THE EFFECTS OF INTERNAL AUDIT INDEPENDENCE ON CORPORATE GOVERNANCE OF COUNTY GOVERNMENTS OF KENYA: A CASE OF MERU AND THARAKA NITHI COUNTIES.

THURANIRA KENNETH PAUL[A] DR. GABRIEL WAWERU[B] DR. ELIJAH WALUBUKA [C]

ABC: Meru University of Science and Technology

ABSTRACT

This paper attempts to discuss the conflicts in various internal auditing roles that are prevalent and tend to impact corporate governance based on how leaders and managers perceive internal audits. County governments are internally affected by how corporate governance and auditing are carried out. This paper examined the internal audit functions and roles in Meru and TharakaNithi counties Corporate Governance (CG) through consulting and highlighting corporate management views. Corporate governance incorporates the way in which boards control and manage the company's progress and leadership by the managers. Assessing the capability of internal audit independence to achieve corporate goals, and suggesting the achievement approach. The used study design involves descriptive design and inferential.Census where all the technical staff members of internal audit and accounting departments of the counties were selected were employed. The study concludes that the growth in the county governments was based on proper budgeting reviews and usage of corporate funds. This study recommends that each county government should enhance risk assessment capacities as a way of quantifying and predicting them in advance.

Keywords: Corporate governance,Auditing, Census, risk assessment, internal auditing.

1.0 Introduction

Corporate governance is the manner in which power of a corporate is exercised in the stewardship of the corporation, to the portfolio of assets and resources with the objective of maintaining and increasing shareholders value to the satisfaction of the stakeholders in the

content of its corporate mission (Tricker, & Tricker, 2015). For the last decade, policy makers, regulators and market participants around the world have increasingly come to emphasize the need to develop good corporate governance policies and practices (Khan, Muttakin & Siddiqui, 2013). An increasing amountof empirical evidence shows that good governance contributes to competitiveness, facilitates corporate wide spreading and thus helps develop area of participation and spur economic growth(Ntim &Soobaroyen, 2013). But even though there are strong rules and policies provided by the companies act together with code of ethics developed by companies, of late there has been many scandals were management have acted contrary to these regulations for their own selfish needs. This is the reason why in recent years corporate governance has become a very important topic for debate, this is partly because lack of corporate governance was a big contributor or recipe for corporate scandals (OECD, 2006).

In most countries good corporate governance policies put in place positively influences the behavior of its capital markets. Amidst all the debate over corporate governance and board's supervision of internal mechanism, surprisingly little attention has been given to the role of internal audit and particularly to whom it is ultimately responsible (Love & Klapper, 2002).

According the Institute of Internal Auditors ‘‘internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization'soperations. Internal audit is given the mandate of assessing the controls put in place and communicate to the management on the strengths and weaknesses of such controls and give recommendations on how to improve them. Internal audit function should maintain high levels of independence so as to provide an objective and fair opinion on management's dealings (Cheffins, 2013).

Globally it was generally accepted that internal audit function has the capacity to provide an exceptional service to the management. Institute of Internal Auditors (the IIA). Commercial banks have come to the realization that internal audit is essential in improving management of assets in the banks leading to improved financial performance of banks (Chun, 2017).

In the USA, the importance of internal audits has been confirmed in a variety of legislations such as the Sarbanes Oxley Act (2012). Of late there are many corporates that have gone bankrupt some even being wounded up while others are in financial crisis due financial scandals. These happenings have made organizations to seriously consider internal audit function as a very crucial function in the organizations. With the global financial crisis of 2008-2009, internal auditing becomes especially important in managements toolkit for safeguarding the rate of return on capital and ensuring that capital is not wasted or devalued in United States (Munsif, Raghunandan, & Rama 2012).

Germany is a very vital part of the globe, Companies in Germany have quickly grown in number, size and utilization of information system hence the need of embracing effective corporate governance (Julious, 2005). Internal audit can perform an invaluable service not only for the organization itself but also for society in general, if performed in a professional manner. The primary role of internal audit is to assist the executive achieve the organization's objectives. It also gives the assurance that executive has put in place strong effective internal controls to mitigate and prevent risks.

Embracing effective corporate governance by organizations in any country creates wealth and employment. When ENRON Corporation collapsed in 2002, President Bush who was then the president of USA said that if action will not be taken their debt problem will worsen and many jobs will be lost and companies will continue collapsing. In 2002, the importance of effective corporate governance become the headlines globally when the biggest corporate collapses happened in USA. These companies included: ENRON Corporation, WorldCom and Tyco, this led to seven of the twelve largest bankruptcies in US history. This has not been an exception to Kenyan companieslisted at the Nairobi stock exchange whereby we have seen major companies having corporate governance issues for example Uchumi Supermarkets and the 2012 CMC Board wrangles (Maina, 2014).

Performance management in the public sector is the managerial activity necessary to promote well-performing policy management and service delivery. Organizational performance management in a government context concerns monitoring the success of public policy, programmes or projects in achieving their objectives and in securing the expected benefit (D. Chambers, 2014). According to Transparency International Survey done in 2014 on Performance County Governments in Kenya, 41% of the Citizens from the 47 counties were not contented with the performance of their Counties. Most of the citizens gauged the performance of their counties based on; systems put in place to ensure revenue is prudently used on development

The second measurement was how the citizens felt on services provided by the county governments The third perspective covered how communication was being done with the key stakeholders Fourth perspective was the capacity of county government to create employment opportunities Finally, transparency and direct accountability of leaders was another element of performance according to Transparency International Report (Baharud-din, Shokiyah, & Ibrahim, 2014).

2.0 Literature Review

2.1Internal Audit Independence and Corporate Governance

Arena and Azzone, (2009) argued that internal audit function in an organization should to a large extent enjoy autonomy and independence to enable it do its work objectively. There was a strong positive relationship between organizational independent of audit committee and effectiveness of internal audit function hence they recommended that county government of Nakuru to emphasize on the organizational independent of audit committee to enable the county to have an effective internal audit function (Ariga&Gathogo,2016).

Institute of Internal Auditors, (2016), concluded that internal audit functions in organizations should be given a sufficient high status in the organization structure to enable them communicate with senior management and the independence of internal audit from the auditees. Mihret and Yasmaw, (2007) concluded that independence provides the auditor with an environment of objective and uninhibited appraisal and reporting the findings without being influenced by the auditees.in their study they noted internal audit reported to the president who is the chief executive officer (CEO) but they do not administer or control their own budget. Internal audit reports were not even given enough attention. The internal audit department does not have strategic audit plans, this might be because they have a problem of preparing their plans because strategic work plans go hand in hand with resources. If they are not controlling their own budget, they will have difficulty in preparation of work plans since the available resources are uncertain. This is an indicator of lack of independence, which ends up affecting the work of internal audit function.

Alzeban and Gwilliam (2014) in his study on determinants of internal audit effectiveness the public sector in Ethiopia concluded that the perception of the management on the internal audit value and the organizational independence of internal audit function were not significantly correlated to the internal audit effectiveness. This contradicts other studies done on the same topic.

According to code of ethics and international standards for professional practice of internal auditing-institute of internal auditors UK and Ireland, the internal auditor should not only be independent but appear to be independent of the department under review.to guarantee this independence the head of internal audit function should report and be accountable to the audit committee appointed by the government or cabinet secretary national treasury and internal auditors should not be taking part in routine departmental or county operational duties.

Changwony and Rotich (2015), in their study on the role of internal audit in promoting effective corporate governance of commercial banks in Kenya concluded that, the internal audit functions were independent since the internal audit charter is approved by the audit committee of the board of directors ,The head of internal audit functionally reports to the audit committee of the board and internal audit function is supported to be independent by appropriate and clear reporting relationship to the executive management and audit committee. This means internal audit department plays a positive crucial role in ensuring there is effective corporate governance in commercial banks. The findings still established that there are some threats to internal audit activity.

ICAEW, (2002) in his study on an examination of government internal audit's role in improving financial performance, found out that internal auditors play a very important role in public financial management and government operations.

Value added internal audit can only be achieved if internal audit function operates objectively and independently, if this independence is compromised the reputation of internal auditors is compromised in the eyes of stakeholders and they will not trust the work of internal audit function (Lenz and Hahn, 2015). This was supported by the findings of Asiedu and Deffor, (2017) in their study about fighting corruption by means of effective internal audit function in Ghanaian public sector, where they established that the independence of internal audit function has a great impact on the effectiveness of internal audit function which leads to reduction in corruption hence assisting in achieving effective corporate governance.

Lenz and Hahn, (2015) argued that internal auditors should comply with institute of internal auditors' code of ethics when carrying out their work. This makes them to demonstrate to the stakeholders they have the professional competency required to do their work professionally.

2.3Corporate Governance

Private Sector Initiative for Corporate Governance (PSICG), (1999) in their study on the role of financial auditing in enhancing corporate governance in savings and credit cooperative societies in Nakuru county found out that there is a strong positive relationship internal audit quality and corporate governance. He further concluded that the risk-based auditing adopted by internal auditors in SACCOS helps organizations in risk management. Risk based auditing identifies risk on time and this improves accountability and transparency due strong internal controls systems put in place.

Odoyo et al, (2014) in their study on the role of internal audit in implementing risk management in state corporations in Kenya concluded that the internal auditor plays an important role in enterprise risk management by providing assurance to the organization about effectiveness of their risk management. The risk management norms in the state corporations studied supported a strong corporate governance.

Internal auditors perform a very important function part to assist the management because internal audit function is the major tool that ensures there is good corporate governance any institution. The existence of efficient internal audit together with internal control risk management system improves the efficiency and effectiveness of the organization and minimizes information asymmetry during decision making hence it improves credibility of financial reporting process (Hailemariam,2014).

Changwony and Rotich (2015) concluded that there is a strong positive relationship between the positioning of internal audit and effective corporate governance (Aikins, 2011) local government internal auditors surveyed performed frequent inspections and audit reviews in areas that deal with more revenue collection and huge expenditure. The frequent audits lead to the improvement of internal controls and improves public accountability. This continuous monitoring leads to improved corporate governance, service delivery and improved financial performance. Ntim and Soobaroyen, (2013) concluded that the internal auditors in the management of Nigerian government owned entities is indispensable. The study showed there is a significant association between the internal audit function and good corporate management at national hospital Abuja.

Under new public management (NPM) in Australia, the local authorities from 1993 adopted the accrual accounting method when preparing financial reports and later after 2005, the local authorities implemented international financial reporting standards (IFRS). This means the local government has a hard task of preparing financial statements that meet the accountability and transparency needs of users. Increased complexity of financial reporting requirements, complex investment products that emerged after global financial crisis, collateralized debt obligation and constant debt obligation increases the need of more effective governance. Hence, the need for strong internal audit function to assess the risks mitigation strategies put in place (Pilcher, 2014).

Asiedu and Deffor, (2017) in their study on fighting corruption by means of effective internal audit function in Ghanaian public sector concluded that an effective internal audit function could assist in fighting administrative corruption even though the study did not give a cure of how to reduce corruption.

3.0 Methodology

The study adopted regression. To measure the influence ofindependent variables good corporate governance, the study used regression model. Linear regression attempts to determine whether the variable will predict a given dependent variable (Orodho, 2005).

Regression analysis was used to come up with the model expressing the hypothesized relationship between the independent variables (audit independence) and the dependent variable (Corporate governance of Meru and TharakaNithi County Government). Specifically, the linear regression equation was;

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon$$

Where,

Y –Corporate governance

β_0 – Constant term

β_1-regression coefficients

X_1 – Internal audit independence

ε – Error term

Regression analysis was carried out to find out the significant effect of independent variable(X_1)on dependent variable (corporate governance of TharakaNithi and Meru County Governments).

An independent variable was considered to be a significant predictor of the dependent variable if the absolute t-value of the regression coefficient associated with the dependent variable is greater than the absolute critical t-value (.05). Based on this model, all the null and alternative hypotheses on linear regression coefficients were tested.

In statistics, linear regression is an approach for modelling the relationship between scalar dependent variable y and one or more explanatory variables or independent variables denoted the case of one explanatory variable is called simple linear regression.

4.0 Results and Discussion.

4.1 Introduction

This chapter provides research data analysis and its corresponding interpretations

4.3 Effect of Internal Audit Independence on Corporate Governance

In this segment the study wanted to find the effect of independence of internal audit on corporate governance of county governments in Kenya. The respondents were required to state the degree to which they agreed with the statements regarding the independence of internal audit on a scale of strongly disagree, disagree, neither agree nor disagree, agree and strongly agree. The findings analysis are tabulated in Table 4.7.

Table 4.7: Internal audit Independence and corporate performance

	Mean	Std. Dev
The IA operates totally independently, and conducts their work Without interference.	3.54	.990
IA decides on scope, time and level of auditing procedures founded on auditing standards and the organization's Audit policy.	3.40	.938
Internal audit provides reports to the audit committee.	3.60	.889
Independence is the essence of effective auditing among other	3.55	.858

factors in particular		
Internal auditors have free access to all documents, data, Information and employees in the organization.	3.58	.956
Internal audit function is involved in the county's' development Processes.	3.49	.859
All IA members are free and not vetoed to include any audit observation in their audit assignments and report audit Committee	3.60	.871
IA are free right access necessary documents, information, people, explanations and data on process under review	2.94	.919

The study conclusions show that the respondents are in agreement that the internal audit operates totally independent and conducts their work without interference (mean score, 3.54). The results also show that respondents approved that internal audit decides on the scope, time and level of auditing techniques based on auditing standards and the organization's audit policy (mean score, 3.40). Respondents settled with the statement that the internal audit provided reports to the top management (or audit committees) (mean score 3.60). Respondents agreed that independence is the essence of effective auditing among other factors (mean score, 3.55). The findings show that respondents agreed that internal auditors have unhampered admission to all departments and employees in the county (mean score 3.58). According to the findings, respondents settled that internal audit take part in the development of county's processes (mean score 3.49). They also agreed that all the internal audit members feel free to include any audit findings in their audit work and report directly to responsible body (mean score 3.60). Finally, respondents neither agreed nor disagreed with the statement that internal auditors can freely access any essential documents, evidence and data about process that is under audit review and hence their work is always acknowledged (mean score 2.94). The results show that there were minimal disagreements in the reactions as all the standard deviations were less than 1. The findings mean that the respondents agreed on the various aspects of the independence of the internal audit except for the access to documentation and data during investigation. The findings that the internal auditors operated totally independent without interference are in agreement with Zeleke (2007) who argued that corporate independence permits the audit unit to carry out work without meddling by the entity under audit.

The findings that internal audit contributed towards the development of the organization is in support of Van Gangesberghe (2005) who noted that internal audit must contribute significantly to management, while still reporting on the status to the audit committee. The findings that internal auditors have free access to all departments and employees in the county agree with Zeleke (2007) that audit should be conducted with complete and unlimited access to all forms of audit proof like staffs, possessions, policies and techniques of internal control systems, key material necessary for audit work.

4.4 Corporate Governance

In this subdivision the study sought to determine the effect of internal audit function on corporate governance in county governments in Kenya. The findings were analyzed and tabulated in Table 4.9.

Table 4.9: effect of internal audit and corporate governance

	Mean	Std Dev
Internal audit ensure that it significantly adds value to the County corporate governance	3.63	.868
Internal audit improves departments performance	3.73	.963
Internal audit improves corporate governance	3.76	.906
Performance of internal audit has greatly improved in recent past due to effective internal audit.	3.45	.858
The resource utilization in public sector is more effective due to Improved internal audit.	3.52	.859

The study findings show that respondents agreed that the internal audit function added value to the counties (mean score 3.63). The respondents further agreed that the internal audit improved the county governments departments' performances (mean score 3.73). Results also show that respondents agreed that the internal audit improved the organizations' performances (mean score 3.76) and also agreed that the performance of the internal audit had greatly improved in recent past due to effectiveness of internal audit function (mean score 3.45). And lastly, that the resource utilization in the public sector was more effective due to improved internal audit (mean score, 3.52). The standard deviation for all the responses were less than 1 implicating that there were no variances in the responses.

4.5 Effects of internal audit independence on corporate governance with the absence of government policies.

Table 4.19 fitness test for internal audit independence on corporate governance with the absence of government policies

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.78	.61	.50	.1813635248 59

a. Predictors: (Constant), Internal Audit Independence.

Table 4.20 t- test for internal audit independence on corporate governance with the absence of government policies.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.471	.108		4.825	.000

Internal-Audit Independence	.042	.109	-.011	-.205	.008

a. Dependent Variable: Corporate Governance

H0: Independence of Internal Audit Function does not significantly affect corporate governance of Meru and TharakaNithi County governments.

The model of the study was:

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon$$

Replacing with the values of beta we get:

$$Y = 0.606 + 0.042 X_1 + \varepsilon$$

Internal audit independence had a coefficient of 0.042 and the significance value of 0.008. At 95 % significance level we reject the null hypothesis hence internal audit independence have significant effect on corporate governance of County governments in Kenya.The adjusted R-square of the model is 0.50(50%), this indicates a good fit and therefore an internal audit independence variation contributes to variations on corporate governance.

4.6 Effects of Internal Audit Independence on Corporate Governance with the Presence of Government Policies.

Table 4.21 fitness test for internal audit independence on corporate governance with the presence of government policies.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.794	.63	.52	.133758664405

a. Predictors: (Constant), Internal Audit Independence, Government Policies.

Table 4.22 t- test for internal audit independence on corporate governance with the presence of government policies.

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.726	.119		6.125	.000
Internal-Audit Independence	.006	.110	-.003	.956	.005
Government Policies	.349	.331	-.055	1.055	.029

a. Dependent Variable: Corporate Governance.

From table 4.22, it shows that both the Moderating variable and internal audit independence has significant effects on corporate governance There is an improvement in the fitness of this model relative to above model where the moderating variable is absent since the adjusted R-squared for this model is 52%. Therefore, from these results the presence of moderating variables is significant in explaining the variations on the corporate governance.

	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	.606	.125		2.952	.004
Internal positioning	audit. 317	.131	.165	1.110	.021
Internal	audit.236	.150	.300	1.191	.003

independence

5.0 Conclusion and Recommendations

In this subdivision the researcher presents the summary of the study results from where conclusions will be made. This will be followed by recommendations and suggestions for further research.

5.1 Internal Audit Independence and Corporate Governance

The study established that the internal audit operates totally independent and conducts their work without interference (mean score, 3.54). According to the findings, the internal audit decides seriously on the scope, time and extent of auditing procedures based on auditing standards and the organization's audit policy (mean score, 3.40). The internal audit provided reports to the boards of directors (or audit committees) (mean score 3.60). The findings revealed that the internal auditors have unhindered access to all sections and staff in the county (mean score 3.58) while at the same time the internal audit participated in the development of company processes (mean score 3.49). The study establish that internal audit members were free to report audit findings in their audit work and report directly to audit committee (mean score 3.60).

5.2 Conclusion

The objective of the study was to analyse the influence of internal audit independence in enhancing corporate governance in the county governments. Results showed that internal audit independence had significant effect on corporate governance. Precision of the model also increased with inclusion of moderating variable.

REFERENCES

Adams, M. B. (1994). Agency Theory and Internal Audit. *Managerial Auditing Journal*, 8-12.

Aikins, S. (2011). An Examination of Role of Government Internal Audits Improving Financial Performance. *Public Finance and Management*, 11(4), 306-337.

Alzeban, A., &Gwilliam, D. (2014). Factors affecting the internal audit effectiveness: A survey of the Saudi public sector. Journal of International Accounting, Auditing and Taxation, 23(2), 74-86.

Asiedu, K. F. &Deffor, E. W., (2017) Fighting Corruption by Means of Effective Internal Audit Function: Evidence from the Ghanaian Public Sector. *International Journal of Auditing 21* (2017): 82–99

Arena &Azzone (2009) The Relationship between internal audit and senior management: a qualitative analysis of expectations and perceptions,' International Journal of Auditing, Vol. 10, No. 3, pp. 219–241.

Ariga, W. B., &Gathogo, G. (2016). The Examination of the Effectiveness of Internal Audit in County Government of Nakuru. *IOSR Journal of Business and Management*, *18*(4), 54-60.

Auditor General Report (2018) Reports and financial statements for the financial year ended June 30, 2017 Retrieved from *https://roggkenya.org/...Reports/.../1006-Tharaka_Nithi_CA_OAG-Report_OCR_by_RoGGKe.*

Baharud-din, Z., Shokiyah, A., & Ibrahim, M. S. (2014). Factors that contribute to the effectiveness of internal audit in public sector. International Proceedings of Economics Development and Research, 70, 126.

Brymman, A. & Bell, E. (2007). Corporate Governance in Business (3rded.). United States: Oxford University Press.

Changwony, M.K. &Rotich, G. (2015) ''Internal Audit in Banks and the Supervisors Relationship with Auditors'' A survey, August 2015. *International Journal of Business & Law Research 3(1):15-33*

Charles, Z. (1999). A Check-up for your Charter. The Internal Auditor, 56(6). 42.

Cheffins, B. R. (2013). The history of corporate governance. The Oxford handbook of corporate governance, 46-64.

Chun, C. (1997). Functions and Objectives of Internal Audit and their Underlying Conditions. *Managerial Auditing Journal*, 247-250.

D. Chambers, A. (2014). New guidance on internal audit–an analysis and appraisal of recent developments. Managerial Auditing Journal, 29(2), 196-218.

Ghauri, P. and Grønhaug, K., 2010. *Research methods in Business Studies: A Practical Guide.* New Jersey: Prentice Hall.

Emmel, N., (2013) *an introduction to realist methodologies and evaluation.* Online article downloaded from https://realistmethods.files.wordpress.com/2014/.../an-introduction-to-realist-methodol...

Haile Mariam, S., (2014) *Determinants of internal audit effectiveness in the public sector, case study in selected Ethiopian public sector offices*. Unpublished MSc. Thesis of Jimma University.

Hutchinson, J. R., (2009) the Importance of Caring Public Administration Review 69 (2): 356-359

Institute of Internal Auditors (2016). ‘‘Practice Advisory 1110-2; Chief Audit Executive Reporting Lines,’’.

ICAEW. (2002). Risk Management and the Value Added by Internal Audit. Institute of Chartered Accountants. England and Wales Audit Facility. London

Jensen, M.C. &Meckling, W.H., (1996) Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure. *Journal of Financial Economics,* 3, (4): 305-360.

Julious SA. (2005) Sample size of 12 per group rule of thumb for a pilot study. *Pharmaceut Stat 2005*; 4: 287–291.

Kaplan, S. & Minton, B. (2014). Appointments of outsiders to Japanese boards determinants and implications for managers. Journal of Financial Economics 36: 225-258

Kenya, Republic of (2008). Capital Markets Act, CAP 485A: Guidelines on Corporate Governance Practices by Listed Companies in Kenya, Nairobi: Government Printer.

Khan, A., Muttakin, M. B., & Siddiqui, J. (2013). Corporate governance and corporate social responsibility disclosures: Evidence from an emerging economy. Journal of business ethics, 114(2), 207-223.

Khaunya, M. F., Wawire, B. P., &Chepng'eno, V. (2015). Devolved Governance in Kenya; is it a False Start in Democratic Decentralization for Development. International Journal, 4(1).

Kibet, P. (2008). A survey on the role of Internal Audit in promoting good Corporate Governance in SOEs. Unpublished MBA Project, University of Nairobi.

Kombo, D. K., & Tromp, D. L. (2006). *Proposal and thesis writing: An introduction.* Nairobi: Paulines Publications Africa.

Krishnaswami, O. R., Methodology of Research in Social Sciences, Bombay, Himalaya, 2006.

Love, I., &Klapper, L. F. (2002). *Corporate governance, investor protection, and performance in emerging markets*. The World Bank.

Lenz, R., & Hahn, U. (2015). A synthesis of empirical internal audit effectiveness literature pointing to new research opportunities. Managerial Auditing Journal, 30(1), 5-33.

Manduku, S. (2008). *Tough Laws can Tackle Corporate Scandals*. Business Daily, November 2008

Millichamp, A. & Taylor, J., (2008). Auditing. Continuum: London.

Mugenda, O. & Mugenda, A., (2003). Research Methods: Quantitative and Qualitative Approaches. 2nd ed. Nairobi: Acts.

Munsif, V., Raghunandan, K., & Rama, D. V. (2012). Internal control reporting and audit report lags: Further evidence. Auditing a Journal of Practice & Theory, 31(3), 203-218.

Ntim, C. G., &Soobaroyen, T. (2013). Corporate governance and performance in socially responsible corporations: New empirical insights from a Neo-Institutional framework. Corporate Governance: An International Review, 21(5), 468-494.

Orodho, J.A. (2005). *Elements of Education and Social science Research Methods*. Nairobi: Masola Publishers, p. 31

Pilcher, R.A., (2014) Role of Internal Audit in Australian Local Government Governance: A Step in the Right Direction. *Financial Accountability & Management, 30* (2): 206-237

Private Sector Initiative for Corporate Governance (1999) *Principles of Corporate Governance in Kenya.* Private Sector Corporate Governance Trust.Nairobi, Kenya

Tricker, R. B., &Tricker, R. I. (2015). Corporate governance: Principles, policies, and practices. Oxford University Press, USA

Van Essen, M., Engelen, P. J., & Carney, M. (2013). Does “Good” Corporate Governance Help in a Crisis? The Impact of Country-and Firm-Level Governance Mechanisms in the European Financial Crisis. Corporate Governance: An International Review, 21(3), 201-224.Council, S. B. (2013). Internal Audit Charter.

Webster, S. (2007). *Educational Research; Competence for Analysis and Applications* 6th Ed. Upper saddle, NJ: Macmillan.