in the finance departments of the selected four counties. The findings in Table 4.1, reveals that 140 respondents dully filled the questionnaires to completion and returned them for analysis, signifying 93% response return rate. Mugenda and Mugenda (1999) supports that a return rate of above 50% is a sufficient representative for meaningful investigation and discussions hence the return rate for the present study was considered excellent and sufficient.

Table 4.1 Response Rate

Respondents	Freq.	%
Filled	140	93
Unreturned/unfilled	11	7
Total administered	151	100

4.3 Reliability Analysis

The study used Cronbach’s Alpha reliability test to assess the reliability of the data collection tools. To assess whether items also measures similar construct the study also tested for internal consistency through Cronbach’s Alpha assessment. This measure tested the method of quantifiable of items and its association. For every variable expressing the specific objective, Cronbach’s Alpha test was computed and the result was as illustrated in table 4.2.

Table 4.2 Reliability Analysis

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Likert Items
0.863	**.838**	**20**

Table 4.2 depicts that considering the 20 items, the output for Cronbach's Alpha was 0.838. This points that the variables were dependable given that their reliability value exceeded the threshold of 0.7 (Field, 2009). The mean index was found to be 0.838 which was above 0.7. This result provided the researcher with an assurance that the data collection instrument (questionnaire) applied was reliable and gave out consistent results.

4.4 Background information of the respondents

Background characteristics of the respondents such as gender, years in service, age and level of education.

Table 4.3 Designation in the finance department

	Frequency	Percent
Finance Officers	22	15.7
Accountant	101	72.1
Auditor	17	12.2
Total	140	100

It was revealed that majority of the study participants were accountants (72.1%) trailed by finance officers (15.7%), while 12.2% of the respondents worked as auditors. This indicate that all the respondents were from the accounting departments of county governments and hence were well conversant with the operations of the department, giving reliable information on the study.

Table 4.4 Gender

	Frequency	Percent
Male	91	65
Female	49	35
Total	140	100

The study found that of the 140 respondents that took part in the study, majority were males at 65% while their female counterparts were 35%. This clearly shows that the county government observe the one third gender rule, where the threshold of 30% female representation must be observed in all the public sector of employment.

Table 4.5 Age Bracket

	Frequency	**Percent**
Below 30 Years	42	30
30-50 Years	88	63
Above 50 Years	10	7
Total	140	100

Table 4.5 depicts that most of the respondents that took part in the study at (63%) were between 30 to 50 years of age, 30% were below 30 years while a paltry 7% were 50 years and above. This clearly shows that data collected were from the ideal age bracket given that below the age of 30 years had just been employed thereby may not have more information on county operations whereas those with over 50 years were almost leaving the employment hence may not be interested with giving the information.

Table 4.6 Work Service in years

	Frequency	Percent
Below 2 years	18	12.9
2-4 Years	46	32.9
Above 4 Years	76	54.2
Total	140	100

The study reveals that out of the 140 respondents, majority at 76(54.2%) had worked in the county in the accounts department for a period of more than 4 years, 46(34.9%) indicated 2-4 years, while only 18(12.9) % had less than 2 years of experience. This points that most of the members in the accounting department had offered their services for the county government for a period long enough to know the county operations and determinants of ethical compliance among the professional accountants in accounts departments.

Table 4.7 Highest Academic Qualifications

	Frequency	Percent
Certificate	6	5
Diploma	34	24
Bachelors Degree	76	54
Masters Degree	24	17
Total	140	100

Table 4.7, depicts that most of the participants 76(54%) had attained bachelor's degree, 34(24%) had diploma qualification, 24(17%) had master's degree while only 6(5%) had just a certificate. This indicates that most of the respondents good and relevant academic qualifications for their roles in finance departments hence increasing the credibility and reliability of the data collected.

4.5 Internal Controls and Compliance with Code of Ethics

This study sought to determine how internal controls influence the adherence to code of ethics by the county administrations. The questionnaire had well-structured questions about internal controls in county governments. A likert scale of 1 to 5 was applied in each question, with 1 designating no extent, 2 signifying a small amount, 3 signifying a moderate amount, 4 signifying a large amount, and 5 signifying a very large amount. The mean response of the participants was measured through descriptive statistics (mean and standard deviation) for every question.

Table 4.8 Descriptive Statistics of influence of internal controls on ethical compliance among the accountants

Statement	NE	LE	ME	GE	VGE	Mean	STDV
The impact of digitalization of department operations on code of ethics compliance	0 (0.0%)	0 (0.0%)	44 (31.4%)	69 (49.3%)	27 (19.3%)	**3.88**	**.70**
The impact of department heads' supervision on conformity with the code of ethics	0 (0.0%)	0 (0.0%)	4 (2.9%)	109 (77.9%)	27 (19.3%)	**4.16**	**.44**
The extent to which the flow of communication within the company has an impact on conformity with the code of ethics	0 (0.0%)	0 (0.0%)	13 (9.3%)	116 (82.9%)	11 (7.9%)	**3.99**	**.42**
The impact of risk assessment techniques on internal controls on code of ethics compliance	2 (1.4%)	0 (0.0%)	12 (8.6%)	103 (73.6%)	23 (16.4%)	**4.04**	**.62**
Extent of influence of existence of independent internal audit department on compliance with code of ethics	0 (0.0%)	0 (0.0%)	6 (4.3%)	113 (80.7)	21 (15.0%)	**4.11**	**.43**

Key: NE=No Extent; LE=Little Extent; ME=Moderately Extent; GE=Great Extent; VGE=Very Great Extent;

The findings reveals that most of the respondents at 69(49.3%) showed that to a great extent, digitalization of department operations influenced ethical compliance among the professional accountants in county governments, 44(31.4%) indicated moderately extent while 27(19.3%) confirmed that it was to a very great extent. None of the respondents indicated little extent or no extent. Generally, digitalization of department operations facilitate internal controls of the accounting practices that would promote ethical compliance among the professional accountants (Mean 3.88±0.70).

The study also found that over three quarters of the respondents at 109(77.9%) indicated that supervision of departmental heads influenced compliance of the professional accountants to a great extent, 27(19.3%) indicated very great extent, while 4(2.9%) indicated moderately extent. None of the respondents indicated little or no extent. This shows that supervising heads of department makes the accountants to be more ethical compliant in their services (Mean 4.16±0.44).

On flow of communication, it was revealed that most of the respondents at 116(82.9%) confirmed that flow of communication across the organization influenced internal controls for compliance with code of ethics to a great extent, 13(9.3%) indicated moderately extent, while 11(7.9%) indicated to a very great extent. Overall, (Mean 3.99±0.42) shows that communication streaming across departments and organization enhance ethical compliance among the professional accountants.

The study also found that risk assessment mechanisms influence internal controls to a great extent as indicated by most of the participants at 103(73.6%), 23(16.4%) confirmed to a very great extent, while 12(8.6%) indicated moderately extent. Only 2(1.4%) indicated that there was no extent of influence between risk assessment approaches and internal controls. This shows that (Mean 4.04±0.62) risk assessment mechanisms put in place within the county government organizations influence greatly on the ethical compliance among the professional accountants.

On independence of internal audit, it was found that most of the study participants at 113(80.7%) agreed that existence of independent internal audit department influence to a great extent the compliance with the code of ethics among the professional accounts, 21(15.0%) indicated that the influence was to a very great extent, while 6(4.3%) indicated moderately extent. Generally, (Mean 4.11 ±0.43) this shows that independent audit department in a county government organization strengthen internal controls that then enhance ethical compliance among the accountant professionals.

4.6 Remuneration and Compliance with Accountants' code of ethics in County governments of Kenya

The study similarly sought to assess how remuneration influence compliance with the Accountants' Code of Ethics in Kenyan county administrations. The questionnaire had well-structured questions about salary within county governments. A likert scale of 1 to 5 was utilized in each question, with 1 signifying no extent, 2 signifying a small amount, 3 signifying a moderate amount, 4 signifying a large amount, and 5 denoting a very large amount. The weighted mean response was measured through mean and standard deviation for every question.

Table 4.9 Remuneration and Ethical Compliance

Statement	NE	LE	ME	GE	VGE	Mean	STDV
Extent of influence of insufficient distinct remuneration structures on compliance with code of ethics	0 (0.0%)	6 (4.3%)	87 (62.1%)	30 (21.4%)	17 (12.1%)	**3.41**	**.76**
The extent of pay differences between higher and lower cadres on compliance with the code of ethics	0 (0.0%)	0 (0.0%)	27 (19.3%)	98 (70.0%)	15 (10.7%)	**3.91**	**.54**
Extent of influence of Public private sector wage differentials on compliance with code of ethics	0 (0.0%)	0 (0.0%)	12 (8.6%)	110 (78.6%)	18 (12.9%)	**4.04**	**.46**
Extent of effect of promotions respective of merit on compliance with code of ethics	0 (0.0%)	0 (0.0%)	40 (28.6%)	70 (50.0%)	30 (21.4%)	**3.93**	**.71**
Extent of influence of incentives award in our organizations on compliance with code of ethics	0 (0.0%)	2 (1.4%)	20 (14.3%)	56 (40.0%)	62 (44.3%)	**4.27**	**.76**

Key: NE=No Extent; LE=Little Extent; ME=Moderately Extent; GE=Great Extent; VGE=Very Great Extent;

According to study findings, over two thirds of the respondents at 87(62.1%) indicated that lack of clear remuneration structures influence to a moderate extent on the ethical compliance among the professional accountants, 30(21.4%) indicated that this influence was to a great extent, while 17(12.1%) responded that it was to a very great extent. Only 6(4.3%) indicated least extent. Overall, when there is no clear remuneration structure, ethical compliance is compromised among the accountants as shown by most of the respondents (Mean 3.41±0.76).

Majority of the participants at 98(70.0%) indicated that discrepancies in remuneration between higher and lower cadres also influenced to a great extent on compliance with code of ethics, 27(19.3%) indicated moderate extent, while 15(10.7%) indicated that the influence was to a very great extent. This shows that disparities in salary packages for the account professionals in county governments (Mean 3.91±0.54) influenced their compliance with the code of ethics.

The study also found that most of the study partcipants at 110(78.6%) indicated that public private sector wage differentials influenced the compliance with code of ethics to a very great extent 18(12.9%), 12(8.6%) indicated moderately extent. None of the respondents at indicated least extent or no extent at all. Generally public private sector wage differentials influenced highly (Mean 4.04±0.46) the ethical compliance among the accountants in county governments.

On promotions based on merits, it was found that 70(50.0%) indicated that promotions based on merits to a great extent influenced the compliance with code of ethics, 40(28.6%) indicated moderately extent, while 30(21.4%) indicated to a very great extent. None of the respondents at 0(0.0%) indicated least extent or no extent at all. Overall, promotions done in accordance to merits influenced ethical compliance among the accountants in county governments.

On the extent at which incentives and awards influence ethical compliance among the professional accountants, the study found that 56(40.0%) indicated great extent, 62(44.3%) indicated to a very great extent, while 20(14.3%) indicated moderately extent. Only 2(1.4%) indicated little extent. This shows that incentives awards greatly influenced (Mean 4.27±0.76) the ethical compliance among the accountants working in county governments. It can therefore be deduced that remuneration of financial officers has an influence on ethical compliance in county governments in Kenya.

4.7 Independence and Compliance with Code of Ethics by Accountants'

The study similarly sought to assess how accountant independence and autonomy in decision making influence their ethical compliance. The questionnaire had well-structured questions about county government independence. A likert scale of 1-5 was used in each question, with 1 representing no extent, 2 representing a small amount, 3 representing a moderate amount, 4 representing a large amount, and 5 denoting a very large amount.

Table 4.10 Independence and compliance with Accountants' code of ethics

Statement	**NE**	**LE**	**ME**	**GE**	**VGE**	**Mean**	**STDV**
Extent of influence of accountants/auditors conversant with the accountants code of ethics on compliance with code of ethics	0 (0.0%)	0 (0.0%)	14 (10.0%)	87 (62.1%)	39 (27.9%)	**4.18**	**.591**
Extent of influence of employees performing their duties without interference on compliance with code of ethics	0 (0.0%)	0 (0.0%)	33 (23.6%)	68 (48.6%)	39 (27.9%)	**4.04**	**.718**
Extent of influence of accountants independence in their reporting on compliance with code of ethics	0 (0.0%)	0 (0.0%)	22 (15.7%)	80 (57.1%)	38 (27.1%)	**4.11**	**.647**
Extent of influence of accountants being professional, objective, factual and impartial in their work on compliance with code of ethics	0 (0.0%)	0 (0.0%)	20 (14.3%)	101 (72.1%)	19 (13.6%)	**3.99**	**.530**
Extent of effects of leadership style enhancing independence on conformity with code of ethics	0 (0.0%)	0 (0.0%)	20 (14.3%)	90 (64.3%)	30 (21.4%)	**4.07**	**.595**

The study reveals that majority of the respondents at 87(62.1%) confirmed that accountants or auditors' conversant with the accountants code of ethics influence to a great extent their conformity with code of ethics, 39(27.9%) indicated to a very great extent, 14(10.0%) indicated moderately extent. None of the respondents indicated least extent or no extent at all. This shows that being conversant with the tenets of code of ethics encourage ethical compliance among the professional accountants working in county government as indicated by most of the respondents (Mean 4.18±0.591).

It was also found that employees working without interference would also influence compliance with code of ethics among the employees to a great extent, as indicated by most of the respondents at 68(48.6%), 39(27.9%) indicated that this influence was to a very great extent, while 33(23.6%) indicated moderate extent. Cumulatively, 107(76.5%) (Mean 4.04±0.718) agreed that autonomous working of the employees influence their compliance with code of ethics and as such, when the professional accountants working in county governments are independent, they would be more compliant.

Similarly, over half of the respondents at 80(57.1%) confirmed that accountants independence in their reporting influence to a great extent on compliance with the code of ethics, 38(27.1%) indicated to a very great extent, while 22(15.7%) indicated moderate extent. With a mean of (Mean 4.11±0.647), independence of accountants in their reporting highly influence their ethical compliance in an organization.

Majority of the respondents at 101(72.1%) also indicated that when accountants are professional, objective, real and unbiased in their work, they tend to be compliant with the code of ethics to a greater extent, 20(14.3%) indicated moderate extent while 19(13.6%) indicated to a very great extent. This shows that professional, actual and impartial accountants are more ethical compliance as indicated by most of the respondents (Mean 3.99±0.530). Moreover, over two thirds of the respondents at 90(64.3%) indicated that leadership styles that promotes independency of accountant influence to a great extent their compliance with the code of ethics, 30(21.4%) indicated to a very great extent while 20(14.3%) indicated moderate extent. This implies that with (Mean 4.07±0.595) independence of accountants highly enhance their compliance with the code of ethics.

4.8 Compliance with Code of Ethics

The questionnaire was used to analyze various indications of compliance with the code of eth ics for professional accountants. The number of responders revealed the extent to which certa in markers of compliance with the code of ethics at county governments were met.

Table 4.11 Compliance with Code of Ethics

Statement	NE	LE	ME	GE	VGE	Mean	STDV
Timely implementation of budgets on conformity with code of ethics	0 (0.0%)	0 (0.0%)	24 (17.1%)	99 (70.7%)	17 (12.1%)	**3.95**	**.541**
Decline in case of corruption on compliance with code of ethics	0 (0.0%)	99 (7.1%)	50 (35.7%)	70 (50.0%)	99 (7.1%)	**3.57**	**.731**
Improved service delivery on compliance with code of ethics	0 (0.0%)	0 (0.0%)	19 (13.6%)	72 (51.4%)	49 (35.0%)	**4.21**	**.666**
Transparency of operations on conformity with code of ethics	0 (0.0%)	0 (0.0%)	90 (6.4%)	80 (57.1%)	51 (36.4%)	**4.30**	**.584**
Accountability of the officials on compliance with code of ethics	0 (0.0%)	0 (0.0%)	33 (23.6%)	50 (35.7%)	57 (40.7%)	**4.17**	**.786**

Key: NE=No Extent; LE=Little Extent; ME=Moderately Extent; GE=Great Extent;

VGE=Very Great Extent

According to the findings of the study, timely budget implementation on ethical compliance had a mean of 3.95 ±0.541, decline in corruption cases on ethical compliance had a mean of 3.57±0.731, improved service delivery on ethical compliance had a mean of 4.30±0.666, transparency of operations on ethical compliance had a mean of 4.30±0.584, and officials' accountability on ethical compliance had a mean of 4.17±.786. According to Weiss (2015), the nature of accountants' and auditors' work needs a high level of ethics, the mean value shows that the respondents agreed with the claims in general.

4.9 Multiple Regression Analysis

To run a regression analysis, the study first carried out factor analysis on each variable in order to reduce the dimension and determine the variables to be used for regression.

Table 4.12: Model Summary

Model	R	R^2	Adjusted R^2	Standard Error of the Estimate
1	.854[a]	.729	.723	0.5259

Predictors: (Constant), Internal controls, remunerations of accountants, independence of accountants

Table 4.12 depicts that the Adjusted R^2 0.723. This indicates that 72.3% of the dependent variable (accountants' ethical compliance) in the selected devolved governments of Kenya could be justified by remuneration and salaries of accountants, internal controls and independence or impartiality of accountants.

Table 4.13 Analysis of Variance

Model	SS	df	MS	F	Sig.
Regression	135.16	4	33.79	125.15	.000[b]
Residual	36.72	136	0.27		
Total	171.88	140			

SS Sum of Squares; MS; Mean Squares

According to the ANOVA output, the model significant with respect to p-value was below 5%, while F statistic was significantly greater than 1, hence showing the suitability of the model in assessing the relationship between the variables. Therefore, the model is suitable for assessing the determinants of ethical adherence in county governments of Kenya.

Table 4.14 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.000E-013	.044		.000	1.000
	Factor score for Internal controls	.226	.046	.226	4.862	.000
	Factor score for remunerations for accountants	.146	.046	.146	3.199	.002
	Factor score for independence of accountants	.718	.047	.718	15.121	.000

a. Dependent Variable: REGR factor score for Compliance to the code of ethics

Based on Table 4.15 above we observe that all the independent variable are statistically significant. Internal controls had a significant coefficient with P-value = .000, remuneration for accountants P-value = 0.002 and independence of accountants P-value = .000. Based on the regression model, the regression equation therefore becomes.

Y = 0.226X1+ 0.146X2+ 0.718X3

From this equation, it can be deduced that arise in internal controls by a unit will lead to an increase in compliance level by 0.226 units. Moreover, a rise in remuneration of professional accountants by a single unit will lead to increase in compliance level by 0.147 units. Lastly, increase in independence of professional accountants by a unit will lead to increase in compliance level by 0.718 units.

4.10 Discussions

4.10.1 Internal Controls and Accountants Ethical Compliance

The study found that digitalization of department operations, supervision of department heads, flow of communication across the organization, risk assessment mechanisms, independent internal audit department influence to a great extent on the internal controls, which then affect the compliance of the accountants' code of ethics. Based on regression analysis, it was established that internal control had a significant positive ($P<0.05$) influence on compliance with code of ethics among the accountants in county governments.

These findings concur with that of Graham and Lynford (2017) who also found that common control gaps in organizations include inadequate controls, insufficient accounting expertise and the incapacity to suitable accrue for expenses and make financial reports.

Internal controls, according to Devra (2015), have an impact on an organization's structure, work, which are intended to assist the business achieve its goals and objectives. Internal controls, according to Manhattan (2015), are sound business procedures that should lessen the risks linked with unnoticed errors.

4.10.2 Remuneration of accountants and compliance with accountants' code of ethics

The study discovered that when defined remuneration structures are lacking, discrepancies in remuneration are witnessed, also inequalities in public or private sector wage progressions are also seen and all these may negatively influence ethical compliance among the accountants.

According to the regression analysis, remunerations had a significant positive ($P<0.05$) influence on compliance with the code of ethics among county government accountants. This finding was similar to that of Murphy (2018) who also found that owing to the increasing mistrust of business and growing intensities of misconduct, it is critically vital for administrations to have a better incentive award structure as an instrument to drive the nature of behavior they require from employees.

Similarly (2000) pointed out that the correlation between salary packages and organization performance has grown almost to a tenfold since 1980. KIPPRA (2013) also echoed these observation when it found out that wage discrepancies, decreases the morale and overall output of the public sector as it could also result into unethical behaviour. ICPAK (2015) similarly documented that even though law expects county governments to deposit all their county revenues into county revenue fund (CRF) prior to expenditure, majority of public officers fleece the county finances as a result of discriminatory remuneration.

4.10.3 Accountants Independence and Ethical Compliance

According to the study findings, accountants/auditors conversant, employees working without interference, accountants independence, accountants being professional, objective, factual and impartial in their work were all found to be greatly influencing independence of the accountants, which then influence their ethical compliance.

The regression analysis result also found that independence of accountants significantly and positively ($P<0.05$) influence on compliance with code of ethics among the accountants in county governments. Symsuddin et al., (2014) also found that on professional responsibilities, where they also found that auditors may experience undue pressure from the management or senior government officials or politicians may influence the impartiality and independence of auditors. O' Malley (2013) also supports these observation when he found that the issues associated with the independence are intimidating the existence of accounting firms and may as well harm accounting profession.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 Introduction

The study objectives were to assess factors (internal controls, remunerations, and accountant independence) predicting ethical compliance among the accountants in Kenyan county governments. The chapter gives summary of the study findings, conclusions, and both policy and practice recommendations with respect to the study objectives. The study's shortcomings, recommendations, and opportunities for future research are also highlighted.

5.2 Summary of findings

The summary of findings is presented as per the research objectives as follows:

5.2.1 Effect of internal Controls and Ethics Compliance

Digitalization of department operations, supervision of department heads, flow of communication across the organization, risk assessment mechanisms, independent internal audit department influence to a great extent on the internal controls, which would then affect the compliance of the accountants' code of ethics. The regression analysis, established that internal control had a significant positive ($P<0.05$) influence on compliance with code of ethics among the accountants in county governments.

Concerning the connection between internal controls and adherence to ethics among the accountants in county governments, the study proved that internal control had a significant positive ($P<0.05$) influence on ethics compliance among the accountants in county governments. This implies that the tighter internal control mechanisms in the county government the more level of compliance among the accountants in county governments.

5.2.2 Effect of Remuneration of Accountants on Ethics Compliance

The lack of defined wages and remuneration framework, differences in remuneration in public and private sector were found to have a significant impact on professional accountants' compliance with the ethics. Based on the relationship between remuneration and compliance with ethics, the study found from the regression analysis, that remunerations had a strong significant positive ($P<0.05$) influence on ethics compliance among the accountants in county governments. This implies that competitive remuneration increases the level of compliance with ethics by professional accountants at county governments. If the more the accountants are well paid the more likely they will comply with the tenets of ethics.

5.2.3 Effect of Independence of Accountants on the Ethics Compliance

According to the study findings, accountants/auditors conversant, employees working without interference, accountants independence, accountants being professional, objective, factual and impartial in their work were all found to be greatly influencing independence of the accountants, which then influence their level of compliance with the code of ethics. Summarily, the regression analysis result also found that independence of accountants significantly and positively ($P<0.05$) influence on compliance with code of ethics among the accountants in county governments. This implies that increasing the independency and autonomous working of the professional accountants would also enhance their responsibility and accountability. This will consequently aid them to uphold high level of ethical compliance.

5.3 Conclusion

This study concludes that the level or degree of compliance with code of ethics among the professional accountants working in county governments is largely determined by remuneration, internal controls, and independence of accountants.

Internal controls through digitalization of accountants' operations, separation of duties, risk assessment approaches and well-structured and effective internal audit unit assist in securing the county's organizations assets, enhance communication among the departments, appropriate accounting statements and also guarantees that businesses are carried out in accordance with organization's objective and guidelines.

The study also concludes that salary package for the accountants which entails clear salary structures, less public-private sector remuneration discrepancies, promotions done based on merit, proportionate benefit packages, and less or no discrepancies between the lower and higher cadres enhance employees motivation and morale, lessen conflicts and upholding harmony and ethical discipline among the employees.

On independence of accountants, the study concludes that this predictor is realized when the accountants have good knowledge on the code of ethics, professionalism, organization objectives, impartiality in their work, less interference from the senior members of the organization and favorable leadership styles. All these attributes result into autonomous decision making among the accountants and enhanced credibility of the.

In conclusion, county government professional accountants should uphold strong internal control mechanisms, good remuneration structures and independence working of the accountants to promote ethical compliance. This will consequently increase quality of fiscal reporting, prompt budget implementation, decrease in corrupt cases and improve service delivery.

5.4 Recommendations

According to the findings, accounting professional bodies should develop rules to manage the flaws in compliance with the tenets of ethics among professional accountants working in county governments, as well as monitor methods to ensure that the code is followed.

The county governments should design strict policies and guidelines that ensures that all professional accountants detest from being victims of noncompliance with the code of ethics.

The county government stakeholders should ensure that internal controls, wages, salaries and remuneration and accountants' independence of are upheld, well-structured and institutionalized.

5.5 Limitations of the study

Some of the limitations of the study was that instead of conducting a study on the entire country, the current study's findings were limited to four Kenyan county governments. As a result, the conclusions of the study cannot be applied to other countries. Owing to the kind of the study, several respondents were hesitant to disclose information. The researcher, on the other hand, promised them of the information's confidentiality.

5.6 Areas for Further Research

The study focused on only three predictors of compliance with code of ethics among the professional accountants working in county governments. This has left gaps for other factors to be studied that might also influence ethical compliance among the accountants. Similar study should be conducted in other county governments in the county before generalization of the findings are made.

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APPENDIX I: QUESTIONNAIRE

Introduction

I'm a Master's student at the University of Nairobi, and I'm working on a research project called "Factors Influencing Ethics Compliance by Accountants' in Selected Kenyan County Governments." Please assist me in providing the most correct answers to this questionnaire. Any information you will provide will be kept private for only academic intentions. Fill up the blanks with ticks and short answers as needed. On the questionnaire, do not write your name.

SECTION A: DEMOGRAPHIC INFORMATION

1. Gender: ______________________________
2. Age________________________________-

3. Duration worked in county government?

Less than 2 years [ ] between 2-4 years [ ] above 4 years [ ]

4. Highest level of education?
   - Certificate [ ]
   - Master's degree [ ]
   - Diploma [ ]
   - Doctorate [ ]
   - Bachelor degree [ ]

6. Professional qualification?___________________________

7. Number of trainings/workshops/seminars attended yearly as planned by your professional body, ---

SECTION B: INTERNAL CONTROLS AND ETHICS COMPLIANCE

8. Internal control statements are listed in the table below. Please describe how these issues have influenced your ministries/adherence departments to the accountants' code of ethics. Use a scale of 1-5 where 1= No extent, 2= little extent, 3=moderate extent, 4=great extent and 5=very great extent.

	1	2	3	4	5
Digitalization of department operations					
Supervision by departmental heads					
Communication flow, down, up, and across the organization					
Risk assessment mechanisms on internal controls					
Existence of an independent internal audit department					

SECTION C: REMUNERATION OF ACCOUNTANTS AND ETHICS COMPLIANCE

Please describe how these factors have influenced ethics compliance in your ministry or department. Use a scale of 1 to 5, with 1 denoting no extent, 2 denoting a small amount, 3 denoting a moderate amount, 4 denoting a large amount, and 5 denoting a very large amount.

Statements	1	2	3	4	5
a) Lack of distinct remuneration structures					
b) Inequalities in the remuneration between higher and lower employee classes					
c) Public-private sector wage disparities					
d) Promotions are done on merit. Education and considered					
e) There are incentives awarded in our organization					

SECTION D: INFLUENCE OF INDEPENDENCE OF ACCOUNTANTS ON COMPLIANCE WITH CODE OF ETHICS

Several aspects of independence that influence conformity with the accountants' code of ethics are listed below. Please describe how these factors have influenced compliance in your ministry or department. Use a scale of 1 to 5, with 1 denoting no extent, 2 denoting a small amount, 3 denoting a moderate amount, 4 denoting a large amount, and 5 denoting a very large amount.

Statement	**1**	**2**	**3**	**4**	**5**
The auditors are accountants code of ethics					
The employees work without interference from bosses					
The accountants/auditors show independence in their reporting					
The accountants are professional and impartial in their work					
The leadership style is conducive to allow for independence					

SECTION E: COMPLIANCE WITH CODE OF ETHICS

Adherence to the tenets of ethics for accountants can help to avoid financial scandals while also increasing transparency and accountability in service delivery. To what extent do the following statements reflect county government compliance with the ethics? Use a scale of 1 to 5, with 1 denoting no extent, 2 denoting a small amount, 3 denoting a moderate amount, 4 denoting a large amount, and 5 denoting a very large amount.

Statement	**1**	**2**	**3**	**4**	**5**
Timely implementation of budgets					
Decrease in cases of corruption					
Better service delivery					
Accountability of the officials					
Transparency of operations					

THANK YOU FOR YOUR PARTICIPATION IN THIS STUDY