INFLUENCE OF AUDIT COMMITTEE ROLES ON QUALITY OF PUBLIC SERVICE DELIVERY AT NAIROBI COUNTY GOVERNMENT IN KENYA

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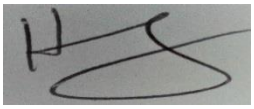
A PROJECT RESEARCH SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION IN THE DEPARTMENT OF ACCOUNTING AND FINANCE AND THE SCHOOL OF BUSINESS OF AFRICA NAZARENE UNIVERSITY

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DECLARATION

I declare that this document and the research that they describe are my original work and that they have not been presented in any other university for academic work.

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DEDICATION

I dedicate this work to the Almighty God, He has given me strength, time and ability to complete this research project. I dedicate it to my supervisor Dr Joseph Kamau who mentored and walked with me throughout my research project. In addition I dedicate it to my family through whose support has helped me successfully complete my project.

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I thank the Almighty God for giving me life, knowledge and strength to enable me accomplish the research project. I acknowledge my wife Carolyne Kibwage, through whose guidance, moral and financial support I did manage to accomplish this work. Special thanks to my sons Wayne and Warren for bearing with me during the long hours I was away researching on this project. I also strongly acknowledge Dr. Joseph Kamau who supervised this work and through his guidance and mentorship, I was able to complete the research project.

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ABSTRACT

Audit committees play an important duty in financial reporting, performance reporting, internal control systems, and systems oversight of resources allocated for investments in both private and public entities. Previous researches revealed myriad challenges and weaknesses of internal audit. This resulted in inefficient service delivery in Nairobi County Government (NCG). Furthermore, auditor general reports for the period 2014/15 to 2019/20 indicated instances of financial impropriety and financial statements that could not be relied upon giving rise to calls for improved audit committee effectiveness. The general objective of this study was to establish the influence of audit committee (AC) roles on the quality of public service delivery at NCG. Specific objectives focused on the function of financial reporting, performance reporting, systems of risk oversight, and internal control systems on service delivery in county governments in Kenya. This study was anchored on an agency theory of internal audit, systems theory, theory of inspired confidence, and David Flint's seven postulates of an effective AC. The study used a descriptive research design. The population of the study was 235 the staff of NCG drawn from the County Executive, Audit Committee, Office of the Clerk, Budget and Finance Committee, Auditing Unit, County and Ward Administrators. Simple random sampling and purposive sampling techniques were employed in identifying 148 respondents, then structured questionnaires and in-depth interviews were used for data collection. Regression and correlation analyses of the data were done using a statistical package for social sciences (SPSS) software and presented in form of bar graphs, pie charts, and tables. The study findings avail evidence that the state of service delivery in the county is desolate. These would be avoided and service delivery enhanced with keen establishment of internal audit processes. The findings affirmed that audit committee roles positively and significantly influence the quality of public service delivery at Nairobi County Government. They facilitate public service delivery in NCG through increased accountability, monitoring of county activities, improving professional competence, tracking of county records, monitoring and evaluating County programs, boost employee attitudes thus overall output and early identifying of symptoms of fraud. On the contrary, the study concluded that the county's financial performance has not improved with internal auditing and financial reporting and neither helped in the redistribution of revenue to county projects. Besides, NCG does not strictly adhere to the PFM Act 2015 on financial reporting. The researcher recommends that while seeking to enhance public service delivery within NCG the county leadership should keenly develop policies and regulations relating to financial reporting, performance reporting, systems of risk oversight and internal control. These should be geared towards ensuring timely audit reporting and implementation. The research further recommends that NCG should enhance its financial performance through enhancing internal audit and financial reporting that should be utilized as a platform for making decisions on the redistribution of revenue to county projects. Besides, NCG should strictly adhere to the PFM Act 2015 on financial reporting. This study is of great importance to devolved county governments in Kenya. It is an eye-opener to both the national and county governments of the need for an independent audit committee that is well funded to carry out its mandate. Hence effectiveness and efficiency in public service delivery and realization of the government's vision 2030 as well as the big four agenda.

DEFINITION OF TERMS

Audit Committee - Autonomous organ that reviews the appropriateness of the Accountable authority's financial reporting, performance reporting, system of risk oversight and internal control systems or public institution (ICPAK, 2016).

County Government - Refers to the decentralization of power, resources, and services from the national government to the regional governments established in chapter 11 of the new Constitution of Kenya, 2010 (Laws of Kenya, 2010).

Efficiency Audit - Audit that measures how well a process turns inputs into outputs. In order to achieve maximum productivity with minimum wasted efforts/ expenses (ICAEW, 2018).

Financial Reporting - vital part of corporate governance that involves disclosure of financial information to management and to the public (Rutherford, 2000).

Internal control - process for assuring of an organization's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies (Drogalas, *et al*., n.d).

Low Level Managers – they are managers that oversee and direct the operative employees. They spend most of their time addressing the functions of the organization (Boris & Jens, 2019).

Middle Level Managers – refers to the intermediate management level of hierarchical organization that is subordinate to the executive management and is responsible for leading specialist line managers (Boris & Jens, 2019).

Performance Reporting - collecting and disseminating project information, communicating project progress, utilization of resources, and forecasting future progress and status to various stakeholders, as decided in the communication management plan (Sharma, 2018).

Public Service Delivery - mechanism through which public services are delivered to the public by county governments and national governments or other government agencies and parastatals (Ogunyemi, n.d).

Top Managers – individuals at the highest/executive level of management of an organization with the task of day to day managing of the organization (Boris & Jens, 2019).

ABBREVIATIONS AND ACRONYMS

AC – Audit Committee

ADP –Approved Development Programme

AG – Auditor General

AICPA – American Institute of Certified Public Accountants

CBEF – County Budget and Economic Forums

CRA – Commission for Revenue Allocation

CSIRO - Commonwealth Scientific and Industrial Research Organization

ECD –Early Childhood Education

ICA – Institute of Chartered Accountants

ICPAK – Institute of Certified Public Accountants of Kenya

IIA – Institute of Internal Auditors

MCA – Members of County Assembly

NACOSTI – National Commission for Science, Technology, and Innovation

NCG – Nairobi County Government

OAE – Office of Audit and Evaluation

OCG – Office of the Controller General of Canada

PFMA – Public Finance Management Act

PSPC – Public Service and Procurement Canada

SAIs – Supreme Audit Institutions

CHAPTER ONE: INTRODUCTION AND BACKGROUND OF THE STUDY

1.1 Introduction

Delivering of public service refers to the method by which public services are offered to the citizens by the various levels of government in a country. According to IGI Global (2019), the services include sewage and trash disposal, street cleaning, public education, and health. Kent State University (2018) reiterates that public services point to primary social needs such as water and sanitation, health care, education, and power supply. Furthermore, public services transcend these physical aspects to the encompassing of land registry systems geared towards the formalization of property rights, licenses and permits, coding and enforcing of law, among others.

It is seen in various examples of countries that have currently incorporated audit committees in their internal auditing systems and those that have not, there is overwhelming evidence that audit committees strengthen governance. Shuqair & Abdel-Aziz (2015) support the argument that organizations are pursuing quality service delivery in order to achieve efficiency, profitability, and optimum allocations of resources. Public institutions primarily exist to provide quality services to their citizens.

Finally, this chapter endeavors to provide a holistic introduction to the subject of audit committee, its importance in internal audit of the public sector governance, examples of countries that have embraced it and those that have not, and the effect that properly established audit committees have on governance and public service delivery in the countries currently implementing it.

1.2 Background of the Study

Internal audit as a discipline has evolved over time and become an integral part of enhancing good governance practices in both private and public institutions. Internal audit points to an exclusive, precise assurance and consulting activity targeting to enhance value and improve a firm's operations; by incorporating an organized, disciplined method to assess and enhance the efficient process in risk management, control, and governance so as to accomplish an organization's objectives (Cochran, 2017). Unlike external audit which can either be conducted by the office of the auditor general or private audit firms, internal audits in both public and private organizations are done by Audit Committees. According to ICPAK, an audit committee refers to an autonomous organization that reviews the correctness of accountable authority's financial reporting, performance reporting, a system of risk oversight, and internal control systems for both public and private institutions (ICPAK, 2016).

Audit committee functions include: supporting governance processes by commissioning of an independent professional evaluation of all processes and actions of the top leadership, quality of risk management, financial reporting, financial management and internal audit, to the board of directors or an executive management (Kenya Gazzete, 2016). Audit committees enhance the effectiveness of internal audit functions through providing an oversight capacity. This ensures the government agency remains focused and committed to realizing various public policy outcomes.

In the recent past, there has been an increasing trend, globally, of adoption of audit committees to provide oversight to internal audit processes in the public sector governance

and service delivery. In the European Union, for instance, over 60 percent of the member states adopted internal audit functions in their public sector management processes, with France and Netherlands anchoring the audit committees in their ministries (The Internal Audit Service, 2020).

France established audit committees in every ministry, chaired by the respective ministers; and incorporated a centralized Internal Audit Harmonization Committee to provide checks and balances to all ministerial audit committee and hence promote the credibility of the state internal audit process. Similarly, Netherlands' Ministry of Finance published a bi-law that established audit committees in all state ministries in 2012 (The Internal Audit Service, 2020). The functions of ministerial audit committees were to augment the responsibilities of Central Government Audit Services in order to strengthen internal audit mechanisms for enhanced public service delivery in the Netherlands (2014). The United Kingdom (UK) in 2017 adopted Public Sector Internal Audit Standards (PSIAS) to set policy standards and framework for conducting internal audits in all public institutions (RIASS, 2017). These developments all resulted in increased transparency, accountability, and prudent utilization of public resources, hence, increased public service delivery in the aforementioned states.

The institutionalization of audit committees is becoming a norm rather than an exception. Besides, the Institute of Internal Auditors (2019) argues that there exists an inherent relationship between democracy, good leadership, and effective internal audit. For instance, they cite developed and democratically advanced western states such as the Netherlands, Irelands, Canada, and the UK to have strong forms of governance internal audits such as the Central Advisory Audit Boards (CABs) and Internal Audit Management

Committees (IAMCs). This demonstrates a growing trend of the need for internal audit institutions in the public sector to help promote effectiveness in public service delivery. It is an evident fact that democratically advanced western countries with good governance structures have mostly embraced audit committees to strengthen internal audit structures in their public sectors. The reverse is true for many developing states in Africa and other parts of the world that have not yet fully embraced audit committees or stronger internal audit systems.

In Sub-Saharan Africa, weak audit systems, and a lack of incentive to promote accountability in the governance of the public sector has not only retarded development, but significantly influenced poor public service delivery (Adu, 2020). For instance, a study of the uptake of the audit committee in the government ministries in Namibia disclosed that of the seventeen ministries, only two had embraced to having an audit committee (Akwenye, Chata, & Olumide, 2016).

Research findings of a study linking aspects of internal audit, corporate governance and accountability within public statutory corporations in Uganda indicated that internal audit significantly affect accountability and public service delivery (Tumwebaze *et al*., 2018). The study too observed the slow uptake of internal audit functions and lack of independence of the audit committee members in Uganda hampers its effective functioning.

This gives an insight into the challenges that internal audit institutions in the region face, paramount among them being lack of independence and freedom from political

interference. Throughout this study, it will be imperative to underscore the basic attributes that underpin an effective audit committee in order to find out whether they are being put to use in the case of Nairobi County Government in Kenya (NCG).

1.2.1 Audit Committee and Public Service Delivery

In the last twenty years, Audit Committees (ACs) have proved to be key platforms for enhancing corporate governance and service delivery globally. ACs were earlier viewed as non-mandatory aspects in improving accountability. Nevertheless, lately, several professional and regulatory organizations in various countries recommend the utilization of ACs (ICPAK, 2016). In Kenya by 2014, despite many county governments lamenting lack of institutional and legal frameworks to form audit committees, Nairobi County Government (NCG) managed to form one guided by the draft Public Finance Regulations Act of 2014 (ICPAK, 2016). The ICPAK 2016 report findings revealed a lack of institutional framework for county governments to establish effective audit committees. Hence, the report's recommendations that independent budget for the audit committee distinct from the county executives, and need to institutionalize succession guidelines should be factored in so that work of AC is not affected when members' contract ends.

The Public Finance Management (PFM) regulations, 2015, outline the function of AC's as: supporting an organization's top management, accountants, and boards through assessing and re-evaluating the risk, management, and leadership processes which have been set within the organization based on the board policies. This is actualized through the introduction of a separate view and a process of a positive challenge that does not seek to overlook the undertakings of the board or executive, but assist the top leadership,

accountants, and the boards in being totally affirmed that the best cost-effective controls and organizational management processes have been put in place.

The leadership process enhances the best outcomes in the organization whereas AC provides a separate perspective of the processes. Hence it is critical to pick the composition of the AC from persons who are not on the board of management and who undertake executive functions. The AC bears an important responsibility with reference to the probity of an organization's financial information, leadership system, risk, and internal checks besides the legal and moral behavior of managers and other employees.

Audit Committees will assess if processes put in place answer the critical responsibilities with reference to the management of risk. Secondly, assessing the properness of the regulatory environment so as to avail reasonable affirmation that the internal control systems are of the required standards and function as purposed. Thirdly, undertaking a distinct evaluation of the financial records to ascertain the moral and clarity of the financial reporting processes.

AC deals with other functions such as evaluating the efficiency of an organization's performance information and the level of agreeableness with the set performance management set-up and reporting standards. This followed by, assessing the standard of the duties of the internal audit, specifically targeting planning, evaluation and reporting. ACs engage with external audits and assess the effectiveness of an entity's leadership response to matters pointed out by the audit. Finally, ACs review the efficiency of how the

organization evaluates its cordiality with specific legal and regulatory needs and enhances a culture devoted to lawful and moral characteristics.

1.2.2 County Governments in Kenya

Kenya operates with a double faceted type of government, the county, and the national governments. Article 1(4) of the constitution allows citizens to exercise their sovereignty in both levels of government. In addition, Article 6(1) breaks Kenya into the counties listed in the first schedule. Kenya is divided into forty-seven (47) counties. The County Governments Act expounds on the responsibilities of the devolved governments in Kenya. Section 5 of the County Governments Act (2012) spells the function of these devolved governments. The citizens who are 'customers' of the county government are therefore able to know what services to expect at the county level. The functions of county government include; county legislation in accordance with article 185 of the constitution. Article 186 further elucidate the following functions; Agriculture, including crop and animal husbandry, livestock sale yards, county abattoirs, plant and animal disease control, and fisheries.

County governments are tasked with the management of county health facilities, provision of emergency services, advocacy of primary health care services, issuance of licenses and permits to businesses that sell food to the public, veterinary services, cemeteries, funeral parlors, and crematoria, and garbage management. The devolved governments are tasked with managing pollution (air, water and noise), cultural activities, public entertainment and amenities, and outdoor advertising.

County governments are responsible for the construction, maintenance of roads, and regulation of transport systems within their areas of jurisdiction. Moreover, counties are in charge of animal control and welfare including licensing of animals, being in charge of county trade and development. Other county government functions include: first, county planning and development. Secondly, pre-primary education (ECD), village polytechnics, home craft centers, and childcare facilities. Thirdly, actualizing various national government regulations on natural resources and environmental conservation. Fourth is county public works and services, including stormwater management systems, water and sanitation services, firefighting, disaster management, drug control, and pornography. (Laws of Kenya, 2010). These devolved functions are key in providing public service delivery to citizens.

1.2.3 Nairobi County Government (NCG)

NCG is established in the constitution of Kenya. Article 6(1) of the Laws of Kenya, the first schedule outlines all the 47 counties in the Republic of Kenya. NCG is county number 47. NCG is the smallest county based on the area yet the largest with reference to population. It covers the whole city of Nairobi and doubles up as the capital of Kenya. Nairobi County was founded in 2013 on the same boundaries as Nairobi Province after Kenya's 8 provinces were subdivided into 47 counties. The county has 17 parliamentary constituencies (Nairobi City County Website, 2021). Commission of Revenue Allocation (CRA, 2021) notes the following statistics; Nairobi has a population of 3,138,369, it has a surface area of 695 km2 and a poverty rate of 22.5% compared to Kenya as a whole of 47.2%. According to Hassan (2017), some of the pertinent public services that NCG, as

well as other counties, should provide to the citizens include firefighting and disaster management, water and sanitation services, county health services, control of air pollution, noise pollution, county transport services including road maintenance and street lighting, trade development and regulation among many other services.

1.3 Statement of the Problem

Kenyan constitution 2010 envisages County Governments as providers of quality public service to their citizens. This calls for prudent management of public resources and effective governance structure at the county and local authority levels.

However, this has not been the case in many counties in Kenya and across the world. Laurie & Leka (2019) have observed that corporate failures and scandals in the United Kingdom have all focused on political and regulatory attention on the audit profession and exposed serious corporate governance failings. Juma, Korutaro, Nakulenge, & Kawaase (2018) in their study 'Internal Audit Function, Audit Committees' Effectiveness and Accountability in the Ugandan Statutory Corporations' found that functional internal audit calls for the independence of auditors, proficiency and uncompromised ethical standards of the audit committee and good coordination of the functions of the internal audit department.

There is a need of adopting strategic factors and pieces of training to help mitigate the incidences of poor service delivery in County Governments. Onyoni (2018) found a lack of proper coordination of leadership has led to increased looting of revenue from parking fees, land rates and real estate; difficulty in operation of the city inspectorate to manage

traffic and public transport sector; poor social services; reduced the incentive to execute proper urban planning; and solid waste management in the city among many others.

Obala (2018) found despite NCG receiving the lion's share of the revenue devolved to counties every financial year, it has not lived up to expectations in terms of effective service delivery. These studies however did not examine the influence of audit committee roles on quality of public service delivery.

1.4 Purpose of the Study

The Purpose of this study was to establish the influence of audit committee's roles on quality of public service delivery at Nairobi County Government in Kenya.

1.5 Objectives of the Study

This study sought to establish the influence of audit committee's roles on quality of public service delivery at Nairobi County Government in Kenya.

1.5.1 General Objective of the Study

The main objective of this study was to establish the influence of the audit committee's roles on quality of public service delivery at Nairobi County Government in Kenya.

1.5.2 Specific Objectives

The specific objectives of the study were;

i. To examine the influence of financial reporting on service delivery within County Governments in Kenya.

ii. To establish the influence of performance reporting on service delivery within County Governments in Kenya.

iii. To determine the influence of systems of risk oversight on service delivery within County Governments in Kenya.

iv. To assess the influence of internal control systems on service delivery within County Governments in Kenya.

1.6 Research Hypotheses

The study set and tested the following hypotheses;

$H_0$1: Financial reporting does not influence the quality of public service delivery at Nairobi County Government.

$H_0$2: Performance reporting does not influence the quality of public service delivery at Nairobi County Government.

$H_0$3: System risk oversight does not influence the quality of public service delivery at Nairobi County Government.

$H_0$4: Internal control systems do not influence the quality of public service delivery at Nairobi County Government.

1.7 Hypothesis

Hypothesis is an educated guess about a relationship. This research study tested the following hypothesis; financial reporting, performance reporting, system of risk oversight and internal control systems do not influence the quality of public service delivery at Nairobi County Government.

1.8 Significance of the Study

This study is of great importance to county governments in Kenya. It provides empirical evidence to both the Nairobi County Executive and County Assembly of the need for an independent audit committee that is well funded to carry out its mandate. In the financial years 2013/14, 2015/16, 2017/18, 2019/20 for NCG, the Auditor General (AG) issued a 'disclaimer of opinion' meaning inability to secure appropriate audit evidence to avail an explanation for the audit opinion. The findings revealed challenges within the public sector liability systems through identifying corruption via payments that lacked supporting financial documents, lack of revised asset registers, ineffective risk management regulations contrary to what is advocated for by the Public Finance Management Act (PFMA), ineffective debt-recovery functions and canvassing of procurement controls and many others. These need to be identified and sorted out if the AC were efficient in their job. Hence, the study will significantly inform the national and county governments on how an efficient audit committee is able to solve some, if not, all of the weaknesses alluded above, and thereby ensure effective public service delivery in NCG and the rest of the counties in Kenya.

The national government will use the findings of this study. Every financial year huge sums are channeled to the devolved counties to bring services closer to the people. Findings from the study will inform policies aimed at safeguarding national resources devolved to the counties. Moreover, the findings will help the national government improve service delivery by having effective and efficient monitoring, evaluation, risk assessment, and auditing of all government agencies charged with service delivery. The study findings will help The Office of Auditor General enhance oversight of external audits by focusing on:

financial audits, performance audits, compliance audits, forensic audits, and procurement audits of the various government agencies for improved service delivery to the citizens.

Citizens who are stakeholders will gain from this study as they will understand the influence of audit committee roles on quality of public service delivery at Nairobi County Government in Kenya. As employers of the managers of the county, citizens will be able to assess their performance and take corrective action through their power of the vote. Thus, citizens will be empowered to demand higher levels of accountability from the devolved county governments by having the informed capacity to follow up with internal auditors and periodically question the relevance and value that audit committees bring on internal audits and oversight of county government expenditures in the country.

Finally, this study will be of importance to other stakeholders such as private entities, civil society organizations and development agencies who have direct or indirect interest in both national and county government's governance strategies in Kenya. Furthermore, the study will be a reference point for future researchers by forming secondary data for scholars undertaking further research on the subject matter.

1.9 Scope of the Study

This study focused on the influence of audit committee roles on the quality of public service delivery at Nairobi County Government. The study covered the devolution period between 2015/2016 and 2019/2020 financial years. The study was limited to Nairobi County Government. The specific target respondents were: top managers, middle and lower-level civil servants in the County Executive, NCG Audit Committee, Office of Clerk of the

County Assembly, Budgeting and Finance Committee of County Assembly, County Auditing Unit, Department of Finance and Economic Planning, Sub County Administrators, and all the eighty-five wards administrators.

1.10 Delimitations of the Study

Nairobi City Government has the highest budget allocation and has the potential to generate the most revenue, being the capital city of Kenya. Besides, NCG has the highest population, thus an ideal benchmark for determining the efficiency of ACs in enhancing public service delivery in Kenyan Counties. Therefore, the choice of this county as the basis of the study will be instrumental in shaping how other counties can have effective audit committees that ensure efficiency in public service delivery to the citizenry. It will demonstrate the important position of audit committees in all government agencies.

1.11 Limitations of the Study

This study was limited to Nairobi City County. Due to budget and time constraints, it was not possible to include other counties in the Republic of Kenya. The research would have been more robust if more counties were included in the study. Indeed, reaching out to the sampled respondents in this study proved to be a challenge since some of the respondents are senior county officers. Getting the senior county officers for interviews took longer than anticipated and in some cases, the researcher was not successful. Moreover, there was the risk that the respondents may be biased and not honest in giving their responses, thus resulting in misleading findings.

NCG was selected due to its central location relative to all other county governments in the country. Thus the county government was easily accessible, hence the need to limit the study only to the county. Besides, due to limitations of time constraints, it would be very difficult to collect data for this study from all county governments within a reasonable timeframe. Finally, there was a limitation of funds and resources to traverse the country and extend the research to the other remaining counties. Thus, there is a need for further research to scale up and test the study findings of this research in other counties in the Republic of Kenya.

1.12 Assumptions of the study

This study assumed that all respondents were knowledgeable on audit committee roles and how these roles influenced the quality of public service delivery. In addition the study assumed that all respondents would be honest and truthful in their responses.

1.13 Theoretical Framework

There exist several theories for understanding the need and objectives of internal audit and control systems in both private and public sectors of the economy. This study has adopted the Agency Theory of Internal Audit, Systems Theory Approach, Theory of Inspired Confidence and Seven Postulates of Effective Audit Committees by David Flint.

1.13.1 Agency Theory of Internal Audit

This theory backdates to Adam Smith in his book, “wealth of the nations” of 1776, where it was important to understand how to get a manager (agent) to act in the best interests of shareholders (principal) when the agent has both more information and different interests

than the principal (Shapiro, 2002). Building on Smith's work, modern agency theorists have emerged with explanations of the agency theory; these include the Chicago School of thought theorists and a host of other scholars (Bendickson, Muldoon, Liguori, & Davis, 2016). Two agency problems emerged from this discourse, risk-sharing, and agent monitoring. These scholars further argued that divergence in the area of risk-sharing creates information asymmetries, which in turn, reduces the principal's ability to monitor agent behavior, thus difficulty in developing a sustainable agency relationship (Bendickson, Muldoon, Liguori, & Davis, 2016).

This is a useful economic theory of accountability, which helps explain the development of the audit in public organizations. In the case of NCG, the principal-agent relationship represents the social contract between citizens (principals) and the county government employees, bureaucrats, and elected leaders as their agents to perform all services as stipulated in the constitution of Kenya 2010. More often than not, there is a disconnect between the citizens' expectations of effective service delivery as opposed to the quality of services received from NCG duty bearers. Thus, this theory helps confirm how the performance reporting function of an efficient audit committee can help streamline effective public service delivery in the Nairobi County Government. The main limitation of the agency theory is that when there is goal congruence between the principal and the agent, the theory is silent. Only when there is goal incongruence between the two is agency theory applicable (Jonathan & Lowell, 2003)

Agency Theory has its critics. Ramamoorti (2003) critiques the simple agency model by arguing that, due to information asymmetries and self-centeredness, principals lack reasons

to trust their agents hence usually seek to sort these concerns through putting in place methods to shape the interests of agents with their own interests and to minimize the overall information failure and opportunistic behavior. Similarly, Kumalasari & Sudarma (2013) argue that agency problem has to be understood based on the context and function which are dependent on the bounded rationality of human nature. As such, internal auditors come in to streamline operations of the duty bearers (agents) by giving independent qualified opinions showing how the agents' actions have positively or negatively influenced public service delivery to the principals (Bragg, 2018). Thus, agency theory will help investigate the second objective on the bearing of performance reporting on effective public service delivery in NCG.

1.13.2 Systems Theory Approach

This theory was established by internal control systems that exist to minimize business risks while ensuring that corporate activities interact in a synchronized way, such that the goals of the organization are achieved in the most economical, efficient, and effective manner possible (Adams, 1993). In other words, audit committees' function in the system is intended to facilitate effectiveness and efficiency in government service delivery. To have a properly functioning system, it is important to put emphasis specifically on knowledge, value, quality, environment, relationships, adaptation, and complexity control mechanisms of the organization (Mele *et al.*, 2010). Thus, systems theory is essential in discerning the research objective three, the influence of systems of risk oversight on the quality of public service delivery at NCG.

The terms internal control systems and internal control have different meanings. According to (Drogalas *et al*., n.d) two basic concepts – internal control systems and internal control, help discern internal auditing in modern business. The internal control system is defined by the University of Washington (2015) as the organized amalgamation of functions and procedures, within a system of controls established by the management, aimed at the successful functioning of an organization. Whereas the Institute of Internal Auditors (2019) defined internal control as the process that helps an organization to realize its goals using a systemic approach of assessing the effectiveness of handling dangers. Drogalas *et al*. n.d, referred to internal auditing as a unit of internal control which is meant to evaluate the proper functioning of the internal control systems.

In this research, however, the theory will be useful in scrutinizing the organizational structure and channels of service delivery in a public sector entity, the case of NCG. This will include: mapping the financial reporting structure of the county government, the expenditure in all the county ministries vis a vis output from those ministries, the county public service department and milestones in the public works, communication channels both vertical and horizontal within the county government as well as with members of the public and external auditors, work ethics and corporate culture of NCG civil servants. In addition risk assessment of various procurement and project contracts aimed at improving service delivery in the county of Nairobi. These are important rubrics used by the audit committee in improving public service delivery as a function of a system of risk oversight in NCG. The application of systems theory in the public sector is however contested, especially, being a sample of hard systems (Stichweh, 2011). Thus, it is prone to bureaucracy which can slow efficiency in public service delivery to the citizenry. Hence,

the need for audit committees to properly manage the systemic risks which would otherwise result in unnecessary bureaucracy.

1.13.3 Theory of Inspired Confidence

This is another instrument for understanding the foundations of audit practice. The theory underscores both the demand for and the availing of audit services. According to Limperg, the need for audit services is a result of the involvement of external stakeholders in the firm (Salehi, 2010). They ask for accountability from the top leadership, in return for their capital injection to the company. Okpala (2015) observed that with the possibility of biased information availed by the top executive, resulting in an increased probability of conflict between the interest of the top leadership and outside stakeholders, an audit of this information is needed. With reference to the degree of audit assurance that auditors need to avail (the supply side), Limperg adopted a normative approach. Their capacity need to be undertaken in a manner that the expectations and confidence of the members of the public is not betrayed (Ramamoorti (2003); Okpala (2015); Waring & Morgan (2007)). So, given the possibilities of audit technology, the auditor should do everything to meet reasonable public expectations. Hence increased service delivery in the public sector of the economy.

Theory of inspired confidence helps explain how internal audit heavily relies on the trust by members of the public on the audit committees as a watchdog for the government's financial reporting. Thus, it will help elucidate the first objective, that is, influence of financial reporting on the quality of public service delivery at NCG. With the devolution of government services and resources to the counties, there is even increased demand for

accountability by the leaders and government bureaucrats entrusted with managing these resources. It is against this backdrop that the research will utilize this theory to investigate whether internal auditors in Nairobi County give expert and independent opinions regarding county fiscal and recurrent expenditures which can inspire confidence and meets public expectations.

Critics of this theory hold that in a public sector, internal auditors are susceptible to political interference from politicians and bureaucrats with vested interests in the report. Thus, AC members and internal auditors may face intimidation, especially in jurisdictions where the idea of independent institutions is elusive (Ittonen, 2010). Thus, the successful work of audit committees in meeting public expectation trust is dependent on their independence and freedom from political and legislative interferences. Thus auditors, can only effectively execute their mandates in an enabling environment where they can freely give due diligence to reporting on the fiscal expenditures of the government. In the context of NCG, there is the PFM Act of 2015 and devolution, in general, provides a legal framework upon which the Audit Committees (ACs) should operate.

1.13.4 Seven Postulates of Effective Audit Committees by David Flint

Finally, this research paper will anchor understanding of performance audit (value for money on development expenditure) done by audit committees on the seven postulates of effective internal audit established by David Flint in 1988 (Essays, 2018). These include: determining if there is an association of accountability or a state of public accountability which can only be demonstrated using audit; that an audit calls for independence and liberty; that the theme of audit is vulnerable to verification through evidence; that auditors

are experts in judgment and bear the ability to evaluate actual performance against the set standards of accountability; that the meaning, importance, and purpose of statements to be audited ought to be clear; and that an audit results in an economic and social advantage (Essays, 2018).

These seven postulates were the rubrics upon which effectiveness and efficiency of the internal auditors and audit committees in NCG was measured. This was a response to objective four, focusing on the influence of internal control systems on the quality of public service delivery at NCG. It will help to fast-track effective implementation of the ministry of finance circular numbers 16 of 2006 and number 40 of 2016 that provides for the establishment of functional audit committees in all government agencies (ICPAK, 2016). By this, it will be possible to give an informed opinion of the milestones that audit committees of Nairobi County has made while giving sustainable recommendations on how they can be empowered to be more independent and deliver expert reports trusted by the people. Eventually, this will lead to increased quality of public service delivery to residents of Nairobi County. However, Flint's seven postulates for proper auditing have limitations in the areas of high-risk social audits, especially in politically charged public sectors. While it is true these postulates are ideal for having an efficient audit committee, their success is dependent on the independence of the AC, strong institutional and regulatory frameworks upon which the AC's are anchored, and political goodwill from the leaders (ICPAK, 2016)

1.14 Conceptual Framework

Diagrammatic representation of relationship between variables is known as conceptual framework (Walden University, 2020)

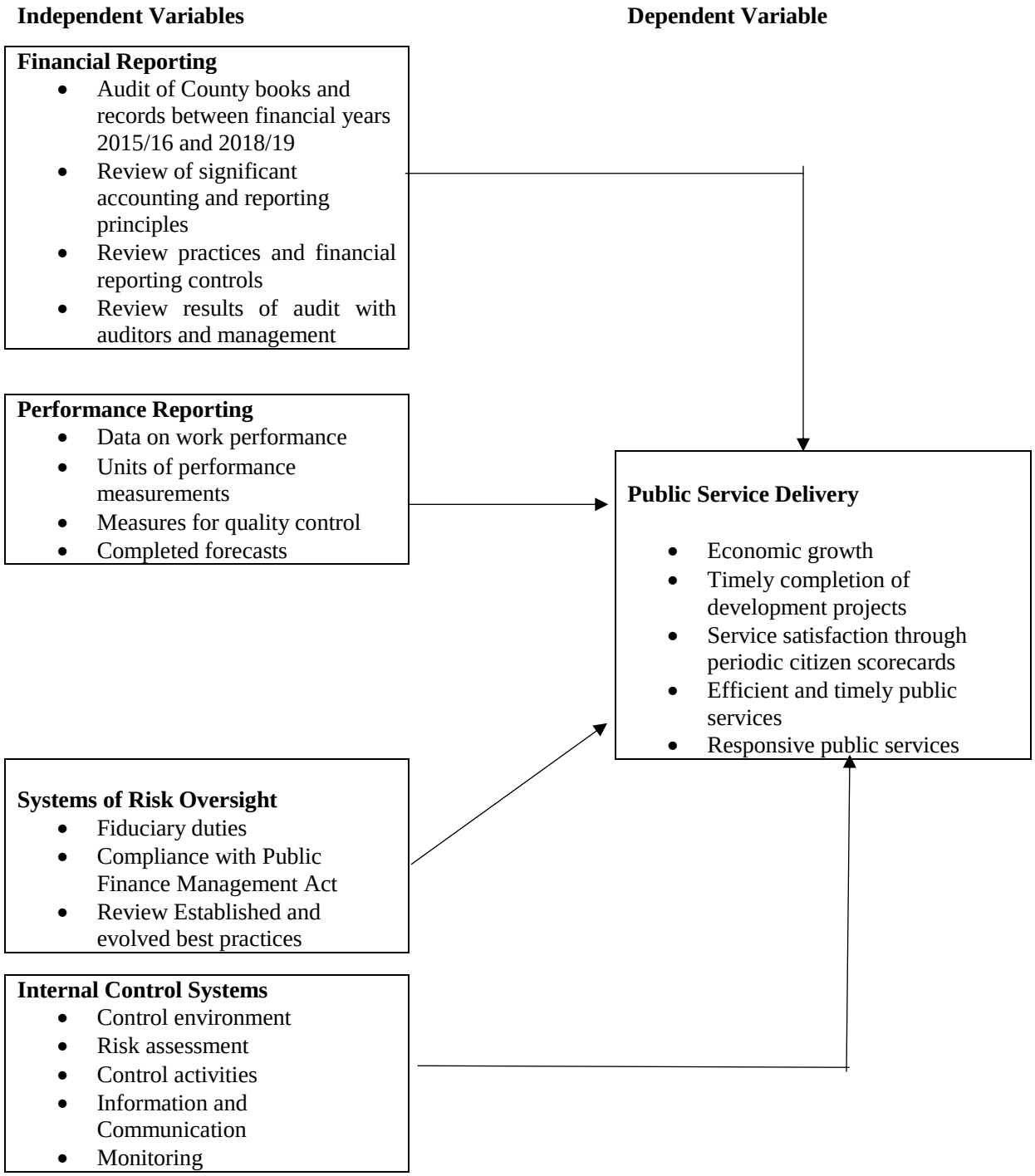


Figure 1.1: Conceptual Framework **Source: Researcher (2021)**

The above figure conceptualizes the relationship between variables, that is, the dependent and independent variables. In this study, the independent variables are the audit committees' mantle which broadly includes: financial reporting, performance reporting, systems of risk oversight, and internal control systems. The dependent variables were: service satisfaction through periodic citizen's scorecards, achievement of sustainable economic growth in NCG, effectiveness, and timeliness of public service delivery, the responsiveness of public service delivery, and timely completion of NCG development projects. These outputs are functions of effective implementation of the aforementioned independent variables. These were measured using the Likert scale and analyzed using descriptive statistics.

Thus the study tested how NCG is currently implementing the above mentioned independent variables to bring efficiency in public service delivery. Ultimately, the study findings will inform NCG and the rest of the forty-six counties how to effectively fast track implementation of these independent variables to bring efficiency in public service delivery.

Financial reporting is the disseminating of timely financial information to users for informed decision-making. Financial reporting is the disclosure of financial results and related information to management and external stakeholders (e.g. investors, customers, regulators) about how a company is performing over a specific period of time (Planful, 2020). Financial reporting will include the following; balance sheet, income statement, statement of changes in equity, and cash flow statement. Accurate financial reports will be an indicator of public service delivery.

A performance report is a report on the performance of something. They are routinely produced by government bodies which, being financed by public money are required to show that the money was spent efficiently and usefully (ACCA, n.d). Regular performance reports will have a sway on public service delivery.

System of risk, oversight has an influence on public service delivery. Public entities such as counties review internal processes regularly so as to have a reasonable assurance that goals set by the executive and county assembly are achieved. A system of risk oversight ensures effectiveness and efficiency of operations while giving assurance on the reliability of financial and performance reporting of the entity (Australian National Audit Office (ANAO), 2017). Effective internal controls ensure the systems put in place are working. It is self-defeating to have a great system of risk oversight that is just on paper but not practiced.

Internal control, as defined in accounting and auditing, is a process for assuring an organization's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations, and policies (ACCA, n.d). A broad concept, internal control involves everything that controls risks to an organization (ACCA, n.d). The internal control system includes five components namely control environment, risk assessment, control activities, information and communication, and monitoring (Bragg, 2018). A firm that has an effective internal control system will have control over service delivery.

The above independent variables will have a bearing on the dependent variable which is public service delivery. Public services include water, sewage, and garbage management, public education, and health services (IGI Global, 2019). Kent State University (2018) reiterates that public services point to primary social needs such as water and sanitation, health care, education, and power supply. Furthermore, public services transcend these physical aspects to the encompassing of land registry systems geared towards the formalization of property rights, licenses and permits, coding and enforcing of law, among others. Shuqair & Abdel-Aziz (2015) support the argument that organizations are pursuing quality service delivery in order to achieve efficiency, profitability, and optimum allocations of resources.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This section summarizes the theoretical and the empirical literature reviewed. Under the theoretical review, the theory proponent, importance, weakness, and strength of theories in supporting the current research variables were presented. On the other hand, under the empirical literature review, the association between the explanatory and dependent variables was discussed. Knowledge gaps in each of the studies reviewed were identified and their relevance to the current study in filling the study gap was summarized at the end of this section.

2.2 Empirical Review

This section discusses empirical studies as a way of gaining knowledge by means of direct and indirect observation or experience. Empirical evidence can be analyzed quantitatively or qualitatively (Bhat, 2020).

Conventional knowledge has it that public service, public administration, and public management have evolved over time with remarkable changes during the post-independence state formations. Robinson (2015) gives a chronological trend in the evolution of the public service with intention of enhancing the responsiveness of the government to the needs of the citizenry. This included reforming the Old Public Administration which was modeled after Marx Weber in the 1960s, to the New Public Management that dominated government discourses in the 1980s and 1990s, and eventually to the New Public Service discourse that was ushered by the dawn of the millennium in 2000 and is still in place to date (Robinson, 2015). To understand this

development, sample empirical studies on the contribution that effective audit committees play in the New Public Service paradigm in selected countries will be critical.

2.2.1 Financial Reporting and Quality of Public Service Delivery

Financial reporting in the public sector refers to the stewardship part that public institutions have as custodians of public money and other assets. Financial reporting is essential in public services as it helps in decision-making and in increasing accountability, openness, and transparency. Moreover, it helps improve performance and citizens' trust in the public sector, hence, increased service delivery (Office of the Auditor General, New Zealand, 2016).

In the study 'Audit Committee Effectiveness', Magrane and Malthus established that the New Zealand District Health Board (DHB) moderately facilitated effectiveness in public service delivery (Magrane & Malthus, 2010). This research employed exploratory and qualitative techniques which included analyzing secondary data and semi-structured interviews. While the research findings depicted New Zealand's DHBs as relatively well in terms of their effectiveness, challenges of lack of independence, tenure of office, and poor remuneration of the AC members were identified to negatively impress on their functionalities. Such challenges were envisaged and elaborately addressed by ICPAK; laying out strategies for transforming auditing in county governments in Kenya (ICPAK, 2016).

A study linking internal audit functions, corporate governance and accountability in public statutory corporations in Uganda revealed that internal audit but not corporate governance significantly affect accountability and public service delivery (Tumwebaze *et al*., 2018).

The study employed cross-sectional survey design in a study population of 119 state-owned corporations, and a sample size of 92 corporations with a questionnaire response rate of 71.7% (66 responses). The research findings affirmed the importance of internal audit functions in promoting accountability and improved service delivery as compared to corporate governance (ibid, 2018).

Ondiek & Onono (2016), conducted a study on internal audit system on financial performance in the public health sector in Kenya, case of Matungu hospital. Their study was inspired by the fact that most public hospitals in Kenya are characterized by poor service delivery despite the increased heavy government spending on health budget. Thus, the research purpose was to analyze internal control systems on financial performance in the public health sector in the country using agency theory.

The research used a case study and correlation research designs to examine the relationship between internal audit systems and financial performance in Matungu hospital (2016). Findings revealed a significant positive correlation between internal audit and financial performance at Matungu hospital, thus internal audit influences the financial performance of the hospital. However, the research did not indicate any relationship between good financial performance and quality service delivery by the health workers in the hospital. Thus, need to study the gap in correlating financial performance with public service delivery of county governments in Kenya.

2.2.2 Performance Reporting and Quality of Public Service Delivery

Performance reporting and public accountability demand that performance data be publicly available for public scrutiny. Performance reporting in public service is the mechanism

through which governments periodically report how they perform their duties by publicly availing real-time data on inputs, activities, outcomes as a measure of their effective governance (Tryens, 2016). Performance reporting is ideal for giving the citizens the assurance that government services and public policy agenda are in place and functioning efficiently. The Public Service and Procurement Canada's (PSPC) Office of Audit and Evaluation (OAE) did research on key performance results of its Internal Audit functions (OAE Canada, 2018). This research revealed important findings.

The findings revealed that PSPC's Audit and Evaluation Office was in compliance with most of the internal audit requirements. This included attributes such as a high percentage (55%) of staff with relevant accounting and internal audit qualifications, a sizeable number (18%) undertaking such qualifications, and another 24% holding other relevant qualifications such as certified information systems auditing. Similarly, the quality assurance and improvement program of the PSPC's Audit and Evaluation Office met most of the desired attributes through the annual assessment of internal audit functions (OAE Canada, 2018). This revealed the public office in Canada was performing as per set standards.

Other empirical research findings negate the general functions of performance reporting as a determinant of value for money through quality service delivery. Greaves & Achterstraat's (2015) study, 'Performance gone Awry- the right of private practice in Queensland public hospitals', focused only on results or outputs without paying attention to processes and activities in the system. The primary objectives of these hospitals were; to attract more senior medical officers (SMO), the process to be cost-neutral and have no

adverse health outcomes for public patients in the public health system. However, this was not the case.

The findings indicated only the first objective was achieved, that is, increasing the number of SMOs. However, the other two objectives were not met since increased SMOs came at a higher cost and category 2 (elective surgery patients) under the public health scheme were very disadvantaged. This was arguably due to not paying attention to processes and systems that would help make an increase in SMOs meaningful and economically sustainable. The study recommended two solutions; improving administrative efficiency by reducing the billing period hence increased revenue, and adopting more efficient management information systems. These are strategies that will enhance processes and activities in the system that support effective service delivery, rather than only focusing on the results.

Kyalo, Kimeli, & Ayao (2017) study, 'An assessment of factors influencing service delivery in county governments in Kenya -a case study of County government of Kitui', revealed that despite good budgetary allocation from the national government, the county government poorly allocates financial resources to key community issues, there was an irregularity in procurement processes, and lack of public participation in the county planning processes. The study employed use of questionnaires and data analyzed through SPSS. The study findings pointed out irregularities in allocation of Kitui County financial resources to non-priority areas for the citizens, skewed procurement processes and lack of public participation to sensitize citizens of the county government's development plans (Kyalo *et al*., 2017). Thus the study recommended prudent financial reporting by the internal auditors and effective public participation by the county.

2.2.3 Systems of Risk Oversight and Management on Quality of Public Service Delivery

Systems of risk oversight refer to the practice of understanding scientific, commercial and legal, safety and security, IT and technology, environmental, and reputational risks inherent with organization, public or private, and coming up with strategies for their mitigation (CSIRO, 2019). By being in control of such risks, it is easier for an organization to plan mitigating factors ahead of time and hence face the future with optimism.

Mbego, Okibo, & Abuga (2016) case study on 'Influence of Internal Audit System's Practices on the Management of Public Funds in County Governments in Kenya: a case study of Management of Public Funds in Kisii County', raised a pertinent question on the effectiveness of internal audit systems in influencing the management of county government funds. Applying regression analysis on the study, variables revealed a strong linkage between internal audit systems with effective management of public funds in the provision of public services.

Matendera (2013) study on the challenges facing Kenya National Audit Office revealed low staff motivation, lack of adequate training, political interference, communication and leadership problems affecting the performance of internal audit institutions in the public sphere. Thus they fall short of the public expectations. The research further recommends increased revenue allocation to strengthen internal audit institutions, capacity building, and training for audit officers, and clear communication of the audit findings as strategies for increasing their efficiency.

Wandera (2017) study on the effect of financial reforms on public service delivery in Busia District in Uganda underscored innovative risk oversight systems including; upgrading integrated financial management system (IFMS), implementation of Treasury Single Account (TSA), and Integrated Personnel and Payroll System (IPPS) as systems of risk management. The case study used simple random and purposive sampling techniques to identify sample study of 407 respondents including; elected councilors, district staff, local council chairperson and sub-county chiefs. There was a correlation between the risk management techniques and public service delivery.

ICPAK (2016) evaluation of the effectiveness of Audit Committee in the public sector, revealed gaps in the general implementation of AC functions across the country. The study objectives included: compliance, level of independence and effectiveness of ACs challenges hindering the effective performance of ACs and recommendations to strengthen AC's office. The triangulation research technique was used in the selected 6 ministries, 50 state corporations, and 15 counties, and findings revealed inadequate skills and training opportunities for capacity building of AC members, lack of clear reporting structures by ACs in the ministries, lack of guiding principles for the formation of AC in the county governments. As such, the findings recommended; the desired skills mix of AC members desired AC's composition number of between 3 and 5 members to mitigate quorum challenges, having a clear mandate of ACs in all the levels of governance, increased funding for the internal audit departments, and a clear succession strategy for AC members (ICPAK, 2016). Lack of proper implementation of the aforementioned recommendations hinder effective implementation of risk management and oversight functions of ACs in enhancing prudent financial management and revamped public service delivery in NCG.

2.2.4 Internal Control Systems and Quality of Public Service Delivery

Internal control systems are viewed as a set of regulations, policies, and procedures an entity implements in order to avail direction, enhance efficiency and establish adherence to policies (iEDUNOTE, 2017). According to the University of Washington (UW), internal controls help an organization detect and deter errors, fraud, or irregularities that might negatively affect its operations. This includes such activities as having a sound control environment, regular risk assessment, monitoring and reviewing of the systems of internal control, clear information and communication structure, and proper control activities, that is, preventive and detective activities (UW, 2015). Internal control systems in the public sector help bring a sense of responsibility and accountability of the various duty bearers to execute public services satisfactorily.

Braiotta, Gazzaway, Colson, and Ramamoorti (2010) and Oduor (2014) fortify the fact that accountability in the public service has become an important determinant of the holistic economic growth and citizen development of modern states. The difference between the developed and developing states is the extent to which they have institutionalized and practically operationalized public service (Robinson, 2015). In the Handbook of County budgeting, Planning, and Social Accountability, Oduor underscored mechanisms for holding government bureaucrats and politicians accountable in a democratic dispensation. These include political accountability, social accountability by the citizens and civil societies, and financial accountability. Financial accountability can be best monitored by efficient ACs which execute their mandate with objectivity (Hasan, 2017).

Political and social accountabilities have been given much consideration by scholars for a long time while financial accountability has been neglected (Tumwebaze *et al*., 2018). Tumwebaze *et al*., (2018) in their study of "contribution of corporate governance and internal audit function on accountability in statutory corporations in Uganda", scrutinized further the need for institutional independence of the audit committees of Uganda in order to promote transparency and effectiveness in financial reporting. They did a cross-sectional and correlational study to examine relations between corporate governance and internal audit and their bearing on public service delivery in Ugandan corporations. Their findings underpinned the fact that good corporate governance and an efficient internal audit through independent ACs help institute systems of risk oversight. This in turn helps promote prudent financial management and hence improved service delivery.

Holding duty bearers charged with responsibilities of disseminating services in the public sector accountable is a major way of fast-tracking service delivery in the best interest of citizens. There are several ways of holding public institutions accountable over management of public resources and dissemination of quality services to the citizens. Such include both legal and institutional means. Institutions charged with oversight include: Parliamentary Accounts Committees, Supreme Audit Institutions such as AG's office and Controller of Budget, Public Service Commission Act, and social audits by the members of public and civil society organizations (Controller of Budgets, 2018).

The Controller of Budget report further outline legal provisions for oversight and accountability of the public institutions for improved service delivery and good governance. Such include the Public Finance Management Act, 2012, Article 228(6) of the

Constitution of Kenya 2010, Section 9 of the Controller of Budget Act, 2016, Treasury Circular No.16/2005, and County Governments Act 2012 – Public Participation through County Budget and Economic Forum. Social accountability mechanisms and tools for county governments such as participatory planning, participatory budgeting, independent budget analysis, citizen scorecards, public expenditure tracking survey, community scorecards, civic education, public hearings, public revenue monitoring, citizens' charters, and social audits (Controller of Budgets, 2018; ICPAK, 2015; Oduor, 2014).

Composition, policies on set-up, and least qualifications for people to be selected to the ACs of public sector organizations are critical in determining competence and effectiveness of the audit committees (ICPAK, 2015). This is necessary in order to have quality financial reporting, risk assessment, and performance reporting of the various government agencies. Besides, internal control activities and monitoring of information communication technology significantly influence financial management, thus encouraging prudence in public service delivery through regular and accurate audit reports by the Audit committees of county government (Okello & Lagat, 2016).

2.3 Summary of the Reviewed Literature

Literature on the influence of audit committees on public service delivery was broken down to two parts: sources concerning theories in support of internal auditing, and empirical literature based on past research closely related to the objectives of this research topic. Four theories have been discussed to discern the necessity of audit committees and internal control mechanisms in the public entities for improved public service delivery in NCG.

These included: agency theory which supported the second research objective on performance reporting and value for money, by explaining the place of ACs and internal audit unit as the custodians of audit reports useful in the management of county resources for improved service delivery. The second was the systems theory that basically refers to the mechanism of internal control that exists to minimize risks while ensuring that an organization realizes its objectives (efficiency in public service delivery). This theory is linked with the third research objective on the influence of systems of risk oversight on quality of public service delivery at NCG. Theory of inspired confidence underscores both the demand for and the supply of audit services in both private and public entities in line with the first objective on the influence of financial reporting on the quality of public service delivery at NCG. Finally, David Flint's seven postulates upon which internal audit is founded and are useful in gauging the effectiveness of audit committees were used to underscore the fourth objective on the influence of internal control on the quality of public service delivery at NCG.

The empirical review highlights various relevant case studies as per the four research objectives in discerning the influence of audit committee roles on the quality of public service delivery at NCG. Greaves & Achterstraat (2015) study "Performance gone Awry-the right of private practice in Queensland public hospitals" in New Zealand investigate how efficient ACs can help promote public service delivery. Wandera (2017) researched the effect of financial reforms on public service delivery in Busia District, Uganda. Mbego, Okibo, & Abuga (2016) study was on "Influence of Internal Audit System's Practices on the Management of Public Funds in County Governments in Kenya: a case study of Management of Public Funds in Kisii County. Ondiek & Onono (2016) research was to

analyze internal control systems on financial performance in the public health sector in Kenya using agency theory. Kathambi (2018) researched on, 'the hand of internal audit in managing public sector in Kenya: A case study of national treasury internal audit, Juja Sub-County'

2.4 Knowledge Gap

Theoretical literature review outlined pertinent theories that support the objectives of the study as well as the study variables. Similarly, the empirical literature has addressed part of audit committees in promoting such functions as financial reporting, performance reporting, systems of risk oversight, and internal control systems. This is evident in the aforementioned empirical literature which covers various case studies to support the study objectives.

However, various empirical studies surveyed revealed gaps and inconsistencies which the study aims to address. First, while the study aims to investigate how efficient ACs can help promote public service delivery, the case study "Performance gone Awry- the right of private practice in Queensland public hospitals" in New Zealand by (Greaves & Achterstraat, 2015), had performance auditing focus only on results or outputs without paying attention to processes and activities in the system. Thus, in this research, the study variables will take into account processes and performances of NCG AC and internal audit unit in ensuring public finances are used prudently to promote effective service delivery.

Moreover, a study on the effect of financial reforms on public service delivery in Busia District in Uganda by (Wandera, 2017) covered various innovative risk oversight systems

including; upgrading an integrated financial management system (IFMS), implementation of Treasury Single Account (TSA), and Integrated Personnel and Payroll System (IPPS) as systems of risk management. This depicts the application of information systems and technology in internal audit functions to help improve public service delivery. This is consistent with Kenyan legal and institutional frameworks for internal audit and AC functions. Hence, this research will address the gap on how NCG can and should factor in the IT and technological risks that can potentially derail effective public service if not mitigated.

The study on "Influence of Internal Audit System's Practices on the Management of Public Funds in County Governments in Kenya: a case study of Management of Public Funds in Kisii County by (Mbego, et al., 2016), raised a pertinent question on the effectiveness of internal audit systems in influencing management of county government funds. This is close but unrelated to the research objectives of this study which focuses on the influence of audit committee roles on quality of public service delivery at NCG. Thus, need to investigate the correlation between AC and internal audit functions and public service delivery in NCG.

Similarly, Matungu hospital research by (Ondiek & Onono, 2016) was to analyze internally control systems on financial performance in the public health sector in Kenya using agency theory. Much as the study showed a positive correlation between internal audit functions and good financial performance of the hospital, there is no clear indication that it resulted in effective health service delivery to the members of the public. As such, this study will be concerned with the influence of AC roles on quality of public service delivery at NCG,

and will focus on linking internal audit functions and functions of AC with public service delivery while taking into consideration the processes and systems involved.

A study by (Kathambi, 2018) on, ‘the capacity of internal audit in managing public sector in Kenya: A case study of national treasury internal audit, Juja Sub-County, recommend that the internal auditor should be empowered financially through resource allocation and employees made aware of the contribution of the auditor. A further recommendation was to put measures in place to enforce the work of the auditors. However, the study did not show how having an effective internal audit would translate to enhanced public service delivery.

The reviewed literature, both theoretical and empirical, failed to addresses the position of Audit Committees (AC) on public service delivery. It is against this backdrop that this study built on the aforementioned related empirical studies and theoretical approaches to investigate the influence of AC roles on quality of public service delivery at NCG.

CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This section summarizes the information on the research design that was adopted, the target population, the sample and sampling procedures that were used, procedures explaining data collection, details of a pilot study conducted, and data analysis methods used in the research in responding to the fundamental research questions.

3.2 Research Design

The research design points to the overall plan that a researcher settles on in seeking to integrate the various components of the research in a coherent and logical manner, thereby, effectively addressing the study problem. The design presents the blueprint for the collection, evaluation and analysis of data (Meriam & Tisdell, 2016).

This was a descriptive, evaluation research that mainly relied on a case study of the influence that an effective audit committee has on public service delivery in NCG. According to the University of Southern California (USC), this type of research is a detailed study of a specific study problem other than a general statistical survey or comprehensive comparative inquiry, and is often utilized in seeking to narrow down a pretty wide area of research into a single or a few quickly researchable examples (USC, 2019).

The case study research heavily relied on both qualitative and quantitative data sets. This was to give an all-rounded understanding of the research question. Statistical packages for social science (SPSS) tool of analysis were employed to run regression and correlation analyses between the independent and dependent variables in the study (McLeod, 2017).

Moreover, descriptive statistics were used to analyze the qualitative part of the research findings.

3.3 Research Site and Rationale

The research site was informed by the choice of research design, that is, a case study on the influence of audit committee roles on the quality of public service delivery at Nairobi County Government. Two selection criteria were used as a rationale for settling on NCG as the research site. First, being the capital city of Kenya, it has the highest population cover which poses serious challenges of quality service delivery to 4.3 million citizens dwelling in the city. Secondly, due to the high population, NCG normally receives the highest budgetary allocation from the national government. The high population calls for equally higher representation, hence, NCG hosts seventeen (17) constituencies and eighty-five (85) wards. Thus NCG was the ideal research site for fulfilling the research requirements of this study and it gave a good representation for the rest of the 46 county governments in Kenya.

3.4 Target Population

The target population in research refers to the whole set of units for which the survey data is intended to develop inference. Therefore, the target population explains those units for which the results of the survey are required to generalize. Identifying the target population is the next level after establishing the objectives in research. Target populations ought to specifically be defined since this definition establishes if the sampled cases are eligible or ineligible for the research. The geographic and varying traits of the target population ought

to be precisely explained, as well as the category of units being considered (Lavrakas, 2008).

The target population was divided into three strata: top managers, middle and lower level civil servants in NCG relevant departments that deal with finance and auditing functions. These were drawn from; the County Auditing Unit (62), the Department of Finance and Economic Planning (27), NCG Audit Committee (10), Office of Clerk of the County Assembly (5), Budgeting and Finance Committee of County Assembly (19), Sub-county administrators (17), ward administrators (85) and the County Executive of the NCG (10). Thus the population unit of analysis was 235 civil servants in the above-mentioned departments as per the information in the NCG website. This number and choice of respondents was informed by the desire to have those who are directly in touch with the county finance and budgeting oversight, procurement, administration, and auditing functions participate in the study.

Table 3.1: Target Population

Strata	Target	Population
Top Managers	County Executives	10
	NCG Audit Committee	10
	Office of the Clerk of the County Assembly	5
Middle Managers	Budgeting and Finance Committee of County Assembly	19
	County Auditing Unit	62
	Department of Finance and Economic Planning	27
	Sub County Administrators	17
Lower Level	Ward Administrators	85
	Total Target Population	**235**

Source (Nairobi City County website, 2019).

3.5 Study Sample

Sampling is a technique of selecting a representative of a whole population to partake of an actual research study (McLeod, 2014). While a sample population refers to the total respondents and area of study earmarked for the research where the sample will be derived (Valcheva, 2017). To achieve accurate and verifiable desired results, the researcher used a combination of simple random sampling and purposive sampling techniques. Simple random sampling is where each member of the population has an equal chance of being selected.

A purposive sample is a non-probability sample that is selected based on characteristics of a population and the objective of the study (Baker, 2019). Purposive sampling is different from convenience sampling and will be ideal for arriving at targeted respondents who will mainly comprise of the top county management such as: the head of departments (HODs), the various county ministers, and clerk of the county assembly.

3.5.1 Study Sample Size

This study used Yamane formula for calculating sample size in a finite population as cited in (Singh & Masuku, 2014). This is an ideal method for calculating sample size in a population of study whose size is known.

In this study, confidence level shall be 95%, error margin (e) of +/-5%, and the population size (N) being 235.

Yamane formula is given by:

$$\boldsymbol{n = \frac{N}{1 + N\,(e)2}}$$

Thus, sample size (n) will be calculated as follows:

n = $\frac{\mathbf{235}}{\mathbf{1+235\ (0.05)2}}$ Therefore, n =235/1.5875 = 148.0315 = 148.

Hence, the sample population size for this study will be 148.

Table 3.2: List of Survey Respondents

Category of Respondents	Study population	Sample Size
Wards Administrators	85	54
County Executives	10	6
Sub-county Administrators	17	11
NCG Audit committee	10	6
County Auditing Unit	62	39
Budgeting and Finance Committee of the County Assembly	19	12
Office of the Clerk of the County Assembly	5	3
Department of Finance and Economic Planning	27	17
Total	**235**	**148**

Source (Nairobi City County website, 2019).

3.5.2 Sampling Procedure

Simple random sampling was used to identify respondents from the 85 ward administrators, the 17 sub-county administrators, 62 internal auditors, and 27 in the department of finance and economic planning of NCG. Purposive sampling was used to identify 10 Audit Committee members, 19 budget and finance committee members in county assembly, 5 from clerk's desk, and 10 from the NCG Ministries.

3.6 Data Collection

This refers to the various methods of gathering data which either entail primary or secondary data. Primary data is raw data collected at the source. Primary data collection

methods include the use of questionnaires, focused group discussion, observation, ethnographic study, telephone interviews, email interviews, online surveys among many others. Primary data is chosen because subjective bias is eliminated and the natural behavior of the group can be recorded. The limitation is that it is an expensive methodology. (Mantra, 2015)

Secondary data refers to the data collected by someone other than the user i.e. data is already available and analyzed by someone else. Common sources of secondary data include various published or unpublished data, books, magazines, newspapers, trade journals, etc. (Mantra, 2015). Secondary data is used for its cost-effectiveness. In addition, secondary data is already cleaned and therefore the researcher does not have to spend time analyzing it and packaging it.

3.6.1 Data Collection Instruments

This research heavily relied on primary data collected using survey questionnaires and in-depth interviews. These were structured questionnaires. Questionnaires are the easiest and fastest instruments systematically prepared with preset questions deliberately designed to elicit responses from the respondents (Annum, 2019). The questionnaires were administered to the low and middle-ranking officers in the various county departments that have been identified in the sample size above.

Structured in-depth interviews were used to interview sampled top management and head of departments targeted by the research as well as selected members of the AC. These included the County Executives, Office of the Clerk of the County Assembly, the MCAs

in the Finance and Budgeting Committee of the County Assembly, and the Audit Committee (AC).

The researcher consulted secondary sources. This ascertained and complemented the findings from the primary sources. Such sources consulted include Constitution of Kenya, 2010 official government memos published in the Kenya Gazette especially from the Treasury, relevant documents on the topic from professional bodies such as ICPAK, and relevant documents from think tank groups such as IEA and IIA. These provided relevant information on legal and institutional frameworks for establishing functional AC in both national and county governments in Kenya. Secondary information was accessed online by use of a laptop.

3.6.2 Pilot Testing of Research Instruments

Research instruments help researchers obtain desired and accurate information to help make inferences on given research variables to arrive at informed conclusions. These refer to fact-finding strategies and tools used for data collection in scientific research (Annum, 2019). They include questionnaires, in-depth interviews, focus group discussions for primary data sources, while observation, reading, and transcription are for secondary data sources. The questionnaire had questions arranged in a Likert scale for ease of response and analysis.

Pilot testing means finding out if your survey, key informant interview guide, or observation form will work in the “real world” by trying it out first on a few people. (Meriam & Tisdell, 2016)

This was carried out upfront to find out whether the actual data collection will help meet the research objectives. Piloting helped find out whether the research questions in the structured questionnaires were concise and could easily be understood by the respondents. As such, a pilot survey using the well-designed questionnaires and set of interview questions was administered to a sample in the neighboring Kiambu county government. The respondents were selected through a simple random sampling technique. Then, feedback from the pilot survey was used to enrich the questionnaires and the in-depth interview questions. This was necessary to help bring clarity and uniformity in the way respondents answered questions during the actual interviews.

3.6.3 Instrument Reliability

Reliability refers to how the measurement of variables of a study provides stable and consistent results (Taherdoost, 2016). Crobanch's correlations are used to tests the reliability coefficient of various research instruments.

The reliability of the research instruments was dependent on the consistency and accuracy of the research questionnaires and the in-depth questions. These were ascertained by using scientific statistical methods of data analysis. The data were analyzed using statistical packages for social sciences (SPSS). This entailed running regression and correlational analyses to test the relevance of the data sets to the study variables. Thus an evidence-based conclusion was arrived at at the end. This helped make the right inferences on how best effectiveness of audit committees can and should help promote increased service delivery in NCG.

3.6.4 Instrument Validity

The researcher conducted validity of the research instruments. According to, Middleton (2020) validity testing aims to show the degree to which a research instrument fulfills its part. Primary data was validated based on credibility, authenticity, criticality, honesty, and integrity of the respondents, while secondary sources were validated by a criterion based on: explicitness, vividness, creativity, thoroughness, congruence, and sensitivity. Validity testing was done using Pearson's correlation coefficient test with a significance value of 0.05. Finally, the pilot study in Kiambu County was a validity testing for the set of in-depth interview questions and the questionnaires that were administered to the sampled respondents in the main study.

3.7 Data Analysis and Presentation

This study employed the use of both qualitative and quantitative research methods of data analysis. The data collected from the questionnaires and in-depth interviews were checked for completeness and accuracy. Then the questionnaires were coded according to each study variable to ensure the error margin was minimized during the analysis.

Quantitative data analysis heavily relied on the use of statistical packages for social scientists (SPSS) to run regression and correlation analyses of the quantitative data sets. Thus, regression analysis was run to illustrate the relationship between independent variables which are: financial reporting, performance reporting, a system of risk oversight, and internal control systems; and the dependent variable which is public service delivery. Besides, descriptive statistics were used to analyze the mean, median, and frequency distribution table of the data sets. Triangulation of data from the questionnaires, in-depth

interviews, and secondary sources was done to validate the consistency of the study findings.

The research findings from analyzed data were presented using bar graphs, tables and pie charts, and figures for clear understanding. This brought clarity in explaining the findings and connecting them to the research problem. Moreover, these presentation methods helped clearly underscore how various research questions and objectives of the study were met. This enriched the research and brought validity and authenticity to the study.

Interviews with top management were conducted. The researcher used a thematic approach to carry out content analysis. Responses were classified into common themes. Each question was represented by a number. The data was then converted to a quantitative one and analyzed. The results are explained in Chapter 4.

3.8 Legal and Ethical Considerations

The research design and methodology have been informed by a high level of professionalism. Upon approval of the proposal, permission from NACOSTI, the national body overseeing research in Kenya was fetched. The university's research office provided a letter permitting data collection in the chosen sample population. The respondents are kept anonymous as there will be no disclosure of names or private personal information that can otherwise jeopardize their freedom and security. Finally, the questionnaires clearly stipulated the terms and conditions of the research, that is, clearly mentioning that participation was purely voluntary and there were no expectations of any payments or rewards that would otherwise compromise the quality of feedback expected from the respondents.

CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION OF FINDINGS

4.1 Introduction

The general objective of this study was to assess the influence of the audit committee roles on the quality of public service delivery at Nairobi County Government. The chapter presents the findings under the sub-sections of the study's specific objectives. Percentages, frequency distributions, mean, standard deviations, and inferential values were utilized in summarizing the findings which were then presented in charts, graphs, and tables.

4.2 Response Rate

The researcher distributed 118 questionnaires to the sub-county administrators, ward administrators, internal auditors, and employees in the NCG finance and economic planning department. The results were summarized in table 4.1 below. A total of 107 questionnaires were returned duly filled. This implied a response rate of approximately 90.7%. This rate was admissible according to the argument by (Mugenda & Mugenda, 2003) who asserted that a response rate of not less than 50% is considered inadequate, between 50% and 60% is assumed to be adequate while above 70% is treated as being very adequate. Besides, the researcher interviewed the Chief Finance Officer NCG, 3 audit committee members, and 7 members of the NCG Budget and Finance Committee. The results are presented in the subsequent sections.

Table 4.1: Response Rate

Category	No. of Questionnaires	Percentage
Returned	107	90.7%
Not Returned	11	9.3%
Total	**118**	**100.0%**

Source: Researcher (2021)

4.3 Background Information

This section presents findings on the social demographic setup of the respondents that formed parameters of inquiry which included gender, age, level of education, job department, management level, period of work in the department and extent of information on the internal audit processes.

4.3.1 Gender

The research required the respondents to indicate their gender. Figure 4.1 summarizes the findings on gender.

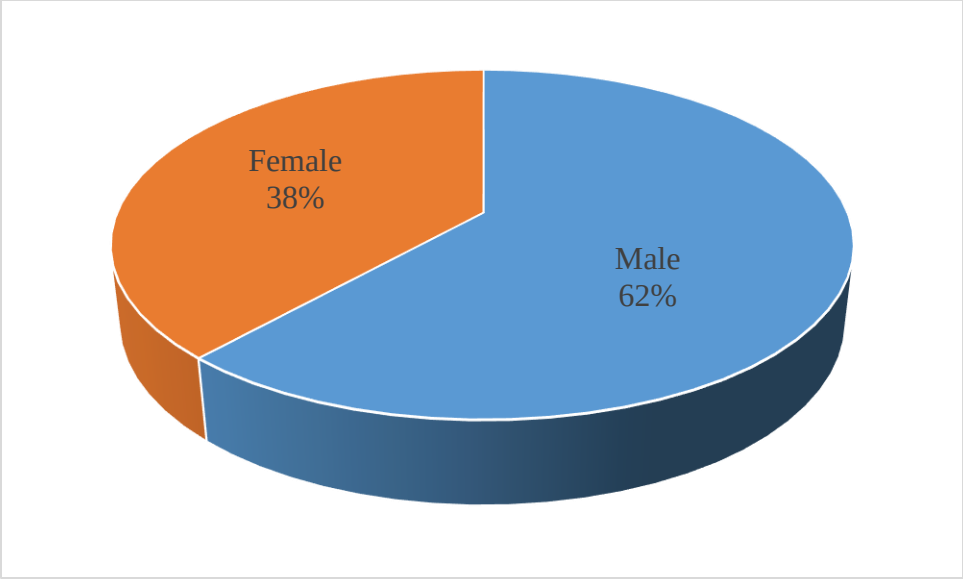


Figure 4.1 Gender

Source: Researcher (2021)

The findings ascertained that 62% (66) of the respondents were male while only 38% representing 41 respondents, were female. This, therefore, signified that NCG had employed more male than female employees.

4.3.2 Age

The study asked the respondents to indicate their age. The results were summarized and presented in figure 4.2 below.

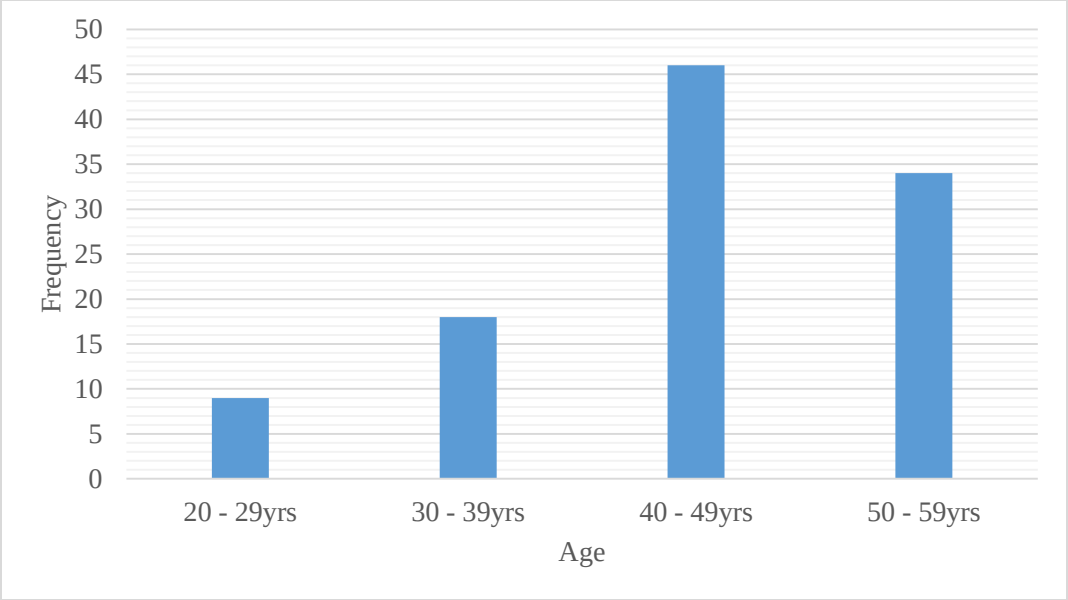


Figure 4.2 Age

Source: Researcher (2021)

The findings confirmed that most (46) of the respondents were aged between 40 – 49 years. This represented up to 43% of the total respondents. Besides, 34 (32%) of the respondents were in the age bracket of 50 - 59 years, while 18 representing 17% of the respondents were aged between 30 – 39 years. The results further revealed that only 9 (8%) were between 20 – 29 years of age. These findings enhance the conclusions made from the findings in that the responses obtained cut across the various age groups thus reducing age bias.

4.3.3 Level of Education

The researcher sought to assess the education level of the respondents. The results were summarized and presented as indicated in table 4.2.

Table 4.2 Level of Education

Age	Frequency	Percentage
Diploma	14	13%
Degree	69	64%
Masters	21	20%
PhD	3	3%
Total	**107**	**100%**

Source: Researcher (2021)

These findings revealed that close to two-thirds 69 (64%) of the respondents had attained an undergraduate degree whereas 21 (20%) of the respondents had a master's degree. On the other hand, respondents with a diploma qualification were only 14 representing 13% of the entire respondents' base while 3 (3%) had attained a Ph.D. The results further enhance the reliability of the findings obtained since all of the respondents had attained at least a diploma thus placing them in a position of being conversant with the current study.

4.3.4 Job Department

The study sought to establish the job departments as indicated by the respondents. The findings were as presented in figure 4.3 below.

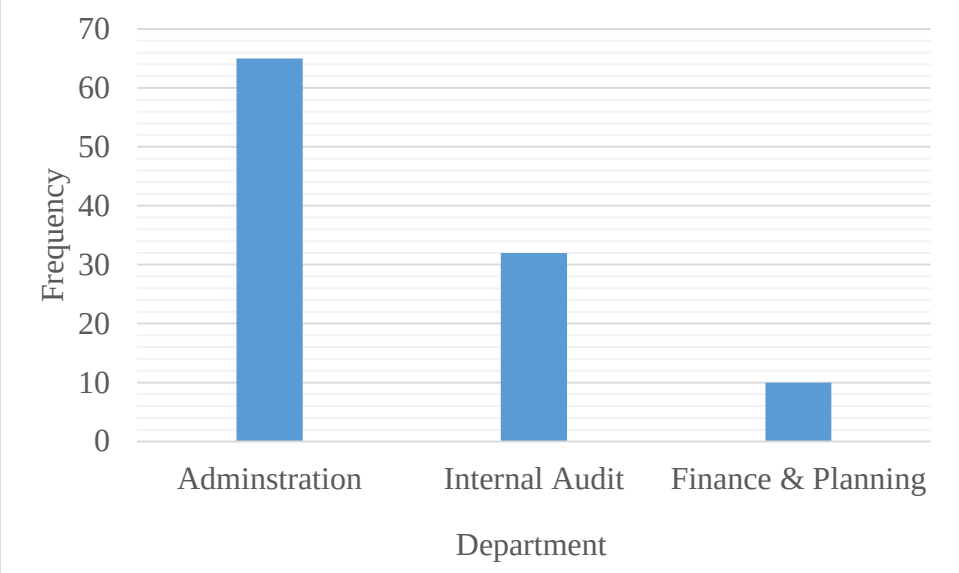


Figure 4.3 Department

Source: Researcher (2021)

Results on job department revealed that of the 107 questionnaires returned, 65 were from the administration department that included the ward and sub-county administrators; 32 were from the internal audit department while 10 in the NCG finance department.

4.3.5 Management Level

The study sought to establish the level of management of the respondents. The findings were summarized in figure 4.4 below.

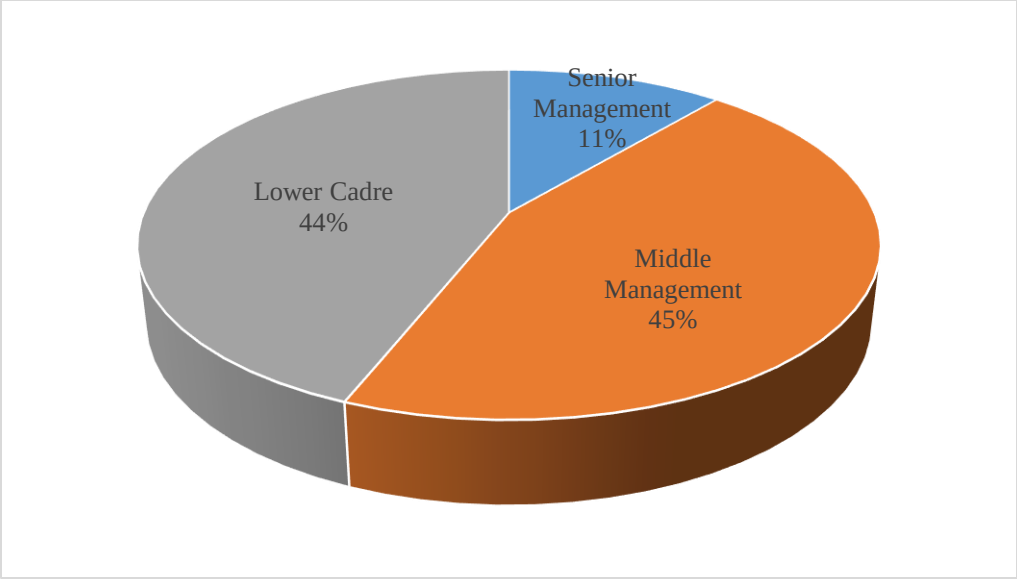


Figure 4.4 Management Level

Source: Researcher (2021)

The findings revealed that only 12 (11%) of the respondents were at the senior management level. Up to 48 (45%) of all the respondents in the study were middle-level managers with a near similar proportion being in the lower cadre management. These results imply that the study relied on feedback from a category of respondents that are perceived to be versed with the information relating to the current research thus enhancing the confidence of the findings.

4.3.6 Period of Service

The study sought to establish the length of time the respondents had serviced in their current departments within NCG. The findings were as presented in the table 4.3.

Table 4.3 Period of Service

Years	Frequency	Percentage
1 – 2 years	4	4%
2 - 4 years	12	11%
4 - 5 years	29	27%
Above 5 years	62	58%
Total	**107**	**100%**

Source: Researcher (2021)

The findings, as presented in table 4.3, revealed that most (62, 58%) had worked in their current departments for more than 5 years. On the other hand, more than one-quarter (29, 27%) had worked in their departments for between 4 - 5 years whereas (12, 11%) had served for between 2 - 4 years. Besides, only (4, 4%) of the respondents indicated having served for between 1 – 2 years in their current departments. These findings enhanced the reliability of the findings since the respondents were well versed with the operations within their departments.

4.3.7 Extent of Information

The respondents were to point out the degree to which they were informed of the County's internal audit processes.

Table 4.4 Extent of Information

Years	Frequency	Percentage
Very Informed	61	57%
Informed	31	29%
Somehow Informed	15	14%
Uninformed	-	0%
Total	**107**	**100%**

Source: Researcher (2021)

The findings as presented in table 4.4 revealed that more than one-half (61, 57%) indicated they were very informed on the county internal audit processes while 31 (29%) of the respondents pointed out that they were informed on these processes. The results further confirmed that 15 (14%) of the respondents opined that they were somehow informed of the internal audit processes while none indicated as being uninformed of these processes. These findings further enhanced the reliability of the overall results of this study since more than three-quarters (92, 86%) of the respondents were at least informed of the internal audit processes at NCG.

4.4 Aspects of Audit Committee and Service Delivery

The researcher evaluated the respondents' take on a number of aspects associated with the study variable and determinants of effective public service delivery. The respondents were to give their opinion on a Likert scale where 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5 = strongly agree. From the results, the mean of 1.00 – 1.49 pointed out that the respondents strongly disagreed, 1.50 – 2.49 pointed out that the respondents disagreed,

2.50 – 3.49 suggested that the respondents were not sure, 3.50 – 4.49 pointed out that they agreed while 4.49 – 5.00 suggested that the respondents strongly agreed. The standard deviation (sd) was applied in evaluating the extent of variability of data such that an sd of > 1.0 suggested heterogeneity while an sd of < 1.0 pointed out homogeneity. The findings were summarized in subsections 4.4.1 to 4.4.5 below.

4.4.1 Financial Reporting and Service Delivery

The study determined the degree to which the feedback agreed with various points associated with financial reporting and service delivery. The findings were summarized in table 4.5 below.

Table 4.5 Financial Reporting and Service Delivery

Services	N	Min	Max	Mean	Std. Dev.
Financial reporting has helped in fraud detection.	107	1	5	3.54	1.40
Financial reporting has led to increased accountability and service delivery in the organization.	107	1	5	3.62	1.24
Financial reporting system assists in monitoring of county activities.	107	1	5	3.79	1.16
Financial reporting improves professional competence	107	1	5	3.94	1.12
Financial reporting assists in tracking of county records.	107	1	5	3.96	1.09
Financial reporting has helped improve accountability in the county	107	1	5	3.53	1.24
The county's financial performance has improved with internal auditing and financial reporting.	107	1	5	2.39	1.23
NCG strictly adheres to the PFM Act 2015 on financial reporting professionals such as doctors and clinical officers.	107	1	5	2.17	1.24
Financial reporting has helped in redistribution of revenue to county projects.	107	3	5	1.58	0.75
Financial reporting has helped improve effectiveness and efficiency in public service delivery in the county.	107	4	5	1.69	0.77
Regular financial reporting has helped improve county's economic performance and development.	107	1	5	2.48	1.26
There is a good system of fraud detection in the organization	107	1	5	1.69	0.77
Valid N (list wise)	107				

Source: Researcher (2021)

The findings revealed the respondents agreed that financial reporting has helped in fraud detection. This was depicted by the mean of 3.54. The standard deviation of 1.40 further revealed that the responses were heterogeneous. In addition, the results indicate that the respondents agreed that financial reporting has led to increased accountability (3.62), the financial reporting system assists in the monitoring of county activities (3.79). However, they disagreed that the county's financial performance has improved with internal auditing and financial reporting (2.39) and that NCG strictly adheres to the PFM Act 2015 on financial reporting (2.17). The respective standard deviations of 1.24, 1.16, 1.23 and 1.24 indicated that the responses differed widely. The mean of 1.58 revealed that the financial reporting has not helped in redistribution of revenue to county projects with the standard deviation of 0.75 confirming that the responses were homogeneous. It was evident that financial reporting has not helped improve the effectiveness and efficiency in public service delivery in the county (mean 1.69, sd 0.77) and that regular financial reporting has not helped improve county's economic performance and development (mean 2.48, sd 1.26). The standard deviations of 0.77 (<1.0) and 1.26 (>1.0) ascertained that the responses were heterogeneous).

On the other hand, the mean of 1.69 revealed that the respondents were categorical there was no good system of fraud detection in the organization. The standard deviation of 0.77 (<1.0) depicted homogeneous feedback. However, it was evident financial reporting has helped improve accountability in the county (mean 3.53, sd 1.24). In addition, the results confirmed financial reporting improves professional competence and assists in tracking of county records. These were evidenced by the mean of 3.94 and 3.96 respectively. The

respective standard deviations of 1.12 and 1.09 (>1.0) implied the responses obtained differed widely.

The interview information on financial reporting was analyzed using the content analysis method. The study adopted a coding procedure where each variable was coded depending on whether the respondents 1) disagreed 2) indifferent or 3) agreed. From the results, the mean of 1.00 – 1.49 pointed out that the respondents disagreed, 1.50 – 2.49 pointed out that the respondents were indifferent while 2.50 – 3.00 suggested that the respondents agreed. The standard deviation (sd) was applied in evaluating the extent of variability of data such that an sd of > 1.0 suggested heterogeneity while an sd of < 1.0 pointed out homogeneity. The results were presented as shown below.

Table 4.6: Content Analysis on Financial Reporting

Services	N	Min	Max	Mean	Std. Dev.
Level of service delivery	11	1	3	1.75	0.89
Tracking county records	11	1	3	2.57	0.51
Affirming accountability	11	1	3	2.73	0.71
Re-distribution of revenue in the county	11	1	3	2.88	0.69
Economic performance in the county	11	1	3	1.07	0.66
Risk management	11	1	3	2.73	0.83
Communication of audit reports	11	1	3	1.23	0.67
Ethical behavior among employees	11	1	3	2.62	0.77
Valid N (list wise)	11				

Source: Researcher (2021)

The results confirmed that financial reporting has not positively influenced the level of public service delivery. This was indicated by the mean of 1.75 and the standard deviation of 0.89. Besides, the mean of 1.07 (0.66) and 1.23 (0.67) indicated that financial reporting has not influenced economic performance in the county and communication of audit reports respectively. It was also evident that through effective financial reporting, the county has managed to effectively manage and track its records (mean 2.57, sd 0.51), affirm accountability (mean 2.73, sd 0.71), spearhead the redistribution of revenue in the county (mean 2.88, sd 0.69), enhanced risk management (mean 2.73, sd 0.83) and improve ethical behavior among employees (mean 2.62, sd 0.77). Besides, three member of the

budget and finance committee in the county assembly asserted that the county's adherence to the PFM Act 2015 on financial reporting is greatly wanting.

4.4.2 Performance Reporting and Service Delivery

The study evaluated how the respondents agreed with a number of issues associated with performance reporting and service delivery. The results were summarized in table 4.7 below.

Table 4.7 Performance Reporting and Service Delivery

Services	N	Min	Max	Mean	Std. Dev.
Performance reporting has helped the county achieve value for money	107	1	5	3.54	0.97
Prudent performance reporting has led to efficient service delivery	107	1	5	3.72	0.59
County urban planning and development heavily relies on performance reporting functions of the audit department	107	1	5	1.76	0.86
Performance reporting helps boost employee attitudes and overall output in the Nairobi county	107	1	5	4.55	1.02
Proper communication of the audit reports helps in monitoring and evaluation of county programs	107	1	5	3.81	1.11
NCG has shortage of internal auditors which hinders efficient evaluation and performance reporting	107	1	5	2.20	0.73
Priorities are misplaced because projects are done not according to or as demanded by the people	107	1	5	3.66	1.04
Valid N (list wise)	107				

The results in table 4.7 indicated that the respondents disagreed that the County urban planning and development heavily relies on performance reporting functions of the audit department and that NCG has a shortage of internal auditors which hinders efficient evaluation and performance reporting. These were as revealed by the mean of 1.76 (0.86) and 2.20 (0.73) respectively. The standard deviations which were <1.0 further indicated that the responses received did not differ widely.

Besides, with the mean of 3.54 (0.97), 3.72 (0.59), 3.81 (1.11) and 3.66 (1.04) the results respectively confirmed that the respondents agreed that performance reporting has helped the county achieve value for money, prudent performance reporting has led to efficient service delivery, proper communication of the audit reports helps in monitoring and evaluation of county programs and that priority are misplaced because projects are done not according to or as demanded by the people. The standard deviations of 0.97 and 0.59 (<1.0) indicated homogeneous feedback whereas the standard deviation of 1.11 and 1.04 (>1.0) revealed heterogeneous responses. On the other hand, the mean of 4.55 revealed that the respondents strongly agreed that performance reporting helps boost employee attitudes and overall output in the Nairobi County. The standard deviation of 1.02 affirmed a heterogeneous result.

The interview results on performance reporting were analyzed using the content analysis method and the findings presented in table 4.8 below.

Table 4.8: Content Analysis on Performance Reporting

Services	N	Min	Max	Mean	Std. Dev.
Level of service delivery	11	1	3	2.52	0.74
Tracking county records	11	1	3	2.63	0.61
Affirming accountability	11	1	3	2.70	0.80
Re-distribution of revenue in the county	11	1	3	2.61	0.73
Economic performance in the county	11	1	2	1.22	0.59
Risk management	11	1	3	2.89	0.88
Communication of audit reports	11	1	2	1.39	0.71
Ethical behavior among employees	11	1	3	2.74	0.93
Valid N (list wise)	11				

Source: Researcher (2021)

The results confirmed that performance reporting positively influenced the level of public service delivery as revealed by the mean of 2.52 and standard deviation of 0.74. Additionally, the mean of 1.22 (0.59) and 1.39 (0.71) indicated that performance reporting has not influenced service economic performance in the county and communication of audit reports respectively. It was also evident that through effective performance reporting, the county has managed to effectively track county records (mean 2.63, sd 0.61), affirm accountability (mean 2.70, sd 0.80), spearhead the redistribution of revenue in the county (mean 2.61, sd 0.73), enhanced risk management (mean 2.89, sd 0.88) and improve ethical behavior among employees (mean 2.74, sd 0.93). The results also pointed out that performance reporting within the county has also assisted in monitoring and evaluating

various county programs. However, it was pointed out that undertaking these projects is not usually as demanded by the people, therefore, hampering ownership. Generally, not tapping the full potential of performance reporting has resulted in sustained poor service delivery in the county.

4.4.3 Systems of Risk Oversight and Service Delivery

The findings in table 4.9 below summarized the findings on the degree to which the respondents agreed with different statements relating to systems of risk oversight on service delivery in the county.

Table 4.9 Systems Risk Oversight and Service Delivery

Services	N	Min	Max	Mean	Std. Dev.
Assists in identifying early symptoms of fraud	107	2	5	4.55	0.99
Audits detect material misstatements in financial statements	107	1	5	3.66	0.82
Auditing improves internal controls and ethical behavior among NCG employees for improved service delivery	107	1	5	4.73	0.77
NCG has adopted information systems and technology in risk oversight for improved service delivery	107	1	5	2.18	0.43
Internal auditing improves risk management in the county	107	1	5	4.51	0.51
Internal audit facilitates efficient and effective service delivery within the public sector	107	2	5	4.60	0.63
Internal audit assists in attaining the greatest value for expenditures on services to be availed	107	1	5	4.67	0.78
There are proper mechanisms for risk management in NCG	107	1	5	3.95	0.66
There is a relationship between internal audit and service delivery	107	2	5	4.54	0.39
Valid N (list wise)	107				

Source: Researcher (2021)

The results in table 4.9 above revealed that the respondents disagree that NCG has adopted information systems and technology in risk oversight for improved service delivery. This was as pointed out by the mean of 2.18 and sd of 0.43 (<1.0) that further indicated that the respondents did not differ widely in their feedback. The results showed that the respondents

agreed that audits detect material misstatements in financial statements (mean 3.66, SD 0.82) and that there are proper mechanisms for risk management in NCG (mean 3.95, SD 0.66). The standard deviations of 0.82 and 0.66 (<1.0) affirmed that the responses were homogeneous.

The findings additionally indicated that the respondents strongly agreed that systems of risk oversight facilitate the identification of prior symptoms of fraud, auditing improves internal controls and ethical behavior among NCG employees for improved service delivery, internal auditing improves risk management in the county, internal audit enhances efficient and effective service delivery within the public sector, Internal audit assists in attaining the greatest value for expenditures on services to be availed and that there is a relationship between internal audit and service delivery. These findings were depicted by the respective means and standard deviations of 4.55(0.99), 4.73(0.77), 4.51(0.51), 4.60(0.63), 4.67(0.78) and 4.54(0.39). The standard deviations were lower than 1.0 further revealing that the responses were homogeneous.

The interview information on system risk oversight was also analyzed using content analysis and the findings presented in table 4.10 below.

Table 4.10: Content Analysis on System Risk Oversight

Services	N	Min	Max	Mean	Std. Dev.
Level of service delivery	11	1	3	1.43	0.65
Tracking county records	11	1	3	2.66	0.53
Affirming accountability	11	1	3	2.81	0.71
Re-distribution of revenue in the county	11	1	3	2.39	0.69
Economic performance in the county	11	1	3	2.64	0.44
Risk management	11	1	3	2.92	0.77
Communication of audit reports	11	1	3	1.37	0.79
Ethical behavior among employees	11	1	3	2.75	0.61
Valid N (list wise)	11				

Source: Researcher (2021)

The results confirmed that system risk oversight has not positively influenced the level of public service delivery as revealed by the mean of 1.43 and standard deviation of 0.65. Additionally, the mean of 1.37 (0.79) indicated that system risk oversight has not influenced the communication of audit reports. It was also evident that through effective system risk oversight, the county has managed to effectively track county records (mean 2.66, sd 0.53), affirm accountability (mean 2.81, sd 0.71), enhanced risk management (mean 2.92, sd 0.77), and improve ethical behavior among employees (mean 2.75, sd 0.61). The mean of 2.39 and standard deviation of 0.69 confirmed that system risk oversight has influenced the redistribution of revenue in the county. The results also indicated that the internal audit processes support risk management within the county through early detection

of fraud and offering a platform that propagates ethical behavior among employees. On the contrary, the county leadership has not been intent in implementing the risk assessment and evaluation reports, therefore, curtailing the quality of service delivered by the NCG.

4.4.4 Internal Control Systems and Service Delivery

The respondents were asked to give their opinion on how they agree with various aspects that describe internal control systems and service delivery at NCG. The results were presented in table 4.11 below.

Table 4.11 Internal Control Systems and Service Delivery

Services	N	Min	Max	Mean	Std. Dev.
There are effective systems in place for internal control of county financial management.	107	1	5	3.59	0.89
Patronage and political interference of internal auditors affect effective execution of internal control systems in NCG.	107	1	5	4.88	0.24
There are efforts by the county government to genuinely support internal control systems for increase service delivery in Nairobi county government (NCG)	107	1	5	3.77	0.82
There is prompt implementation of the internal audit reports on the internal control systems.	107	1	5	1.14	0.40
Internal auditing improves risk management in the county	107	1	5	3.53	0.74
Internal audit facilitates efficient and effective service delivery in public sector organization	107	1	5	4.46	0.79
Have internal control systems helped support productivity and service output in your department?	107	1	5	4.04	0.91
Have internal control systems resulted in additional bureaucracy which hinders effective service delivery in NCG?	107	1	5	3.15	1.36
The internal audit reports have helped in promoting good public service in NCG.	107	2	5	3.61	1.09
NCG follows proper guidelines in constituting Audit Committee (AC) members.	107	2	5	4.39	0.65
The county AC reports have helped civil servants improve service delivery to the citizens of Nairobi county.	107	1	5	3.52	1.47
There is need to streamline AC and internal audit functions with county budgets and ADP for improved services.	107	1	5	3.99	0.84
AC reports and internal control systems should be fast tracked by the county management to enhance service delivery in all sectors	107	3	5	4.62	0.51
Valid N (list wise)	107				

Source: Researcher (2021)

The findings summarized in table 4.11 above revealed that the respondents strongly agreed that patronage and political interference of internal auditors affect effective execution of internal control systems in NCG and that AC reports and internal control systems should be fast-tracked by the county management to enhance service delivery in all sectors. These results were evidenced by the mean of 4.88 and 4.62. Besides, the standard deviation of 0.24 and 0.51 indicated that the responses did not vary hugely. However, the respondents strongly disagreed that there is the prompt implementation of the internal audit reports on the internal control systems. This was depicted by the mean of 1.14 and standard deviation of 0.40 that further asserted that the responses obtained were homogeneous.

In addition, the results indicated that there are effective systems in place for internal control of county financial management (mean 3.59, sd 0.89), there are efforts by the county government to genuinely support internal control systems to increase service delivery in Nairobi county government (mean 3.77, sd 0.82), internal auditing improves risk management in the county (mean 3.53, sd 0.74), internal audit facilitates efficient and effective service delivery in public sector organization (mean 4.46, sd 0.79) and that the internal audit reports have helped in promoting good public service in NCG (mean 3.61, sd 1.09). Besides, the findings confirmed that the county AC reports have helped civil servants improve service delivery to the citizens of Nairobi County (mean 3.52, sd 1.47) and that there was a need to streamline AC and internal audit functions with county budgets and ADP for improved services (mean 3.99, 0.84). The results revealed that the respondents agreed that internal control systems helped support productivity and service output in your department as depicted by the mean of 4.04 (0.91) but the results were inconclusive

as to whether internal control systems resulted in additional bureaucracy which hinders effective service delivery in NCG (mean 3.15, sd 1.36).

The interview information on internal control systems was analyzed using content analysis and the findings presented in table 4.12 below.

Table 4.12: Content Analysis on Internal Control Systems

Services	N	Min	Max	Mean	Std. Dev.
Level of service delivery	11	1	3	1.37	0.85
Tracking county records	11	1	3	2.74	0.61
Affirming accountability	11	1	3	2.72	0.93
Re-distribution of revenue in the county	11	1	3	2.41	0.89
Economic performance in the county	11	1	2	1.44	0.59
Risk management	11	1	3	2.87	0.71
Communication of audit reports	11	1	3	2.52	0.55
Ethical behavior among employees	11	1	3	2.71	0.69
Valid N (list wise)	11				

Source: Researcher (2021)

The results confirmed that internal control systems have not positively influenced the level of public service delivery as revealed by the mean of 1.37 and the standard deviation of 0.85. Additionally, the mean of 1.44 (0.59) indicated that system risk oversight has not positively influenced economic performance in the county. It was also evident that through effective internal control systems, the county has managed to effectively track county

records (mean 2.74, sd 0.61), affirm accountability (mean 2.72, sd 0.93), enhanced risk management (mean 2.87, sd 0.71), communication of audit reports (mean 2.52, sd 0.55), and improve ethical behavior among employees (mean 2.71, sd 0.69). The mean of 2.41 and standard deviation of 0.89 confirmed that the results on the influence of internal control systems on the redistribution of revenue in the county were not conclusive. It was evident that there are efforts by the county government to genuinely support internal control systems with the aim of improving service delivery in the county. However, political interference on auditors and prompt implementation of internal audit reports were a major drag in this effort.

4.4.5 Determinants of Quality Public Service Delivery in NCG

The researcher sought to establish the various determinants of effective service delivery in Nairobi County Government. The findings were as summarized in table 4.13 below.

Table 4.13 Determinants of Quality Public Service Delivery

Services	N	Min	Max	Mean	Std. Dev.
The NCG's organizational structure supports independence and cooperation among county civil servants to seamlessly attain public service delivery mandates.	107	1	5	1.85	0.79
The organization process and systems in relation to input, operations and output processes and systems determines county government officials' delivery of county services	107	1	5	3.97	0.55
The NCG has organizational capacity and enough staff to implement effective public services behavior among NCG employees for improved service delivery	107	1	5	4.13	0.81
The staff at NCG have the right mix of skills that are suitable implementing effective service delivery in the county.	107	1	5	4.52	0.63
The NCG has sufficient streams of revenue to help deliver effective public service delivery in the county	107	1	5	4.50	0.76
There is limited bureaucracy in NCG which has reduced embezzlements of funds and increased efficiency	107	1	5	2.37	0.89
Valid N (list wise)	107				

Source: Researcher (2021)

The results in table 4.13 above revealed that the NCG's organizational structure does not support independence and cooperation among county civil servants to seamlessly attain public service delivery mandates and that there are unlimited bureaucracies in NCG which

have increased embezzlements of funds and increased inefficiency. These findings were as indicated by the mean of 1.85 and standard deviation of 0.79 and the mean of 2.37 and standard deviation of 0.89 respectively. However, the respondents agreed with the organization process and systems in relation to input, operations and output processes determine county government officials' delivery of county services (mean 3.97, sd 0.55) and that NCG has the organizational capacity and enough staff to implement effective public services behavior among NCG employees for improved service delivery (mean 4.13, sd 0.81). Besides, they strongly agreed that the staff at NCG have the right mix of skills that are suitable implementing effective service delivery in the county (mean 4.52, sd 0.63) and The NCG has sufficient streams of revenue to help deliver effective public service delivery in the county (mean 4.50, 0.76).

The researcher further analyzed the interview information on the determinants of effective public service delivery using content analysis. The results were then summarized in table 4.14 below.

Table 14: Contents Analysis on Determinants of Effective Public Service Delivery

Determinant	Yes		No	
	Frequency	%	Frequency	%
Laws enacted to facilitate the entire process of service delivery	9	81.8	2	18.2
Level of project funding	10	90.9	1	9.1
Diversion of project funds	8	72.7	3	27.3
Political interference	11	100	0	-
Leadership support in implementing internal controls and audit reports	11	100	0	-
Financial accountability	11	100	0	-

Source: Researcher (2021)

The results indicated that all (11, 100%) of the respondents agreed that political interference, leadership support in implementing internal controls and audit reports, and financial accountability are determinants of the quality of public service delivered. On the other hand, more than three-quarters of the respondents indicated that laws enacted to facilitate the entire process of service delivery and level of project funding. These were revealed by the frequencies of 9 (81.8%) and 10 (90.9%) respectively. Less than three-quarters (8, 72.7%) affirmed that diversion of project funds determines the quality of public service delivery.

The interview participants pointed out service delivery as the sole reason for the existence of the county governments. The key aspects through which public services are dispensed to the citizens by the county government were identified as health, water, and sanitation, education, roads, transport, commerce, and agriculture. However, service delivery in the

county was painted as being desolate with most of the infrastructures being dilapidated such that some roads including those in the CBD are totally ruined, hospital facilities are limited with so insufficient funding hence lacking stocks of health consumables. It was evident that sanitation within the county was in a horrifying state with open sewers flowing more specifically in slums and middle-level estates. Most of the fund allocations are diverted to individual's pockets with embezzlement of funds being the story in nearly all the projects being undertaken in the county. Besides, both political and executive arms were to blame for the increasing drop in quality of service delivery. The incorporation of the audit committee in the county's internal auditing systems has resulted in the strengthening of governance and management of both finances and projects within the county.

4.5 Diagnostic Tests

The study sought to evaluate the validity of the research model applied through undertaking diagnostic tests; multicollinearity, heteroscedasticity and normality tests, on the study model.

4.5.1 Multicollinearity Test

Multicollinearity often occurs where there is a high correlation between two or more predictor values. The study undertook a multicollinearity test on the explanatory variables. The findings were presented in table 4.15.

Table 4.15 Multicollinearity Test

	Tolerance	VIF
Financial reporting	0.317	3.228
Performance reporting	0.228	2.114
Systems of risk oversight	0.405	4.005
Internal control systems	0.118	3.637

Source: researcher (2021)

Gujarati (2003) pointed out that the existence of multicollinearity implies that two independent variables are perfectly correlated. Gujarati further asserts that multicollinearity is evaluated using the detection tolerance and VIF values such that a detection tolerance value of less than 0.1or a VIF value greater than 10 signifies the existence of multicollinearity. In this study, the detection tolerance values of 0.317, 0.228, 0.405 and 0.118 (>0.1) and the VIF values that were lower than 10 (3.228, 2.114, 4.005, 3.637) implied no existence of multicollinearity.

4.5.2 Heteroscedasticity Test

Heteroscedasticity tests whether the variance of errors from regression is dependent on the values of the independent values. In assessing heteroscedasticity, the researcher used the Lagrange Multiplier (LM) Test. The results were as presented in table 4.16.

Table 4.16 Heteroscedasticity Test

R^2N	Test Statistic: $X^2(m)$
36.41	49.08

Source: Researcher (2021)

The linear regression model is anchored on the assumption that the error-term variance should be constant. Therefore, if the test statistic, X^2, is greater than the corresponding value from the statistical table, the researcher adopts the null hypothesis which states that "there no heteroscedasticity." The results in table 4.10, indicated that $R^2N<X^2$ (36.41<49.08). The researcher, therefore, accepted the null hypothesis and concludes that there was no heteroscedasticity.

4.5.3 Normality Test

Normality tests are used to determine if a data set is well exhibited by a normal distribution. In addition, it computes how likely a random variable underlying the data set to be normally distributed. The researcher employed the Kolmogorov-Smirnov test in evaluating the normality of the data. The results were presented in table 4.17 below.

Table 4.17 Normality Test

Variable	Kolmogorov-Smirnov[a]	
	statistic	Sig.
Financial reporting	0.115	0.007
Performance reporting	0.089	0.024
Systems of risk oversight	0.137	0.005
Internal control systems	0.094	0.019

Source: Researcher (2021)

In conducting a normality test, the significance value of the Kolmogorov-Smirnov test that falls below 0.05 implies that the data is normal and if the value is greater than 0.05, this implies that there is a significant deviation of the data from a normal distribution. From the

findings summarized in table 4.12 above, the p-values of 0.007 (<0.05), 0.024 (<0.05), 0.005 (<0.05) and 0.019 (<0.05) reveal that the data was normally distributed.

4.6 Inferential Analysis

The study sought to explain the nature of the association between the independent and dependent variables through conducting both correlation and regression analyses.

4.6.1 Correlation Analysis

Correlation analysis sought to explain the strength and nature of association between the explanatory variables (financial reporting, performance reporting, risk oversight and internal control systems) and the dependent variable (public service delivery). The results were summarized in Table 4.18 below.

Table 4.18 Correlation Analysis

Variable	Measures	Financial Reporting	Performance Reporting	Risk Oversight	Internal Control	Public Service Delivery
Financial Reporting	Pearson Correlation	1				
	Sig. (1-tailed)					
Performance Reporting	Pearson Correlation	0.013	1			
	Sig. (1-tailed)	0.107*				
Risk Oversight	Pearson Correlation	0.064	0.091	1		
	Sig. (1-tailed)	0.223*	0.074*			
Internal Control	Pearson Correlation	0.065	0.139	0.284	1	
	Sig. (1-tailed)	0.118*	0.103*	0.095*		
Public Service Delivery	Pearson Correlation	0.658	0.713	0.534	0.673	1
	Sig. (1-tailed)	0.023*	0.011*	0.007*	0.046*	

Source: Researcher (2021) *5% Significance Level

The findings in table 4.18 indicated a correlation value (r) of 0.713 which implied that performance reporting had the strongest association, amongst all the other variables, with public service delivery. This indicates that performance reporting was the most critical variable that influence public service delivery at NCG, such that enhancing this results in a great improvement in service delivery. Besides, the p-value of 0.023 (<0.05) results in

the rejection of the null hypothesis thus the conclusion that the relationship between these variables was statistically significant. The correlation value between financial reporting and public service delivery was 0.658. This depicted a strong relationship between the two variables hence improved financial reporting would result in an enhancement in public service delivery within NCG. The p-value of 0.011 (<0.05) implied that the relationship was statistically significant.

In addition, both systems of risk oversight and internal control systems recorded positive correlation values of 0.534 and 0.673 respectively, with public service delivery. These signified a strong positive relationship between the independent variables and the dependent variable. Therefore, enhancing systems of risk oversight and internal control systems to a great extent results in an improvement in the level of public service delivery in NCG. In addition, the respective p-values of 0.007 (<0.05) and 0.046 (<0.05) indicated that the relationship between the dependent and independent variables were statistically insignificant.

4.6.2 Regression Analysis

To evaluate the overall influence of financial reporting, performance reporting, risk oversight and internal control systems on quality of public service delivery, the researcher conducted simple multiple regression analysis. The findings were summarised in tables 4.19 and 4.20.

Table 4.19 Summary of Regression Model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Sig.
1	.822a	.675	.643	.581	.001

a. Predictors: financial reporting, performance reporting, risk oversight, internal control systems

Source: Researcher (2021)

The results in table 4.19 established that the coefficient-of-determination which explains the percentage variation in the dependent variable (public service delivery) that is explained by the changes in the predictor variables. R^2 equals 0.675, signifying that financial reporting, performance reporting, risk oversight, internal control systems jointly explain up to 67.5% change in public service delivery leaving only 32.5% unexplained. The significance value of 0.001 (<0.05) depicted that the cumulative bearing of financial reporting, performance reporting, risk oversight, internal control systems on the quality of public service delivery was statistically significant.

On the other hand, Table 4.20 presents the regression coefficients of the predictor variables; financial reporting, performance reporting, risk oversight, internal control systems in the regression model employed by the researcher.

Table 4.20 Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		Beta	Std. Error	Beta		
1	(Constant)	4.253	0.196		1.442	0.001
	Financial reporting	1.332	0.349	0.076	2.831	0.011
	Performance reporting	0.754	0.063	0.113	1.997	0.000
	Systems of risk oversight	0.491	0.109	0.018	0.753	0.000
	Internal control systems	1.007	0.088	1.256	2.002	0.001

Source: Researcher (2021)

The results in table 4.20, indicated a constant value of 4.253 which revealed that if financial reporting, performance reporting, risk oversight and internal control systems were set as zero, public service delivery would be 4.253. The findings depicted that with the other independent variables set as constants, a unit increase or decrease in financial reporting, performance reporting, risk oversight, and internal control systems-level results to 0.076, 0.113, 0.018, and 1.256 units increase or decrease in the quality of public service delivery in NCG respectively. The regression model has therefore derived from the table as;

$Y = 4.253 + 0.076X_1 + 0.113X_2 + 0.018X_3 + 1.256X_4 + \varepsilon$

The significance values of the predictor variables namely financial reporting (pv=0.011), performance reporting (pv=0.000), risk oversight (pv=0.000), and internal control systems level (pv=0.001) were all pv <0.05) indicating the influence of financial reporting,

performance reporting, risk oversight, and internal control systems on public service delivery was statistically significant.

The researcher used the results in table 4.20 to carry out a test on the hypotheses. The test sought to establish the significance of the independent variables in explaining the changes in the dependent variable. The findings were as presented below.

Null hypothesis 1:

H_0: Financial reporting does not influence the quality of public service delivery at the Nairobi County Government.

The results in table 4.20 indicated a standardized beta co-efficient of 0.076 at a p-value of 0.011 (<0.05). The study, therefore, rejected the null hypothesis and concluded that financial reporting significantly influences the quality of public service delivery at Nairobi County Government.

Null hypothesis 2:

H_0: Performance reporting does not influence the quality of public service delivery at Nairobi County Government.

The results in table 4.20 indicated a standardized beta coefficient of 0.113 at a p-value of 0.000 (<0.05). The study, therefore, rejected the null hypothesis and concluded that performance reporting significantly influences the quality of public service delivery at Nairobi County Government.

Null hypothesis 3:

H_0: system risk oversight does not influence the quality of public service delivery at Nairobi County Government.

The results in table 4.20 indicated a standardized beta co-efficient of 0.018 at a p-value of 0.000 (<0.05). The study, therefore, rejected the null hypothesis and concluded that system risk oversight significantly influences the quality of public service delivery at Nairobi County Government.

Null hypothesis 4:

H_0: internal control systems do not influence the quality of public service delivery at Nairobi County Government.

The results in table 4.20 indicated a standardized beta co-efficient of 1.256 at a p-value of 0.001 (<0.05). The study, therefore, rejected the null hypothesis and concluded that internal control systems significantly influence the quality of public service delivery at Nairobi County Government.

4.7 Summary of Chapter

The findings on the relationship between financial reporting and public service delivery depicted a standardized beta coefficient of 0.076 at a p-value of 0.011 (<0.05). This signifies that financial reporting significantly influence public service delivery hence an improvement in this aspect positively and greatly improves the quality of public service delivery within NCG. Similar assertions were made by General (2016) who pointed that financial reporting is essential in public services as it helps in decision-making and in

increasing accountability, openness, and transparency. He added that it helps improve performance and citizens trust in the public sector, hence, increased service delivery.

The evaluation of the relationship between performance reporting and public service delivery indicated a standardized beta coefficient of 0.113 at a p-value of 0.000 (<0.05). This confirmed the existence of a strong association between the two variables, therefore, implying that an improvement in performance reporting results in a great enhancement in the delivery of public service within NCG. Besides, having the strongest association with public service delivery amongst all the other variables, this further indicates that performance reporting is the most critical variable that influences the quality of public service delivery. This finding is in line with the results established by Kyalo *et al*. (2017) in their assessment of factors influencing service delivery in county governments in Kenya -a case study of the County government of Kitui. The study recommended prudent performance reporting by the internal auditors and effective public participation by the County so as to sort out irregularities in allocation of Kitui County financial resources to non-priority areas for the citizens, skewed procurement processes and lack of public participation to sensitize citizens of the county government's development plans that would further influence service delivery.

Similarly, both systems of risk oversight and internal control systems recorded a standardized beta co-efficient of 0.018 at a p-value of 0.000 (<0.05) and 1.256 at a p-value of 0.001 respectively. These depicted a strong positive relationship between the variables and public service delivery. The results further implied that an enhanced system on risk oversight and internal control results in an increase in the level of service offered to the

public within Nairobi County Government. A study by Mbego et al. (2016) on the influence of Internal Audit System's Practices on the Management of Public Funds in County Governments in Kenya: a case study of Management of Public Funds in Kisii County, established a strong linkage between internal audit systems such as risk oversight and internal control with effective management of public funds hence the provision of public services. In this light, the University of Washington (2015) added that internal control systems in the public sector help bring a sense of responsibility and accountability of the various duty bearers to execute public services satisfactorily.

CHAPTER FIVE: SUMMARY OF FINDINGS, DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The overall objective of this study was to assess the influence of audit committee roles on quality of public service delivery at Nairobi County Government and evaluated the four specific objectives of this study. This chapter, therefore, presents a summary of the findings from the previous chapter, discussions of the findings, conclusions, and recommendations made by the researcher.

5.2 Summary of Major Findings

The findings on the background information of the respondents revealed that most of the NCG employees were male (62%) hence affirming no gender biasedness at NCG since no more than two-thirds of the respondents are of the same gender. The study obtained responses from four ages groups (20-29yrs, 30-39yrs, 40-49yrs, and 50-59yrs) with a majority of the respondents being of the age 40-49 years. More than one-half (57%) of the respondents were less than 50 in age. It was evident that a majority of the respondents were well educated with all of the respondents having at least a diploma and a majority (64%) having attained a degree. Most (63) of the respondents were from the administration department of the executive arm. Other departments of the NCG that were targeted include audit, finance, and the legislature. However, a majority were from the middle (45%) and lower cadres (44%) of management. In relation to the length of the period of continuous service at NCG, the findings revealed that a huge majority (58%) had continuously worked in the county for more than 5 years. Besides, a near similar percentage indicated that they were well informed on the County's internal audit processes.

In relation to financial reporting, the results revealed that financial reporting has assisted in fraud detection at NCG. It resulted in increased accountability or assist in the monitoring of county activities. The results further confirmed that financial reporting improves professional competence and assists in the tracking of county records and has helped in improving accountability in the County. On the other hand, it was evident that the county's financial performance has not improved with internal auditing and financial reporting and that NCG does not strictly adhere to the PFM Act 2015 on financial reporting. In addition, financial reporting has not helped in the redistribution of revenue to county projects, improvement of effectiveness and efficiency in public service delivery in the county or improve county's economic performance and development. However, the findings were conclusive, there was no good system of fraud detection in the organization. It was generally evident from the respondents that financial reporting is critical in public services within the county, as it facilitates decision-making and enhances accountability, openness, and transparency and therefore has mildly assisted the county in enhancing service delivery to it's populous.

The results on performance reporting evidenced that the County urban planning and development does not heavily rely on performance reporting functions of the audit department and that NCG does not have a shortage of internal auditors which hinders efficient evaluation and performance reporting. Besides, it was confirmed that performance reporting has helped the county achieve value for money, prudent performance reporting has led to efficient service delivery and proper communication of the audit reports helps in monitoring and evaluation of County programs. Besides, performance reporting helps boost employee attitudes and overall output in Nairobi County. The results asserted that

performance reporting is critical in giving the citizens the assurance that county government services and public policy plans are in place and are being undertaken efficiently by allowing for the input of the public. Besides, not tapping the full potential of performance reporting has resulted in sustained poor service delivery in the county.

The findings on systems of risk oversight depicted that NCG has not adopted information systems and technology in risk oversight for improved service delivery. On the other hand, the results indicated that audits detect material misstatements in financial statements and that there are proper mechanisms for risk management in NCG. Besides, the respondents strongly confirmed that systems of risk oversight assist in identifying early symptoms of fraud, auditing improves internal controls and ethical behavior among NCG employees for improved service delivery, internal auditing improves risk management in the county, internal audit facilitates efficient and effective service delivery in public sector organization. The findings affirmed that internal audit assists in attaining the total value for expenses on services to be availed and that there is a link between internal audit and service delivery. Generally, the findings on the interviews conducted ascertained that the county government has been keen in setting up proper systems to aid risk oversight that would in turn facilitate service delivery. On the contrary, it was confirmed by a member of the budget and finance committee that county leadership has not been keen on implementing the risk assessment and evaluation reports, therefore, curtailing the quality of service delivered by the NCG.

The results on internal control systems revealed that patronage and political interference of internal auditors affect effective execution of internal control systems in NCG and that AC

reports and that internal control systems should be fast-tracked by the county management to enhance service delivery in all sectors. Besides, it was evident that the respondents strongly disagreed that it is prompt implementation of the internal audit reports on the internal control systems. In addition, the results indicated that there are effective systems in place for internal control of county financial management, there are efforts by the county government to genuinely support internal control systems for increase service delivery in Nairobi county government and that internal auditing improves risk management in the county. The findings further depicted that internal audit facilitates efficient and effective service delivery in public sector organization and that the internal audit reports have helped in promoting good public service in NCG.

Besides, the findings confirmed that the county AC reports have helped civil servants improve service delivery to the citizens of Nairobi County with internal control systems helping to support productivity and service output in the various departments. However, there was still need to streamline AC and internal audit functions with county budgets and ADP for improved services. The findings as to whether internal control systems resulted in additional bureaucracy which hinders effective service delivery in NCG were not conclusive. Generally, as it was evident in the interviews, the researcher established that NCG has well set rules, policies and procedures that clearly provide direction, improve efficiency and strengthen adherence to policies.

The researcher's need to establish the determinants of effective public service delivery established that NCG's organizational structure does not support independence and cooperation among county civil servants to seamlessly attain public service delivery

mandates and that the bureaucracies in NCG have not reduced embezzlements of funds and or increased efficiency. It was evident that the organization process and systems in relation to input, operations and output processes determine county government officials' delivery of county services and that NCG has the organizational capacity and enough staff to implement effective public services behavior among NCG employees for improved service delivery. Besides, the respondents agreed that the staff at NCG have the right mix of skills that are suitable for implementing effective service delivery in the county. NCG has sufficient streams of revenue to help deliver effective public service delivery in the county.

The participant in the interviews pointed out service delivery as the sole reason for the existence of the county governments. The key aspects through which public services are dispensed to the citizens by county government were identified as health, water, and sanitation, education, roads, transport, commerce, and agriculture. In this, the county assembly' key responsibility is to put the executive arm of the county government on check-in ensuring the critical mandate of service delivery to the people of Nairobi is well attained. This is hugely derived from the enacting of laws that encompasses and target other services such property rights, issuance of licenses and permits, and employment.

However, the state of service delivery in the county was described as desolate. Most of the infrastructures are dilapidated such that some roads including the CBD are totally ruined, learning institutions are overcrowded and hospital facilities are limited with insufficient funding hence lacking stocks of health consumables. It was evident that sanitation within the county was in a horrifying state with open sewers flowing freely, specifically in slums

and middle-level estates. Most of the funds allocated in nearly all the county projects are embezzled with cartels has become a menace in the county. The findings confirmed that all these would be avoided and service delivery enhanced with reduced political interference from both the devolved and central governments and genuine effort by the county leadership in supporting internal controls and implementing the audit reports. Besides, the incorporation of the audit committee in the county's internal auditing systems has resulted in the strengthening of governance and management of both finances and projects within the county.

The findings on the diagnostic tests indicated that there was no multicollinearity in the model employed by the study since the values for tolerance were greater than 0.1 (0.317, 0.228, 0.405 and 0.118) while the VIF values were less than 10 (3.228, 2.114, 4.005, 3.637). Besides, the LM value of 36.41 (<57.36) and the Kolmogorov-Smirnov test values of 0.007, 0.024, 0.005 and 0.019 (<0.05) revealed that there was no heteroscedasticity and that the data was normally distributed respectively. An analysis of the relationship between the explanatory and the dependent variables indicated standardized beta coefficient values of 0.076, 0.113, 0.018 and 1.256 for the variables financial reporting, performance reporting, risk oversight and internal control systems respectively. These findings depicted that with the other independent variables set as constants, a unit increase or decrease in financial reporting, performance reporting, risk oversight and internal control systems-level results to 0.076, 0.113, 0.018, and 1.256 units increase or decrease in the quality of public service delivery in NCG respectively. On the other hand, the regression analysis indicated that the independent variables explain up to 67.5% change in public service delivery in the County.

5.3 Discussion

Results on the association between the independent variables and the dependent variable (public service delivery) depicted a strong positive relationship. This further signifies that the explanatory variables significantly control the quality of public service delivery hence an improvement in this aspect positively and greatly influence the quality of public service delivery within NCG. Generally, it was evident that the independent variables assessed in this study are critical in public services within the county as they facilitate decision-making and enhances accountability, openness, and transparency.

The County is able to achieve value for money. Proper communication of the audit reports helps in monitoring and evaluation of County programs while boasting employee attitudes and overall output in the County. In line with this, Greaves & Achterstraat (2015) and Obala (2018) buttress the fact that accountability in the public service has become an important determinant of the holistic economic growth and citizen development of modern states. In addition, internal audit assists in identifying early symptoms of fraud through risk management while encouraging ethical behavior among NCG employees that is geared towards improved service delivery. Bragg (2018) confirmed these findings by asserting that internal audit enhances political accountability, social accountability by the citizens and civil societies, and financial accountability.

5.3.1 Financial Reporting

It was generally evident from the respondents that financial reporting is critical in public services within the county, as it facilitates decision-making and enhances accountability, openness, and transparency and therefore has mildly assisted the county in enhancing

service delivery to it's populous. These findings align with the assertions made in the studies conducted by Robinson (2015) and Bhat (2020). The results on the relationship between financial reporting and public service delivery depicted a standardized beta co-efficient of 0.076 at a p-value of 0.011 (<0.05). This implied that financial reporting significantly influences public service delivery in Nairobi County Government hence an improvement in this aspect positively and greatly improves public service delivery within NCG. Similar assertions were made by General (2016) who pointed that financial reporting is essential in public services as it helps in decision-making and in increasing accountability, openness, and transparency. He added that it helps improve performance and citizens trust in the public sector, hence, increased service delivery. These results also agreed with the theory of inspired confidence used in this study. Though financial reporting has improved at NCG, financial performance has not improved.

Specifically, results on financial reporting revealed that financial reporting has assisted in fraud detection at NCG. It resulted in increased accountability or assisted in the monitoring of county activities. The results further confirmed that financial reporting improves professional competence and assists in the tracking of county records and has thus helped in improving accountability in the County. The findings were consistent with the conclusions made by Magrane and Malthus (2010). Contrary to the findings by Magrane and Malthus (2010), it was evident that the county's financial performance and redistribution of revenue to county projects, has not improved with internal auditing and financial reporting. Similar to the report by Robinson (2015) on the fact that most African governments do not adhere financial reporting regulations, it was clear that NCG does not also strictly adhere to the PFM Act 2015 on financial reporting.

5.3.2 Performance Reporting

The evaluation of the relationship between performance reporting and public service delivery indicated a standardized beta coefficient of 0.113 at a p-value of 0.000 (<0.05). This confirmed the existence of a strong association between the two variables, therefore, implying that an improvement in performance reporting results in a great enhancement in the delivery of public service within NCG. Besides, having the strongest association with public service delivery amongst all the other variables this further indicates that performance reporting is the most critical variable that influences the quality of public service delivery. This finding is in line with the results established by Kyalo *et al*. (2017) in their assessment of factors influencing service delivery in the county governments in Kenya -a case study of County government of Kitui recommended prudent performance reporting by the internal auditors and effective public participation by the County so as to sort out irregularities in allocation of Kitui County financial resources to non-priority areas for the citizens, skewed procurement processes and lack of public participation to sensitize citizens of the county government's development plans that would further affect service delivery. The results also agree with the Agency Theory used in this study. It is seen that County Officials (agents) more often than not implement projects that mean less to the citizens (principals).

In particular, the results on performance reporting evidenced that the County urban planning and development does not heavily rely on performance reporting functions of the audit department. This assertion contradicted the findings by Bhat (2020) who argued that public service delivery oughts to be founded on the performance reports made by the audit

departments. Besides, it was clear that NCG does not have a shortage of internal auditors which hinders efficient evaluation and performance reporting a finding that contradicted the arguments by Bhat (2020) who pointed out that most developing economies suffer a shortage of auditors. Besides, it was confirmed that performance reporting has helped the county achieve value for money, prudent performance reporting has led to efficient service delivery and proper communication of the audit reports helps in monitoring and evaluation of County programs. Besides, performance reporting helps boost employee attitudes and their overall output in NCG. The findings agreed with the conclusions made in the OAE Canada (2018) report. In line with the arguments made by Kyalo, Kimeli, and Ayao (2017) the results further asserted that performance reporting is critical in giving the citizens the assurance that county government services and public policy plans are in place and are being undertaken efficiently through allowing for the input of the public. Besides, not tapping the full potential of performance reporting had resulted in sustained poor service delivery in the county. This was also affirmed by Bhat (2020) who pointed out that a lack of performance reporting results in poor service delivery.

5.3.3 Risk Oversight Systems

Results on risk oversight systems recorded a standardized beta co-efficient of 0.018 at a p-value of 0.000 (<0.05). This also depicted a strong relationship between the variable and public service delivery. The results further implied that an enhanced system on risk oversight results in an increase in the level of service offered to the public within Nairobi County Government. A study by Mbego et al. (2016) on the influence of internal audit system's practices on the management of public funds in county governments in Kenya: a case study of management of public funds in Kisii County, established a strong

linkage between internal audit systems such as risk oversight with effective management of public funds hence provision of public services. The findings were also in line with the systems theory approach which was used in this study that pointed to the need for proper systems in the whole organization structure at NCG.

Particularly, the findings on systems of risk oversight depicted that NCG has not adopted information systems and technology in risk oversight for improved service delivery. Such assertions were made by Bhat (2020) who pointed out that in most developing economies, information systems and technology that assists in risk oversight is poorly adopted or implemented. In line with the results established by Mbego et al. (2016), the respondents strongly confirmed that systems of risk oversight assist in identifying early symptoms of fraud, auditing improves internal controls and ethical behavior among NCG employees for improved service delivery, internal auditing improves risk management in the county while facilitating efficient and effective service delivery in public sector organization. The findings further affirmed that internal audit helps to achieve the maximum value for expenditures on services to be delivered and that there is a relationship between internal audit and service delivery. This assertion was also made by Mbego et al. (2016). It was also evident to members of the budget and finance committee that county leadership has not been keen on implementing the risk assessment and evaluation reports therefore curtailing the quality of service delivered by the NCG. This was in line with the conclusions made in the study by Kyalo et al. (2017).

5.3.4 Internal Control Systems

Lastly, internal control systems also recorded a standardized beta coefficient of 1.256 at a p-value of 0.001. This also depicted a strong positive relationship between the variable and public service delivery. The results further implied that an enhanced internal control system results in an increase in the level of service offered to the public within the Nairobi County Government. The study by Mbego et al. (2016) that established a strong linkage between internal audit systems such as risk oversight and internal control and effective management of public funds hence provision of public services, supports this finding. This result also agrees with the seven postulates of effective audit committees by David Flint as used in this study.

In line with the findings by Kyalo et al. (2017), results on internal control systems revealed that patronage and political interference of internal auditors affect effective execution of internal control systems in NCG and that AC reports and that internal control systems should be fast-tracked by the county management to enhance service delivery in all sectors. According to the conclusions made by Mbego et al. (2016), it was evident that there is no prompt implementation of the internal audit reports on the internal control systems. In addition, the results indicated that there are effective systems in place for internal control of county financial management, there are efforts by the county government to genuinely support internal control systems for increase service delivery in Nairobi county government and that internal auditing improves risk management in the county. The findings further depicted that internal audit facilitates efficient and effective service delivery in public sector organization and that the internal audit reports have helped in promoting good public service in NCG.

The findings confirmed that the county AC reports have helped civil servants improve service delivery to the citizens of Nairobi County with internal control systems helping to support productivity and service output in the various departments. Such conclusions were also arrived at by Wandera (2017). However, there was still a need to streamline AC and internal audit functions with county budgets and ADP for improved services within the county. These results were similar to the findings in Kitui and Kisii Counties as studied by Kyalo et al. (2017) and Mbego et al. (2016) respectively. Contrary to the conclusions made by UW (2015) affirming that internal control systems in the public sector help bring a sense of responsibility and accountability of the various duty bearers to execute public services satisfactorily, the findings on whether internal control systems resulted in additional bureaucracy which hinders effective service delivery in NCG were not conclusive.

5.4 Conclusion

The researcher-made inference from the findings in line with the study's hypothesis.

Based on the first null hypothesis set as financial reporting does not influence the quality of public service delivery at Nairobi County Government, the research rejected this hypothesis and concluded that financial reporting significantly influences the quality of public service delivery at Nairobi County Government.

On the second null hypothesis set by the researcher as performance reporting does not influence the quality of public service delivery at Nairobi County Government, the study

rejected this hypothesis and concluded that performance reporting significantly influences the quality of public service delivery at Nairobi County Government.

The third null hypothesis stated that system risk oversight does not influence the quality of public service delivery at Nairobi County Government. From the results, the researcher rejected the null hypothesis and concluded that the system risk oversight significantly influences the quality of public service delivery at Nairobi County Government.

The final null hypothesis stated that internal control systems do not influence the quality of public service delivery at Nairobi County Government. However, the findings resulted in the rejection of this hypothesis and concluded that internal control systems significantly influence the quality of public service delivery at Nairobi County Government.

5.5 Recommendations

Based on the findings of this study the researcher set recommendations in relation to the study objectives as discussed below;

5.5.1 Financial Reporting

The study recommends that NCG should sustain a sufficient number of internal auditors that further, facilitate efficient audit processes. The county should also take advantage of financial reporting in seeking to improve its financial performance. Financial reporting ought to be used in determining the redistribution of revenue to county projects. Besides, NCG should strictly adhere to the PFM Act 2015 on financial reporting.

5.5.2 Performance Reporting

The researcher recommends that the county's urban planning and development ought to significantly rely on performance reporting functions of the audit department. Besides, NCG should utilize performance reporting in assisting the county achieve value for money through boosting employee attitudes and overall output. Proper communication of the audit reports should be adopted so as to assist in monitoring and evaluating the county's programs. The study further recommends that the set performance reporting framework should continually allow for the input from the public in order to give the citizens the assurance that county government services and public policy plans are in place and are being undertaken efficiently

5.5.3 System Risk Oversight

The study recommends that NCG should adopt information systems and technology in risk oversight for improved service delivery. Effective implementation of systems of risk oversight will assist in identifying early symptoms of fraud thus enhance ethical behavior among NCG employees therefore facilitating efficient and effective service delivery in the county. In addition, county leadership needs to be keen on prompt implementation of the risk assessment and evaluation reports.

5.5.4 Internal Control Systems

The researcher recommends that internal control systems should be put in place within NCG that are free from patronage and political interference of internal auditors. Besides, AC reports and internal control systems should be fast-tracked by the county management

to enhance service delivery in all sectors through offering support in relation to productivity and/or service output in the various departments.

5.6 Areas for Further Studies

In relation to future studies, the researcher recommends that additional studies can be conducted on the relationship between the audit committee and public service delivery on the other counties other than Nairobi while measuring the current independent variables against service delivery so as to improve the applicability and reliability of the findings and recommendations on public service in the devolved system of government. Other studies can be carried out on other sectors of the economy other than the devolved government or additional variables relating to audit committee such as appointment, resourcing, engagement with stakeholders and compliance reporting can be evaluated against public service delivery.

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APPENDICES

Appendix I: Introductory Letter to NCG

Dear Respondent

RE: REQUEST FOR RESEARCH DATA

I am Haron Nyangacha Kibwage**,** a graduate student of Africa Nazarene University. This questionnaire has been designed strictly for academic purposes pertaining research on the topic **"**Influence of audit committee roles on quality of public service delivery at Nairobi County Governments in Kenya" Kindly help me fulfil this research by filling in the questionnaire to the best of your understanding. Tick the open spaces in the table to mark your responses. Your opinions are very important to this study and the information given will be treated with utmost confidentiality.

Thank you

Appendix II: Questionnaire for the County Civil Servants

Use the key below to answer the questions that follow. Apply a tick where applicable using the following Likert scale key: 5 – Strongly Agree, 4– Agree, 3– Neutral, 2– Disagree, 1 – Strongly disagree.

SECTION A: DEMOGRAPHIC DATA OF RESPONDENTS (Tick where appropriate)

1. GENDER

   Male [ ]

   Female [ ]

2. AGE: a) 20 – 29 years [ ] c) 40 – 49 Years [ ]

   b) 30 – 39 Years [ ] d) 50 – 59 Years [ ]

3. Highest Level of Education

   a) Diploma [ ] b) Degree [ ] Masters [ ] d) PhD [ ]

4. Job Department ……..…….

5. Management Level: a) Senior Manager [ ] b) Middle Manager [ ] Lower Cadre [ ]

6. How long have you worked in this department in NCG?

   a) 1– 2 years [ ] b) 2- 4 years [ ] c) 4 – 5 years [ ] d) Above 5 Years [ ]

7. To what extent are you informed about the county internal audit processes?

   a) Very informed [ ] b) Informed [ ] c) Somehow Informed [ ] d) Uninformed [ ]

SECTION B: INFLUENCE OF FINANCIAL REPORTING ON QUALITY OF PUBLIC SERVICE DELIVERY AT NCG

STATEMENT	**5**	**4**	**3**	**2**	**1**
1. Financial reporting has helped in fraud detection.					
2. Financial reporting has led to increased accountability and service delivery in the organization.					
3. Financial reporting system assists in monitoring of county activities.					
4. Financial reporting improves professional competence					
5. Financial reporting assists in tracking of county records.					
6. Financial reporting has helped improve accountability in the county.					
7. The county's financial performance has improved with internal auditing and financial reporting.					
8. NCG strictly adheres to the PFM Act 2015 on financial reporting					
9. Financial reporting has helped in redistribution of revenue to county projects.					
10. Financial reporting has helped improve effectiveness and efficiency in public service delivery in the county.					

11. Regular financial reporting has helped improve county's economic performance and development.					
12. There is a good system of fraud detection in the organization.					

SECTION C: EFFECTS OF PERFORMANCE REPORTING ON SERVICE DELIVERY IN NCG

STATEMENT	**5**	**4**	**3**	**2**	**1**
1. Performance reporting has help the county achieve value for money					
2. Prudent performance reporting has led to efficient service delivery					
3. County urban planning and development heavily relies on performance reporting functions of the Audit department.					
5. Performance reporting helps boost employee attitudes and overall output in the Nairobi county.					
6. Proper communication of the audit reports helps in monitoring and evaluation of county programs.					
7. NCG has shortage of internal auditors which hinders efficient evaluation and performance reporting.					
8. Priorities are misplaced because projects are done not according to or as demanded by the people.					

SECTION D: INFLUENCE OF SYSTEMS OF RISK OVERSIGHT ON QUALITY OF PUBLIC SERVICE DELIVERY AT NCG

STATEMENT	**5**	**4**	**3**	**2**	**1**
1. Assists in identifying early symptoms of fraud.					
2. Audits detect material misstatements in financial statements.					
3. Auditing improves internal controls and ethical behavior among NCG employees for improved service delivery.					
4. NCG has adopted information systems and technology in risk oversight for improved service delivery.					
5. Internal auditing improves risk management in the county.					
6. Internal audit facilitates efficient and effective service delivery in public sector organization					
7. Internal audit helps to achieve the maximum value for expenditures on services to be delivered.					
8. There are proper mechanisms for risk management in NCG					
9. There is a relationship between internal audit and service delivery					

SECTION E: INFLUENCE OF INTERNAL CONTROL SYSTEMS ON QUALITY OF PUBLIC SERVICE DELIVERY AT NCG

STATEMENT	**5**	**4**	**3**	**2**	**1**
1. There are effective systems in place for internal control of county financial management.					
2. Patronage and political interference of internal auditors affect effective execution of internal control systems in NCG.					
3. There are efforts by the county government to genuinely support internal control systems for increase service delivery in Nairobi county government (NCG).					
4. There is prompt implementation of the internal audit reports on the internal control systems.					
5. Internal auditing improves risk management in the county.					
6. Internal audit facilitates efficient and effective service delivery in public sector organization					
7. Have internal control systems helped support productivity and service output in your department?					
8. Have internal control systems resulted in additional bureaucracy which hinders effective service delivery in NCG?					

9. The internal audit reports have helped in promoting good public service in NCG.					
10. NCG follows proper guidelines in constituting Audit Committee (AC) members.					
11. The county AC reports have helped civil servants improve service delivery to the citizens of Nairobi County.					
12. There is need to streamline AC and internal audit functions with county budgets and ADP for improved services.					
13. AC reports and internal control systems should be fast tracked by the county management to enhance service delivery in all sectors.					

SECTION F: DETERMINANTS OF EFFECTIVE PUBLIC SERVICE DELIVERY IN NCG

STATEMENT	**5**	**4**	**3**	**2**	**1**
1. The NCG's organizational structure supports independence and cooperation among county civil servants to seamlessly attain public service delivery mandates.					
2. The organization process and systems in relation to input, operations and output processes/ systems determines county government officials' delivery of county services?					

3. The NCG has organizational capacity and enough staff to implement effective public services.					
4. The staff at NCG have the right mix of skills that are suitable implementing effective service delivery in the county.					
5. The NCG has sufficient streams of revenue to help deliver effective public service delivery in the county?					
6. There is limited bureaucracy in NCG which has reduced embezzlements of funds and increased efficiency.					

…….THANK YOU VERY MUCH FOR YOUR COOPERATION……

Appendix III: Interview Guide for Top Cadre NCG Employees

1. How do you rate service delivery in NCG?
2. What successes and impediments exist in offering public service within the county?
3. How does the audit committee compliment service delivery within the county?
4. How have financial reporting, performance reporting, risk oversight and internal control systems assisted in ensuring effectiveness and efficiency in service delivery in NCG? (Explain in light of the list provided below).
    i. Tracking county records
    ii. Affirming accountability
    iii. Re-distribution of revenue in the county
    iv. Economic performance in the county
    v. Risk management
    vi. Communication of audit reports
    vii. Ethical behavior among employees.

Appendix IV: ANU Letter of Research Authorization

3th, July, 2020

E-mail: researchwriting.mba.anu@gmail.com

Tel.

0202711213

Our Ref: 17S03DMBA002

The Director.
National Commission for Science,
Technology and Innovation (NACOSTI),
P. O. Box 30623, 00100
Nairobi. Kenya

Dear Sir/Madam:

RE: RESEARCH AUTHORIZATION FOR: HARON KIBWAGE

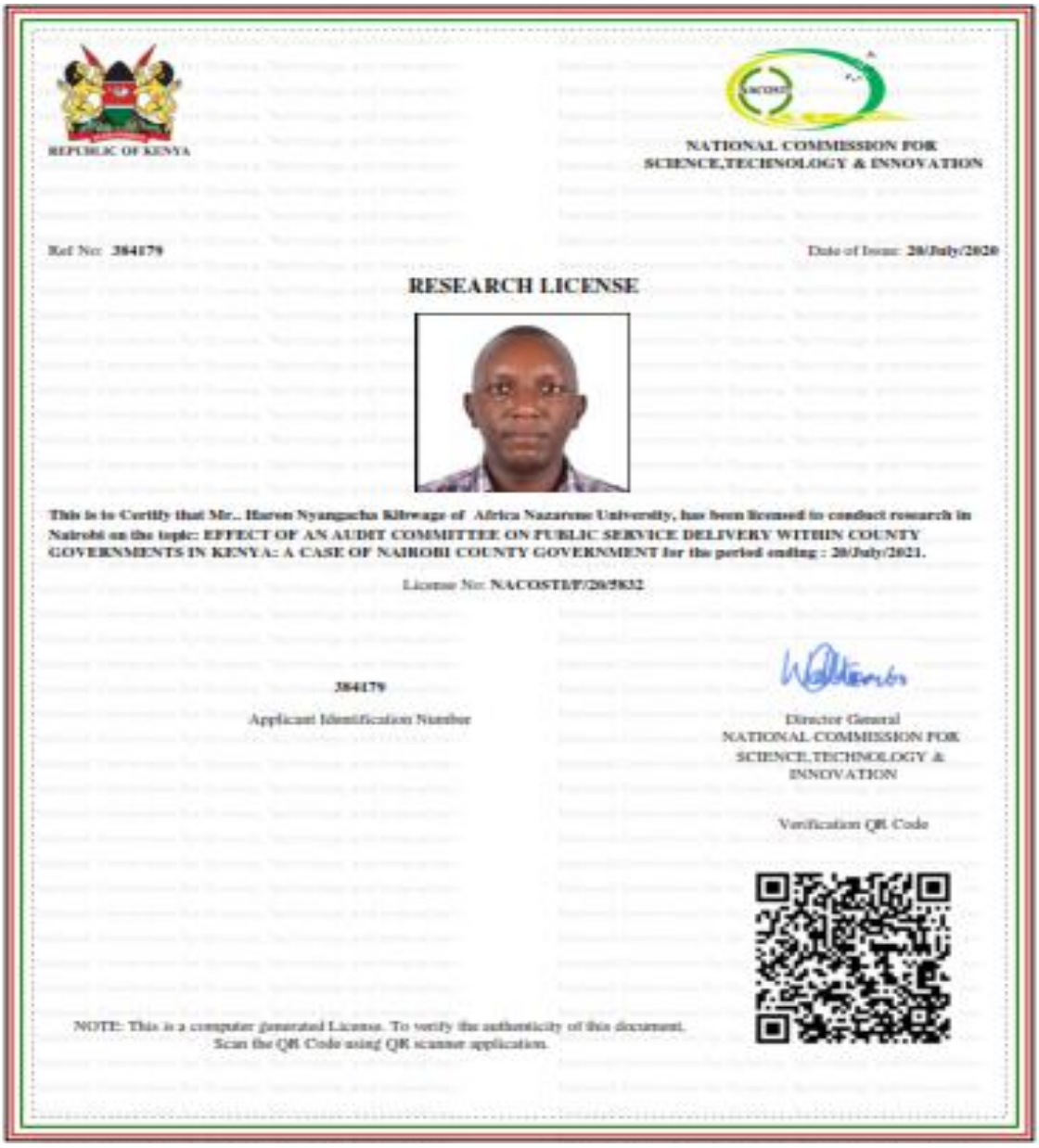
Mr. Haron is a postgraduate student of Africa Nazarene University in the Master of Business Administration (MBA) program. In order to complete his program, Mr. Haron conducting a research entitled: "**Influence of audit committee roles on quality of public service delivery at Nairobi County Governments in Kenya"**

Any assistance offered to him will be highly appreciated.

Yours Faithfully,

Kagwathi Githii,
Chair, School of Business,
Africa Nazarene University.

Appendix V: Nacosti Permit



REPUBLIC OF KENYA

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Date of Issue: 20/July/2020

RESEARCH LICENSE

This is to Certify that Mr.. Haron Nyangacha Kibwage of Africa Nazarene University, has been licensed to conduct research in Nairobi on the topic: EFFECT OF AN AUDIT COMMITTEE ON PUBLIC SERVICE DELIVERY WITHIN COUNTY GOVERNMENTS IN KENYA: A CASE OF NAIROBI COUNTY GOVERNMENT for the period ending : 20/July/2021.

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Appendix VI: Study Area

