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AUDITOR-GENERAL FUNCTION AND FINANCIAL ACCOUNTABILITY IN NYANDARUA COUNTY, KENYA

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ABSTRACT

Financial accountability for public resources is highly pertinent within any public organization. It involves the accurate recording, reporting, and use of financial resources, enabling stakeholders including citizens, regulatory bodies, and government officials to monitor and evaluate how public funds are managed. This level of scrutiny helps prevent misuse and misallocation of resources, promotes efficiency, and fosters trust between the government and the public. There is little understanding as to why there is continuous misuse of public resources yet there exists set up standard of financial control functions. While numerous studies have examined various aspects of organizational processes and performance, there has been limited attention given specifically to the relationship between government financial control functions and financial accountability. The study was anchored on; agency theory, stewardship theory, accounting theory and new public financial management theory. The objective was to examine the effect of Auditor General function on financial accountability in Nyandarua County Government, Kenya. The study used a descriptive survey research design on a population target of 425 people of Nyandarua County Government respondents. The sample size attained and applied was 201 respondents which resulted from the use of Krejcie and Morgan formula technique. A pilot study was held on administering 10% of the study sample to senior officers within the county government of Nakuru who were not part of the main study. Data collection was done through structured questionnaires. The Analysis of data for both descriptive (frequencies, percentages and means) and inferential (correlation analysis, and multiple regression analysis) statistics of the study was done by use of Statistical Package for Social Sciences (SPSS 24). The analysis output was presented using tables to make them reader-friendly. The study found that auditor and general function had an effect on financial accountability of Nyandarua County Government, Kenya. The study recommended prioritizing the auditor and general function to ensure compliance with regulations in order to manage government expenditures for financial accountability.

Key words: *Bank Innovations, Crowd Funding System, Financial Performance*

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INTRODUCTION

Finance as a concept, occupies a special place in the conduct of government business; hence any financial performance process becomes meaningless if a strategy to control it is not defined and implemented based on objectives consistent with the current state of the company and its upcoming projects. For the essence of protection and control of public resources, power over public finance is enshrined in most Constitutions; hence, financial control functions have now become an essential part of any public finance (Montecalvo, Farneti & De Villiers, 2018).

Financial accountability is concerned with adherence to applicable laws and regulations, consistency with appropriate accounting principles and traditions, accuracy and fairness of reports and complete legitimacy of expenditure (Anuar, Alwi & Ariffin, 2019). In the study by Johnson (2016), accountability is referred to as fiscal or financial honesty, prevention of fraud, ensuring that money is spent and recorded in compliance with agreed and relevant standards and the stakeholders are correctly reported to in required good time. Manes, Ross and Cohen (2017) stipulate, that financial accountability can also be defined as an organization's finances used in achieving its financial objectives; hence includes two elements; financial planning, which means that adequate money can be made available to fulfill the requirements of the organization in the short, medium and long term, and financial control functions to determine if the presented plan achieves the goals of the organization.

The financial control function is a very important tool in the management of government finance; hence, Lapsley and Miller (2019) define it as a function that ensures that financial resources are obtained at a cost considered to be economical and utilized efficiently and effectively for the attainment of established objectives. The practice, the world over, shows that power over finance is shared between the Executive and the legislature and in some cases with an independent body, such as Audit Institution (Lino, et al., 2022). However, the question here is has this Constitutional sharing of power over finance achieved the desired result? Constitutionally, one of the responsibilities placed on the government is to put up a framework for the management and control of the public purse.

Lawrence and Weber (2017) stipulate, that in developed economies there exist common control functions, among them including; legislative budgeting control function, Auditor-general function and parliamentary oversight function that are very useful for checks and balances on the public finances. The genesis of the study lies in the recognition of the critical role played by these financial control functions in promoting good governance and safeguarding public resources. As such, the motive of this study is to comprehensively evaluate the effect of various financial control functions on financial accountability within the context of Nairobi County, Kenya. Accordingly, Schick (2019) notes a strong arrangement of control activities for public finances improves the unwavering quality of the accounting information, it likewise improves consistency with appropriate laws or legally binding commitments and advances operational efficiencies. The structure of the control function and its execution is aimed at providing sensible confirmation regarding meeting the set objectives in the organization; hence, this structure can be grouped into three segments to guarantee the tasks of the organization being undertaken, the segments are; operational, compliance and financial reporting.

Auditor General function at times is referred to as a controller general or comptroller and auditor general. Normally the position is held by a senior civil servant charged with improving government accountability by auditing and reporting on the government's operations (Kwaza, 2018). The Auditor-General submits the results of his audit to the Legislature through its Public Accounts Committee (PAC); hence, the PAC acts on the report by inviting accounting officers to appear before it where needed (Muhunyo & Jagongo, 2018).

Despite the role of the Controller and Auditor General in promoting accountability through scrutiny of financial information and identification of fraud and embezzlement, the law cannot allow the Auditor General to take any action even if he comes across fraud apart from just reporting. The office of the Auditor General suffers from legal mandates as well as organizational problems hence serious remedies should be taken to secure transparency and accountability in the utilization of public funds (Ndegwa & Mungai, 2019)

In the study by Wambire and Bagonko (2019), the Auditor-General's Effectiveness in discharging his oversight is mandated and governed by the Constitution but he has no tooth to bite. The office only points out irregularities, and misappropriation of government funds and properties, however, he cannot sanction the officials involved in financial misuse. Apart from the fact the partnership between the Auditor General Office, Treasury and Public Accounts Committee in assisting the Auditor General in discharging its functions, the permanent secretaries of the Ministries rarely inform the Public Accounts Committee of irregular financial or unauthorized expenditures as required by auditing law. During the audit, the Auditor General could observe expenditures exceeding the appropriation approved by parliament but public account committee members vet and make their recommendations.

In the study by Olszak and Ziemba (2021) on audit controls, internal audit, control environment and control activities are considered quite very relevant in making up the audit and general function; hence inefficiencies arise in control activities means the whole system of control function could produce ineffective results that could also lead to poor accountability of public resources. Van, Sang and Hong (2021) advocated for corrective controls being very important for audit and general function, especially for future performance improvements; hence, the scholar suggested internal controls being put in place to remedy an occurrence of a risk or a loss, ultimately strengthens the detective internal controls that as well strengthen the auditor and general function.

Sale and Ndubisi (2018) asserted policies are some of the audit corrective control measures widely used by organizations and more so the organizations must ensure that they create strong technical internal controls that allow the auditor general to function flexibly and be productive in terms of results that make accountability pronounced. Wambire and Bakongo (2019) suggested when set-up policies are initiated with professional quality, such policies ensure the highest value is achieved through the auditor general function; hence could be achievable by linking up activities with risk management policies of the public organizations with consideration of objectives of the organizations and compatibility of available resources of the organizations.

A study by Ndegwa and Mungai, (2019), on the Influence of Internal Control System was a strong duty of the auditor’s function on Financial Management in the Ministry of Finance, Kenya, and the study focused on a sample of 97 employees drawn from a target population of 128 employees in the ministry of Finance. The study findings reflected Auditing function had a significant positive influence on the Ministry’s Financial Management; hence one of the study recommendations was the adoption of a reliable internal audit control function in the organization’s operations.

Schick (2019) notes a strong arrangement of control activities of the auditor general function, improves the unwavering quality of the accounting information, it likewise improves consistency with appropriate laws or legally binding commitments and it advances operational efficiencies. The structure of the auditor general function and its execution is aimed at providing sensible confirmation regarding meeting the set objectives in the organization; hence, this structure can be grouped into three segments to guarantee the tasks of the organization being undertaken, the segments are; operational, compliance and financial reporting.

Ndegwa and Mungai (2019) suggested an audit and general function normally has a framework that guarantees the nature of inside and outside reporting as such, would embrace the maintenance of the accurate records, processes and procedures that would yield to a progression of opportune, pertinent and solid data from inside and outside the firm, an audit and general function likewise guarantees compliance with appropriate laws and regulations, and inward policies concerning the conduct of transactions.

In analyzing the roles and challenges associated with the Auditor General function, it becomes apparent that while the position holds significant potential for enhancing government accountability, various constraints hinder its effectiveness. The observations made by Kwaza (2018) regarding the pivotal role of the Auditor General in promoting transparency through rigorous auditing resonate with my perspective on the importance of this function in governmental oversight. Similarly, insights from Muhunyo and Jagongo (2018) concerning the Auditor General's interaction with the Public Accounts Committee highlight the collaborative nature of accountability mechanisms within government structures. However, as noted by Ndegwa and Mungai (2019), legal restrictions limit the Auditor General's ability to take direct action against irregularities, underscoring the need for legal and organizational reforms to bolster accountability mechanisms. While the Auditor General function holds promise for enhancing governmental accountability, addressing legal and organizational constraints is essential to maximizing its effectiveness in promoting transparency and accountability.

Statement of the Problem

Globally, organized public institutions need to have planning systems for control of misuse of public resources for enhancement of the sustainability of the same. Despite the existence of regulatory procedures and financial control functions established by the Kenyan Treasury and other government agencies, the continued misuse of public resources at both the national and county levels remain a persistent challenge. Scholars have noted the ineffectiveness of the Auditor General (Muhunyo & Jakongo, 2018). This failure to ensure financial accountability undermines the sustainability of public institutions and erodes public trust in governance.

The promulgation of the Kenyan Constitution in 2010 vested power over public finances in the Executive, Legislature, and the Office of the Auditor General, with the expectation that robust financial accountability mechanisms would be established. However, despite legislative mandates and regulatory frameworks such as the Public Finance Management Act of 2012 and the Public Procurement and Asset Disposal Act of 2015, the implementation and enforcement of these regulations have been inadequate, leading to a lack of accountability in the management of public resources.

Past research on Auditor and General function has primarily focused on performance metrics rather than directly addressing the issue of financial accountability (Mutua & Wamalwa, 2017; Njahi, 2017). This gap in the literature highlights the need for a focused investigation into the influence of government financial control functions on the promotion of financial accountability in the public sector, particularly within the County Government of Nyandarua, Kenya.

Given the critical role of financial accountability in ensuring the effective and efficient utilization of public resources, it is important to address the gaps in our understanding of the factors influencing accountability mechanisms. By illuminating the relationship between Auditor and General function and financial accountability, this study aims to provide actionable insights for policymakers and government officials to strengthen governance

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practices and restore public confidence in the management of public finances.

Study objective

To examine the effect of Auditor and General function on financial accountability of Nyandarua County Government, Kenya.

Research Hypothesis

There is no significant effect of Auditor and General Function on Financial Accountability of Nyandarua County Government, Kenya.

LITERATURE REVIEW

Theoretical Literature Review;

Agency Theory

It was formulated by Jensen and Meckling in 1976 and is based on the relationship between the agent and that of the principal. An agency relationship refers to a contract whereby the principal engages the agent to carry out some services or activities and delegates the decision-making powers. It also explains the multi-faceted relationships between the government and the other agencies. In the background of government organizations, such as the National Government and County government, the agency theory explains the principal-agency relationship whereby the citizens being the principal give the authority and power to the governments to carry out the mandate on their behalf. The citizens' interests are in the case of public finance management held by the financial management control institutions and provide financial accountability to county governments (Hassan, 2018).

The agency theory's major assumption is that there is always a potential conflict of interest existing between stakeholders and the management, which is driven by various interests thus necessitating the need for monitoring and control of initiatives. Secondly, Hendriks (2017) criticized agency theory by arguing that the peripheral costs incurred in monitoring the agents tend to be higher as compared to the marginal cost incurred in the franchise's contractual agreement. The third criticism is that, during the formulation of the possession, there are problems with the controlling functions whereby the management shadows their interests instead of their shareholders (Ahmed & N'gang'a, 2019).

In the agency theory, the agents are expected by the shareholders to make informed and corrective decisions that are in tandem with those of the principal. Where the challenge arises when the agent unavoidably makes decisions that capture the principal's interests (Ahmed & Ng'ang'a, 2019). The theory fits well with the variables under study since it holds that county governments working for a public entity ought to account for their tasks and responsibilities. Hence other government agencies are contracted to act on behalf of the citizen to provide financial accountability. Contextually, agency theory is very crucial. Financial accountability and financial control functions are well managed through this theory since resources are provided by the public and provided to agencies to apply such resources well and ultimately should be accountable to the public, more so for austerity measures, the financial control functions should be enshrined in the entire process.

In examining the agency theory's implications for financial accountability within government institutions, it becomes evident that the dynamics between principals and agents play a crucial role in shaping governance practices. Jensen and Meckling's formulation of the agency theory sheds light on the complexities inherent in the principal-agent relationship, particularly within the context of public finance management. While the theory posits that agents are expected to act in the best interests of principals, criticisms from scholars such as Hendriks highlight the challenges and limitations associated with implementing this theory in practice. These insights bring out the need for a proper understanding of the factors influencing financial accountability and the role of government agencies in ensuring transparency and efficiency in resource allocation. As researchers, our analysis aims to bring forth the complexities and contribute to ongoing debates surrounding governance practices and accountability mechanisms within the public sector.

Stewardship Theory

It was advanced by Donaldson and Davis (1991) to explain the link between the steward and the firm inclusive of the managers and owners. The stewardship theory is rooted in sociology and psychology paradigms where the theorists, Donaldson, Schoorman and Davis (2018) define a steward as a "person who is mandated with the task of protecting and maximizing the wealth of shareholders by realizing organizational performance, since by so doing, there is full maximization of utility functions. In the lens of this theory and the context of this study, stewards are financial control functions that have been tasked with the role of providing financial accountability roles to the counties. Further, the theory does not emphasize much individualism, but rather the role of financial control functions who are assumed to be stewards and are therefore anticipated to integrate their goals for the good of the firm.

The stewardship theory assumes that stewards gain their motivation and satisfaction when a firm attains its intended success. The stewardship theory further recognizes the centrality of structures that have been built to empower the steward by offering maximum autonomy that is premised on trust. In addition, stewardship theory rests its loins on the financial control functions to act more autonomously in a bid to ensure full maximization of the returns of shareholders. To support stewardship theory, Simon and Muhamed (2017) posited that as a means of protecting their reputes as key decision-makers in a firm, financial control functions are disposed to act prudently to maximize the financial accountability of counties.

Pankaj and Hare (2019) hypothesized that financial control functions also strive hard for financial management of public resources to be seen as good stewards of their firms, further maintaining that the financial control functions return financial accountability to both establish and invest in a good reputation. The stewardship model suggests that employees should assume and own the position they hold at work as main stewards and handle them with all due diligence. The stewardship theory is applicable in the context of this study since it postulates the possibility of defining and unifying the role of all financial control functions which in essence, would reduce the agency costs and have a bearing on the financial accountability of the counties.

In analyzing the stewardship theory's implications for financial accountability within government institutions, it becomes evident that the theory offers a unique perspective on the role of financial control functions as stewards of public resources. By embracing stewardship principles, financial control functions can align their actions with organizational objectives, fostering a culture of transparency, integrity, and accountability in public finance management. The significance of stewardship theory in defining and unifying the roles of financial control functions is noted, potentially reducing agency costs and enhancing financial accountability within government entities.

Accounting Theory

The accounting theory was developed and advanced by Hendriksen in 1977 and the theory's main concept is to improve accounting and reporting of financials in organizations such that it is not static or fixed at a specific point. The theory is broad in its perspective by looking at all accounting regulations and legislation, its concepts and valuation models, its framework, hypotheses, reporting and theories that allow the academic body to be able to analyze the accounting aspect of any entity. The theory states that any accounting for an entity must be bound by set rules and regulations that determine the actions and behaviors of people in the accounting sector. At the same time, any accounting measures and activities adopted by an entity must be comprehensible and reliable (Watts & Zimmerman, 2020)

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According to the accounting theory, it is essential for accounting that is adopted in entities to abide by the generally accepted rules and standards set, such as to avoid cases of chaos within the operations of an entity (Gaffikin, 2018). One of the founding rules of accounting is that it should agree with the truths in the economic systems and functions and the business enterprises to apply the law by adopting the common law and also the set regulations. As such these County governments must adopt the accounting practices as dictated by the PFM Act and other accounting bodies to ensure prudent use of public funds. The county government in line with accounting theory precedents will be able to have in place budgetary controls, financial controls, monitoring and accountability measures to realize high performance and quality service delivery to the people. This theory then advocates for the adoption of public financial management practices including budgetary controls, financial controls, monitoring and accountability for effective financial performance.

The accounting theory looks at uniformity in accounting practices and reporting measures across all systems and operational areas. The theory creates an operating framework that makes sure that all the practices used in accounting adopt the aspect of uniformity and conformity (Malmi, & Granlund, 2019). The theory operates on the duality of the basic economic truths; where its propositions are accepted in the economic order and these propositions apply both in the economic and natural laws. Such specific causes generate specific consequences, which are applied in the study as it exposes the value of sound financial management practices within the county for high financial performance. This theory suits well for the dependent variable (financial accountability)

Accounting theory underscores the importance of uniformity in accounting practices and reporting methodologies across all operational domains (Malmi & Granlund, 2019). This emphasis on uniformity creates a cohesive operational framework that ensures consistency and conformity in financial reporting, thereby enhancing transparency and comparability. Operating on the foundational principles of economic truths, accounting theory emphasizes the interconnectedness between financial management practices and organizational outcomes. As such, it provides a compelling rationale for prioritizing sound financial management within County governments, highlighting its pivotal role in fostering financial accountability and performance excellence.

New Public Management Theory

It was first developed by Hood (1991) and its key component is developing administrative philosophies that are outcome-oriented and productive. The theory is based on seven aspects namely; performance management, control of outputs, shifting units within the public sector, setting explicit standards, competition and stress over the adoption of private sector management. According to Kaboolian (2018), the theory's main focus is to increase efficiency in service provision among governments and governing agencies and institutions. The theory emphasizes practices that deal with ethical conduct, responsibility, fair and equitable treatment of persons and adherence to the law. Therefore, the theory plays an important role in explaining how best to improve financial management in the areas of the public sector for high-quality service delivery.

The new public management theory focuses on citizens at its core and advocates for the use of decentralized service delivery models and platforms to better service delivery to the general public and community members. The local government agents are then charged with formulating programs and initiatives that reduce costs, expenses and wastage of public resources. Simonet (2019) shared that the key aspects of new public management theory include value for money, financial control, increasing efficiency in service provision lines, and monitoring and measuring performance against the targets. Thus, there is a need for audits, benchmarks and evaluations of the systems, and structures that impact the overall performance. NPM has been effectively applied in most of the developed nations such as Australia, the UK and the USA and has resulted in the prudent use of public resources.

Conceptual Framework

The Auditor General's Function		**Financial Accountability**
▪ Timely Reporting by the Auditor General ▪ Integration with other functions supporting accountability ▪ Work diversification and individual ownership	→	▪ Publication of county strategies and documents ▪ Financial control functions within the counties ▪ Accountability rating compared with other counties
Independent Variable		**Dependent Variable**

Figure 1: Conceptual Framework

METHODOLOGY

Research Design

Descriptive research design was adopted to carry out the study considering that this type of design takes the situation circumstance the way it is without any alteration. Leavy (2017) suggests descriptive research design is a study conducted to determine the characteristics of a particular element or factor. Mugenda and Mugenda (2003) define research design as the establishment of a course of action or steps that the Researcher followed to gather data that would be analyzed to come up with conclusions for a research study. According to Leavy (2017), research design can also be defined as the strategy a researcher utilizes to incorporate different study components in a logical technique to identify a solution to a research problem.

Target Population

A target population, according to Mugenda and Mugenda (2003), is an amalgamation of all individuals who share certain features. The study was a Case Study of Nyandarua County,Kenya, hence the employees were respondents.

Sampling Frame

A sampling frame is a list of all the items in the population (Cooper & Schinder, (2007). That is, it is a complete list of everyone or everything you want to study or a list of things that you draw a sample from. In this study it consisted of senior officers of Nyandarua County, Kenya.

Sample Size and Sampling Procedure

According to Cooper and Schindler (2014), a sampling frame is a list of elements from which the sample is collected and closely associated with the population. From the sampling frame, the required number of subjects, respondents, elements and firms were selected to make a sample, it would be important when the sampling frame is unbiased, current and accurate (Sekeran & Bougie, 2016). The sample frame was drawn from 25 wards of Nyandarua County. For ease of field data collection; only persons who were in a position of decision-making were considered in every ward and hence consisted of; the human resource officer, finance officer, purchasing officer, ICT manager and internal auditor. Since the target population is 425 respondents that could be represented by at least 17 respondents from every ward, a sample of 201 respondents was used in the study based on Krejcie and Morgan formula for determination of sample size of research activity.

Research Instrument

The data collection instruments are defined as tools that the researcher uses for the collection of data such as questionnaires, secondary data collection templates, and interview guides among others

(Thomas, Oenning & Goulart, 2018). For this study, a structured questionnaire was used as an instrument of data collection. The questionnaire allows for uniformity of responses to questions. The questionnaire is a fast way of obtaining data as compared to other instruments (Mugenda & Mugenda, 2003).

Pilot Test

Pilot testing implies the process of carrying out a small-scale trial run of the investigation before the commencement of the proper survey; hence enables the researcher to ascertain the effectiveness of the questionnaire instrument, make sure that everyone in the survey not only understands the questions but understands them in the same way (Sekeran & Bougie, 2016). Engaging piloting process implies a small-scale preliminary study the researcher conducts to evaluate the feasibility, time, cost and diverse events in an attempt to predict an appropriate sample size and improve upon the design before the performance of a full-scale research project in the county. The researcher tested the research instruments to ascertain their validity and reliability. The researcher administered the questionnaire to 10 % of the sample to the senior personnel responsible for decision-making in the Nakuru county, who were not part of the major study in Nyandarua County, Kenya as supported by Mugenda and Mugenda (2009) in most studies.

Data Analysis

Data collected from the field was coded, cleaned, tabulated and analysed using both descriptive and inferential statistics with the aid of specialized Statistical Package for Social Sciences (SPSS) version 24 software. The output of the analysis was presented using tables to make them reader-friendly.

Descriptive statistics such as frequencies and percentages as well as measures of central tendency (means) and dispersion (standard deviation) were used. Data was also organized into graphs and tables for easy reference.

Further, inferential statistics such as regression and correlation analyses were used to determine both the nature and the strength of the relationship between the dependent and independent variables. Correlation analysis was used together with regression analysis to measure how well the regression explains well the variations of the variables. The multiple regression plus correlation analyses were based on the association among the variables of the study.

$y = \alpha + \beta_1 X_1 + \varepsilon$

Where;

Y= Financial Performance

α =constant

β_1 = parameter estimate

X_1 = Auditor and General Function

ε is the error of prediction.

FINDINGS AND DISCUSSION

Response Rate

The total population of the study was 425 persons of Nyandarua County employees, where a sample of 201 was targeted. A total of 201 questionnaires were delivered to the respondents but 148 questionnaires were filled and returned; hence, this represented a 74% response rate, which is quite suitable for the study. This response rate was favorable according to Mugenda and Mugenda (2003) who asserted that a 50% response rate is adequate for analysis and reporting in research; 60% is good and above 70% is very good for data analysis and reporting.

Descriptive Statistics of the Variable in the Study;

Descriptive Statistics for Auditor and General Function

In evaluating the impact of the Auditor General function on financial accountability, respondents shared their views on several aspects. Firstly, they considered the timeliness of activities and reporting. Approximately half of the respondents agreed that the Auditor General function conducts activities within the stipulated time limits, yielding a mean score of 3.71 and a standard deviation of

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1.15. This suggests a moderate perception of adherence to timelines, although there was some variability in responses.

Moreover, a majority of respondents noted the Auditor General function's prioritization of reporting deficiencies, resulting in a mean score of 4.13 and a low standard deviation of 0.80. This indicates a strong consensus on the function's focus on deficiencies in financial accountability processes. Additionally, over half of the respondents believed that the Auditor General function comprises professional personnel for better reporting quality, with a mean score of 4.09 and a standard deviation of 0.93. This reflects a prevalent belief in the professionalism of the function, although responses varied.

Respondents also acknowledged the existence of a work diversification scheme within the Auditor General function. A significant majority affirmed its effectiveness in compelling individual professionals to take ownership of their work, resulting in a mean score of 4.22 and a low standard deviation of 0.72. Furthermore, respondents considered the integration of the Auditor General function with other accountability functions, with a mean score of 3.99 and a standard deviation of 1.10. While a moderate perception of integration was noted, there was some variability in responses.

Overall, respondents held a generally positive perception of the Auditor General function's role in enhancing financial accountability, with a grand mean of 3.78 and a standard deviation of 0.94. The relatively low variability in responses underscores the consistency of this perception across respondents.

Nzewi et al., (2018) conducted a critical review of the oversight role of the office of Auditor General in Financial accountability in South Africa where the study points out challenges facing the Auditor General in ensuring effective actions are taken to work upon audit findings and recommendations directed to the audited entities. The study revealed that the CAG lacks the legal mandate to enforce the recommendation. It was further noted that CAG ends up producing an audit report and recommendation and hand over to the parliament but he lacks legal authority to prosecute and take disciplinary actions in case there is misappropriation or misuse of funds. Although, the CAG office has no power to impose sanctions also CAG reports are rarely debated in Parliament. Failure to have the power to enforce recommendations is a major setback for the proper functioning of the Controller and Auditor General hence affecting the implementation of resolutions aimed at improving accountability.

Inferential statistics

Table 1: Correlation Analysis

		Auditor& General function	Financial accountability
Auditor& General function	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	201	
	Sig. (2-tailed)	.000	
	N	201	
Financial accountability	Pearson Correlation	.165**	1
	Sig. (2-tailed)	.000	
	N	201	201

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

*Correlation is significant ay the 0.05 level (2-tailed)

Source: Author (2024)

There was a weak positive correlation between the Auditor & General Function and Financial Accountability ($r = 0.165$, $p < 0.01$), indicating that improvements in the auditor and general function may slightly increase financial accountability.

Analysis of linear regression;

Linear influence of Auditor and General Function on financial performance

This tested the direct influence of Auditor and General function on financial performance in Nyandarua County, Kenya. The results are shown table 2.

Table 2: Regression Analysis

Model Summary						
Model Summary	R	R^2	Adj. R^2	Std. Error		
Model	R	R^2	Adj. R^2	Std. Error		
A						
ANOVAa		Sum of Squares	Df	Mean Square	F	Sig.
Model		Sum of Squares	Df	Mean Square	F	Sig.
A						
	Regression	30.425	4	7.606	10.377	0.001
	Residual	71.107	97	0.733		
	Total	101.522	201			
Coefficientsa						
Model		Un-standardized. Coefficients		Standardized Coefficients	t	Sig.
A		Beta	Std. Error	Beta		
	(Constant)	1.366	0.274		4.985	0.001
	Auditor and General function	0.279	0.047	0.340	5.936	0.001

$y = 1.366 + \boldsymbol{0.278X_3}$

Where;

y = financial performance of Nyandarua County, Kenya.

X_3 = Auditor and General function

Testing of study hypotheses

Effect of The Auditor General's Function on Financial Accountability of The County Government of Nyandarua

Study hypothesis **(H_{02})** stated that the auditor general function does not significantly influence the financial accountability of the county government of Nyandarua. Multiple regression results indicate that the auditor and general function significantly influence the financial accountability of the county government of Nyandarua (β = 0.279 (0.047) at *$p<0.05$*). Hypothesis two is therefore rejected. The results indicate that a single improvement in effective auditor and general function would lead to a 0.279 unit increase in the financial accountability of the county government of Nyandarua.

Gordon and Mohammed (2017) examined the impact of internal control variables on financial performance among five health institutions in the region using an ordered logistic regression model for a sample of fifty (50) respondents. The study found a positive relationship between internal controls and financial performance. However, only three of the control variables remained significant with values less than 5%. The study recommended that the governing body of the institutions, possibly supported by the audit reports implementation committee (ARIC) should ensure that the appropriate internal control systems recommended by the auditors in health institutions are monitored periodically.

CONCLUSIONS AND RECOMMENDATIONS

This tested the influence of the auditor and general on the financial accountability of the county government of Nyandarua. The study found that the auditor and general influenced the financial accountability of the county government of Nyandarua. The majority of the respondents of the county government of Nyandarua supported the sentiments of the relationship between auditor and general function on the financial accountability of the county government of Nyandarua.

The auditor and general function carry on activities within stipulated times and as such reports should be availed for public comments. The auditor and general function employ professionals that diligently report deficiencies to the public and more so such professionals should own up their reports to the public for accountability purposes. The auditor and general function are integrated with other functions of the public sector organizations for accountability reasons. Lastly, the auditor and general function is anchored on the national government norms of operations where the public resources' accountability is a priority. The study results support earlier research that found that improvement in the auditor and general function influences the financial accountability of public resources.

The Auditor and General Function have a significant relationship with the financial accountability of the county government of Nyandarua, Kenya. This indicates how flexible the processes and components of the audit and general function could be easily applied by the auditors to enhance the financial accountability of a public sector organization recommendations.

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