



INTERNAL CONTROL SYSTEMS AND REVENUE COLLECTION PERFORMANCE OF THE COUNTY GOVERNMENT OF KERICHO, KENYA

Kipkurui, B., K., & Makori, D.

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¹ Kipkurui, B., K., & ² Makori, D.

¹ MBA Student, School of Business, Economics and Tourism, Kenyatta University, Kenya

² Lecturer, Department of Accounting and Finance, School of Business and Economics, Kenyatta University, Kenya

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ABSTRACT

This study inspected the impact of internal control systems on performance of revenue collection of the County Government of Kericho, Kenya. Explanatory research design was adopted and the target population for the investigation comprised 62 employees drawn from County Government of Kericho who have direct involvement in revenue management. Data was analyzed using the Statistical Package for Social Scientists and results presented in form of tables and figures. The findings revealed that control activities had positive significant relationship with revenue collection performance. The study concluded that internal control systems had positive significant effect on performance of revenue collection in County Government of Kericho where all the variables, control activities, monitoring, risk assessment, communication and control environment significantly contributed to the performance. Study recommended that the county should improve control activity through enhancing reconciliation and review of function periodically. The county government should also enhance the accuracy of their report through adoption of information accounting systems as well as accounting tools like QuickBooks. In order to improve monitoring in the county automation, continuous assessment of internal control system and independent process checks and evaluation should be done continuously. High risk assessment should be conducted to eliminate systemic risks that can be identified and document. Due to weak channel of communication within the county, there is need to improve policies, and regulation that govern communication channels to ensure proper sharing of reports and strengthen security of information. A central information centers will also assist in collection and dissemination on revenue activities. Finally, the study recommended ethical values to be upheld in the county to reduce corruption and mismanagement of revenue collected at the county level. There is need to enhance the responsibility and authority structure of chain of command to reduce loop holes in internal control system.

Key Words: Control Activities, Monitoring, Risk Assessment, Communication, Control Environment, Revenue Collection

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INTRODUCTION

Internal control systems are measures that ensure that an enterprise's intentions in terms of accurate financial reporting, operational efficiency, and performance, and adherence to policies laws, and rules are met (Michelon, Bozzolan, & Beretta, 2015). Internal control Systems involves numerous aspects but the internal control systems for this investigation is restricted to; communication, control environment, monitoring activities, control activities and risk assessment. Internal control is divided into five components, according to the International Auditing Standards Board (ISAC) (315), which delivers a beneficial basis for auditors to cover numerous aspects of economic control of an entity. These components are information and communication, monitoring and follow-up, risk assessment, control environment, and control activities. Internal control, as well-defined by the Committee of Sponsoring Organizations (COSO), incorporates all objectives of an institution, from financial reporting to operative effectiveness and competency, while also compliance with applicable regulations and laws (COSO, 2013). An enterprise's success is primarily determined by the measures it has established to support its operations making realizing its goals at ease. Examples of such measures include having policies and procedures for executing operations, elaborating reporting association among members of enterprise, establishing proper measures for record keeping, inaugurating procedures for transaction limits and authorization, and containing top management supervision. The internal control system consists of these and other methods that a business might use to accomplish its objectives, such as internal audits, budgeting, and performance monitoring, and so on. Internal control flaws have been blamed for a number of recent corporate failures throughout the world (Eke, 2018).

In 2013, the Committee of Sponsoring Organizations (COSO) introduced a framework that identified five internal control components, which are examined in this review. These components

consist of risk assessment, monitoring, communication systems, control activities, and control environment. Generally, the implementation and enforcement of internal control systems are expected to improve a company's financial performance. The COSO framework also indicates that effective internal control systems can result in more consistent and reliable reports, which ultimately enhance an organization's accountability. The primary objective of establishing internal controls is to protect a company's assets and resources from being misused or fraudulently used. According to Gaku (2014), an internal control system is a practice adopted by the Board of Directors (BOD), management, and other employees to provide reasonable assurance that the organization's financial reporting, operational efficiency and effectiveness, and compliance with relevant goals and regulations are achieved.

The most basic definition of revenue is the entire amount of currency earned by the actions of an establishment during a certain time period. An entity's revenue is its gross earnings before any expenditures are deducted that is before any costs or expenses are removed. Kimmel, Weygandt, and Kieso (2013) also define revenue as the money created through the sale of products or services, or asset use or tied to an entity's principal operations or any other capital. According to Chow, Pollanen, Baskerville, Aggestam-Pontoppidan, and Day (2019), revenue is the whole sum of income received by a firm for services performed or items sold over a specific period of time. It also comprises interest, asset exchanges, all net sales, and any other growth in equity of the owner, and is evaluated before any expenditures are deducted.

Promulgation of Constitution of Kenya 2010 created a two-tier government, The National and County Governments with fourth schedule distributing functions between the two levels. The County Governments Act of 2012 Part II provides functions of the County Governments. Kericho County Government being one of the forty-seven devolved

units, has ten (10) Departments each headed by the County Executive Committee Members (CECMs) who deliver strategic and leadership policy direction while the Chief Officers coordinate and administrate all actions of the Department by virtue of being the authorized and accounting officer of the Department.

The County Government of Kericho established a Department of Finance and Economic Planning and its mandate encompasses offering technical care and guiding various departments in economic and financial planning difficulties. It has five directorates, which includes Accounting, Revenue, Procurement, Audit and Economic Planning. Revenue section's sole purpose is to enhance the mobilization of County revenue by providing effective revenue administration and sustainability in revenue collection. The Department of Finance through the Revenue section has taken its time and resources in putting up schemes, methods and adoption of new strategies aimed at facilitating operational efficiency of the Revenue Collection processes. In particular, to its functions which includes; accounting, assessing, and collecting for all revenues in accord with the laid provisions of all revenue laws; advising on administration of revenue matters, managing of revenue debtors, setting and monitoring revenue targets, Developing revenue collection enhancement strategies, preparation of revenue collection performance reports and Management of revenue records.

In fulfilling its mandate, Revenue section administer revenues Acts, which includes the Kericho County Finance Act, Public Finance Management act 2012 (PFM Act), the Trade License Act, Alcoholic Drinks License act and Public Health Act. Concerning structure of organization, Revenue section is made up of centralized and decentralized units, situated across the County. The centralized units are located at Kericho Town Revenue Office, besides Kebo Plaza. The operational jurisdiction of the decentralized units is geographically located across the County in seven regions these are: Ainamoi Sub County, Kericho Town Sub County, Belgut Sub

County, Bureti Sub County, Kipkelion East Sub County, Soin/ Sigowet Sub County, and Kipkelion West Sub County. Due to enlarged scope of operation each Sub County-Revenue Section is headed by a sub county revenue officer who reports directly to Director Revenue who spearhead the seven Sub Counties zoned for administration and management of revenue collection.

Statement of the Problem

The Constitution of Kenya 2010 provided for devolution and one of the principal objects of devolution under Article 174 of the Constitution is to promote social and economic development. County governments are required under Article 175 of the Constitution to represent the ideals of devolved government, which include having dependable sources of money to allow them to govern and provide services efficiently. Being able to meet the targets gives the county ability to finance its budgets to a significant level hence reducing its high level of dependence on national government for funding. Strengthening Own Source Revenue mobilization can improve fiscal autonomy through more predictable access to revenue, thereby allowing counties to have greater ownership and control over their development agenda (Commission on Revenue Allocation, County Own Source Revenue Report, 2019). The county government who attains its revenue collection targets is in a position to accomplish projects on time, pay salaries without any financial constraints, deliver services efficiently and eliminate pending bills among other benefits. Internal controls, on the other hand, assists the county government in meeting its revenue targets because there were well-defined responsibilities, practices, procedures, behaviors, and other aspects of government that cooperatively guarantee operational effectiveness by permitting it to respond correctly to key government, financial, legal, operational, and other risks in order to achieve its goals (Kumuthinidevi, 2016).

The Counties get their funds from Equitable Share, Own Source Revenue (OSR), conditional grants,

loans and donor funding. According to the Controller of Budget (COB) report 2019-2020, high pending bills was attributed to delay in release of exchequer issues by the National Treasury and under- performance of own source revenue collection among other reasons. In the 2018/2019 financial period, the County Government of Kericho collected its own source income equal to Kenya shilling 473,978,400 in all sources of income. The amount represents 68.22% of the targeted revenue of Kenya shilling 694,819,121 for that fiscal year (Commission on Revenue Allocation, County Own Source Revenue Report 2019). Raines (2019) states that county governments have recorded lower results than expected in the increase in revenues, which has led to delayed projects, failure in payments to public officials and increase in outstanding invoices to suppliers. This indicates that there are innumerable challenges in collecting revenue at the county level. Insufficient internal control practices have also generated tensions in revenue generation for the County Government of Kericho.

Despite the fact that past research has tended to focus on First World countries, data suggests that cultural, social, economic, and environmental factors in each nation have an impact on the relationship between internal control and income creation (Ho, 2016). Furthermore, wealthy countries, such as Europe, America, and parts of Asia, had better developed infrastructure and commercial systems that made internal control easier to execute than developing countries. The endeavor to generalize the causal association between internal control methods and income creation need empirical confirmation in a variety of settings, particularly in emerging countries like Kenya. Kasoga (2020) acknowledges that internal control practices significantly improve revenue collection performance in government agencies, and that government agencies should consider components of internal control including control activities, communication and monitoring activities, risk assessment, and control environment for long-

term revenue collection performance. Furthermore, the government should improve its internal audit unit, as well as the personnel tasked with monitoring income collection and ensuring realistic budget planning. Chepkirui and Oluoch (2021) inspected the impact of internal controls on generation of revenue at the University of Nairobi Enterprises and Services Limited (UNES) in Kenya, concluding that internal control systems ought to operate as envisioned to aid in advancing accurate and efficiency capturing of data. However, with all this literature available on revenue collection strategies, no much literature explored the real internal control practices that influence the collection of revenues in Kericho and this study hereby sought to find out association between revenue collection and internal controls systems performance for the County Government of Kericho, Kenya.

Objectives of the Study

The general objective of this investigation was to establish the influence of internal control systems on revenue collection performance of the County Government of Kericho, Kenya. The specific objectives of the investigation were:

- To establish the influence of control activities on revenue collection performance in the County Government of Kericho, Kenya.
- To determine the influence of monitoring on revenue collection performance in the County Government of Kericho, Kenya.
- To determine the influence of risk assessment on revenue collection performance in the County Government of Kericho, Kenya.
- To establish the influence of communication on revenue collection performance in the County Government of Kericho, Kenya.
- To establish the influence of control environment on revenue collection performance in the County Government of Kericho, Kenya.

The following research hypotheses guided the study;

- H₀₁: Control Activities have no significant influence on revenue collection performance in the County Government of Kericho, Kenya.
- H₀₂: Monitoring has no significant influence on collection of revenue performance in the County Government of Kericho, Kenya.
- H₀₃: Risk assessment has no significant influence on revenue collection performance in the County Government of Kericho, Kenya.
- H₀₄: Communication has no significant influence on revenue collection performance in the County Government of Kericho, Kenya.
- H₀₅: Control environment has no significant effect on revenue collection performance in the County Government of Kericho, Kenya.

LITERATURE REVIEW

Theoretical Review

Agency Theory

This notion was coined by economist theorist Alchian and Demsetz in 1972. Jensen and Meckling further developed it 1976. The theory shades “the association between the principals, entailing agents and shareholders including the bank managers and executives”. The dilemma arises when an agent is driven to behave in his or her own superlative interests, which are not aligned with those of the principle, resulting in a problem owing to disparities in the principal's and agent's aims and wants. The goal of this notion is to find the best contract for the agent and the principal. The agent strives to exploit individual profits by achieving the economic goals principal, and as a result, the agent's degree of vow is a purpose of the supposed value reward for achieving the principal's goals. Internal control is one of copious strategies practiced in business to control the agency difficult, hence this idea applies to this study. The goal of agency theory is to solve the problem (Bett, 2018). The proponents of this theory expect agents to make decisions and act in the interest of the principal. The agent necessarily cannot create judgments in the principals’ best interests, on the contrary (Bett, 2018). The theory postulates those people under employment are

fully responsible and accountable as far as their tasks are concerned. Employees must be part of a structure of good governance other than just delivering the desire of stakeholders that may prove a challenge to the governance structure.

Attribution Theory

Attribution theory was hypothesized by Weiner as a social psychology theory that deals with behaviors responds to event. According to Weiner (1985) he argued that outcomes that are important, negative, or unexpected are elicited to have resulted to attribution which can be categorized into the following characteristics; locus of control, stability and controllability. Locus of control is concern with individual believe on if success or failure is internal or external. Controllability is contrasts causes one can handle, such as efficacy/ skill, from causes one cannot control, such as luck, mood, aptitude and others’ actions. Stability, on the other hand, represents one's assessment of how likely the cause is to change over time. Attribution theory also proposes that these causal explanations impact people's emotions and behaviors in the future. The idea of motivation is intimately related with attribution theory.

Stewardship Theory

The idea was postulated by Davis, Schoorman and Donaldson in the year 1997; to them a steward has responsibility to maximize and protect shareholder’s wealth by improving corporation’s performance, hence maximizing the function of a steward. The theory resembles agency and stakeholders’ but stewards is concern with role of administration in advancing the performance of the organization (Donaldson & Davis, 1991). The stewards are satisfied and motivated when establishment accomplishes the objective. The notion put emphasis on the role of a steward in maximizing autonomy as a trusty of the organization for maximizing shareholder’s returns. Internal control management concept mimics the importance of steward in steward theory as means in ensuring that resources are well utilized for optimization of organizational performance.

However, Donaldson and Davis (1991) states that there is need to combine steward theory with agency theory so as to maximize shareholder interest as well as strike a balance with agency and hence optimize both individual and organizational performance. Stewardship theory fits the study since it directs the role of management in developing internal control as mean of optimizing shareholders and organization objectives.

Theory of Positive Accounting

In the year 1986, Watts and Zimmerman coined this idea. Watts and Zimmerman articulated three hypotheses with regards to Positive Accounting Theory. These are bonus plan that maximizes compensation, debt covenant that minimizes problems with creditors and political cost that minimizes political heat. It is focused with forecasting activities such as business accounting policy choices and responses to proposed new accounting standards. Hence the theory is concern about threat of compensation, debt and political cost which affect internal control of the firm directly.

Empirical Review

Mbilla, Nyeadi, Gbegble and Ayimpoya, (2020) focused on Performance and Control Activities of enlisted Banks in Ghana. Risk assessment, Control environment, and control activities were the three internal control systems studied components. Representatives from twelve of the institutions on the list were involved in his quantitative investigation. The field data was subjected to descriptive and regression analysis. Control efforts have a minimal meaningful influence on financial performance, as per the verdicts of the research. The investigation was performed in Ghana using Banking institutions and adopted quantitative study design while the on-going investigation was done in Kenya, using a devolved Government, public sector and adopted explanatory study design.

Kissi, Agyekum, Baiden, Tannor, Asamoah, and Andam (2019) undertaken research in Ghana to determine the outcome of project monitoring and assessment techniques on the success principles for projects of construction. Centered on the premise,

this study used partial least square–structural equation modeling (PLS–SEM) to establish the influence of project M&E practices (constructs) on success of the project. Monitoring and evaluation practices exhibited a significant positive link with building project success criteria, according to the research. Furthermore, project scope, safety and health performance and illustrated a strong noteworthy association with M&E practice, stressing that these two primary structures ought to be given essential attention in nations development so as to accomplish project success. This undertaken investigation was performed in a construction sector to evaluate the influence of M&E in construction with partial least square structural equation model being applied. The current study was carried out in a government sector with the intention of evaluation the effect of Monitoring activities on revenue collection.

Kedir and Knapkova (2016) explored the outcome of total risk management on performance of companies in Czech Republic. The research utilized empirical studies where risk management focused on market factors, management control as well as control volatilities in earning of the organization. The findings indicated that management of risk had positive outcome on the institution's achievement. The investigation was carried out in Czech Republic and based on empirical literature which concentrated on risk management and performance. The current study took place in Kenya and primary data collected on internal control practices and revenue collection.

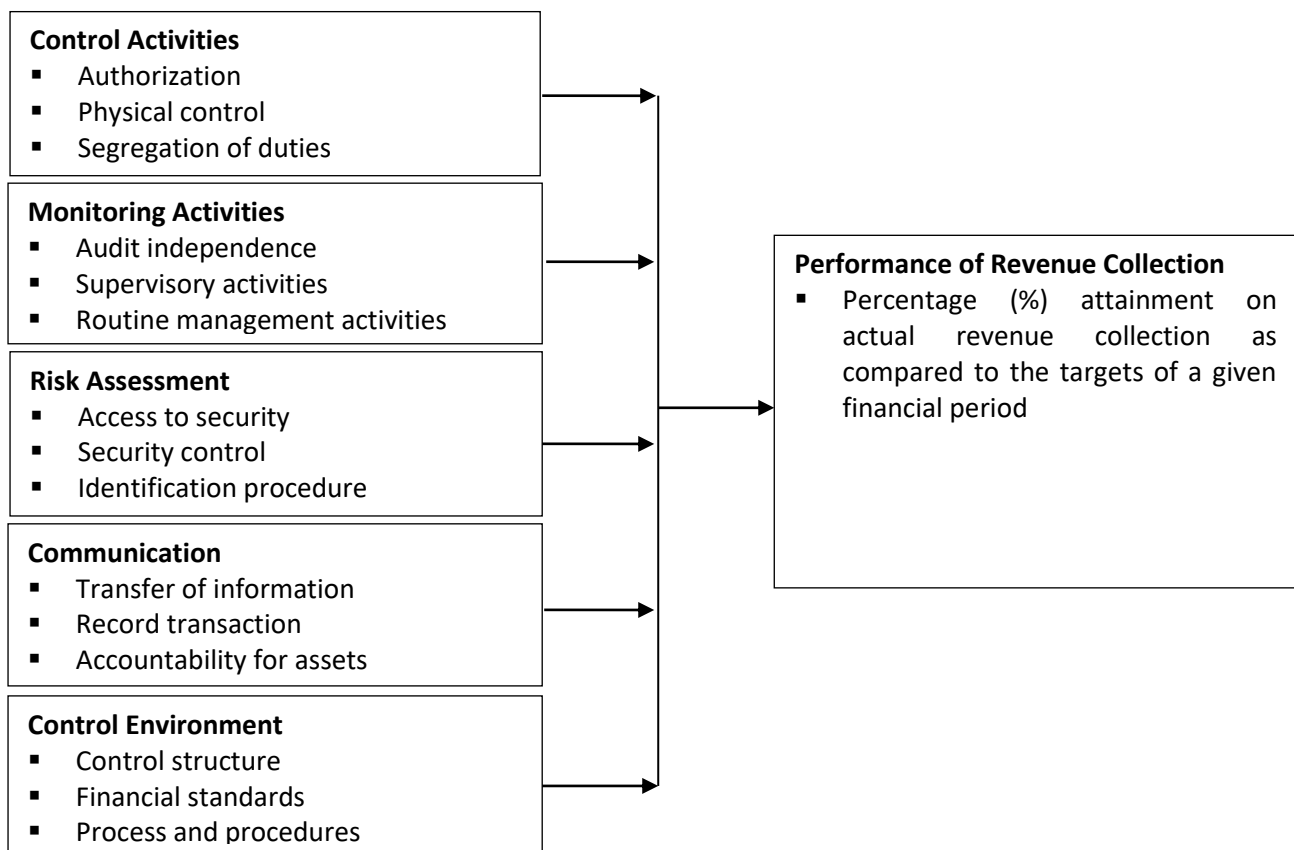
Based on the systems theory, Musheke and Phiri (2021) wanted to inspect the outcome of good communication on organizational performance in Zambia. The data obtained for the research from 88 respondents was described and analyzed using a quantitative technique. Based on systems theory, a questionnaire was utilized to discover elements that impact effective communication. The findings were analyzed using descriptive analysis and Pearson's correlation. Communicating effectively has a favorable impact on organizational performance,

according to the research. This investigation was performed in Zambia, and the findings were analyzed using Pearson's correlation, but the present investigation was conducted in Kenya under a devolved unit of governance, and analyzed utilizing regression analysis.

Nuswantara, Maulidi and Pujiono (2017) examined the control environment efficacy on fraud deterrence. The research was performed in local

government institution in Indonesia which adopted contingency theory to explain risk management control system in relation to public sector management. The investigation found that control environment was a catalyst in fraud prevention and reducing problems in local government control system. However, the investigation did not the current investigation reviewed the control environment outcome on revenue collection.

Conceptual Framework



Independent Variables

Dependent Variables

Figure 1: Conceptual Framework

Source: Researcher (2022)

METHODOLOGY

An explanatory research technique was used in this investigation. The population target for this investigation was 62 middle and top-level administration staff who were the upholders of internal control drawn from departments of County Government of Kericho. These included Chief Officers, Revenue Directors, Sub County Revenue officers, Assistant Sub County Revenue officers,

Receivable Accountants and Revenue Supervisors. The researcher considered the whole population for the study by applying census sampling technique. Primary data was utilized in the study which uses structured questions to solicit data from the chosen respondents. Secondary data was carried out through document reviews, going through budget implementation reports from Office of the Controller of Budget (OCOB), financial reports from

Office of the Auditor General (OAG), county reports, financial statements and other internal reports as well as reports from other think tank institutions like KRA, Kenya Institute for Public Policy Research and Analysis (KIPPRA), Institute of Policy Analysis and Research (IPAR) and Institute of Economic Affairs (IEA) also provide alternative observations on revenue collection in county governments.

The study adopted descriptive statistic to explain the characteristic of the internal control practices and revenue performance. The statistics that were appropriate was mean and standard deviation. The study also tested the correlation coefficient between variable which is common while using correlation research design as inferential statistics. In order to test the hypothesis Pearson Correlation coefficient was not sufficient hence the study adopted multiple linear regression model to measure the association between the internal control practices and performance of revenue collection. The regression model is as shown below:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + e$$

Where:

Y = Performance of Revenue Collection

β_0 = Constant Term

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ = Beta coefficients

X_1 = Control activities

X_2 = Monitoring activities

X_3 = Risk assessment

X_4 = Communication

X_5 = Control environment

e = Error Term

RESULTS AND DISCUSSIONS

Descriptive Analysis of the Study Variables

Descriptive statistics which were adopted were mean and standard deviation. This were obtained from frequencies and percentage based on Likert Scale where 1 is strongly disagree (SD), 2 is disagree (D), 3 is neutral (N), 4 is agree (A) and 5 is strongly agree (SA). This applies to control activities, monitoring, risk assessment, communication and control environment results. The result pertaining to revenue collection was based on target and actual revenue for 2020/2021 which were analyzed using mean and standard deviation. Revenue collection results also contained correlation and t-test to examine if there is relationship and difference between the target and actual revenue.

Control Activities Results

The result of control activities was presented in frequencies and percentages form from five-point Likert scale. Both mean and standard deviation were presented in table 1 to assist in discussion of the control activities.

Table 1: Control Activities' Descriptive Results

Statement		SD=1	D=2	N=3	A=4	SA=5	Mean	STD
Reconciliation and review of functions is done periodically focusing on financial compliance.	F %	0 0.0	2 3.2	22 35.5	34 54.8	4 6.5	3.65	0.655
There is authorization and approval of transaction that ensures consistency with the revenue sections objective.	F %	0 0.0	3 4.8	19 30.6	32 51.6	8 12.9	3.73	0.750
There is segregation of duties to reduce errors on revenue collection and general accounting	F %	0 0.0	4 6.5	15 24.2	34 54.8	9 14.5	3.77	0.777
Revenue reports is limited to employees with designated responsibility	F %	0 0.0	3 4.8	19 30.6	31 50.0	9 14.5	3.74	0.767
Invoicing and receipting needs approval of an authorized officer.	F %	0 0.0	0 0.0	6 9.7	35 56.5	21 33.9	4.24	0.619

Source: Research Data (2022)

Table 1 showed that 34(54.8%) agreed that the County Government revenue department reconciles and review function periodically. Despite, 2 (3.2%) disagreeing and 22(35.5%) neutral, majority agreed with 5(6.5%) who strongly agreed. This implies that the revenue department somewhat reconciliations and reviews of functions periodically for financial compliance (Mean=3.65, Standard deviation =0.655). There were 32(51.6%) respondents who agree and 8(12.9%) that the revenue department did authorization and approval of transaction that ensures consistency, however, 19(30.6%) of respondents were neutral and 3 (4.8%) disagreed. Those who agreed were the majority whereas the mean further indicated that the authorization and approval of transaction ensured consistency with the revenue sections objective (mean=3.73, standard deviation=0.750).

In response to segregation of duties 34(54.8%) respondents agreed, 15(24.2%) neutral, 9(14.5%) strongly agreed and only 4(6.5%) disagreed that it is in place to ensure reduction of errors in collection and accounting of revenue. The results show that duties segregation assisted in reduction of errors during collection of revenue as well as accounting (mean=3.77, standard deviation=0.777). The results showed that the revenue reports were limited to specific employee since majority of 31(50.0%) respondents agreed and 9(14.5%) strongly agreed, nevertheless 19(30.6%) of the respondents were neutral and 3(4.8%) strongly disagreed. This indicates that the revenue reports are somewhat limited to employees with designated responsibility

(mean=3.74, standard deviation=0.767). Majority of 35(56.5%) respondents agreed and 21(33.9%) strongly agreed that all invoices and receipts were approved by authorized officers, even though 6(9.7%) were neutral. This showed that invoicing and receipting must be approved by authorized officer in the county government revenue department (mean=4.24, Standard deviation=0.619). This improved accountability of the county government as well as stakeholder transacting with the county government of Kericho.

Mbilla, Nyeadi, Gbegble and Ayimpoya, (2020) findings showed that control activities had insignificant influence on the financial performance among Ghana commercial banks. This was supported by Atieno and Kiganda (2020) who found similar results. Since control activities plays a big role in financial performance of firms it implies that firms that dependent on revenue collection performs better with enhance control activities. Nevertheless, Mbilla, Nyeadi, Gbegble and Ayimpoya, (2020) found that control activities had insignificant influence on financial performance.

Monitoring Results

Monitoring was assessed from data extracted from questionnaire. The frequencies, percentage, mean and standard deviation were presented in table 2 which were used to provide relevant discussion pertaining the monitoring in County Government of Kericho revenue department. This was presented in Table 2.

Table 2: Monitoring Descriptive Results

Statement		SD=1	D=2	N=3	A=4	SA=5	Mean	STD
There is a continuous assessing of the internal control systems from time to time	F	0	2	23	35	2	3.60	0.613
	%	0.0	3.2	37.1	56.5	3.2		
There is a regular and periodic review of revenue collection before the end of a financial year.	F	0	1	9	36	16	4.08	0.685
	%	0.0	1.6	14.5	58.1	25.8		
There is a use of internal and external audit specialist to review and assess revenue performance	F	0	4	19	28	11	3.74	0.828
	%	0.0	6.5	30.6	45.2	17.7		
There is an independent process checks and evaluation of revenue activities on an ongoing basis.	F	0	9	16	31	6	3.55	0.862
	%	0.0	14.5	25.8	50.0	9.7		
There is a periodic evaluation and reporting of actual collection against the budgeted.	F	0	1	16	34	11	3.89	0.704
	%	0.0	1.6	25.8	54.8	17.7		
There is a systematic approach to resolving identified non-compliance issues noted in revenue activities	F	0	1	16	34	11	3.89	0.704
	%	0.0	1.6	25.8	54.8	17.7		

Source: Research Data (2022)

Table 2 showed that there was continuous assessment of internal control systems whereas 35(56.5%) respondents agreed and 2(3.2%) strongly agreed. On the contrary 2(3.2%) disagreed and 23(37.1%) were neutral making those who agreed more. This implies that most of department involved in revenue collection somewhat ensured continuous assessment of the internal control systems periodically (mean= 3.60, standard deviation=0.613). A majority of 36(58.1%) respondents agreed and 16(25.8%) strongly agreed that revenue collections were reviewed periodically before the end of the financial year. Those who disagreed were 1(1.6%) and 9(14.5%) were neutral. This implies that the county government ensured that reviews of revenue collection were done regular and periodic before the end of a financial year (mean=4.08, standard deviation=0.685).

More than half of the respondents were in agreement that the county uses of internal and external audit specialist to review and assess revenue performance. This was indicated by 28(45.2%) and 11(17.7%) who agreed and strongly

agreed respectively, even though 19(30.6%) were neutral and 4(6.5%) disagreed. This implies internal and external audit specialist were used by county government to assess and review revenue performance (mean=3.74, standard deviation=0.828). The findings showed 31 representing half of respondents who agreed that there is an independent process checks and evaluation of revenue activities on an ongoing basis. Those who were neutral were 16(25.8%), 9(14.5%) disagreed and 6(9.7%) strongly agreed. This implies that the revenue department ensured continuous independent process checks and evaluation (mean=3.55, standard deviation=0.862). The results indicated that there was a periodic evaluation and reporting of actual collection against the budgeted, where 34(54.8%) respondents agreed, 11(17.7%) strongly agreed, however, 16(25.8%) were neutral and 1(1.6%) disagreed. This implies that periodic evaluation and reporting were done examine the variation between actual and budgeted revenue collection (mean=3.89, standard deviation=0.704). Finally, 34(54.8%) agreed, 16(25.8%) neutral,

11(17.7%) strongly agreed but only 1(1.6%) disagreed that there was a systematic approach to resolving identified non-compliance issues noted in revenue activities. This implies that the county government of Kericho used a systematic approach to resolve identified non-compliance issues during revenue activities (mean=3.89, standard deviation=0.704).

Monitoring has been mainly associated with project monitoring and evaluation as indicated in Kissi, Agyekum, Baiden, Tannor, Asamoah, and Andam (2019) but also used as an important internal

control system mechanism. Okello (2017) showed that monitoring taxpayers' assisted in improvement of local revenue performance through enhancing resolution of non-compliance issue in revenue collection.

Risk Assessment Results

Risk assessment was evaluated in county government revenue department in term of mean and standard deviation. Data was organized in frequencies and percentage as extracted from questionnaires. This was presented in summarized table 3.

Table 3: Risk Assessment Descriptive Results

Statement		SD=1	D=2	N=3	A=4	SA=5	Mean	STD
Revenue risk is identified and documented by Management	F	0	3	18	37	4	3.68	0.672
	%	0.0	4.8	29.0	59.7	6.5		
There is a continuous risk analysis and evaluation of external and internal environment before making any decision in the section	F	0	5	17	33	7	3.68	0.785
	%	0.0	8.1	27.4	53.2	11.3		
Procedures is analyzed on both financial and non-financial data.	F	0	4	15	30	13	3.84	0.834
	%	0.0	6.5	24.2	48.4	21.0		
There is a mechanism for mitigation of critical risk	F	0	4	21	33	4	3.60	0.712
	%	0.0	6.5	33.9	53.2	6.5		
Staff are adequately involved in internal controls	F	0	1	14	41	6	3.84	0.606
	%	0.0	1.6	22.6	66.1	9.7		

Source: Research Data (2022)

Table 3 revealed that the revenue risk was identified and documented by management as agreed by majority with 37(59.7%) respondents. Those who were neutral followed with 18(29.0%), while 4(6.5%) strongly agreed and 3(4.8%) disagreed. The results were implied that revenue risk was somewhat identified and document by management in the revenue department (mean=3.68, standard deviation=0.672). According to the results pertaining continuous risk analysis and evaluation of external and internal environment before making any decision in the section was agreed by majority of 33(53.4%) respondents and strongly agreed by 7(11.3%) respondents. However, those who were neutral were 17(27.4%) respondents and 5(8.1%) disagreed. The county somewhat conducted continuous risk

analysis and evaluation for both internal and external environments before decision making. (mean=3.68, standard deviation=0.785).

The study further found that 30(48.4%) respondents agreed, 15(24.2%) were neutral, 13(21.0%) strongly agreed but only 4(6.5%) disagreed that the procedures were analyzed on both financial and non-financial data. The results did imply that the revenue department used both financial and non-financial data in financial reporting (mean=3.84, standard deviation=0.834). The findings showed that 33(33.9%) agreed, 21(33.9%) neutral, 4(6.5%) strongly agreed and 4(6.5%) disagreed that there was a mechanism for mitigation of critical risk. The county seems to somewhat have a critical risk mitigation mechanism to reduce such risk in financial management

(mean=3.60, standard deviation=0.712). It was found that a majority of 41(66.1%) agreed that staff are adequately involved in internal controls where 14(22.6%) were unsure, 6(9.7%) strongly agreed and 1(1.6%) disagreed. The results therefore somewhat had sufficient staff that participated in ensuring internal controls are achieved in revenue department (mean=3.84, standard deviation=0.606).

Risk management has been used to reduce risk in financial institution mainly in the commercial banks (Mutuku, 2016). The risk strategies applied in the banks is to ensure that there is sufficient capital and risk are monitored. This is similar to the county

government concept of controlling and mitigating mechanism to reduce the impact of such risk on organization performance and revenue collection. Kedir and Knapkova (2016) added that has a positive influence on the outcome of an organization which needs continuous monitoring and mitigation of risk.

Communication Results

The study evaluated communication in the county revenue department using mean and standard deviation. The frequencies and percentages were used to organize the data and were presented in Table 4.

Table 4: Communication Descriptive Results

Statement		SD=1	D=2	N=3	A=4	SA=5	Mean	STD
Revenue targets to be achieved in a particular year is effectively communicated.	F %	0 0.0	0 0.0	19 30.6	33 53.2	10 16.1	3.85	0.674
There are established channels of communication that permit sharing of reports, policies, procedures and breach of rules	F %	0 0.0	3 4.8	16 25.8	37 59.7	6 9.7	3.74	0.700
Reporting system on organizational structure spells out all the responsibility of each section.	F %	0 0.0	1 1.6	19 30.6	33 53.2	9 14.5	3.81	0.698
There are established communication centres that collect and disseminate information on revenue activities on a timely basis	F %	0 0.0	3 4.8	20 32.3	30 48.4	9 14.5	3.73	0.772
There are set timelines in communicating any changes on fees and charges.	F %	0 0.0	2 3.2	8 12.9	35 56.5	17 27.4	4.08	0.731

Source: Research Data (2022)

The results in table 4 shows 33(53.2%) respondents agreed, 10(16.1%) strongly agreed but 19(30.6%) were neutral that revenue targets were achieved in a particular year is effectively communicated. The uses of communication assisted in achieving the set revenue targets (mean=3.85, standard deviation=0.674). Findings responses to if there were established communication channels that permit sharing of reports, policies, procedures and breach of rules, 37(59.7%) respondents agreed, 16(25.8%) neutral, 6(9.7%) strongly agreed and

3(4.8%) disagreed. Therefore, there was strong evidence that channels of communication set by the county government revenue department permit sharing of reports, procedures, policies and rules (mean=3.74, standard deviation=0.700). According to the findings 33(53.2%) agreed, 19(30.6%) neutral, 9(14.5%) strongly agreed and 1(1.6%) were neutral that reporting system on organizational structure spells out all the responsibility of each section. This imply that the county had set organization structure that provides the role of

each employee and the responsibilities (mean=3.81, standard deviation=0.698).

Finding interrogation whether there were established communication centres that collect and disseminate information on revenue activities on a timely basis revealed that 20(49.4%) agreed, 20(32.3%) neutral, 9(14.5%) strongly agreed and 3(4.8%) disagreed. This indicated that communication centers were somewhat available with purposes of collecting and disseminating information on revenue activities on a timely basis (mean=3.73, standard deviation=0.772). The results further revealed that 35(56.5%) respondents agreed, 17(27.4%) strongly agreed, 8(12.9%) neutral and 2(3.2%) disagreed that there are set timelines in communicating any changes on fees and charges.

There was a strong indicated that the revenue department set timelines for communicating charge and fee changes (mean=4.08, standard deviation=0.731).

Musheke and Phiri (2021) concur that communication effectiveness had positive impact on the performance of organization. Effective communication is determined by the channel of communication, reporting system, procedure and policies. In the context of Kiema (2017) study information communication technology support system can be used to improve revenue collection, access to services and development of friendly platform of communication. Similar, results were found by Chumba and Kiptum (2018) that communication strategy affected collection of revenue in Kenya Revenue Authority.

Control Environment Results

Control environment results were obtained and organization in frequencies and percentage. These findings provided mean and standard deviation as descriptive statistics as presented in Table 5.

Table 5: Control Environment Descriptive Results

Statement		SD=1	D=2	N=3	A=4	SA=5	Mean	STD
The management has established policies and procedures for revenue activities	F	0	3	9	38	12	3.95	0.734
	%	0.0	4.8	14.5	61.3	19.4		
There is a well elaborate organization structure reflecting the chain of command	F	0	0	25	24	13	3.81	0.765
	%	0.0	0.0	40.3	38.7	21.0		
Management is committed to implementation of internal control	F	0	2	15	36	9	3.84	0.706
	%	0.0	3.2	24.2	58.1	14.5		
Ethical values are upheld in every management decision by involving all the stakeholders	F	0	2	23	32	5	3.65	0.680
	%	0.0	3.2	37.1	51.6	8.1		
Audit committee maintains a direct line of communication with external and internal auditors of the entity	F	0	1	16	35	10	3.87	0.689
	%	0.0	1.6	25.8	56.5	16.1		
Specific lines of responsibility and authority have been established to ensure compliance with procedures and policies.	F	0	0	19	34	9	3.84	0.658
	%	0.0	0.0	30.6	54.8	14.5		

Source: Research Data (2022)

The results from table 5 indicated that a majority of 38(61.3%) respondents agreed and 12(19.4%) strongly agreed that the management has

established policies and procedures for revenue activities. Even though 9(14.5%) were neutral and 3(4.8%) disagreed, it was evident that majority were

in agreement. This implied that revenue department developed policies and procedures that assisted in revenue activities (mean=3.95, standard deviation=0.734). In response to if there was a well elaborate organization structure reflecting the chain of command. The results indicated that majority of 25(40.3%) respondents were undecided, 24(38.7%) agreed and 13(21.0%) strongly agreed. This implied that the organization structure showed the chain of command (mean=3.81, standard deviation=0.765). The results on if management was committed to implementation of internal control showed that majority of respondents agreed representing 36(58.1%), followed by 15(24.2) neutral, 9(14.5%) strongly agreed and 2(3.2%) disagreed. It was evidences that the county revenue management was committed in implementation of internal control (mean=3.84, standard deviation=0.706).

It was agreed by 32(51.6%) respondents, 23(37.1%) were neutral, 5(8.1%) strongly agreed and 2(3.2%) disagreed that ethical values were upheld in every management decision by involving all the stakeholders. The results implied that ethical values were somewhat upheld by in management decision through involving stakeholders (mean=3.65, standard deviation=0.680). In response to if audit committee maintains a direct line of communication with external and internal auditors of the entity. The results revealed that 35(56.5%)

agreed, 16(25.8%) neutral, 10(16.1%) strongly agreed and only 1(1.6%) disagreed. This implied that audit committee maintained direct line communication with both internal and external auditor (mean=3.87, standard deviation=0.689). Finally, majority of 34(54.8%) respondents agreed there was specific lines of responsibility and authority has been established to ensure compliance with procedures and policies. There were 19(30.6%) respondents who were undecided and 9(14.5%) strongly agreed. The results meant that specific lines of responsibility and authority were presented to ensure compliance with procedure and policies (mean=3.84, standard deviation=0.658).

Control environment has enable firms to control fraud and reduce corruption in local government according to Nuswantara, Maulidi and Pujiono (2017). This concurs with current study result where through audit, policies and produre with clear command line ethical issue have be able to be upheld in the county. Similarly, University of Eldoret in Koech and Kimani's (2018) study found that control environment had significantly reduce fraud.

Revenue Collection Results

Revenue collection results were obtained and summarize in terms of total as well as percentage increase using 2018/2019 as base year. A summary of descriptive analysis was presented in table 6.

Table 6: Revenue Collection Performance Results

Revenue Streams	2018/2019	2019/2020	2020/2021
Total	473,978,400.00	394,053,832.00	582,219,303.00
Percentage	100%	83%	123%

Source: Research Data (2022)

The revenue collection performance indicated a fluctuating trend. Using 2018/2019 as base year. There was a decline in 2019/2020 from 100% to 83% but an increase in 2020/2021 with a record 123%. The results indicated that there is no consistency hence the need to improve the

departments through internal control to have consistency in revenue collection.

Inferential Analysis

Inferential statistics were utilized to examine the relationship between control activities, monitoring, risk assessment, communication, control environment and revenue collection performance.

Correlation analysis was used to test interrelationship between variable while multiple linear regression was adopted as tool to test the hypothesis based on 5% significant level.

Correlation Analysis

The correlation analysis was based on Pearson correlation and significant level of 5% to examined

the interrelationship between control activities, monitoring, risk assessment, communication, control environment and revenue collection performance. The results were summarized in table 7.

Table 7: Correlation Analysis

		Control Activities	Monitoring	Risk Assessment	Communication	Control Environment	Revenue Collection Performance
Control Activities	Pearson Correlation	1	.860**	.798**	.814**	.830**	.815**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	62	62	62	62	62	62
Monitoring	Pearson Correlation		1	.860**	.853**	.878**	.872**
	Sig. (2-tailed)			.000	.000	.000	.000
	N		62	62	62	62	62
Risk Assessment	Pearson Correlation			1	.800**	.832**	.838**
	Sig. (2-tailed)				.000	.000	.000
	N			62	62	62	62
Communication	Pearson Correlation				1	.846**	.846**
	Sig. (2-tailed)					.000	.000
	N				62	62	62
Control Environment	Pearson Correlation					1	.832**
	Sig. (2-tailed)						.000
	N					62	62
Revenue Collection Performance	Pearson Correlation						1
	Sig. (2-tailed)						
	N						62

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Research Data (2022)

The correlation analysis indicated that there was strong positive relationship between control activities, monitoring, risk assessment, communication, control environment with revenue collection performance (R=0.815, 0.872, 0.838, 0.846 and 0.832 respectively with all P<0.05). Similarly, there existed a strong significant interrelationship between the variables since the interdependent on each other. This implies that internal control system variable that is control

activities, monitoring, risk assessment, communication, control environment dependent on each other to become a system. Based on correlation analysis, the study established that internal control system has positive relationship with revenue collection performance (R=0.815) with P<0.05. Katusiime, Mabonga, Kirabo and Sunday (2018) revealed in the findings that Control activities had significantly affected the financial performance of Kampala international university.

Atieno and Kiganda (2020) research findings discovered that control activities had a positive noteworthy association with financial sustainability while Mbilla, Nyeadi, Gbegble and Ayimpoya, (2020) results was contrary to the current results in the control activity which had no significant influence on financial performance.

The second objective sought to establish the effect of monitoring on revenue collection performance. Based on correlation analysis, the results revealed that internal control system has positive relationship with revenue collection performance ($R=0.872$) with $P<0.05$. Kissi, Agyekum, Baiden, Tannor, Asamoah, and Andam (2019) concurred with the results as it illustrated a strong noteworthy association between M&E practice and on success of the projects. Okello (2017) findings showed that monitoring taxpayers' compliance in Uganda was correlated with local revenue performance. Machuka (2019) found out that monitoring and evaluation practices led to efficient and effective achievement of organization goals on desired objectives. This implies that monitoring and evaluation had significant relationship with performance of Transmara Sugar Company.

The third objective sought to determine the effect of risk assessment on revenue collection performance in the County Government of Kericho, Kenya. The correlation analysis indicated that there was strong positive relationship between risk assessment and revenue collection ($R=0.838$) with $P<0.05$. Kedir and Knapkova (2016) results revealed that management of risk had positive outcome on the institution's performance. Mutuku (2016) research also found that management of risk strategies had a considerable effect of financial performance on commercial bank, with sufficiency capital and risk monitoring exception that had an undesirable influence.

The fourth objective sought to determine the effect of communication on revenue collection performance in the County Government of Kericho,

Kenya. Based on correlation analysis, the study found that communication has a positive relationship with revenue collection ($R=0.846$) with $P<0.05$. Musheke and Phiri (2021) found that Communication had a favorable relationship with organizational performance. This was also supported by Chumba and Kiptum (2018) which found that communication strategy affects collection of revenue in Kenya Revenue Authority therefore a positive relationship with revenue collection. Kasoga (2020) had similar results where control activities, communication and monitoring activities, risk assessment, and control environment representing internal control practices had positive significant influence on revenue collection performance among government agencies.

Final objective established the effect of control environment on revenue collection performance in the County Government of Kericho, Kenya. Based on correlation analysis, the study established that control environment has positive relationship with revenue collection performance ($R= 0.832$) with $P<0.05$. Nuswantara, Maulidi and Pujiono (2017) found that control environment was a catalyst in fraud prevention and reducing problems in local government control system this means there was a positive relationship with the performance of the institution. This was also revealed by Koech and Kimani (2018) which assessed the influence of the control environment on fraud detection and prevention. The results demonstrated that the institution's control environment has a significant and favorable outcome on fraud detection and prevention.

Multiple Regression Analysis

Multiple linear regression models were tested in this section where diagnostic results were presented in chapter three before using the model. The results indicated that the multiple linear regression model has passed all the assumption that is normality, linearity, multi-collinearity, autocorrelation and homoscedasticity. Hence can be utilized to test the hypotheses.

Table 8: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.905 ^a	.819	.803	.08186	1.877

a. Predictors: (Constant), Control Environment, Control Activities, Risk Assessment, Communication, Monitoring

b. Dependent Variable: Revenue Collection Performance

Source: Research Data (2022)

The model summary reveals that their existing a very strong relationship as indicated by Pearson correlation coefficient between internal control system practices and revenue collection performance (R=0.905). The results further indicated that 81.9% in variation of revenue collection performance is due to control activities,

monitoring, risk assessment, communication and control environment (R Square=0.819). However, the 18.1% is contributed other factors that were not discussed in the study. Therefore, this implies that internal control systems must be improved to ensure accountability, transparency and efficiency in revenue collection.

Table 9: ANOVA Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.701	5	.340	50.748	.000 ^b
	Residual	.375	56	.007		
	Total	2.076	61			

a. Dependent Variable: Revenue Collection Performance

b. Predictors: (Constant), Control Environment, Control Activities, Risk Assessment, Communication, Monitoring

Source: Research Data (2022)

ANOVA results indicated that control activities, monitoring, risk assessment, communication, control environment had significant relationship with revenue collection performance (P<0.05). This

implies that the predictor of internal control system had significant impact on revenue collection performance.

Table 10: Coefficient Summary

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.646	.107		-6.035	.000		
	Control Activities	.126	.058	.285	2.172	.013	.223	4.490
	Monitoring	.198	.063	.309	3.143	.000	.139	7.187
	Risk Assessment	.121	.050	.278	2.420	.021	.226	4.421
	Communication	.132	.051	.298	2.588	.002	.218	4.588
	Control Environment	.118	.057	.274	2.070	.039	.177	5.655

a. Dependent Variable: Revenue Collection Performance

Source: Research Data (2022)

Table 10 examined coefficient of control activities, monitoring, risk assessment, communication, control environment in relation to revenue

collection performance in the regression model. The results indicated that the model was given by;

$$Y = -0.646 + 0.126X_1 + 0.198X_2 + 0.121X_3 + 0.132X_4 + 0.118X_5$$

This implies that a unit increase in control activities (X_1), monitoring (X_2), risk assessment (X_3), communication (X_4), control environment (X_5) had positive improvement in performance by 12.6%, 19.8%, 12.1%, 13.2% and 11.8% respectively ($\beta_1=0.126$, $\beta_2=0.198$, $\beta_3=0.121$, $\beta_4=0.132$, and $\beta_5=0.118$ respectively). The model was also used to test the hypothesis as presented in the following subsection.

Test of Hypotheses

The hypotheses were tested as follows;

H₀1: Control Activities have no significant effect on revenue collection performance in the County Government of Kericho, Kenya.

The first null hypothesis was rejected and alternative adopted ($\beta_1=0.126$, $\rho=0.013<0.05$). Therefore, control activities have significant effect on revenue collection performance in the County Government of Kericho, Kenya. Katusiime, Mabonga, Kirabo and Sunday (2018) concur with control activities had significantly influence financial performance. Mbilla, Nyeadi, Gbegble and Ayimpoya, (2020) also found that control activities had insignificant effect on the financial performance among commercial banks in Ghana. Atieno and Kiganda (2020) supported that control activities had positive correlation with financial sustainability. However, the current study did not focus on either financial performance or sustainability. There is strong evidence that it had control activity has influence on revenue collection performance.

H₀2: Monitoring has no significant effect on collection of revenue performance in the County Government of Kericho, Kenya.

The first null hypothesis was rejected and alternative adopted ($\beta_2=0.198$, $\rho=0.000<0.05$). Hence, monitoring has a significant positive effect on revenue collection performance in the County Government of Kericho, Kenya. Similar results indicated that monitoring of taxpayers'

compliances' in research by Okello (2017) revealed it had significant effect on local revenue performance. Kissi, Agyekum, Baiden, Tannor, Asamoah, and Andam (2019) findings indicated that monitoring and evaluation had positive significant influence but on project performance. This results were similar to Machuka (2019) where monitoring and evaluation had significant effect on project performance. However, both studies focused on project performance rather than revenue collection performance. Monitoring has numerous role besides ensuring success of project, it also ensures that there is financial prudence and accountability through monitoring financial activities in the organization.

H₀3: Risk assessment has no significant effect on revenue collection performance in the County Government of Kericho, Kenya.

The third null hypothesis was rejected and alternative upheld ($\beta_3=0.121$, $\rho=0.021<0.05$). This implied that risk assessment had a significant positive effect on revenue collection performance in the County Government of Kericho, Kenya. Kedir and Knapkova (2016) concur that total management of risk had positive outcome on firm performance. Mutuku (2016) also found that risk management strategies had significant impact on the performance of commercial banks. However, the study focused on revenue collection performance rather than firm performance. This indicates that risk assessment has a crucial role in reducing and mitigation of risk in the organization.

H₀4: Communication has no significant effect on revenue collection performance in the County Government of Kericho, Kenya.

The fourth null hypothesis was rejected and alternative adopted ($\beta_4=0.132$, $\rho=0.002<0.05$). Consequently, communication has a significant positive effect on revenue collection performance in the County Government of Kericho, Kenya. Equally, communication strategy also affected revenue collection in Kenya Revenue Authority (Chumba & Kiptum, 2018). Kiema (2017) finding concur that an effective communication has

positive significant influence on revenue performance. However, the study mainly focusses on the contribution of information communication technology support system in revenue collection which have assisted Kenya Revenue Authority (KRA) improve revenue collection. This concept of automation through I-Tax platform had not only revolutionized taxpayer access to services, friendly platform and payment reducing communication challenges through automation of revenue collection. This is supported by Musheke and Phiri (2021) who found that communication had positive significant impact on revenue collection.

H₀₅: Control environment has no significant effect on revenue collection performance in the County Government of Kericho, Kenya.

Finally, fifth null hypothesis was rejected and alternative adopted ($\beta_5=0.118$, $p=0.039<0.05$). It meant that control environment has a significant positive effect on revenue collection performance in the County Government of Kericho, Kenya. Koech and Kimani (2018) findings showed that control environment had significant influence on fraud detection and prevention. The current study focused on revenue collection performance rather fraud detection and prevention. Nuswantara, Maulidi and Pujiono (2017) also found that control environment was a catalyst for fraud prevention and reduction of financial mismanagement in local government environment. This indicated that control environment had an important role in ensuring accountability and fraud free in revenue collection within the county government.

CONCLUSIONS AND RECOMMENDATIONS

In the first objective the study concluded that control activities had positive significant effect on the performance of revenue collection. This was highly contributed by ability of invoicing and receipting as well as enabling authorized officers to approve all the invoices and receipts of transaction done with the county revenue department. Control activities that were also practiced included the designation of responsibilities specifically for revenue reporting, segregation of duties to reduce

errors and authorization of transition to ensure the county achieve its objective. However, the county government were below bar in reconciliation and review of functions periodically.

The study concluded in the second objective that monitoring had positive significant effect on the performance of revenue collection in Kericho County Government. The results showed that monitoring was highly contributed to regular and periodic review of revenue collection before the end of a financial year. It was also found that the adoption of periodic evaluation and reporting of actual collection against the budget ensured in ensuring short milestone and objective in achieve the target estimates. This approach was systematic to resolving identified non-compliance issues noted in revenue activities. The county uses of internal and external audit specialist to review and assess revenue performance as well as continuous assess of internal control system. Finally, independent process checks were under per in checking and evaluation of revenue activities.

The third objective was concluded that risk assessment had positive significant effect on performance of revenue in Kericho County Government. Staff were adequately involved in internal control as well as follow procedure in analyzing both financial and non-financial data assisted significant in risk assessment. The county also ensured that revenue risks are identified and documented as well as continuous analysis and evaluation of internal and external environment before making any decision. The use of mechanism for mitigating critical risk was the lowest achievement in risk assessment by the county government revenue department.

It was concluded in the fourth objective that there was positive significant effect of communication on performance of revenue collection in Kericho County. The ability of setting timelines in communication any change on fees and chargers and the use of effective communication enabled the county to achieve revenue targets of the year. The reporting system on organizational structure spells

out all the responsibility of each section. There is need of improving channel of communication as well as communication centers that permit reports, policies, procedures and breach of rules.

Finally, the study concluded that control environment had positive significant effect on the revenue collection performance in Kericho County. This was attributed by established policies and procedure for revenue activities, specific lines of responsibility and authority have been established to ensure compliance with procedure, audit committee maintains a direct line communication with external and internal auditors and elaborate organization structure reflecting the chain of command. However, ethical values upheld in every management decision by involving all the stakeholders was the lowest achieve control environment indicator.

In the first objective, control activity was poor contributed by reconciliation and review of function for financial compliance. The study suggest that the county should improve on reconciliation and review of function periodically to improve compliance in control activities of county government. This adoption of appropriate tools like QuickBooks and information accounting system will assist in improving the accuracy and control of activities in the county. Similarly, the findings scored second lowest in how they handle authorization and approval of transaction. The county was doing well in ensuring invoicing and receipting authorization and handing of responsibility through segregation of duties but there is room for improvement to ensure more efficient authorization and approval process.

Monitoring as the second objective was weakly affected by independency check and evaluation of internal control system. The study suggests in improvement in independent process checks and evaluation of revenue activities on continuously as a method of enhancing monitoring. The results findings also showed that continuous assessment of the internal control system has low impact in monitoring process. The study also recommends a

continuous assessing of the internal control systems from time to time to ensure high efficiency. Automation can be used to ensure high level of monitoring of internal control system. This will ensure high efficiency in monitoring process with less error in accounting and reporting.

The third objective results showed that revenue risk were poorly identified as well as there was poor evaluation internal and external environment before making any decision. Therefore, the study suggest that county should develop appropriate mechanism of mitigating critical risk in financial reporting. In order to achieve high risk assessment, the county should identify and document revenue risk as well as provide viable solution to each risk based on the document data or new technique if the risk reoccurs. This will enable the county government to anticipate risk and solve risk efficiently.

In the fourth objective, findings indicated that channel of communication were not sufficient established. Hence, the study recommends that the county should enhance channels of communication that permit sharing of reports, policies, procedures and breach of rules. This will assist in solving issues and efficient reporting. The findings showed that dissemination of information on revenue were not timely. This implies that there is need to establish communication centers will enable the county to collect and disseminate information on revenue activities on a timely basis.

Finally, the results showed ethical values were poorly upheld within the County. The study recommended is that the county should improve on ethical values to enable management decision by involving all he stakeholders. This will ensure that all the stakeholders are on board in solving issue concerning the revenue collection. Ethical values will reduce corruption and mismanagement of revenue collected at the county level. There is need to improve on responsibility and authority, structure of chain of command as well as improve commitment of management to implement internal control.

Suggestions for Further Studies

The study recommended further investigation to be done on digitization, internal control system on performance of revenue collection. This is an area where digitization is an important component in

improving internal control system in revenue collection. This will to explain 18.1% to related with other factors not discussed in the study based on digitization.

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