THE IMPACT OF IMPLEMENTATION OF INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS ON FINANCIAL REPORTING IN PUBLIC SECTOR IN KENYA

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DECLARATION

This research project is my original work and has not been presented for award of any degree in any University.

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This project has been submitted for examination with my approval as University of Nairobi supervisor.

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DEDICATION

I dedicate this research work to my late father Ishmael Okungu Kitinya who has been a mentor and inculcating in me the virtues of handwork, resilience and burning desire to always perfect my achievements.

LIST OF ABBREVIATIONS

FASB	Financial Accounting Standards Board
GoK	Government of Kenya
IAS	International Accounting Standards
ICPAK	Institute of certified Public Accountants of Kenya
IFAC	International Federation of Accountants
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ISA	International Standards on Auditing

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ABSTRACT

The accountants in Kenya have over the years through their professional body the Institute of certified Public Accountants of Kenya championed the adoption of Public sector accounting standard (IPSAS) in Kenya. However much talking had been in boardrooms, conferences and seminars, it was only until 2014 when treasury, auditor general and Ernest and Young teamed up together to steer the IPSAS adoption in the Central Government that the implementation actually commenced. The research specifically assesses the impact of implementation of International Public Sector Accounting Standards on financial reporting in Public Sector in Kenya since adoption and more specifically how the implementation of IPSAS has improved accountability, comparability and reliability of Public sector financial reporting in Kenya. The study mainly focused on the IPSAS adoption in Central Government and forty seven Counties Kenya. The research used qualitative methodology through a questionnaire sent to accountants in the Government ministries and Counties in Kenya. The population size for the study is Ministries and counties under the central government of Kenya. Data for the study was primarily and secondarily sourced. Data collected was then summarized, coded and tabulated using statistical package for social sciences software package (SPSS) version. Data containing the study results was then presented using pie charts, bar charts, and graphs. The study concluded that adoption of public sector accounting standards would improve accountability, comparability of financial statements and increase user satisfaction by enhancing their confidence on relying on them for economic decision making and therefore improving financial reporting in Kenya.

CHAPTER ONE
INTRODUCTION

1.1 Background of the study

Sound government accounting system is an essential ingredient of a country's economic development. Government accounting is commonly perceived as a bureaucratic and business unfriendly. Better accounting systems can quite readily lead to improvements in a government's financial management. Effective government accounting makes it possible to manage the government's finances smoothly and provides audit trails to prevent and detect financial misconduct. However, the accounting system's contribution to the achievement of higher-order goals, such as poverty reduction, is necessarily indirect and long-term. The accounting system is in effect the "nerves of government" because it is the core of a government's financial command and control centre. A government accounting system can be rudimentary or sophisticated. A good government accounting system at the minimum keeps accurate financial scores, advanced government accounting system directs the attention of policy makers and managers to problem areas; and at its best, and a government accounting system provides information useful for decision making (IPSAS 2005).

The stakeholders, especially donors need an assurance that their funds are properly accounted for and have facilitated financial reforms. Fragmented and uncoordinated computerization has resulted in a plethora of systems that have increased the variations in how financial information is processed and presented, thereby increasing the already difficult task of meeting Government's statutory obligations for financial reporting.

According to a report of the Government of Kenya on strengthening Government finance and Accounting functions 20 June 1997, the Accountant General's Department (AGD) with assistance from KPMG, who were commissioned by the then overseas Development Administration (ODA), undertook a review to assess the current functioning of the Accountant General's Department within the Government of Kenya (GOK). The factors which have been universally identified as affecting IPSAS includes;-The more correspondent the public administrators culture with the culture upon which the governmental accounting system is premised, the more easily change occurs; Support from leaders in the public sector, both political and within the bureaucracy, support from professional and academic bodies; establishment of intensive communication strategy; Willingness and qualifications of the staff required to develop and implement the accounting changes; consultation and co-ordination with the governmental entities that will apply the accrual accounting; estimation of the adoption costs is critical in determining the financing required for the implementation process; overcoming and tackling of some specific accounting issues in initial phase and building an appropriate information technology capacity (Ouda, 2004).

In poor countries, government accounting reform poses a moral dilemma. Because of its costs, such reforms compete with food for the hungry, medicine for the sick and clean water for urban slum dwellers. In such an environment, how can one justify spending money to improve the way a government keeps its accounts and produces annual financial reports? This moral predicament is resolved by the social benefits of government accounting. Government accounting itself does not reduce poverty.

Government accounting contributes to a country's socioeconomic development through its effect on public financial management and accountability. Effective government accounting makes it possible to manage the government's finances smoothly and provides audit trails to prevent and detect financial misconduct. In light of the pervasiveness and severity of government corruption in many developing countries (Rose-Ackerman, 1999), financial integrity assurance is a critically important function of their government accounting systems.

1.1.1 International Public Sector Accounting Standards

International Public Sector Accounting Standards **(**IPSAS) are a full suite of standards, designed for the public sector set by an independent, international standard setter. IPSAS is held up as the best government accounting ideas that the global accounting profession has to offer. IPSAS therefore has become recognized benchmark for evaluating and improving government accounting in developing countries. IPSAS are primarily intended for adoption by developing countries. The World Bank for example has endorsed the use of IPSAS in accounting for its financial assistance to developing countries. IFAC believes that in order to change the paradigm for government reporting, governments should adopt the accrual-based IPSASs, set by the International Public Sector Accounting Standards Board (IPSASB).Over 40 Countries apply Accrual IPSAS (Kara, 2012).

In recent years, the IPSAS Board has addressed developing countries in two ways. First, it issued a set of comprehensive "cash basis IPSAS" in 2003 which were more closer to traditional Government Accounting practice and are less costly to implement. Secondly, the IPSAS board has issued the standard on the disclosure of external assistance under the cash basis of accounting. The cash basis standard excludes the recognition of grants receivable and loans payable, and other non-cash assets and liabilities (IFAC, 2005).

1.1.2 Financial Reporting in Public Sector

The public sector administration has been criticized in Kenya and all over the world, tax payers want to see an efficient and effective functioning government and a government that is transparent, comparable and consistent with best practices and most importantly citizens want an accountable government. Externally the pressure for high quality public sector report is even more intense for developing countries who want to issue financial instruments in the financial markets. Further, there exist various crises in many developing countries especially in Africa; with government debt levels sitting at very precarious levels. It is therefore imperative that government finances need to be managed very carefully. Many practioners believe this can be achieved by adoption of IPSAS (Ouda, 2004).

Annual financial reporting to the public is not the only function of a government's accounting system; the accounting system is responsible for producing reports in response to requests by department managers, political executives, and parliamentary committees or members. IPSAS regards these internal "special purpose reports" as outside of its scope and emphasizes only on the outputs of a government's accounting system, paying little attention to its "through-puts" (operating procedures) and inputs. Business firms annually prepare consolidated financial statements under the accrual basis, and there is no reason why governments should not do the same. Consolidated financial statements cover a primary organization and its subsidiaries in which the primary organization has a majority ownership interest. In public sector consolidation of Government financial statements will incorporate financial statements of counties and ministries.

1.1.3 Public Sector in Kenya

The enactment of the new constitution of Kenya in 2010 ushered in a new era of two distinct level government accounting in Kenya, the Central and County Government. The National and County Governments have specific functions as stipulated in the Kenya constitution Articles 185(2), 186 (1) and 187(2) and amplified in the fourth schedule parts 1 and 2 respectively. The public sector in Kenya therefore includes National Government, County Governments, the Judiciary, Independent commissions, offices and Tribunals, State and County Corporations, Political parties publicly funded and other semi-autonomous Government agencies. Billions are now flowing from the consolidated funds to Counties; this has indeed injected a new zeal of life on citizens to demand more accountability and transparency from the Government in generally and specifically the public is interested more on how the taxes are being spent.

The Public Sector Accounting Standards Board (PSASB) of Kenya was established by the Public Finance Management Act(PFM) No. 18 of 24/7/2012. The Board was gazetted by the Cabinet Secretary, National Treasury on 28/2/2014 with a mandate to provide a framework and set generally accepted Standards of the development and Management of

Accounting and financial systems by all the State organs and Public entities. Public Finance Management (PFM)Act was enacted in 2012, where it provided under section 192 for the establishment of the Public Sector Accounting standards Board (PSASB), consequently, the cabinet secretary National treasury gazetted the members of Board through gazette notice no. 1199 of 28/2/2014. The Board in its fourth meeting approved the adoption of the International Financial Reporting Standards (IFRS), the International Public Sector Accounting Standards (IPSAS) International Professional Practice framework (IPPF) for internal auditing standards by all state organs and Public sector entities.

1.2 Problem Statement

The conceptual foundation of corporate financial reporting is the theory of the firm that emphasizes managers as agents of the owners of the firm. On the other hand, government accounting needs a broader theory of accountability, which can be derived from Herbert Simon's organization theory (1945). When applied to the public sector, the substance of the theory states that a variety of stakeholders have a vested interest in a financially viable government. Their incentive to use a government's financial statements is their desire to know the amount, timing and degrees of uncertainty of the benefits they expect to receive from government. General purpose financial reporting reduces the information asymmetries between the stakeholders and government officials in control of government financial accounting system. Standard setting is therefore a political process with increasing participation by financial statements users.

The last few years have seen dramatic development and changes on the International standards setting scene. There has been rapid adoption of IPSAS in a number of countries which previously had their own National standards and financial reporting framework. A number of developing countries have either adopted or are in process of adopting IPSAS standards including but not limited to Southern Africa, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe. There is therefore a need to review this process with a view of comparing and contrasting various implementation approach adopted by these countries and development of a framework for adoption of IPSAS in these developing countries.

According to (Hamisi 2010), Kenya it is widely acknowledged that there are fundamental problems that currently inhibit the efficiency and effectiveness of the GOK's finance and accounting functions. This is due to poor performance of basic financial functions, poor supervision, inadequate financial information and decision support, poor staff motivation and attitudes to accounting and accountability. These inherent problems have suggested as contributing to the slow progress by the Government of Kenya in implementing its Public sector reforms in Particular the IPSAS compared to other Countries of the World. The consequences are lack of management information for decision support; lack of confidence in the information is available because it is not compatible with the Donors and other Partners, lack of credibility and generally overall poor performance. It is therefore necessary to carry this study in order to understand the factors which have contributed to these shortfalls with the current system Reporting/Accounting.

The public has always demanded a more relevant and reliable financial statements from central Government, a financial statements which captures and encapsulates all useful information required by various users of these financial statements. The adoption of IPSAS concern very important matter because it improves the capacity of governments to provide the legislative bodies, citizens, media , Taxpayers, donors, employees and other stakeholders with understandable, relevant, reliable, and comparable financial statements. Therefore the study seek to answer the following research question: what is the impact of the implementation of the IPSAS in the financial reporting in public sector in Kenya?

1.3 Research Objectives

The main research objective of the study is to determine the impact of the implementation of the International Public Sector Accounting Standards in the financial reporting in public sector in Kenya.

1.4 Value of the Study

One reason that makes high quality public sector reporting necessary in many countries is to make issuance of Government financial instruments attractive in the international financial markets. Further, there exist various crises in many developing countries especially in Africa, with government debt levels sitting at very precarious levels; and it is no news that government finances need to be managed very carefully thus adoption of IPSAS would increase credibility and assurances of these financial statements.

In light of the pervasiveness and severity of government corruption in many developing countries, financial integrity assurance is a critically important function of their government accounting systems. Achieving this requires high quality information on which to base decisions. Timely, clear and open annual financial statements play a significant role in the accountability of governments to their citizens and their elected representatives. Corruption may only be reduced by adopting leading practices in financial reporting like IPSAS. The study would attempt to conclude on whether IPSAS adoption would reduce corruption.

The use of information technology by both the public and private sectors have made the issue of public sector accounting a pertinent part of accounting studies in the world. One of the financial reporting desires of public sector has been to be able to consolidate its financial statements from various Government departments to a single line; this dream may only be achievable by adoption of IPSAS which would facilitate the adoption of a uniform and detailed chart of accounts for the elements of the accounting equation. The study would develop a framework for consolidation of financial statements in Public sector.

There is likely to be increased level of confidence and improved decision-making and in government financial reporting by emphasising on disclosures and presentations of information relevant to the key stakeholders in Government financial reporting.The study would develop a framework for reporting satisfaction of key stakeholders in Government accounting

The study would provoke thought on aligning financial reporting to Government format and presentation of Annual estimates of revenue and expenditure for ease of comparison and to ensure that funds are prioritized towards the achievement of organization core mandate and realization of key results areas under vision 2030 flagship projects.

The study on harmonization of public sector reporting would go a long way in improving the Public Finance Management principles and reporting guidelines of public resources by critically examining the generally accepted accounting and financial standards for maintenance of proper books of account for government and prescribe quality control procedures. It would also examine the prescribed formats for financial statements and reporting by all state organs and public entities with an intention of identifying its strengths and weaknesses.

The adoption of IPSAS concern very important matter because it improves the capacity of governments to provide the legislative bodies, citizens, media and other stakeholders with understandable, relevant, reliable, and comparable financial statements; this study therefore will improve the quality of financial accountability, governance and financial reporting in Public Sector. In addition, this study would improve the public financial management and decision-making of the government by making Government accounting more transparent and improving its governance framework. The study would provide chronological history of the adoption path of IPSAS in Kenya, thus providing the historical perspective of IPSAS adoption in Kenya.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter seeks to explore four components of the study. It entails the theoretical framework, which contains theories in governance. It also tackles empirical review, which explores various past studies by different researchers on various aspects of government accounting and reporting.

2.2 Theoretical Literature Review

The following Section reviews the theoretical perspectives of public sector accounting that is relevant for this study, drawn on agency theory, stewardship theory, institutional theory and political theory.

2.2.1 Agency Theory

Much of the research into governance derives from agency theory, which posits that accountability is necessary in order to ensure that the principal-agent problem is mitigated (Berle & Means 1932). The agency theory was established by Jensen and Meckling in 1976. The theory models the relationship between principal (government) and the agent (public sector managers) .An 'agent' is someone who performs work on behalf of another individual (i.e. the principal). The difficulty that arises from the principal-agent relationship is that it is not possible for principals to contractually define everything that the agent should do in every conceivable situation. The 'ideal' or 'complete' contract is impossible due to bounded rationality. The problems arising from the principal-agent relationship may be exacerbated by three factors: hidden information, sunk costs and opportunism (Fama & Jensen 1983b).

Jensen and Meckling (1976) argued that the separation of ownership and control has resulted in an agency problem as the managers who act as agents might not always act in the best interests of the shareholders or owners, who are the principals of the firm. This might be due to the interests of both parties which are not aligned. Agency problem results in agency costs, which are the costs of the separation of ownership and control. Agency costs have been defined as the sum of the monitoring expenditures by the principal, the bonding expenditures by the agent and the residual costs. The agency problems arise because managers will not solely act to maximize the shareholders' wealth; they may protect their own interests or seek the goal of maximizing companies' growth instead of earnings while making decisions. Jensen and Meckling (1976) suggested that the inefficiency may be reduced as managerial incentives to take value maximizing decisions increased. Agency costs arise from divergence of interests between shareholders and company managers; it includes the monitoring costs, bonding costs, residual loss and costs of free cash flow and debt

2.2.2 Stakeholder Theory

The significance of stakeholder theory is that it recognizes that organizations are not controlled or affected purely by those that exercise ownership rights in the organization. As Freeman et al. (2004) argued: the notion that shareholders govern the corporation is largely a fiction; typically, executives have the greatest power'. In this sense the conventional model of the corporation, in both legal and managerial forms, has failed to discipline ‘self-serving’ managerial behavior. The fundamental consequence of stakeholder theory for corporate governance is that it necessitates governance structures that promote alignment not just between agents and principals, but between agents, principals and parties who have broader, but reasonable, interests in the organization. It is precisely because of this multifaceted approach to understanding corporate governance: that corporate governance should be responsive to multiple, competing interests, which provide intellectual rigor to a stakeholder framework.

According to Smallman (2004), the main criticism of stakeholder theory is focusing on identifying the problem of who constitutes genuine stakeholders. Another argument is that meeting stakeholders’ interests also leads to corruption, as it offers agents the opportunity to divert the wealth away from shareholders to others.

2.2.3 Resource Dependency Theory

According to the resource dependency theory, directors bring resources such as information, skills, key constituents (suppliers, buyers, public policy decision makers, social groups) and legitimacy that will reduce uncertainty which in turn reduces the transaction cost and the potential of linking the organization with the external networks. This provides opportunity to gather more information and even skills in various specialties. Lawrence and Lorsch (1967) linked the resource dependency theory as an environmental influence on corporate governance and they argued that successful organizations possess internal structures that match external environmental demand. Pfeffer (1972) confirmed this argument and explained that board size and its composition is a rational organizational response to the conditions of the external environment and he further argued that external independent directors may serve to connect the external resources with the firm to overcome uncertainty, which is very important for long term sustainability. This was emphasized in the corporate governance which explains that a majority of external members could bring the most needed business skill into institutions. Further resource dependency theory was supported through appointment of external members to the board as a way of obtaining multiple skills and because of their opportunities to gather information and networking in various ways.

2.2.3 Institutional Theory

Institutional theory is a widely accepted theoretical posture that emphasizes organizations is social cultural systems and it focuses on the deeper and more resilient aspects of social structure. It considers the processes by which structures, including schemes; rules, norms, and routines as authoritative guidelines for social behavior (Scott, 2004). Different components of institutional theory explain how these elements are created and adapted over time.

The emphasis on institutional theory is normally viewed from the regulatory perspective. Better legal environment encourages the adoption of good governance due increased incentives to the firms and countries have different governance codes that serve as templates for practice in the concerned countries (Stulz et al., 2004). The main idea of institutional theory is that the organizations are exposed and linked to external environment accordingly; governance should ensure that, there is a clear link between the organizations and environment based on organizations goals and objectives. Governance should have an effective influence and involvement in formalizing and identifying corporate goals. Cohen et al. (2007) suggested that, in order to formulate a compensation policy senior manager should understand all norms and traditions of the organization. However, those policies are resistant to change even in the face of major changes in job content and technology complexity. The adaptation and rejection of these changes should be examined and investigated based on the historical, social and political issues that are linked to recognizing organizational changes.

According to Weir et al. (2002) CG consists of external governance mechanisms and internal governance mechanisms that are linked to the concept of institutional theory. The theory explains the deeper and more resilient aspects of social structure, processes, schemes, rules, norms and routines that have become established as authoritative guidelines for social behavior. It looks at how these elements are created, diffused, adopted and adapted over space and time, and how they fall into decline and disuse. Basically, institutional theory asserts that organizational structures and procedures are adopted because important external institutions prefer them. Institutional networks are not merely control and co-coordinating mechanisms for economic transactions, they socially construct rules and beliefs for conformity and reward.

2.2.5 Political Theory

Political theory brings the approach of developing voting support from shareholders, rather by purchasing voting power. Hence having a political influence in corporations may direct governance within the organization. Public interest is much reserved as the government participates in corporate decision making, taking into consideration cultural challenges (Pound, 1992). The political model highlights the allocation of corporate power, profits and privileges are determined via the governments' favor. The political model of governance can have an immense influence on governance developments. Over the last decades, the government of a country has been seen to have a strong political influence on firms. As a result, there is an entrance of politics into the governance structure or firms' mechanism.

2.2.6 Public Choice Theory

According to Buchanan and Tullock (1990) Public Choice Theory (PCT) involves the interaction of the public, the politicians, the bureaucracy and political action. PCT refers to the use of economic tools to deal with traditional political problem. Rowley (2008) supports PCT as he contends that it includes the study of political behavior. PCT has roots in positive analysis and it is used also in normative analysis in order to identify problems or improvements to use economic analysis for performance improvement.

The reward system in the public sector isn't oriented towards improving performance and consequently there are no incentives for politicians and bureaucratic to control costs. PCT also argue that public bureaucracies are notoriously slow to respond to change in environment as well as being irresponsible to service users in the public sector. Spira and Page (2013) as an essential element of a strong public sector governance structure, auditing supports the governance roles of oversight, insight and foresight features. The organization's success is measured primarily by its ability to deliver services successfully and carry out programs in an equitable and appropriate manner to the satisfaction of shareholders.

2.3 Determinants of financial reporting in public sector

Key components of any governance and accountability system in the public sector are the preparation of financial statements in accordance with well-understood and generally accepted accounting standards. A fundamental element of external accountability is the need for public sector entities to prepare annual financial statements and publish them in their annual report. The purpose of financial statements is to present a true and fair view of an entity's financial performance, financial position, equity and cash flows. As such, they are an important means of demonstrating how the public sector, both at individual entity and whole of government level, meets its financial management responsibilities.

2.3.1 Technological Development

One of the conditions for the effective implementation of IPSAS by the bodies which sponsor it was a sound accounting information system in place by governments(WB, 1999).One such reform among the NPFM reforms was the adoption and implementation of IFMIS by the Kenya Government in the years that followed shortly after the year 2000(GITS,2001. Training of staff followed shortly thereafter and a limited capacity of staff at the AGD were initially trained to roll out this system. This was a pilot with one department out of the fourteen. This information system like that of IPSAS has its own limitations although now being rolled to the other departments piecemeal beginning 2012(AGD, 2012). With the adoption and implementation of IPSAS the financial information management system of the Government will have to be upgraded to cope with the financial data requirements of the IPSAS standards (Price Waterhouse Coopers, 2011). According to this report, the current integrated Financial Management System (IFMIS) in use by the government for financial management will require to be evaluated for adequacy with the adoption of the new accounting standards. The report sums up by emphasizing on capacity building required in this area to ensure that it does not become an implementation drawback.

2.3.2 Political, Legal and Administration

It is notable that some progress has been made towards IPSAS adoption in Kenya (PriceWaterhouse Coopers, 2011); the office of the AGD has issued a circular requiring the governments donor funded projects to prepare their financial reports on the basis of IPSAS. The Ministry of local government through the Kenya Local Government Reform Programmed has also prepared an IPSAS based financial reporting template to be adopted by all the 175 local Authorities in the preparation of their financial reports. It is also important to note that we have a Kenyan Board member on the IPSASB who is the only representative from Africa. The Financial management Act or any other legal framework for the preparation of Governments financial statements will have to be revised in order to entrench IPSAS basis in the financial management law. The Financial management Act 2004 which is in use today as the basis of the preparation of Governments financial statements and as well as the Governments financial regulation sand procedures 1989, do not mention IPSAS neither prescribe it as the basis of financial statements preparation (KNAO, 2010). A Legal framework will therefore require to be crafted which prescribe IPSAS as the basis of preparation of governments financial statements. The IPSAS concept needs to be embraced by all stakeholders including Parliament, KNAO, Treasury, Government departments, Development Partners ,as well as the NGO;S. This is a good learning lesson to the Kenya Government given the experience of the earlier reforms in adopting and implementing the World Banks other Reforms of MTEF, IFMIS and performance contracting (WB, 2009).

2.3.3 Training and Skills

The number of qualified accountants in Kenya has increased tremendously over the years in both the private and public sectors. However the IPSAS is a new concept which is not understood by many (Price water House Coopers, 2011). The Government as the leading user of these standards will have therefore requires undertaking massive capacity building to enlighten its accountants on IPSAS. This is going to be a challenge both in terms of capacity building costs and the required change management issues from the traditional cash accounting to a more business like accounting under accrual basis IPSAS (KNAO, 2011). The adoption of this new financial reporting framework will herald significant changes to the systems and process of financial reporting by the Government. This may come with new formats and financial reporting templates requirements of the various government entities.

2.4 Empirical Literature Review

Public sector accounting is a system or process which gathers, records, classifies and summarizes as reports the financial events existing in the public or government sector as financial statements and interprets as required by accountability and financial transparency to provide information to information users associated to public institutions. It is interested in the receipts, custody, disbursement and rendering of stewardship of public funds entrusted. The public sector is a term used to identify the portion of a nation's economy that is focused on providing basic services to citizens through the framework of a governmental organization. The literature revealed that accrual accounting is an important element in public sector reforms directed to improve the efficiency and responsiveness of government services and enhancing the accountability for the use of public resources (Ouda, 2007).

According to Frank, (1972, accounting is often said to be the language of business. It is used by the business world to describe the transaction entered into by all kinds of government Departments. In any office were money is used as a means of exchange, there is need to record all monetary transactions that took place in the office and this is done so that at any moment a reference can be made to fund the effect of all transactions

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According to Roger, (1989), the users of the information define accounting as the process of identifying, measuring, communicating economic information to permit firm judgement and decision. This information is primarily financial and generally stated in monetary terms. Accounting then is a fundamental measurement and communicable process use to report on the activity of a profit seeking business organizations and not for non profitable organizations.

According to Omelehinwa, (1990), he said, accounting system is a set of rules, regulation and procedure which are anticipated by appropriate theoretical force into a system. This definition of accounting system is rather instructive. He maintained that accounting system processes data into information which are received as input in the decision making process of the organization. The four principal qualitative characteristics are understandability, relevance, reliability and comparability. These principles ensure that the users of financial statements are provided with useful information for decision-making purpose. Constraints on relevant and reliability of information include; timeliness, balance between benefit and cost, and balance between qualitative characteristics.

Afolabi,(2004:320). Said rather than creating a hard set of rules to follow, the Accounting Systems allow for an application of basic principles to either large and small entities or municipalities. An international set of accounting principles is also necessary for smaller nations to learn and adopt rules that will enhance their internal national accounting process. Most times, developing nations cannot or do not have the resources capable to create and instill a framework for their public sector accounting practices. Adopting an international set of accounting rules will help them overcome this problem and typically helps them start on the path better infrastructure development.

Another purpose of public sector accounting is to create a standard expectation of ethics and accountability for a nation’s financial information. Standard public accounting principles will also make it easier for a nation to undergo an audit. it is also harder for countries to hide inappropriate financial transactions when using public sector accounting principles.

These financial statements are prepared on a cash basis or some variation of an accrual basis of accounting. However, most of these financial statements are not prepared on a consistent or comparable basis in developing countries. The benefits of achieving consistent and comparable financial information across jurisdictions are very important and a set of International Public Sector Accounting Standards (IPSAS) have been established by the IPSAS Board to assist in that endeavor.

According to Mathias, (2004) private sector accounting in theory is similar in focus to public sector accounting. Most Central government Ministries and department agencies need to track funds generated from tax revenues and expenditures related to projects or appropriations. In addition, nations may need to follow a set of standard of accounting principles different from International accounting standards and International Financial reporting framework which are more tailored for trading organizations. The creation of an international Public sector accounting standard helps nations to follow similar rules and to present information in a similar manner.

Chan, (2006) analyzed government accounting reform and IPSAS, and issues relating application of IPSAS, and advantages and disadvantages of accrual accounting based on IPSAS standards to the government accounting, the extent of IPSAS adoption, and some recommendations of the application of the IPSAS to the developing countries especially.

Nonetheless, Chrisiaens et al. (2013) emphasized the capabilities among countries depend on the differences in culture, historical context or in structural elements of each country that may influence the public sector reforms and the accounting systems. The Public sector comprises entities or organizations that implement public policy through the provision of services and the redistribution of income and wealth, with both activities supported mainly by compulsory tax or levies on other sectors. This comprises governments and all publicly owned, controlled and or publicly funded agencies, enterprises, and other entities of government that deliver public programs, goods, or services.

2.5 Summary of Literature Review

Literature on IPSAS adoption has provided insight into the complex nature of instituting accounting changes within the public sector. This insight may serve as an important input throughout the implementation process. However, a large proportion of the literature dedicated to accrual accounting in the public sector focuses on whether it is actually beneficial or not. Studies on the use of accrual based accounting in the public sector (in this case on the government of the United Kingdom) have reported that accrual-based accounting has assisted decision-makers to better understand how they are using their financial resources by, among other things, offering more detailed information to manage assets and liabilities. This has assisted decision-makers to identify underutilized assets and to dispose of those no longer required (National Audit Office, 2008).

Other studies have taken a more critical approach to accrual accounting in the public sector, pointing to the fact that there is a lack of empirical research indicating that benefits outweigh costs in moving from cash based to accrual-based accounting (Wynne, 2007). Arguments are also being made that accrual accounting is based on a private sector model that is not appropriate for the public sector as it may divert attention away from the real issues (Christensen, 2007).

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter provided a discussion of the methodology that was used in the study. It outlined the overall methodology that was used to carry out the research. It encompassed the research design, the research population, data collection methods and analysis of data which aided in achieving the study objectives.

3.2 Research Design

A research design is the arrangement of conditions for data collection and analysis of data in a manner that aim to combine relevance to research purpose with economy in research procedure and decisions regarding a research study.

A research design was used to structure the research to show how all major parts of the research project work together and also tried to address the central research questions. Research design was also viewed as the framework that indicated the type of information that was needed for the research, the source of such information and method of its collection. The descriptive research design was used in the study.

3.3 Population

A population is defined as all elements (individuals, objects and events) that meet the sample criteria for inclusion in a study. The population of this research work consisted of the 47 County Government and 22 Government Ministries and departments. The Kenyan

Government is composed of 8 ministries .However since office of president and office of deputy president, Parliament and Judiciary and office of Auditor general prepares their own budgets and financial statements independently for our research purposes, they have been treated as Ministries (Appendix II).

3.4 Sampling

A sample is elements selected with the intention of finding out something about the total population from which they are taken. A convenient sample consists of subjects included in the study because they happen to be in the right place at the right time. A convenient sample of Ministries and Counties subjects was selected from both the Ministries and the Counties population. Subjects included in the sample were selected to meet specific criteria. The Ministries and counties had to meet the following criteria to be included in the sample. They should: have had been using cash basis of accounting before, have an accounting department responsible for preparation of Financial Statements and have implemented IPSAS accrual or cash basis of accounting.

3.5 Data Collection

Both primary and secondary sources of data were used in this research work for gathering information. The primary sources of data used in this research work included the following: Questionnaire administration, Oral interview and Personal observations. Secondary data sources included the financial reports. The data covered a period of four years ranging from the year 2012 to 2015.

3.6 Data Analysis

In order to establish the effectiveness of IPSAS adoption in the public sector financial reporting the study used a multiple regression analysis. The various measures of IPSAS adoption: transparency, financial statement disclosure, comparability and timeliness were analyzed using descriptive statistics particularly the mean, median, standard deviation etc and inferential statistics. The SPSS version 20 statistical packages was used to analyze the data.

3.6.1 Analytical model

Regression analysis was used to establish the relationship between the variables of IPSAS adoption in the public sector. The representation of the model is given in the equation below:

The general representation of the equation above is as follows:

$$\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon t}$$

Where:

Y = Quality of financial reports;

β_0 = Constant;

β_1 - β_5= regression coefficients;

X1=Transparency;

X2=Financial Statement Disclosure;

X3=Comparability;

X4=Timeliness;

εt = Error term;

3.6.2 Test of Significance

T-tests can be used to determine whether there is a significant difference between two sets of means. Therefore t-tests using SPSS statistical program was employed in this study. Conducting the t-tests requires that the normality of the data is not violated. The P-values of results of the multiple regression analysis was used to test for significance of the relationship between variables. The significance level used was 0.05 (5%) to test for significance where any P-value of less than 0.05 indicated a significant relationship.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the data analysis of the study on the impact of adoption of IPSAS on financial reporting in public sector. It also focuses on the demographic information of the respondents, presentations, interpretation and discussions of research findings. The presentation was completed based on the research objectives.

4.2 Questionnaire Return Rate

Questionnaire completion rates is the proportion of the sample that participated as intended in all the research procedures. In the study, out of 69 questionnaires administered 45(65%) filled in and returned, this questionnaires return rates was deemed adequate for the study.

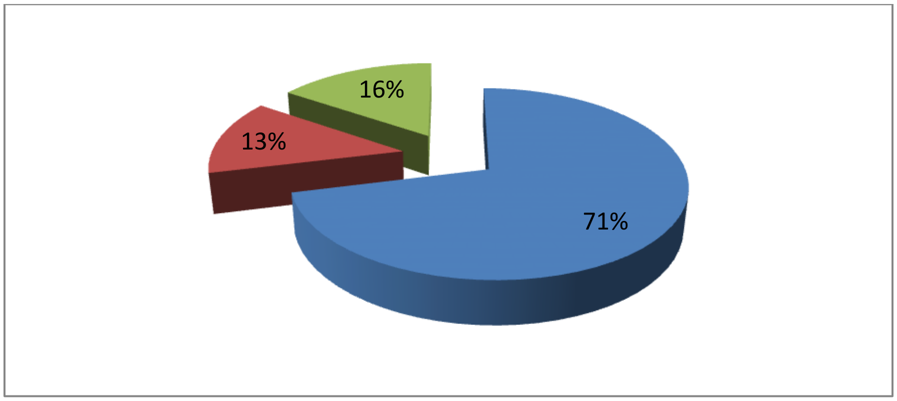
4.3 The demographic information

Table 4.1: Sex

FACTOR	FREQUENCY	PERCENTAGE
Male	39	87
Female	6	13
TOTAL	**45**	**100**

The table4.1 above shows the highest number of respondents were male with 39(87%) while only 6(13%) were female respondents. The study implied that large numbers of the respondents were drawn from male respondents.

Figure 4.1: Designation



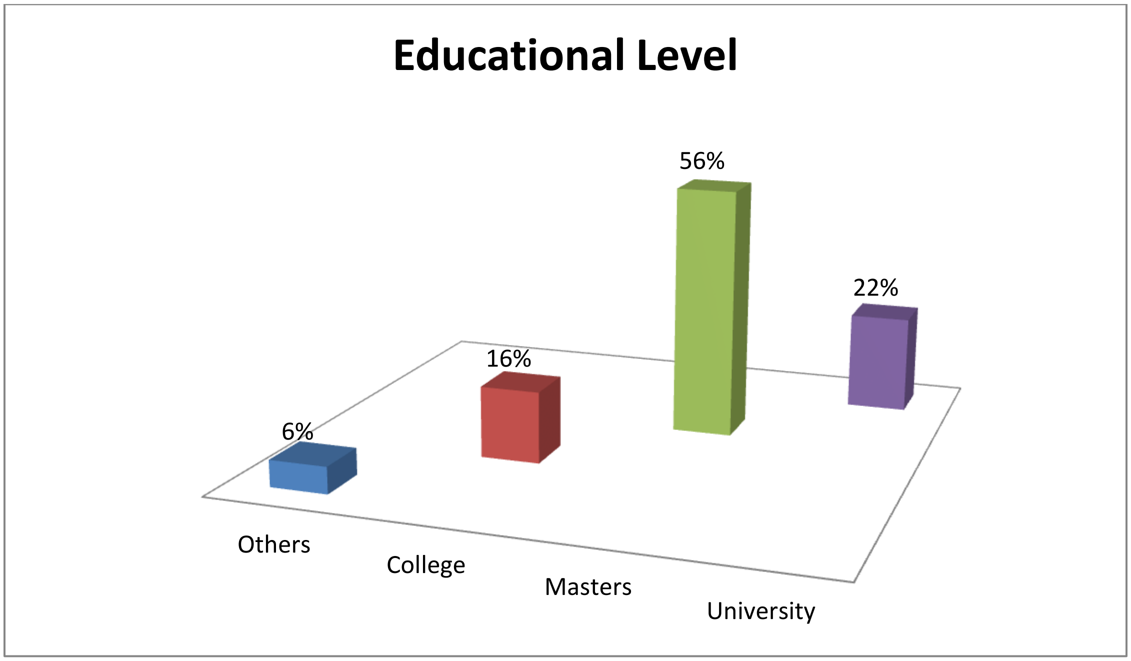
When they were asked about their designation the response was as follows 32(71%) indicated accountant, 7(16%) indicated auditor and 6(13%) indicated chief financial officer. The researcher concluded that most of the respondents were accountants.

Table 4.2: Age

FACTOR	FREQUENCY	PERCENTAGE
19 – 24 years	0	0
30 – 34 years	10	22.2
40 – 49 years	11	24.4
34 – 35 years	12	26.7
25 – 29 years	8	17.8
Over 50 years	4	8.9
TOTAL	**45**	**100**

As per table 4.2 above 12(26.7%) were drawn from the age group of 34 – 35 years while 11(24.4%) were drawn from 40 -49 years and 10(22.2%) were drawn from the age group of 30 – 34 years. This study concluded that large numbers of respondents were drawn from the age group of 30 – 35 and 40 – 49.

Figure 4.2: Educational Level



On the educational level the majority of the respondents attained Masters Degree level 25(56%), this was closely followed by University which is 10(22%), and those who indicated College level were 7 (16%) while those who indicated others were 3 (6%). The study revealed that most of the respondents attained Masters level of education in the ministries and counties in Kenya.

Table 4.3: Working Years

FACTOR	FREQUENCY	PERCENTAGE
1 – 5 years	11	24.4
16 – 20 years	7	15.6
26 – 30 years	7	15.6
6 – 10 years	5	11.1
21 – 25 years	7	15.6
11 – 15 years	8	17.8
Over 30 years	0	0
TOTAL	**45**	**100**

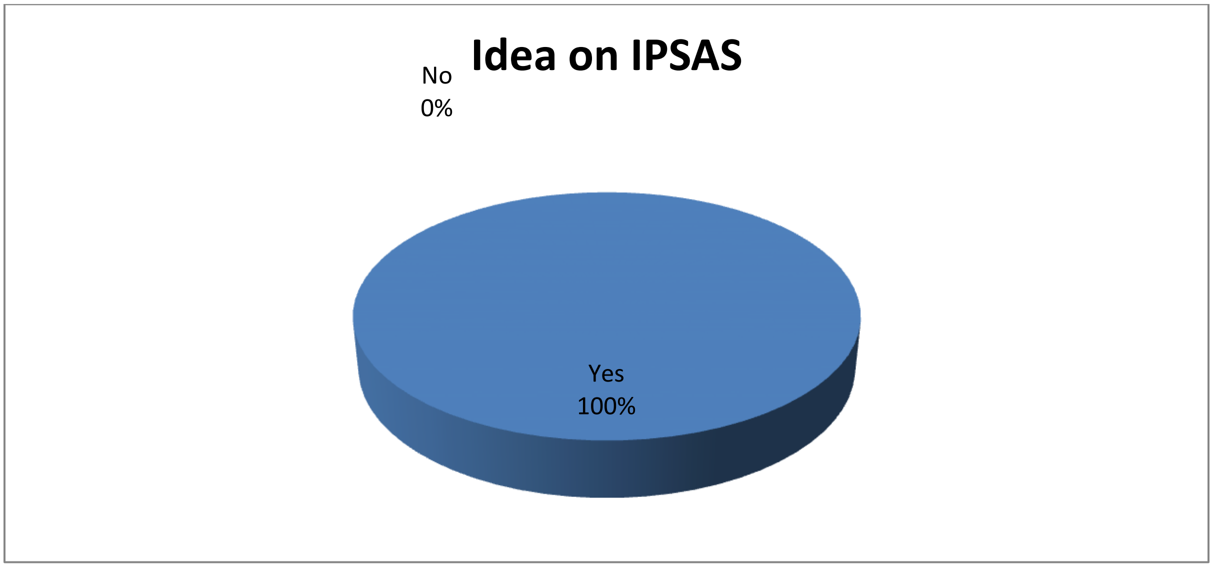
As per the working years in the ministries and counties the response were as follows 11(24.4%) indicated 1 – 5 years then 8(17.8%) indicated 11 – 15 years 16 – 20 years, 26 – 30 years and 21 – 25 years tied with each indicating 7(15.6%). The remaining counterparts of 5(11.1%) indicated 6 – 10 years. The study revealed that most of the workers have worked from 1 – 5 years in the ministries and counties.

Table 4.4: Professional technical background

FACTOR	**FREQUENCY**	**PERCENTAGE**
Accounting and finance	45	100
Business economics and management	0	0
Politics and governance	0	0
Banking and financial institutions	0	0
Media and civil society	0	0
Auditing and oversight	0	0
Construction and engineering	0	0
Teaching learning and research	0	0
Others	0	0
TOTAL	**45**	**100**

Regarding professional technical background all the respondents 45(100%) indicated accounting and finance. This implied that all the respondents were accountants.

Figure 4.3: Idea on IPSAS



As per the figure 4.3 above 45(100%) of the respondents indicated they have ideas on IPSAS. The study then concluded that all the respondents have knowledge on IPSAS.

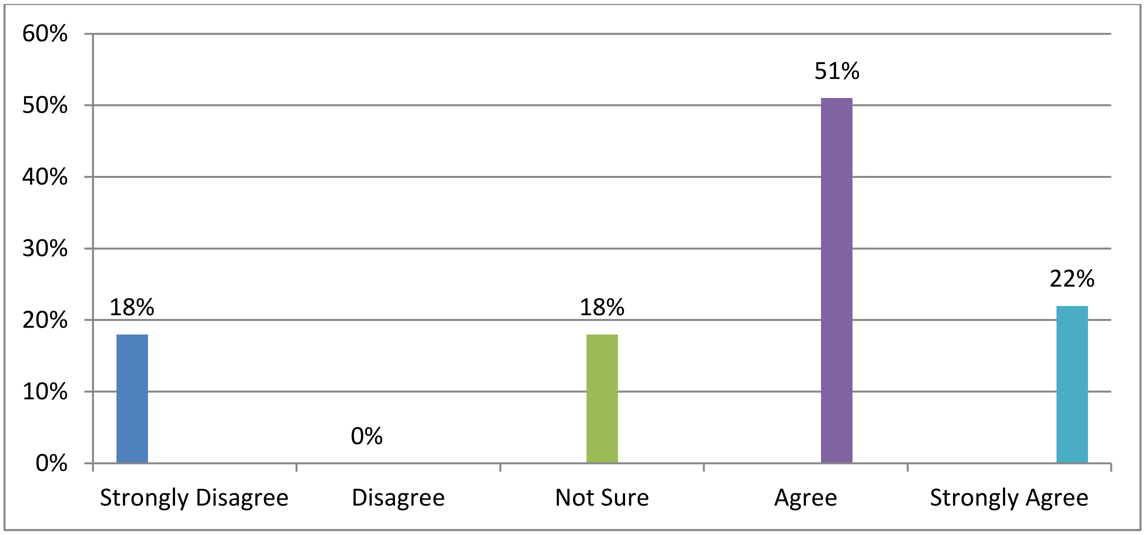
Table 4.5: Knowledge of IPSAS

FACTOR	FREQUENCY	PERCENTAGE
Secondary	0	0
Internet	0	0
College	23	51
Seminar and conference	0	0
University	11	24.5
Books and academic literature	0	0
Others	11	24.5
TOTAL	**45**	**100**

When responding on where did they learn about IPSAS the respondents indicated as follows 23(51%) indicated colleges while both 22(24.5%) indicated university and others respectively. The study revealed that majority of the respondents learnt about IPSAS in colleges.

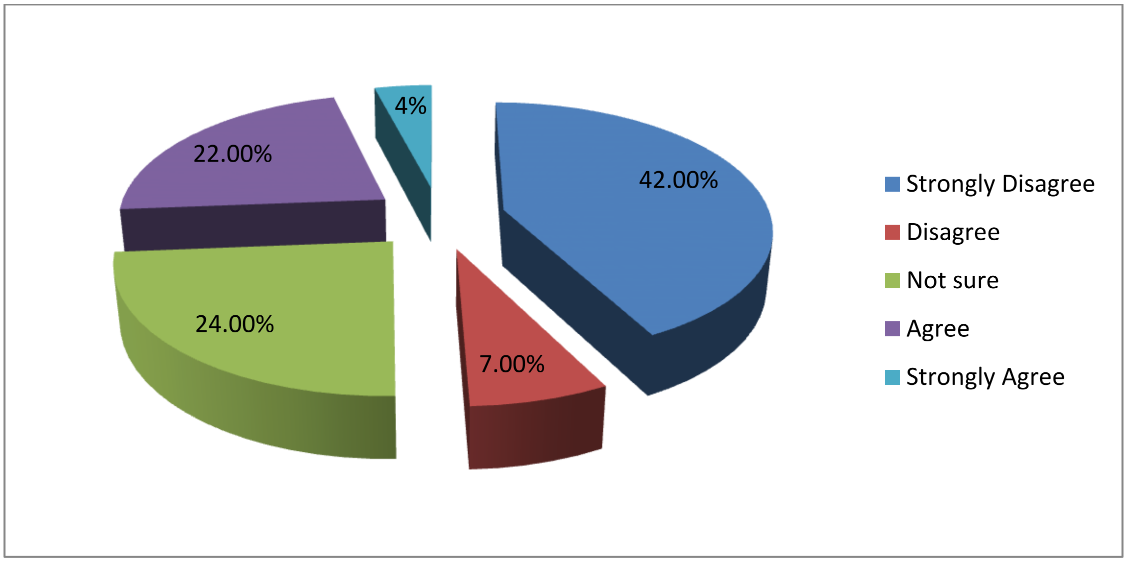
4.4 Quality of Financial Reporting

Figure 4.4: IPSAS provide vital information to allocate resources



When asked on IPSAS providing vital information to allocate resources 23(51%) indicated agree, 8(22%) indicated both disagree and not sure. This implied that IPSAS provide vital information to allocate resources in the government ministries and counties in Kenya.

Figure 4.5: IPSAS provide information to evaluate performance



The study sought to determine IPSAS provide information to evaluate performance of the respondents the majority 19(42%) indicated strongly disagree, and 16(24%), indicated not sure, 12(22%) indicated agree. The study concluded that IPSAS do not provide information to evaluate performance in the government ministries and counties.

Table 4.6: IPSAS highlights government justification to citizens

FACTOR	FREQUENCY	PERCENTAGE
Strongly disagree	0	0
Disagree	1	2
Not sure	9	20
Agree	27	60
Strongly agree	8	18
TOTAL	**45**	**100**

The study sought to determine if IPSAS highlights government justification to its citizenry to raising of public resources the majority 27(60%) indicated agree, and 9(20%), indicated not sure, 8(18%) indicated strongly agree. The study concluded that IPSAS highlights government justification to citizens in the government ministries and counties.

Table 4.7: IPSAS promotes accountability

FACTOR	FREQUENCY	PERCENTAGE
Strongly disagree	11	24.5
Disagree	11	24.5
Not sure	8	18
Agree	8	18
Strongly agree	7	16
TOTAL	**45**	**100**

When asked whether IPSAS promotes accountability 11(24.5%) both indicated strongly disagree, and disagree while 8(18%) both indicated not sure and agree, 7(16%) indicated strongly agree. The study concluded that IPSAS do not promote accountability among the government ministries and counties.

Table 4.8: IPSAS fulfils citizens to know how resources are used

FACTOR	FREQUENCY	PERCENTAGE
Strongly disagree	4	9
Disagree	15	33
Not sure	3	7
Agree	15	33
Strongly agree	8	18
TOTAL	**45**	**100**

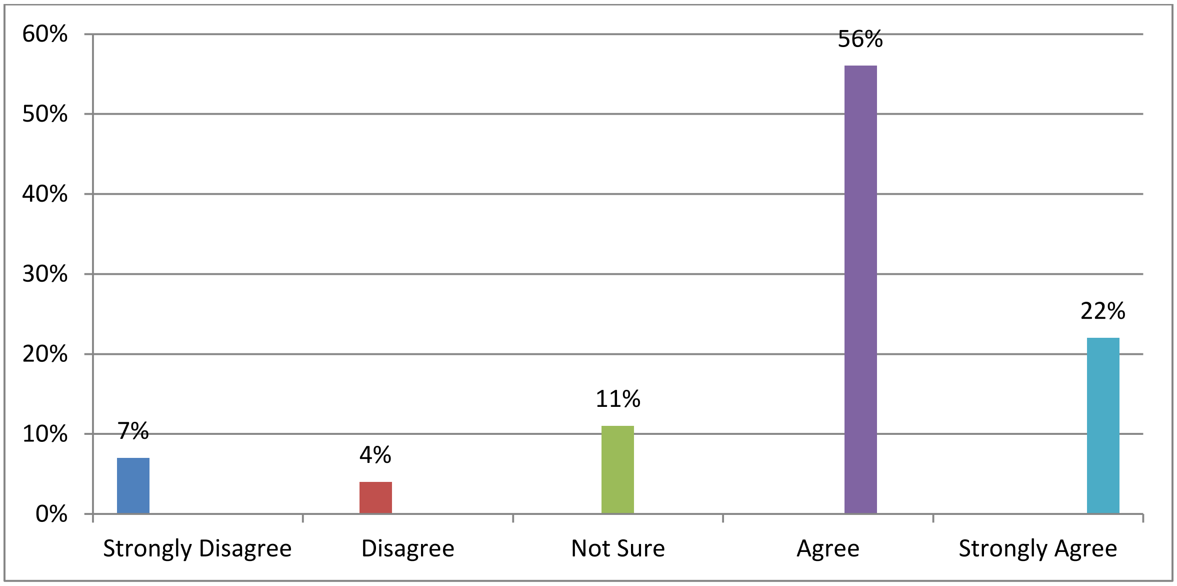
Regarding whether IPSAS fulfils citizens to know how resources are used 15(33%) both indicated disagree, and agree while 8(18%) indicated strongly agree, 4(9%) indicated strongly disagree. The study concluded that IPSAS do not fulfill citizens to know how resources are used among the government ministries and counties.

Table 4.9: IPSAS strengthens confidence in financial management

FACTOR	FREQUENCY	PERCENTAGE
Strongly disagree	4	9
Disagree	0	0
Not sure	10	22
Agree	21	47
Strongly agree	10	22
TOTAL	**45**	**100**

When asked whether IPSAS strengths confidence in financial management 21(47%) indicated agree, while 10(22%) indicated strongly agree, 4(9%) indicated strongly disagree. The study concluded that IPSAS strengthen confidence in financial management in the government ministries and counties.

Figure 4.6: IPSAS provides information useful in identifying opportunities for future use



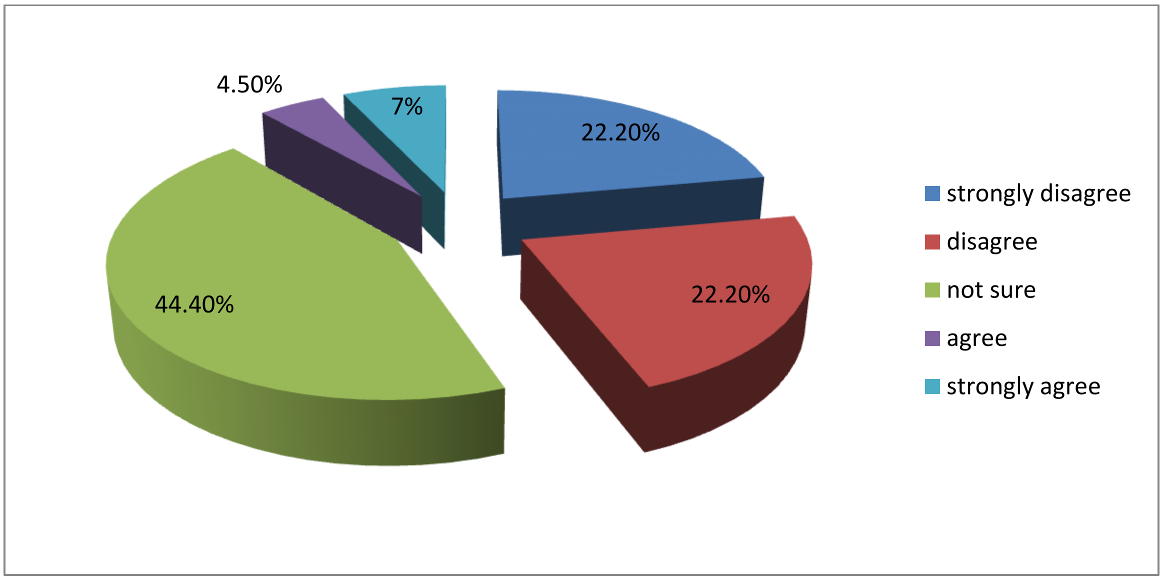
When asked on IPSAS provides information useful in identifying opportunities for future use the response was as follows 25(56) indicated agree, 10(22) indicated strongly, 5 (11) indicated not sure 3(7) indicated strongly disagree and the remaining portion of 2(4) indicated disagree . This implied that IPSAS provides information useful in identifying opportunities for future use.

Table 4.10: IPSAS makes records to detect irregularities

FACTOR	FREQUENCY	PERCENTAGE
Strongly disagree	4	8.9
disagree	10	22.2
Not sure	11	24.4
Agree	15	33.4
Strongly agree	5	11.1
TOTAL	**45**	**100**

According to IPSAS makes records to detect irregularities most of the respondents 15(33.4%) indicated agree, 11(24.4%) indicated not sure, 10(22.2%) indicated disagree and 5(11.1%) indicated strongly agree. The remaining portion of 4(8.9%) indicated strongly disagree. The study concluded that IPSAS makes records to detect irregularities in the government ministries and counties.

Figure 4.7: IPSAS makes records kept including audit that permits condition to trace all accounts to original source documents



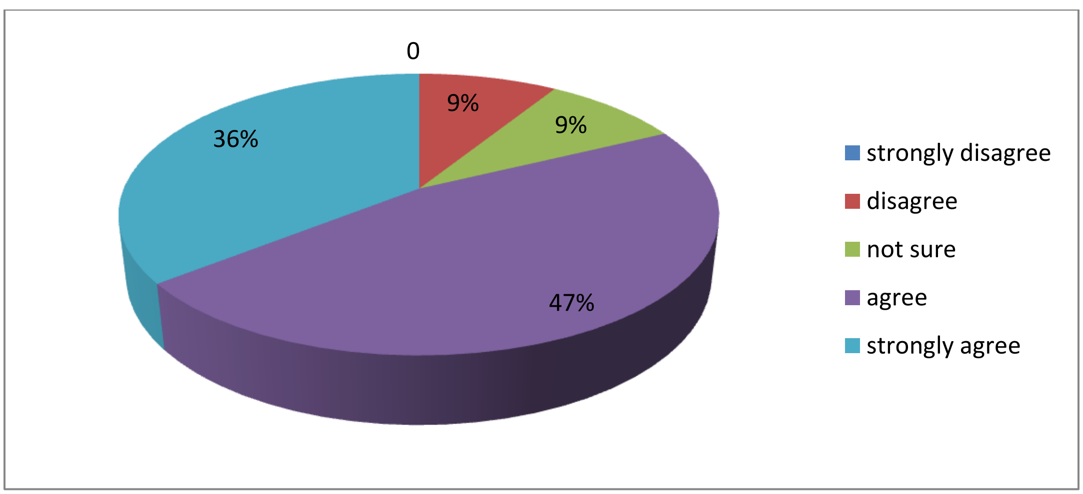
The study sought to determine whether IPSAS makes records kept including audit that permits condition to trace all accounts to original source documents the majority 20(44.4%) indicated not sure those who indicated strongly disagree and disagree tied with 10(22.2%), those who indicated agree were 2(4.5%) while 3(7%) indicated strongly agree. The study concluded that IPSAS do not make records kept including audit that permits condition to trace all accounts to original source documents.

Table 4.11: IPSAS Helps Accounting system include all the information

FACTOR	FREQUENCY	PERCENTAGE
Strongly disagree	11	24.5
Disagree	6	13.3
Not sure	2	4
Agree	8	18
Strongly agree	18	40
TOTAL	**45**	**100**

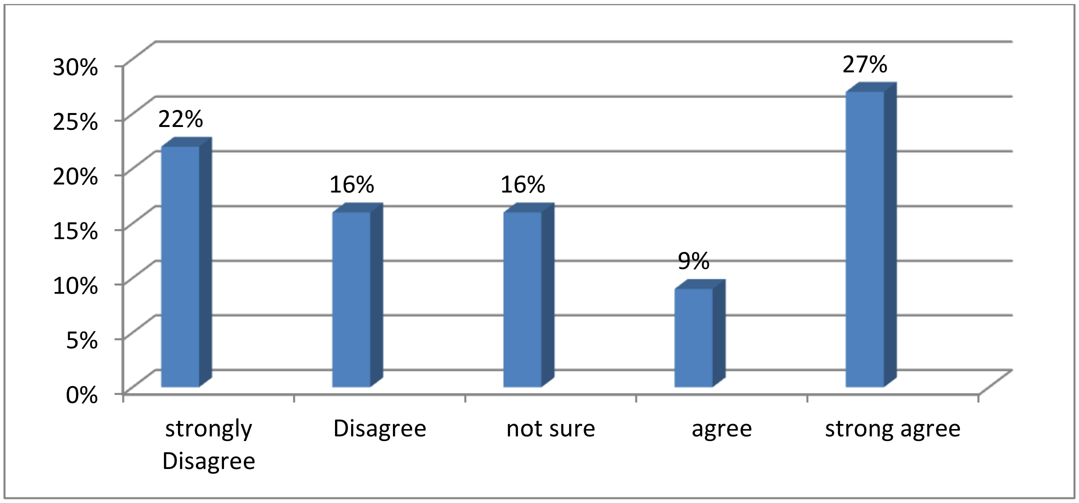
When asked whether IPSAS Helps Accounting system include all the information the response was as follows 18(40%) indicated strongly agree, while 11(24.5%) indicated strongly disagree, 8(18%) indicated agree. The study concluded that IPSAS helps accounting system include all the information in the government ministries and counties.

Figure 4.8: IPSAS harmonization and standardization of government accounting system



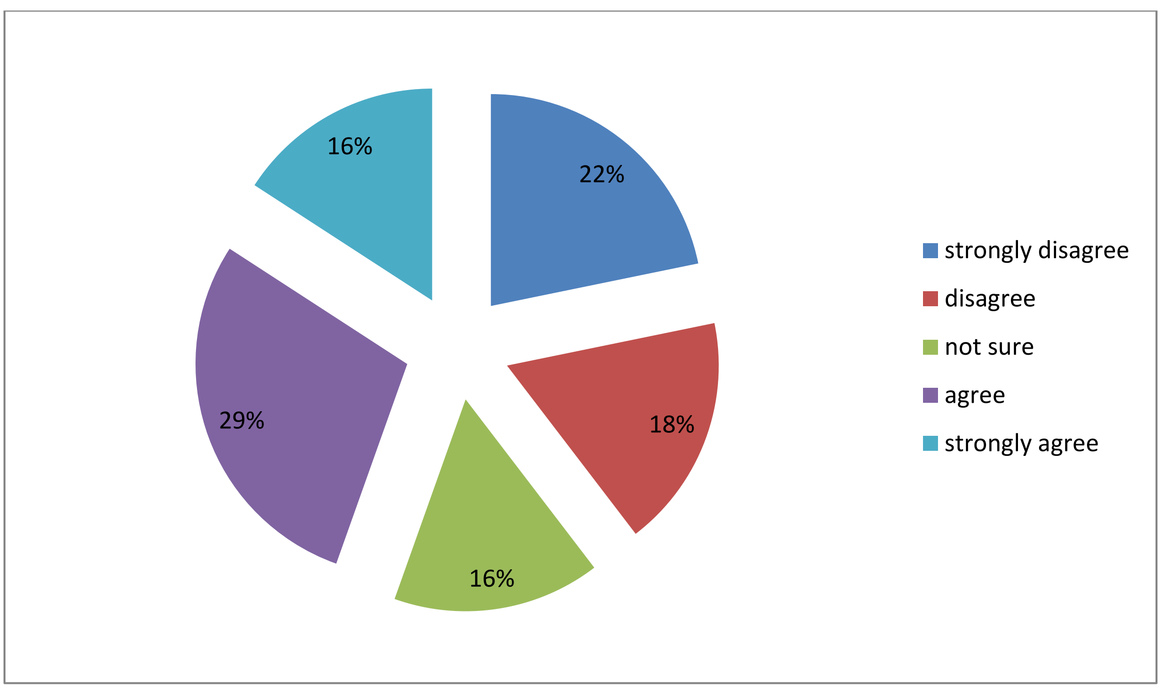
When responding to figure 4.8 above 21(47%) indicated agree, 16(36%) indicated strongly agree, both 4(9%) indicated disagree and not sure. The study concluded that IPSAS has harmonized and standardized of government accounting system in the government ministries and counties.

Figure 4.9: IPSAS has enhanced transparency and accountability



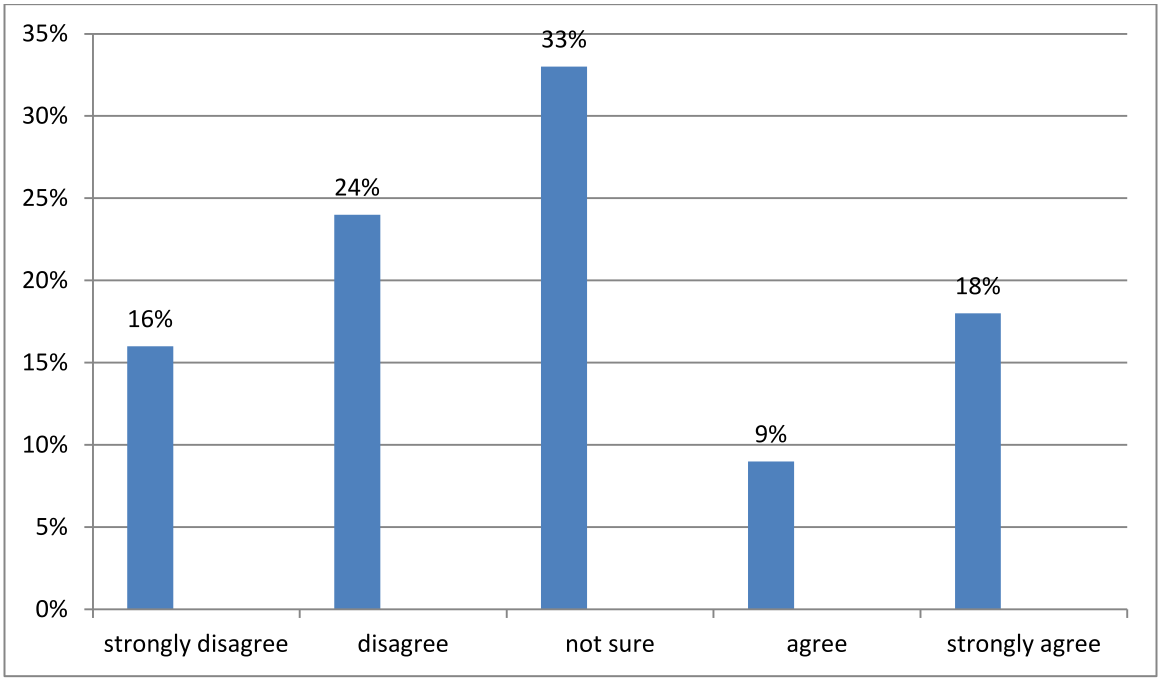
As per IPSAS has enhanced transparency and accountability 12(27%) indicated strongly agree, 10(22%) indicated strongly disagree, 7(16%) both indicated disagree and not sure. The researcher concluded that IPSAS has enhanced transparency and accountability in the government ministries and counties.

Figure 4.10: IPSAS has improved decision making



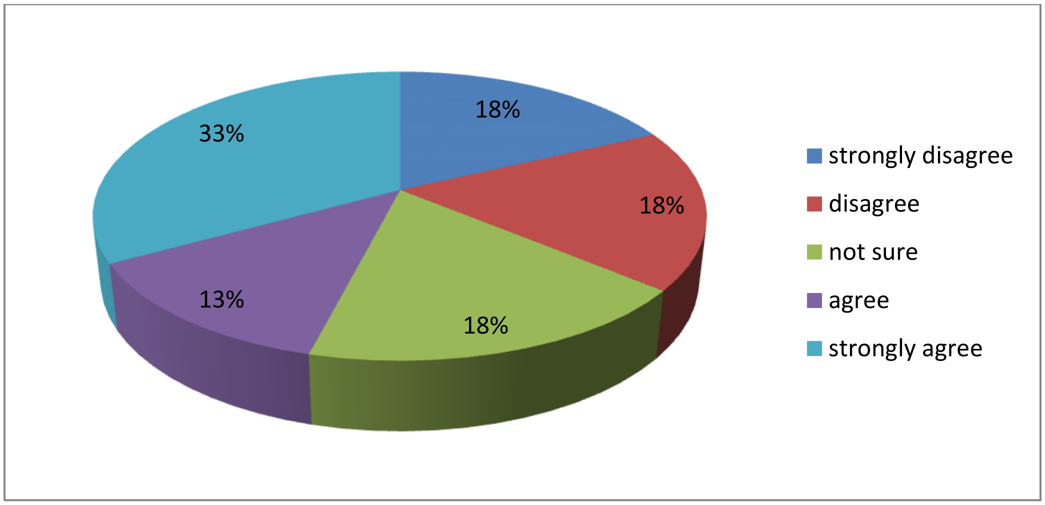
Regarding IPSAS has improved decision making were of the following opinion 13(29%) indicated strongly agree, 10(22%) indicated strongly disagree, 8(16%) both indicated disagree and not sure. The study revealed that IPSAS has not improved decision making.

Figure 4.11: Consolidation of financial statement



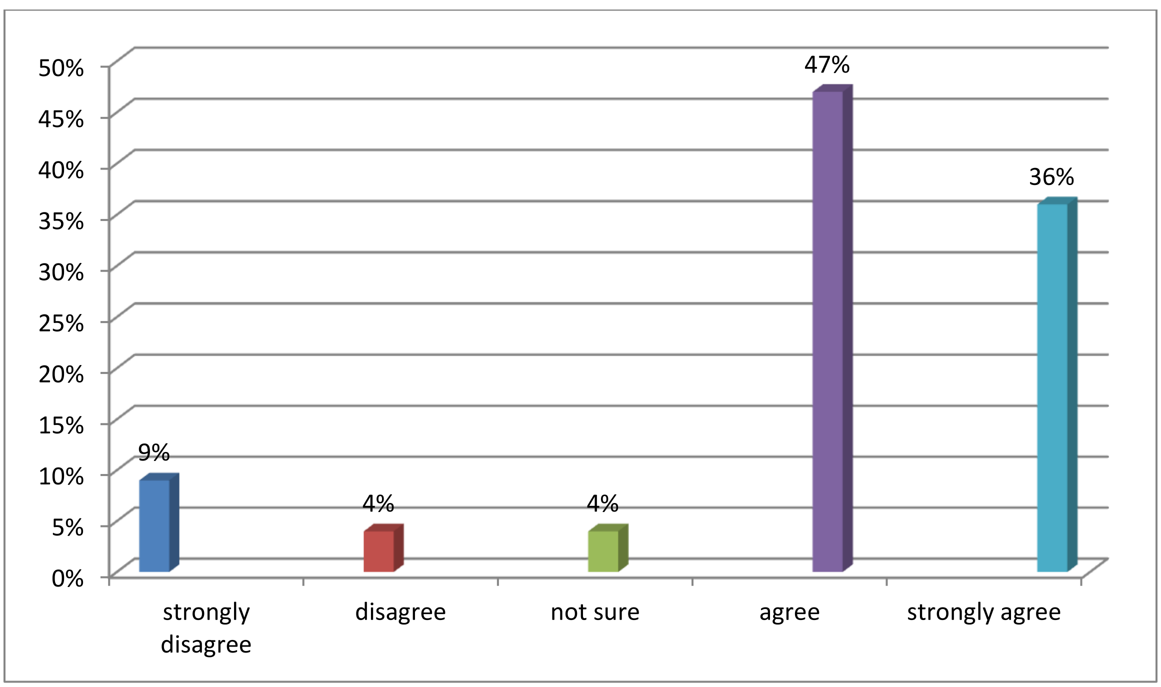
When asked to indicate whether IPSAS has Consolidation of financial statement 15(33%) indicated not sure 11(24%) indicated disagree, 8(18%) indicated strongly disagree. The researcher concluded that IPSAS has no effect on consolidation of financial statement in the government ministries and counties.

Figure 4.12: IPSAS has improved stakeholders satisfaction of reporting



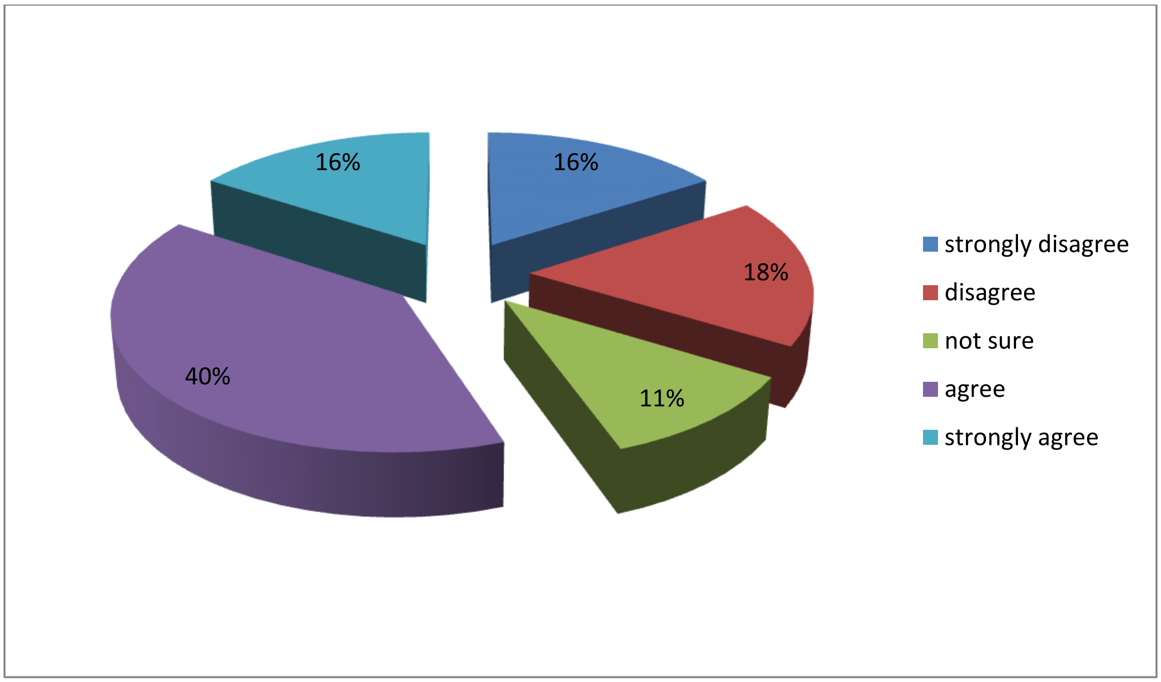
When asked to respond on IPSAS has improved stakeholders satisfaction of reporting the response was as follows 15(33%) indicate strongly agree, while 8(18%) indicated strongly disagree, disagree and not sure. The study revealed that IPSAS has improved stakeholders satisfaction of reporting.

Figure 4.13: IPSAS makes risk identification to be carries out



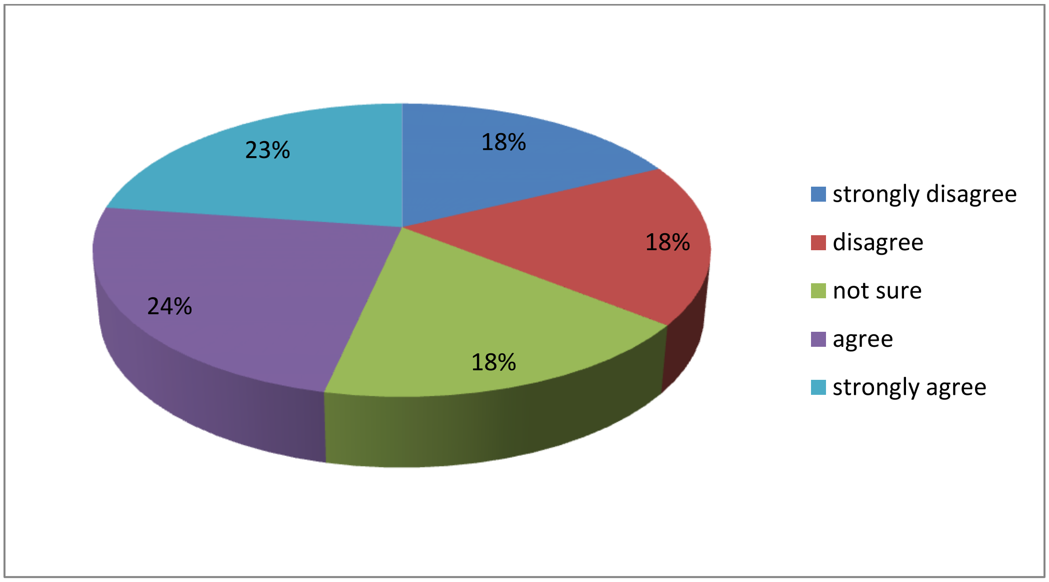
When asked to respond regarding IPSASmakes risk identification to be carried out, 21(47%) indicated agree, 16(36%) indicated strongly agree while 4(9%) indicated strongly disagree. This study concluded that IPSASmakes risk identification to be carried out in the government ministries and counties in Kenya.

Figure 4.14: IPSAS identify monitoring and financial reporting



As per the figure 4.14 above regarding IPSAS identify monitoring and financial reporting, 18(40%) indicated agree, both 7(16%) indicated strongly disagree and strongly agree. The study concluded that IPSASidentifies monitoring and financial reporting in the government ministries and counties in Kenya.

Figure 4.15: IPSAS has defined appropriate objective for the enterprise management



Regarding Figure 4.15 above on whether IPSAS has defined appropriate objective for the enterprise management, 11(24%) indicated agree, 10(23%) indicated strongly agree while the remaining 8(18%) indicated strongly agree, disagree and not sure. The study concluded that IPSAS has defined appropriate objective for the enterprise management.

Table 4.12: Compliance with IPSAS enhance the level of reporting

FACTOR	FREQUENCY	PERCENTAGE
Strongly disagree	11	24.5
Disagree	11	24.5
Not sure	0	0
Agree	12	27
Strongly agree	11	24.5
TOTAL	**45**	**100**

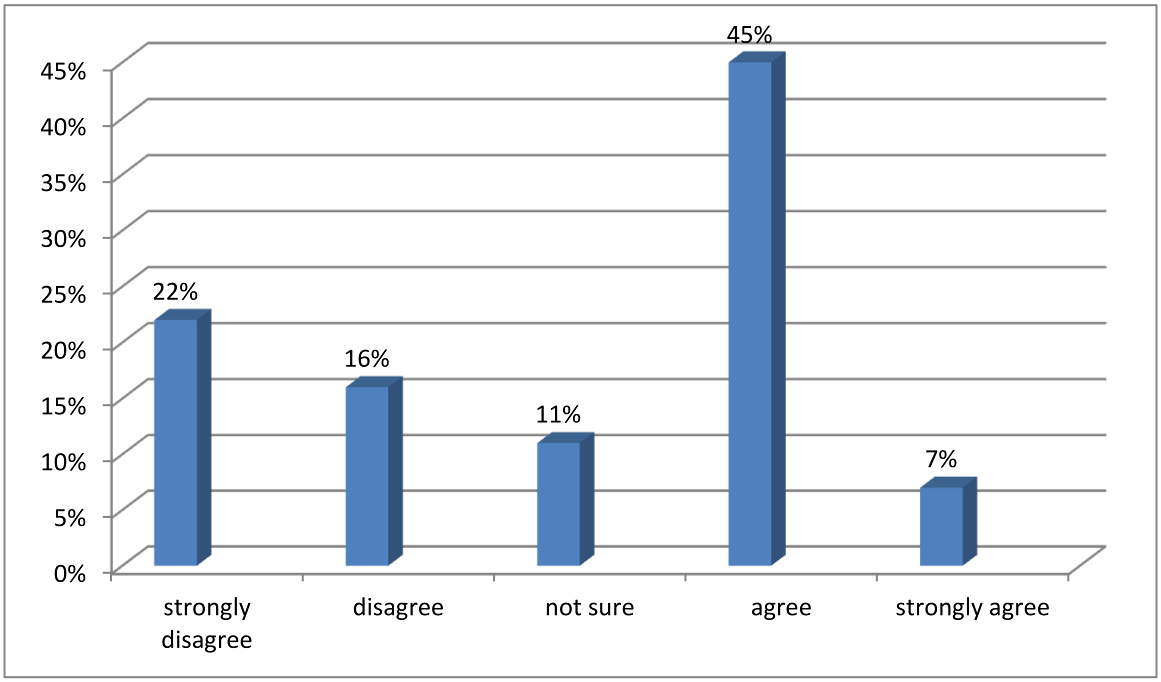
When asked to indicate on compliance with IPSAS enhance the level of reporting the respondents were of the following opinion, 12(27%) indicated agree, 11(24.5%) indicated strongly agree, disagree and strongly disagree. The study implied the IPSAS has got no direct effect on compliance in enhancing the level of reporting.

Table 4.13:Lack of designed unified charts of accounts for IPSAS

FACTOR	**FREQUENCY**	**PERCENTAGE**
Strongly disagree	2	4
Disagree	13	29
Not sure	2	4
Agree	20	44
Strongly agree	8	18
TOTAL	**45**	**100**

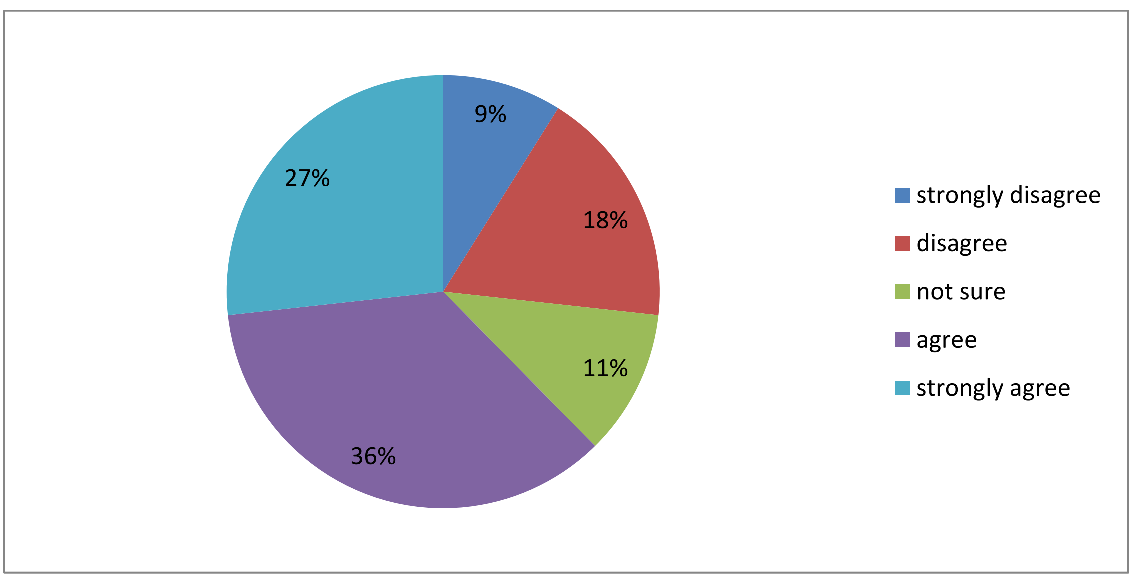
When requested to respond to the above factor the respondents indicated as follows, 20(44%) agreed, 13(29%) disagreed, 8(18%) strongly agreed. The study indicated that there is lack of designed unified charts of accounts for cash and accrual accounting.

Figure 4.16: Accounting manuals need to be rewritten



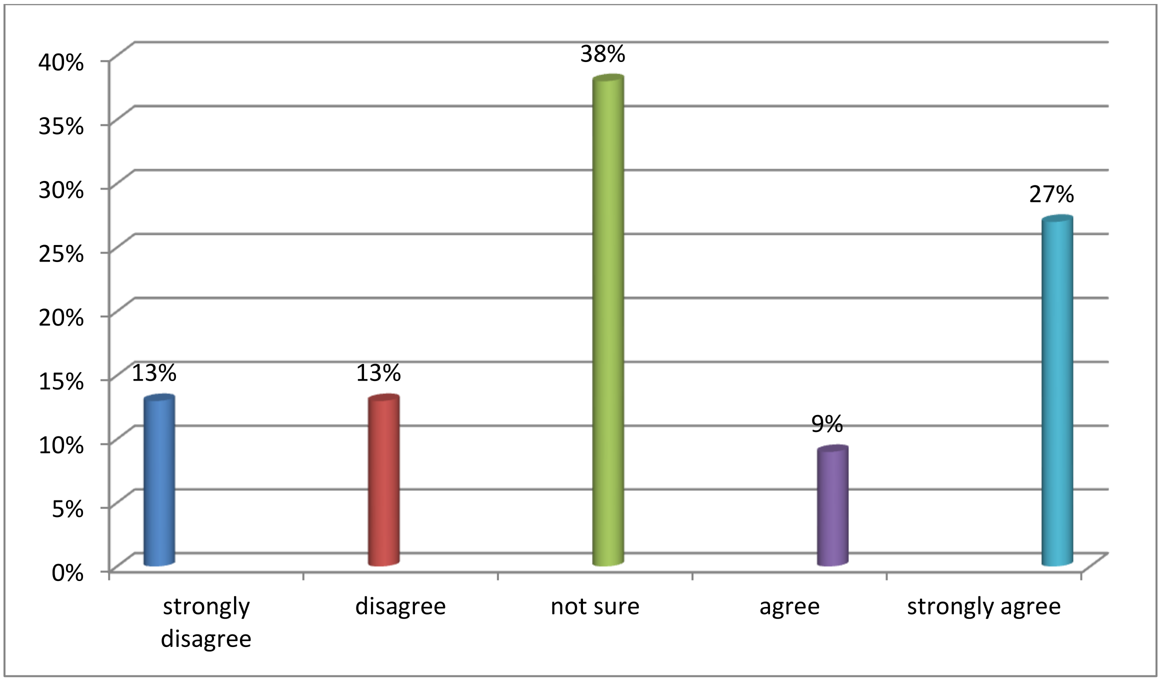
When required to comment on whether accounting manuals need to be rewritten the respondents indicated as follows, 20(45%) indicated agree, 10(22%) indicated strongly disagree and 7(16%) indicated disagree. The study fully concluded that Accounting manuals need to be rewritten.

Figure 4.17: Budget Inconsistence affects IPSAS reporting



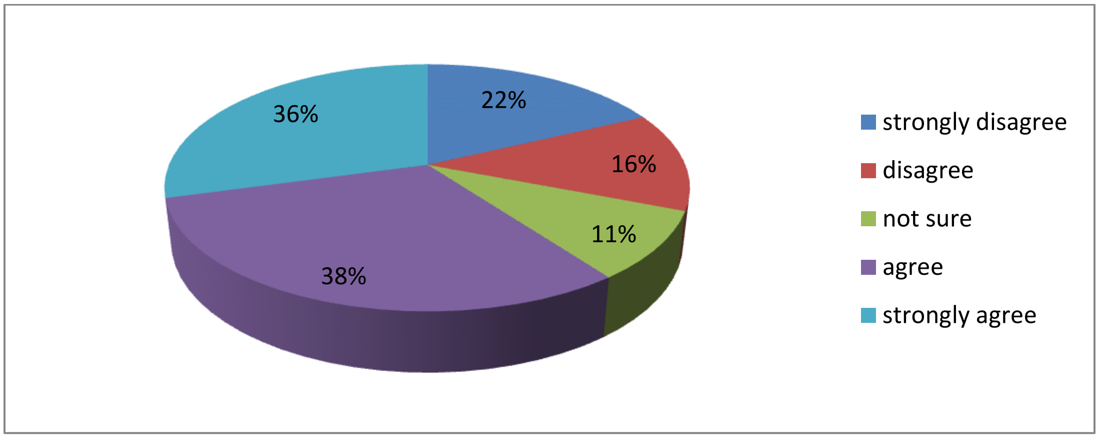
As per the figure above the response was as follows, 16(36%) indicated agree, 12(27%) indicated strongly agree, 8(18%) indicated disagree. The study concluded that budget affects IPSAS reporting in the government ministries and counties in Kenya.

Figure 4.18: Availability of external and Technical financial assistance



As t per the figure 4.18 above 17(38%) indicated not sure, 12(27%) indicated strongly agree and 6(13%) both indicated strongly disagree and disagree. This study revealed that there is availability of external and Technical assistance.

Figure 4.19: Education and training of staff on production of IPSAS based financial statements



As per the education and training of staff the response was as follows, 17(38%) agree, 16(36%) indicated strongly agree, 10(22%) indicated strongly disagree and 7(16%) indicated disagree. The study concluded that staff should be trained and continuous education be conducted to staff on production IPSAS based financial statements.

Table 4.14:Sufficient budgetary support to acquire software and hardware

FACTOR	**FREQUENCY**	**PERCENTAGE**
Strongly disagree	11	24.5
Disagree	7	16
Not sure	8	18
Agree	11	24.5
Strongly agree	8	18
TOTAL	**45**	**100**

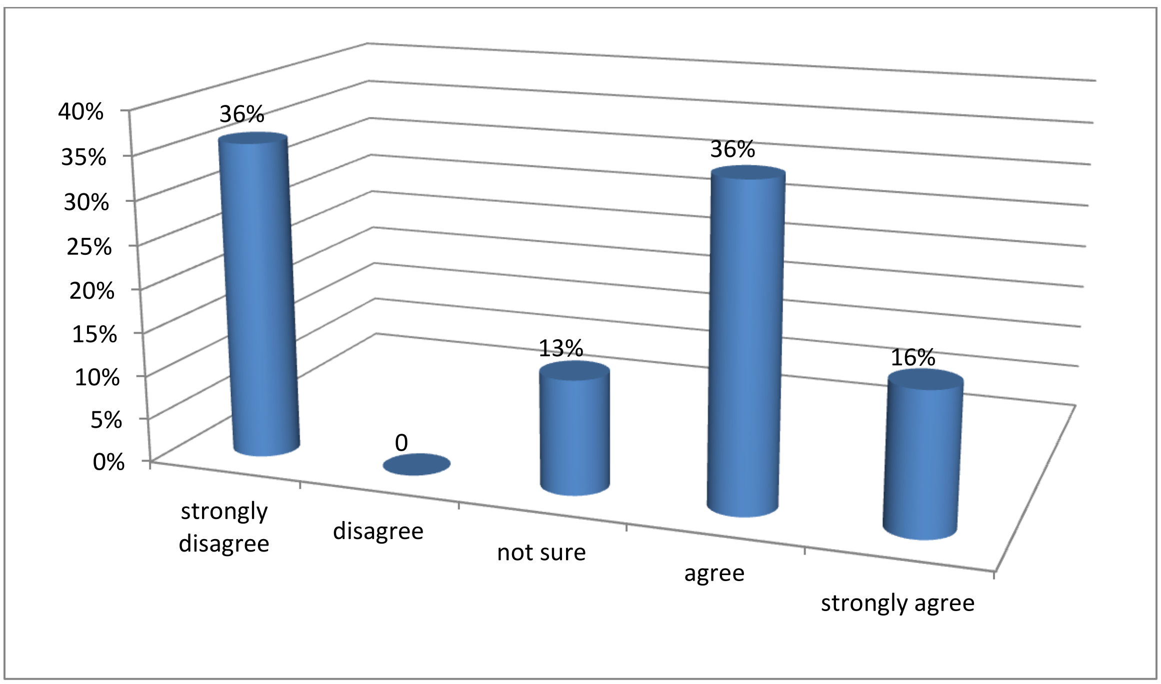
When responding to the above variable the respondents indicated as follows, 11 (24.5%) both indicated strongly disagreed and agree, 8(18%) both indicated not sure and strongly agreed. The study indicated that there is no sufficient budgetary support to acquire software and hardware.

Table 4.15: IPSAS contributes to the realistic budget

FACTOR	FREQUENCY	PERCENTAGE
Strongly disagree	7	16
Disagree	7	16
Not sure	6	13
Agree	13	29
Strongly agree	12	27
TOTAL	**45**	**100**

When responding to the above factor the respondents indicated as follows, 13 (29%) both indicated agree, 12(27%) indicated strongly agree 7(16%) both indicated strongly disagree and disagree. The study concluded that IPSAS contributes to the realistic budget**.**

Figure 4.20: IPSAS assist in budget process



Regarding IPSAS assist in the budget process the respondents indicated as follows 16(36%) both indicated strongly disagree and agree, 7(16%) indicated strongly agree and 6(13%) indicated not sure. The study revealed that IPSAS do assist in budget process.

Table 4.16: IPSAS prescribe the minimum standard of proper books of accounts

FACTOR	FREQUENCY	PERCENTAGE
Strongly disagree	7	16
Disagree	8	18
Not sure	2	4
Agree	15	33
Strongly agree	13	29
TOTAL	**45**	**100**

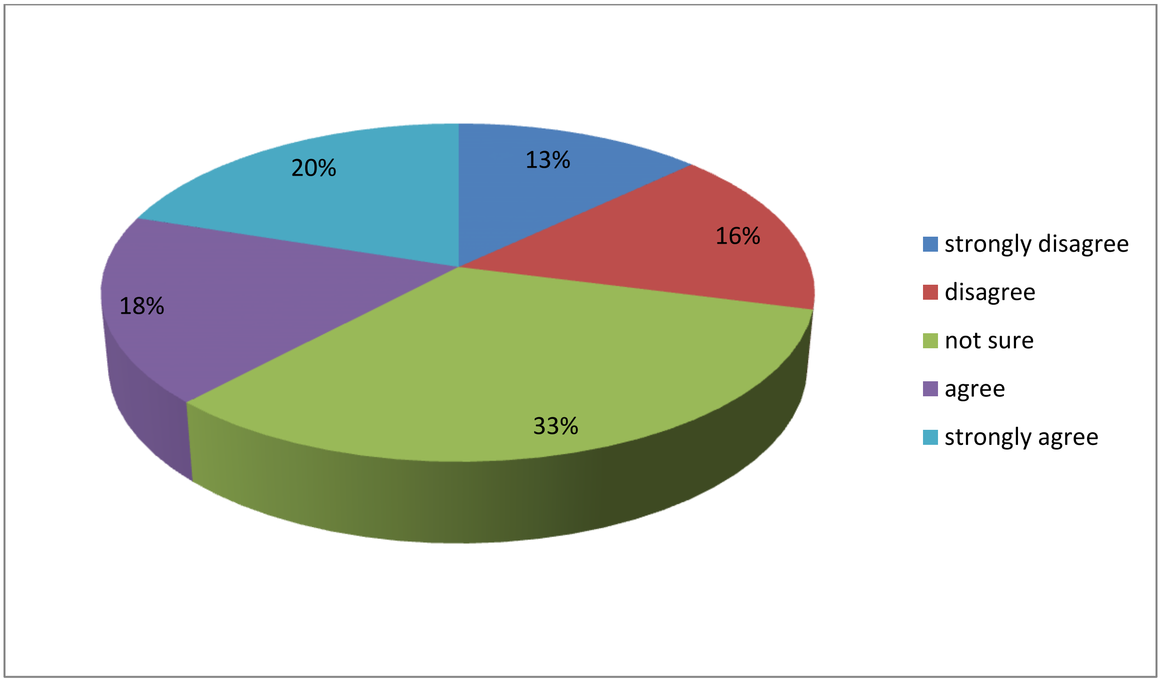
RegardingIPSAS prescribe the minimum standard of proper books of accountsin the government respondents indicated as follows, 15 (33%) indicated agree, 13(29%) indicated strongly agree 8(18%) indicated disagree and 7(16) indicated strongly disagree. The study concluded that IPSAS prescribe the minimum standardof proper books of accountsin the government ministries and counties.

Table 4.17: IPSAS prescribe internal audit procedure with public financial management Act

FACTOR	FREQUENCY	PERCENTAGE
Strongly disagree	3	7
Disagree	3	7
Not sure	12	27
Agree	11	24.5
Strongly agree	16	36
TOTAL	**45**	**100**

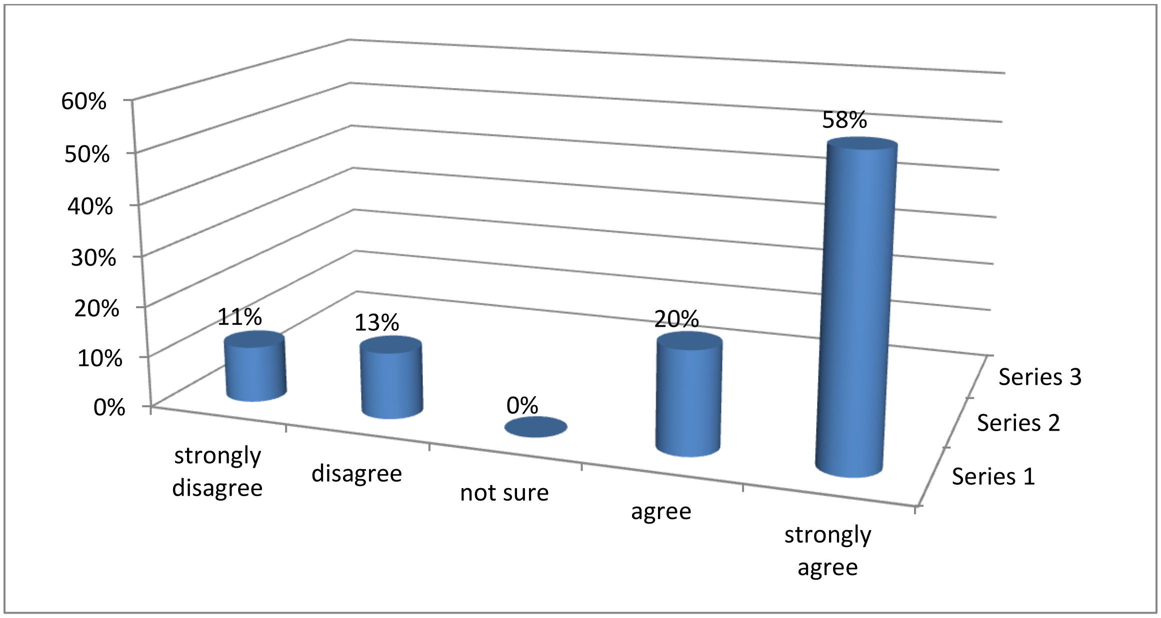
As per IPSAS prescribe internal audit procedure with public financial management Act the response was as follows, 16(36%) indicated strongly agree, 11(24.5%) indicated agree and 12(27%) indicated not sure. The study concluded that IPSAS prescribe internal audit procedure with public financial management Act in the government ministries and counties in Kenya.

Figure 4.21: IPSAS conforms to international organization aid providers



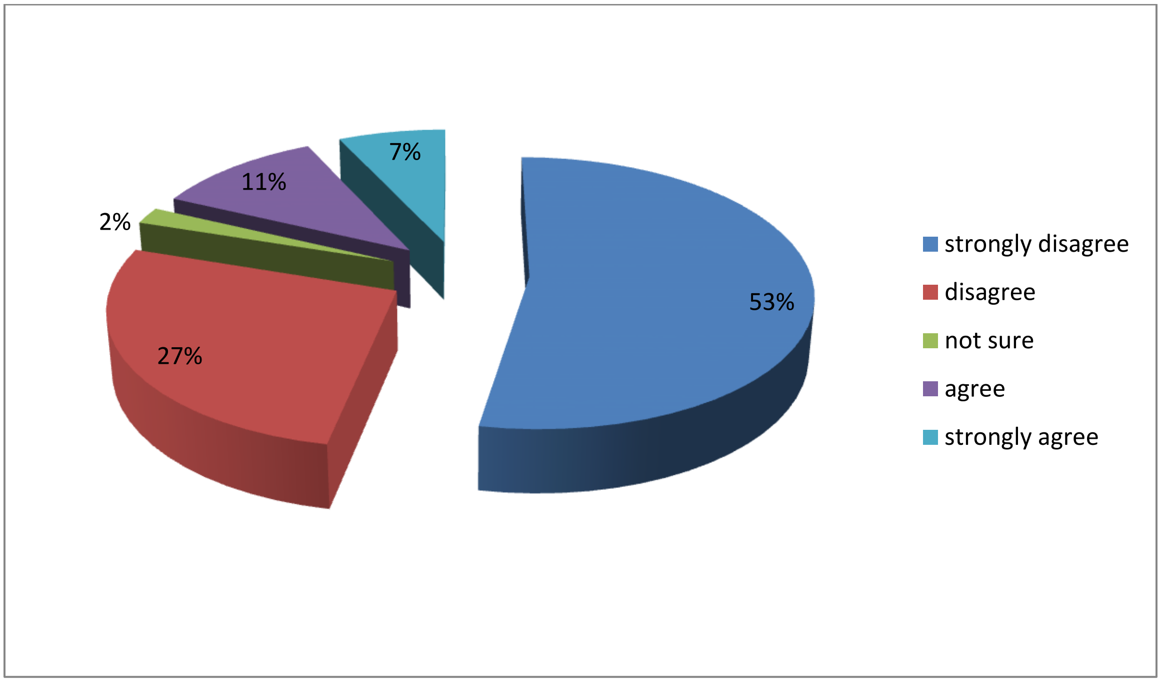
Regarding IPSAS conforms to international organization aid providers the response was as follows 33% indicated not sure, 20% indicated strongly agree, 18% indicated agree and 16% indicated disagree. The study revealed that IPSAS conforms to international organizational providers within the government ministries and counties.

Figure 4.22: IPSAS accept accounting and financial standards



When responding regarding IPSAS accepted accounting and financial standards the response was as follows, 26(58%) indicated strongly agree,9(20%) indicated agree, 6(13%) indicated disagree while 5(11%) indicated strongly disagree. The study concluded that IPSAS is accepted accounting and financial standards in the government ministries and counties in Kenya.

Figure 4.23: IPSAS enhance information accountability of regarding voters, and the general public



Respondents were requested to comment on the above parameter, the response was as follows, 24(53%) indicated strongly disagree, 12(27%) indicated disagree, 5(11%) indicated agree while 3(7%) indicated strongly agree and their remaining counterparts 1(2%) indicated not sure. The study revealed that IPSAS has got no effect on enhancing information accountability of regarding voters, and the general public.

4.5 Regression Model

Multiple regression analysis was used to establish the relationship between the variables of IPSAS adoption in the public sector. The process involved using data from a sample to obtain an overall expression of the relationship between the dependent variable Y and the independent variables X's. This was done in such a manner that the impact of the relationship of the X's collectively and individually on the value of Y could be estimated. The general representation of the model is given in the equation below:

$$\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon t}$$

Where:

Y = Quality of financial reports;

β_0 = Constant;

β_1 - β_5= regression coefficients;

X1=Transparency;

X2=Financial Statement Disclosure;

X3=Comparability;

X4=Timeliness;

εt = Error term;

Regression analysis also produced correlation coefficient of determination and analysis of variance (ANOVA).Correlation sought to show the nature of relationship between dependent and independent variables and coefficient of determination showed the strength of the relationship. Analysis of variance was done to show whether there is significant mean difference between dependent and independent variables. The ANOVA was conducted at 95% confidence level.

Table 4.18: Model goodness of fit

R	R^2	Adjusted R	Standard error of the estimate
0.871	0.631	0.532	0.06227

a. Predictors : (Constant),transparency, Financial Statement disclosure, comparability and Timeliness)

b. Dependent variable :Quality of financial reports

Regression analysis was used to establish the relationship between quality of financial reports and factors that affects variables. The result showed a correlation value (R of o.871) which indicated a good linear dependence of Quality of financial reports ontransparency, financial statement disclosure, comparability and timeliness. With an adjusted R-Squared of 0.7932,the model shows that transparency, financial statement disclosures, comparability and timeliness explains 79% variations in quality of financial reports while 21% is explained by other factors not in the model.

Table 4.19 Analysis of Variance

	Sum of Squares	Degree of Freedom	Mean Square	F	Significance
Regression	273.749	4	68.437	14.38	0.03a
Residual	71.379	15	4.758		
Total	345.128	19			

ANOVA statistics was conducted to determine the difference in the means of the dependent and independent variables thus to show whether relationship exists between the two. The P-values of 0.038 implies that quality of financial report has a significant joint relationship with transparency , financial statement disclosure, comparability and timeliness which is significant at 5 percent level of significance. This also showed the significance of the regression analysis done at 95 percent confidence level

Table 4.20 Regression Model

	Un-Standardized coefficients		Standardized Coefficient	T	Significant
	B	Std Error	Beta		
Constant	18.478	6.45406		1.543	0.132
Transparency	0.084	0.18931	0.362	2.387	0.023
Financial statement Disclosures	0.422	0.13671	0.338	2.058	0.47
Comparability	0.001	0.00170	0.091	0.551	0.045
Timeliness	0.326	0.11518	0.762	1.442	0.113

(a) Dependent variable : Quality of financial reports

From the data in the above table,there is a positive relationship between Quality of financial reports and Transparency, a positive relationship between Quality of financial reports and financial statement disclosure, and also a positive relationship between

Quality of financial reports and comparability and lastly there existed a positive relationship between quality of financial reports and timeliness.

The established regression equation was:

Quality of financial reports= 18.478 + 0.84 Transparency+ 0.422 Financial statement disclosure + 0.001 Comparability + 0.326 Timeliness

4.6Interpretations of Findings

This section attempts to provide interpretation of the findings obtained relating to the objective of the study. To establish the effect of variables of IPSAS adoption in Public sector, a multiple regression analysis was conducted to establish the relative effect of quality of financial reports to transparency, financial statement disclosures, comparability and timeliness.

The results showed a correlation value (R) of 0.771 which depicts that there is a good linear dependence of quality of financial reports on transparency, financial statements disclosures, comparability and timeliness.

ANOVAs statistics was applied to determine the difference in the means of the dependent and independent variable thus to show whether relationship exists between the two. The P – value of 0.038 implies that quality of financial reports has a significant joint relationship with transparency and disclosure of financial statements which is significant at 5 percent level of significance. This result also reinforce the significance of regression analysis done at 95 percent confidence level.

The regression results shows that when transparency, financial statements disclosure, comparability and timeliness is zero ,then the dependent value would be 7.724. It is also established that a unit increase in transparency is 1.719 increases in quality of financial reports. It is also established that a unit increase in financial statement disclosure leads to 0.422increase in quality of financial reports. For every unit increase in comparability of Government financial statement, that is for every one unit measure in standardization of financial statement the quality of financial reports goes up by 0.001 units. Lastly for every unit increase in timeliness of Government financial statement, that is for every one unit increase in compliance with time for submission,audit and deliberation of audit reports by parliamentary committees the quality of financial reports goes up by 0.326 units.

This statistic had a t – value of 2.387 at 0.023 showing that the statistic is significant at 95 percent confidence level. At t-value of 2.058 was established at 0.047 error margin. This shows that the statistic was significant at 95 percent significance level.

A positive relationship was established between quality of quality of financial reports and transparency, a positive relationship between quality of financial reports and financial statements disclosures positive relationship between quality of financial reports and both comparability and timeliness was also noted.

The regression result shows that when transparency, comparability, financial statement disclosures and timeliness have zero values the quality of financial reports would be 18.478

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary, conclusions and recommendations of the study. The main objective of this study was to investigate the impact of adoption of IPSAS on financial reporting in public sector in Kenya.

5.2 Summary of the Study

Highest number of respondents were male with 39(87%) while only 6(13%) were female respondents. The study implied that large numbers of the respondents were drawn from male respondents. When they were asked about their designation the response was as follows 32(71%) indicated accountant, 7(16%) indicated auditor and 6(13%) indicated chief financial officer. The researcher concluded that most of the respondents were accountants. 12(26.7%) were drawn from the age group of 34 – 35 years while 11(24.4%) were drawn from 40 -49 years and 10(22.2%) were drawn from the age group of 30 – 34 years.

On the educational level the majority of the respondents attained Masters Degree level 25(56%), this was closely followed by University degree which is 10(22%), and those who indicated College level were 7 (16%) while those who indicated others were 3 (6%). The study revealed that most of the respondents attained Masters level of education in the ministries and counties in Kenya. As per the working years in the ministries and counties the response were as follows 11(24.4%) indicated 1 – 5 years then 8(17.8%) indicated 11 – 15 years 16 – 20 years, 26 – 30 years and 21 – 25 years tied with each indicating

7(15.6%). The remaining counterparts of 5(11.1%) indicated 6 – 10 years. The study revealed that most of the workers have worked from 1 – 5 years in the ministries and counties. Regarding professional technical background all the respondents 45(100%) indicated accounting and finance. This implied that all the respondents were accountants. 45(100%) of the respondents indicated they have ideas on IPSAS. The study then concluded that all the respondents have knowledge on IPSAS.

When responding on where they learnt about IPSAS the respondents indicated as follows 23(51%) indicated colleges while both 22(24.5%) indicated university and others respectively. The study revealed that majority of the respondents learnt about IPSAS in colleges. When asked on IPSAS providing vital information to allocate resources 23(51%) indicated agree, 8(22%) indicated both disagree and not sure. This implied that IPSAS provide vital information to allocate resources in the government ministries and counties in Kenya. The study also sought to determineif IPSAS provide information to evaluate performance of the respondents the majority 19(42%) indicated strongly disagree, and 16(24%), indicated not sure, 12(22%) indicated agree. The study concluded that IPSAS do not provide information to evaluate performance in the government ministries and counties.

When asked if IPSAS highlights government justification to its citizenry to raising of public resources the majority 27(60%) indicated agree, and 9(20%), indicated not sure, 8(18%) indicated strongly agree. The study concluded that IPSAS highlights government justification to raise taxes from citizensinthe government ministries and counties. When asked whether IPSAS promotes accountability 11(24.5%) both indicated strongly disagree, and disagree while 8(18%) both indicated not sure and agree, 7(16%) indicated strongly agree. The study concluded that IPSAS do not promote accountability among the government ministries and counties. This response may have been influenced by many corruption issues raised in audit report and echoed in the daily newspapers highlighting various cases on wastages of public funds by Ministries and counties.

Regarding whether IPSAS fulfils citizens to know how resources are used15(33%) both indicated disagree, and agree while 8(18%) indicated strongly agree, 4(9%) indicated strongly disagree. The study concluded that IPSAS do not fulfill citizens to know how resources are usedamong the government ministries and counties. When asked whether IPSAS strengths confidence in financial management 21(47%) indicated agree, while 10(22%) indicated strongly agree, 4(9%) indicated strongly disagree. The study concluded that IPSAS strengthen confidence in financial management in the government ministries and counties. Also IPSAS provides information useful in identifying opportunities for future use the response was as follows 25(56) indicated agree, 10(22) indicated strongly, 5 (11) indicated not sure 3(7) indicated strongly disagree and the remaining portion of 2(4) indicated disagree . This implied that IPSAS provides information useful inn identifying opportunities for future use.

According to IPSAS makes records to detect irregularities most of the respondents 15(33.4%) indicated agree, 11(24.4%) indicated not sure, 10(22.2%) indicated disagree and 5(11.1%) indicated strongly agree. The remaining portion of 4(8.9%) indicated strongly disagree. The study concluded that IPSAS makes records to detect irregularities in the government ministries and counties. The study sought to determine whether IPSAS makes records kept including audit that permits condition to trace all accounts to original source documents the majority 20(44.4%) indicated not sure those who indicated strongly disagree and disagree tied with 10(22.2%), those who indicated agree were 2(4.5%) while 3(7%) indicated strongly agree. The study concluded that IPSAS do not make records kept including audit that permits condition to trace all accounts to original source documents.The conclusion highlights the need to compliment IPSAS adoption in public sector backed by a strong and vibrant internal control and quality assurance practice in order to detect irregularities. IPSAS Helps Accounting system include all the information the response was as follows 18(40%) indicated strongly agree, while 11(24.5%) indicated strongly disagree, 8(18%) indicated agree. The study concluded that IPSAS helps accounting system include all the information in the government ministries. 21(47%) indicated agree, 16(36%) indicated strongly agree, both 4(9%) indicated disagree and not sure. The study concluded that IPSAS has harmonized and standardized accounting system in the government ministries and counties.

As per IPSAS has enhanced transparency and accountability 12(27%) indicated strongly agree, 10(22%) indicated strongly disagree, 7(16%) both indicated disagree and not sure. The researcher concluded that IPSAS has enhanced transparency and accountability in the government ministries and counties. IPSAS has improved decision making were of the following opinion 13(29%) indicated strongly agree, 10(22%) indicated strongly disagree, 8(16%) both indicated disagree and not sure. The study revealed that IPSAS has not improved decision making. On IPSAS aiding Consolidation of financial statement 15(33%) indicated not sure 11(24%) indicated disagree, 8(18%) indicated strongly disagree. The researcher concluded that IPSAS has not aided consolidation of financial statement in the government ministries and counties. Though theoretically IPSAS should aid in consolidation of financial statements, The Government is yet to produce its first consolidated financial statement.

When asked to respond on IPSAS has improved stakeholders satisfaction of reporting the response was as follows 15(33%) indicate strongly agree, while 8(18%) indicated strongly disagree, disagree and not sure. The study revealed that IPSAS has improved stakeholders satisfaction of reporting. When asked to respond regarding IPSASmakes risk identification to be carried out, 21(47%) indicated agree, 16(36%) indicated strongly agree while 4(9%) indicated strongly disagree. This study concluded that IPSASmakes risk identification to be carried out in the government ministries and counties in Kenya. Regarding IPSAS identify monitoring and financial reporting, 18(40%) indicated agree, both 7(16%) indicated strongly disagree and strongly agree. The study concluded that IPSASidentifies monitoring and financial reporting in the government ministries and counties in Kenya.

On whether IPSAS has defined appropriate objective for the enterprise management, 11(24%) indicated agree, 10(23%) indicated strongly agree while the remaining 8(18%) indicated strongly agree, disagree and not sure. The study concluded that IPSAS has defined appropriate objective for the enterprise management. When asked to indicate on compliance with IPSAS enhance the level of reporting the respondents were of the following opinion, 12(27%) indicated agree, 11(24.5%) indicated strongly agree, disagree and strongly disagree. The study implied the IPSAS has got no direct effect on compliance in enhancing the level of reporting. 20(44%) agreed, 13(29%) disagreed, 8(18%) strongly agreed. The study indicated that there is a little mismatch between the budget and accounting. The study therefore revealed the need to harmonize budget and financial reporting process and format.

When required to comment on legal framework for budgets conflict reporting of IPSAS the respondents indicated as follows, 20(45%) indicated agree, 10(22%) indicated strongly disagree and 7(16%) indicated disagree. The study fully concluded that legal framework for budget conflict reporting framework of IPSAS.

On whether budget 16(36%) indicated agree, 12(27%) indicated strongly agree, 8(18%) indicated disagree. The study concluded that budget affects IPSAS reporting in the government ministries and counties in Kenya. This study revealed that donor budgeting conditions does not affect IPSAS. As per the budget being analyzed and compared with the actual, the response was as follows, 17(38%) agree, 16(36%) indicated strongly agree, 10(22%) indicated strongly disagree and 7(16%) indicated disagree. The study concluded that budget is being analyzed and compared with the actual in the government ministries and counties. 11 (24.5%) both indicated strongly disagreed and agree, 8(18%) both indicated not sure and strongly agreed. The study indicated that there is a little correlation between the findings whether meetings are called to prepare for the budgets. 13 (29%)

both indicated agree, 12(27%) indicated strongly agree 7(16%) both indicated strongly disagree and disagree. The study concluded that IPSAS contributes to the realistic budget**.**

Regarding IPSAS assist in the budget process the respondents indicated as follows 16(36%) both indicated strongly disagree and agree, 7(16%) indicated strongly agree and 6(13%) indicated not sure. The study revealed that IPSAS do assist in budget process. 15 (33%) indicated agree, 13(29%) indicated strongly agree 8(18%) indicated disagree and 7(16) indicated strongly disagree. The study concluded that IPSAS prescribe the minimum standardof proper books of accountsin the government ministries and counties. As per IPSAS prescribe internal audit procedure with public financial management Act the response was as follows, 16(36%) indicated strongly agree, 11(24.5%) indicated agree and 12(27%) indicated not sure. The study concluded that IPSAS prescribe internal audit procedure with public financial management Act in the government ministries and counties in Kenya.

Regarding IPSAS conforms to international organization aid providers the response was as follows 33% indicated not sure, 20% indicated strongly agree, 18% indicated agree and 16% indicated disagree. The study revealed that IPSAS conforms to international organizational providers within the government ministries and counties. When responding regarding IPSAS accepted accounting and financial standards the response was as follows, 26(58%) indicated strongly agree,9(20%) indicated agree, 6(13%) indicated disagree while 5(11%) indicated strongly disagree. The study concluded that IPSAS accept accounting and financial standards in the government ministries and counties in Kenya. Respondents were requested to comment on the above parameter, the response was as follows, 24(53%) indicated strongly disagree, 12(27%) indicated disagree, 5(11%) indicated agree while 3(7%) indicated strongly agree and their remaining counterparts 1(2%) indicated not sure. The study revealed that IPSAS has got no effect on enhancing information accountability of regarding voters, and the general public.

5.3 Conclusion

The study revealed that most of the respondents attained Masters level of education in the ministries and counties in Kenya and all the respondents were accountant and they have knowledge on IPSAS of which they learnt about IPSAS in colleges. IPSAS provide vital information to allocate resources in the government ministries and counties in Kenya. The study concluded that IPSAS do not provide information to evaluate performance in the government ministries and counties also IPSAS highlights government justification to raise taxes from the citizensinthe government ministries and counties.

The study concluded that IPSAS do not promote accountability among the government ministries and counties. It also does not fulfill citizens to know how resources are used among the government ministries and counties. IPSAS strengthen confidence in financial management in the government ministries and counties. It provides information useful in identifying opportunities for future use. It also makes records to detect irregularities in the government ministries and counties. The study concluded that IPSAS do not make records kept including audit that permits condition to trace all accounting transactions to original source documents. The study concluded that IPSAS helps accounting system include all the information in the government ministries and counties. IPSAS has harmonized and standardized of government accounting system in the government ministries and counties in line with best practices in the world. IPSAS has enhanced transparency and accountability in the government ministries and counties.

The study revealed that IPSAS has not improved decision making and has no effect on consolidation of financial statement in the government ministries and counties. IPSAS has improved stakeholders satisfaction of reporting. It makes risk identification to be carried out in the government ministries and counties in Kenya and it identifies monitoring and financial reporting in the government ministries and counties in Kenya. IPSAS has defined appropriate objective for the enterprise management. It also implied that IPSAS has got no direct effect on compliance in enhancing the level of reporting. There is a little mismatch between the budget and accounting. The Government therefore needs to consolidate various fragmented financial statements of Government departments,Ministries and Counties into one consolidated financial statement of Kenya.

The study concluded that lack of continuous training of staff affects IPSAS reporting in the government ministries and counties in Kenya. It also revealed that nobudgetary support to acquire software and hardware affects IPSAS adoption. Budget is being analyzed and compared with the actual in the government ministries and counties. It indicated that there is a little correlation between the findings whether meetings are called to prepare for the budgets.

The study also concluded that IPSAS contributes to the realistic budget and IPSAS do assist in budget process. IPSAS prescribe the minimum standard of proper books of accounts in the government ministries and counties and prescribe internal audit procedure with public financial management Act in the government ministries and counties in Kenya. IPSAS conforms to international organizational providers within the government ministries and counties and accepts accounting and financial standards. The study revealed that IPSAS has got no effect on enhancing information accountability to voters, and the general public.

5.4 Recommendations

In line with the findings and conclusion of the study, the researcher would make the following recommendation:-

There is need to improve on information to evaluate performance in the government ministries and counties.

There is need to promote accountability among the government ministries and counties.

There is need to fulfill citizens to know how resources are usedamong the government ministries and counties.

There is need to improve on records keeping including audit that permits condition to trace all accounts to original source documents and better legal framework for budget that conforms with IPSAS reporting framework.

There is need to improve on meetings to prepare for the budgets and to promote information accountability regarding voters, and the general public.

There is need to re align the budget processing and reporting format in conformity with IPSAS reporting standards.

There is need for timeliness in terms of meeting statutory deadlines on submission of financial statements to auditors, release of audit reports and deliberation of the audit findings by parliamentary committees.

5.5 Further Studies

This study forecasted on the effect of implementation of IPSAS on Financial reporting in Public sector in Kenya after one year implementation of IPSAS in Kenyan Public sector, More studies on the same be conducted after intervals of three or five years .

Other studies geared towards strengthening the Public financial management for example the impact of integrated financial Management Systems (IFMIS) on Government financial Management.

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APPENDICES

Appendix I: Questionnaire

PART A:

GENERAL INFORMATION (background general information)

1. Please indicate your Gender.

   ( ) Male ( ) Female

2. Your Employer ……………………………………………………………………
3. Your designation……………………………………………………………….
4. What is your age bracket?

   ( ) 19 – 24 Years ( ) 30 – 34 Years

   ( ) 40 – 49 Years ( ) 35 – 34 Years

   ( ) 25 – 29 Years ( ) Over 50 years

5. What is your highest level of education?

   Secondary ( ) Mastersdegree ( )

   College diploma ( ) University degree ( )

   Others (please state) ……………………………………………………….

6. How many years have you worked in this **institution**?

   1-5 years ( ) 16-20 years ( ) 26-30 years ( )

   6-10 years ( ) 21-25 years ( ) Over 30years ( )

   11-15years ( )

7. What is your professionaltechnicalbackground?

   Accountancy and Finance ( ) Business, Economics and management ( )

   Politics and Governance ( ) Banking and financial Institution ( )

   Media, civilsociety ( )Media, civil society ( )

   Auditing and oversight ( ) Construction and Engineering ( )

   Teaching, Learning and Research ( )

   Others (please state)

   ……………………………………………………………………

GENERAL INFORMATION

(Background IPSAS information)

1. Do have an idea on what IPSAS is?

   ( ) Yes ( ) No

2. If the answer is No, then have you heard of IPSAS term anywhere?

   ( ) Yes ( ) No

3. If the answer is yes, then where did you learn aboutIPSAS?

   Secondary school ( ) Internet ( )

   College ( ) Seminars and Conferences ( )

   University ( ) Books and academic literatures ( )

   Others (please state) …………………………

Transparency of IPSAS adoption

No	Questions	Disagree	Disagree Strongly	No Opinion	Agree	Agree Strongly
	IPSAS has harmonization and standardization of Government accounting and reporting					
	IPSAS has enhancement Government transparency and accountability for all its resources					
	Has IPSAS improved of Government decision making					
	Has the consolidation of Government financial statements improved					
	Has corruption reduced after					

	the adoption of IPSAS?					
	IPSAS has improved the accountability aboutperformance of public sector					
	IPSAS has improved the quality of accounting system					
	IPSAS adoption has improved improved stakeholders satisfaction of Government reporting					

Financial Statement Disclosure

No	Questions	Disagree	Disagree Strongly	No Opinion	Agree	Agree Strongly
	Expensive cost of implementation of IPSAS					
	Complexity of recording of transactions under IPSAS					
	Lack of qualified accountant conversant with IPSAS Standards					
	Lack of trainings and retraining avenues for IPSAS					
	Lack of commitments from Government leaders					
	Lack of regulations					

	,guidelines and policies for IPSAS implementation					
	Lack of automated systems such as an integrated financial management system					

Comparability of Financial Statements

No	Questions	Disagree	Disagree Strongly	No Opinion	Agree	Agree Strongly
	Prescribe the minimum standards of maintenance of proper books of accounts for all levels of Government					
	Prescribe internal audit procedures which comply with public financial management act					
	IPSAS conform to international organizations or development aid providers					
	Set a generally accepted accounting and financial standards					
	IPSAS enhance information transparency and accountability of government to citizens, voters, their representatives, and the general public.					

Timeliness of the Financial Reports

No	Questions	Disagree	Disagree Strongly	No Opinion	Agree	Agree Strongly
	Accounting manuals need to be rewritten					
	Education and training of staff especially on production of IPSAS based financial statements .will also constitute a substantial amount of government outlay as the nation prepares to adopt IPSAS.					
	Availability of qualified accountants: Most of the Public sector and government agencies lack the necessary personnel to adequately carry out the changes in IPSAS as opposed to the financial reporting framework currently existing in the Public Sector.					
	Apparent complexities: The use of common language to bring uniformity across					

	cultures and governments in					
	Resistance: Not all government systems and administrative machinery will support IPSAS. Currently most of the Government agencies and departments have the Budget and Performance Monitoring Software (BEPEM) which is yet to be put to full use.					
	Lack of designed unified charts of accounts for cash and accrual basis accounting					
	Integrated financial management system or enterprise resource planning system					
	Availability of external and technical and financial assistance					
	Sufficient budgetary support to acquire software and hardware and hire qualified staff					

Investigation of key stakeholders satisfaction with IPSAS adoption in Kenya

No	Questions	Disagree	Disagree Strongly	No Opinion	Agree	Agree Strongly
	Providing vital information used to make decisions to allocate resources among Government units.					
	Providing information used to evaluate performances among Government units					
	It highlights Government justification to its citizenry to rising of public resources.					
	IPSAS promotes accountability of use of public funds by Government.					
	It fulfills the citizen right to know how public resources have been spent					
	It strengthens confidence in public sector financial management					
	It Provides information useful in identifying opportunities for future use of resources					

Appendix II: Government Ministries in Kenya

1. Office of President
2. Office of Deputy President
3. Ministry of Devolution and Planning
4. Foreign Affairs
5. Defense
6. Education
7. The National Treasury
8. Health
9. Transport and Infrastructure
10. Environment, Water and Natural Resource
11. Land, Housing and Urban Development
12. Information, Communication and Technology (ICT)
13. Sports, Culture and the Arts
14. Labour, Social Security and Services
15. Energy and Petroleum
16. Agriculture, Livestock and Fisheries
17. Industrialization and Enterprise Development
18. Commerce and Tourism
19. Mining
20. Judiciary
21. Auditor General
22. Ministry of Interior and Coordination of National Government

Appendix III: The Counties in Kenya

1. Baringo County
2. Bomet County
3. Bungoma County
4. Busia County
5. ElgeyoMarakwet County
6. Embu County
7. Garissa County
8. Homa Bay County
9. Isiolo County
10. Kajiado County
11. Kakamega County
12. Kericho County
13. Kiambu County
14. Kilifi County
15. Kirinyaga County
16. Kisii County
17. Kisumu County
18. Kitui County
19. Kwale County
20. Laikipia County
21. Lamu County
22. Machakos County
23. Makueni County
24. Mandera County
25. Marsabit County
26. Meru County
27. Migori County
28. Mombasa County
29. Murang'a County

30. Nairobi County
31. Nakuru County
32. Nandi County
33. Narok County
34. Nyamira County
35. Nyandarua County
36. Nyeri County
37. Samburu County
38. Siaya County
39. TaitaTaveta County
40. Tana River County
41. TharakaNithi County
42. Trans Nzoia County
43. Turkana County
44. UasinGishu County
45. Vihiga County
46. Wajir County
47. West Pokot County