

**INFLUENCE OF FINANCIAL ACCOUNTABILITY ON OPERATIONAL EFFICIENCY
OF COUNTY FUNDED ROAD PROJECTS IN UASIN GISHU COUNTY, KENYA**

BY

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DECLARATION

Student's Declaration

This research project is my original work and has not been presented for any ward in any other university.

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This research project has been submitted with my approval as the university supervisor.

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DEDICATION

I dedicate this work to my parents Mr and Mrs Odhiambo Onyango whose sacrifice, love, encouragement and financial support have gotten me this far.

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ABSTRACT

Construction of road projects requires effective financial accounting to ensure that operations during the construction process are determine the influence of auditing on operational efficiency of county funded project in Uasin Gishu County; efficient. This is key to manage the time, cost and quality constraints for all projects. The Chebiemit- Kapsowar road is one such project which required be accounting for and managing to ensure that it was completed with the expected outputs being issued. The main aim of the study was to investigate the influence of financial accountability on the operational efficiency of county funded project. The study was guided by the following research objectives to: establish the influence of disclosure on operational efficiency of county funded project in Uasin Gishu County; evaluate the influence of participatory decision making on operational efficiency of county funded project in Uasin Gishu County, to establish the influence of availability and reliability of financial statements on operational efficiency of county funded project in Uasin Gishu County and. The study employed descriptive research design. The target population comprised of 37 project managers and supervisors, 10 county financial officers, 11 county administration officers forming a total target population of 57 respondents. The study used census sampling. The study employed the use of both primary and secondary source to collect data. Questionnaires were the main primary sources. Both quantitative and qualitative techniques were used to analyse the data. Quantitative analysis involved the use of means, relative frequencies, mode, median and standard deviation. Bivariate correlation analysis was used to test for measures of association between variables. In view of the findings, the study developed recommendations tailored towards enhancing the better performance of county funded road projects. The finding of the study indicated that auditing is a way of monitoring and evaluating firm operations where financial records were presented to accounting office on weekly basis. Gender biasness is minimal in participatory decision making. This is because when the forum is open for people to contribute and give their insight both genders are given an okay to give their contributions. The study found out that disclosure of financial records shows every aspect of expenditure of a project. It means therefore that financial records gives a real picture of the project status such that if someone wants to know if the project is ailing, then he/she should look at its records. The study concluded that auditing is an important factor that influence financial accountability in many construction companies only when it is done by experts (auditors) and followed the required set standards while decision making dictates the quality of work and hence the operational efficiency of a particular project. Financial expenditure must also be noted by a person who has the knowledge of record keeping. This means that the organization undertaking this road construction under study had employed a financial expert who would keep every financial spending as the project is being implemented while disclosure of records must contain every detail of records is exposed for auditing and other management activities. The study recommended that organization should seek feedback for every project they undertake to enable them determine its effectiveness, that project managers involved community members in relation to demographic characteristics and that financial managers of an organization put down records in a way that it can be understood by management members yet it represent the real status of the project.

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ABBREVIATIONS AND ACRONYMS

APMR	Association for Performance Management and Research
CFRP:	County Funded Road Projects
FA:	Financial Accountability
M & E:	Monitoring and Evaluation
NACOSTI:	National Council of Science Technology and Innovation
NTD:	Nairobi Tropical Development
OET	Operational Efficiency Theory
SPSS	Statistical Package for Social Science
SPSS:	Statistical Package for Social Sciences
TIC	Theory of Internal control
UG	Uasin Gishu County
US GAAP	Generally Accepted Accounting Principles (United States)

CHAPTER ONE

INTRODUCTION

1.1 Background Information

Effective procedures in financial accounting are vital in ensuring operational efficiency of road projects (Samuel, 2007). Proper financial accounting in the road projects is key in managing the cost and time constraints associated with road projects (Brinkerhoff, 2008). This however does not happen in many construction projects including the road constructions (Schipper, 2013). There is little diligence when it comes to financial management and financial accounting especially the county funded projects where accounting principles and procedures are not followed hence inefficiencies in operations. Professional financial auditing at the Chebiemit-Kapsowar road was essential to ensure operations at the by-pass were effective and time and budget constraints were being met. This however was not always the case as the road encountered many challenges including budget over - runs which made the project to be more costly than it had initially been anticipated. The by-pass financial accounting should have been done by professionals but the engineers at the project took up the role with due considerations of the need for a professional accountant to assist in the task. Consequently, the Chebiemit-Kapsowar road project despite being completed was completed months after its due date and at twice amount the initial budget of the project.

It is essential to disclose financial records to show the entity funding the project and other stakeholders how funds are being utilized (Dowdall, 2003). This is key as it gives them confidence to keep adding funds as long as the funds they give are being properly utilized (Nwachukwu, 2010). This is not always the case however with the county funded projects as contractors who are assigned the construction of specific county roads have failed to provide any

form of disclosure of the construction for road projects that they are undertaking (Sasillo, 2006). This has led to a situation where the sponsor is not willing to give any more funds for the project in the process stalling the project. This was the case during the construction of the Chebiemit-Kapsowar road. The contractor did not disclose any financial records as he was requested to show how the first set of funds had been utilized. This was perceived to be as result of the misappropriation that had happened in the allocation of the first set of funds. Consequently the integrity of the construction of the road project was greatly affected.

There is also need for participatory decision making in the implementation of any project where there is more than one stakeholder to ensure that the project is operationally efficient (Hayfield, 2006). Participatory decision making ensures that the project represents the opinions of all key stakeholders and that they are satisfied with the operations and outputs of the project (Fryer, 2003). This however hardly happens in most construction projects as contractors take the lead position in making all the decision relating to the road projects (Frascer, 2006). There have been instances where stakeholders including the community are not impressed with the output of the projects given to them. This compromises the work done by the contractor; county funded road projects face a similar challenge. The Chebiemit- Kapsowar road was nearly rejected by the community because they felt that they had not been involved in the construction of the road project. They felt that they needed to have been consulted more especially on issues relating to utilizing local community workforce, disposal of harmful road construction projects and also completion of the road project.

Financial records need to be readily available and reliable for review by stakeholders (Frank, and Ronald, 2001). The records help in future projects estimations and in instilling confidence to sponsors and other stakeholder on the contractors job (Baiocchi, 2009). This creates good

company image and applies to projects especially those funded by external entities such as the county funded projects (Hamburger, 2009). County funded road projects including completed projects face the fate of unavailability of reliable records documenting what has been done and what was utilized. County funded road projects especially keep no records because the contractors do not want to be accused of misappropriation of funds. The Chebiemit- Kapsowar road records were not available not only at the county level but also at the contractor could also not provide records to auditors when the construction of the road project was completed. This was basically to ensure that funds utilization cannot be traced in case of any misappropriations.

Effective auditing of the financial statements in accounting is Key to ensure smooth running of operations of projects because it protects funds allocated to projects (Gambino, and Reardon, 2011). Following all the procedures of auditing would ensure that that construction projects have the right amount of funds to ensure that they are completed and quality is not compromised (Buhari, 2003). Auditing of road projects applies to all projects including county funded projects to ensure that they are above board (Ahonsi, 2002). The Chebiemit- Kapsowar road is one road where the audit procedures were neglected from its inception hence a lot of money was lost during its construction and in the process quality was heavily compromised. There were no records that were kept to properly show neither how the road project was utilizing funds nor how the road project could account for the need for more funds. This situation put the road construction project in a state where interventions in accounting could not be counted upon to provide extra funds to fasten the construction of the road project.

Globally, project clients have identified effective financial management as a critical success factor for project sustainability (Lerner, & Baiocchi, 2007). Financial accountability boosts the trust of all the stakeholders hence encouraging the input of everyone on the project

implementation (Abers, 2000). Irrespective of how well a particular project or program is designed and implemented, if the executing or implementing agency does not have the capacity to effectively manage its financial resources, the benefits of the project are unlikely to be sustainable (Brinkerhoff, 2008).

African countries have focused on control structures and mechanisms of monitoring the use of funds when implementing rural project. According to Samuel (2007), project funds are prone to being used beyond the budgeted limits or rather misused by individuals under project implementation. Studies done on projects in Nigeria showed that most projects which are funded by the government are incomplete at the elapse of its project duration due to misappropriation of funds. Corruption is one of the main factors that contributes to low accountability of project managers and government project representatives (Rakodi, 2010)

In Kenya, minimal transparency and accountability in the management of public resources coupled with the absence of public information on actual government revenue and expenditure has directly contributed to corruption, ineptitude and inadequate public service delivery for the taxpayers (Rakodi, 2010). Kenya over the last three years has diversified service provision to citizens, sub-national governments have more power and money to craft government assistance programs (Muwanga, 2013). Kenyan government has also created public law agencies that are under contract with the government ministries under purchaser-provider arrangements. Ministries have partnered or contracted with private sector entities to deliver public benefits (Keitany, 2000). These developments, designed to make spending more efficient and more responsive to citizen needs, are moving spending and service delivery out of traditional central ministries to institutions outside their direct control. In delegating and decentralizing spending, central government faces a host of accountability and control issues over the use of the funds

(Ouko, 2014). Financial accountability in Uasin Gishu County has been an issue raised by the community and national leaders. Funds in the county have been pumped to county project yet delivered project that are below accepted standards and some without completion. As indicated in the Auditor General's report for the 2013/14 financial year, out of the Ksh 67.5 Million that was not utilized only Ksh 6 Million was returned to Treasury (Ouko, 2014).

1.2 Statement of the Problem

County funded road projects have brought about developments in rural areas due to enhanced accountability of funds disbursed by county governments. Funds disbursed are now more closely monitored to enhance operational efficiency of projects, this however not been the case for all projects. Despite the perceived development anticipated with devolution, little can be seen in terms of successfully completed project by most counties in the country. Uasin Gishu County specifically was reported to have only spent 11% against its 52% estimated development budget in 2014/2015 financial year (auditors report 2014/2015). This raised concerns by stakeholders including residents who complained on little development agenda by the county government.

Some of the county funded project consequently stalled and some have taken longer to complete with contractors blaming slow disbursement of funds. The concept of financial accountability at the county level relating to such project was questioned as funds released for project have been a big challenge despite the money seemingly being budgeted was a times unavailable. It is against this that the study aimed to analyse the influence of financial accountability on operational efficiency of county funded road project within Uasin Gishu County

1.3 Purpose of the Study

The aim of the study was to examine the influence of financial accountability on operational efficiency of county funded project.

1.4 Research Objectives

The study sought to:

- i. Establish the influence of financial disclosure on operational efficiency of county funded road project in Uasin Gishu County
- ii. Evaluate the influence of participatory decision making on operational efficiency of county funded road project in Uasin Gishu County
- iii. Establish the influence of availability and reliability of financial statements on operational efficiency of county funded road project in Uasin Gishu County
- iv. Determine the influence of auditing on operational efficiency of county funded road project in Uasin Gishu County

1.5 Research Questions

- i. How does financial disclosure influence operation efficiency of county funded projects in Uasin Gishu county?
- ii. What extent does participatory decision making influence operation efficiency of county funded projects?
- iii. What extent does reliability of financial statements influence operation efficiency of county funded project in Uasin Gishu ?
- iv. How does auditing influence operational efficiency of county funded road projects in Uasin Gishu

1.6 Significance of the Study

The study could be of great importance to county leaders and specifically county development officers in UG because it was able to understand the importance of a financial accountability in enhancing the operational efficiency of a project. The study highlighted some of the challenges associated with project implementation without financial accountability.

The study could also be of great assistance to other counties and contractors as it may enable them to understand the need for financial accountability in the management of the project. The study could be able to illustrate the best methods/principles that counties need to employ to ensure financial accountability positively influences operational efficiency of county project.

Finally, the study might be of great benefit to scholars as it may immensely contribute to the body of knowledge. The scholars should be able to read/understand and contribute to this study and its applications in other relevant fields and sectors of economy.

1.7 Delimitations of the Study

The study was only confined to UG as a result the findings of the study were not used to make inferences with practices in other counties. Secondly the study considered only four determinants whereas there might have been a dozen more therefore making it difficult to categorically state which combinations of more than a dozen factors identified in the study is best suited in financial accountability and operational efficiency.

1.8 Limitation of the Study

One limitation was that some respondents were not willing to share out information that would be useful for the study; however it was explained to them that the study was only carried out for educational purpose and thus the information collected was confidential.

1.9 Organization of the study

This study comprises of five chapters. Chapter one deals with the background of the study, statement of the problem , purpose of the study, research objectives, research hypotheses significance of the study, delimitation of the study limitations of the study and definitions of significant terms used in the study.

Chapter two basically deals with reviewing of theories and the past studies. The past studies offered insights and were beneficial in guiding and providing information to the study. Chapter three discusses research methodology, sampling procedure, researcher instruments, reliability of research instruments, data collection procedures, data analysis and ethical issues.

Chapter four presents data analysis, presentation and interpretation. The analysis was based on the objective of the study. Chapter five discusses the summary of the findings draws conclusions and makes recommendations for further research.

1.10 Assumptions of the Study

The study assumed that the county employed mechanisms of financial accountability including, participatory decision making financial, disclosure of records and availability & reliability of financial records and auditing. The study also assumed that respondents of the study responded to the questionnaires and interviews genuinely and without biasness.

1.11 Operational Definition of Terms used in the Study

Financial accountability: is used in this study to refer to responsibility for the way money is used and managed.

Operational Efficiency: in business context, it is the ratio between the input to run a business operation and the output gained from the business (Coelli et al., 2005) it is used in this study to

refer to the ratio between the input to run a business operation and the output gained from the business

County funded road projects: is used in this study to refer to the construction of roads that is financed by the County government of Uasin Gishu.

Disclosure of Financial Records: Statutory or good faith revelation of a material fact or an item of information that is not generally known on a financial statement or in the accompanying notes (Chaudhuri, & Silva, 2006). In the study disclosure of financial records means providing a comprehensive and clear description of a project's financial position.

Financial Statement: is a formal record of the financial activities of a business, person, or other entity (Schipper, 2013). In the study financial statements are records resulting from the conduct of business and activities relating to financial management.

Participatory Decision Making: refers to different mechanisms for the public to express opinions and ideally exert influence regarding political, economic, management or other decisions (Spring, Dietz, & Grimm, 2007). In relation to the study the concept is used to mean all stake holders are given equal opportunity in making decisions in relation to financial accounting of a project.

Reliability of Financial Records: it means that the information should be accurate and true and fair (Sunder, 2002). In the study financial records of the selected road project should be free from any manipulation and revealing the real financial status of that project.

Auditing: A systematic investigation and appraisal of transactions procedures, operations and result in financial statements (Achebe, 2010). In the study, it is an independent examination of an

expression of opinion on the financial statement, by an appointed auditor in pursuance of that appointment and in compliance with any relevant statutory obligation.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Introduction

In this chapter the study presents review of related literature to the subject of the study. Reviewed literature is organised under the following sub headings influence of participatory decision making on operational efficiency, influence of availability and reliability of financial records on operational efficiency, influence of financial disclosure on operational efficiency and influence of auditing on operational efficiency. It has a summary of the literature reviewed and also captures the theoretical and conceptual framework.

Reference has been made to relevant books, journals and other electronic publications.

2.2 Financial Accountability, Participatory Decision Making on Operational Efficiency of County Funded Road Project

Participatory decision making is where the citizens of one community and all stakeholders calculate and negotiate the allocation of human resources towards deciding on which project money should be spent(Christodoulou, 2011). By 2004 participatory budgeting had been implemented in more than 300 cities worldwide (Cabannes& Huber, 2004), and it's getting even more popular through the years (Muspratt, 2000). Numerous cities and countries are adopting the idea of participatory accounting and are giving great reviews about it (Psaros, &Trotman, 2010).A work conducted by Dares (2010) in German whose title was the inclusive approach to corporate governance of firms and whose objective was to investigate key stakeholders in the financial management process of corporate governance with specific focus to financial management noted that inclusion of stake holders in financial management is an important

aspect of corporate governance . The work employed a case work approach and analysed data through qualitative analysis (Jensen, 2010).

The work findings indicate that despite the lack of financial know how by certain stake holders of an institution there is need to communicate and involve all stakeholders in the financial management process of firm resource (Kumar, 2009). This can be achieved by explaining to stakeholders the process of preparing financial statement with the aim of providing satisfactory explanations as to the usage of resources owned by the firm. The drawback of not doing so includes the challenges of mistrust and continuous complaints by such stake holders. There is need to find a way to communicate to these stake holders as one of the core principles of corporate governance. This ensures an open and transparent process whereby preparations of financial statements are all inclusive (Ofen, 2010).This was depicted to have a direct impact on the performance of firms as this openness ensured proper usage of financial resources meant to create a conducive learning environment for employees to work. There is direct correlation between the participatory approach and performance of employees as was indicated by stakeholders who had shares in different firms. The stakeholders noted that in firms where participation was high the employees were more comfortable and were more likely to perform better compared to their counterparts in other firms where participation was much lower (Muwanga, 2013).

The work therefore concluded that as part of fostering corporate governance strategies in firms to enhance performance it was important to adopt a participatory approach to practices such as financial management. The study recommended that the institutions adopt a participatory approach to enhance the performance of firms and similar institutions (Dares, 2010).In a work by Baron (2010) conducted in Uganda titled the management of public finances, work findings were

also keen to evaluate the role of participatory approach especially relating to financial principles. The work objective was to measure how public finances and policies are measured. The work employed a survey research design of public institutions and evaluates how corporate governance mechanism influences their performance (Rakodi, 2010). The study findings noted that inclusion/participation is a rare concept for most public institutions especially in matters relating to financial management in Africa. Most financial records are prepared by management and finance department without involvement of other key personnel. The resulting effect is negative perception and mistrust. This has been reported as one of the key reasons of the student's truancy in firms. For most of institutions learning a participatory approach is rare due to a number of factors including the ignorance of management and stakeholders (Schipper, 2013).

Challenges associated with low participation of key stakeholders to enhance performance in institutions financing management have been left unaddressed as a result; this has put the concept of corporate governance at a standstill (Sunder, 2002). Indicators to this problem have included the stunted performance measures associated with institutions. The study therefore concludes that African countries in particular Uganda have to adopt more concepts of corporate governance including the participatory approach to corporate governance to enable the institutions reform better (Watts et al., 2006). Consequently, the study recommends that institutions take corporate governance strategy to develop a comparative governance strategy that will enable the institutions be at the prime position to fully embrace the concept of corporate governance including the participatory approach as a corporate governance strategy (Baron, 2010).

2.2.1 Financial Accountability, Level of Inclusiveness on Operational Efficiency of County Project

Despite the diverse ways in which participatory accounting is applied around the world, these experiences share a common foundation: diagnosis, deliberation, collective decision-making, execution, and monitoring (Christodoulou, 2011). Generally, the process starts with residents identifying local needs, generating ideas to respond to these needs, and electing delegates to represent each neighbourhood or community (Psaros, & Trotman, 2010).

These delegates then discuss the local priorities and develop concrete project that address them, together with public employees. Next, residents vote for or negotiate which of these project to fund, enabling the delegates and public officials to piece together a final budget (Yaseen, 2009). Finally, the institution implements the chosen project, and residents monitor this implementation. The entire process is driven by and grounded in a set of core principles: democracy, equity, access, community participation, fairness, education, and transparency (Psaros, & Trotman, 2010). Many of these principles and design features also exist in other participatory processes, but in participatory accounting they are combined and implemented together (Schipper, 2013).

2.2.2 Financial Accountability, Equity of Participation on Operational Efficiency of County funded Road Project

Participatory decision making is a strategic way to create more democratic and engaged cities. Because participants get to decide local issues that directly affect their lives, popular political participation tends to increase (Baiocchi, 2009). Participatory accounting offers multiple entry points and levels of commitment for citizen involvement, particularly for those with the greatest needs and greatest barriers to get involved (Metzger, 2006). In many cases, as people with the greatest needs play a larger role in decision-making, spending decisions redistribute resources to

communities with the most need (Chaudhuri & Silva, 2006). Because participatory accounting opens municipal accounts to public scrutiny, it nurtures higher levels of accountability and transparency, and reduces opportunities for corruption and backroom deals (Abers, 2000). Moreover, it generates greater ownership, pride and empowerment among residents, which often results in a more caring, enlightened and engaged citizens (Lerner & Schugurensky, 2007).

2.2.3 Financial Accountability, Representation by Demographic on Operational Efficiency of County Project

Participatory decision making means that all stakeholders of different demographic characteristics are represented. Demographic characteristics include all the persons of different age, experience, locations and levels (Chaudhuri & Silva, 2006). For gender representation, regulations have been put in place to cater for the required percentage of female and male persons in decision making of project implementation (Samuel, 2007). It is paramount also to consider people of different experience in that particular field since they are in a position to elaborate on every stage of project implementation and its respective challenges. A person with minimal experiences may not have had hands on experience in the full cycle of project implementation (Baiocchi, 2009).

2.3 Financial Accountability, Reliability of Financial Records on Operational Efficiency of County Project

A study conducted by Ofen (2010) in Philippines on the role of ethics in managing institutional finances and whose main objective was to investigate the ethical nature of the financial managers using a sample size of 20 respondents noted that ethics and integrity are important for all financial managers in the civil service. The study employed a descriptive survey and findings were preserved in a qualitative manner (Rakodi, 2010). The study findings indicated that financial

management is prone to corrupt practices which can heavily affect performance of institutions. The study noted that there is a need to ensure that all financial managers are people of ethical and reputable character else they face the risk of ensuring institutional resources are used either for self-interest or interests pertaining to those of friends and family. Public resources especially in works are important for the proper performance of an institution hence these resources need an ethical professional to manage them (Psaros, 2010).

The study also noted that a curriculum worldwide relating to financial; management is slowly recognizing the necessity of ethics. This implies that financial management curriculum is now tailored with the incorporation of ethics as a mandatory unit this is aimed at ensuring that organization produce the most competent individuals in the society (Ouko, 2010).The study consequently concluded that internationally the concept of ethics in corporate governances is essential and must be one of the pillars of an effective management team, as it relates to matters pattering to the financial management of work resources and funds (Muspratt, 2000). This is key to ensuring that management performances of institutions like works are not affected by reasons such as misuse of resources. He recommended that all financial managers be trained and evaluated for ethics and integrity (Ofen, 2010).

A study conducted in Nigeria by Oduon (2010) whose title was ethical finance manager in 21st century noted that the financial sector in Africa is marred by corrupt practices which have negatively affected institutional performance. The study objective was to evaluate the level of ethics practised in the management of institutions in Africa (Kumar, 2009). The study surveyed 20 public institutions of higher working and sought to establish the malpractices associated with these works and their influence on performance. The study findings showed that there is a big deviation of institutional strategic plans to actual performance despite sufficient budgets. These

differences were attributed to corrupt malpractices from the financial management of different projects that have been designed and executed by these institutions (Lerner, 2007).

The study findings were keen to note that financial managers and the accounting teams were in the forefront of managing and supervising projects but in return they engaged in a lot of malpractices which resulted in the misuse of the funds for the given institutional projects. Specific projects such as library resources and play grounds were documented and wastages from each project reported, this was done to show the delays to quantify the impact resulting from this delay on performance. For most projects most projects extra financial resources had to be acquired (Keitany, 2000).The study therefore concluded that ethics /integrity in the management of the projects with finance team is lacking in most administrators in the African region. The need for ethics was properly defined and its impact on the corporate governance of the institutions was also underlined (Oduon, 2010).The study therefore recommended that institutions develop corporate governance strategies that will be able to seal this kind of challenges. The study also recommended that the training of project managers and the financial management team on ethics and its impacts when managing public resources is essential (Gambino, 2011).

2.3.1 Financial Accountability, Kinds of Records Represented on Operational Efficiency of County Project

Financial statements are the last line of defence in protecting their investment. Financial statements are very often the only opportunity that investors are given to assess both an organization's viability and its life expectancy (Kumar, 2009). Misleading financial statements can take many forms (Psaros, &Trotman, 2010). The errors or omissions may be relatively minor or they may be significant. The problem, however, is that because of the multiple interests of

those who rely on financial statements, even minor errors or omissions can prove disastrous (Baiocchi, 2009). Investors rely heavily on the objectivity and integrity of those who prepare financial statements (Craig, & Sommerville, 2006). When that fiduciary bond is broken, and the reliability of financial statements is called into question, any confidence that may have been invested in the reporting system is destroyed (Day, 2007).

Project financial management is a process which brings together planning, budgeting, accounting, financial reporting, internal control, auditing, procurement, disbursement and the physical performance of the project with the aim of managing project resources properly and achieving the project's development objectives (Schipper, 2013). The primary objective of financial reporting is to provide high-quality financial reporting information concerning economic entities, primarily financial in nature, useful for economic decision making (Curry, 2006). Providing high quality financial reporting information is important because it will positively influence capital providers and other stakeholders in making investment, credit, and similar resource allocation decisions enhancing overall market efficiency (Day, 2007).

2.3.2 Financial Accountability, Duration of Records Presentation on Operational Efficiency of County Project

Financial management is more than an administrative and control function. Sound financial management is a critical prerequisite for successful project delivery (Christodoulou, 2011). Timely and precise financial data are indispensable for effective decision-making as well as corrective action by the project management in order to enhance the prospects of timely completion within the planned project budget and scope of deliverables (Psaros, & Trotman, 2010). Accountancy is the art of communicating financial information about a business entity to users such as shareholders and managers (Edwards, et al. 2006). The communication is generally

in the form of financial statements that show in money terms the economic resources under the control of the management. The art lies in selecting the information that is relevant to the user and is reliable (Schipper, 2013). Shareholders require periodic information that the managers are accounting properly for the resources under their control. This information helps the shareholders to evaluate the performance of the managers. The performance measured by the accountant shows the extent to which the economic resources of the business have grown or diminished during the year (Bengi, 2012).

2.3.3 Financial Accountability, Quality of Records Presented on Operational Efficiency of County Project

Records for decision making must be audited meaning that these records represent all the transactions made in project implementation. High quality records means that all transactions are captured and they are free from mistakes such as omission of numbers through typing errors (Edwards, et al. 2006). Quality records also mean that all the transaction has been systematically arranged to accepted structure such as profit and loss statements and balance sheets. This will enhance better presentation and ease of understanding for non-accountant persons (Schipper, 2013). The shareholders also require information to predict future performance. At present companies are not required to publish forecast financial statements on a regular basis and the shareholders use the report of past performance when making their predictions. Managers require information in order to control the business and make investment decisions (Psaros, & Trotman, 2010). For financial information to be relevant it must have value in terms of assisting users in making and evaluating decisions about the allocation of scarce resources and in assessing the rendering of accountability by preparers (Psaros, & Trotman, 2010). If information is to assist users in making decisions about the allocation of scarce resources, it must assist them in making

predictions about future situations and informing expectations, and/or it must play a confirmatory role in respect of their past evaluations (Schipper, 2013).

2.4 Financial Accountability, Financial Disclosure of Financial Records on Operational Efficiency of County Project

A study was conducted by Moon, Piotroski and Smith (2011) in Japan, titled: “Measuring Disclosure and the Quality of Accounting Numbers ’’, whose objective was to assess on effect of disclosure on financial recodes he employed a survey study research design and a sample of 517 respondents from Tokyo secondary firms in Japan (Moon et al, 2011).The study findings indicated that corporate governance information can be disseminated through financial reporting with responses based as follows: the annual report or SEC filings like the 10-K or 10-Q at 78% and through various scheduled and unscheduled disclosures such as press releases, conference calls at 89%. 78% of responses were based on the statement that disclosures are often qualitative and narrative in nature which makes objective measurement difficult for empiricists and that the firm applied professionals to audit all its activities. Another 75% of respondents agreed that that corporate governance strategy, relevant, verifiable, reliable, unbiased, comparable and consistent disclosures and financial reports are all desirable properties of corporate disclosures and financial reports (Bengi, 2012).The study findings also revealed that 15% respondents agreed that firm corporate governance priorities were in conflict with each other and, as a result, empirical studies face challenges in identifying and capturing the most important dimensions of high quality corporate information of firms (Christodoulou, 2011).

The study finally indicated that 78% of responses were of the opinion that a widely-used disclosure measure is based on the annual survey of financial analyst’s rankings of Japanese firm’s disclosure activities by the Association for performance Management and Research

(APMR) (Craig, 2006). 77% of responses agreed that these rankings arguably capture the usefulness of firm corporate governance based on financial accounting record disclosures as perceived by expert users of this information. 89% of responses agreed that disclosure rankings capture a broad range of disclosure activities including annual report information, voluntary disclosures in quarterly reports, and more diffuse disclosures arising from firm relations activities (Daniel, 2009). Another 91% of the respondents suggested that the limitations of the APMR rankings are that they are only applicable to a subset of large Japanese firms (Moon et al, 2011).

The study concluded that the APMR has changed firm's corporate governance towards academic performance rather than just being a business. The disclosures ratings increased transparency in firm management since it focused corporate governance to performance (Dowdall, 2003). The study farther revealed that though it was a good system in Japan firms, it yet had limitations in that it was limited to firms with high facilities and not to the low facility firms in ranking. Limitations of these types of measures are that the selection and coding of the relevant disclosures are subjective, that they generally capture the existence of particular disclosures, rather than their quality, and that the construction of a single index assigns particular weights to the different disclosure items (Frascer, 2006). These measures often do not capture other disclosure activities that can complement or substitute for financial report disclosures. The study recommended other studies focus on the timing and frequency of most firms' disclosure of account records. Disclosures such as the frequency and precision of management should be forecast on academic performance. The study finally recommended disclosed information issued by management to be done during conference calls, the studies highlight that these disclosure

events generally reveal useful qualitative and contextual information to outside stakeholders (Moon et al, 2011).

Another study was carried out by Bengi, (2012) in South Africa, titled: “Benefits of Voluntary Disclosures and High Quality Financial Reports”, whose objective was to assess on Liquidity Benefits of Disclosures and Financial Reports had employed a descriptive survey study research design and a sample of 1106 respondents from South African secondary firm (Bengi, 2012).The findings of the study revealed that a quality financial report is an indicator of performance. According to the study survey, it is evidently suggested that 47% of managers believe that such a liquidity benefit exists. Another 61% responses indicated strongly agreed with the statement that voluntarily communicating information increases the overall liquidity of our stock, compared to 21% of managers who strongly disagree with the statement (Gambino, 2011). However, the survey provided no evidence on the economic magnitude of the liquidity benefit nor which types, quantity, frequency, and quality of voluntary disclosures are necessary to achieve a measurable impact on stock liquidity. 55% of respondents suggested that this method was not efficiently used as it had gaps on certain disclosures (Muwanga, 2013).

The study findings also indicated that firms in the lowest third of the disclosure rankings have about 50 per cent higher performance rates spreads than firms in the highest third of the rankings. However, his tests for the sensitivity of performance rates spreads to disclosure policy based on the probability of informed trade activity and probability of information event occurrences are statistically insignificant (Ofen, 2010).The study finally evaluated the findings that some firms voluntarily adopt more honourer’s disclosure requirements by switching from the South African system of information disclosure to an international reporting regime.

According to the study findings, 68% of switching firms have smaller performance rate spreads following the switch (Pink, 2009).

The study concluded that certain voluntary disclosures and accounting attributes are associated with greater liquidity for a firm. However, in many instances, the economic significance of the liquidity influence in cross-sectional studies of South African firms appeared to be small. One issue is that these studies analyse firms' disclosures within the rich and stringent disclosure system where the effects of additional voluntary disclosures are likely to be small. The study therefore recommended that more cross-sectional studies may be conducted to understate the true liquidity impact of voluntary disclosures. The study also recommended that firms with non-existent or minimal disclosures do not appear in samples, yet they are likely to have such a large performance rate spread that the public eye has little or no notice of. The study farther recommended that firms at the extreme case of non-disclosure are often missing from cross-sectional studies and thus should be provided for with an excellent magnitude of the liquidity impact of public disclosure in ranking of firms (Psaros, 2011).

Another study was carried out by Bushee and Leuz (2005) in Kenya, titled: "Voluntary Disclosure, Accounting Quality and Firms' Cost of Capital", whose objective was to assess on Firms' Cost of Capital the report had employed a descriptive survey study research design on 12 firms in Nairobi and a sample of 478 respondents from 12 Nairobi secondary firms (Rakodi, 2010). The study findings indicated that consistently, firms in Nairobi have extremely low levels of effects of disclosure on financial records. 78% of responses show that disclosure on financial records essentially vanished if firms ceased to provide public disclosures on a regular basis (Verrecchia, 2010). The study finding also indicated the possible benefit of voluntary disclosures and high quality financial reports is that they directly lower a firm's cost of capital. As outlined

in section mechanisms by which an increase in corporate disclosures can manifest in a lower cost of capital. The findings however had primarily focused on establishing the link between disclosure and the cost of capital by providing relatively little evidence on the mechanism (Youker, 2009).

Again, there is survey evidence of the study with 65% of responses suggesting that managers perceive a cost of capital benefit from expanded voluntary disclosures. The findings indicated a 39% of firm managers who are managers strongly agree with the statement the “voluntarily communicating information reduces our cost of capital”, while 22% strongly disagree with this statement (spring, 2007). However, the economic magnitude of this cost of capital effect cannot be determined from this survey (Bushee et al, 2005). The study concluded that the perceived benefits of disclosure do not apply equally to all firms. The findings indicated that the perceived reduction in the cost of capital is greatest for firms the study recommended that information asymmetry and the adverse selection problems of non-disclosure can flow back to the firm’s financial decisions and translate into a higher cost of raising capital for academic standards the study farther recommended that a positive link between academic activities and disclosure quantity and quality should be correctly related to firms’ academic performance (Schipper, 2013).

2.4.1 Financial Accountability, Capital Expenditure on Operational Efficiency of County Project

Financial records disclosure means the submission of facts and details including financial statements and balance sheets, concerning a situation or business operation. A financial audit is conducted on disclosed records to provide an opinion whether financial statements (the information being verified) are stated in accordance with specified criteria (Day, 2007).

Normally, the criteria are international accounting standards, although auditors may conduct audits of financial statements prepared using the cash basis or some other basis of accounting appropriate for the organization (Dowdall, 2003). According to Moon (2011) corporate governance information can be disseminated through financial reporting with responses based as the annual report at 78% and through various scheduled and unscheduled disclosures such as press releases, conference calls at 89%. 78% of responses were based on the statement that disclosures are often qualitative and narrative in nature which makes objective measurement difficult for empiricists and that the school applied professionals to audit all its activities (Curry, and (Avary, 2005). Another 75% of respondents agreed that that corporate governance strategy, relevant, verifiable, reliable, unbiased, comparable and consistent disclosures and financial reports are all desirable properties of corporate disclosures and financial reports (Schipper, 2013).

Moon (2011) further noted that a widely-used disclosure measure is based on the annual survey of financial analyst's rankings of Japanese project disclosure activities by the Association for performance Management and Research (APMR). These rankings arguably capture the usefulness of project corporate governance based on financial accounting record disclosures as perceived by expert users of this information (Day, 2007). Also disclosure rankings capture a broad range of disclosure activities including annual report information, voluntary disclosures in quarterly reports, and more diffuse disclosures arising from school relations activities (Bhavesh, 2006). The limitations of the APMR rankings are that they are only applicable to a subset of large Japanese project (Yaseen, 2009).

2.4.2 Financial Accountability, Availability of Records on Operational Efficiency of County Project

Record keeping is a tool used by most project managers to monitor progress of the project in terms of expenditure. It reflect how current expenditure deviates from the original budget proposal. Record keeping therefore is kept by professionals who have the skills and knowledge on representing cash transactions on accepted format. These systematic and disclosed records are therefore availed to decision making in relation to the progress of the project. The disclosures ratings increases transparency in project management since it focuses corporate governance to performance (Moon, 2011). Though it was a good system in Japan, it had limitations in that it was limited to highly facilitated project and no other lowly facilitated projects (Psaros, &Trotman, 2010). Limitations of these types of measures are that the selection and coding of the relevant disclosures are subjective, that they generally capture the existence of particular disclosures, rather than their quality, and that the construction of a single index assigns particular weights to the different disclosure items (Abacon, 2008). These measures often do not capture other disclosure activities that can complement or substitute for financial report disclosures (Moon, 2011). The study (Samuel, 2007) recommended other studies focus on the timing and frequency of most schools disclosure of account records. Disclosures such the frequency and precision of management should be forecast on educational performance (Accorf, 2008). Disclosed information issued by management to be done during conference calls, the studies highlight that these disclosure events generally reveal useful qualitative and contextual information to outside stakeholders (Rakodi, 2010).

The study (Bengi, 2012) provided no evidence on the economic magnitude of the liquidity benefit nor which types, quantity, frequency, and quality of voluntary disclosures are necessary

to achieve a measurable impact on stock liquidity (Psaros, & Trotman, 2010). However, sensitivity tests of performance rates spreads to disclosure policy based on the probability of informed trade activity and probability of information event occurrences are statistically insignificant (Schipper, 2013).

Voluntary disclosures and accounting attributes are associated with greater liquidity for a project. However, in many instances, the economic significance of the liquidity effects in cross-sectional studies of South African project appeared to be small (Psaros, & Trotman, 2010). One issue is that these studies analyse project disclosures within the rich and stringent disclosure system where the effects of additional voluntary disclosures are likely to be small (Schipper, 2013). The study therefore recommended that more cross-sectional studies may be conducted to understate the true liquidity impact of voluntary disclosures. Project with non-existent or minimal disclosures do not appear in samples, but are likely to have such large performance rates spreads that there is little or no public notice (Barnes, 2000). Rakodi (2010) recommended in his study that project at extreme cases of non-disclosure are often missing from cross-sectional studies and thus should be provided with an excellent magnitude of the liquidity impact of public disclosure in ranking of project.

2.3.3 Financial Accountability, Reliability of Records on Operational Efficiency of County Project

Reliable and high quality financial report is a possible performance indicator on project-specific benefit by high quality disclosures and financial reports at every liquidity of a project years (Avots, 2001). According to the Bengi (2012), managers believe that such a liquidity benefit exists and voluntarily communicating information increases the overall liquidity of our stock (Watts, and Zimmerman, 2006). According to Bushee and Leuz (2005) the possible benefit of

voluntary disclosures and high quality financial reports is that they directly lower a project's cost of capital. As outlined in section mechanisms by which an increase in corporate disclosures can manifest in a lower cost of capital. Bushee and Leuz focused on establishing the link between disclosure and the cost of capital by providing relatively little evidence on the mechanism (Bushee et al, 2005). The perceived benefits of disclosure do not apply equally to all projects (Verrecchia, 2010). Information asymmetry and the adverse selection problems of non-disclosure can flow back to the project's share issuance decision and translate into a higher cost of raising capital for educational standards the study further recommended that a positive link between educational activities and disclosure quantity and quality should be correctly related to (Schipper, 2013).

2.4 Financial Accountability, Auditing on Operational Efficiency of County Project

Auditing refers to a systematic examination of resources, accounts, documents and vouchers of an organization to ascertain how far the financial statements present a true and fair view of the concern (Lee, 2008). It also attempts to ensure that the resources of accounts are properly maintained by the concern as required by law (Power, 1999). A financial audit is conducted to provide an opinion whether financial statements (the information being verified) are stated in accordance with specified criteria (Day, 2007). Normally, the criteria are international auditing standards, although auditors may conduct audits of financial statements prepared using the cash basis or some other basis of auditing appropriate for the organization (Dowdall, 2003). In providing an opinion whether financial statements are fairly stated in accordance with auditing standards, the auditor gathers evidence to determine whether the statements contain material errors or other misstatements (Arens, 2012)

A study was conducted by Dowd, Christensen, Lee and Walker (2008) in UK, titled “Beyond Value at performance” whose objective was to assess financial auditing as a performance management strategy and which had employed a descriptive survey study research design and a sample of 300 respondents from Weaver ham High (Youker et al, 2009). The findings of the study indicated that, Weaver ham High is highly managed with a better system of audit governance. According to the study, the firm uses financial auditing analysis, in management. According to the study, it was indicated that different departments had different preferences on financial auditing analyses. Data collected indicated that the use of financial auditing analysis was highly preferable with 70 % (14/20) in management, 88 % (22/40) in Human Resource (HR) and 81 % (50/100) preference in the employee boarding care departments. According to the study, it was indicated that Weaver ham High experienced a rate of increase in firm performance by 33 % between 2006 and 2008 as a result of these application (Psaros, & Trotman, 2010).

The findings also showed that, financial auditing analysis was highly applicable in the following departments with 90 % (36/40) in employees field and research activities and 71 % (36/50) in the games and sports departments. As a result, the findings indicated that there was a successful firm operational advantage of up to 73% from the previous management operational efficiency of 49% in United Kingdom firm performance award of 2005 (Dowd et al, 2008). The findings finally revealed that financial analysis was highly preferred by the finance department with 99% of responses on the need for firm to relate excellent auditing services towards the achievement of firm performance (Yaseen, 2009). According to the study, Weaver ham High relied on the use of other efficient financial auditing techniques more in addition to auditing analysis since the firm had realized weakness and incompleteness in the past. This was indicated by 60 % (180/300) responses in support of other financial analysis. The study further revealed that as a result of

initiating these modern systems in addition to the passive methods of analyses, there has been improved firm performance at the rate of 25-29%. This is a very high probability of firm performance success. Currently, Weaver ham High is being ranked as a top 20 successfully managed firm in Europe (Verrecchia, 2008).

The study concluded that financial auditing in firms was a preferable strategy for firm performance management. Financial auditing was highly used in all departments with its performance being audited and controlled by the finance department of the firm. The study recommended that the use of auditing should be of significant importance in firm management. The study also recommended that the application of several financial auditing strategies should be based on departmental performance and not in general usage. The reason to this was that firm success requires more than one type of financial auditing strategy for audit governance effectiveness towards firm performance (Spring et al, 2008). Another study was carried out by Akotey, and Frank (2011) in Ethiopia titled: "Performance risk, Uncertainty and audit management", whose main objective was to investigate on audit modelling in developing firms had employed a case study research design with a sample of 217 respondents from Masejudi high firm in the Addis Ababa (Akotey& Frank, 2011).

The findings of the study indicated that, the Masejudi high firm in the Addis Ababa uses financial auditing in audit governance of firm. Auditing was mainly used where necessary financial management was required. According to the study, it was revealed that auditing was lowly used with 44 %(22/40) rate of success in HR, 40% rate of success in management, and 30 % rate of success in the firms. The findings also showed that, Financial auditing strategy was less applicable with 49% in sports and games and 50 %(36/50) in firm facility departments (Schipper, 2013). The findings finally revealed that auditing was highly applied and preferred by

the management department with 60% of responses which was extremely high as compared to the auditing records on expenditure in employee affairs (Samuel, 2007). The study also showed that less had been done in accessing more modern auditing strategies and financial analysis to assist the firm increase performance. In addition to financial analysis, the firm also used other methods of management not based on auditing such as extended periods of employees stay at work at 39% response rate, retrenching at 50% and seeking for government assistance on purchasing resources at 40% response rate (Akotey& Frank, 2011).

The findings of the study concluded that the application of auditing was shallow in developing firms in Ethiopia. The use of old methods to resolve audit strategy failure in firms was evident. The study recommended that the firms in Ethiopia should update to the use of modern techniques in performance. These include the use of financial analysis and professional external auditors fully. Again, the firms in Africa should apply more modern techniques of auditing analysis not only to manage firms but to priorities firm performance of the firms (Rakodi, 2011). Another study was done by Mwaniki (2001) in Kenya, titled: “Financial auditing in the firms as resourcing distribution strategy”, whose objective was to assess on auditing techniques employed a case study research design and a sample of 311 respondents from Nairobi Tropical Development (NTD) firm in Kenya indicated that operational risks are best handled through proper recruitment (staffing) and labour specialization (Ofen, 2001).

The findings of the study indicated that the achievement of auditing service offered in Nairobi NTD firms in Kenya relied on specialization of auditing by the finance department, the firm department and the firm’s management department (Samuel, 2007). The NTD firms being a moderate performing firm conducted an average level system in auditing for firm department. According to Ouko (2014), 45% response rate was based on the opinion that auditing affected

firm performance. 59% was on the response rate that management department which was higher than financial department and finally 62% on other departments including the human resource. This was indicated by the level of firm performance by most responses. The study according to findings from the firm department led to firm performance rate with 62% of responses indicating the firm experienced a failure rate in firm performance. This had also been revealed to have reduced firm operational efficiency based on firm performance (Mwaniki, 2001).

The findings of the study also indicated that, Nairobi NTD firms did not have departmental auditing processes. Data collected from the management indicated that the use of one auditing technique by all departments led to 60% performance achievement success (Mwaniki, 2006). According to the study, it was indicated that Nairobi NTD firms experienced a rate of reduction in audit governance towards firm performance by 51% as a result of using only one application of auditing method (Muwanga, 2013). The findings of the study also identified that auditing was low, with a record of 15% success rate towards firm performance. The study indicated that for every 29 out of 60 financial officers agreed that Nairobi NTD firms offered an excellent service by auditing employees. Out of the remaining 31 financial experts, 10 of them revealed that the services were fairly done while the remaining 21 financial experts were not sure if the services were of standard in employee care management. The study included a high rates of employee complain and financial department-employee conflict with a rate of 69% of response on the lack of welfare being unaccounted for (Nwachukwu, 2010).

The findings of the study concluded that the standard of competencies in Nairobi NTD firms was still low. The application of audit management strategy competencies based on employee and financial department management sought in firm performance recorded generally low indication with an average of 49% rate of success (Frank, 2001). The study recommended that firm

management should involve application of more effective audit management competencies in firm financing based on employee management and financial department management welfare (Dowdall, 2003). The firm should therefore increase professional financial planning to increase rate of firm success (Fryer, 2001).

2.4.1 Financial Accountability, Budgeting Process on Operational Efficiency of County Project

The budget is an essential management tool. Without a budget, an organization is like a pilot navigating in the dark without instruments (Owler and Brown, 1989). Therefore it is important for an organization, project or department to have a budget to know how much money it needs to carry out its activities and also forces it to be rigorous in thinking through the implications of its activity planning. There are times when the realities of the budgeting process force you to rethink your action plans and used properly, the budget tells you when you will need certain amounts of money to carry out your activities; the budget enables you to monitor your income and expenditure and identify any problems; the budget is a basis for financial accountability and transparency

When everyone can see how much should have been spent and received, they can ask informed questions about discrepancies; you cannot raise money from donors unless you have a budget. Donors use the budget as a basis for deciding whether what you are asking for is reasonable and well-planned. (Lucey, 2003)

Since budgeting involves costs, it is crucial to estimate and control the kind of costs to be realized when preparing a budget (Aslani, 2009). The costs a company may need to estimate fall into the following categories: Operational costs – the direct costs of doing the work including

materials, equipment, transport and services; Organizational costs also called core costs—these are the costs of your organizational base, including management, administration, governance. Once you have decided on the best organizational set-up to support your operational plans, you will incur the organizational expenses on a regular basis even if you do not carry out your plans or have activity levels as high as you had hoped; Staffing costs – these are the costs for your core staff, the people involved in management, the people doing work that cuts across the organization. These costs include their salaries and any benefits such as medical aid or pension fund payments for which the organization is responsible; Capital costs – these are costs for large investments which while they may be necessary because of a project or projects, will remain organizational assets even after the projects are over. Vehicles and equipment such as computers and photocopiers fit here. They may be used by all projects, or they might only be required for a specific project.

The foregoing scenario projects an organizational process which if not sequentially monitored and controlled, can easily go out of hand, putting the organizational in a financial crisis. Speedy production of budgetary control statements and immediate investigation of revealed variances provide the best basis for bringing operations into line with the plan, or where there have been substantial changes in circumstances making agreed alterations to the plan (Lucey, 2003).

2.4.2 Financial Accountability, Monitoring and Evaluation on Operational Efficiency of County Project

Monitoring is the systematic collection and analysis of information as a project progresses. It is aimed at improving the efficiency and effectiveness of a project or organisation. It is based on targets set and activities planned during the planning phases of work. It helps to keep the work on track, and can let management know when things are going wrong. If done properly, it is an

invaluable tool for good management, and it provides a useful base for evaluation. It enables an organization to determine whether the resources you have available are sufficient and are being well used, whether the capacity they have is sufficient and appropriate, and whether you are doing what you planned to do (Shapiro, 2001).

Evaluation is the comparison of actual project impacts against the agreed strategic plans. It looks at what you set out to do, at what you have accomplished, and how you accomplished it. It can be formative (taking place during the life of a project or organisation, with the intention of improving the strategy or way of functioning of the project or organisation). It can also be summative (drawing learning's from a completed project or an organisation that is no longer functioning) (Shapiro, 2001).

What monitoring and evaluation have in common is that they are geared towards learning from what you are doing and how you are doing it, by focusing on: efficiency, effectiveness and impact.

Efficiency reveals that the input into the work is appropriate in terms of the output. This could be input in terms of money, time, staff, equipment and so on. When a project is being implemented and the organization is concerned about its replicability or about going to scale then it is very important to get the efficiency element right. Effectiveness is a measure of the extent to which a development programmes or project achieves the specific objectives it set. Impact on the other hand tells whether or not what the organization did make a difference to the problem situation you they were trying to address (Shapiro, 2001).

From this it should be clear that monitoring and evaluation are best done when there has been proper planning against which to assess progress and achievements. There are three toolkits in

this set that deal with planning – the overview of planning, strategic planning and action planning (Shapiro, 2001).

Monitoring and evaluation are both tools which help a project or organisation know when plans are not working, and when circumstances have changed. They give management the information it needs to make decisions about the project or organisation, about changes that are necessary in strategy or plans. Through this, the constants remain the pillars of the strategic framework: the problem analysis, the vision, and the values of the project or organisation. Everything else is negotiable. (See also the toolkit on strategic planning) Getting something wrong is not a crime. Failing to learn from past mistakes because you are not monitoring and evaluating is.

World Bank (2013) carried out a study on Effectiveness and Efficiency of Monitoring and Evaluation Systems. The study explores whether monitoring and evaluation (M&E) has led to better projects and development outcomes in the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA), including whether the impacts on development outcomes and project quality are commensurate with costs. For IFC Advisory Services, the link between strong M&E systems and greater project development effectiveness was not uniform across the business lines.

The findings indicate that the use of M&E information in MIGA is increasing, though it is still limited because of the relatively new program and the small number of evaluated projects from which to draw lessons, but underwriting staff indicate a powerful learning effect from direct involvement in evaluation. The IFC spends about \$14 million per year for M&E, making it challenging to assess the efficiency of these expenses, but a cost-benefit analysis can provide

useful insights. MIGA has a distinct challenge of developing its M&E system in a cost-effective way that also reflects its development mandate and operational practices (World Bank, 2013).

2.4.3 Financial Accountability, Feedback on Operational Efficiency of County Project

Feedback is an important role of financial accountability for attaining the expected quality and standards in planning, control, leadership and staffing. According to Cook (1968), feedback is generally positively associated with operational efficiency. It focuses on the extent to which employees have achieved expected levels of work during a specified time period. The reports should be simple and suitable for the level of understanding for the user. They should be presented promptly to enable timely actions to take place. Reports should be accurate to enable the making of corrective decisions based on the reports. It has to be noted that the principle of exception should be utilized where possible. Financial accountability and project implementation is not effective unless there is continuous flow of budget reports. These reports should be prepared at regular intervals (say monthly) to show comparison of actual performance with that budgeted. Such reports may be presented to heads of budget centres, showing favourable or unfavourable variances from budget figures. These heads of budget centres should explain these variances to the top management so that necessary corrective action may be taken (Arora, 1995; Foster, 1987). According to Underdown (1997), a good financial accountable system should be integrated with the standard cost system. Where standard costing system is used it should be integrated with the budget programme in both budget preparation and variance analysis. Unfavourable variances are mostly scrutinized which take the form of over expenditure or expenditure incurred on non-budgeted items.

2.5 Theoretical Framework

In an attempt to explain the relationship between financial accountability and operational efficiency of county funded project, the research has focused on the Theory of Corporate Disclosure and Reporting Regulation.

2.5.1 Theory of Corporate Disclosure and Reporting Regulation

The study adopted the theory of Corporate Disclosure and Reporting Regulation developed by Ross, in (2000). The theory states that a firm's system of corporate governance is analysed periodically through identified possible firm-specific (micro-economic) and market-wide (macro-economic) costs and benefits of firms' disclosure activities, in the absence of regulation with an overlay of potential effects of disclosure and reporting regulation but within a given consideration to the question of how to mandate disclosures through the mechanisms, levels, and enforced rules.

Both firm-specific and market-wide effects are relevant for evaluating the economic consequences of reporting and disclosure regulation. The former are important because the confluence of firm-specific costs and benefits of voluntary disclosures determines whether they are beneficial to the firm, i.e., whether they increase firm value. However, the mere existence of net benefits to voluntary disclosure is not sufficient to justify mandatory disclosure because, in this case, a firm already has incentives to voluntarily provide information Ross (2000). That is, precisely in the situation where the firm-specific benefits exceed the costs, it is not clear whether there is need for any regulation.

In this study the theory of corporate disclosure and reporting regulation can be related to mean the county government benefits of corporate disclosures as a corporate strategy that combines all corporate decisions. The auditing, disclosure, records and participation in the financial process determines the outcomes or operational efficiency of the implementation in county roads projects. Arguably, the County-specific benefit of disclosure as best supported by this theory is that of accountability for every resource injected into the roads project and the accomplishment of set objectives which come as a result of the need to accountable for every resource allocated to the process of roads construction. At its core is the insight that information asymmetries among stakeholders introduce adverse selection into the share of the financial accountability in the projects implementation. Uninformed or less informed stakeholders worry about operational efficiency in the implementation of the capital projects. As a result, uninformed stakeholders lower the participation at which they are willing to increase performance management to protect against the losses from poor implementation and goal attainment. The participation adjustment reflects the probability of the implementation of the road projects which can be derailed due to lack of proper information and accountability to the stakeholders. This form of participation protection will not increase implementation management or implementation rates spread into county roads projects. Similarly, information asymmetry and adverse selection reduce the level of participation that uninformed stakeholders are willing to give. Both effects reduce the external and internal financial disclosures liquidity of financial accountability towards county roads projects implementation which influences the ability of stakeholders to quickly increase performance management or sell participation at the expense of positive results with little record of rate of failure impact.

2.6 Conceptual Framework

The conceptual framework shows the correlation between financial accountability and operational efficiency of county funded project. Financial accountability entails the responsibility of either an individual or department to perform a specific function in accounting. For example an auditor reviewing a company's financial statement is responsible and legally liable for any misstatements or instances of fraud. Accountability forces an accountant to be careful and knowledgeable in their professional practices, as even negligence can cause them to be legally responsible. Financial accountability is measured through auditing, participatory decision making, availability and reliability of financial records and disclosure of records. Financial accountability tells what policies an individual or department should adopt or has adopted to meet their responsibility for ensuring that the project they govern is financially sound.

Figure 2.1 Conceptual Framework

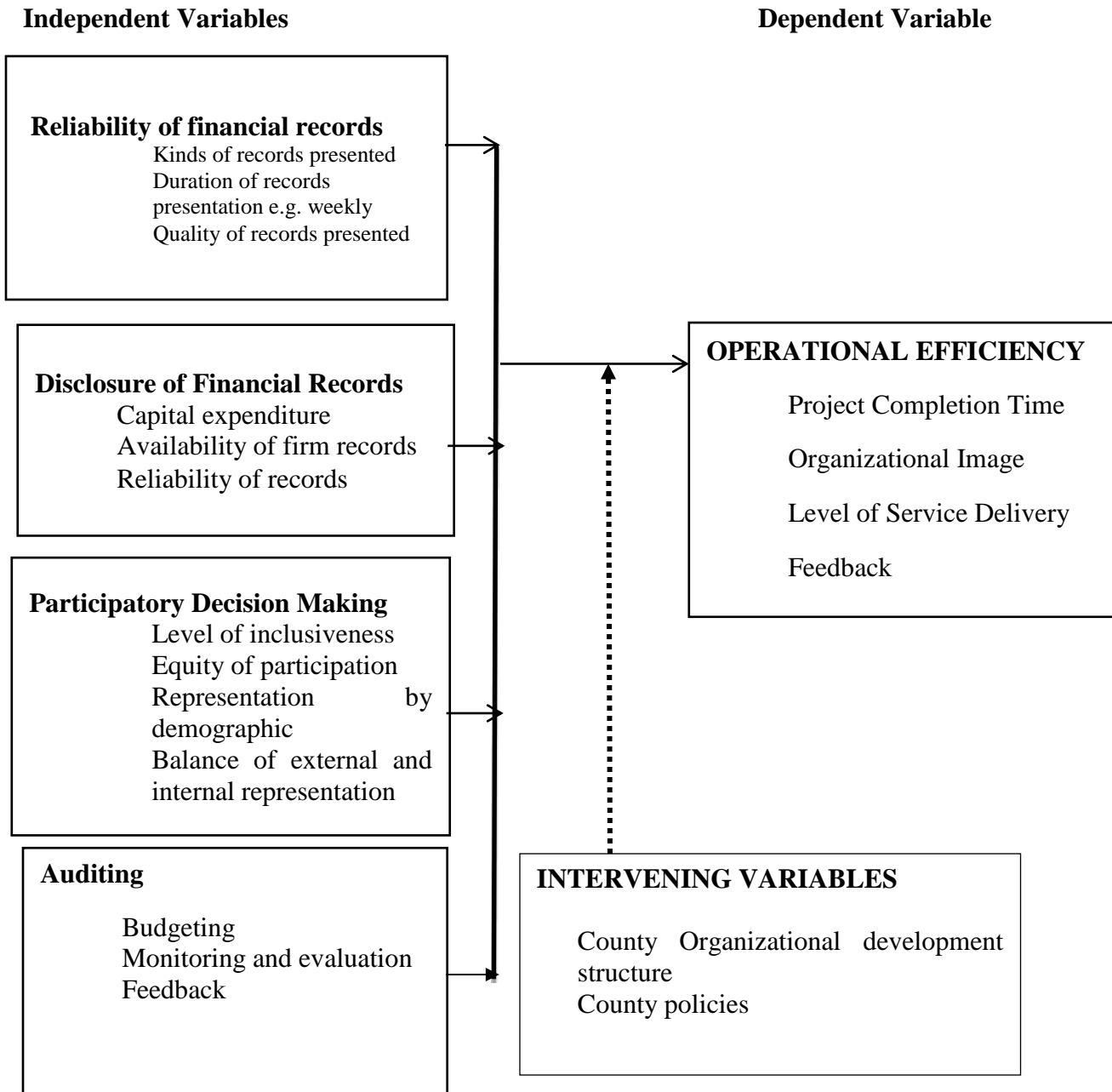


Figure 2.1 Conceptual Framework Showing Relationship between independent Variable and the dependent Variable.

Source: Author, (2015)

Independent Variable

The independent variable for the study was disclosure of financial records which looked at the correctness of the records, availability of firm records and reliability of records; participatory decision making which looked at the level of inclusiveness, equity of participation, representation by demographic and balance of external and internal representation and availability, reliability of financial records which looked at kinds of records presented, duration of records presentation e.g. weekly and quality of records presented and is financial accountability indicated by auditing which looked at the processes of budgeting, monitoring and evaluation and feedback of the project implementation process;

Dependent variable

The dependent variable for the study was operational efficiency which looked at the project completion time, organizational Image, level of service delivery and feedback

Intervening Variable

The intervening variable for the study was county organizational development structure and the county policies.

2.7 Summary of Literature

The increasing attention devoted to organization accountability has increased the pressure for organizations to “perform” relative to each other. Different initiatives have been tried to develop standards to assess organization effectiveness and efficiency, sustainability and accountability. However, there is a lack of systematic comparisons across time and among organizations.

Perhaps the most systematic, objectively quantifiable and abundant measure available out there to compare the efficiency and accountability of organizations is their level of “financial accountability.” This measure of accountability is based on the assumption that the accountable organizations devote the greater part of their funds to their promised missions. Another assumption is that the 80/20 ratio model to allocate financial resources, derived from practices in the corporate world (80% of resources for project and 20% for administration), seems to be the most appropriate model for setting a standard to compare organizations. The logic is that efficiency in using funds means that an organization is more accountable to its clients.

2.8 Knowledge Gap

Financial accountability in institutions has not been fully investigated with a number of studies focusing on the extent of corruption other than the causes of corruption such as unavailability of records, lack of auditing and non-participatory in decision making during project implementation. This therefore has created a research gap in institutions with majority of institutions in the country not being able to realize and appreciate the impact of financial accountability in enhancing operational efficiency of project implementation

Studies done in this area for example A study conducted by Ofen, (2010) in Philippines on the role of ethics in managing institutional finances and a study conducted by Dares, (2010) in German whose title was the inclusive approach to financial accountability of project have focused more on developed nations and have ignore the practical implication of financial accountability in Kenya and other developing countries.

Other studies including the study conducted by Moon, (2011) in Japan, titled: *“Measuring Disclosure and the Quality of Accounting Numbers”* Another study was carried out by Bushee

and Leuz (2005) in Kenya, titled: “*Voluntary Disclosure, Accounting Quality and Schools’ Cost of Capital*”, have failed to clearly illustrate the relationship between financial accountability and operational efficiency of project. It is therefore against this that the study seeks to fill this gap by assessing the relationship between financial accountability and operational efficiency in Kenya using a case of county funded project in Uasin Gishu County.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter deals with research design, target population, sample size and sampling procedure, research instruments, validity of instruments, reliability of research instruments, data collection procedure, data analysis and ethical issues.

3.2 Research Design

Research design refers to the way a study is planned and conducted. It entails choosing the subjects who participate in the study. The techniques and approaches for collecting data for the subject and the procedures (Kumssa, 2011). The main objective of a research design is to enhance the validity (degree to which the results obtained from the analysis of the data actually represent the phenomenon under study) Mugenda and Mugenda (2003). The study adopted descriptive research design. According to Kothari (2009), descriptive research is used when the problem has been well designed. This research design has been used by various studies, for example Kothari (2009) did a study on Factors Influencing Implementation of Integrated Financial Management Information System in Kenya Government Ministries. The study (Kothari, 2009) employed descriptive research design since the problem was well designed in that the implemented IFMIS was not performing as expected.

3.3 Target Population

The target population refers to the group of people or study subjects who are similar in one or more ways and which forms the subject of the study in a particular survey Orodho (2003). The target population of the study was project managers and supervisors, County financial officers and County administration officers.

Table 3.1 Target population

Target population	Project	Number
Project Manager		1
Assistant project managers	Chebiemit- Kapsowar road	10
Project Supervisors		25
County Financial Officers		10
County Administration Officers		11
Total		57

Source: Uasin Gishu County, (2015)

3.4 Sample Size and Sampling Techniques

The study employed census sampling technique (Ader 2008) stated that census is the procedure of systematically acquiring and recording information about the member of a given population. It is regularly occurring and official count of a particular population. Census sampling techniques was used to select sample for the study.

Table 3.2 Distribution of Respondents

Category	Target population	Sample Size
Project Manager	1	1
Assistant Project Managers	10	10
Project supervisors	25	25
County financial officers	10	10
County administration officers	11	11
TOTAL	57	57

3.5 Data Collection Instruments

3.5.1 Questionnaire

The questionnaires were administered to the county administration officers, county finance officers and project supervisors by research assistants. The open ended questionnaire enabled

the respondents to clarify issue further to provide in-depth finding for the study while close ended questions enabled the study to obtain background information (Kothari, 2009). The advantage of using questionnaires is that it's most feasible and allows the respondents moments of reflection on the subject. This is cost effective, free from biasness and gives the respondent adequate time to respond to the questions (Kothari, 2004). The research assistants allowed the respondents sometime to fill in the questionnaires.

3.5.2 Interview schedule

The study used interviews as a data collection tool. A structured interview, also known as a standardized interview or a study-administered survey is a quantitative research method. The aim of this approach is to ensure that each interviewee is presented with exactly the same questions in the same order. The interview schedules were issued to project managers and assistant project managers for the selected project.

3.6 Validity and Reliability of the Research Instruments

3.6.1 Validity of the Research Instruments

Validity submits to the degree which a test measures what we actually wish to measure. Orodho (2003) solution for assuring construct validity that is: the use of multiple sources of information, a chain of evidence, and key informants review the report were applied to the study. Validity of the instruments in the study was achieved through consulting experts and specialist supervisor. The study employed the use of pilot study to test the validity of the research instruments.

3.6.2 Reliability of the Research Instruments

Reliability is the extent to which a test, method or tool gives consistent results across a range of settings and if used by many researchers. It enables studies to be replicated to obtain the same

results using the same methods as those earlier used (Kothari 2004) according to Mugenda and Mugenda (1999). Reliability test is the degree to which a research yields consistent results of data after repeated trials, which can be quantified by taking several measurements on the same subjects. The extent to which the test gives the same results after repeated trials measures the precision of a single such test hence it was measured using Cronbach alpha coefficient.

The questionnaire and interview schedules were tested for reliability by using Cronbach coefficient alpha to determine the internal consistency of the items. This is a method of estimating reliability of test scores by use of a single administration of a test. It provides good measure of reliability because holding other factors constant, the more similar the test content and conditions of administration are the greater the internal consistency reliability (Mugenda and Mugenda, 2003). In this study the items were considered reliable if they yielded a reliability coefficient of 0.50 and above. This figure is usually considered respectable and desirable for consistency levels (Yin, 2004) in the study the reliability was established through pilot study which was carried out in Uasin Gishu County whereby some items were added or dropped to enable modification for the instrument.

3.7 Data Collection Procedures

This refers to the series of events to be followed during the data collecting process. First an introductory letter from the University was collected. The researcher requested to be allowed to conduct the study in UG. Research assistants were recruited and trained on how to carry out data collection exercise. The researcher informed the study respondents about data collection exercise and after consultation it was agreed on the date of commencement. Research assistants and the researcher visited the sampled groups in UG to distribute questionnaires and explain questions

which were not easily understood by the respondents. The questionnaires were collected after the respondents had finished filling them.

3.8 Data Analysis

According to Kothari (2009), data analysis is the use of descriptive and non-descriptive techniques to determine the effect of independent variables on the dependent variable and its relation as per the number of respondents in the study. The data from the questionnaires were adopted and coded for completeness and accuracy and the response on each item put into specific main themes. Both quantitative and qualitative techniques were used to analyse the data. The data collected was checked for completeness, coded and cleaned by the study and analysed using Statistical Package for Social Science (SPSS) version 17.

Before embarking on the objective analysis for the study, the data collected was descriptively represented through calculations and summary of the responses by use of frequencies, and tables where the questions were generated for all the key variables as the study. Background information in each study was in the form of descriptive statistic as the demographic information was useful in this study as it captured aspects of age groups, gender, job category and years of source.

Variable statistic tests were used for the purpose of checking the relationship between variables and making inference to evaluate and examine if the relationship exists between the variables in the study.

3.9 Ethical Consideration

The study observed confidentiality especially for the information provided from questionnaires and interviews. The respondent's information was not passed to any third party, respondents were not required to give out their names, and numbers were used to identify them.

3.10 Operational Definition of Variables of the study

To achieve the objectives of the study the study investigated the role of financial accountability to enhance operational efficiency in county funded road project in Uasin Gishu County; the objectives of the study include the disclosure of financial records, participatory decision making availability and reliability of financial record and influence of auditing on operational efficiency of county funded road project.

To achieve these objectives questionnaires were used, each with specific questions for each objective.

Table 3.3 Operational Definition of Variables

Objective	Variables	Indicators	Measurement scale	Type of analysis	Types of tools
To establish the influence of disclosure on operational efficiency of county funded project in Uasin Gishu County	Dependent Level of operational efficiency Independent Disclosure of financial records	Auditing Litigation Availability of firm records Reliability of records	Nominal Ordinal	Descriptive statistics	SPSS
To evaluate the influence of participatory accounting on operational efficiency of county funded project in Uasin Gishu County	Dependent Level of operational efficiency Independent Participatory Accounting	Level of inclusiveness Equity of participation Representation by demographic Balance of external and internal representation	Nominal Ordinal	Descriptive statistics	SPSS
To establish the influence of availability and reliability of financial statements on operational efficiency of county funded project in Uasin Gishu County	Dependent Level of operational efficiency Independent Availability and reliability of Financial records	Kinds of records presented Duration of records presentation e.g. weekly Quality of records presented		Descriptive statistics	SPSS
To determine the influence of auditing on operational efficiency of county funded project in Uasin Gishu County	Dependent Level of operational efficiency Independent Auditing	Delegation Responsibility Power legitimacy	Nominal Ordinal	Descriptive statistics	SPSS

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

The results of data are presented in this chapter. Data has been organized and interpreted as per the research questions. The information was acquired from the respondents according to their socio-economic status at the time of the study then followed by the study objectives.

4.2 Questionnaire Response Rate

The study targeted a sample population of 57 respondents and distributed questionnaires and interview schedule to them. Respondents were very cooperative and only 3 questionnaires were not returned. The response rate was therefore 94 which was very suitable for the study. The study also obtained secondary data from the county office.

4.3 Background Information of the Respondents

Background information is very significant in collection of data in that it enables respondents to respond to structured questions in different perspective. This is therefore eliminated in data collection in regards to gender, age, education level and experience. The study sought to determine the background information of the respondents in an effort to ensure that sampling was effectively done. The study sought to establish the work experience, age, gender and level of the respondents and how long they had worked in their current positions. The study findings are presented in table 4.1

Table 4.1 Background Information of the Respondents

		Frequency	Percent
Gender	Male	37	68.5
	Female	17	31.5
	Total	54	100.0
Age	20-30 years	5	9.2
	31-40 years	18	33.3
	41-50 years	9	16.6
	Over 51 years	12	22.2
	Total	54	100.0
Level of Education	secondary level	11	20.7
	Certificate Level	1	1.85
	Diploma level	11	20.7
	Degree Level	22	40.7
	Other	9	16.6
	Total	54	100.0
Experience	less than 3 years	13	24.0
	3-7 years	23	42.5
	7-11 years	16	29.6
	Over 11years	2	3.7
	Total	54	100.0

The findings on gender indicated that out of 54 respondents (68) were male and (31.5) were female. This implied that the study was able to minimize the influence of gender biasness by collecting data across all genders.

The findings on the age of the respondents showed that out of 54 (9.2) were between 20 and 30 years, (33.3) were between 31 and 40 years, (16.6) were 41-50 years and (22.2) were of age over 51 years.

The findings on the level of education revealed that out of 54(40.7) were degree holders, (18.5) was a certificate level holder, (20.7%) were diploma level holders and (16.6) had other qualifications. This suggested that the study was able to obtain responses from all the levels of education backgrounds.

The findings on the work experience of the respondents indicate that out of 54 (24.0%) had work experience of less than 3 years, (42.5%) had work experience of 3-7 years, (29.6. %) of between 7-11 years, and (3.7%) had experience over 11 years. This was essential to avoid any influences resulting from gained organizational culture and also resulting from over staying at the organization or as a result of little knowledge pertaining the subject area as a result of been relatively new in the organization.

4.4 Specific Information

4.4.1 FA, Disclosure of Records on Operational Efficiency of County Funded Road Projects

Proper and detailed disclosure of an organization's records enables the organization to be properly informed of the position of the organization and therefore enhancing informed decision making which improves the operational efficiency of the organization. The study sought to establish the influence of financial disclosure of records on operational efficiency of a CFRP in UG. The findings are presented in Table 4.1.

Table 4.2 Disclosure of Records on Operational Efficiency of County Funded Road Project

		SA	A	UD	D	SD	Tot.	M	SD
Audited financial records are always posted in county websites	F %	12	22.2	9	18	3	54	2.72	1.22
Financial records shows every aspect of expenditure in a respective project	F %	22	40.7	10	20	2	54	2.04	.971
Financial records are always freely available in finance departments	F %	17	35.2	18	19	0	54	2.04	.0823

N = 54

The findings of the study exhibited that out of 54 respondents 40.7. % (mean = 2.04) were of the opinion that; financial records showed every aspect of expenditure in a respective project and another 35.2% disagreeing (mean = 2.72) stating that audited financial records were always posted in county websites. The study findings also indicated that 35.2% (mean = 2.04) were of agreement that financial records are always freely available in finance departments.

The study found out that disclosure of financial records shows every aspect of expenditure of a project. It means therefore that financial records gives a real picture of the project status such that if someone wants to know if the project is ailing, then he/she should look at its records. Graphically financial records should either increase or decrease with minimal difference in comparison with initial budget. Project supervisors have a role to play in making sure that initial budget is adhered to. Financial statements always indicate the amount allocated to each department and activity. They breakdown the expenditure showing how each allocation was utilized and what it was used for and when.

These findings concur with a study conducted by Moon (2011) who said that the disclosures ratings increases transparency in project management since it focuses corporate governance to performance(Edwards, et al. 2006). The communication is generally in the form of financial statements that show in money terms the economic resources under the control of the management. Schipper, (2013) also added his voice saying that shareholders requires periodic information that the managers are accounting properly for the resources under their control. This information helps the shareholders to evaluate the performance of the managers. The performance measured by the accountant shows the extent to which the economic resources of the business have grown or diminished during the year.

4.4.2 FA, Participatory Decision Making on Operational Efficiency of CFRP

Inclusive and effective participatory decision making allows all the stakeholders to raise their opinions in regard to project implementation. Full participation enhances sharing of resources for the success of the project. The study therefore sought to assess the influence of participatory decision making on operational efficiency of a county project in Uasin Gishu. Result were distributed in table 4.2

Table 4.2 Participatory Decision Making on Operational Efficiency of County Road Project

		SA	A	UD	D	SD	Tot.	M	SD
Community members and leaders are involved at all levels of project implementation	F	12	19	10	12	1	54	2.72	1.22
	%	22.2	35.2	18.5	22.2	1.9	100		
Gender is balanced during community participation	F		21	10	11	12	54	3.63	1.05
	%		38.9	18.5	20.4	22.2	100.		
External and internal representation is well balance	F		16	8	20	10	54	3.44	1.11
	%		29.6	14.8	37	18.5	100.		
Demographic characteristics of participants are well represented	F		15	19	19	1	54	3.56	.843
	%		27.7	35.1	35.1	1.8	100		27

N = 54

The findings of the study showed that out of 54 respondents 38.9% (mean = 3.63) were of the opinion that; gender is balanced during community participation and another 35.2% (mean = 2.72) stating that community members and leaders were involved at all levels of project implementation. The study findings also indicated that 29.6 (mean = 3.44) agreed that external and internal representation is well balanced. 35.1% (mean = 3.56) were of the opinion that demographic characteristics of participants are well represented.

The findings revealed that gender bias is minimal in participatory decision making. This is because when the forum is open for people to contribute and give their insight both genders are given an okay to give their contributions. This therefore means both sexes participated in the project implementation at all levels. This could be interpreted that county government of Uasin Gishu have implemented some sections of the constitution that requires institutions to use both gender in project implementation. This could also mean that the female persons have come out strongly and confidently to participate in project implementation. It was noted that women were not previously involved but with the dispensation of the new constitution more women are participating in public agendas. Women in most cases have been found to do better than their

male colleagues even in areas which were initially done by men only. The implementation of the projects therefore had higher chances of being successful because all were involved and no gender was left out

Participatory decision making utilizes round table meetings that give every member of the team a chance to make their contribution, the contributions are weighed and the best idea is adopted. This gives a chance for real issues that are not highlighted often to be addressed.

These findings concur with Samuel (2007) who said that organizations that engage in horizontal communication and decision making where the opinion of the members are sought minimizes chances of gender biasness since there is an equal chance for all the members to give their contributions. These organizations are said to be more productive as a result. Baiocchi (2009) also concurred saying that participatory decision making is a strategic way to create more democratic and engaged cities where every member is given a voice. Participants get to decide local issues that directly affect their lives, popular political participation tends to increase Participatory decision making offers multiple entry points and levels of commitment for citizen involvement, particularly for those with the greatest needs and greatest barriers to get involved (Metzger, 2006).

4.4.3FA, Availability and Reliability of Records on Operational Efficiency of CFRP

Proper management and storage of records in an organization enhances the ability of the organization to improve its operational efficiency and productivity. The study therefore sought to establish the influence of availability and reliability of records on operational efficiency of CFRP the findings are presented in table 4.3

Table 4.4 Reliability of Records on Operational Efficiency of a Project

		SA	A	UD	D	SD	Tot.	M	SD
Financial statements and balance sheets are always availed when required	F %	12	12	10	9	11	54	2.72	1.22
		22.2	22.2	18.5	16.2	36.2	100		
Financial records are presented to accounting offices on weekly basis	F %		21	9	12	12	54	3.6	.107
			38.9	16.7	22.2	22.2	100		
Records presentenced gives a clear status of project implementation in relation to expenditure	F %		20	10	15	9	54	3.43	1.06
			27.8	18.5	27.8	16.7	100		

N = 54

The findings of the study revealed that out of 54 respondent, 38.9% (mean = 3.6) were of the opinion that; financial records are presented to accounting offices on weekly basis and another 22.2 (mean = 2.72) stating that financial statements and balance sheets are always availed when required. The study findings also indicated that 37 (mean = 3.43) agreed that records presented gives a clear status of project implementation in relation to expenditure.

The key findings in the study were that financial records were presented to accounting office on weekly basis. This means that project supervisors keep all the records pertaining every activity at the project site. These records should therefore represent how resources are utilized including financial expenditure, labour utilization and time scheduling. This cost could fluctuate on daily basis and if records are not made accordingly, this could significantly affect the total cost of the project. The representation of these records ensured that there was transparency in the implementation of the projects. They also ensured proper decision making since there were records to support the decision making.

Projects require a short time span of reporting and providing feedback in order for the stakeholders and management to evaluate the effectiveness and the significance of the project

being implanted. They use this information to evaluate stage by stage implementation success of the project.

These findings concur with Kumar (2009) who said that financial statements are the last line of defence in protecting the investment of investors. This is because they help to bring accountability and transparency. Financial statements are very often the only opportunity that investors are given to assess both an organization's viability and its life expectancy. Psaros, & Trotman (2010) also concurred by saying that timely and precise financial data are indispensable for effective decision-making as well as corrective action by the project management in order to enhance the prospects of timely completion within the planned project budget and scope of deliverables. Communication in the form of financial statements generally show in money terms the economic resources under the control of the management. This information helps the shareholders to evaluate the performance of the managers (Bengi, 2012).

4.4.4 FA, Auditing on Operational Efficiency of CFRP

Proper audits have a positive effect on the operational efficiency of a project because they ensure funds are utilized as they are supposed to be. The study sought to determine the influence of auditing on operational efficiency of a project. The study did this by posing questions to the respondents. The findings are presented in table 4.4.

Table 4.5 Auditing on Operational Efficiency of County Road Project

		SA	A	UD	D	SD	Tot.	M	SD
Auditing reviews budgeting process	F	28	12	10	2	2	54	1.85	1.09
	%	51.9	22.2	18.5	3.7	3.7	100		
Auditing is a way of monitoring and evaluating the firms operations	F	22	11	8	10	3	54	2.94	.1.26
	%	40.7	20.4	14.8	18.5	5.6	100		
Auditing provides feedback to enhance organizational performance	F	10	16	8	9	11	54	3.17	1.42
	%	18.5	29.6	14.8	16.7	20.4	100		

N = 54

The findings of the study indicated that out of 54 respondents 40.7% (mean = 2.94) were of the opinion that; auditing is a way of monitoring and evaluating the firms operations and another 51.9 (mean = 1.85) stating that auditing reviews budgeting process. The study findings also indicated that 29.6% (mean = 3.17) agreed that auditing provides feedback to enhance organizational performance.

The key findings in the study are that auditing is a way of monitoring and evaluating the firms operations in Uasin Gishu County. This implies that the county uses auditing as a means of evaluating the operations of its operations in order to ensure that there is accountability in every area of operation and improving the firm's performance. In most cases county project supervisors could be having some influence to manipulate the financial spending of projects but whenever they are aware that auditing is being done they tend to minimize the manipulation and tend to go by the book.

Auditing processes are used in organizations to ascertain how far the financial statements present a true and fair view of the concern. They keep every department on toes to ensure that they can account for every input to the organization/project.

These findings concur with conducted by Dowd, Christensen, Lee and Walker (2008) who said that financial auditing in firms was a preferable strategy for firm performance management. Financial auditing was highly used in all departments with its performance being audited and controlled by the finance department of the firm. They said that financial auditing analysis was applied in all the departments and as a result, it brought about successful firm operational advantage of up to 73% from the previous management operational efficiency.

4.4.5 Indicators of Operational Efficiency of County Road Projects

Operational efficiency indicates how the project is delivered in terms of time spent, resources used and the effectiveness of all the mechanisms put in place to allow smooth implementation of the project. In an effort to measure indicators of operational efficiency, the responses were recorded and grouped separately according to table 4.5 below.

Table 4.6 Indicators of Operational Efficiency of County Road Project

	%	SA	A	UD	D	SD	Tot.	M	SD
Organizational image	F	19	2	9	12	12	54	3.31	1.45
	%	35.2	3.7	16.7	22.2	22.2	100		
Duration of project completion	F		21	21	10	2		3.15	.899
	%		38.8	38.8	18.5	8.7	100	75.6	
Level of service delivery	F		16	19	19	0	54	3.55	.810
	%		29.6	35.2	35.2		100		
Feedback	F		19	15	17	3	54	3.15	.892
	%		35.2	27.8	31.5	5.6	100		

N = 54

The findings of the study exhibited that out of 54 respondents 38.8% (mean = 3.15) were of the opinion that; duration of project completion as an indicator of operational efficiency and another 35.2 (mean = 3.31) stating that organizational image is an indicator while 35.2 (mean=3.55) agreed that level of service delivery is an indicator. The study findings also indicated that

35.2(mean = 3.61) were of agreement that feedback is an indicator of operation efficiency of project.

The study findings established that the respondents agreed that the duration of project implementation indicated an operational efficiency of projects. This corroborated that projects done as per the time schedule have been managed more effectively than projects with several extensions. Ideally project implementation should be done as per the time schedule and budgeted amount on the other hand there are factors which may cause project activities to lag. Most of these factors should be controlled by project managers such as community involvement, utilization of resources and some factors are not controllable such as natural happening including rain, etc.

Projects are planned to take a certain life time and the completion of the project within the time frame planned for indicates the competency of the project managers to carry out the project while extension always indicate poor capacity to implement. These findings concur with Schipper (2013) who said that properly implemented projects are conducted within the set timelines and utilize the budgeted funds without requiring additional funds. This is because every plan is adhered to and implemented within the set times therefore ensuring that the resources are utilized well.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter will discuss the summary of the findings, the conclusions and the recommendations of the study.

5.2 Summary of Findings

The study was informed on influence of financial accountability on operational efficiency of county funded road projects in Uasin Gishu County. The study specifically sought to establish the following objectives: influence of financial disclosure on operational efficiency, influence of participatory decision making on operational efficiency, influence of availability and reliability of financial statements on operational efficiency, and influence of auditing on operational efficiency. Uasin Gishu County the data collected was analysed using SPSS and descriptive statistics. From the results most of the respondents were male being between the ages 31 to 40 years. Female comprised of 31.5 and between the ages of 31-40 as well. It was also determined that most of the respondents were degree holders, followed by diploma holders then certificate holders and secondary leavers.

5.2.1 Influence of financial disclosure on operational efficiency of cfrp

On the influence of financial disclosure of records on operational efficiency of a project in Uasin Gishu County the findings of the study indicated that out of 54 respondents majority were of the opinion that; financial records shows every aspect of expenditure in a respective project. Disclosure of projects encourages transparency and accountability in organizations, this also

ensures that project managers can keep an eye on the progress of the project and ensure that it is finished on time.

5.2.2 Influence of participatory decision making on operational efficiency of County

Funded Road Project

On the influence of participatory decision making on operational efficiency of a county project in Uasin Gishu County, the findings of the study established that out of 54 respondents were of the opinion that; gender is balanced during community participation. Most women are now participating in projects and giving their input which was not the case before. With the new constitution in place the voice of women not only men is also heard, before men were the ones to give their objectives alone.

5.2.3 Reliability of financial statements on operational efficiency of County Funded Road

Project

The study also sought to establish the influence of availability and reliability of records on operational efficiency of a project. The finding of the study indicated that out of 54 respondents majority were of the opinion that; Financial records are presented to accounting offices on weekly basis The study did this by posing questions to the respondents while finally, the finding in the study indicated that out of 54 respondents agreed that auditing is a way of monitoring and evaluating firm operations.

5.2.4 Influence of auditing on operational efficiency of County Funded Road Project

The study sought to determine the influence of auditing on operational efficiency of county funded projects. The findings of the study revealed that agreed that Uasin Gishu County hired firms to perform auditing on county funded road project. Auditing should not only be done at

the end of the project but organizations should consider doing auditing before commencement of the project known as pre-auditing done to assess that all the materials needed for the project are available and that post auditing after the end of the project should also be done. In an effort to measure indicators of operational efficiency, the study indicated that key of responses were of the opinion that; duration of project completions an indicator of operational efficiency.

5.3 Conclusion

Disclosure of records means that every detail of records is exposed for auditing and other management activities. Without disclosure of records activities such as fraud and other malpractices are encouraged in project implementation hence hinders successful completion of projects.

Decision making dictates the quality of work and hence the operational efficiency of a particular project. Decision making is seen to be a continuous process along all stages of project implementation and normally it involves management level. All stakeholders ought to be included in decision making. This enhances consultation and it minimizes interference.

Financial expenditure must be noted by a person who has the knowledge of record keeping. This means that the organization undertaking this road construction under study had employed a financial expert who would keep every financial spending as the project is being implemented. The availed records should not only represent every spending but also should reliable hence the need for some cross-checking activities such as auditing. The records avail in the organization should be reliable since they make a solid basis for decision making by stakeholders.

Auditing is an important factor that influence financial accountability in many construction companies only when it is done by experts (auditors) and followed the required set standards. It is ineffective when the process is allowed to be influence by some internal and external factors which may not give reliable information. Internal factors could be human influence that may not want some incorrect records being exposed and therefore influence an internal auditor of that particular organization. This also means that that auditing is a special process which has a specific procedure and standards which must be done professionally and must not be influence in any way. It is an activity which is done by experts who understand the technical of recording keeping and who are in a position to identify and interpret financial expenditure of an organization.

5.3 Recommendation

Policy Recommendations

The study made the following policy recommendations

- i. That the construction companies develops a policy on the adoption of best practice accounting standards for use when undertaking projects
- ii. The study also recommended that the operational policies be developed that will guide the road construction workers on ways in which they will not violate accounting standards.

Recommendations on Practice

The study established that auditing influence construction companies negatively. This could be attributed to the fact that it does not provide feedback to enhance organizational performance.

The study recommends that organization should seek feedback for every project they undertake to enable them determines its effectiveness.

The study also established that the organization involve stakeholders in decision making. Stakeholders are not represented in terms of demographic characteristics. The study recommends that project managers involve community members in relation to demographic characteristics. This enhances diversification of opinions.

The study established that though availability and reliability of records enhance operational efficiency of projects, the organization has not done much on the quality of those records. The study recommends that financial managers of an organization should put down records in a way that it can be understood by management members yet it represent the real status of the project.

5.4 Suggestions for Further Research

The following were the areas for further studies:

- i. The study recommends the following areas for further studies:
- ii. The influence of delegation of auditing on project management
- iii. The effects of stakeholder participation on project completion time.

5.5 Contributions of the Study

Objectives	Contribution
To establish the influence of financial disclosure on operational efficiency of county funded project in Uasin Gishu County	The study found out that disclosure of financial records shows every aspect of expenditure of a project. it means therefore that financial records portrays the project status such that if someone wants to know if the project is ailing, then he/she should look at its records. Graphically financial records should either increase or decrease with minimal difference in comparison with initial budget. Project supervisors have a role to play in making sure that initial budget is adhered to.
To evaluate the influence of participatory decision making on operational efficiency of county funded project in Uasin Gishu County	The findings revealed that gender biasness is minimal in participatory decision making. This means both sexes participated in the project implementation at all levels. This could be interpreted that county government of Uasin Gishu have implemented some sections of the constitution that requires institutions to use both gender in project implementation. This could also mean that the female persons have come out strongly and confidently to participate in project implementation. It was noted that women have were previously involved but with the dispensation of the new constitution. It is realized that women are very useful resourceful in project implementation. Women in most cases have been found to do better than their male colleagues even in areas which were initially done by men only.
To establish the influence of availability and reliability of financial statements on operational efficiency of county funded project in Uasin Gishu County	The key findings in the study were that financial records were presented to accounting office on weekly basis. This means that project supervisors keep all the records that pertain every activity at the project site. These records should therefore represent how resources are utilized including financial expenditure, labour utilization and time scheduling. This cost could fluctuate on daily basis and if records are not made accordingly, this could significantly affect the total cost of the project.
To determine the influence of auditing on operational efficiency of county funded project in Uasin Gishu County	The key findings in the study are that Uasin Gishu County hires auditing firms to perform a mandatory auditing on county project. This implies that the county makes an effort of being accountable financially by having an external auditor. In most cases county project supervisors could be having some influence to manipulate the financial spending of projects but whenever they are aware of an external auditor they tend to minimize the manipulation. The findings could also mean that the hiring of auditing firms could be compulsory for county governments through national governments putting in place policies and procedures of auditing expenditures in county governments including projects.

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APPENDICES

APPENDIX I: LETTER OF TRANSMITAL

Winnie Peggy Atieno,

P.O Box 3

Eldoret

May, 2015

Dear sir/Madam

RE REQUEST TO COLLECT DATA FROM UASIN GISHU COUNTY

I'm a student of the University of Nairobi pursuing a master's degree in Project Planning and management. As part of my degree requirements I wish to conduct a research study entitled influence of financial accountability on operational efficiency of county funded road projects a case of Chebiemit Kapsowar road in Uasin Gishu County.

The research target population will be 50 respondents including county officers, project managers, and assistant managers.

The purpose of this letter is therefore to seek permission to collect relevant data for the study.

The information obtained will be treated with utmost confidentiality and will be used only for the intend purpose.

Thank you,

Yours faithfully

Winnie .P. Atieno

APPENDIX II: QUESTIONNAIRE

Direction: Please give answers in the spaces provided and tick (√) in the box that matches your response to the questions where applicable.

Section A: Respondents profile

Question	Response	Comment
What is your gender?	Male <input type="checkbox"/>	
	Female <input type="checkbox"/>	
What's your Education level?	Diploma <input type="checkbox"/>	
	Undergraduate <input type="checkbox"/>	
	Post-graduate <input type="checkbox"/>	
	Other (specify) _____	
iii. What is your Age?	18-30 <input type="checkbox"/>	
	30-45 <input type="checkbox"/>	
	45-55 <input type="checkbox"/>	
	Over 55 <input type="checkbox"/>	

iv.	E	<hr/>	
experience	in		
years			

Disclosure of financial records

Kindly comment the extent to which you agree with the following statements on disclosure of financial records on operational efficiency of county project

Statement	SA	A	UD	D	SD
Audited financial records are always posted in county websites					
Financial records are always freely available in finance departments					
Financial records shows every aspect of expenditure in a respective project					
How in your opinion do disclosure of financial records affects operations of county funded project?					
Demographic characteristics of participants are well represented					
Kindly comment on other functions of the community leaders in relation to participatory decision making					
Kindly comment on how community is able to monitor number					

of project being launched in their respective areas					
Availability and reliability of financial records					
Kindly comment the extent to which you agree with the following statements on availability and reliability of financial records on operational efficiency of county project					
	SA	A	UD	D	S D
Financial statements and balance sheets are always availed when required					
Financial records are presented to accounting offices on weekly basis					
Records presented gives a clear status of project implementation in relation to expenditure					
How in your opinion do project records available when required?					
How in your opinion do project records presented by project managers reliable?					
Participatory decision Making					
Kindly rate the extent to which you agree with the following statements to participatory decision making on operational efficiency of county funded road projects					

	SA	A	UD	D	SD
Community members and leaders are involved at all levels of project implementation.					
Gender is balanced during community participation forums					
External and internal representation is well balanced					
Demographic characteristics of participants are well represented					
Kindly comment on other function of the community leaders in relation to participatory decision making					
Kindly comment on how the community is able to monitor the number of projects being launched in their respective areas					
Auditing					
Kindly rate the extent to which you agree with the following statements on auditing evaluation on operational efficiency of county project.					
	SA	A	UD	D	SD

Auditing reviews budgeting process					
Auditing is a way of monitoring and evaluating the firms operations					
Auditing provides feedback to enhance organizational performance					
Kindly comment on the following					
Effects of auditing in county project				
Role of county financial officers and administration officers on project records auditing				
Operational efficiency					
Kindly indicate the extent to which the following are used as operational efficiency indicators					
	SA	A	UD	D	SD
Duration of project completion					
Organizational image					

Level of service delivery					
Feedback					

APPENDIX III: INTERVIEW SCHEDULE FOR PROJECT MANAGER

Disclosure of financial records

Is there any need for financial records be disclosed for stakeholders?

To what extent do you disclose project financial records?

Do disclosure of financial records affects operations of county funded project?

Participatory decision making

What are the functions of the community leaders in relation to participatory decision making in project implementation?

How does community monitor number of project being launched in their respective areas?

Is there a defined procedure for stakeholder's involvement in project implementation?

How do participatory decision making affects operational efficiency of county funded project?

Availability and reliability of financial records
Do project records available when required?

Are project reliable for other decision makers?

How do availability and reliability of financial records affect operational efficiency of county funded project?

Auditing

Does the project records you manage audited? If yes how regular?

What is the role of county financial officers and administration officers on project records auditing

In your opinion, how do audited records affects operational efficiency of county funded project?

CONDITIONS

- 1. You must report to the County Commissioner and the County Education Officer of the area before embarking on your research. Failure to do that may lead to the cancellation of your permit.**
- 2. Government Officers will not be interviewed without prior appointment.**
- 3. No questionnaire will be used unless it has been approved.**
- 4. Excavation, filming and collection of biological specimens are subject to further permission from the relevant Government Ministries.**
- 5. You are required to submit at least two(2) hard copies and one(1) soft copy of your final report.**
- 6. The Government of Kenya reserves the right to modify the conditions of this permit including its cancellation without notice.**



REPUBLIC OF KENYA



National Commission for Science, Technology and Innovation

RESEARCH CLEARANCE PERMIT

Serial No. A 6151

CONDITIONS: see back page

**THIS IS TO CERTIFY THAT:
MISS. WINNIE PEGGY ATIENO
of UNIVERSITY OF NAIROBI, 3-30100
eldoret, has been permitted to conduct
research in Uasin-Gishu County**

**on the topic: INFLUENCE OF FINANCIAL
ACCOUNTABILITY ON OPERATIONAL
EFFICIENCY OF COUNTY FUNDED ROAD
PROJECT IN MOIBEN IN UASIN GISHU
COUNTY, KENYA.**

**for the period ending:
4th December, 2015**



**Applicant's
Signature**

**Permit No : NACOSTI/P/15/6845/6289
Date Of Issue : 13th August, 2015
Fee Received :Ksh 1,000**




**Director General
National Commission for Science,
Technology & Innovation**