

**FACTORS THAT INFLUENCE IMPLEMENTATION OF
STRATEGIES IN AUDITING CENTRAL GOVERNMENT
IN KENYA NATIONAL AUDIT OFFICE**

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DECLARATION

This project is my original work and has not been submitted for examination in any other university.

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DEDICATION

This project is specially dedicated to my wife Christine, my daughter Sophie and my late parents Erastus and Eunice.

They are my source of inspiration.

ABSTRACT

The environment in which organizations operate is dynamic and highly unpredictable. Employees of an organization are its greatest assets and therefore the manner in which an organization's strategies are implemented will have a marked impact on the employees as individuals and collectively as groups, be it positive or negative, either in the way they perform their duties or in the way they relate to each other and to the organization's other stakeholders. Implementation of strategies will always face challenges due to turbulence of environment in which the organization operates.

Kenya National Audit Office is a unique organization in the public sector whose vision is to be a lead agency in promoting good governance and effective accountability in the management of public resources while its motto is promoting accountability in the Public Sector. It is the only organization mandated by law to audit and report on public funds in Kenya making it Kenya's Supreme Audit Institution. By virtue of being the only organization authorized by law to audit the government's income and expenditure, Kenya National Audit Office is a member of English speaking International Organization of Supreme Audit Institutions and also a member of English Speaking African Organization of Supreme Audit Institutions.

The study sought to establish the factors that influence implementation of Kenya National Audit Office's strategies in the audit of Central Government and how to address the challenges.

The study used primary data collected through interviewing technical staff who comprise of branch managers, audit staff in Nairobi and audit staff in the Provinces at their places of work. Thus intensive data of several variables considered to be critical in the attainment of Kenya National Audit Office's Constitutional mandate with respect to audit of Central Government in their natural setting was collected and analyzed.

The technical staff are the ones who carry out the actual audit of Central Government while the management and senior management review their work. The audit findings made by the technical staff are either incorporated in the Auditor General's report or dropped all together by the senior management.

The study established that although the organization had embraced strategic planning as a way of fulfilling its mandate, the mission and vision were not well communicated to the technical staff. It also established that both management and senior management had a role to play in the timely submission of the report to parliament. The study was considered important as it would provide an insight into the challenges that are faced while auditing Central Government and how the challenges can be addressed.

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LIST OF ABBREVIATIONS

| | |
|------------------|--|
| AFROSAI-E | African Organization of English speaking Supreme Audit Institutions. |
| C E O | Chief Executive Officer. |
| G G V | Guidance for Good Governance. |
| ICT | Information and Communication Technology |
| INCOSAI | International Congress of Supreme Audit Institutions. |
| INTOSAI-E | International Organization of English Speaking Supreme Audit Institutions. |
| ISSAI | International Standards of Supreme Audit Institutions. |
| KENAC | Kenya National Audit Commission. |
| KENAO | Kenya National Audit Office. |
| LAFAC | Local Authorities Fund and Accounts Committee. |
| PAC | Public Accounts Committee. |
| PIC | Public Investments Committee. |
| PSC | Professional Standards Committee. |
| SAI | Supreme Audit Institution. |

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CHAPTER ONE: INTRODUCTION

1.1 Background of the study

This chapter will cover the background of the study, conceptual argument, overview of Kenya National Audit Office, research problem, research objectives and will also highlight value of the study.

1.1.1 Strategy implementation

Organizations including Government use strategic management to achieve their goals. Johnson and Scholes (2002) defined Strategic Management as the concerns by managers arising from the complexity arising out of ambiguous and non routine situations with organization wide rather than operation specific implications. He further argued that strategic management is characterized by ambiguity or uncertainty, complexity and it is organization wide. Strategic management is not only concerned with taking decisions about major issues facing the organization, it is also concerned with ensuring that the strategy is put into effect. The three main elements of strategic management are understanding the strategic position of an organization, strategic choices for the future and turning strategy into action.

Strategic position is concerned with the impact on strategy of the external environment, internal resources and competences and the expectations and influence of stakeholders. Strategic choices involve the underlying bases for future strategy at both the corporate and business unit levels. It also considers the options for developing strategy in terms of both the directions and methods of development.

Translating strategy into action is concerned with ensuring that strategies are working in practice. A strategy is not just a good idea, a statement or a plan. It is only meaningful when it is actually being carried out. This can be in terms of; structuring the organization to support successful performance, enabling success through the way in which separate resources support the strategies and embracing change. This may include changing day to day routines, cultural aspects of the organization and overcoming political blockages to change.

Pearce, Robinson and Amita (2010) defined strategic management as the set of decisions and actions that result in the formulation and implementation of plans designed to achieve the objectives of a company.

Employees of an organization are its greatest assets. Any changes that are being implemented in the organization will have a marked impact on the employees as individuals and collectively as groups, be it positive or negative. This is with effect to the way they relate to each other or the way they perform their duties. They also observed that Strategic Management has three parts; formulation, implementation and control. My study will concentrate on implementation part of Strategic Management.

Strategy is the direction and scope of an organization over the long term; which achieves advantage for the organization through its configuration of resources within a changing environment, Johnson and Scholes, (2007).

1.1.2 Overview of Kenya National Audit Office

Kenya National Audit Office, KENAO is an organization in the public sector whose vision is to be a lead agency in promoting good governance and effective accountability in the management of public resources while its motto is promoting accountability in the Public Sector.

The Office of the Controller and Auditor General was established in 1955 under the Exchequer and Audit Act, Cap 412 and was subsequently entrenched in the constitution at independence in 1963. The Controller and Auditor General, who enjoys security of tenure used to be appointed by the President and vacate the office when he or she attained the prescribed retirement age which was set at 65 in 2003 through the enactment of Public Audit Act. Operations of the office are governed by three statutes, namely; The Constitution of Kenya, Exchequer and Audit Act, Cap 412 and The Public Audit Act 2003. Following the enactment of the Public Audit Act 2003, Kenya National Audit Commission, KENAC chaired by the Controller and Auditor General and KENAO were established. KENAO refers to the Controller and Auditor General and staff working under him or her.

Prior to the enactment of Public Audit Act 2003, the organization had previously been divided into two separate and independent organizations namely; Office the Controller and Auditor General and The Auditor General, Corporations. The Office of Controller and Auditor General was in charge of audit of Government Ministries, National Assembly and Commissions established under the Constitution of Kenya while the Auditor General, Corporations was in charge of the audit of all

State Corporations. Following the enactment of the Public Audit Act 2003, the two organizations were merged to create KENAO and the audit of Local Government incorporated. Subsequently, The Controller and Auditor General was required to submit to Parliament audit report on all Local Authorities within eleven months after the end of financial year to which the report relates.

Strategic management in KENAO was adopted in the year 2004 resulting to a strategic Plan 2004 -2009, being the first strategic Plan since the inception of the Office of the Controller and Auditor General in 1955. Upon re-assessment of the environment the office came up with a revised Strategic Plan 2007 – 2012 which is also being revised to accommodate the changes brought about by the new Constitution in 2010.

According to KENAO's may 2011 staff bulletin, the office has a current staff capacity of 883 staff composed of 666 Auditors and Audit Examiners and 217 Administrative and Support Staff. The members of staff are deployed in five departments, namely; Finance, Administration and Human Resource, Central Government, State Corporations, Local Authorities and Specialized Audits. Each Department is headed by a Deputy Auditor General. Out of the 666 Auditors and Audit Examiners, 284 or approximately 43% of audit staff in KENAO are in Central Government.

KENAO by virtue of being the only organization authorized by law to audit the government's income and expenditure is Kenya's Supreme Audit Institution (SAI), a member of International Organization of Supreme Audit Institutions, (INTOSAI) and also a member of English Speaking African Organization of Supreme Audit Institutions (AFROSAI-E).

KENAO's mandate is enshrined in the Constitution of Kenya and other enabling Acts of Parliament. Macmillan English Dictionary (2002) defines mandate as an official order to do something or authority given to someone to do something. The old Constitution provided that it shall be the duty of the Controller and Auditor General; to satisfy himself that any withdrawal from the consolidated Fund is authorized by law; to satisfy himself that all moneys that have been appropriated by Parliament have been applied for purposes for which they were appropriated and that expenditure conforms to the authority that governs it; and at least once in every year to audit and report on the public accounts through the Minister for Finance who lays the report before the National Assembly.

Public audit Act 2003 provides that; Treasury shall prepare accounts showing Government financial position at the end of every financial year and submit them to the Controller and Auditor General within three months after end of each financial year which is 30 June; The Controller and Auditor General shall audit the accounts and express an opinion on them by preparing a report on the audit and submit it to the Minister responsible for finance within six months after end of financial year, i.e. 31 December of respective year.

The Auditor General also carryout environmental auditing focusing on Environmental Impact Assessment for Sustainable Development and Resource Management, carryout Regulatory Compliance Audit through ascertainment of compliance with legislation, policy, rules and regulations; and also assess the extent of Economy, Efficiency and Effectiveness in the management of public resources through Performance Audit (value for money audit).

Under the new Constitution in 2010, the Office of Controller and Auditor General was split into Office of the Auditor General and Office of the Controller of budget. These are two independent offices with different mandates. Under Office of the Auditor General, the Constitution provided that there shall be an Auditor-General who shall be nominated by the President and with the approval of the National Assembly, appointed by the President. To be qualified to be the Auditor-General, a person shall have extensive knowledge of public finance or at least ten years experience in auditing or public finance management. The Auditor-General should hold office for a term of eight years and should not be eligible for re-appointment thereafter. Within six months after the end of each financial year, the Auditor-General should audit and report, in respect of that financial year, on; the accounts of the National and County Governments; the accounts of all funds and authorities of the National and County Governments; the accounts of all Courts; the accounts of every Commission and Independent Office established by the Constitution; the accounts of the National Assembly, the Senate and the County Assemblies; the accounts of Political Parties funded from public funds; the Public Debt; and the accounts of any other entity that legislation requires the Auditor-General to audit, Constitution of Kenya, (2010).

With regard to The Controller of Budget, the new Constitution provided that he or she should oversee implementation of the budgets of National and County Governments by authorizing withdrawals from public funds and that he or she should hold office for a term of eight years and should not be eligible for reappointment. The Controller of Budget was prohibited from approving any withdrawal from a public fund unless satisfied that the withdrawal is authorized by law, Constitution of Kenya, (2010).

In accordance with Public Audit Act 2003, KENAO should complete and submit to parliament through the Minister responsible for finance audit reports for Central Government, State Corporations, National Assembly and Commissions within six months after the end of financial year or other period to which the accounts examined and audited relate.

The audit reports for Local Authorities should be completed and submitted to parliament through the Minister responsible for finance within eleven months after the end of the financial year to which the reports relate. Also, KENAO as and when necessary actively and effectively assist parliament through Public Accounts Committee (PAC), Public Investment Committee (PIC) and Local Authorities Fund and Accounts Committee (LAFAC).

In order to fulfill its mandate and generate fair, objective and balanced audit reports, KENAO's organizational structure was comprised of five (5) distinct Departments all reporting to the Auditor General. These departments were; Central Government Department which handle audits of accounts of all ministries including Provincial Offices and Commissions as well as donor funded projects falling under Central Government, National Assembly and the Judiciary. State Corporations Department audits accounts of all State Corporations and donor funded projects falling under such Corporations. Local Government Department examined accounts of all Local Authorities in the country. Specialized Audit Department handled new and emerging audits including value for money, forensics and environmental audits as well as computer assisted reviews while Finance, Administration and Human Resource department provided support services to

the other four departments. It dealt with Finance, Administration, Human Resources, ICT, Quality Assurance, Training and Research.

Staff in KENAO was divided into four categories. These are, Senior Management, comprising of the Auditor General and his or her Deputies, Management; comprising of Directors of Audit, Deputy Directors of Audit and Assistant Directors of Audit. Technical staff is made up of Branch managers who are; Principal Auditors and Senior Auditors, and audit staff working under them. Audit staff comprise of; Auditor 1's, Auditor 11's, Auditor 111's, Audit Examiner 1's, Audit Examiner 11's, Audit Examiner 111's and Audit Examiner Trainees. Finally Support staff who include; Clerical Officers, Drivers, Secretaries, Office Assistants and Cleaners.

1.2 Research problem

Employees are deemed to be major stakeholders in any organization. A critical factor influencing performance and subsequent fulfillment of mandate is how employees perceive the various initiatives that the management introduces to realize its strategic goals (Kibui 2009). KENAO, being the SAI in Kenya underwent tremendous changes since 2003 when it was established under the Public Audit Act with an expanded mandate. The expanded mandate led to the establishment of new audit units to cover new and emerging audits including Environmental Audits, Public Debt, Forensic Audits, Computerized Audits, and Quality Assurance. A new organization structure was established to create the need for KENAO to put in

place new systems and build additional capacity to enhance efficiency and effectiveness in its operations. Changes in the structure and mandate of KENAO created new positions and abolished others and as such there was need to re-align staff. Further, KENAO strengthened the skills of employees through induction programmes, training, recruitment of qualified staff and continuous collaboration with other SAI's as well as private audit firms in Kenya (Gathungu 2008).

Despite this KENAO had a turnover of sixty three Auditor 11's during the last one year according to KENAO staff bulletin May (2011) to Central Bank of Kenya and Kenya Anti- Corruption Commission among others.

Mintzberg and Quinn (1994), stated that ninety percent of well formulated strategies fail at implementation stage and that only ten percent of formulated strategies are implemented successfully while Kibui (2009) observed that strategy implementation is a more challenging and delicate task than formulation since strategists cannot afford to be abstract or desk work oriented. Delicate and sensitive issues such as resource mobilization, culture changes, restructuring, policy and leadership changes have to be addressed.

Various studies have given insight into the approaches, challenges and practices by various Kenyan organizations including KENAO in the implementation of their strategy. Kibui (2009) studied challenges of strategy implementation in KENAO. She identified organization culture that is, the traditional way of doing things as one of the major challenges. Lack of team spirit, lack of proper communication where officers are often surprised with new operations without knowing the basis of change, lack of

enthusiasm in implementation and ownership of strategic plan by the staff, unsound rewarding system, where high performers are not rewarded accordingly and external factors which are out of control of KENAO leaders as some of the challenges facing it's strategy implementation.

She concluded that there is no one way of dealing with strategy implementation challenges but effort should be geared towards deploying a combination of strategies. She then recommended that the study be replicated in KENAO focusing on the views of lower managers and audit staff.

A study of capacity management strategies (Ochieng 2006), indicated that there is a limitation when targeting senior management only in an organization to provide data on behalf of their departments, as they may concentrate on reporting what is expected instead of what the reality on the ground is, to protect their positions as strategy implementers and to indicate success in their initiatives.

Research gap of the study related to the fact that the actual audit of Central Government accounts was carried out by the technical staff, reviewed by the Management and either adopted into the report of Auditor General or dropped all together by the Senior Management. Besides reviewing the audit work, the Management also coordinated the audit and facilitated audit inspections during systems and final audits. An analysis of the Central Government audit reports for the past six financial years indicated that the Auditor General's reports were submitted to Parliament four to five months after the Statutory deadline of 31 December each year. This was despite the fact that in exercise of his or her functions as spelt out in both the

Constitution and Public Audit Act 2003, the Auditor General was not subject to control or direction by any person or authority. It was therefore clear that there were certain factors that influenced the audit of Central Government which subsequently affected submission of Auditor General's report to Parliament.

This research was therefore set to study these factors with regard to audit of Central Government at the technical level.

Research questions considered were the following.

- i) Is there professional competence and due care in the audit of Central Government?
- ii) How can the challenges facing implementation of KENAO's strategies be addressed to ensure timely submission of Auditor General's reports to Parliament as required by law?

1.3 Research objectives

The objectives of the study were;

- i) To analyze factors that influence the implementation of KENAO's strategies in the audit of Central Government at the technical level.
- ii) To establish how the challenges facing implementation of KENAO's strategies can be addressed to ensure timely submission of Auditor General's reports to Parliament.

1.4 Value of the study

The study was important to the Management of KENAO and other public institutions as it provided information on factors affecting implementation of strategies. It also gave feedback on strategy implementation and how it was viewed by technical employees.

It assisted KENAO in ensuring successful and continuous implementation of strategies by addressing the factors. Future scholars will find the study findings useful as a basis for further research. They will therefore extend, refine or validate the findings of this study.

To taxpayers, audit reports give independent opinion on how the government utilizes the taxes. When that information on tax utilization indicates that the taxes are not well utilized, then taxpayers can form pressure groups to ensure that the government utilizes the funds in a way that is efficient, effective and economical.

CHAPTER TWO: LITERATURE REVIEW

2.1 Concept of strategy

Strategy is the means by which an organization seeks to meet its objectives. It is deliberate choice and a decision to take a course of action rather than reacting to circumstances. It focuses on long term significant goals rather than day to day operating matters. Gathungu, (2008) quoted Price (2001).

Mintzberg, (1994) gave five interrelated definitions of strategy as; a plan, ploy, pattern, position and perspective. Strategy as a plan views it as some form of consciously intended course of action developed deliberately and designed in advance of actions it governs. As a ploy, strategy is where an organization employs a maneuver to outsmart a competitor and shed off competitor threat. Strategy as a pattern is where strategy is developed in the absence of intentions and without pre conceptions thereby emerging from stream of actions and is only visualized after the event it governs. Strategy as a position involves locating an organization in the environment in order to achieve or maintain a sustainable competitive advantage. As a perspective, strategy is a somewhat abstract concept existing in people's mind.

Burnes (2004) quoted Mintzberg (1998 b) as indicating that what is viewed as important is that everyone in the organization shares a common view of its purpose and direction which informs and guides decision making and actions. Johnson, (2002) has three basic views of strategy; the rationalistic view, adaptive or incremental view and the imperative view. The rationalistic view sees strategy as the outcome of a series of preplanned actions designed to achieve the stated goals of an organization in an optimal fashion. The adaptive or incremental view looks at

strategy as evolving through an accumulation of relative changes over time while the imperative view sees strategy as product of individual and collective attempt to interpret past events. John et al (2010) defined strategy as large scale, future oriented plans for interacting with the competitive environment to achieve company objectives.

Johnson and Scholes, (2007) indicated that strategies exist in a number of levels in an organization. There exists Corporate level strategy which is concerned with the overall purpose and scope of an organization and how value will be added to the various business activities of the organization. Business level strategy relate to the operation and direction of each of the individual businesses within an organization and functional level strategy concern business functions and processes such as finance, marketing, manufacturing technology and human resource.

Strategy in an organization has to be properly formulated, implemented and controlled to ensure success. Strategic management therefore includes understanding the strategic position of an organization, making strategic choices for the future and turning strategies into actions. In order to ensure success, an organization has to continuously scan its environment both internally and externally to determine the changes that have to be made to a firm's strategy and internal capability due to dynamism and turbulence taking place in the environments in which organizations exist (Ansoff and Mc Donell 1990).

2.2 Auditing practices in Central Government

The department of Central Government in KENAO was charged with the responsibility of auditing Government Ministries and Departments, Courts, National Assembly, Commissions established under the Constitution and any other institution connected with Government. Cadbury report, (1978) as quoted by Mukiri, (2009) identified the types of audits as Operational audits, Financial and Administration audits, Compliance audits and Information and Communication Technology audit.

To be productive, the auditor must ensure that he maintains objectivity and effectiveness in an audit. Objectivity is maintained by ensuring that an appropriate relationship exists between the auditors and the management whose systems are audited. They must apply professional skills impartially and maintain a critical detachment and conscious of their credibility to those who formally appoint them. The auditor must operate and be seen to operate in an environment that is free from any influence, interest or relationship that might impair professional judgment or objectivity.

International Organization of Supreme Audit Institutions Journal Volume 38, (2011) observed that the nature of public auditing requires that SAIs be independent. SAIs face a series of challenges related not only to successful and professional auditing, but also to the whole process of public finance auditing, its related strategies and resources, as well as the capacities needed to ensure the preservation, proper use, and profitability of public funds.

International Organization of Supreme Audit Institutions Journal Volume 37 (2010) provides that with the adoption of thirty seven new International Standards of Supreme Audit Institutions (ISSAIs) and INTOSAI's Guidance for Good Governance(GGGs) at the INCOSAI in South Africa, the ISSAI framework offered access to more than seventy tailor made Public Sector Auditing Standards and Guidelines. Since 2005, the primary task of the Professional Standards Committee (PSC), was to develop ISSAIs and INTOSAI GGGs. This work was performed by the dedicated and committed members of PSC subcommittees in close cooperation with the Capacity Building and Knowledge Sharing Committees. With a complete set of ISSAIs at hand, the PSC shifted its main focus from developing ISSAIs to raising awareness of them. In performing this new task, the PSC not only relied heavily on input from the Capacity Building and Knowledge Sharing Committees but also drew on the INTOSAI Development Initiative's vast experience. This emphasized on the need for professionalism in audit of Public Sector accounts.

External auditors are generally chosen by the CEO or by an audit committee and shareholders or members normally affirm such choices. In the end, the auditor may act in the interest of the managers who hire him, rather than the interest of the shareholders who own the company. A comparison of this with the audit of Central Government is that the shareholders were Kenyan taxpayers, Management in Ministries was headed by Permanent Secretaries, Registrar of Judiciary, Clerk of National Assembly as Accounting Officers or CEO's while appointment of external auditor, The Auditor General, was governed by the Constitution. The Auditor General submitted his/her report to Parliament which debated the report and made recommendations.

IFAC as quoted by Mukiri (2008), identified potential threats to auditors' independence as self interest, self review, advocacy, familiarity and intimidation. Self review results in audit firm auditing its own work, while intimidation arises when the auditor is threatened with displacement over disagreement on the application of accounting principles or other issues.

Morrison (1971) as quoted by Mukiri (2008), gave the main reason for audit report as that it imparts trust in the investor hence leading to decisions to invest in a company or not. He argued that trust is a prerequisite and if so, the audit report becomes a vehicle to this end. The audit of accounts guards the investor against uncertainty in future, yet the future is uncertain. She further argued that while the auditor's report does not turn uncertainty to certainty, it provides unbiased assessment of the appropriateness of the decisions made by the management.

Willing investors in the case of Central Government include donors and other development partners who rely on the Auditor General's report for the opinion on the truthfulness and fairness of the financial statements prepared by the ministries which are funded by the donors.

International Organization of Supreme Audit Institutions Journal Volume 37, no.2 (2010), provided that INTOSAI's Capacity Building Committee (CBC) identified a SAI's need for appropriate audit working methods, guidance and manuals. A SAI must have audit methods that correspond to its role and mandate, available resources, its staff's skills, and the context in which it operates. An audit methodology provides guidance on

how an SAI should carry out its mandate, and audit manual sets out that methodology. The manual supports the standardization of auditing procedures within an SAI and is also used as a reference book. It covers important areas such as an SAI's internal procedures, audit mandate and objectives, audit planning, audit tools and techniques, audit findings, and reports. An audit manual can be supplemented by specific audit guides on topics such as performance audit standards.

Further, International Organization of Supreme Audit Institutions Journal Volume 38 no.1, 2011 emphasized on audit capacity building where it observed that SAIs must develop new methodologies and analytical capabilities to address changes in technology and management systems of public institutions. SAIs must be equipped to fully carry out their roles in assessing not only the regularity and compliance of financial transactions but also economy, efficiency, and effectiveness in the use of public resources. To build solid, accountable, legal, and compliant financial auditing, SAIs must assess and measure the public institutions' performance on operations and projects

2.3 Importance of audit of Central Government

Shaistal (2005) argued that auditors are the only independent whistle blowers that shareholders can rely on when the management of a company goes wrong. The auditor plays an important role in verifying accounting information. In the case of Central Government, the Auditor General raise reports to taxpayers through Parliament by giving independent opinion on how the government utilizes the taxes. When that information on tax utilization indicates that the taxes are not well utilized, then

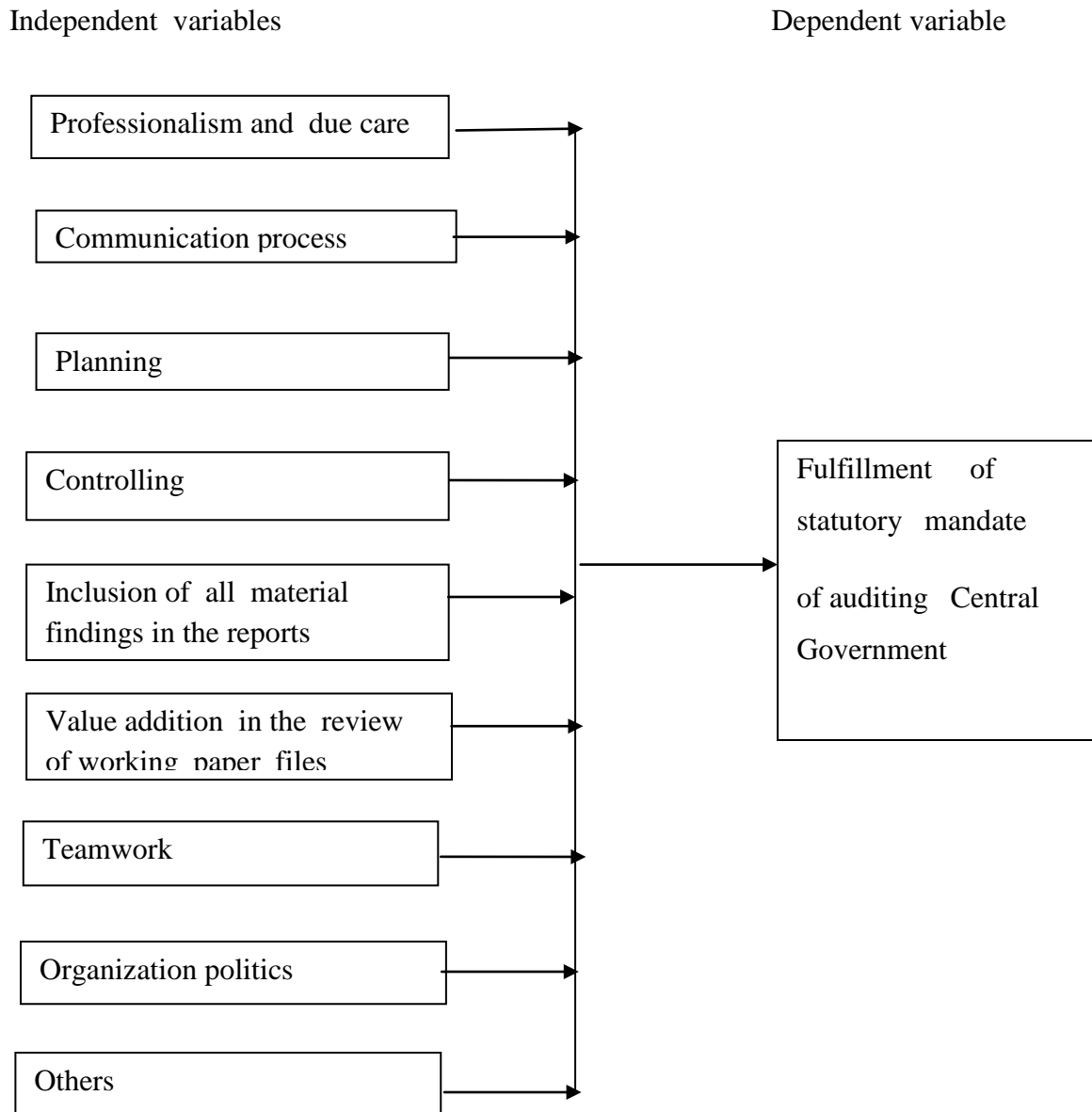
taxpayers can form pressure groups to ensure that the government utilizes the funds in a way that is efficient, effective and economical.

Development partners use Auditor General's report to assess the utilization of their funds and subsequent disbursement of funds for the projects is also pegged on proper utilization of donor funds. Donors obtain this information from audit certificates issued by the Auditor General.

2.4 Conceptual framework

The following factors affected the fulfillment of KENAO's statutory mandate with respect to audit of Central Government.

Figure 2.1. Attainment of KENAO's mandate.



Source: Researcher

The independent variables revolve around resource mobilization, culture changes, restructuring, policy, management and leadership matters while the dependent variable is fulfillment of statutory mandate of auditing Central Government.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research design

A research design can be thought of as the structure of research. It is the glue that holds all the elements in a research project together. A design is used to structure the research, to show how the major parts of the research project work together to address the central research questions, Kombo and Tromp (2006).

Orodho (2003) defined research design as the scheme, outline or plan that is used to generate answers to research problems. It is the conceptual structure within which research is conducted and contains blueprint for collection, measurement and analysis.

This study was case study aimed at establishing factors that influence implementation of strategies in the audit of Central Government by KENAO. The purpose of a case study is to collect comprehensive, systematic and in-depth information about a particular case of interest Kombo (2006).

3.2 Data collection

Kombo (2006) defined data collection as gathering specific information aimed at proofing or refuting some facts. He further argued that the researcher must have a clear understanding what he or she hopes to obtain and how to obtain it. Therefore the researcher must have a clear vision of the instruments to be used, the respondents and the selected area. Primary data was gathered directly from the respondents using an interview guide as indicated in appendix II.

The researcher developed the interview guide which means that the interview was semi structured. Kombo (2006) defined semi structured interviews as questions asked orally based on the use of an interview guide. He further argued that semi structured interviews are advantageous because they are flexible and enable gathering of in depth information.

The researcher interviewed KENAO employees at the technical level by visiting them at their places of work. Areas covered in the interview guide included; professionalism and due care, communication process in terms of strategies and progress of audit between the management and the audit staff, planning, control, inclusion of audit staff's observations in the reports, value addition to audit staff's work through review of audit working paper files by the management, teamwork in the audit process, organization politics. The researcher also sought to find out whether there were other factors from the respondents.

3.3 Data analysis

This involves uncovering structures, extracting important variables, detecting any anomalies and testing any underlying assumptions, Kombo (2006).

The study was qualitative research where intensive data of several variables in natural setting was collected. Qualitative data on views of respondents was categorized into three classes, namely; branch managers, audit staff based in Nairobi and audit staff based in the provinces. The study findings were then presented in prose form, pie charts and bar graphs in accordance with the research objectives.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter will discuss KENAO's past performance, data analysis, population of the study, factors that influence the implementation of the strategies with regard to KENAO's strategic plans 2004-2009 which was revised to 2007-2012 and how the challenges facing the implementation of the strategies can be addressed to ensure timely submission of Auditor General's reports to Parliament.

4.2 Data analysis

Data analysis refers to examining what has been collected and making deductions, Kombo (2006).

4.2.1 KENAO's past performance

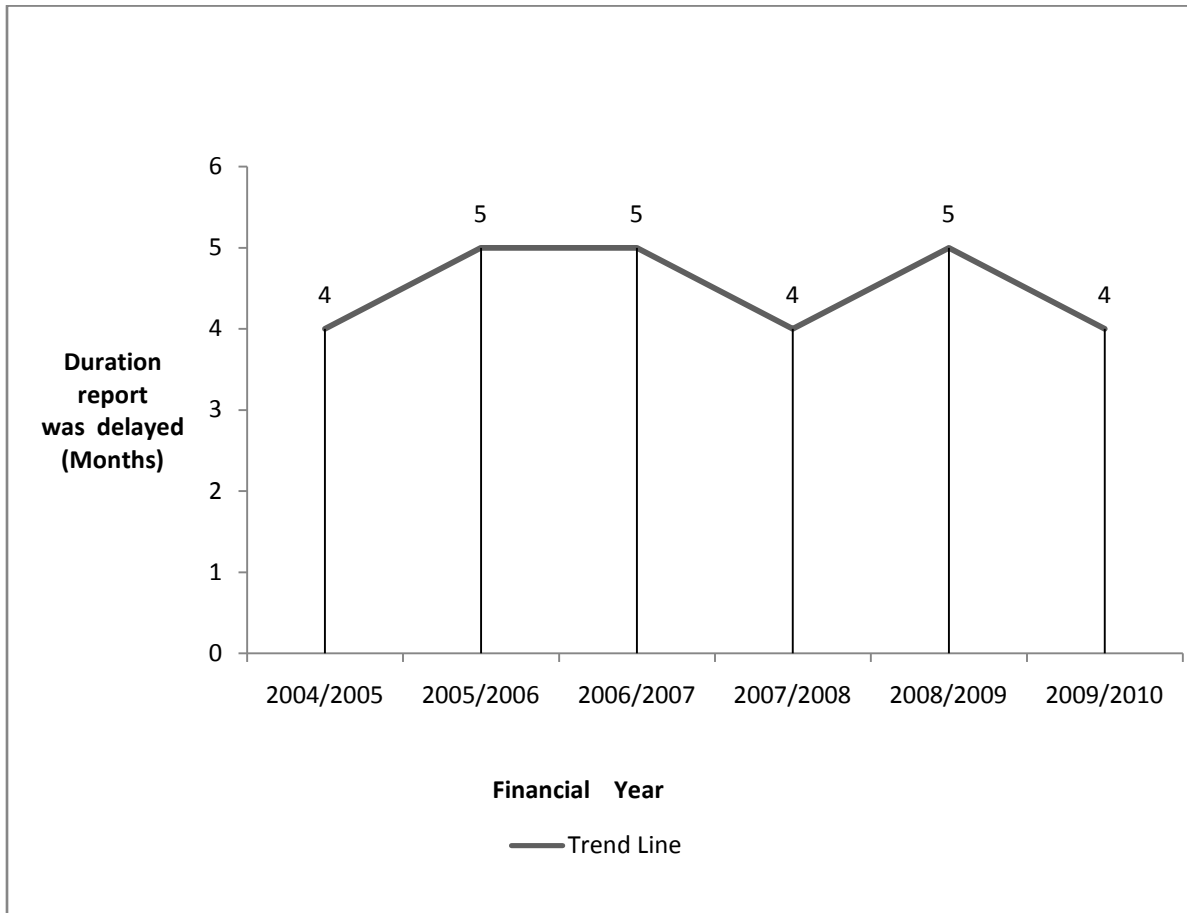
An analysis of the Central Government audit reports for the past six financial years indicated that the Auditor General's reports were submitted to Parliament four to five months after the Statutory deadline of 31 December each year. This was despite the fact that in exercise of his or her functions as spelt out in both the Constitution and Public Audit Act 2003, the Auditor General was not subject to control or direction by any person or authority. Details of the performance are as indicated in the table and figure overleaf.

Table 4.1 KENAO's past performance

| Financial year to which report relates. | Date Auditor General was expected to sign report | Date on which report was signed by Auditor General. | Duration by which the report was late. |
|---|--|---|--|
| 2004/2005 | 31 December 2005 | 20 April 2006 | Four months |
| 2005/2006 | 31 December 2006 | 14 May 2007 | Five months |
| 2006/2007 | 31 December 2007 | 29 May 2008 | Five months |
| 2007/2008 | 31 December 2008 | 28 April 2009 | Four months |
| 2008/2009 | 31 December 2009 | 19 May 2010 | Five months |
| 2009/2010 | 31 December 2010 | 26 April 2011 | Four months |

Source: Reports of the Controller and Auditor General.

Figure 4.1 KENAO's past performance



Source: Researcher

4.2.2 Population of the study

KENAO's office establishment was as per old Constitution where branches were at various ministries' headquarters in Nairobi and in the provinces. However with the enactment of a new Constitution in 2010, the establishment of the office was set to change due to the requirement that the Auditor General set offices in all the forty seven counties. One branch at the ministry headquarters audited more than one

ministry while branches in the provinces audited ministries and government departments in the respective province.

The population targeted by the study consisted of thirty two branch managers in Nairobi and in the provinces, one hundred and eighty nine auditors in Nairobi and sixty three auditors in the provinces. Staff list as at may 2011 was obtained from the Human Resource Department and the above information extracted.

Stratified random sampling was used to select the sample. Levin *et al* (2008) as quoted by Gathungu (2008) noted that stratified sampling is efficient as it ensures representation of items across the entire population. Gay (1981) as cited by Gathungu (2008) advocates a sample size of thirty and above or at least ten percent of the accessible population as adequate, as a rule of thumb.

The target population was divided into three strata comprising of branch managers, audit staff based in Nairobi and audit staff based in the provinces. Audit staff refers to auditors and audit examiners who do audit work and report directly to branch managers. A sample size of fifteen percent was considered adequate for this study. The following table indicates the sample size used.

Table 4.2 Sample selection.

| Strata | Population | Target sample size (15%) | Number interviewed | Response rate (%) |
|--------------------------|------------|--------------------------|--------------------|-------------------|
| Branch Managers | 32 | 5 | 6 | 120 % |
| Audit staff in Nairobi | 189 | 29 | 39 | 134 % |
| Audit staff in Provinces | 63 | 10 | 10 | 100 % |
| Total | 284 | 44 | 55 | 125 % |

Source: Researcher.

4.3 Factors that influence implementation of KENAO's strategies in auditing Central Government

The study established that KENAO was not able to meet the statutory deadlines of submitting Auditor General's reports to parliament as detailed in table 4.1. Implementation of KENAO's strategies could have been affected by the factors discussed here after. The responses on the factors from those who participated in the study as indicated in table 4.2 are analyzed overleaf.

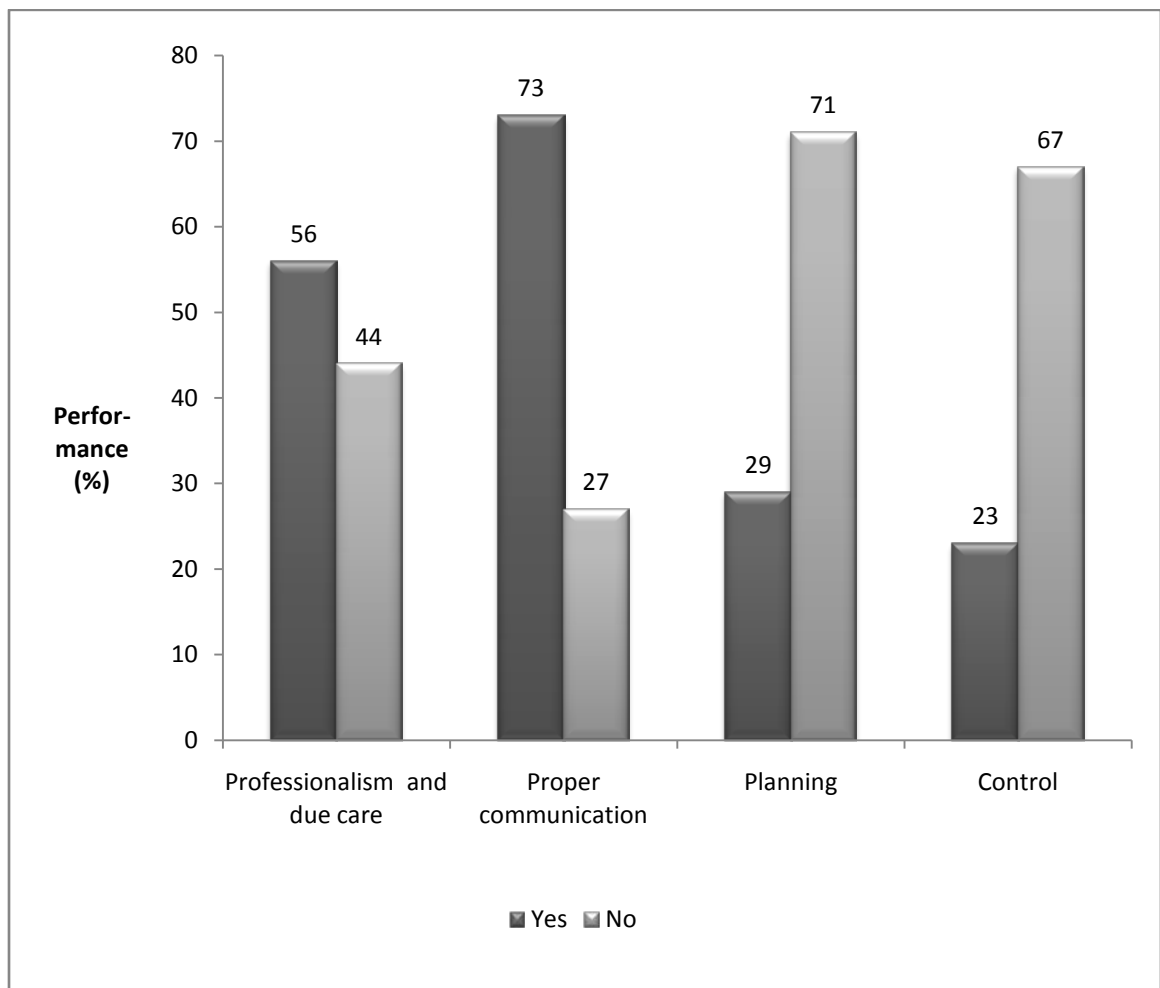
Table 4.3 Interview response analysis

| | Branch Managers | | Audit staff Nairobi | | Audit staff Provinces | | Average | |
|--------------------------------|--------------------|-----------|------------------------|-----------|--------------------------|-----------|------------|-----------|
| | Yes (%) | No (%) | Yes (%) | No (%) | Yes (%) | No (%) | Yes (%) | No (%) |
| Professionalism and due care | 33 | 67 | 71 | 29 | 64 | 36 | 56 | 44 |
| Communication process | 100 | 0 | 43 | 57 | 77 | 23 | 73 | 27 |
| Planning | 50 | 50 | 14 | 86 | 23 | 77 | 29 | 71 |
| Control | 67 | 33 | 14 | 86 | 18 | 82 | 23 | 67 |
| Inclusion of material findings | 20 | 80 | 0 | 100 | 14 | 86 | 11 | 89 |
| Value addition in review | 100 | 0 | 72 | 28 | 64 | 36 | 79 | 21 |
| Teamwork | 50 | 50 | 14 | 86 | 50 | 50 | 38 | 62 |
| Organization politics | 33 | 67 | 43 | 57 | 14 | 86 | 30 | 70 |
| Average response | 57 | 43 | 34 | 66 | 41 | 59 | | |

Source: Researcher

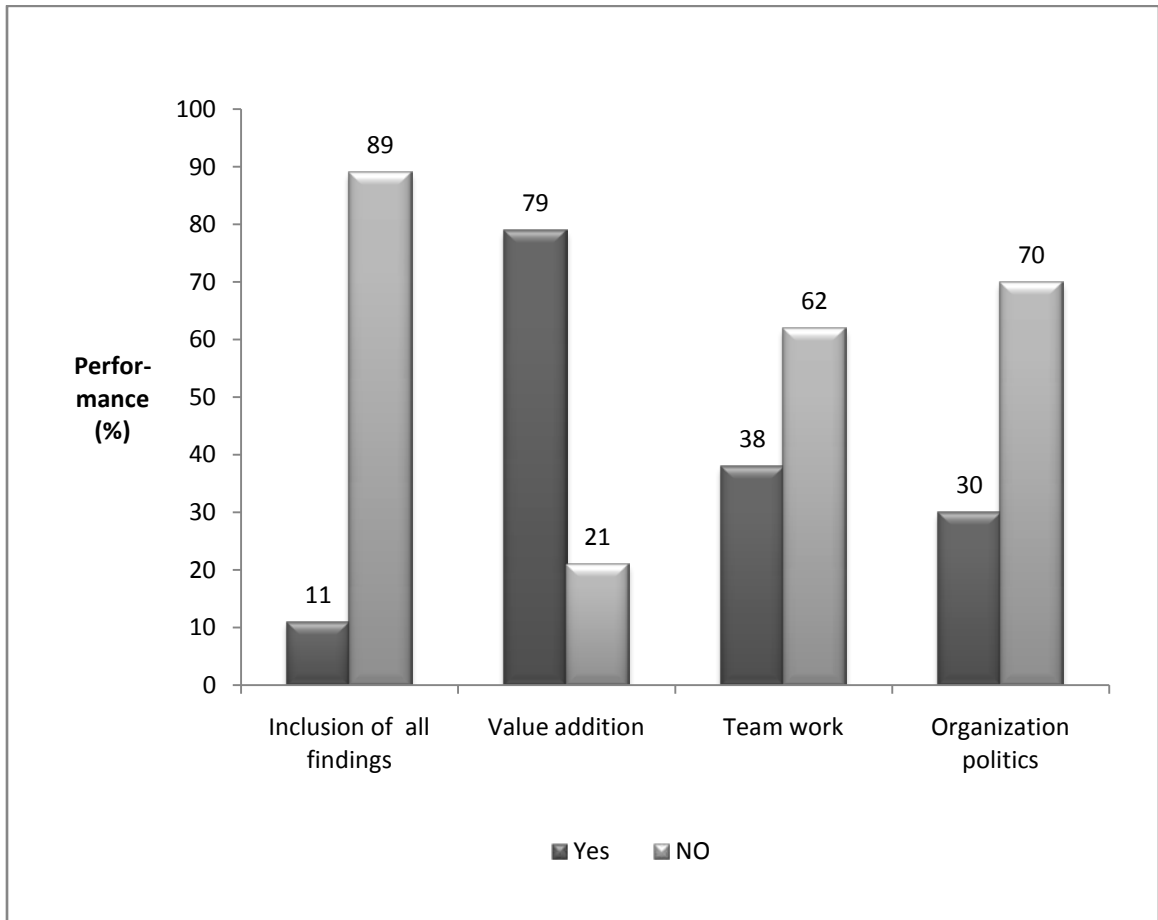
These results are further presented in the following figures.

Figure 4.2(a) Summarized views of technical staff on the factors



Source: Researcher

Figure 4.2(b) Summarized views of technical staff on the factors



Source: Researcher

The above factors are also discussed below.

4.3.1 Professionalism and due care

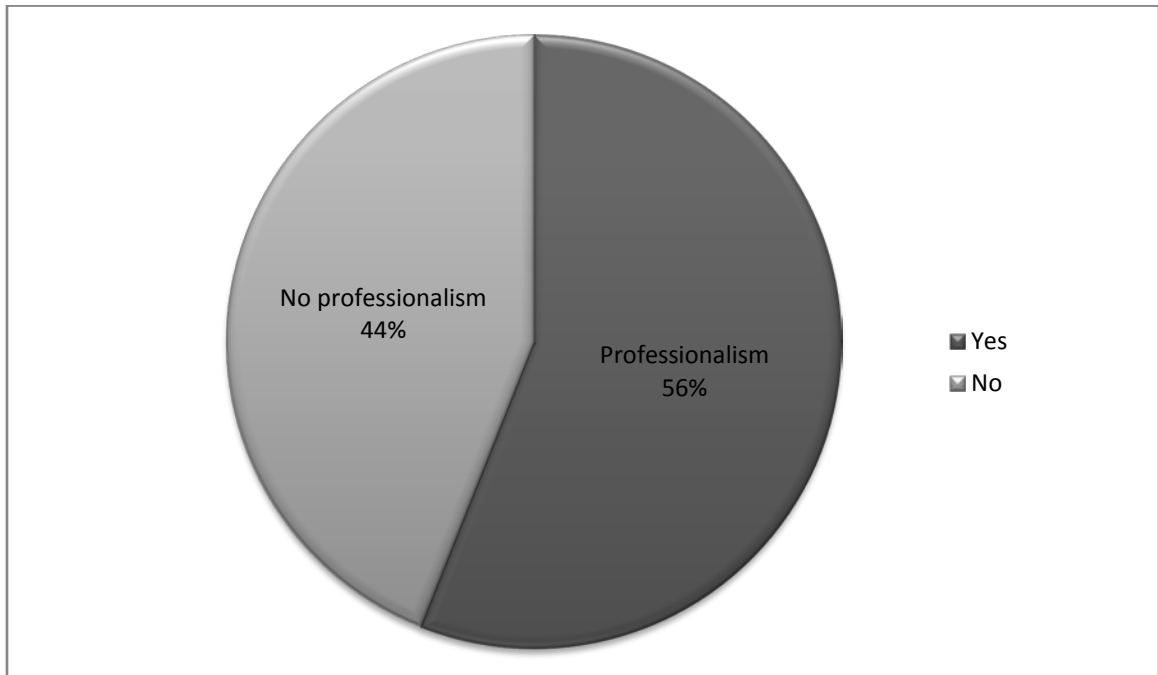
Staff have a duty to conduct themselves in a professional manner at all times and apply professional standards in carrying out their work including application of best practices and procedures, KENAO Code of Ethics, (2008). This aspect was also listed as one of the core values of the organization.

The study sought to find out the technical staff's views on whether or not KENAO's audit reports were based on such professionalism and due care. This was in view of the fact that KENAO was a member of INTOSAI and in recognition of the importance of embracing professionalism in carrying out their mandates, a PSC was established to develop ISSAIs and INTOSAI' GGGs. The ISSAI framework offered access to more than seventy tailor made public sector auditing standards and guidelines according to International Organization of Supreme Audit Institutions Journal, Volume 37 no.4 , October 2010.

The study established that sixty seven percent of branch managers felt there is no professionalism and due care in their work while only twenty nine percent and thirty six percent of the audit staff in Nairobi and in the provinces respectively upheld the same opinion.

Overall and as presented in the following figure, the study established that fifty six percent of the technical staff believed that there is no professionalism and due care in their work while forty four percent felt that there was no professionalism in their work.

Figure 4.3 Professionalism and due care analysis



Source: Researcher

4.3.2 Communication process

Effectively communicating the strategic vision down the line to lower level managers and employees is as important as choosing a strategically sound long term direction. Unless and until frontline employees understand why the strategic course that the management has charted is reasonable and beneficial, they are unlikely to rally behind the managerial efforts to get the organization moving in the intended direction, Thompson *et al* (2007). According to factors considered successful to strategy implementation, effective communication play important roles in training, knowledge distribution and learning in the process of strategy implementation, Kibui (2009).

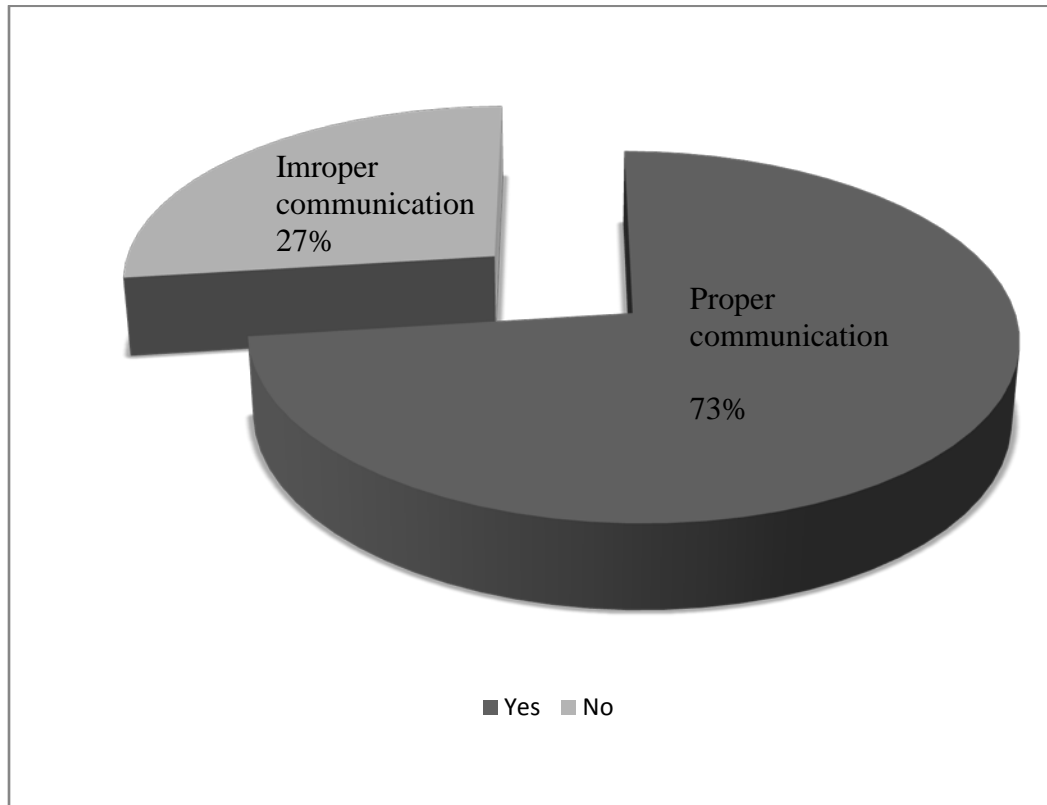
The study sought to find out whether there was effective communication between the technical staff and the senior management with regard to KENAO's strategies and audit progress. This was considered to be an important element in the fulfillment of KENAO's mandate.

The study revealed that despite the fact that KENAO's strategic plan was well formulated, the manner in which it was communicated was not satisfactory. Some of the audit staff were not aware of the contents of the strategic plan while others had not seen a copy of the strategic plan. Some came to learn about its existence through grapevine. Due to this, the mission and vision remained unclear to them.

Although all the branch managers felt that there was proper communication, only forty three percent and seventy seven percent of audit staff in Nairobi and in the Provinces respectively upheld the same opinion.

Overall and as indicated in the following figure, seventy three percent of the technical staff felt that there was proper communication between the senior management and the technical staff while twenty seven percent felt otherwise.

Figure 4.4 Communication analysis



Source: Researcher

4.3.3 Planning

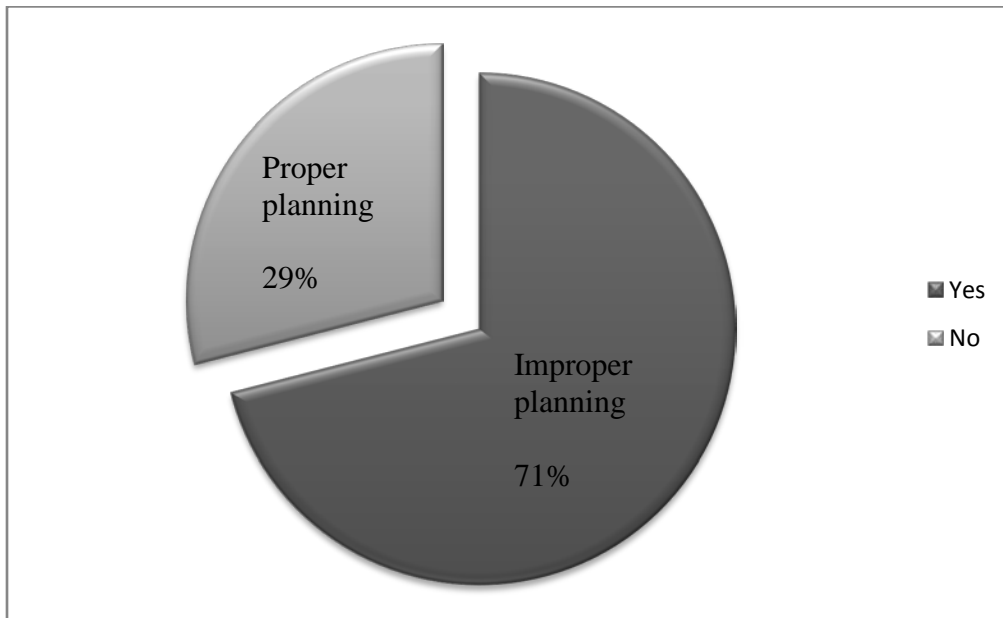
As a management function, Bateman and Zeithmal (1993) defined planning as analyzing a situation, determining the goals that will be pursued in the future and deciding in advance the actions that will be taken to achieve these goals. Plans are developed for the entire organization, for specific work units and for individual managers and workers. In order to fulfill its legal mandate of submitting Central Government's audit reports to parliament, KENAO had to properly plan and implement the plans effectively.

The plans should have covered both systems and final audits. The study sought to establish whether in the opinion of technical staff, there was proper planning to allow for delivery of quality and timely audit reports.

Fifty percent of the branch managers felt that there was proper planning while eighty six percent and seventy seven percent of audit staff in Nairobi and those in the provinces respectively felt that there was improper planning in the audit of Central Government.

Overall and as indicated in the following figure, only twenty nine percent of the respondents felt that there is proper planning while seventy one percent of the technical staff felt that there was improper planning in their work.

Figure 4.5 Planning analysis



Source: Researcher

4.3.4 Control

Controlling as a management function involves monitoring the progress of the organization or work unit towards the desired goals and then, if necessary taking corrective action. Successful organizations take fast action when problems arise. Control therefore emphasizes evaluation and change, Bateman and Zeithmal (1993).

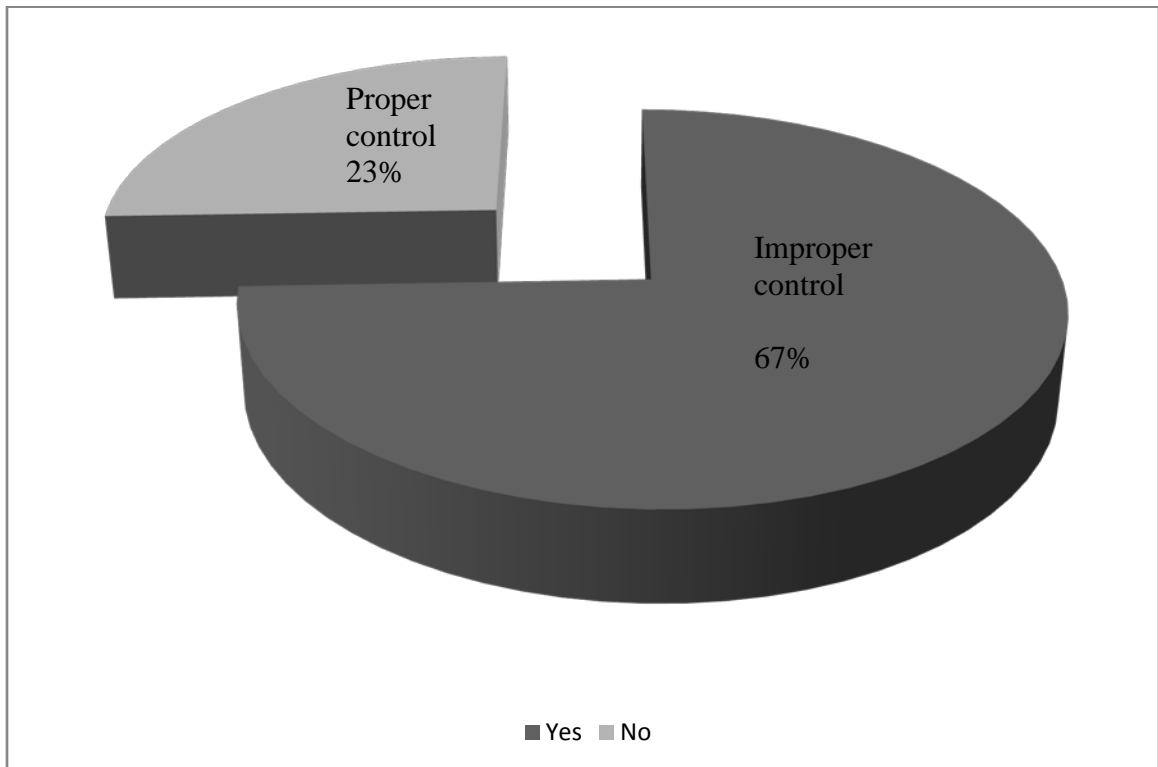
Dale E.(1965) observed, “ By their fruits ye shall know them” says the Biblical injunction, and the fruits of the organization’s efforts are the final concern of every manager. The sooner he knows the results of the steps he has taken in accordance with his plans, the easier it will be for him to take any corrective action. In order to fulfill its mandate, KENAO had to properly control its plans through the senior management.

To establish the extent to which control as management function influences the submission of audit report, the study sought to find out from the respondents whether KENAO was doing enough to strengthen internal, external systems and framework in which it operates by facilitating the implementation of audit systems and procedures in line with best practices.

Sixty seven percent of branch managers felt that there was proper control in their work. On the other hand, eighty six percent and eighty two percent of audit staff in Nairobi and those in the provinces felt that there was improper control in their work.

Overall and as indicated in the following figure, only twenty three percent of the technical staff felt that there was proper control while sixty seven percent felt that there was improper control in their work.

Figure 4. 6 Control analysis



Source: Researcher

4.3.5 Inclusion of audit staff's observations in the reports

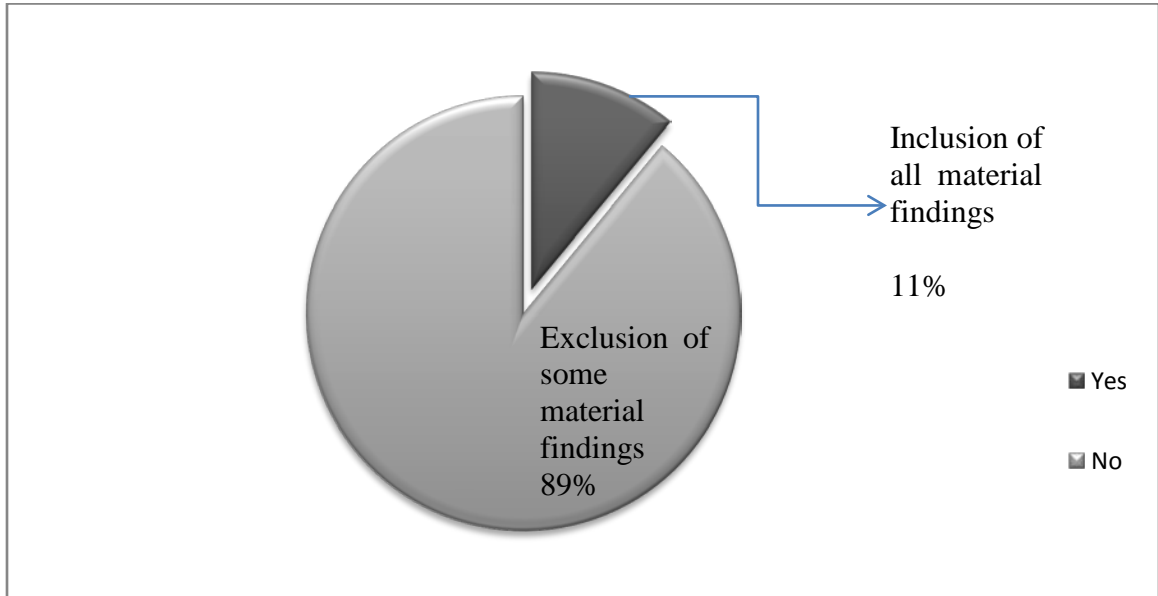
After the branch managers had allocated audit assignments to the audit staff, the audit staff were expected to submit their observations back to the branch managers in form of working paper files. The branch managers reviewed these observations and issued management letters there from. The working paper files were then forwarded to

the senior management for further review together with responses from the clients on the issues raised in the management letters. The senior management could either incorporate the observations into the Auditor General's report or drop them altogether. The study sought to find out whether all observations made by the technical staff were incorporated in the reports.

Eighty percent of the branch managers felt that not all the material findings are included in the report. None of the audit staff in Nairobi felt that all their material findings are incorporated while only fourteen percent of those in the provinces felt that all their findings are considered.

Overall and as indicated in the following figure, eighty nine percent of the technical staff felt that not all their material findings are considered for reporting to Parliament while eleven percent felt that all their material findings are considered for reporting.

Figure 4.7 Material findings analysis



Source: Researcher

4.3.6 Value addition to audit staff's work

In order to ensure that KENAO attained its goal of delivering quality and timely audit reports, it adopted an organizational structure which defined the roles, responsibilities, processes and procedures of the various positions. KENAO had a divisional, sub-divisional and branch structure.

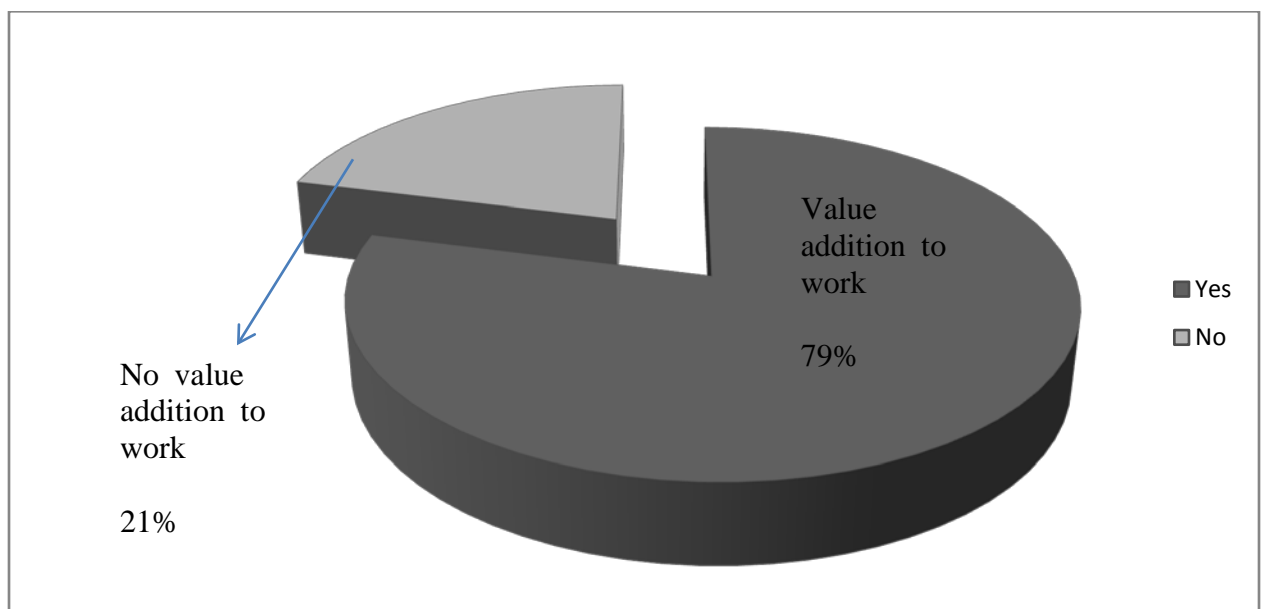
In Central Government department headed by a Deputy Auditor General (DAG), the main duty of those above the branch managers but below the DAG was to review the audit working paper files in order to ensure that quality control standards were

maintained. The study sought to find out whether such review added value to the audit staff's work.

All managers interviewed felt that review of working paper files added value to their work. Seventy two percent of audit staff in Nairobi and sixty four percent of those in the Provinces upheld the same view.

Overall and as presented in the following figure, seventy nine percent of the technical staff felt that review of working paper files added value to their work while twenty one percent felt that the review does not add any value to their work.

Figure 4.8 Review of working papers analysis



Source: Researcher

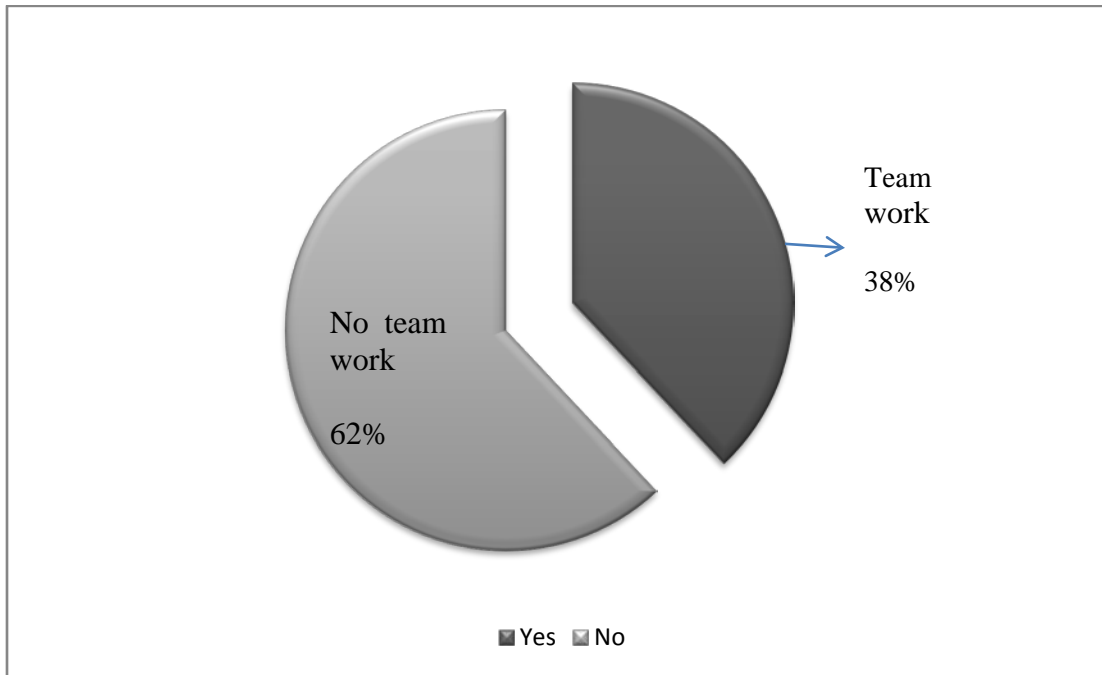
4.3.7 Teamwork

In order to carry out an effective audit and express a fair opinion, managers need to allocate various tasks of the audit to various audit staff depending on experience and training. The audit staff however need to work hand in hand since most of the aspects in the audit are related and inter linked. Combination of efforts from all the audit staff including the management yield the final audit report. The study sought to find out whether teamwork was embraced at all levels in the audit of Central Government. This was in consideration of the fact that the clients were spread all over the country and that KENAO's branches that carried out the audit were equally spread out as per the provinces.

Fifty percent of the branch managers felt that there was teamwork while eighty six percent of audit staff in Nairobi and fifty percent of those in the provinces felt there was no teamwork.

Overall and as indicated in the following figure, sixty two percent of the technical staff felt that teamwork was not embraced in their work while thirty eight percent felt that there was teamwork while carrying out the audit.

Figure 4.9 Teamwork analysis



Source: Researcher

4.3.8 Organization politics

Nelson and Quick (2008) defined organization politics as the use of power and influence in organizations. Since organizations are arenas in which people have competing interests, effective managers must reconcile competing interests. The study sought to establish the extent to which the use and manipulation of situations, power and people to secure positions or gain from the situations influence the production and submission of the Auditor General's report.

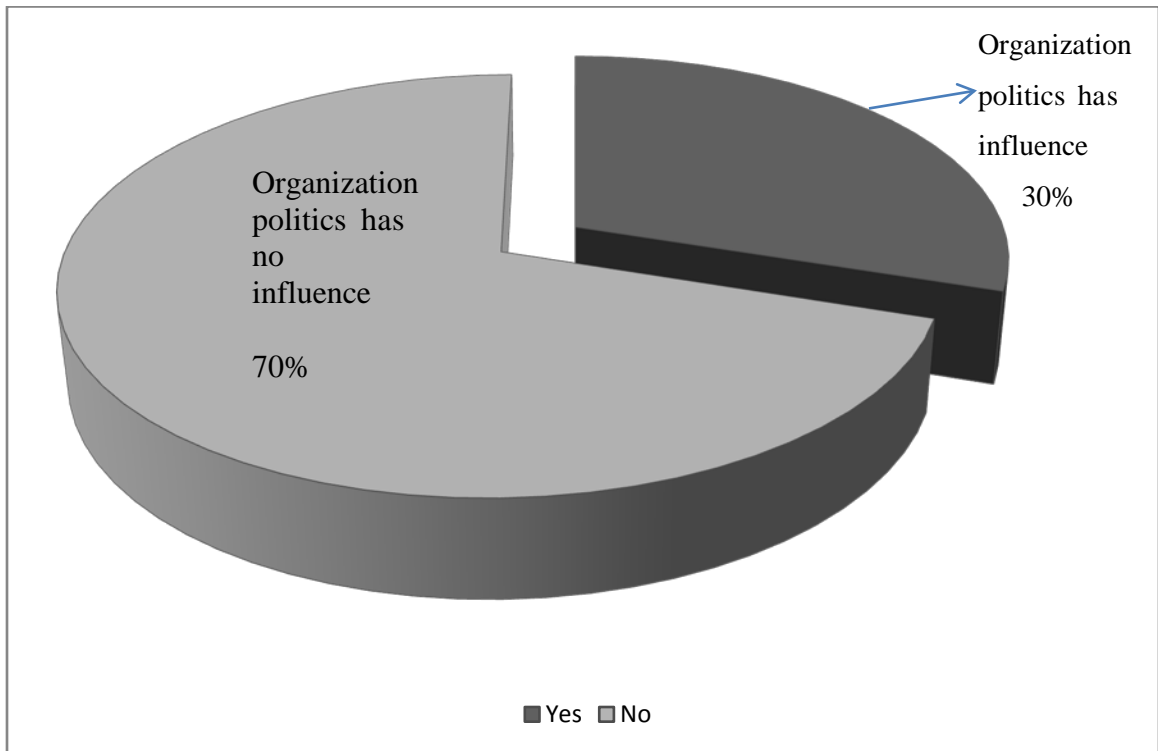
Nelson and Quick (2008) also defined political behavior in organizations as actions not officially sanctioned by the organization but are taken to influence others in order to meet one's personal goals. They also defined organizational politicians as individuals

who use power in organizations to manipulate situations and people to secure positions or gain from the situations while pursuing their own interests. Sometimes personal goals are aligned with organizational goals and they can be achieved in support of others' interests. They further argued that if some people within the organization are competitively pursuing selfish ends, they are unlikely to be attentive to the concerns of others. The workplace seems less helpful, more threatening and more unpredictable. People focus on their own concerns rather than the organizational goals.

Sixty seven percent of the managers felt that organization politics did not influence implementation of strategies while fifty seven percent of audit staff in Nairobi and eighty six percent of those in the Provinces upheld the same opinion.

Overall and as indicated in the following figure, only thirty percent of the technical staff felt that organization politics influenced implementation of KENAO's strategies.

Figure 4.10 Organization politics analysis



Source: Researcher

4.3.9 Other factors

Managers felt that the submission of Auditor General's report to parliament was also affected by delays by the management in processing audit work by the staff, poor funding by the Treasury, lack of enough resources, e.g. staff and motor vehicles to enhance mobility, delay in receiving vital information and responses from clients, KENAO's bureaucracy in processing the audit report, slow pace of reviewing working papers by both the management and senior management, delays due to printing hitches by the government printer, clients' delay in submission of final accounts and

submission of inaccurate accounts by the clients which necessitates revision of the accounts after audit causing delays.

Audit staff in Nairobi cited the following reasons as affecting the timely submission of Auditor General's report; Lack of working morale due exclusion of their audit findings, management's self interest, frequent transfers of the staff which had the effect of not giving the audit staff adequate time to understand their clients systems of work before auditing the same. Submission of inaccurate final accounts by the clients caused the delays since they had to revise the accounts and resubmit them for audit which took longer than provided for in law. The fact that submission of the report was a statutory requirement meant that the report was done as legal obligation to some audit staff, therefore staff worked for the sake of working to meet the legal requirement, transfers by client's staff occasioning delays in submission of accounts and officers working for the clients proceeding on leave in September after preparing the accounts.

Audit staff in the provinces cited management's self interest, bureaucracy in the processing or review of the audit paper working files, i.e. there was a long chain of officers doing the same work, discrimination as far as recruitment, promotion and training is concerned, lack of proper documentation, lack of independence from the client, and lack of proper control as other reasons influencing submission of Auditor General's report to Parliament.

4.4 Addressing the challenges

The second objective of the study was to establish how the challenges facing implementation of KENAO's strategies can be addressed to ensure timely submission of Auditor General's reports to Parliament. Kibui (2009), observed that for any organization to survive the turbulent environment, it must invest in putting in place necessary efforts to respond to the changes and challenges in the environment. The challenges can lead the firm to fail completely to implement the strategic plan hence not realizing its vision. It can also be very expensive to abandon a strategic plan because of challenges.

In order to fulfill its statutory obligation and deliver quality and timely audit reports with respect to audit of Central Government, KENAO may consider undertaking the following steps.

4.4.1 Enhancing professionalism

In order to effectively enhance professional capacity, KENAO can develop and implement training policy and programmes for supervisory and operational staff, develop audit manuals in all fields of audit for professional guidance and facilitate use of internationally recognized standards, develop and maintain a continuous professional education programme for KENAO staff, develop a monitoring and review mechanism for sustainable staff development, recruit and retain a team of competent multi-disciplinary and motivated professionals and draw up a staff complement for audit staff.

4.4.2 Enhancing communication process

Communication process in the organization should be enhanced to ensure that all employees are aware of the strategies that the organization intends to adopt in pursuit of its objectives. The Auditor General should ensure that he or she share the vision of the organization with all members of the organization so that they understand and accept it as a vehicle to the organization's future. The technical staff should also be involved in formulation stage thus ensuring a sense of ownership and support during implementation stage.

Whenever the vision is clear, members do not view it as being imposed on them forcefully. Rather, they embrace it and long to reach completion and have it attained Kibui (2009).

4.4.3 Embracing effective planning

Strategic planning involves diagnosing the organization's external and internal environments, deciding a mission and vision, developing overall goals, selecting general strategies to be pursued and allocating resources to achieve the goals, Hellriegel *et al* (2005). In effort to embrace strategic planning KENAO undertook the above steps. However, the manner in which the mission and vision were communicated was not satisfactory and sufficient resources were not allocated towards achieving the goals.

To win the support of organization members, the executives need to personally explain the vision and its rationale to as many people as feasible, Thompson *et al* (2007). By so doing, they will have effectively communicated the strategic vision down the line to lower level managers and employees. The employees feel involved and therefore own the

process. They will not feel that it has been forced unto them. KENAO's senior management may consider undertaking the above measures.

4.4.4 Embracing effective control

Hellriegel *et al* (2005) defined control as involving the process of ensuring that the behaviors and performance conform to an organization's standards, including rules, procedures and goals. Preventive controls are mechanisms intended to reduce errors and thereby minimize the need for corrective action. For example under training, KENAO can develop and implement training policy and programmes for supervisory and operational staff, develop audit manuals in all fields of audit for professional guidance and facilitate use of internationally recognized standards. Developing and maintaining a continuous professional education programme for KENAO staff, developing a monitoring and review mechanism for sustainable staff development programmes, recruiting and retaining a team of competent multi-disciplinary and motivated professionals and also drawing up a staff complement for regular audit staff are among other measures that KENAO can undertake.

Corrective controls are mechanisms intended to eliminate unwanted results thereby achieving conformity with the organization's standards. For example, drawing up and implementing audit plans and activities in a manner that will facilitate delivery of quality reports in accordance with internal and statutory deadlines and establishing a review system that sustains quality in audit reports

KENAO should ensure that it sets out organizational controls which are both preventive and corrective.

4.4.5 Feedback on audit observations

Since the Auditor General's report consists mainly of observations made by the technical staff, it is important that the management gives feed back to them as regards exclusion of some of their audit observations. It would be quite valuable if the audit staff were informed the reasons why their observations were not considered, otherwise their working morale can be adversely affected.

When there is no proper feedback on this matter, the staff may also wrongly conclude that political behavior is strategically undertaken to maximize self interest i.e. what is in the best interest and benefit to an individual to provide for the necessities and conveniences of life. If employees view the organization's political climate as extreme, they experience more anxiety, tension, fatigue and burnout. They are also dissatisfied with their jobs and are more likely to leave for other organizations, Nelson and Quick (2008).

4.4.6 Encouraging teamwork

Since auditing is about expressing independent opinion on the financial statements, it requires inputs from various members of the organizations at all levels. The senior management should therefore lead in the initiative to encourage teamwork among its various members. This can be achieved through interactions of the departmental members through seminars which are attended by members from all levels, branch

meetings and teambuilding events like sports. During such interactive sessions, the importance of embracing teamwork can be emphasized.

4.4.7 Defusing organization politics

With regard to organization politics, KENAO's senior management should make efforts to defuse organization politics within the organization. One way in which effective executives defuse politics is by creating common goals. These goals do not imply homogeneous thinking. Rather, they suggest that managers have a shared vision of where they want to be. A more direct way to defuse politics is through a balanced power structure in which each key decision maker has a clear area of responsibility, but the leader is the most powerful decision maker Mintzberg *et al* (2003).

Nelson and Quick (2008) observed that many organizational conditions encourage political activity. Among them are unclear goals, autocratic decision making, ambiguous lines of authority, scarce resources and uncertainty. Some of these conditions featured in KENAO because some of the respondents felt that submission of the Auditor General's reports was adversely affected by bureaucratic red tape within the organization and that the review of audit working paper files was carried out by too many officers thus duplicating efforts of each other. So there was a likelihood that there existed ambiguous lines of authority as far as review of audit work was concerned.

KENAO should therefore look into its organization structure with a view to eliminating any ambiguities and develop an organizational structure which is responsive to timely and quality service.

Nelson and Quick (2008), observed that not all political behavior is destructive, constructive political behavior is selfless rather than selfish in nature. Constructive organization politicians see the difference between ethical and unethical behavior and use of power with a sense of responsibility.

4.4.8 Dealing with external factors

There are factors that are external to KENAO which adversely affect implementation of its strategies. These include; clients submitting final accounts after the deadlines, clients submitting inaccurate final accounts to beat deadlines, hitches at the government printer and delay in receiving vital information and responses from clients.

KENAO need to scan its external environment and ultimately seek cooperation and support of the main stakeholders including government agencies, Parliament, the general public and civil society. This would strengthen the external systems and framework in which it operates and by so doing, it can look forward to becoming a lead agency in the promotion of accountability and good governance, best practices as well as a catalyst for positive change in efficient and effective use of public resources.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary of the whole study with particular reference to the research problem, research methodology, results, main contributions of the research, conclusion and the recommendations for future studies.

5.2 Summary of findings

The findings of the study were categorized into three according sample design of branch managers, audit staff based in the provinces and those based in Nairobi.

The study established that a combination of factors listed in table 4.3 and presented in figures 4.2 (a) and 4.2(b) influenced the implementation of KENAO's strategies in the audit of Central Government. Overall and as indicated in table 4.3, fifty seven percent of the managers who participated in the study felt that combination of those factors negatively affect implementation of the strategies while forty three percent of them upheld a contrary opinion.

With respect to audit staff, thirty four percent of those in Nairobi and forty one percent of those in the provinces felt that those factors combined negatively influenced the implementation of the strategies.

However, exclusion of some of technical staff's material findings from the reports, improper planning, organization politics and improper control had the greatest negative influence in the implementation of the strategies resulting in delayed submission of

the reports to Parliament. These factors had the highest negative average ranking above fifty percent i.e. eighty nine, seventy one, seventy and sixty seven percent respectively.

On the other hand, value addition in the review of working paper files, proper communication and professionalism had positive ranking of more than fifty percent meaning they positively influenced the implementation of strategies. These factors' respective ranking was seventy nine, seventy three and fifty six percent.

5.3 Conclusions

Implementation of strategies will always face challenges. It is important for the managers to be aware at the outset of various kinds of challenges that can face the organization and put in place mechanisms that will help the organization to act fast enough to counter the challenges. Kinyua (2007) stresses that it is important for a manager to realize that what employees perceive in office is different from objective reality and that people react not to reality but to what they perceive as reality.

In line with the objectives of the study, the researcher established that the challenges discussed in chapter four influenced the implementation of KENAO's strategies in the audit of Central Government at the technical level. The high rating of seventy one percent and sixty four percent by audit staff in Nairobi and in the provinces respectively to the effect that their work is carried out professionally while only thirty three percent of their managers felt that the work is carried out professionally could

amount to self appraisal. The audit staff could have felt that they perform their work in accordance with accepted standards in order to deliver fair, objective and balanced reports. Therefore there is need for the senior management to reconcile these two divergent views of the organization members.

Majority of branch managers who participated in the study felt that even though there was proper communication, KENAO is not likely to achieve its vision to be a lead agency in promoting good governance in the management of public resources because; the audit carried out did not form one hundred percent or thereabouts of Central Government's jurisdiction, it covered an estimated fifty percent. Poor planning, delays in the review of the final accounts, KENAO's internal red tape and lack of sufficient resources were other factors cited by the managers and audit staff as hindrances to the realization of KENAO's vision.

The effects of these factors can be influenced by the strategists of the organization in their capacity as leaders who should initiate, develop and oversee implementation of strategies. The senior management therefore played a role in the delay of submission Auditor General's report. However, if the challenges were addressed as suggested or otherwise, then KENAO could realize submission of timely and quality reports to Parliament.

There is no one best way of dealing with strategy implementation challenges, rather effort should be geared towards deploying a combination of a number of ways in order to address the challenges and achieve organization goals.

Kibui (2009) studied challenges of strategy implementation in KENAO. She identified organization culture, lack of team spirit, lack of proper communication where officers were often surprised with new operations without knowing the basis of change, lack of enthusiasm in implementation and ownership of strategic plan by the staff, unsound rewarding system, where high performers were not rewarded accordingly and external factors which were out of control of KENAO leaders as some of the challenges that faced its strategy implementation. The findings of this study can therefore be considered to validate her study due to the similarity of the findings in both cases.

5.4 Limitations of the study

Due to lack of enough time and resources, the study focused on a sample of staff. However, if there was adequate time, it would have been desirable to carry out full census to determine views of the entire body of staff. Respondents' bias may have been inevitable since they were supposed to express their honest opinions about their organization and personal information relating to their work. The study focused on the technical staff whose views may not be reflective of the entire KENAO employees. Therefore, interpretation of the findings should have this in mind.

Lack of attention or divided attention during interviews may have featured during the interviews since they were carried out during office hours when the employees were also expected to attend to their official duties.

5.5 Recommendations for further studies

Limitation of time and resources considerably reduced the scope of this study which would have given greater insight into the factors that influence the implementation of KENAO's strategy in audit of Central Government. It is therefore suggested that similar studies be carried out in KENAO's other departments, Constitution Offices and other organizations in the Public Sector. A study making comparison of factors that influence performance of Local Government and Corporations departments in KENAO can also be carried out. It may validate the findings of this study and promote objectivity.

It is particularly suggested that a study to establish why some of the technical staff's material findings were not incorporated in the Auditor General's reports to Parliament be carried out since it emerged to have the greatest negative influence in the implementation of KENAO's strategies among the technical staff in the audit of Central Government.

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APPENDIX I: LETTER OF INTRODUCTION

Epaphras Nthigah Kiriah

University of Nairobi.

Dear Sir/Madam.

RE: RESEARCH ASSISTANCE

I am a post graduate student in the School of Business, University of Nairobi. I am conducting a research on “Factors that influence implementation of strategies in auditing Central Government at the technical level in KENAO.”

In order to undertake the research, you have been selected to form part of the study population. This letter is therefore to request for your assistance in collecting information to enable me carryout the research. The information you will give will be treated with strict confidentiality and is needed purely for academic purposes, it will not under any circumstances be divulged. A copy of final report will be available to you upon request.

Your assistance and cooperation will be highly appreciated.

Yours sincerely,

E. Nthiga Kiriah

Student

Dr. John Yabs

Project Supervisor

APPENDIX II : RESEARCH INSTRUMENT

INTERVIEW GUIDE

1. Under which title does your job fall?
2. If you are a branch manager, is there adequate staff to carryout audit of Central Government within your area of jurisdiction?
3. Are there coalition/ organization politics (use and manipulation of situations, power and people to secure positions or gain from the situation, in KENAO's Central Government?
4. From above, do you think there coalition/ political alignments in KENAO's Central Government?
5. Are you aware of KENAO's strategic plan?
6. If yes, how did you come to know of it's existence?
7. Do you have a copy of the strategic plan?
8. If you answered no, have you ever seen a copy of the strategic plan?
9. Do you think the strategic plan was formulated in line with the mandate of KENAO's Central Government?
10. Do you think the departmental, divisional, sub divisional, branch and other plans cascade from the overall KENAO strategic plan?
11. Do you know the mission of KENAO ?
12. If yes, how did you know?
13. To what extent do you think the mission is understood by staff.

14. KENAO's vision is to be a lead agency in promoting good governance and effective accountability in the management of public resources. Do you think KENAO is achieving this goal with respect to audit of Central Government
15. If your answer is no, why?
16. Do you think KENAO is adequately financed by Treasury to function independently?
17. Is there proper communication between technical staff and senior management with regard to audit progress?
18. Is there discrimination of any kind in KENAO's Central Government?
If your answer is yes, why?
19. Does the Management or Senior Management have any influence on the delay in the production of the report?
20. Is there teamwork at all levels in audit of Central Government?
21. The primary task of INTOSAI's Professional Standards Committee (PSC), has been to develop International Standards of Supreme Audit Institutions(ISSAIs) and INTOSAI's Guidance for Good Governance, GGGs. Do you think KENAO's Central Government audit reports are based on such audit professionalism?
22. Do you think review of your audit working papers by management add any value to your work ?
23. Do you think all your material audit findings incorporated into Auditor General's report?
24. If no, what in your opinion do you think could be the cause?

25. Do you think KENAO is doing enough to strengthen internal, external systems and framework in which it operates by facilitating the implementation of audit systems and procedures in line with best practices?
26. Do you think KENAO is doing enough to restructure the organizational framework so as to ensure efficient service delivery?
27. Do you think KENAO is doing enough to secure sufficient funding for the audit service?
28. Do you think KENAO is doing enough to position itself in a way that makes it prepared and flexible to meet the challenges of new and emerging audits?
29. The Auditor General has consistently submitted Central Government's audit report to Parliament after the statutory deadline of 31 December of each financial year. What in your view could be the cause?

THANK YOU FOR TAKING YOUR TIME TO PARTICIPATE IN THE STUDY.