

**THE INFLUENCE OF THE MONITORING & EVALUATION
REPORT ON PROJECT EXTERNAL AUDIT PLAN: A CASE OF
INTERNATIONAL DEVELOPMENT ASSOCIATION FUNDED
PROJECTS IN MOMBASA COUNTY, KENYA**

BY

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**A RESEARCH PROJECT REPORT SUBMITTED IN PARTIAL
FULFILLMENT OF REQUIREMENTS FOR THE AWARD OF THE
DEGREE OF MASTER OF ARTS IN PROJECT PLANNING AND
MANAGEMENT OF THE UNIVERSITY OF NAIROBI**

2015

DECLARATION

This research project report is my original work and has never been presented for degree or any other academic award in this or any other University.

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L50/70727/2013

The research project report has been submitted for examination with my approval as University supervisor.

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DEDICATION

This work is dedicated to my wife Tamisha Omollo and daughters; Marion Khabaya, Sapentia Busolo and Phoebe Musilivi thank you for your encouragement and overwhelming support. To my parents Mr. Peter Mwinamo and late mama Sapentia Busolo, you taught me the meaning of hard work.

ACKNOWLEDGEMENTS

I take this opportunity to acknowledge Mr. Johnbosco Kisimbii, my supervisor for his professional guidance and critical evaluation of this research project.

I would also like to thank the University of Nairobi for providing me with an enabling environment to gain academic skills and expand my professional networks.

I also recognize all my lecturers for taking me successfully through the course work. I cannot forget to recognize the contribution and support from my class mates in the programme.

Special thanks also go to the Office of the Auditor General for allowing me time to pursue my studies. I am also indebted to the staff who agreed and participated in the research by being part of the sample. Without their cooperation this project would not have been possible.

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LIST OF ABBREVIATIONS AND ACRONYMS

AICPA	-	Institute of Certified Public Accountants
CARE	-	Cooperative for American Relief Everywhere
DAG	-	Deputy Auditor General
EATTFP	-	East Africa Trade & Transport Facilitation Project
GPRA	-	Government Performance and Results Act
GOK	-	Government of Kenya
IAASB	-	International Auditing and Assurance Standards Board
IDA	-	International Development Association
IEA	-	Institute of Economic Affairs
IFAC	-	International Federation of Accountants
INTOSAI	-	International Organization of Supreme Audit Institutions
ISA	-	International Standards on Audit
ISSAI	-	International Standards of Supreme Audit
KCDP	-	Kenya Coastal Development Project
KE	-	Kenya
KPA	-	Kenya Ports Authority
KR	-	Kenya Railways
KRA	-	Kenya Revenue Authority
Kshs	-	Kenya Shillings
M&E	-	Monitoring and Evaluation
MTR	-	Mid-term review

NACOSTI	-	National Commission for Science, Technology and Innovation
NGO	-	Non Governmental Organization
NIMES	-	National Integrated Monitoring and Evaluation System
NIMES	-	National Integrated Monitoring and Evaluation System
No.	-	Number
OECD	-	European Co-operation and Development
PAMFORK	-	projects, self-assessment, project reviews, organizational strengthening and capacity building
PRIA	-	Participatory Research in Asia
SADP	-	Sivonga Agricultural Development Project
UNDP	-	United Nations Development Programme
UNEG	-	United Nation Evaluation Group
UNICEF	-	United Nations International Children Education Fund
WASSIP	-	Water and Sanitation Service Improvement Project
WB	-	World Bank
WBG	-	World Bank Group

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ABSTRACT

The concepts of monitoring and evaluation and project audit are closely related in the context of assessing effectiveness, efficiency and accountability of a project. The purpose of the study was to determine the influence of the monitoring and evaluation report on project's external audit plan with a case study of World Bank funded projects in the County of Mombasa, Kenya. The study was based on three research objectives: establish the extent to which purpose of monitoring and evaluation influence project external audit plan, assess the effects of monitoring and evaluation report findings on project external audit plan and determine the extent to which M&E report recommendations influence project external audit plan. The research design was survey. The study targeted 44 auditors working for Office of the Auditor General, Mombasa County. Questionnaires were main instruments of data collection. Data was analyzed descriptively using both SPSS and Microsoft Excel. Multivariate regression analysis was used whose result showed that there is a strong correlation between the dependent and the independent variables as shown by the values of R^2 (0.771). The R^2 value (77.10%) indicates how much of the dependent variable, project external audit plan is explained by the independent variables; report purpose, report findings, and report recommendations. The findings agree with Mackay (1999) who urge that evaluation findings can be an important input for resource allocation planning, decision making and prioritization. The study recommends that the terms of reference for a monitoring and evaluation assignment should ensure that the report captures the interests of wide stakeholder including the project auditors. In addition, audit firms and auditors should get trained on monitoring and evaluation to enable them to interpret the report findings. The study also recommends that monitoring and evaluation findings on accountability and project impact should be based on fact and evidence. Lastly, study recommends that monitoring and evaluation report should have appropriate recommendations based on the findings. The researcher recommends further study on the similarities between monitoring and evaluation and project external audit which was not part of this study.

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

The term monitoring and evaluation and particularly evaluation has been widely written about across the world (Furubo et al., 2002). Only a small amount is undertaken for accountability purposes or from accountability perspective. In this way, its starting point, mindset and much evaluation activity is quite different from audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements (IFAC,2012). The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. External auditor is audit professional who performs an audit in accordance with specific laws or rules on the financial statements of a company, government entity, other legal entity or organization, and who is independent of the entity being audited (Inyama, 2010).According to International Standards on Audit 300, the auditor shall establish an overall audit strategy that sets the scope, timing and direction of the audit, and that guides the development of the audit plan (IFAC, 2012). The auditor shall develop an audit plan that shall include a description of the nature, timing and extent of planned risk assessment procedures, audit procedures at the assertion level and direction and supervision of engagement team members and the review of their work. In Kenya, the Office of the Auditor General is mandated to carry out audits for all public entities (GoK, 2003)

According the budget analysis report by the Institute of Economic Affair (June, 2014) on the Kenya National Budget, it indicates that the budget deficit of Kshs. 614 billion was to be

financed through grants and loans amounting to Kshs. 358.7 million (IEA, 2014).Kenya National Treasury (Quarterly Economic and Budgetary Review) revealed that as at 30 September 2014 total disbursements including Appropriations-in-Aid amounted to Kshs.154.6 billion for the period ending 30th September 2014 including KShs. 5.1billion Project cash loans and Kshs. 6.8 billion project loans. The development partners include international financial institutions for example the African Development bank, East African Community Bank and the World Bank (GoK, 2014)

The International Development Association (IDA) is the arm of the World Bank that assists the world's poorest countries. Established in 1960, IDA aims to reduce poverty by providing loans (called "credits") and grants for programs that boost economic growth, reduce inequalities, and improve people's living conditions (world bank, 2015). According to the Banks project report by Country, there are forty three (43) on-going projects funded by the IDA in Kenya out of which three (3) are exclusively implemented in Mombasa County (World bank, 2015).

World bank group (1998), advices the need for Monitoring and Evaluation as a tool for both project and portfolio management as it provides a basis for accountability in the use of development resources. Consequently, the National Integrated Monitoring and Evaluation System (NIMES) was established in 2004 by the Kenyan government to spearhead all M&E activities in the country (GoK, 2004)

In spite of the obvious role played by M&E in enhancing accountability in projects, there is no evidence of collaboration between NIMES and the Office of the Auditor General in the review of projects. In the foregoing circumstances, there is a possibility of duplication of efforts and time wastage which may lead to substandard reports and failure to meet deadlines.

1.2. Statement of the problem

According to section 4.08 of the International Development Association (IDA) General grant conditions, a grant recipient is expected to maintain policies and procedures adequate to enable it to monitor and evaluate the project on an ongoing basis. Section 4.09 of the same conditions requires project financial statements to be periodically audited in accordance with the legal agreements by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards. Section 47 (9) of the Public Finance Management Act, 2012 require recipients of project grants to maintain and submit project grant accounting records for audit in line with Article 229 (4) of the Constitution of Kenya, 2010 (GoK, 2012).

According to Njuguna (2011), Monitoring and Evaluation is important in providing the feedback mechanism of economic development interventions. Barasa (2014), concluded that there is need to incorporate Monitoring and Evaluation tools in project management. Article 229 (4) of the Constitution of Kenya 2010, the Auditor General shall within six (6) after the end of each financial year audit and submit audit report thereof of all public entities (GoK, 2010). However, according to the recent media reports, the Office of the Auditor General has been unable to meet the deadline. The major challenge has been attributed to lack of human resource capacity. Consequently, the office should seek for efficient and effective means of executing audits.

International Standards on Auditing 620, permits the auditor to use work of an expert who may not be part of the audit engagement team. However, auditors use the work of external experts in performing financial audits. Making use of the project's monitoring and evaluation report could reduce the need for performing some procedures already reported or performed by M&E expert.

The study therefore sought to determine the influence of monitoring and evaluation report on the project external audit plan for IDA funded projects in the County of Mombasa, Kenya.

1.3. Purpose of the study

The main purpose of the study was to investigate the influence of project's monitoring and evaluation report on project external audit plan for IDA funded projects in the County of Mombasa, Kenya.

1.4. Objectives of the study

The objectives of the study were:

- i. Establish the extent to which the purpose of monitoring and evaluation report influence project external audit plan.
- ii. Assess the effect of monitoring and evaluation report findings influence project external audit plan.
- iii. Determine to what extent does monitoring and evaluation report recommendations influence project external audit plan.

1.5. Research questions

The study sought to answer the following research questions:

- i. To what extent does the purpose of monitoring and evaluation influence report project external audit plan?
- ii. To what extent does monitoring and evaluation findings influence report project external audit plan?
- iii. To what extent does monitoring and evaluation report recommendations influence project external audit plan?

1.6. Significance of the Study

For the auditors, the output of the study shall assist in incorporating project monitoring and evaluation findings in audit planning. The study shall go a long way in expediting the audit process by making use of expertise work through reduction of time spent on site visits. While for donors, the purpose of monitoring and evaluation as a tool for accountability in project management shall be enhanced. Additionally, donors can objectively compare the findings from audit and monitoring and evaluation which may provide objective assessment on efficiency of the project. For project managers, the study may compel them to re-look at the timing of monitoring and evaluation so that the report is useful to the auditors. Project managers will increase their vigilance when they become aware that the M&E report will be part of the checklist required by auditors.

The public will benefit from the synergy of expertise between the auditors and project evaluators thus ensuring value for money of public funds. Since most M&E may not end up in public domain, the auditors may escalate the findings into the audit reports presented before parliament, the public oversight body. The consultants carrying out M&E will aspire for the best report when they know auditor will use it. In addition, the study shall also contribute to scientific knowledge base for academic purpose as well as project management and project audit at regional, national and international levels. The study is hoped will benefit researchers and scholars who may use its findings as a reference and to enrich M &E literature.

1.7. Delimitation of the Study

The study was designed to investigate the influence of M&E report on project external audit plan for IDA funded projects in Mombasa County, Kenya. The study relied on the terms of grant agreements, relevant legislations and international auditing standards adopted by the Office of

the Auditor General. Only three aspects of M&E report were considered; purpose, findings and recommendations.

1.8. Limitations of the study

Lack of standardization in monitoring and evaluation may have led to subjective and unreliable monitoring and evaluation reports. Additionally, the research was limited only to projects funded by IDA Credit which are exclusively implemented in Mombasa County. Further, the empirical documented data on the relationship between monitoring and evaluation and project external audit planning was very scanty as few studies had been carried out in the area.

1.9. Assumptions of the study

There were a number of assumptions made in the research proposal including; the components of M&E; project monitoring and evaluation takes place before external audit; the targeted respondents provided honest responses.

1.10. Definitions of significant terms

Evaluation: Involves assessing the strength and weakness of projects, policies and personnel Products and organizations to improve their effectiveness. (By American evaluation association)

Monitoring: Intermittent regular or irregular series of observations in time, carried out to show the extent of compliance with a formulated standard or degree of deviation from expected norm (Hellawel, 1991)

IDA funded projects: Projects funded by loan or credit to projects based on approved proposal, budget and grant agreement between the Kenyan government and

International Development Association (IDA), towards economic growth, reduce inequalities, and improve people's living conditions.

Audit plan: Is the strategy which the auditors expect to use in executing audit assignment. It is based on time, scope and resource allocation.

M&E Report purpose: Is the objective of performing monitoring and evaluation which include assessment the project's; relevance, efficiency, effectiveness, impact and sustainability.

M&E Report findings: Is the conclusions reached from monitoring and evaluations assessment.

M&E Report recommendations: Proposed course of actions to the M&E findings.

1.11. Organization of the study

The study is organized into five chapters. Chapter One consists of the background of the study, statement of the problem, purpose of the study, research objectives, research questions, significance of the study, limitations, delimitation, assumptions, conceptual definition of terms used and organization of the study. Chapter Two looks at available literature done on monitoring and evaluation in terms of purpose, findings and recommendations by scholars who have studied the subject in other contexts. The chapter provides a conceptual framework which outlines the relationship between the dependent and independent variables identified in the subject of study. Chapter Three constitutes the research methodology, which is divided into research design, target population, sample size and sampling procedure, research instrument, data collection procedures, data analysis techniques and ethical considerations in research. Chapter Four covers data analysis, presentation and interpretation. Chapter FIVE provides the summary and discussion of findings, conclusion, recommendations and suggestions for further research.

CHAPTER TWO

REVIEW OF LITERATURE

2.1. Introduction

The literature review in this chapter explores the concept and purpose monitoring and evaluation. It starts with exploring the concept of the Monitoring and Evaluation by presenting various definitions. The chapter further looks at the management of projects funded by World Bank and reviews external audit specifically the Office of the Auditor General – Kenya. The section also covers audit planning and its activities. The chapter then examines the theoretical framework and conceptual framework. The review concludes with empirical literature and its overview.

2.2. Concept of Monitoring and Evaluation

Evaluation has been documented since 1930 starting with educational assessment. Monitoring and Evaluation are distinct but complementary. Bryce (2003), use of the acronym M&E suggests that we are looking at a single function without making a clear distinction between the two. Monitoring ensures that implementation is moving according to plans and if not, the project manager takes corrective action. Bryce further explain that monitoring enhances project management decision making during the implementation thereby reducing risks, uncertainties and thus increasing the chances of good project performance. It also facilitates transparency and accountability of the resources to the stakeholders including donors, beneficiaries and the wider community in which the project is implemented. According to Musomba et al (2013), monitoring tracks and documents the use of resources throughout the implementation.

Definitions of evaluation are varied, but the Joint Committee on Standards for Educational Evaluation (1994) defines evaluation as “the systematic investigation of the worth or merit of an object.” The Organization for European Co-operation and Development (OECD) defines evaluation as “the systematic and objective assessment of an on-going or completed project, program, or policy, including its design, implementation, and results.”

UNICEF (2005) defines evaluation as an exercise that attempts to determine as systematically and objectively as possible the worth or significance of an intervention, strategy or policy.

Project evaluation is a structured process of identifying objective and indicator, collecting information, recording data, and organizing information about project results. This includes short-term outputs (immediate results of activities, or project deliverables), and immediate and longer-term project outcomes (changes in behavior, practice or policy resulting from the project). Evaluation can be classified as quantitative which is objective, producing numerical data and giving a sense of scale, and qualitative which focuses more on subjective data such as thoughts, opinions, ideas, attitudes and feelings.

Evaluation also can be classified into two categories, formative and summative (Scriven, 1967). Formative evaluation is concerned more with efficient use of resources to produce outputs and focuses on strengths, weakness, and challenges of the project and whether the continued project plan will be able to deliver the policy objectives or it needs redesigning. Summative evaluations are carried out at the end of the project aimed at determining how the project progressed, what went right or wrong and capture any lessons learned.

Jones et al, (2009), asserts that in order to implement M&E effectively in development projects, there are some critical factors that must be taken into account. They include use of relevant skills, sound frameworks, adequate resources and transparency. The resources here include skilled personnel and financial resources (Rogers, 2008). United Nation Evaluation Group defines the norms and standard as best practices in conducting evaluation. United Nations Evaluation Group, 2005 norms emphasize on many aspects of evaluation consist of evaluation responsibility, evaluability, quality, competency, transparency, follow up, and knowledge building (United Nations Evaluation Group, 2005). In area of knowledge building it guides that the evaluation findings and recommendations should be easy to understand, accessible and shared among stakeholders to contribute knowledge network (United Nations Evaluation Group, 2005).

Third section is conducting evaluations whose objective is to ensure the evaluation should be designed to ensure timely, valid and reliable information that will be relevant for the subject being assessed. It emphasizes in all stages of conducting evaluation starting from term of reference, purpose and context of the evaluation, subject to be evaluated, evaluation objectives,

evaluation methodologies, and reporting. Last section is composing the evaluation report, the objective is to ensure that the final evaluation report should be logically structured, containing evidence-based findings, conclusions, lessons and recommendations, and should be free of information that is not relevant to the overall analysis. The report should be presented in a way that makes the information accessible and comprehensible (United Nations Evaluation Group, 2005).

2.3. World Bank project funding

World Bank development financing is delivered in the form of projects, which are implemented by governments. Each project, led by a project leader, follows the cycle of preparation, approval, effectiveness, implementation, and closing. During preparation and appraisal, the team designs the operation with a government agency, including planned activities and schedule of disbursements implementation, the recipient government undertakes activities and submits disbursement requests to the Bank. The Bank project team supervises activities and clears disbursements for expenditures made in conformity with Bank guidelines (World Bank, 2012).

In Kenya, there are over 47 on-going projects funded by the World Bank out of which three projects are implemented in Mombasa County. Kenya Coastal Development Programme (KCDP) whose projects financing agreement was signed between the International Development Association (IDA) through and Kenya's Ministry of Fisheries and Natural Resources with the objective of improving management effectiveness and enhance revenue generation of Kenya's coastal and marine resources. (World Bank, 2015). The project was approved on July 27, 2010 and the proposed closing date is October, 2016. The project is being implemented through various government agencies; Kenya Wildlife Services, Kenya Marine and Fisheries Research Institute, Fisheries Department, Kenya Forestry Research Department, Kenya Wildlife Services, Coast Development Authority, Department of Physical planning and National Environmental Management Authority.

The project financing agreement for Water and Sanitation Service Improvement Project (WASSIP) was signed between International Development Association and Coast Water Services Board on June 4, 2008 with additional financing signed in June, 2012. The project

objectives include rehabilitating and extending selected water supply systems, rehabilitation, extending and constructing new wastewater and sanitation facilities.

East African Trade and Transport Facilitation Project (EATTP) whose development agreement was signed between IDA and four East African countries; Kenya, Tanzania, Uganda and Rwanda on April 5, 2006. In Kenya, the project is implemented by three government agencies; Kenya Revenue Authority, Kenya Ports Authority and Kenya Railways. Project objectives are; (i) enhance efficiency of customs agencies clearance processes, for the EAC Partner States participating in the East Africa Customs Union to facilitate trade; (ii) improve efficiency and reliability of transport and logistics services along the key corridors; and (iii) enhance safety in identified areas and reduce the fiscal transfers to railway institutions by rationalizing the work force on the Kenya-Uganda railway (World bank group Report)

Section II (A) of IDA financing agreements requires the recipient to monitor and evaluate the progress of the project and require each implementing entity to prepare project reports in accordance with the provisions of Section 4.08 of the general conditions. Each project report should cover a period of three months and shall be furnished to the World Bank not later than forty-five days after the end of the period covered by such report. Subsection 2 requires that a joint a mid-term review between the entity and IDA of progress made in carrying out the Project. It further provides for the implementation of the mid-term review recommendations within 30 days after the completion of the MTR.

2.4. External Audit

Inyama (2010) defines external auditing as a function of statutory auditors of reviewing the accounting and financial books of a company by a certified public accounting firms. Companies professional accountants performs this function to enhance the credibility of information about a subject matter which conforms in all materials respects with suitable criteria (law) (Millichamp and Taylor, 2008). External auditing function is carried out by an external auditor who is approved by the shareholders of the organization and for whose interest the (external auditor) represents.

The International Federation of Accountants (IFAC) is a worldwide organization for the accountancy profession (IFAC, 2012). An effort to protect the public interest; it has developed, promoted and enforced internationally recognized standards as a means of ensuring the credibility of information upon which investors and other stakeholders can use for decision making. Consequently, IFAC has come up with International Auditing and Assurance Standards Board (IAASB) which set the frame work for the audit profession. Public sector audits are governed by the International Standards of Supreme Audit ISSAI, which are issued by International Organization of Supreme Audit Institutions, INTOSAI (INTOSAI, 2015).

According to ISSA 100: 21, the public-sector audits can be categorized into one or more of three main types as follows:

Financial audit: This focuses on determining whether an entity's financial information is presented in accordance with the applicable financial reporting and regulatory framework by obtaining sufficient and appropriate audit evidence to enable the auditor to express an opinion as to whether the financial information is free from material misstatement due to fraud or error.

Compliance audit: which focus on whether a particular subject matter is in compliance with authorities identified as criteria.

Performance audit which reviews and reports on whether interventions, programmes and institutions are performing in accordance with the principles of economy, efficiency and effectiveness and whether there is room for improvement. Performance is examined against suitable criteria, and the causes of deviations from those criteria or other problems are analyzed. The aim is to answer key audit questions and to provide recommendations for improvement.

Section II (B) of financing agreements provides for audit of project financial statements in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the financial statements shall cover the period of one fiscal year of the recipient. The audited financial statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

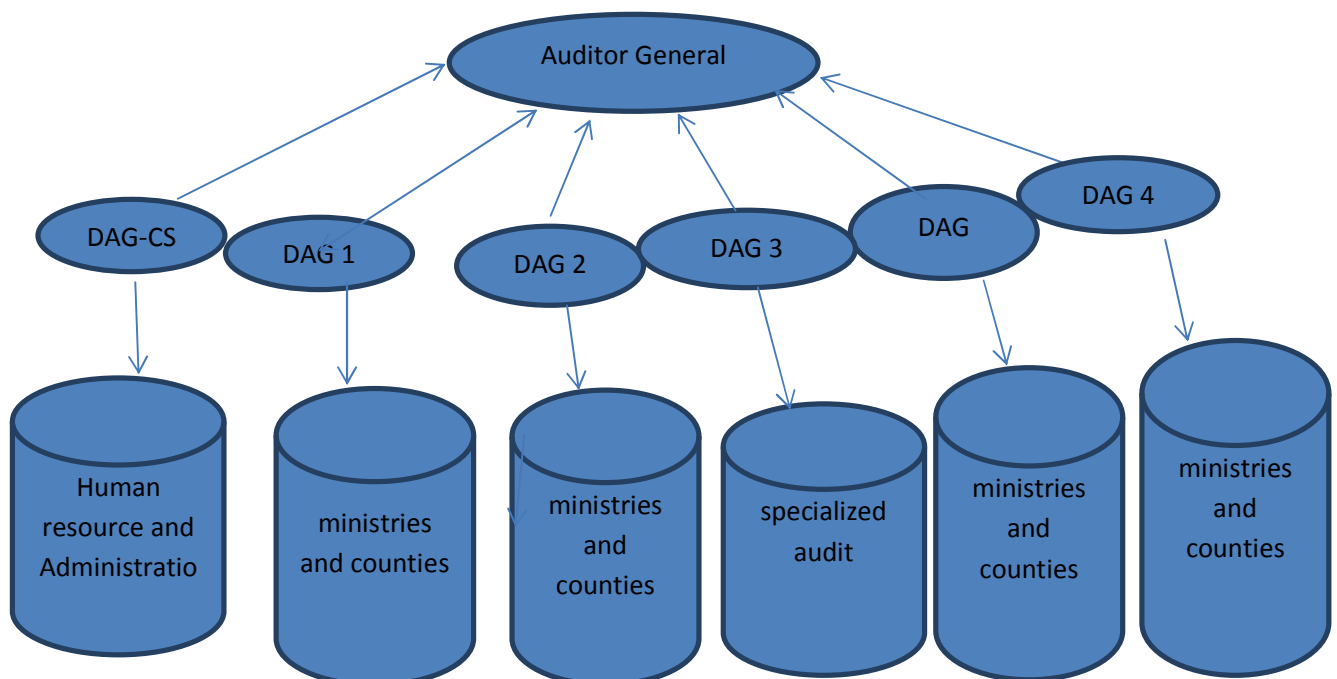
2.4.1. Office of the Auditor General – Kenya

Article 229 of the Constitution of Kenya, 2010 establishes the Office of the Auditor General (GoK, 2010). Article 249, Section 2 (a) and (b) provides for the independence of the Office of the Auditor General. According to Article 229 (5), the Auditor-General may audit and report on the accounts of any entity that is funded from public funds including grants.

2.4.2. Organizational Structure of Office of the Auditor General

The Office is headed by an Auditor General who is nominated by the President and approved by parliament (GoK, 2010). The Auditor General chairs an executive committee which comprise of six Deputy Auditor Generals. Five out of the six deputies are in charge of the audit of various ministries or geographical regions. The Office currently has a total of 974 staff that comprises of 716 auditors and 258 administrative and support Staff (Kenya National Audit, 2013)

Figure. 1: Office of Auditor General’s organizational structure



Source: Office of the Auditor General – Service Charter

The auditors are clustered per government ministries or regional office. Currently, the audit is anchored on the 17 government ministries also known as sector, independent commissions and

regions. Each sector / region is headed by a director of audit who supervises audit manager or assistant manager.

Below the managers are senior audit supervisors, supervisors, audit associates I to III, audit examiners and trainees (Kenao National Audit Office, 2013). Geographically, the OAG has offices in; Kakamega, Kisumu, Eldoret, Nakuru, Embu, Garissa, Nairobi and Mombasa. The auditors in hubs carry out statutory (financial) and compliance audits. Specialized audits like forensic and performance audits are undertaken by a Nairobi based team (Kenya National Audit, 2013). Mombasa hub is expected to audit six county governments; Mombasa, Kwale, Taita Taveta, Lamu and Kilifi (Kenao National Audit Office, 2013). The scope also includes all parastatals, government institutions, funds, ministry departments and donor funded projects implemented within the hub. During the financial year ended 30 June, 2014, there were three ongoing projects that were implemented exclusively in the coast region.

2.4.3. Audit Planning Concept

American Institute of Certified Public Accountants (AICPA) describes audit planning as a process of establishing the overall audit strategy for the audit and developing an audit plan (SAS No. 122). The benefits of planning include; identifying and devoting appropriate attention to important areas of audit. Planning also enables timely identification and resolution of potential problems. At the planning stage, engagement team with appropriate skills is selected to respond to anticipated risks and allocating team member responsibilities.

ISA 300 (Revised) deals with planning an audit of financial statements. The standard requires the auditor to plan the audit so that the engagement will be performed in an effective manner (IFAC, 2012). It further requires the auditor to establish an overall audit strategy for the audit that sets the scope, timing and direction of the audit, and that guides the development of the more detailed audit plan. The auditor should also develop a detailed audit plan based on the high-level direction provided by the overall audit strategy. The standard provides that the auditor should plan the nature, timing and extent of direction and supervision of engagement team members and review of their work.

Planning is a continual and iterative process that often begins shortly after the completion of the previous audit and continues until the completion of the current audit engagement. Planning, however, includes consideration of the timing of certain activities and audit procedures that need to be completed prior to the performance of further audit procedures. Planning includes the need to consider the analytical procedures to be applied as risk assessment procedures, determination of materiality and need for expertise. It also involves obtaining a general understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework. ISA 620 deals with the auditor's responsibilities relating to the work of an individual or organization in a field of expertise (IFAC, 2012).

The standard further defines the expert as an individual or organization possessing expertise in a field other than accounting or auditing, whose work in that field is used by the auditor to assist in obtaining sufficient appropriate audit evidence. An auditor's expert may be either an auditor's internal expert or an auditor's external expert. The auditor should evaluate the adequacy of the auditor's expert's work for:

- (a) The relevance and reasonableness of that expert's findings or conclusions, and their consistency with other audit evidence;
- (b) significant assumptions and methods, the relevance and reasonableness of those assumptions and methods in the circumstances;
- (c) If that expert's work involves the use of source data that is significant to that expert's work, the relevance, completeness, and accuracy of that source data.

2.5. The purpose of monitoring and evaluation and its influence on project external audit plan.

The South – South Africa sharing forum, which brings together M&E sharing experience in Africa, found out that M&E may be used for: the management of projects, self-assessment, project reviews, organizational strengthening and capacity building and accountability (PAMFORK, 1997). Based on the survey and key literature, five general functions of M&E are identified as: impact assessment, project management and planning, organizational strengthening or institutional learning, understanding and negotiating with stakeholders and accountability.

2.5.1. M&E for impact assessment

One common function of M&E is to evaluate the impact of a given programme and the changes that have occurred as a result of programme initiatives (PRIA, 1995). Emphasis is on the comparison between project objectives and actual achievements. Traditionally, M&E have been used by donors and government agencies to hold beneficiaries and programme recipients to agreed goals and performance targets. Outside agencies decide what is to be monitored and evaluated and monitoring and evaluation is to be conducted (Joanne and Guijit, 1997).

2.5.2. M&E for project management and planning

Campos and Coupal (1996) argue that one of the main functions of M&E is to provide stakeholders and programme managers with information to assess whether project objectives have been met and how the resources have been used in order to help improve programme implementation for critical decisions about project funding (PRIA, 1995). According to Brown (1993), the purpose of M&E is to gain in timely and effective way information which can be used for project planning and implementation. It therefore implies that the objective of M&E is to obtain information for decision making. In Sivonga Agricultural Development Project (SADP), M&E is designed mainly for the purpose of improving project management, comparing planned and actual achievements in order to suggest improvement for future planning and implementation (Nagel et al, 1992)

2.5.3. M&E for organizational strengthening and institutional learning

Another purpose of M&E is to create a learning process to strengthen organizational and institutional learning. One of the main objectives of self-evaluation is to enhance sustainability, replicability and effectiveness for development efforts through the strengthening of people's organizational capacities. It aims to enable people to keep track of their progress, by identifying and solving their problems and building on and expanding areas of activity where success is recognized (CONCERN, 1996). The Cooperative for American Relief Everywhere (CARE) Zambia established that M&E aims at building organizational capacities at both project and community level.

2.5.4. M&E for negotiating and understanding stakeholder perspectives

M&E may be used as a process which allows different stakeholders to articulate and present their needs, views and interest. This process can be shaped in ways that enable people to understand the views and values they share and work through their differences with others, develop strategies and planned actions which flow in their context. Rajakutty (1991), elaborates on the concept of stakeholder-based evaluation which he describes as an on-going dialogue and negotiation among stakeholders.

2.5.5. M&E for accountability

The notion of accountability has a range of connotations. It can refer to giving an account to another party who has a stake in what has been done, or being held responsible by others (Cornwall et al., 2000). United Nations Public Administration Network (2008) defines accountability as responsibility, reliability, confidence and transparency in the context of development cooperation; associated specifically with financial issues, but includes all relevant matters of development concern and cooperation between partners. A distinction can be made between political, administrative and social accountability (Narayan, 2002). While political accountability takes place through elections, administrative accountability is ensured through internal accountability mechanisms both within and between agencies. Social accountability, which is by definition of vertical mechanism, holds agencies and elected officials accountable to citizens (Reuben, 2003).

Traditionally, project M&E has been used by donor and government agencies to hold beneficiaries and project beneficiaries accountable to agreed goals and performance targets. The mechanisms of accountability seek to measure performance, aiming to quantify or narrate it in annual reports, project reports, logical frameworks, and so on. However, the common problem about such accountability mechanisms is that they often reflect the interests of funders or donors, in that the metrics tend to be easily quantifiable and designed to be more useful to donors as part of their annual budget cycles (in showing that they have funded “success”) than they are of use to nonprofit managers for purposes of strategic decision making (Ebrahim, 2006). Consequently, what is being evaluated is defined and how M&E shall be conducted is described. Monitoring and evaluation system has been used to contribute a great deal in revealing the financial

accountability, measuring the success against objectives, funder requirements, quality assurance, and benchmarking measurement of customer satisfaction among others (Langi, 2008).

2.6. M&E report findings influence on external audit plan.

There is little research done on the relationship between M&E report findings and external audit plan, we highlight studies carried out M&E report findings in general. Communicating and reporting of findings are very important aspects of project evaluation. Effective communicating and reporting cover many dimensions of communication which includes knowing audiences, purposes, timing, format and content of communication and takes place in all life cycle of evaluation endeavor (Russ & Preskill, 2009). Torres, et al (2005) provide guidance on how to report with a clear, jargon-free style, using tables and figures, communicating qualitative and quantitative findings, and communicating negative findings, for effective written communication. Collaboration skill is crucial and mandatory in project evaluation; the success of evaluation significantly depends on the level of collaboration from all stakeholders which also increases the meaningful of finding and chance of success for finding implementation (Russ & Preskill, 2009).

The findings of monitoring and evaluation should be disseminated so that others can benefit from the experiences (Kusters et al, 2011). It is all easy once an evaluation has been undertaken for it to be filed away and be forgotten. Apart from minimizing any practical impact on the learning environment, it will also prevent stakeholders or those interested in undertaking a similar project/program in the future from learning from the successes and mistakes recorded. MacKay (1999), urge that evaluation findings can be an important input to government resource allocation planning, decision making and prioritization, particularly in the budget process.

Evaluation findings are also an input to accountability mechanisms—so that managers can be held accountable for the performance of the activities which they manage, and so that governments can be held accountable for performance. The notion of accountability encompasses the recognition that economic governance and a sound public sector are central to national economic competitiveness—markets reward countries able to manage and screen public expenditures, and evaluation offers a tool to help do that. Another use of evaluation findings is in demonstrating the extent to which development activities have been successful. The USAID

require findings to have empirical facts based on data collected during the evaluation and should not rely only on opinion, even of experts(USAID, 2012). It further requires that data should be presented visually in easy to read charts, tables, graphs, and maps to demonstrate the evidence that supports conclusions and recommendations.

2.7. M&E report recommendations and its influence on project external audit plan

There is little research done on the relationship between M&E report recommendations and external audit plan, we highlight studies carried out M&E report recommendations in general

The important aspect of awareness is the understanding of value of evaluation. Evaluation information is valuable only when it is recognized and used by decision makers. One critical aspect of awareness is the utilization of findings. From Patton's study, "utilization-focused evaluation is based on the principle that an evaluation should be judged by its utility. So no matter how technically sound and methodologically elegant, an evaluation is not truly a good evaluation unless the findings are used." (Patton,2009). The success of evaluation depends on how well utilization of valuable findings and lessons are implemented to improve future programs, projects, policies, and institutions (World Bank, 2010).

Failure to reflect on past experience allows valuable knowledge to escape and condemns both individuals and organizations to repeat the, often unsuccessful, past (Garvin, 1993).In order to comply with United Nations Evaluation Group norms for evaluation, the guidance of follow up to evaluation is clearly stated that evaluation requires (a) explicit response by authority and management to act on evaluation recommendation in form of response, action plan, and agreement; and (b) periodic report on the status of implementation of evaluation recommendations (United Nations Evaluation Group,2005). Magondu (2013), found that management commitment is very influential to the implementation of monitoring and evaluation since they are key decision makers in an organization.

2.8. The Conceptual framework

The conceptual framework in Figure 2 below presents the relationship between the study variables. The independent variables are purpose of monitoring and evaluation, monitoring and evaluation report findings and monitoring and evaluation report recommendations while dependent variable is project external audit plan.

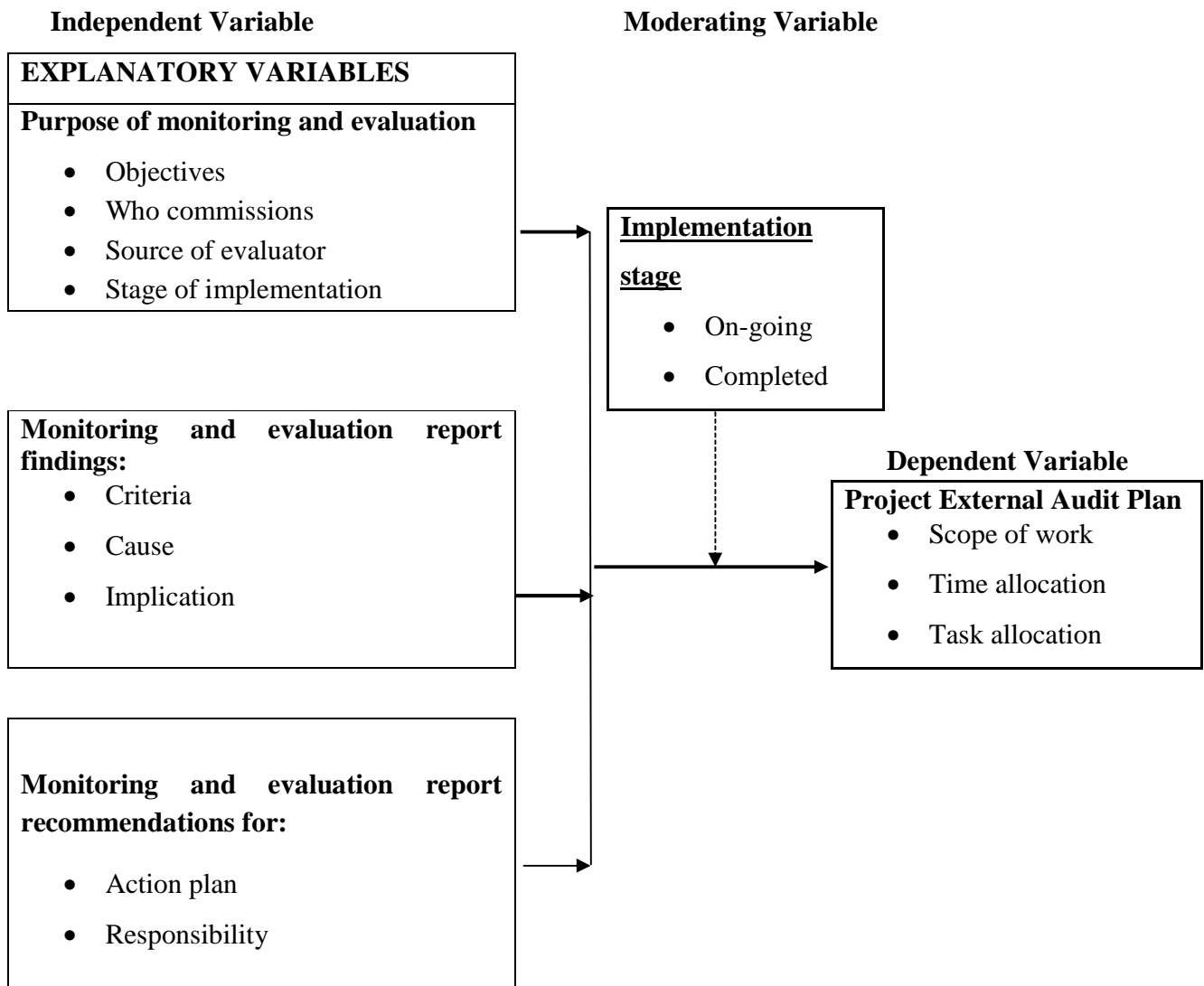


Figure 2: Conceptual framework

2.9. Summary of chapter and research gaps

The chapter extensively looked at monitoring and evaluation from the perspective of the purpose, report findings and recommendations. Various researchers are generally in agreement that M&E is a project management tool for measuring project's impact, effectiveness, efficiency and accountability. M&E is also used for future lesson learning. The purpose or aim of instituting project monitoring and evaluation greatly influence the users of the report. From an auditor's perspective, the auditor will be more interested to know how much has been achieved compared

to project's objectives. This may be pointer on how project resources were utilized. Lastly but not the least, the auditor would want to know the outcome of a report on accountability. Of course accountability includes also financial accountability.

The chapter has also looked at M&E report findings. In a nutshell, findings should be concise based on set criteria. The findings must be communicated to the relevant stakeholders and provide for feed. Similarly, the report should have recommendations on the corrective actions to be taken to remedy the situation. It has been noted that M&E report findings should clearly indicate the issue at hand against set criteria. This should inform on the project performance and inform the reader of the pitfall that need to be attended to. Such findings may be a pointer to internal control weaknesses, budgetary variances, misuse of resources or general poor project management. Such findings may pre-empt the risk exposure which the external auditor needs to consider in the audit plan.

From the review, another component of M&E report is the recommendations. It's obvious that any reader of the monitoring and evaluation report will be keen on the M&E report action plan and responsibility for implementation of the recommendations. An external auditor may want to review implementation of the recommendations as corrective measure for achievement of project goals. Additionally, M&E being an expensive exercise, the auditor would want to understand how the management utilized the findings. The chapter also looked at external audit by defining the term and the role of external auditors. Further, the relevant auditing standards have been brought to the fore in relation to planning and more so on the auditor's use of another expert's work. In this context, M&E expert is assumed to be the expert whom the auditor can rely on.

In summary, it is evident that project M&E and auditing pull in the same direction where the M&E assess the project impact, efficiency and accountability, audit reviews the financial position, efficiency and effectiveness of internal control process and financial accountability. Further, the auditing standards encourage the auditors to use or refer to the work of other experts for example M&E reports. According to World Bank project financing agreements, it is mandatory that all projected must be evaluated and audited.

However, no research has been undertaken to determine the influence of project M&E report on external auditor's audit plan. Therefore, the aim of this study was to determine the influence of

M&E report on project external audit plan. This gap is what this study endeavored to fill in order to enlighten auditors, donors, M&E experts, the project managers, the government, donors and all other stakeholders on the relationship.

CHAPTER THREE

RESEARCH METHODOLOGY

0.1. Introduction

The chapter contains the components of research methodology used in the study which include the research design, target population, sample size, sampling procedure, data collection method, data collection procedure, and data analysis method. The chapter also includes the validity and reliability check on the research instruments as well as ethical issue in the study. Data analysis involved categorization and tabulation into different forms for ease of interpretation. The study used questionnaires for data collection method which was to collect appropriate information as required by the study.

0.2. Research Design

The study applied descriptive survey research design. According to Godwin (2006) descriptive survey design involves either identifying the characteristics of an observed phenomenon or exploring possible correlations among two or more phenomena. Descriptive survey design also allows the researcher to define clearly what he wants to measure and find adequate methods for measuring it along with a clear cut definition of the population the researcher wants to study. The study design was appropriate for the study because it allowed data collection from the sample and demonstrated the influence of monitoring and evaluation on the external audit plan for the World Bank funded projects in Mombasa County, Kenya.

0.3. Target Population

This study was to determine the influence of monitoring and evaluation report on the external audit plan of World Bank funded projects. The study focused on World Bank funded projects implemented exclusively in the County of Mombasa, Kenya. There were three on-going World Bank funded projects in Mombasa county; Kenya Coastal Development Project (KCDP), East Africa Trade & Transport Facilitation Project (EATTFP) and WASSIP.

All the World Bank funded projects are audited by the Office of the Auditor General. Projects exclusively implemented within Mombasa County are audited by the Office of the Auditor General – Mombasa Hub. The hub office had a total of 48 technical (auditors) staff which

included; a director, five managers, audit supervisors, audit associates, assistants and examiners. Consequently, the target population was 48.

0.4. Sample size and Sampling techniques

Office of the Auditor General –Mombasa hub which is structured in four audit teams headed by a manager or assistant manager. Each team had between 11 to 12 auditors inclusive of the manager. Additionally, audit teams were not permanent as they keep changing based on various factors including staff needs, staff rotations and transfers. The audit planning process involves the team members who are allocated various tasks. The plan is consolidated by the team leader and reviewed by the team manager. The study used stratified random sampling technique. The strata in the study were; audit teams and staff position.

The summary of the target population is shown in Table 3.1 below

Table 3.1: Target population - Audit Teams

Teams	Managers	Supervisors	Associates	Total
Team I	1	3	7	11
Team II	1	4	8	13
Team III	1	4	8	13
Team IV	1	4	6	11
Total	4	15	29	48

0.4.1. Sample Size

From the statistic parameter for binomial sample size estimation (Sauro & Lewis, 2012) at confident level of 90% and margin of error of 4%, target population of 48, using normal distribution table, the minimum required sample was 45. As a result therefore in order to have the confident level of 90% and confident interval of 4% from this study, the researcher needed minimum sample size of 45 respondents.

Statistic formula:

$$\text{Sample size } n = \frac{N}{1 + N(e^2)}$$

Where:

n = sample size

N= total population

e = margin of error (5 % or 0.05)

Table 3.2: Sampling Matrix

Description	Population	Sample size
Assistant manager - manager	4	4
Supervisor – senior supervisor	15	14
Examiner - associate	29	27
Total	48	45

0.4.2. Sample Design

Stratified sampling method was applied to generate the research sample. The method recognizes the existence of strata with distinct characteristics in the sample frame. Stratified sampling method ensures the sample is a representative of the population by ensuring that data is collected from each stratum (Kothari, 2004). The target population was stratified according to job position. Mugenda and Mugenda (2003) recommend that 10 percent or more of the target population is representative of the population where the appropriate method of sample design is applied. The research settled for a sample size of 44 auditors.

0.5. Data collection instrument

The study used both primary data and secondary data. Primary data was collected by use of questionnaires. Questionnaire enables the researcher to focus on areas of importance and which address the research directly (Leedy, et al., 2001). Open and closed ended questions were used in

the questionnaires. Structured questions reduce data collection time while unstructured questions encourage the respondent to give in depth responses thereby enhancing quality of data collected (Cooper and Schindler, 2008). The questionnaires were preferred because of their ability to reach a large number of respondents within a short time and elicit personal ideas from the respondents due to openness of some questions. Also, questionnaires compared with other data collection techniques were less costly to administer as supervision or follow up of respondents was not required. Pre-testing of questionnaires in the field was used as a means of improving the quality of questions before the main study (Schindler, 2004)

Questionnaires were standardized to ensure validity and reliability. The questionnaires were administered to each of the sampled staff. The study used drop and pick method whereby the selected staff were expected to fill the questionnaire after three days. The researcher also reviewed secondary sources included: the internet, textbooks, journals, libraries, and government departments, project documents and audit manuals and standards and archives among others.

3.5.1. Pilot survey

Pilot testing of the research instruments was conducted using staff from two different audit teams who participated in the research. 5 questionnaires were administered to the pilot survey respondents who were chosen randomly. After three days the same participants were again requested to respond to the same questionnaires but without prior notification in order to ascertain any variation in responses of the first and the second test. Such research process is essential because it helped in identifying vague questions and unclear instructions. The process also provided an opportunity to participants to contribute their comments and suggestions in order to improve the efficiency of the instrument.

3.6. Data collection procedures

Data was collected using the questionnaires which were hand delivered and then picked. The questionnaires were divided broadly into two parts; A and B. Part A was answered by all respondents. Part B was further divided into three sections I, II, and III. Section I dealt with M&E purpose, section II was on M&E findings while section III dealt with M&E recommendations.

3.7. Validity and reliability of data collection instruments

This section demonstrates how the validity and reliability of the data collection instruments was satisfied by this study.

0.7.1. Validity of the research instrument

The validity of the instruments was ascertained by conducting a pilot study. This ensured that the instructions were clear and all possible responses to a question were captured. Content validity of a measuring instrument is the extent to which it provides adequate coverage of the investigative questions guiding the study (Reichardt and Cook, 1997).

0.7.2. Reliability of research instrument

Phelan (2005) defines reliability as the degree to which an assessment tool produces stable and consistent results. It is defined as a characteristic of an instrument that reflects the degree to which the instrument provokes consistent responses (Reichardt and Cook, 1997). The questionnaire was pilot tested to some selected subjects with the outcome being used to improve it by ensuring the data obtained was sufficient to the subjects.

0.7.3. Pilot Test, Diagnostic Tests and Normality Test

The questionnaire was pilot tested to some selected subjects with the outcome being used to improve it by ensuring the data obtained was sufficient to the subjects.

0.7.4. Pilot Test

For the purposes of determining the effectiveness and validity of the instruments, it was necessary to conduct a participating pre-testing. After respondents were asked to fill about five questionnaires the errors noted were corrected. This greatly improved the questionnaire on the intended subjects.

0.8. Data analysis techniques

Data analysis is the process through which the data that has been collected is examined (Tromp and Kombo, 2006). Descriptive statistics was be used to analyze the data into meaningful information that was used to make conclusions and recommendations. It involved uncovering

underlying structures, extracting important variables, detecting any anomalies and testing any underlying assumptions. It also involved scrutinizing the acquired information and making inferences. Data collected from the respondents was coded and analyzed using, Statistical Package for Social Sciences (S.P.S.S) and MS-Excel. In descriptive statistics, correlation was used to determine the existence of a relationship between the independent and dependent variables. Graphic presentation in form of tables and figures were used to present the data.

0.9. Ethical Issues

The respondents were informed that whatever they would say would only be used for research purpose. Research was carried without bias and respects the confidentiality of information from respondents. The researcher also ensured confidentiality of the information given by the respondents. This was done by using the information without mentioning of the specific names of the people from whom the data was collected.

0.10. Operationalization of variables

This is an explanation on how the variables related to each other. Each variable was given indicators and their measurements tabulated as well as tools of analysis. It is a summarized way to show how the variables were operated in the study.

Table 3.3 Operationalization of Variables

Objectives	Variables	Indicators	Measurement Scale	Tools of Analysis	Specific Tools
Establish the extent to which purpose of monitoring and evaluation report influence project external audit plan;	<u>Independent</u> Report purpose	<ul style="list-style-type: none"> - Objectives - Stage of project when M&E is done - Internal or external expert - Who commissions 	Nominal	Descriptive	Frequency
Assess the effect of monitoring and evaluation report findings influence project external audit plan;	<u>Independent</u> Report findings	<ul style="list-style-type: none"> - Criteria - Cause - Implication 	Ordinal	Descriptive	Frequency
Determine to what extent does monitoring and evaluation report recommendations influence project external audit plan;	<u>Independent</u> recommendations	<ul style="list-style-type: none"> - Action plan - Who is responsible 	Ordinal	Descriptive	Frequency
Project External Audit Plan	<u>Dependent</u> Audit plan	<ul style="list-style-type: none"> - Time - Scope - Task allocation 	Ordinal	Descriptive	

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1. Introduction

This chapter presents findings of data analyzed and interpreted in line with the study objectives. The findings are presented in form of tables and figures showing frequencies and percentages.

4.2. Questionnaire response rate

The study used questionnaires as tools for data collection. The researcher targeted 44 auditors working with Office of the Auditor General in Mombasa hub. 34 were able to respond and returned their questionnaires. This represented a response rate of 77%. The response rate was good when compared to the recommended response rates to verify consistency of measurements required for analysis (Kothari, 2005).

Table 4.1: Response rate

Strata	Sample size	Response	Response rate
Assistant manager - manager	4	4	100%
Supervisor – senior supervisor	14	13	92.8%
Examiner - associate	27	17	62.9%
Total	48	44	.

4.3. Profile of respondents

The background information of the respondents included: gender, highest level of education and how long they had worked for the Office of the Auditor General and experience of auditing World Bank funded projects. Profiles of the respondents who participated in this study are shown in the Table 4.2 below.

Table 4.2: Profiles of the respondents

Variables Attribute		Frequency	Percentage
Gender	Male	28	82.4
	Female	6	17.6
	Total	34	100
Education level	Post Graduate	11	32.4
	Degree	15	44.1
	Diploma	3	8.8
	Certificate	4	11.8
	Others	1	2.9
	Total	34	100
Years worked	1-5	6	17.6
	6-10	7	20.6
	>10	21	61.8
	Total	34	100
Professional qualification	CPA	23	67.6
	ACCA	1	2.9
	Others	1	2.9
	None	9	26.5
	Total	34	100
Position held	Examiner – Associate	17	50
	Supervisor – Senior Supervisor	13	38.2
	Assistant Manager– Manager	4	11.8
	Total	34	100
Audit experience of World bank funded projects	Yes	24	70.6
	No	10	29.4
	Total	34	100

On gender, out of the 34 respondents, 28 were male representing 82.4% of the total and the rest (6) were female representing 17.6% of the total respondents. This shows that the office is dominated by male gender. Academically, 11 respondents had a post graduate qualification which represents 32.4% of the total respondents, while those with degree qualifications were 15 which is 44.1% of the respondents. It therefore implies that a combined total of 26 respondents had at least degree level qualification, which means that most respondents understood the contents of the questionnaire and answered correctly. It also implies that the office has highly qualified staff. On work experience, 21 respondents representing 61.8% had worked with the Office of the Auditor General for more than 10 years while those who had worked between 6-10 years were 7 which is 20.6%. It implies that majority of the respondents had worked long enough with the Office to understand the audit procedures of the Office. It also implies that there is less staff turnover.

The questionnaire also sought to ascertain the professional qualification of the respondents and whose results showed 25 respondents which is 73.5%, had a professional qualification where 23 had CPA qualification, which is 67.6% of the total respondents. 1 respondent had ACCA qualification and the other had CISA qualification. The respondents who had no professional qualification were 9 which is 26.5% representation. Those with professional qualifications outnumbered those without. This indicates that the staff are professionally qualified in their current work as auditors. In addition, 17 respondents representing 50% of the respondents were in the range of audit examiner to audit associate while 13(38.2%) respondents were in the range of supervisor to senior supervisor position. Only 4 fell were in the position of assistant manager-to manager which is 11.8%. Lastly as shown in Table 4.2 above, when asked about the experience in the audit of World Bank funded projects, 24 (70.6%) responded in affirmative meaning they had audited World Bank projects while 10 (29.4%) had never been involved in project audits.

4.4. Audit and monitoring & evaluation review

The researcher sought to know if monitoring and evaluation report is among the documents that are filed in an audit working paper file.

4.4.1. Experience in the audit of World Bank funded projects

As shown in Table 4.2 above, 24 respondents indicated that they had experience on the audit of World Bank funded projects. However, the years of experience of the project audit varied as shown in Table 4.3 below.

Table 4.3: Experience in the audit of World Bank funded projects

Variables	Attribute	Frequency	Percentage
Years of experience of world bank funded projects	<5 years	17	70.8
	6-10 years	4	16.7
	> 10 years	2	8
	Missing	1	4.2
	Total	24	100

Experience of between 1 – 5 years formed the majority with 17 (70.8%) respondents while 4 respondents had audited projects for between 6-10 years (16.7%). Those that were involved in the audits for more than 10 years were only 2 which is 8.3% while one respondent did not answer which is 4.2% of the total. It implies that majority of the respondents had average audit experience of 3 years in the audit of World Bank projects. It is important to note that even though there were 21 respondents who had worked for more than 10 years, it is clear that for in the duration of their work, project audits were not done by everyone. This is explained by the fact that before the year, 2012, the Office was divided into corporations, local authorities and central government departments.

4.4.2. Type of project audits performed.

The respondents were asked on the type of audits that they had undertaken. For those that were involved in statutory audit were 11 which is 45.8% and those that were involved in compliance audits were 8 which is 33.3% while 3 which is representation of 12.5% had been involved in both types of audits. However, one respondent did not state the type/s of audits they were involved in. It is evident that majority were involved in statutory audits. This is shown in Table 4.4.

Table 4.4: Type of audit performed

Variables	Attribute	Frequency	Percentage
Type of audit performed	Compliance	8	33.3
	Statutory	11	45.8
	Others	1	4.2
	Missing	1	4.2
	Total	24	100

4.4.3. World Bank projects audited

Respondents were asked whether they have audited some specific world bank projects and 10 (41.7%) respondents indicated that they had audited the Water and Sanitation Service Improvement Project (WASSIP) and 4 (16.7%) indicated that they had audited the Kenya Coast Development Project (KCDP) while 3 (12.5%) said they had audited East Africa Trade and Transport Facilitation Project. There were 4 (16.7%) respondents who had audited all the projects. However, 2 respondents said they had audited other projects which include; Enhancing Agricultural Productivity Project, Kenya Agricultural Productivity & Agribusiness Project, Lake Victoria Environment Management Project, Northern Corridor Transport, South West Indian Ocean Fisheries Project (SWIOFP). The higher number for WASSIP is justified as the project has been in existence since 2008 while KCDP commenced in 2012 while EATTP only lasted for 3 years.

This is shown in Table 4.5 below.

Table 4.5:World Bank projects audited

Variables Attribute		Frequency	Percentage
World bank funded projects	Kenya Coastal Development Project	4	16.7
	Water and Sanitation Service Improvement Project	10	41.7
	East Africa Trade And Transport Facilitation Project	3	12.5
	Others	2	8.3
	Missing	1	4.2
	Total	24	10

4.4.4. Participation in audit planning of World Bank funded project

The respondents were also asked whether they have ever been involved in the audit planning of World Bank funded projects and the responses was as follows: those who answered in the affirmative were 20 representing 83.3% while 4 responded otherwise being 16.7% of the total. From the findings below, it is evident that audit planning usually involves all members of the audit team as are supposed to work closely to strategize on how to execute the audit.

This is shown in Table 4.6 below.

Table 4.6: Participation in audit planning of World Bank funded project

Variables	Attribute	Frequency	Percentage
Participation in audit planning of the World bank funded projects	Yes	20	83.3
	No	4	16.7
	Total	24	100

For those that were involved in the audit planning, they were further asked to state which role they played and the responses were; planning for the teams resources, risk analysis, time budgeting, pre-assignment, strategic audit planning, supervising, identification of materiality and project components for audit, determining the scope of audit and data collection. The response explains the purpose of audit planning which includes; risk assessment, reporting materiality and general understanding of the assignment.

4.4.5. Inclusion of monitoring and evaluation report in audit working paper file

On M & E report, the respondents were asked on whether M & E report form part of the working paper file and 23 (95.8%) answered yes while only 1 answered otherwise which is 4.2% .The same is shown in Table 4.7. It is evident that M&E report is a key document in a project

Table 4.7: Monitoring and evaluation report as a working paper

Variables	Attribute	Frequency	Percentage
M&E report as a working paper	Yes	23	95.8
	No	1	4.2
	Total	24	100

The above findings reveal that indeed a monitoring and evaluation report is a key document that must be reviewed and filed in the audit working paper file.

4.4.6. Review of M&E report during audit planning

Respondents were also asked whether they review the M & E report and they responded with 21 answered in the affirmative representing 87.5% of the total while 2 responded otherwise. It is

evident that M&E report is reviewed during audit planning. The results are shown in the Table 4.8 below:

Table 4.8: Review of project M & E report

Variables	Attribute	Frequency	Percentage
Review of M&E reports	Yes	21	87.5
	No	2	8.3
	Missing	1	4.2
	Total	24	100

The above findings indicate that issues raised in the monitoring and evaluation report are considered by auditors during planning. Such issues may relate to effectiveness, accountability or efficiency of the project

4.4.7. Knowledge of monitoring & evaluation

The study sought to know if the auditors understand project monitoring & evaluation. From the findings, 2(8.30%) of the respondents indicated fair, 12 (54.20%) indicated average while 10 (37.50%) of the respondents indicated good.

Table 4.9: Knowledge of monitoring & evaluation

Variables	Attribute	Frequency	Percentage
Knowledge of M&E	Fair	2	8.3
	Average	12	50
	Good	10	4.7
	Total	24	100

From the above findings, it shows that most respondents have an average knowledge of project monitoring & evaluation. The average knowledge may affect the auditors' interpretation of the M&E findings which are technically presented. This may lead to misapplication of the M&E report findings by auditors.

4.4.8. Most considered area in monitoring & evaluation report

The researcher sought to know what auditors consider most when reviewing the monitoring & evaluation report.

Table 4.10: Most considered area in monitoring & evaluation report

Variables	Attribute	Frequency	Percentage
Most considered in M&E report	Purpose of M&E	7	29.2
	Findings	12	50
	Recommendations	2	8.3
	All	3	12.5
	Total	24	100

As shown in the Table 4.10 above those who considered M&E findings were the majority with 12 respondents which represents 50% of the total, while those who focus on the purpose of M & E were 7 representing 29.2% while 2 respondents indicated recommendations. However, 3 (12.5%) considered that is purpose, findings and recommendations. From the above results is shows that auditors mostly consider the M&E report findings which reveals the outcome of the monitoring and evaluation exercise. Similarly, less attention is given to recommendation, as the auditors are required to make their own independent objective option.

4.5. Information on the Purpose of M & E report

Section I under part B of the questionnaire sought specific information from the respondents who consider the purpose of M&E.

4.5.1. How the purpose of M&E is determined

The study sought to know how the respondents determine the purpose of M & E from the reports and the results were as shown in Table 4.11 below.

Table 4.11: Determination of M&E purpose

Variables	Attribute	Frequency	Percentage
Determination of M&E purpose	Objectives	5	71.4
	Who commissions	1	14.3
	Project implementation stage 1		14.3
	Total	7	100

5 respondents said that they determined the purpose of M & E using the objectives while 1 respondent each said the purpose of M & E is determined by who commissioned the M & E and the stage of project implementation respectively. The findings indicate that the purpose for carrying out a monitoring and evaluation exercise can be deduced from the objectives. The objectives would eventually inform the readers of the M&E report whether it's relevant to them.

4.5.2. Type of M&E objectives considered most

From those who selected objectives, the study also sought to know which type objective they consider most for audit planning. And the results are as shown in Table 4.12 below.

Table 4.12: M&E objectives considered most

Variables	Attribute	Frequency	Percentage
Types of objectives	Efficiency	2	28.6
	Effectiveness	1	14.3
	Accountability	2	28.6
	Missing	2	28.6
	Total	7	100

From Table 4.12 above, efficiency and accountability was rated equally with 2 respondents each while 1 respondent selected, effectiveness. The findings therefore mean that auditors are more interested in the effectiveness and accountability of project resources. Effectiveness implies achievement of the project goals while accountability is the transparency in the use of the resources.

4.5.3. Type of M&E expert most considered for audit planning

For those who selected who commissions M& E in determining purpose of the M&E, the study further sought to know which type of M&E expert is most considered for audit planning and the results are in Table 4.13 below.

Table 4.13: Type of M&E expert most considered for audit planning

Variables	Attribute	Frequency	Percentage
Type of M&E expert	Internal staff	1	20
	External consultant	1	20
	Missing	5	60
	Total	7	100

From Table 4.13 above, it is evident that auditor have equal confidence in both internal staff and external expert. With only 2 respondents under this section, 1 (20%) indicated internal staff while the other preferred for external consultant.

4.5.4. Stage of project implementation stage

For those who selected stage of project implementation to determine purpose of the M&E, the study further sought to know at which stage of the project is M&E report most considered for audit planning and the results are in Table 4.14 below.

Table 4.14: Stage of project implementation

Variables	Attribute	Frequency	Percentage
Type of M&E expert	Mid-term	1	20
	End-term	1	20
	Missing	5	60
	Total	7	100

From Table 4.14 above, it means that a respondent who had not selected this option earlier responded to the question. The results were that both mid-term and end-term M & E reports were selected equally for consideration during planning with only 2 respondents filling the section where 1 chose mid-term stage while the other chose the end term stage. The findings show that it does not matter the stage of the project

4.5.5. Effects of M & E report purpose on audit plan

For respondents who had selected the purpose of M&E report for audit planning were also asked the effects on project audit plan. Out the 7 respondents majority (5) which is 71.4% of the respondents indicated the scope of work is affected in the audit plan, while only one being 14.2% said time allocation is affected. This is shown in Table 4.15.

Table 4.15: Effects of M & E report purpose on audit plan

Variables	Attribute	Frequency	Percentage
Effect of Purpose of M&E report on audit plan	Scope of work	5	71.4
	Time allocation	1	14.2
	Missing	1	14.2
	Total	7	100

From the above findings it can be seen that a review of the M&E report by auditors affects their scope of work. Evidently, review of the M&E report may reduce the auditors' work or increase.

The study further sought to know from the above respondents who had selected scope of work and time allocation as effect on audit plan on whether it increases or reduces scope and work respectively. The responses are in table 4.16 below.

Table 4.16: Effects of M & E report on audit work

Variables	Attribute	Frequency	Percentage
Scope of work	Increase	3	42.8
	Reduce	4	57.2
	Total	7	100
Time allocation	Increase	1	14.3
	Missing	6	85.7
	Total	7	100

For the scope of work, 3 respondents felt that it increases while 4 thought that it reduces scope of work. This is 42.8% and 57.2% representation respectively.

On time allocation had been selected only one respondent who indicated it reduces time allocation. Therefore from above table, M&E report leads to reduction of scope of audit work and time taken. Consequently, from the above findings, we note that M&E report can affects the audit plan by either in terms of the scope of work or time allocated to the audit. It implies that the auditor can rely on the work done by the M&E person thus no need of redoing the same things or the report may force the auditor to carry out more procedures thus increase in scope.

4.5.6. Relationship between project external audit and monitoring and evaluation

The study sought to know from the respondents how they would classify the relationship between project's external audit and monitoring & evaluation. From the findings, 6 (85.7%) of the respondents indicated complimentary and 1(14.3%) indicated they are unrelated. complimentary each other.

Table 4.17: Relationship between project external audit and monitoring and evaluation

Variables	Attribute	Frequency	Percentage
Relationship	Complimentary	6	85.7
	Competing	1	14.3
	Total	7	100

This above findings imply that majority of the auditors believe external audit and monitoring & evaluation. It also implies that some roles of auditors and project evaluators are similar especially review of accountability and effectiveness of a project.

4.6. Specific information on M & E report findings

This relates to section II under part of B of the research questionnaire which sought specific information from those respondents who consider M&E report findings.

4.6.1. Component considered in M & E report findings

The study sought to ascertain what is considered when reviewing M&E report findings and the results were as shown below in Table 4.18 below.

Table 4.18: Component considered in M & E report findings

Variables	Attribute	Frequency	Percentage
M&E finding consideration	Criteria	6	33.3
	Cause	3	16.7
	Implication	9	50
	Total	18	100

The implication of the finding was found to be the most considered when reviewing M&E report which had the highest number of respondents at 9 while criteria had 6 respondents and the cause had 3 respondents. 2 respondents selected all the components of finding.

The above findings therefore imply that most auditors are most interested in the consequence of a finding on the project implementation. The implications would reveal the risk exposure of the project and therefore assist in designing appropriate audit procedures to carry out the audit.

4.6.2. Most considered type of finding during audit planning

Also the respondents were asked to state which type of finding was considered most during audit planning and the results are as shown in Table 4.19 below.

Table 4.19: Type of finding considered during audit planning

Variables	Attribute	Frequency	Percentage
Type of M&E finding	Accountability	10	55.5
	Efficiency	7	38.9
	Impact	1	5.6
	Total	18	100

Findings on accountability had the highest number of respondents at 10 (55.5%) while impact on the project followed closely with 7 (38.9%) respondents while efficiency and others had 1 respondent each. From the above findings, it is still evident that auditors put more emphasis on the transparency of project's resource utilization and impact / effectiveness carry a lot of weight to auditors during planning.

4.6.3. Effects of M & E report findings on audit planning of project

The researcher sought to know from the respondents on how the M&E report findings affect the audit plan. As shown in Table 4.20 below, 79.2% of the respondents indicated that it affects scope of work, 8.3% indicated it affects time allocation, none indicated task allocation

Table 4.20: Effect of M&E findings on project audit plan

Variables	Attribute	Frequency	Percentage
Effects of M&E finding	Scope of work	14	79.2
	Time allocation	4	20.8
	Total	18	100

The above findings are have similar implication as found out under M&E purpose where most respondents indicated a review of M&E report affects audit scope of work in terms of project departments and locations to be audited.

The respondents were further asked to indicate how the M&E report findings affect a project audit plan in relation to scope of work, time allocation and task allocation. The results are presented in Table 4.21 below.

Table 4.21: How M & E report findings affects project audit plan

Variables	Attribute	Frequency	Percentage
Scope of work	Increase	11	61.1
	Reduce	3	16.7
	Missing	4	22.2
	Total	18	100
Time allocation	Increase	2	11.1
	Decrease	2	11.1
	Missing	14	77.8
	Total	18	100

From Table 4.21 above, under scope of work, 11 (61.1%) respondents who were the majority indicated that M&E report findings lead to increase in scope of work while 3 (16.7%) indicated that M&E report findings reduces scope of audit work. On time allocation, respondents equally (11.1%) indicated that M&E report findings increase and reduce time allocated for audit work equally.

The findings have similar implications as found out under M&E purpose. A review of M&E affects audit scope and time allocated to the assignment. However, under findings, it leads to increase in the scope of work. It therefore implies that M & E findings to more detailed audit of the M&E report findings.

4.6.4. Relationship between project external audit and monitoring and evaluation under M&E report findings.

The researcher also sought from the respondents under this category (M&E report findings) how they would classify the relationship between external audit and monitoring & evaluation. From the findings it shows that 83.30% of the respondents indicated complimentary, none selected competing nor unrelated. However, 16.70% did not select this question.

Table 4.22: Relationship between project external audit and monitoring and evaluation

Variables	Attribute	Frequency	Percentage
Relationship	Complimentary	15	83.3
	Competing	3	16.7
	Total	18	100

As found out under, purpose of M&E report, the relationship between external audit and monitoring & evaluation is believed to be complimentary.

4.7. Specific Information on M & E report recommendations

This relates to section III under part of B of the research questionnaire which sought specific information from those respondents who consider M&E report recommendations.

4.7.1. Outcome of M & E report recommendations most considered

On M&E report recommendations, the respondents were asked to indicate the outcome in recommendations they mostly consider. The finding was that all the 2 (100%) respondents under this category indicated action plan as shown in Table 4.23 below.

4.23: Outcome of M & E report recommendation most considered

Variable	Attribute	Frequency	Percentage
Outcome of M&E report recommendation	Action plan	2	100
	Responsibility	0	0
	Total	2	100

The above findings indicate that auditors are more concerned with remedies or cause of action to be taken to correct issues noted on the project during monitoring. It implies that emphasis is on how to correct the problem than those responsible.

4.7.2. Type of M & E report recommendations most considered

The study also sought to find out the types of recommendations most considered during project audit planning, this is shown in Table 4.24, where all the 2 respondents indicated selected recommendations related to accountability. This still indicates that auditors are more interested in accountability in M&E reports as already seen under purpose and findings.

Table 4.24: Type of recommendation considered during audit planning

Variables	Attribute	Frequency	Percentage
Type of M&E recommendation	Accountability	2	100
	Total	2	100

4.7.3. Effect M & E report recommendations on audit plan

The study also sought from the respondents how consideration of M&E report recommendations affect project audit plan. All the 2 respondents under this category selected scope of work as shown in Table 4.25 below.

Table 4.25: Effect of M & E report recommendations on audit plan

Variables	Attribute	Frequency	Percentage
Effect on audit plan	Scope of work	2	100
	Total	2	100

As found out under M&E purpose and findings, the findings in Table 4.22 above also imply that a review of M&E affects the scope of audit work. Where scope may refer to locations or sections of a project.

4.7.4. M&E report effects recommendations on project audit plan

The respondents were further asked to indicate how the M&E report recommendations affect a project audit plan in relation to scope of work, time allocation and task allocation. The results are presented in Table 4.26 below.

Table 4.26: How M & E report recommendations affects project audit plan

Variables	Attribute	Frequency	Percentage
Scope of work	Increase	2	100
	Total	2	100

From Table 4.26 above, all the 2 (100%) respondents were the majority indicated that a review of M&E report recommendations increases scope of work. From the above findings as also found out under M&E purpose and findings, M&E report increases the scope of audit work during planning. It implies that auditors are required to investigate whether the M&E recommendations have been implemented which increases the scope of work unlike where was no any recommendations made.

4.7.5. Relationship between project external audit and monitoring and evaluation under M&E report recommendations

The researcher also sought from the respondents under this category (M&E report recommendations) how they would classify the relationship between external audit and monitoring & evaluation.

Table 4.27: Relationship between monitoring and evaluation and external audit

Variables	Attribute	Frequency	Percentage
M&E and external audit	Complimentary	2	100
	Total	2	100

The above findings indicate that all 2 (100%) respondents indicated that there is a complimentary relationship. As already seen under purpose and finding of M&E report, the relationship between external audit and monitoring & evaluation is believed to be complimentary. The interpretation of the finding is that the roles played by the two different professions lead has some similarity on the objective of performing either monitoring and evaluation or external audit. While M&E concentrates of the effectiveness of the project activities, external audit reviews procedures and compliance. However, both review accountability and efficiency in the implementation of the project.

4.8. Regression Analysis

The main purpose of the study is to investigate the influence of project's monitoring and evaluation report on project external audit plan for IDA funded projects in the County of Mombasa, Kenya. The study used multivariate regression analysis in establishing this relationship. The dependent variable of the study was the project external audit plan in Kenya while the independent variables were: report purpose, report findings, and report recommendations.

Table 4.28: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.878 ^a	.771	.737	.249

a. Predictors: (Constant), purpose, findings and recommendation

The regression analysis done using data from respondents shows that there is a positive relationship between independent variables (report purpose, report findings, and report recommendations) and dependent variable (Project external audit plan) as indicated by the value of R (0.878). The results also show a strong correlation between the dependent and the independent variables as shown by the values of R^2 (0.771). The R^2 value (77.10%) indicates how much of the dependent variable, project external audit plan is explained by the independent variables; report purpose, report findings, and report recommendations. In this case, the variation that has been explained is 77.10% .The remaining 21.90% are explainable by other factors not studied in this study.

Table 4.29: ANOVA Analysis of variance

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	4.201	3	1.400	22.503	.000 ^b
Residual	1.245	20	.062		
Total	5.446	23			

a. Dependent Variable: External audit plan

b. Predictors: (Constant), purpose, findings and recommendation

The ANOVA statistics was used to test the fitness of regression model. The significance F value of 22.503 ($p = 0.000$) was obtained. This therefore means that the regression model obtained was fit and statistically significant and can be deemed fit for prediction purposes

Table 4.30: Coefficients of independent variables

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.945	.427		2.215	.039
PURPOSE	.323	.093	.430	3.471	.002
FINDINGS	.344	.106	.442	3.240	.004
RECOMMENDATIONS	.137	.067	.247	2.055	.053

Multiple regression analysis was conducted as to determine the relationship between Project external audit plan and the independent variables (report purpose, report findings, and report recommendations). As per the SPSS generated table above, the equation

$(Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \epsilon)$ becomes:

$$Y = 0.945 + 0.323X_1 + 0.344X_2 + 0.137X_3$$

From the above regression model, report purpose has a Beta =0.323, report findings, Beta=0.344, while report recommendations has a Beta =0.137. This results shows that when factors (report purpose, report findings, and report recommendations) are held constant project external audit plan would be achieved at unit of 0.945. It also shows that a unit increase in report purpose would increase external audit plan by a value of 32.3%, report findings by a value of 34.4%, while a unit increase in report recommendations would cause an increase in external audit plan by a value of 13.7%. The study further shows that, there is a significant relationship between external audit plan and the independent variables (report purpose, report findings, and report recommendations) studied as shown: report purpose $p=0.002$, report findings $p=0.004$, and report recommendations $p=0.053$.

At 5% level of significance and 95% level of confidence, report purpose showed a 0.002 level of significance; report findings showed a 0.004 level of significance and report recommendations showed a 0.053 level of significance. This shows that all the variables were positively significant ($p<0.05$) with report purpose being the most significant and report recommendations the least significant.

CHAPTER FIVE

SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

The purpose of this study was to determine the influence of project monitoring and evaluation report on the external audit plan. The results of the study were presented and discussed in the previous chapter. This chapter summarizes the findings and conclusions drawn. Recommendations for action are made and areas for further research identified.

5.2. Summary of the findings

The section presents the summary of the findings of the study in chapter four according to the objectives.

On the purpose of the monitoring and evaluation report and project external audit plan, 29.2% of the total respondents who had undertaken project audits indicated they consider the purpose of monitoring and evaluation report. In addition, 72% of them use objectives to determine the purpose of monitoring and evaluation. The analysis further revealed that auditors mostly considered objectives that related to project effectiveness and accountability during audit planning. The study further established that majority of the auditors believe monitoring and evaluation report affects the scope of audit work indicating that it reduces the scope to be covered. Also 67% of the respondents were of the opinion that there is a complimentary relationship between monitoring and evaluation and external audit. This study agrees with Campos and Coupal (1996) who argued that one of the main functions of M&E is to provide stakeholders with information to assess whether project objectives have been met and how the resources have been used in order to help improve programme implementation.

In respect to monitoring and evaluation report findings, the study established that 50% of all the respondents use monitoring and evaluation report findings. On the specifics of the findings, it was established that the implication of the finding was highly considered by 75% of the respondents. Similarly as found out earlier under the monitoring and evaluation purpose,

majority of the respondents consider findings related to accountability and the impact to the project implementation. The findings supports the study by Langi(2008) where it was found that monitoring and evaluation system is used to contribute to financial accountability, measuring the success against objectives, funder requirements, quality assurance, and benchmarking measurement of customer satisfaction among others. Further, it was also established that majority of the respondents (79%) under this category believe monitoring and evaluation report affects the scope of audit work with majority (65%) indicating that it increases the work. On the relationship between monitoring and evaluation and external audit, 83% of the respondents believe there is a complimentary relationship between the two professions.

The study found out that recommendations in monitoring and evaluation report is least considered with only (8%) of the respondents selecting the option. When the study sought to know which between action plan and responsibility, was considered, it was established that action plan in the recommendation was the most considered by auditors. However, for audit planning, recommendations related to accountability were considered most. In addition, most respondents believe monitoring and evaluation report affects the scope of audit work by increasing the scope. Lastly, all the respondents (100%) also believe monitoring and evaluation compliments external audit and vice versa.

5.3. Discussions

The objectives of the study are discussed to find out whether they agree with the findings of the study. The study looked at the influence of monitoring and evaluation report;purpose, findings and recommendations on the project external audit plan.

The study findings indicate that 29.2% of the respondents consider the purpose of M&E report in external audit plan. It was also found out that majority of the respondents determine the purpose of M&E by using objectives stated. Accountability and project impact were found to be objectives most considered by auditors. As stated by Campos and Coupal (1996) that one of the main functions of M&E is to provide stakeholders and programme managers with information to assess whether project objectives have been met and how the resources have been used in order to help improve programme implementation. One of the stakeholders in project implementation is an auditor. Since the project has various stakeholders, each stakeholder would be more interest

in different M&E objective. In this study, we have found that auditors are more interested in accountability and project effectiveness. Therefore M&E report on accountability and project effectiveness will influence external auditor's plan.

The study findings revealed that majority of auditors consider M&E report findings when reviewing M&E report during audit planning. Just like under purpose, findings on accountability are considered most. The findings of this study agrees with of Kusters et al, (2011) who asserted that monitoring and evaluation should be disseminated so that others can benefit from the experiences. Audit is based on facts and evidence. Therefore in order for M&E report findings to be relied on auditors it must demonstrate evidence. This is supported by USAID, (2012). Similarly, the research found that M&E report affects the scope of audit work to be done. This finding agrees to Mackay (1999) who said that evaluation findings are important for allocation planning, decision making and prioritization. Since audit planning revolves around risk assessment, time allocation and resource allocation. M&E report findings may therefore affect how many auditors to assign a job, time they shall spent and areas of emphasis as depicted in the M&E report findings.

The other study objective was on M&E report recommendations. From the research findings, &E report recommendations are the least considered. An audit is an independent objective review of the financial systems and report. The auditor's opinion should be based on audit work but not copying the recommendations of others. However, the audits may review the implementations of the recommendations and their effect on project implementation. According to United Nations Evaluation Group norms for evaluation, follow up to evaluation should have explicit response by project managers to act on evaluation recommendations in form of response, action plan and implementation of evaluation recommendations (United Nations Evaluation Group, 2005). The success of evaluation depends on how well utilization of valuable findings and lessons are implemented to improve future programs, projects, policies, and institutions (World Bank Group, 2010). It would be a waste to engage and M&E expert and throw away the report recommendations. In light of the above, even though auditors rarely consider M&E report recommendations, they must come up with independent recommendations based on work done. This explains why the research found that M&E report recommendations are least considered.

5.4. Conclusion

From the findings of the study, it can be concluded that the purpose of monitoring and evaluation report and monitoring and evaluation findings are used by project auditors to determine the scope work during audit planning. Therefore, the purpose and findings of monitoring and evaluation report influence project external audit plan. Also from the findings, it can be concluded that monitoring and evaluation report recommendations are least used by auditors. Consequently, monitoring and evaluation report recommendations least influence the project external audit plan.

5.5. Recommendations

The study made the following recommendations

The terms of reference for a monitoring and evaluation assignment should ensure that the report captures the interests of wide stakeholder including the project auditors. The objective of monitoring and evaluation should put emphasis on project impact and accountability. This would make their reports more relevant to auditors. In addition, audit firms and auditors should get trained on monitoring and evaluation. This will enable them to interpret the findings and utilize the same in project audits.

The study also recommends that monitoring and evaluation findings on accountability and project impact should be based on fact and evidence. Such findings would be more helpful to audit process where there is clear factual evidence. Similarly, the monitoring and evaluation expert should also be willing to avail him/herself for an interview with auditors should a need arise.

Monitoring and evaluation report should have appropriate recommendations based on the findings. The recommendations should include an action plan on how to remedy the situation with clear timeliness for implementation. This would guide the auditors in following up the implementation of such recommendations during the audits.

5.6. Suggestions for further research

The study has generated more questions that need further research. Therefore the researcher recommends a study on the similarities between monitoring and evaluation and project external audit which was not part of this study.

5.7. Contribution to the body of knowledge

This study contributes to the existing body of knowledge by offering an insight on influence of project monitoring and evaluation report on project external audit plan. The study has established that a review of monitoring and evaluation report during planning of project audit affects scope of work, time allocation and task allocation. The study also revealed that auditors are more concerned with issues on accountability and effectiveness in monitoring and evaluation report. Further, the study has established that there is a complimentary relationship between monitoring and evaluation and project external audit.

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APPENDIX I

LETTER OF INTRODUCTION

Dear Respondents,

My name is Christopher A. Mwinamo of the University of Nairobi. I am carrying out research on the influence of the monitoring & evaluation report on project external audit plan: case study of IDA funded projects in the County of Mombasa, Kenya for partial fulfillment of the requirements for the award of the degree of Masters of Arts in Project Planning and Management.

Monitoring is the practice of ensuring that the activities are done within the given standards to achieve the expected results and is done regularly throughout the project. Evaluation is ensuring that the project interventions produce the expected impact at the end of a certain period, it's thus done periodically. External audit is the independent review of the financial position of an entity or project. This study aims at finding out if monitoring and evaluation report influence the external audit plan of a project.

The tool (questionnaire) is divided into two parts, part A is for all the respondents while part B which has three sections will be answered by those who have been involved in the audit of IDA funded project. In case of any clarification the respondent is free to contact the researcher.

The information you are going to give is for academic purposes only and your identity and information will not be shared with anyone else, hence will be treated as confidential.

Thank you in advance for your participation.

Yours Faithfully,

Sign_____

Christopher A. Mwinamo

L50/70727/2013

University of Nairobi.

Respondents Name(Optional)_____

Respondents' No. _____

Sign _____

Date _____

QUESTIONNAIRES

PART A: PERSONAL PROFILE

Instructions for use

This questionnaire is divided into part A and part B. Part B has three distinct sections.

You are requested to be as honest as possible when answering the questions.

No external influence is allowed when answering the questions.

You are required to tick (✓) the answer in the box ☐ provided or give your explanation in space provided.

1. Respondent's No. _____

2. Gender: Male ☐ Female ☐

3. What was your academic qualification on job?

a) Postgraduate level ☐

b) Degree level ☐

c) Diploma level ☐

d) Certificate level ☐

e) Others ☐

Specify _____

4. Professional qualification e.g CPA, ACCA, etc

5. How long have you been working for the Office of the Auditor General?

a) 1-5 years ☐ b) 6-10 years ☐ c) More than 10 years ☐

6. Which range does your current position fall under?

- a) Examiner - Associate ☐
- b) Supervisor – Senior Supervisor ☐
- c) Assistant Manager - Manager ☐
- d) Senior Manager - Director of Audit ☐

7. Have you ever been involved in the audit of World Bank Projects?

- a) Yes ☐
- b) No ☐

(If the answer to question.7 is NO, do not proceed to part B)

PART B: SPECIFIC INFORMATION

1. How long have you audited World Bank funded projects?

- a) 1-5 years ☐
- b) 6-10 years ☐
- c) More than 10 years ☐

2. Which type of audit were you involved in?

- a) Compliance ☐
- b) Statutory ☐
- c) Others ☐

Please

specify_____

3. Have you audited the following World Bank projects?

- a) Kenya Coastal Development Project (KCDP) ☐

b) Water and Sanitation Service Improvement Project (WASSIP) ☐

c) East Africa Trade and Transport Facilitation Project ☐

d) Others (please specify) _____

4. Have you ever been involved in audit planning of World Bank funded project?

a) Yes ☐

b) No ☐

5. If the answer is yes in question (4) above, what was your role in the planning?

6. Does review of monitoring and evaluation report form part of the project audit working paper?

a) Yes ☐

b) No ☐

7. During audit planning do you review the project monitoring and evaluation report?

a) Yes ☐

b) No ☐

8. How would you rate your understanding of the role of project monitoring & evaluation

a) Fair ☐

b) Average ☐

c) Good ☐

9. What do you consider most in a monitoring and evaluation report?

a) Purpose of M&E ☐

b) Findings ☐

c) Recommendations ☐

d) Others ☐

Specify _____

(If you answer in (9) above is *(a) Purpose*, please proceed to **Section I**, if you selected *(b) Findings* go to **Section II**, and for *(c) Recommendations*, go to **Section III**. If you selected *more than one option*, complete the respective sections.)

SECTION I

INFORMATION ON THE PURPOSE OF M&E REPORT

10. How do you determine the purpose of M&E?

- a) Objectives ☐
- b) Who commissions the M&E ☐
- c) Stage of project implementation ☐
- d) Others ☐

Please specify _____

(if you selected (a) in No. 10 above proceed to 11 (i), if you selected (b) go to 11(ii) while for those who selected (c) skip to 11 (iii) and if you selected more than one option, respond accordingly)

11.

i. If you selected (a - objectives) in question (10) above, which objective do you consider important for audit planning?

- a) Efficiency ☐
- b) Effectiveness ☐
- c) Accountability ☐
- d) Others ☐

Please specify _____

ii. If you selected (b - commissioning) in question (10) above, which type of M&E expert would you consider the report most for audit planning?

- a) Internal staff ☐
- b) External expert ☐

iii. If you selected (c – project implementation stage) in question (10) above, at which project implementation stage is M&E report more considered for audit planning?

a) Mid-term ☐

b) End term ☐

12. In your opinion how does the purpose of M&E report affect the audit plan?

a) Scope of work ☐

b) Time allocation ☐

c) Task allocation ☐

(if you selected (a) in No. 12 above, proceed to 13 (i), if you selected (b) go to 13(ii) while for those who selected (c) skip to 13 (iii) and if you selected more than one option, respond accordingly)

13. Based on your response to question (12) above, how does M&E report affect the audit plan? :

(i) Scope of work:

a) Increase ☐

b) Reduce ☐

(ii) Time allocation:

a) Increase ☐

b) Reduce ☐

(iii) Task allocation:

a) Expertise ☐

b) Number of staff ☐

14.How would you classify the relationship between external audit and monitoring & evaluation

a) Complementary ☐

b) Competing ☐

c) Unrelated ☐

15.Briefly explain any challenge encountered when using monitoring & evaluation report in the audit of projects

16.For the challenges stated above, please suggest possible solutions

SECTION II

SPECIFIC INFORMATION ON M&E REPORT FINDINGS

17.What do you consider when reviewing the M&E report findings?

- a) Criteria ☐
- b) Cause ☐
- c) Implication ☐
- d) Others ☐

Please specify_____

18.Which finding do you rate high during audit planning?

- a) Project impact ☐
- b) Efficiency ☐
- c) Accountability ☐
- d) Others ☐

Please specify_____

19. In your opinion how does the M&E report findings affect the audit plan?

- a) Scope of work ☐
- b) Time allocation ☐
- c) Task allocation ☐

(if you selected (a) in No. 19 above, proceed to 20 (i), if you selected (b) go to 20(ii) while for those who selected (c) skip to 20 (iii) and if you selected more than one option, respond accordingly)

20.Based on your response in question (19) above, how the M&E report findings affect the audit plan?

(i) Scope of work:

a) Increase ☐

b) Reduce ☐

(ii) Time allocation:

a) Increase ☐

b) Reduce ☐

(iii) Task allocation:

a) Expertise ☐

b) Number of staff ☐

21.How would you classify the relationship between external audit and monitoring & evaluation?

a) Complementary ☐

b) Competing ☐

c) Unrelated ☐

22.Briefly explain any challenge encountered when using monitoring & evaluation report in the audit of projects

23.For the challenges stated above, please suggest possible solutions

SECTION III

SPECIFIC INFORMATION ON M&E REPORT RECOMMENDATIONS

24.What do you consider most in M&E report recommendations?

a) Action plan ☐

b) Persons responsible ☐

25.Which types of recommendations do you consider for project audit planning?

a) Project impact ☐

b) Efficiency ☐

c) Accountability ☐

d) Others ☐

Please specify _____

26.In your opinion how does consideration of M&E report recommendations affect project audit plan?

a) Scope of work ☐

b) Time allocation ☐

c) Task allocation ☐

(if you selected (a) in No. 26 above, proceed to 27 (i), if you selected (b) go to 27 (ii) while for those who selected (c) skip to 27 (iii) and if you selected more than one option, respond accordingly)

27.Based on your response in question (26) above, how does M&E report recommendations affect project audit plan?

(i) Scope of work:

a) Increase ☐

b) Reduce ☐

(ii) Time allocation:

a) Increase ☐

b) Reduce ☐

(iii) Task allocation:

a) Expertise ☐

b) Number of staff ☐

28.How would classify the relationship between external audit and monitoring & evaluation?

a) Complementary ☐

b) Competing ☐

c) Unrelated ☐

29.Briefly explain any challenge encountered when using monitoring & evaluation report in the audit of projects

30.For the challenges stated above, please suggest possible solutions

THANK YOU FOR YOUR PARTICIPATION