INTERNAL AUDIT PRACTICES AND FINANCIAL REPORTING QUALITY OF COUNTY GOVERNMENTS IN KENYA

Mary Wanja & Dr. Abdallah Ibrahim, PhD

The Strategic JOURNAL of Business & Change MANAGEMENT
ISSN: 2312-9492 www.strategicjournals.com
Vol. 10, Iss.4, pp 931 – 948. November 7, 2023. www.strategicjournals.com, ©Strategic Journals

INTERNAL AUDIT PRACTICES AND FINANCIAL REPORTING QUALITY OF COUNTY GOVERNMENTS IN KENYA

[1] Wanja, M., & [2] Ibrahim, A.

[1] MBA Student, Jomo Kenyatta University of Agriculture and Technology, Kenya
[2] Lecturer, Jomo Kenyatta University of Agriculture and Technology, Kenya

Accepted: October 22, 2023

DOI: http://dx.doi.org/10.61426/sjbcm.v10i4.2797

ABSTRACT

The purpose of the study was to establish the effect of audit quality practices on financial reporting quality of county governments. This study was grounded on agency theory, theory of inspired confidence, policeman theory of auditing and upper echelons theory. The study targeted six Coastal counties of Mombasa, Kilifi, Lamu, Kilifi, Tana River and Taita Taveta county governments which formed the unit of analysis for the study. A sample of 120 respondents was chosen using Slovins formula. Stratified sampling technique was used to divide counties in to departments then simple radom sampling technique was used to apportion sample for each department selected. The study utilized both primary data and secondary data. The study conducted pilot test before data collection to test reliability and validity of data collection instruments. The collected data was analysed, summarized and tabulated by use of SPSS software version 26. Descriptive analysis and inferential statistics were the data analysis techniques used. Data was presented in tables for ease of understanding. The correlation results showed that all the internal audit practices constructs in the study had a moderate positive relationship with financial reporting quality in county governments. Regression results showed that coefficient of determination (r2) was 0.523 which means that the constructs employed explained 52.3 per cent variation in financial reporting quality in county governments. ANOVA results showed that the model was significant in explaining the relationship between the study variables. The study concluded that the county governments' audit function objective is well spelled out to the internal auditors prior to audit process and the broad purpose is communicated to the entire county functions. It was concluded the county audit committee members are trained on auditing. Also the audit committee members have notable experience on auditing. The researcher recommends that the county governments should assure independence of audit team. This could be achieved by providing an independent committee which would handle audit team remuneration. The selection of audit team should be through competitive process as this would ensure independence. The study recommends that the counties should establish investigative audit team to shadow conventional audit team which should be autonomous from county leadership.

Key Words: *Internal Audit, Audit Independence, Top Leadership Support, Professional Competence*

CITATION: Wanja, M., & Ibrahim, A. (2023). Internal audit practices and financial reporting quality of county governments in Kenya. *The Strategic Journal of Business & Change Management,* 10 (4), 931 – 948. http://dx.doi.org/10.61426/sjbcm.v10i4.2797

INTRODUCTION

Fraudulent financial reporting has always been an endless issue in both private sector and public sphere (Iriyadi, Fettry, Anzib & Mariyam, 2021). Consequently, in recent years, corporate accounting scandals coupled by an outcry for transparency and integrity in financial reporting have given rise to two logical outcomes (Arens, Randal, & Mark, 2016). In order to unravel the intricate accounting frauds that have clouded financial statements, internal audit is now essential. Furthermore, the public's demand for reform and the actions of regulators have changed the nature of corporate governance. Consequently, agents of corporations working for the principals now face a higher standard of ethical and legal scrutiny (Đorđević, & Đukić. 2018). Investors' concerns over the financial reporting system are addressed in part by these results. Still, there is a lack of rigour in putting these internal audit suggestions and results into practise (Oluoch, 2018).

According to Price Waterhouse Coopers' (PwC, 2018) Global Economic Crime and Fraud Survey, 49% of financial reports that businesses submit do not live up to expectations. Due to PwC's inability to identify Satyam's overstated sales, the company was banned from India for two years (Mundy, 2018). The SEC also found that Miller Energy had overstated the value of its assets by US$400 million in its financial reports, and that Hertz Global Holdings Inc. had grossly misrepresented pre-tax profits by US$235 million in its financial reports (SEC, 2017, 2019).

In 1998, trash Management Inc., a publicly listed trash management firm in the US, committed reporting fraud by falsifying financial records to claim nearly $1.7 billion in fictitious earnings. In 2001, the US energy, commodities, and services giant Enron concealed billions of dollars in bad debt using accounting loopholes, causing a $74 billion loss for stockholders. Global financial services company Lehman Brothers had its headquarters in New York City. It was one of the biggest American investment banks. It turned out that the corporation had concealed debts totaling more than $50 billion during the 2008 financial crisis. Accounting tricks have been used to pass these loans off as sales. About 75% of OECD governments have switched from pure cash accounting to accrual accounting, which has increased the comprehensiveness of their financial reports. For instance, 11 and 3 OECD nations, respectively, declare natural resources and public service pensions on their financial sheets.

In an effort to enhance service delivery, the UK government has periodically started changes for local governments' financial reporting (Ferry & Eckersley, 2015). The professional consortium of The IIA Indonesia Chapter serves as a foundation for the advancement of the internal audit function in Indonesia. However, the World Bank (2018) and ADB (2017) discovered that most financial statements in Indonesia did not fully comply with the Statement of Financial Accounting Standards, particularly when it came to disclosing related party transactions and segment information. This speaks to the quality of financial reporting in Indonesia. Furthermore, some companies continue to face delays in delivering their financial reports, as reported by the Financial Services Authority in 2016 (OJK). Tang et al. (2016) state that when compared to other Asia Pacific and global nations, Indonesia's financial reporting falls into a poor category. Bradbury et al. (2016) conclude that the relationship between audit committee independence and greater financial reporting quality persists only when the anomalous accruals are income growing, based on hand-collected board data from 139 enterprises in Singapore and 113 firms in Malaysia.

Despite improvements in several of these nations, financial reporting systems in Africa have encountered difficulties (Public and Financial Handbook, 2018). In an effort to improve accountability and service delivery, the public sector in Kenya has implemented public financial management reforms. These reforms aim to make public financial management more effective, efficient, transparent, and participatory (Society for International Development, 2017). Following the adoption of the Public Finance Management (PFM)

Act in 2012 and the proclamation of the new Constitution in 2010, Kenya implemented Public Financial Management (PFM) reforms, which included the establishment of the Public Sector Accounting Standards Board. The PFM Act of 2012 created the PSASB, a legislative organisation responsible for defining standards.

Section 163 of the Public Finance Management Act of 2012 in Kenya's constitution mandates that county governments create yearly financial accounts. A number of statutes, chief among them the Public Finance Management Act (2012) and the CoK 2010, oversee county governments' financial reporting. For instance, the CoK 2010's article 201 lays down the fundamental rules that need to apply to every facet of Kenyan public finance. Much has not been done to address the inadequate financial reporting of the public sector, despite the fact that the Kenyan government has established financial regulations and procedures and passed the Public Finance Management Act, 2012 as a guide for financial management practises.

The county governments have difficulties with financial reporting because to untrustworthy information systems that make it hard to determine the entirety of revenue (such as parking fees). Weak governance structures for financial controls and reporting, inappropriate historical culture for financial reporting, frequent staff transfers of key accounting officers, political interference in hiring and procurement, and a lack of capacity to handle the financial complexities (inadequate staffing, inadequate skills, inability to attract the best talents in financial management). According to the ICPAK (2017), Kenya's Auditor General has regularly expressed disapproval of the quality of financial reports and accounting records.

Statement of the Problem

Transparent, quality, and comprehensible financial information is important for the county governments to express their accountability to Kenya’s general public and development partners who finance various undertakings in the county governments. A key tool for enhancing the level of financial accountability in devolved government is the effective use of internal audit (Tillema and Henk, 2018; Bayramov, 2016). The quality of local government agencies' financial accountability is impacted by the internal auditing practise of the government (Sadeli, 2018).

In the context of devolved administrations, financial reporting is governed by a number of statutes, the Public Finance Management Act (2012) and the CoK 2010. For instance, the CoK 2010's article 201 lays down the fundamental rules that need to apply to every facet of Kenyan public finance. The Auditor General notes that county governments' financial accounts that were audited for the previous nine years included a disclaimer of opinion, in spite of the rules that are now in place. Reports from the office of the Auditor General show that ineffective financial control mechanisms implemented by county governments have led to the misappropriation of public monies. For example, it is said that the Lamu County Assembly paid five contractors Kshs. 10.7 million to raise public awareness of a single law (Kibet, 2018). This demonstrates unequivocally that Kenyan county administrations have had difficulty providing sufficient financial reports.

Research on internal auditing and high-quality financial reporting has already been done. A 2017 research by Momeni, Abbasi, and Shokuhfar on Iranian municipal government demonstrates the relationship between the government's internal audit quality and its financial responsibility. Zeyn (2018) looked into how local government financial accountability was affected by the calibre of internal audits. These studies, however, lack context since they only looked at municipal governments, not county governments. As a result, Lugwe (2016) examined the variables influencing Kwale County Government's financial management and found that record keeping, which is essential to the county governments' high-quality financial reporting, has an impact on the financial management of Kenya's devolved units. According to Lekamario's (2017) study, which examined the variables influencing the calibre of financial reporting in county governments, obtaining sufficient training on the IFMIS system is a prerequisite for producing high-caliber financial reports. The study does, however, have conceptual flaws because internal audit procedures were excluded from the assessment of financial quality reporting. It is in light of this background that the current study focuses on internal audit practices and financial reporting quality in county governments in Kenya.

Research Objectives

The general objective of the study was to investigate the effect of internal audit practices on financial reporting quality of county governments in Kenya. The study was guided by the following specific objectives;

- To establish the effect of internal audit standards on financial reporting quality of county governments in Kenya.
- To determine the effect of internal audit independence on financial reporting quality of county governments in Kenya.
- To ascertain the effect of top leadership support on financial reporting quality of county governments in Kenya.
- To evaluate the effect of professional competence on financial reporting quality of county governments in Kenya.

The study's hypotheses were;

- **H_{01}:** Internal audit standards has no significant effect on financial reporting quality of county governments in Kenya.
- **H_{02}:** Internal audit independence has no significant effect on financial reporting quality of county governments in Kenya.
- **H_{03}:** Top leadership support has no significant effect on financial reporting quality of county governments in Kenya.
- **H_{04}:** Professional competence has no significant effect on financial reporting quality of county governments in Kenya.

LITERATURE REVIEW

Theoretical Review

Agency Theory

The proponents of agency theory are Jensen and Meckling in 1976. The theory of agency is concerned with addressing conflict of interest and risk sharing issues in relationships when attitudes towards risk disagree. It defines a relationship in which one party (the principle) assigns work to another (the agent) (Eisenhardt, 1989). The agency theory holds that an organisation is made up of a series of interconnected contracts between managers, who are in charge of utilising and regulating economic resources, and principals, who are the owners of those resources (Sarens & Abdolmohammadi, 2011).

According to Jensen and Meckling (1976), "agency costs will be generated by the divergence between his interest and those of outside shareholders" from the viewpoint of the corporate executive. The purpose of the audit is to prevent managers from acting out of bias and to request that they follow the terms of the contract while pursuing their legal interests. The purpose of the audit, which is to maximise the interests of the principle and agents, is to encourage the behaviour that the investors "needs to control."

In order to preserve confidence and trust, an audit offers an unbiased check on the activity of agents and the information they supply. Almost as far back in history as accounting is the practise of auditing. As civilization progressed and it became necessary for one man to be entrusted with another's property to some extent, it became clear that there should be some sort of check on the former's faithfulness. To "establish a degree of correspondence between assertions made by management and user criteria," an impartial third party such as an auditor is required (Soltani, 2011).

Theory of Inspired Confidence

Theory of inspired confidence was propounded by Dutch professor Theodore Limperg in 1920s. The idea aids in illuminating the initial necessity for auditing. It also offers a framework for comprehending the connections and interconnections among the many stakeholders in a company. The idea was developed to take into account both the supply and demand for audit services. In exchange for their investments, an entity's stakeholders demand responsibility from the management. The publication of regular financial reports that are subject to an independent external auditor's view is how accountability is achieved. The involvement of third parties, or parties with an interest in a corporation, directly results in the need for audit services. In exchange for their financial contributions to the business, these parties demand responsibility from the management. Accountability is achieved by means of regular financial report releases. However, an audit is necessary to ensure the accuracy of this information because the management's disclosure may be biassed and external parties lack direct monitoring capabilities. Limperg (1932) indicates that the auditor should constantly aim to fulfil the public expectations with relation to the provision of audit assurance.

Eid (2014) tested the effect of accounting information systems on performance metrics using the idea of inspired confidence, taking into consideration the value relevance of auditors' communications. Sijpesteijn (2011) also examined the value relevance of auditors' communication using the notion of inspired confidence. In a similar vein, Ittonen (2010) examined the function of auditing and the applicability of audit reports theoretically, including the notion of inspired confidence. Although this idea has been applied extensively in the accounting sector, very few research have used it to explain the connection between the calibre of financial reporting and audit independence.

The Policeman Theory of Auditing

According to the policeman idea, fraud is looked for, found, and stopped by the audit and assurance process. That was the situation in the early 1900s. More recently, though, the primary goals of this procedure have been to confirm the accuracy and fairness of the financial accounts and to offer a reasonable level of assurance. However, the debate over the responsibilities of auditors still revolves around the detection of fraud. Generally, pressure to increase the responsibilities of auditors in detecting fraud and manipulation of financial information increases after events that expose financial statement frauds.

In line with this approach, the audit process serves as a preventative measure and a means of identifying fraud before it occurs, just like a police officer does to stop crimes from happening. Regarding the calibre of financial reporting, auditors carry out tasks akin to those of police officers, such as investigating and identifying instances of fraud within the companies (Anthony, 2018). As was already said, the audit and assurance process is in charge of identifying, looking for, and discouraging fraud. As such, an auditor serves as the organization's police officer, helping to make sure that accurate financial statements are produced and distributed.

Upper Echelons Theory

The Upper Echelons Theory (UET) was developed on the tenet that the knowledge, experiences, and competence of persons holding significant executive positions within an organisation directly affect organisational results (Hambrick & Mason, 1984). These authors presented a model where managers respond to events that arise in the context of organisational life and make strategic decisions based on the distinctive qualities these people possess. It is stated that these people's decisions have a direct influence on the functioning of the organisation. Hambrick and Mason (1984) contended that in order to balance the influence of these "upper echelons" on organisational performance, attention should be focused on easily observable data that reflect individual characteristics related to the social, professional, and educational backgrounds of well-known managers in organisational contexts.

This theory is pertinent to the research because it clarifies how leaders perceive and informs their decisions on various organisational issues. The purpose of this study is to determine how high-level leadership support and the calibre of financial reporting are related.

Review of Literature on Variables

Internal Audit Standards

According to Shaban and Abdallah (2023), internal auditing is an impartial, independent assurance and consulting activity that adds value and enhances an organization's operations. By providing a methodical, disciplined approach to assess and enhance the efficacy of risk management, control, and governance procedures, it aids an organisation in achieving its goals.

The independence and impartiality of internal auditors are also outlined in the International Standards for Internal Audit. Internal auditors have to continue to be impartial and independent in their job. Being independent means not being subjected to situations that might compromise the internal audit activity's ability to carry out its duties in an unbiased manner. The Chief Audit Executive, who oversees the audit department, has direct and unrestricted access to senior management and the board in order to get the degree of freedom needed to carry out the obligations of the internal audit activity (Shaban & Abdallah, 2023). A relationship of dual reporting can help achieve this. It is important to remember that challenges to independence need to be handled at every level of the organization—individual, engagement, functional, and organisational.

Internal Audit Independence

According to Mautz and Sharaf (1961), auditor independence is a fundamental component of the auditing profession, an essential component of the statutory corporate reporting process, and a condition for contributing value to an audited financial statement. Specifically, "absence of influence or control in the matter of the auditor's conduct, action, and opinion" is implied by auditor independence (AAA, 1973). It alludes to the auditor's capacity for truthful and objective expression of his opinions. Since it serves as the basis for the public's confidence in the attest function of determining whether the financial statements present a fair and true picture of an organization's financial status, auditor independence has been referred to as the "building block" of the auditing profession (Caswell & Allen, 2016).

The main reasons for emphasising the auditor's independence are that it avoids conflicts of interest and guarantees sound judgement. By not placing undue pressure or influence on the audit that is being undertaken, decisions are made. There is a significant chance that the financial statement contains fraud, omissions, or mistakes when the auditors are not independent (Taha, 2023). Throughout audits and financial reports, the auditor must maintain objectivity and impartiality. According to Danescu and Spatacean (2018), independent auditors remain neutral and objective when conducting audits. An auditor may evaluate financial accounts impartially and knowledgeably if they possess certain essential characteristics. Financial statement quality is impacted by autonomy. Hikmayah and Aswar (2019) proposed that selection is influenced by auditor independence and quality. According to Kalabeke et al. (2019) and Baharud-din et al. (2014), auditing integrity depends on autonomy. The independence of the auditor is essential to accurate financial reporting. Independence is a fundamental value and one of the five basic components of quality management.

By upholding independent quality, employees are guaranteed to continue being impartial and truthful in their work responsibilities. Boards can make decisions with professional viewpoints thanks to internal audits. When doing their duties, internal auditors have to be impartial and unbiased. To fulfil set requirements, auditors must understand independence, objectivity, and pragmatism. Auditors need to be impartial and unbiased. It entails rendering unbiased decisions free from outside interference, based only on audited facts (Hikmayah & Aswar, 2019).

Top Leadership Support

The willingness of a top management to supply the resources required for an information system to be successfully operated is referred to as top leadership support (Fortune and Peters 2005). The degree to which top managers supply all information systems resources is referred to as top management support (Ifinedo, 2016). The help required for projects from the executive level is known as executive management support (Langer, 2011). assistance from top management to ensure that necessary resources were supplied (Olson, 2014). We describe top management support as the management's commitment to providing all necessary resources for the proper operation of financial accounting information systems, based on those definitions.

Information systems success is largely dependent on the backing of the leadership (Langer, 2008). Top management backing to ensure that the resources required were available (Olson, 2004). People, hardware, software, data, and networks are the resources that an information system depends on (Marakas and O'Brien, 2014). Enterprise information system implementation calls for substantial financial resources as well as managerial backing (Stair & Reynolds, 2016). The primary sources of financial and human resources for information systems should be provided by top leadership (Palvia & Palvia, 2003). Support from top management: according to Boonstra (2013), top management allocates sufficient financial, material, and people resources for efficient system implementation. The allocation of required finances for hardware, software, and other items is an example of top management support for resources (Dong, Neufeld, & Higgins, 2009).

Professional Competence

Competence and professionalism are essential for an internal auditor. Nwanyanwu (2013) emphasises that in order to provide excellent assurance services, necessary professional expertise is essential. Auditors are put through screening to confirm their credentials, abilities, and knowledge. Technical knowledge may be demonstrated by holding the required degrees and certifications in finance and accounting, as well as by consistently attending seminars and professional education programmes.

Adoption of IPSASs and IFRSs is essential to contemporary accounting since they reflect advancements in international standards. These days, education programmes aim to disseminate the standards throughout the accounting industry. The knowledge of auditors influences a number of auditing factors. Al-Khaddash et al. (2013) state that an auditor's pay is determined by their training, background, and qualification. Individuals are kept up to date on accounting, auditing, and financial improvements through ongoing education. The use of IPSASs and IFRSs is currently required in accounting and auditing procedures, and it is encouraged in professional development and taught in university curricula. For financial reporting quality control, guidance is essential. Through the use of Quality Control Standards for people management, AICPA rules guarantee the competency of audit staff. This entails allocating responsibilities according to qualifications, growth prospects, and skill sets (Alsmairat et al., 2019).

Financial Reporting Quality

An ideal information system attribute is referred to as "quality of information reporting" (DeLone and McLean 1992). The quality of IS products is correlated with the quality of information systems (Pham Thi and Helfer 2009). According to the description given above, we define the quality of financial accounting information system in this study as the attribute that characterises the system's capacity to provide financial accounting information that satisfies user expectations.

Empirical Review

Kawaase and Nairuba (2021) conducted study on the quality of financial reporting, internal auditing, and corporate governance in financial institutions located in Uganda. The research design used for this study is correlational and cross-sectional. Chief financial officers, senior accountants, and managers of internal audit at financial institutions in Uganda were surveyed using a questionnaire for the study.

With the use of the Statistical Package for Social Sciences, data were examined. - The findings show that financial reporting quality is substantially correlated with board job performance and knowledge. Furthermore, there is a strong correlation between the quality of internal audits and financial reporting. The quality of financial reporting is not significantly predicted by board independence.

Internal audit standards were assessed by Shaban and Abdallah (2023) as a basis for executing and advancing a broad range of value-added tasks—evidence from developing markets. The study's focus was on three Jordanian telecom companies. A questionnaire specifically created for this purpose was also distributed to the non-executive directors of each business who are members of the Audit Committee. A total of eighty-five questionnaires were approved and subjected to normal statistical techniques, including percentages, arithmetic means, standard deviations, and descriptive statistics. The statistical programme SPSS was used to analyse resolution data. The annual report for 2021 states that IIA International Internal Audit Standards were primarily adhered to by telecom companies. After attribute standards, which were utilized predominantly in the first place, application standards were used to a considerable degree in second place. Performance criteria were not applied in such companies. The study also discovered that a few difficulties and impediments moderately restrict this type of application.

A research on the understanding of internal audit quality by internal auditors, members of audit committees, the Institute of Internal Auditors (IIA), and external auditors was conducted by Roussy and Brivot (2016). According to their research, external auditors primarily consider two aspects of internal audit quality: the independence of the Internal Audit Function and the competence of internal auditors, whereas the IIA defines quality as adhering to standards and best practises that the Institute promotes. The usefulness of the internal audit reports is how the audit committee members and internal auditors determine the quality of the internal audit.

A research on the impact of audit committee activity, independence, and expertise on aggressive earnings management was carried out by Bedard, Chtourou, and Courteau (2012). The purpose of the study was to determine whether the audit committee's independence, experience, and actions affected the calibre of the company's financial information that was made public. The study specifically looked at the link between the traits of the audit committee and the degree of corporate profits management, as shown by the amount of anomalous accruals that increase and decrease in income. The study demonstrated a substantial correlation between audit committee governance practises and earnings management using two sets of U.S. firms: one with relatively high and one with relatively low levels of anomalous accruals in 1996. The study also discovered a negative correlation between aggressive profits management and the audit committee members' financial and governance knowledge, independence indicators, and the existence of a clear mandate outlining the committee's duties.

METHODOLOGY

A study design offers a structure for gathering and evaluating data. It represents choices made on the weight assigned to various aspects of the research process (Cooper & Schindler, 2016). Cross-sectional research design was used in this investigation. The six coastal counties that comprised the study's unit of analysis were Mombasa, Kilifi, Lamu, Tana River, and Taita Taveta county governments. The accounting officers selected from the audit, revenue, and economic planning departments were the unit of observation. The research sample was obtained by applying Slovin's formulas to estimate the sample size of 120.

A questionnaire was used to gather primary data. Participants' responses to a standardized questionnaire were used in the study to gather data. Secondary data was harnessed from financial reports by the county governments. Auditor General's reports on county finances was also be used as a source for secondary data.

The target county governments' authorities were told by the researcher on the study's purpose. Surveys were distributed using the drop-and-pick technique. Respondents had plenty of time to complete the surveys as a result. The study conducted pilot test on 12 respondents which formed 10 percent of the target population as posited by Riel (2016). The results of the pilot test was included in the actual study.

The questionnaire, which is the instrument used to gather data, was given to the respondents. To make sure that the study questionnaire collects accurate, correct, and useful data, the researcher did a pre-test. To analyse the data, quantitative techniques were applied. Statistics were used to analyse quantitative data. Since multiple regression analysis offers estimates of net effects and explanatory power, it was employed. The data analysis tool utilized was SPSS version 26, a statistical software for social sciences.

The regression model to be used is as follows:

$$Y= \beta_0 +\beta_1X_11+\beta_2X_2+\beta_3X_3+ \beta_4X_4+\varepsilon$$

Where:

Y is financial reporting quality

α is regression constant

β is regression coefficients

X_1 is internal audit standards

X_2 is internal audit independence

X_3 is top leadership support

X_4 is professional competence

Ɛ is error term

RESULTS

Response Rate

The data collection instrument was administered to the target respondents. The result of response was indicated in Table 1.

Table 1: Response Rate

Respondents	Frequency	Percentage
Respondents	102	85%
Non-respondents	18	15%
Total	**120**	**100%**

Out of the 120 questionnaires that the researcher distributed, 102 were returned completely filled out. This indicated an 85% response rate. A response rate of 50% is sufficient for analysis and reporting, a rate of 60% is good, and a rate of 70% or more is exceptional, according to Mugenda & Mugenda (2012). Due to the field assistant's method of administering the surveys and giving respondents the time to complete them, the return rate suggests that respondents assisted the researcher in the process of acquiring data.

Descriptive Analysis

This study carried out the following descriptive statistics; mean, standard deviation of all the study variables.

Internal Audit Standards

The first objective of the study was to establish the extent to which internal audit standards affect financial reporting quality in County governments. They were required to do this on a 5 point Likert scale where 1 represented Strongly disagree while 5 represented Strongly agree. The respondents were required to indicate the extent of internal audit standards adherence in the counties. The results are displayed in Table 2.

Table 2: Internal Audit Standards

	N	Mean	Std. Deviation
The audit purpose is well articulated prior to audit process	102	4.29	.411
The broad objective of audit will spelled out in the institutions	102	4.01	.728
The audit adheres to objectivity required in audit established standards	102	3.46	.552
The audit process ensures quality assurance	102	4.50	.639
There is a manual to guide on audit standards in the institution	102	4.76	.1.016

From Table 2 it can be observed that respondents agreed to the statement that the audit purpose is well articulated prior to audit process as indicated by a mean of 4.29 and standard deviation of 0.411. The respondents agreed to the statement that the broad objective of audit will spelled out in the institutions as shown by a mean of 4.01 and a standard deviation of 0.728. Further, the respondents were indifferent to the statement that the audit adheres to objectivity required in audit established standards (mean=3.46). The respondents agreed to the statement that the audit process ensures quality assurance as indicated by a mean of 4.50 with a standard deviation of 0.639. Finally respondents agreed to the statement that there is a manual to guide on audit standards in the institution by a mean of 4.76 and standard deviation of 1.016.

Internal Audit Independence

The second objective of the study sought to establish the effect of internal audit independence on financial reporting quality. Data was collected through the Likert-scale measuring the level of agreement of the respondents with respect to the given aspects of internal audit independence. The results are as presented in Table 3.

Table 3: Internal Audit Independence

	N	Mean	Std. Deviation
The audit committee in our institution is autonomous	102	4.63	.658
Audit team in the institution is chosen through competitive process to ensure independence	102	4.18	.750
There is investigative independence of audit team in the institution	102	4.60	.913
The company audit committee members have no relationship with top management	102	3.83	.857
The audit team programs are independent	102	4.29	.536
There is reporting independence in the audit team of the county			

From the findings, respondents agreed to the statement that the audit committee in our institution is autonomous as indicated by a mean of 4.63 and standard deviation of 0.658. The respondents agreed to the statement that audit team in the institution is chosen through competitive process to ensure independence as shown by a mean of 4.18 and a standard deviation of 0.750. Further, the respondents agreed to the statement that there is investigative independence of audit team in the institution (mean=4.60). Respondents agreed to the statement that the county audit committee members have no relationship with top management as indicated by a mean of 3.83 with a standard deviation of 0.857. Finally respondents agreed to the statement that the audit team programs are independent and there is reporting independence in the audit team of the county as indicated by a mean of 4.29 and standard deviation of 5.36.

Top Leadership Support

The third objective of the study sought to determine the effect of top leadership support on financial reporting quality. The results are presented in Table 4.

Table 4: Top Leadership Support

	N	Mean	Std. Deviation
The county leadership provides required resources timely	102	3.44	.850
The leadership is involved in policy development of the audit team	102	4.19	.678
The resourcing of the audit team is fast tracked by the leadership	102	2.73	.931
The internal audit systems are monitored effectively by the top leadership	102	3.96	.802
The leadership supports the audit team with secure tenure	102	4.19	.445

The results showed that respondents agreed to the statement that the county leadership provides required resources timely as indicated by a mean of 3.44 with a standard deviation of 0.850. Further respondents agreed to the statement that the leadership is involved in policy development of the audit team as indicated by a mean of 4.19 with a standard deviation of 0.678. However, respondents disagreed to the assertion that the resourcing of the audit team is fast tracked by the leadership as indicated by a mean of 2.73 and standard deviation of 0.931. Respondents agreed to the statement that the internal audit systems are monitored effectively by the top leadership as indicated by a mean of 3.96 and standard deviation of 0.802. Finally, respondents agreed to the statement that the leadership supports the audit team with secure tenure as shown by a mean of 4.19 and standard deviation 0.445.

Professional Competence

The fourth objective sought to investigate the effect of professional competence on financial reporting quality. The results are on means and standard deviation presenting the level of agreement of the respondents on the given aspects of professional competence. The results are as presented in Table 5.

Table 5: Professional Competence

	N	Mean	Std. Deviation
The county audit committee members are trained on auditing	102	2.52	.779
The audit committee members have considerable experience on auditing	102	3.63	.817
Audit committee members have financial reporting experience in audit and related fields	102	2.44	.895
The audit committee members have knowledge of corporate governance and reporting	102	3.65	1.008
The audit team members are continuously trained on emerging audit issues	102	4.06	.484

Results in Table 5 showed that respondents agreed to the statement that the county audit committee members are trained on auditing as indicated by a mean of 2.52 and standard deviation of 0.779. Findings further showed that respondents agreed to the statement that the audit committee members have considerable experience on auditing as indicated by a mean of 3.63 and standard deviation of 0.817. The findings also showed that respondents agreed to the statement that the audit committee members have financial reporting experience in audit and related fields (mean = 2.44; std. dev. = .895) and that the audit committee members have knowledge of corporate governance and reporting (mean = 3.65 and std. dev. = 1.008. Finally respondents agreed to the statement that the audit team members are continuously trained on emerging audit issues (mean = 4.06; std. dev. = .484).

Correlation Analysis

Additionally, the researcher aimed to determine the bivariate association between the variables—that is, the quality of financial reporting in County governments and internal audit practises. This case's major finding was the Pearson correlation. Sekaran and Bougie (2010) state that the bivariate link between the variables' strength, direction, and significance may be determined by Pearson correlation analysis. Table 6 presents the results.

Table 6: Correlation Coefficient

		IAS	IAI	TLS	PC	FPQ
Internal audit standards	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	102				
Internal audit independence	Pearson Correlation	.679**	1			
	Sig. (2-tailed)	.000				
	N	102	102			
Top leadership support	Pearson Correlation	.605**	.716**	1		
	Sig. (2-tailed)	.000	.000			
	N	102	102	102		
Professional competence	Pearson Correlation	.609**	.499**	.518**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	102	102	102	102	
Financial reporting quality	Pearson Correlation	.579**	.550**	.493**	.586	1
	Sig. (2-tailed)	.001	.000	.049	.019	

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

Correlation results indicate a significant and positive relationship between internal audit standards and financial reporting quality (r = 0.579, $p < 0.05$) as well as a significant and positive relationship between internal audit independence and financial reporting quality (r = 0.550, $p < 0.05$). However, top leadership support is not significantly associated with financial reporting quality (r = 0.493, $p > 0.05$). The results reveal that improvement in financial reporting quality is as a result of audit standards and independence while top leadership support does not translate into financial reporting quality. A significant positive relationship between professional competence and financial reporting quality (r = 0.586, $p < 0.05$) exists. The result mean that auditor professional competence enhances quality of financial reporting.

Regression Analysis

The study carried out regression analysis to test the significance of the model and the degree of variables relationship. The regression model was run on a margin sampling error of 5% and confidence level of 95%.

Model Summary

The results for the model summary are as presented in Table 7.

Table 7: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.724a	.523	.513	1.0047

a. Predictors: (Constant), Internal audit independence, Internal audit standards, professional competence, Top leadership support

The model summary results in Table 7 showed a moderate regression between internal audit practices and financial reporting quality in county governments. In the model summary, the R^2 is 0.523

indicates that independent variables (internal audit standards, professional competence, internal audit independence and top leadership support) explain 52.3% change in quality of financial reporting in county governments, while the remaining 47.7% are attributable to other factors not factored in the study.

Analysis of Variance

Analysis of variance was employed to test the overall significance of the regression model. The results are presented in Table 8.

Table 8: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	569.714	4	142.429	26.637	.000[b]
	Residual	518.625	97	5.347		
	Total	1088.339	101			

a. Dependent Variable: Financial reporting quality

b. Predictors: (Constant), Internal audit independence, Internal audit standards, professional competence, Top leadership support

From the ANOVA results in Table 8, it was established that the significance value in testing the significance of the model was obtained as 0.000 which is less than 0.05, the critical value at 95% significance level. Therefore, the model is statistically significant in predicting the relationship between the study variables.

Multiple Regression Coefficients

The multiple regression coefficients results are provided in the Table 9.

Table 9: Regression Weights

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.948	3.550		1.957	.000
	Internal audit standards	.547	.261	.175	2.095	.005
	Internal audit independence	.529	.256	.127	2.066	.040
	Top leadership support	.460	.197	.483	2.335	.041
	Professional competence	.564	.282	.175	2.000	.019

a. Dependent Variable: Financial reporting quality

$Y= 6.948 + 0.547X_1 + 0.529X_2 + 0.460X_3 + 0.564X_4$

From the coefficients table all the four independent variables are significant in predicting the value of Y. However, professional competence (β = 0.564, $p <$ .005) has a highly significant effect on the quality of financial reporting. It was therefore established that, though internal audit independence, internal audit standards and top leadership support had a significant play in the attainment of quality financial reporting, professional competence was seen to have a higher effect on the quality of financial reporting of the county governments in Kenya.

Discussion of Major Findings

Regression analysis formed a basis for answering research questions adopted in this study. This was done by considering the p values corresponding to each variable of interest. The first objective of the study sought to investigate the effect of internal audit standards on financial reporting quality. Regression analysis conducted proved that there was a positively significant effect of internal audit standards on the dependent variable as indicated by the values $\beta_1 = 0.547$, $p<0.05$. The study concludes that an increase in internal audit standards by unit would lead to a change in the quality of financial reporting by 0.547 units. On hypothesis, since the p-value is less than 0.05, the null hypothesis that internal audit standards has no significant effect on financial reporting quality is rejected.

The second objective of the study sought to investigate the effect of internal audit independence on financial reporting quality. Regression analysis conducted proved that there was a positively significant effect of internal audit independence on the target variable as indicated by the values β_2 = 0.529, $p<0.05$. The study concludes that an increase in internal audit independence by unit would lead to a change in the quality of financial reporting by 0.529 units. On hypothesis, since the p-value is less than 0.05, the null hypothesis that internal audit independence has no significant effect on financial reporting quality is rejected.

The third objective of the study sought to investigate the effect of top leadership support on the quality of financial reporting. Regression analysis conducted proved that there was a positively significant effect of top leadership support on the dependent variable as indicated by the values β_3 = 0.460, $p<0.05$. The study concludes that an increase in top leadership support by unit would lead to a change in the quality of financial reporting by 0.529 units. On hypothesis, since the p-value is less than 0.05, the null hypothesis that top leadership support has no significant effect on financial reporting quality is rejected.

Finally, the study sought to investigate the effect of professional competence on the quality of financial reporting. Regression analysis conducted proved that there was a positively significant effect of professional competence on the dependent variable as indicated by the values β_4 = 0.564, $p<0.05$. The study concludes that an increase in professional competence by unit would lead to a change in the quality of financial reporting by 0.529 units. On hypothesis, since the p-value is less than 0.05, the null hypothesis that professional competence has no significant effect on financial reporting quality is rejected.

SUMMARY, CONCLUSSIONS AND RECOMMENDATIONS

The study objective was to determine the internal audit practices effect on the quality of financial reporting in county governments. The study was divided into four sub-parts which included response rate, background information of the respondents, internal audit practices descriptive analysis results and inferential statistics. Based on the study findings, 85 percent of the issued questionnaires were fully filled and returned.

On inferential statistics, correlation results showed that all the internal audit practices constructs in the study had a moderate positive relationship with financial reporting quality in county governments. Regression results showed that coefficient of determination (r2) was 0.523 which means that the constructs employed explained 52.3 per cent variation in financial reporting quality in county governments. ANOVA results showed that the model was significant in explaining the relationship between the study variables.

According to the descriptive findings, respondents agreed to the statement that the audit purpose is well articulated prior to audit process and that the broad objective of audit will spelled out in the institutions. Further, the respondents were indifferent to the statement that the audit adheres to objectivity required in audit established standards. The respondents agreed to the statement that the audit process ensures quality assurance and that there is a manual to guide on audit standards in the institution.

According to a descriptive analysis, respondents agreed to the statement that the audit committee in the institution is autonomous and audit team in the institution is chosen through competitive process to ensure independence. Further, the respondents agreed to the statement that there is investigative independence of audit team in the institution and that the county audit committee members have no relationship with top management. Respondents agreed to the statement that the audit team programs are independent and there is reporting independence in the audit team of the county.

According to the descriptive findings, respondents agreed to the statement that the county leadership provides required resources timely and that the leadership is involved in policy development of the audit team. The results showed that respondents disagreed to the assertion that resourcing of the audit team is fast tracked by the leadership. Respondents agreed to the statement that the internal audit systems are monitored effectively by the top leadership and that the leadership supports the audit team with secure tenure.

According to a descriptive study, respondents agreed to the statement that the county audit committee members are trained on auditing and that respondents agreed to the statement that the audit committee members have considerable experience on auditing. The findings also showed that respondents agreed to the statement that the audit committee members have financial reporting experience in audit and related fields and that the audit committee members have knowledge of corporate governance and reporting. The study results showed that respondents agreed to the statement that the audit team members are continuously trained on emerging audit issues.

The study concluded that internal audit standards has significant effect on the quality of financial reporting in the county governments. The study also concludes that the county governments' audit function objective is well spelled out to the internal auditors prior to audit process and the broad purpose is communicated to the entire county functions. The study concludes that the audit function follows the established audit standards. The audit process in the counties ensures quality assurance. Also it is concluded that the counties have audit standards manual to guide in audit process.

The study concluded that internal audit independence has significant effect on the quality of financial reporting in the county governments. It is concluded that the audit committee in the counties was found to be independent and the audit team in the institution is selected through competitive process to ensure independence. The study concludes that the counties were found to have investigative independence of audit team and this team has no relationship with top leadership. The study concludes that the audit programs are independent in both function and reporting.

The study concluded that top leadership has significant effect on the financial reporting quality in the county governments. It is concluded the leadership of the county offers required resources in a timely manner. Also the leadership is involved in policy development of the audit team. The study concludes that there is challenge in fast tracking resourcing of the audit team by the county leadership. The internal audit systems are monitored effectively and the tenure of the audit team is secure.

The study concluded that professional competence has significant effect on the quality of financial reporting in the county governments. It is concluded the county audit committee members are trained on auditing. Also the audit committee members have notable experience on auditing. The study concludes that the audit committee members have financial reporting experience in audit and related fields and that the audit committee members have knowledge of corporate governance and reporting. The team of the audit function in the counties is continuously trained on emerging issues.

The researcher recommended that the county leadership should support internal audit function through assisting in spelling out the audit function. This would enable the audit function to be effective. The broad purpose should be communicated to the entire county functions on time to synchronize. It is recommended that the audit function in the county should follow the established audit standards. This would go a long way in ensuring audit quality in the county. The counties should keep up to date audit standards manual in place to guide in the internal audit function.

The researcher recommended that the county governments should assure independence of audit team. This could be achieved by providing an independent committee which would handle audit team remuneration. The selection of audit team should be through competitive process as this would ensure independence. The study recommends that the counties should establish investigative audit team to shadow conventional audit team which should be autonomous from county leadership.

The researcher recommended that the county leadership should offer timely resources to the audit team. This would ensure effectiveness of the team in auditing county functions. Further, the leadership should be actively involved in policy development of the audit team and ensure seamless fast tracking of the resources to the audit team. This would ensure that the team delivers without fail. The top leadership should monitor internal audit systems and take corrective measure when it deviates. To ensure the audit team works without prejudice, the county leadership should secure audit team tenure.

The researcher recommended that the county leadership should set budget to train audit team on continuous basis. Also it is recommended that the audit team members should be checked for competence often and corrective measures assumed when necessary. The county audit team should be selected based on experience and more specifically experience on financial reporting and related fields. The knowledge of corporate governance and reporting should be top priority for the audit members.

Areas of Further Study

This study predicts only 52.3% change in financial reporting quality and this implies that future studies may focus on other variables that explain financial reporting quality. Variables suggested for further studies may include audit committee effectiveness, external audit quality and firm characteristics. However, further studies may not be limited to only the variables mentioned above. On the methodological stance, this study only uses the quantitative approach where a questionnaire survey is utilized and ignores the qualitative approach. Future studies may also take this advantage.

REFERENCES

ADB. (2017). *ASEAN Corporate Governance Scorecard - Country Reports and Assessments 2013–2014.* ACMF. Mandaluyong City, Philippines: Asian Development Bank.

Arens, A. A., Randal, J. E., Mark, S. B. (2016). *Auditing and Assurance Services-An Integrated Approach, Pearson Education Inc. Limited*, Essex CM20 2JE, England

Auditor General (2016). *Auditor General Report of the Auditor-General on the Financial Statements of Lamu County Government for the Period Ended 30 June 2016.* Nairobi: Auditor General's Office. Available at www.oagkenya.go.ke/index.php/reports/doc_download/708-lamu-c

Bradbury, M., Mak, Y. T., & Tan, S. M. (2016). Board Characteristics, Audit Committee Characteristics and Abnormal Accruals. *Pacific Accounting Review, 18*, 47-68.

Choi, T., & Pae, J. (2016). Business Ethics and Financial Reporting Quality: Evidence from Korea. *Journal of Business Ethics*, (10551-011-0871-4).

Cooper, D.R., & Schindler, P.S. (2016). *Business Research Methods* (11th, edition). McGraw-Hill Publishing, Co. Ltd. New Delhi-India.

Creswell, J. W. (2016), *Research design: Qualitative, quantitative and mixed methods approaches* (2nd ed.). Thousand Oaks, CA: Sage.

Đorđević, M. & Đukić. T. (2018). Contribution of Internal Audit in Fight against Fraud. Faculty of Economics, University of Niš, Serbia. *Facta Universitatis Series: Economics and Organization, 12(*4), 2015, pp. 297 – 309.

Ferry, L., & Eckersley, P. (2015). Budgeting and governing for deficit reduction in the UK public sector: Act three "accountability and audit arrangements". *Public Money & Management, 35*(3), 203-210. https://doi.org/10.1080/09540962.2015.1027496

Gros, M. & Christoph, W. (2017). Internal audit function quality and financial reporting: results of a survey on German listed companies. *Journal of Management & Governance,21(*2), 291-329.

Healy, P.M. & Palepu, K.G. (2016). Information Asymmetry, Corporate Disclosure, and the Capital Markets: A Review of the Empirical Disclosure Literature. *Journal of Accounting and Economics. 31*(1-3), 405-440

Herly, M. (2016). *Earnings Quality in Restating Firms: Empirical Evidence*, Thesis, 2012.

Hikmayah, N., & Aswar, K. (2019), The impact of the Indonesia: The moderating effect of professional commitments. *International Journal of Academic Research in Accounting, Finance and Management Sciences; 9*(4):285-293

Holt, T. P. & Todd De Z. (2016). *The Effects of Internal Audit Report Disclosure on Perceived Financial Reporting Reliability*. December 2016

IAI. (2017). *Standar Akuntansi Keuangan per 1 Juni 2012.* Jakarta: IAI.

IASB (2016). *Exposure Draft on an improved Conceptual Framework for Financial Reporting: The Objective of Financial Reporting and Qualitative Characteristics of Decision-useful Financial Reporting Information*. London

Indras, B. (2017). *Public sector audit*. Jakarta: Salemba Empat Publisher.

Iriyad, H., Fettry, S., Anzib, N., & Mariyam, K. (2021), Financial reporting quality: How to optimize the role of internal audit. *International Journal of Advanced Research, 9*(12), Pp. 118-125.

Kawaase, T. K. & Nairuba, C. (2021), Corporate governance, internal audit quality and financial reporting quality of financial institutions in Uganda. *Asian Journal of Accounting Research, 6*(3), pp. 348-366.

Kibet, P. (2017, Nov. 17). *Audit General Edward Ouko reveals misuse of funds by county assemblies.* The Standard. Available at https://www.standardmedia.co.ke/article/2001260442/audit-general-edward-ouko-reveals-mis use-of-funds-by-county-assemblies

Kothari, C. R. (2014). *Research methodology: Methods and techniques.* New Delhi: New Age International (P) Limited Publishers.

Lekamario, J. L. (2017), *Factors affecting financial reporting quality in county governments.* Unpublished Thesis, KCA University, Kenya.

Mardiasmo. (2017). Realization of transparency and public accountability through public sector accounting: A means of good governance. *Government Accounting Journal, 2*(1), 1-17.

McNichols, M.F. & Stubben, S.R. (2016). Does Earnings Management Affect Firms' Investment Decisions? *The Accounting Review. 83*(6), pp. 1571–1603.

Mulgan, R. (2017). The processes of public accountability. *Australian Journal of Public Administration, 56*(1), 26-36.

OJK. (2016). *Otoritas Jasa Keuangan Indonesia Annual Report 2013 - Towards Integrated Financial Industry Supervision.* Jakarta: OJK.

Oluoch, F. O. (2018). *Auditing of public sector entities. Presentation at ICPAK Audit Quality Assurance*. Workshop held on 7th March, 2018 at the Waterbuck Hotel. Retrieved from https://www.icpak.com/wp-content/uploads/2018/03/CPA-Fred-Oluoch.pd

OECD (2018), *"Quality of governments' financial reporting", in Government at a Glance 2018*, OECD Publishing, Paris. DOI: https://doi.org/10.1787/gov_glance-2017-44-en

OECD/IFAC (2017), "*Accrual Practices and reform experiences in OECD countries",* OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264270572-en

PricewaterhouseCoopers (2016). *Public Sector Insight Governance and Leardership in the Public Sector*. Retrieved on 31st Jan, 2023 from http://www.pwc.com/ke/en/pdf/public-sector-insight-november -2016.pd

Parker, S., & Lynn, A. J. (2017). The development of internal auditing as a profession in the US during the twentieth century. *Accounting Historians Journal 44*: 47–67. [CrossRef]

PwC. (2016). *Global Economic Crime Survey Economic crime: A threat to business globally.* © 2014 PwC. All rights reserved. Designed by US Studio CMD NY-14-0348.

Rizal, Y. (2017). *Problems with regional financial accountability.* UMY FE, November 2017.

SEC (2017), *SEC Charges KPMG with Audit Failures*, Press Release, available at: https://www.sec.gov/ news/press-release/2017-142 (accessed 20 August, 2023)

Shaban, O. S., & Abdallah, I. B. (2023). Evaluation of Internal Audit Standards as a Foundation for Carrying out and Promoting a Wide Variety of Value-Added Tasks-Evidence from Emerging Market. *Journal of Risk and Financial Management 16*: 185

Subramanyam, K. R. (2016). The pricing of discretionary accruals. *Journal of Accounting and Economics, 22*, 249-281.

Sugut, O. (2016). The Effect of Computerized Accounting Systems on the Quality of Financial Reports of Non-GovernmentalOrganisations in Nairobi County, Kenya. *Journal of Accounting and Finance, 2*(2), 15–23.

Taha, A. A. (2023). Internal auditors' independence under workplace bullying stress: an investigative study. *Journal of Islamic Accounting and Business Research.* https://doi.org/10.1108/JIABR-09-2022-0239

Tang, Q., &Huifa, C. Z. L. (2016). *How to Measure Country Level Financial Reporting Quality*, 38 main capital markets, papers.ssrn.com.

Tillema, S., & Henk, J. (2018). Dutch local government audit committees, effective instument in the search for improvements in accountability and local democracy. Local Government and Public Service Reform Initiative, *Open SocietyInstitute*–Budapest.

Van Wyk, B. M. (2017). *Fraud Risk Assessment: A Conceptual Framework for Internal Auditors to Detect Financial Statement Fraud.* Proc. of the Third Intl. Conf. on Advances in Management, Economics and Social Science - MES 2015. Institute of Research Engineers and Doctors, USA. All rights reserved. University of South Africa (Unisa)

Verdi, R. S., (2017), *Financial Reporting Quality and Investment Efficiency,* The Wharton School University of Pennsylvania 1303 Steinberg Hall-Dietrich Hall Philadelphia, February 14, 2006

WorldBank, (2018), *Report on the Observance of Standards and Codes (ROSC) Indonesia.* Accounting and Auditing. March 8, 2018 (updated in April 2018 WorldBank

Zeyn, E. (2018), The effect of internal audit quality on financial accountability quality at local government. *Journal of Accounting, Business and Finance Research, 4*(2), Pp. 74-82.