

**EVALUATION OF OBJECTIONS TO AUDITING OF NATIONAL GOVERNMENT
CONSTITUENCY DEVELOPMENT FUND IN PUBLIC SCHOOLS IN HOMA BAY
TOWN CONSTITUENCY**

CALVINCE OKOTH OTIENO

BUS-G-4-0449-17

**A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS IN
PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE
DEGREE IN THE BACHELOR OF COMMERCE IN ACCOUNTING AT GRE TSA
UNIVERSITY-THIKA**

NOVEMBER, 2020

STUDENT'S DECLARATION

This research project is my original work and has not been presented for award of degree or for any similar purpose in any other institution.

SIGNATURE: 

DATE: 12/12/2020

NAME: CALVINCE OKOTH OTIENO

REGISTRATION NO.: BUS-G-4-0449-17

SUPERVISOR'S DECLARATION

This research project has been submitted with my approval as the university supervisor.

SIGNATURE: 

DATE: 10/12/2020

NAME: DR. ODHIAMBO ODERA

DEPARTMENT: SCHOOL OF BUSINESS

Gretsa University - Thika

DEDICATION

I would like to dedicate this work to my dear parents Mr. Otieno George Ayiera and Mrs. Pamela Ayiera both whom have always supported and wished me all the best in everything that I do. I also dedicate it to my brother Biffone Ochieng and my sister Phina Achieng for the support they normally give to me.

ACKNOWLEDGEMENT

I would sincerely like to express my gratitude my God for caring for me tenderly and guiding me throughout this process of preparing this research proposal. He has shown me love and support for giving me good health in this whole process.

I also want to show my sincere gratitude to my supervisor Dr. Odhiambo Odera for helping me developing this idea into an actual reality. I would also like to thank him for guidance, support and participation throughout the process.

It is also my sincere pleasure to give my gratitude to the department of the School of Business, Grets University-Thika under its' ably leadership of Mr. George Mugwe for their great support as far as my academics is concerned.

In addition, I would also like to sincerely thank all my fellow students and friends who helped me gather this idea.

Table of Contents

STUDENT’S DECLARATION	Error! Bookmark not defined.
SUPERVISOR’S DECLARATION	Error! Bookmark not defined.
DEDICATION	iii
ACKNOWLEDGEMENT	iv
LIST OF TABLES	viii
LIST OF FIGURES	ix
ABBREVIATIONS AND ACCRONYMS	x
OPERATIONAL DEFINITION OF TERMS	xi
ABSTRACT	xii
CHAPTER ONE: INTRODUCTION	1
1.1 Introduction.....	1
1.2 Background to the Study.....	1
1.3 Statement of Research Problem	5
1.4 Purpose of the Study	6
1.5 Conceptual Framework.....	6
1.6 Research Questions	7
1.7 Objectives of the Study	8
1.7.1 General Objective	8
1.7.2 Specific Objectives	8
1.8 Significance of the Study	8
1.9 Scope of the Study	9
1.10 Limitation of the Study	9
CHAPTER TWO: LITERATURE REVIEW	10
2.1 Introduction.....	10
2.2 Audit of NG-CDF Projects in Public Schools	10
2.3 Review by Working Environment	12
2.4 Review by Audit Fee	12
2.5 Review by Staffing at the Auditor’s Office	13
2.6 Theoretical Framework.....	14
2.6.1 The Need Theory	14

2.6.2 The Agency Theory	15
2.7 Summary of Identified Gaps in the Reviewed Literature	16
CHAPTER THREE: RESEARCH METHODOLOGY	17
3.1 Introduction.....	17
3.2 Research Design.....	17
3.3 Study Area	18
3.4 Target Population.....	18
3.5 Sampling Techniques.....	19
3.6 Sample Size.....	19
3.7 Measurement of Variables	20
3.8 Research Instruments	22
3.9 Validity of Measurements	22
3.10 Reliability of Measurements	23
3.11 Data Collection Techniques	23
3.12 Data Analysis	24
3.13 Logistical and Ethical Consideration	24
CHAPTER FOUR: FINDINGS AND DISCUSSION	25
4.1 Introduction.....	25
4.2 Response Rate.....	25
4.3 Demographic Information of the Respondents	26
4.3.1 Gender of the Respondents	26
4.3.2 Age Group of the Respondents	26
4.3.3 Level of Education of the Respondents	27
4.3.4 Period of Service.....	28
4.4 Work Environment.....	28
4.4.1 Frequency of Visit to the NG-CDF Projects in Public Schools by the Auditors	28
4.4.2 Extent to Which the Work Environment Affects the Audit of the Project.....	30
4.4.3 Opinion on How the Work Environment Affects Audit of NG-CDF Projects in Public Schools in Homa Bay Town Constituency	30
4.5 Audit Cost	31
4.5.1 Influence of Respondents on the Audit Fee of the NG-CDF Projects in the Schools.....	32

4.5.2 Influence of the Audit Cost on the Audit of the NG-CDF Projects in Public Schools in Homa Bay Town Constituency.....	33
4.5.3 Opinion on the Effect of Audit Cost on the Audit of NG-CDF Projects in the Public Schools in Homa Bay Town Constituency	34
4.6 Audit Staff.....	34
4.6.1 Audit Office Staffing Influence on Audit of the NG-CDF Projects in the Public Schools.....	34
4.6.2 How the Audit Staff Could Affect the Audit of the Projects	36
4.6.3 Clarification on How the Audit Staff Challenges Effective Audit.....	38
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	39
5.1 Introduction.....	39
5.2 Summary	39
5.3 Conclusion	40
5.4 Recommendations for Policy	41
5.5 Recommendations for Further Research.....	42
REFERENCE	43
APPENDICES	46
4.1 Appendix 1: Letter of Introduction	46
4.2 Appendix 2: Questionnaire for the Study	47

LIST OF TABLES

Table 1: Sample size -----	20
Table 2: Measurement of Variables -----	21
Table 3: Factors to consider in computing audit fee -----	26
Table 4: Influence of Audit Staffing -----	36
Table 5: How Work Environment Affects Audit -----	38

LIST OF FIGURES

Figure 1: Conceptual Framework -----	07
Figure 2: Gender of the Respondents -----	27
Figure 3: Age Groups -----	28
Figure 4: Level of Education-----	29
Figure 5: Period of Service -----	29
Figure 6: Visit Frequency to the Projects -----	30
Figure 7: Effects of Environment on the Audit -----	32
Figure 8: Influence of the Respondents on the Audit Cost -----	34
Figure 9: Influence of Audit Cost on the Audit Quality -----	35

ABBREVIATIONS AND ACCRONYMS

NG-CDF:	National Government Constituency Development Fund
NG-CDFC:	National Government Constituency Development Fund Committee
PMC:	Project Management Committee
IAASB:	International Auditing and Assurance Standards Board
IFRS:	International Financial Reporting Standards
IRS:	Internal Revenue Service
UNESCO:	United Nations Educational, Scientific and Cultural Organization
UIS:	UNESCO Institute for Statistics
ICA:	International Co-operative Alliance
MP:	Member of Parliament
NG-CDFB:	National Government Constituency Development Fund Board

OPERATIONAL DEFINITION OF TERMS

Project: this is any task, done by a person or by a group, either construction or not involving a research that is carried out as per planned to achieve a set aim.

Audit opinion: the letter issued by independence auditors to its client as the result of auditors' examination on client's financial statements

Audit quality: this is the process of delivering a fair and accountable audit opinion as per the set policies and guidelines of audit practice.

ABSTRACT

Auditing has been a major player in the development in the growing economies across the world. Audit is the examination of financial statements on an organization or institution on behalf of the users of the statements with an aim to detect fraud and errors. NG-CDF was formed by the Act of parliament in 2003 and amended in 2007, 2015 and 2016 to bring about socio- economic development of the people at the constituencies level in order to reduce poverty and enhance regional equity and they are audited to ensure accountability. The researcher therefore examined the challenges affecting auditing of NG-CDF projects in public schools in Homa Bay town constituency. The threats to the auditor's independence and the loss of assurance by stakeholders in the ability of a financial statements audit to ensure accountability in the stewardship of the NG-CDF projects in public schools in Homa Bay town constituency raises questions on whether audits are relevant. It is in this context that this study was carried out. Literature was reviewed as per the objectives of the study, both general objectives and specific objectives. This research used descriptive survey method. The research used questionnaires to collect information and the data has been collected from Homa Bay town constituency. The findings were analyzed and conclusions and recommendations given.

CHAPTER ONE: INTRODUCTION

1.1 Introduction

The first chapter has focused on the overview of the topic of the research. The chapter has begun with the background of this study then followed by the statement of research problem, followed by the purpose of the study, then the conceptual framework, research questions, objectives of the study, hypothesis of the study, significance of the study, scope of the study and limitations of the study.

1.2 Background to the Study

Auditing has been a key player in the development of the growing economies across the world. Audit is examination of the financial statements of a company or an organization with an aim of coming up with a report to ensure fairness and credibility of financial records presented as they claim in the transactions they represent (Touville, 2019). Expressively, auditors give opinion on the credibility and fairness of the comprehensive financial statements that are presented. Audit opinion is useful to the users of the financial reports as it help them in decision making hence an assurance that the information are accurate and credible is a satisfaction to them on their achievements. It is upon the auditors to objectively apply their skills and experience so as to raise reliance on their reports and the financial statements that they have audited fairly, accurately and objectively by the decision makers and the users of their opinions (Al-Khadash, Al-Nawa & Ramadan, 2013). Basically, there are three main types of audits which include; internal audit, external audit and IRS audit. Auditors are obligated to act in accordance with the International Standards on Auditing (ISA) as per (PricewaterhouseCoopers, 2018) which is globally accepted.

To ensure accountability for the public funds in every constituency across the country so as to achieve the projected development goals, auditing has been put in place to enhance this.

NG-CDF was formed by the Act of parliament in 2003 and amended in 2007, 2015 and 2016 to bring about socio- economic development of the people at the constituencies level so as empower the constituents from poverty. The fund is supposed to facilitate projects under the national government such as education and security and it is financed by the National Treasury. According to the section 11 of NG-CDF Act of 2015, the fund is audited by the auditor general who reports directly to the National Assembly yearly. In each and every constituency, the sub-county internal auditor audits NG-CDF and reports to the National Treasury with a copy submitted to the NG-CDFB. All these are put in place to guarantee accountability of the fund to the stakeholders of the fund. Nonetheless, many people have complained of irresponsible financial management and corruption in the fund (Auditor General's report, 2018). Several researches (Nakitare, 2016, Kithinji, 2018 and Wachira, 2019) have been done on the NG-CDF projects across the country and they have all revealed an inconsistency in most of the projects.

According to NG-CDF Act 2015, a NG-CDF Constituency Committee is formed in every constituency to collect project proposal and bursary applications forms in all constituencies and submit them to the NG-CDFB for allocation. If a school is allocated some amount for a project, a Project Management Committee (PMC) is formed to ensure the implantation of the project on behalf of the community. Bursaries are however directly allocated to the beneficiaries through the schools. Each school project has its' own Project Management Committee (PMC) within the Boards of Management.

An audit quality is complicated to define and there is no exact definition of it due to its subjectivity. As per IAASB, an audit quality is the major determiner of the environment upon which the audit has been carried out and it increases the probability that that audit opinion is of quality in the practice consistently. Quality delivery and mastering is at times difficult more so in the areas with high poverty level because quality is all about system and procedures (Masud, 2019). This is the same case to the auditing practice in Kenya as audit quality in the auditing of the stewardship of the NG-CDF projects in the public schools has had issues.

Audit principles offer an independent quality reporting without any form of interference from the users of the financial statements on the processes they have followed in using the resources as to whether they have used the resources as they were supposed to use them according and to the right policies as per Adeniyi, (2004). The independence of an audit is realized by the use of the put up reporting structures by a body and they must be clear to the stakeholders with the common aim to achieve. According to Adeniyi (2004), internal auditors internally check on the credibility and objectivity of the internal controls procedures which are followed in an organization and function through the staff appointed inside the organization.

An improved audit quality would save a lot of time and money and would ensure quality education to the Kenyan students. According to Cordery, Hay and Simpkins (2017), auditing guarantees that public property are used well, it proves stewardship by the government to the public fund, support good governance, help managers in control and political insurance. Auditors should therefore get ample opportunity to carry out auditing of the NG-CDF school projects.

Homa Bay town constituency is an urban constituency which is also the administrative headquarters of the larger Homa Bay County. It has a population of 117, 439 as per Kenya census(2019). It contributes a large number of public schools to Homa Bay county's 2,207. It due to the large numbers of its constituents that it why it was made a constituency on its own by Constitution of Kenya 2010. It would therefore be to best of its residence for the NG-CDF to serve rightfully and get accounted for. However, according to the auditor generals' report on the financial year ended 30th June, 2019, Homa Bay town constituency was among the thirteen constituencies which could not account for their funds (Mwere, 2019). This was due a qualified opinion by the auditor on that financial year.

According to a study by Aizila (2014) in Latvia, the record of proper audit practice and services in the Latvian audit practice has now been in place in more than twenty good years. When this is compared to their neighboring European countries, it is a short period of time difference. Nevertheless, during this period of twenty years, the country's audit profession has improved in faster pace through a commendable trend in the market of audit profession. The core risk factors that existed in the country included, selection to educating of the auditors, behavior, communication, application of audit standard, scheduling for the auditing time and period. Latvia's development of training is almost the same as the legislation of the European Union highly profiled regulators where the qualified auditors have to put more emphasis on the quality of audit as well as trust in their performance without emergence of any disadvantaging factor.

This research has therefore examined the challenges affecting auditing of the projects of NG-CDF in public schools in Homa Bay town constituency. The data has sampled the internal auditor, Homa Bay sub-county along with the external auditors directly concerned in the auditing of the NG-CDF projects in the public schools in Homa Bay town constituency and the NG-CDF Homa Bay town constituency staff members who are either directly or indirectly get involved in the auditing process.

1.3 Statement of Research Problem

The threats to the independence of the auditors and loss of confidence by stakeholders in the ability of a quality audit of the financial statements to ensure accountability in the financial management of NG-CDF projects in public schools in Homa Bay town constituency raises questions on whether audits are relevant. According to Delbridge (2019), it is evident that auditors face a lot of work frustrations which negatively impacts on the audit quality. The problems faced by the auditors whether internal or external, are common globally and they affect their work negatively. Audit faces a lot of challenges both from the body being audited and from the auditors' own side. These challenges include obtaining of tangible evidence and resources to help generate a quality opinion.

Homa Bay town constituency has a higher number of public schools than private schools which depend on NG-CDF for improved infrastructure through construction projects and facilitation of needy students' school fees through the bursaries award. However there has been increasing outcry on the delivery on these projects. A major objective of an audit is to convey an audit opinion on the accountability and accuracy of the information on the financial statements as per IFRS in all objective compliments.

It is therefore audit's objective to validate or invalidate the outcry on the misuse of the fund. However, the auditing process to some intensity faces some challenges in auditing of the fund objectively. It is in this context that this study has looked at the challenges touching on the auditing of NG-CDF projects in public schools in Homa Bay town constituency

1.4 Purpose of the Study

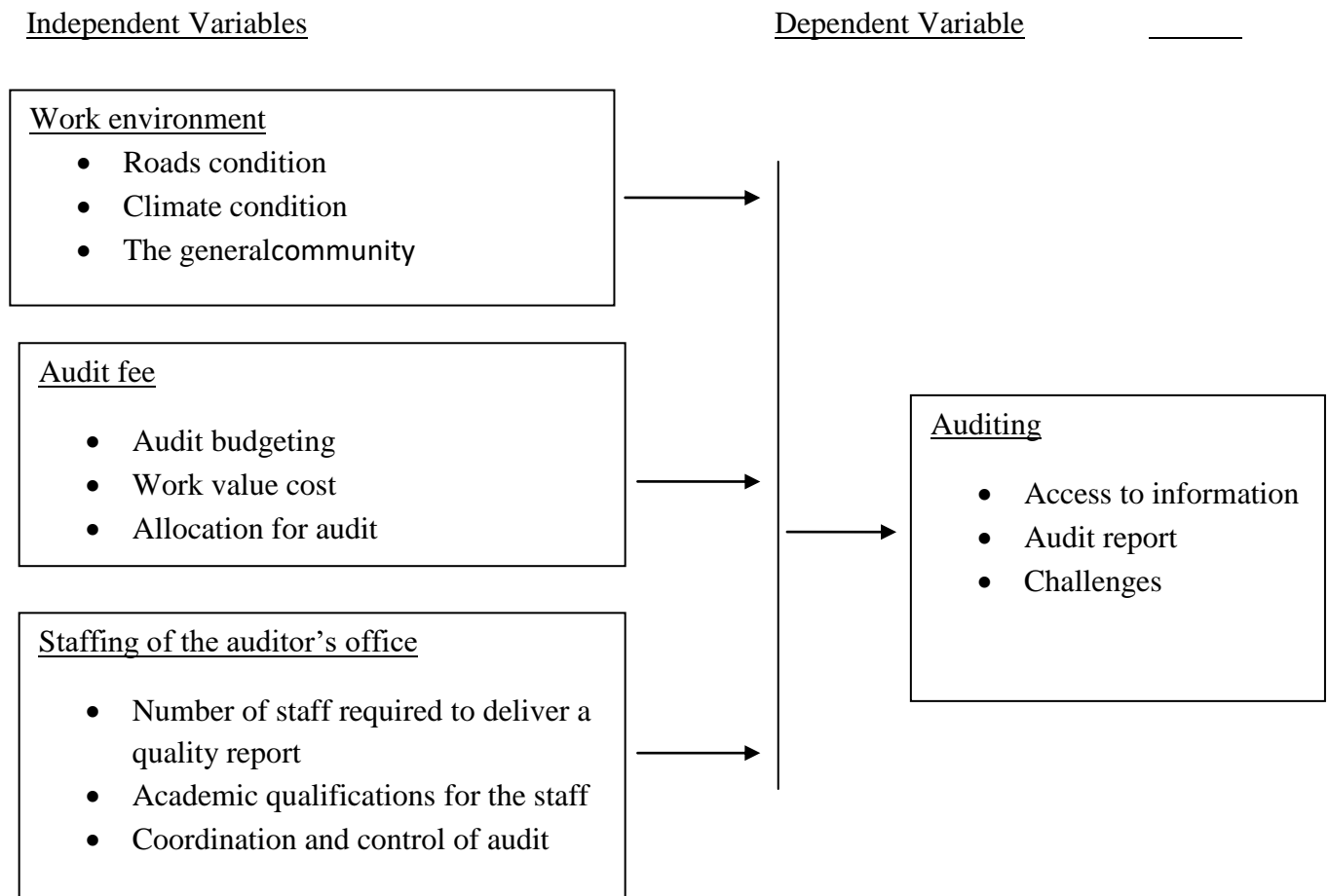
The researcher intended to investigate the challenges upsetting the auditing of the National Government Constituency Development Fund in the public schools in the whole Homa Bay town constituency through this study.

1.5 Conceptual Framework

- a) Working environment – according to a study by Haung, Masli, Meschke and Guthrie (2017), the environment of the places of work influences the audit work of assessing fraud and errors and this will as well influence the final audit reporting
- b) Audit fee—an audit fee is also known as audit cost. It is the amount that is supposed to carter for the entire audit process and the audit services provided as per (Liu, 207) and some standards refer to it as agency cost
- c) Staffing of the auditor's office– staffing is a procedure of recruiting the staff by evaluating their skills, knowledge and then offering them specific job roles consequently.

The conceptual framework in figure 1 below shows how the independent variables directly influence auditing of the NG-CDF projects in the public schools in Homa Bay town constituency which is the dependent variables. If the independent variables are solved then the dependent variable is solved.

Figure 1: Conceptual Framework



1.6 Research Questions

- a.) How does working environment affect auditing of the NG-CDF projects in the public schools in Homa Bay town constituency?
- b.) To what extent does audit fee affect auditing of NG-CDF projects in the public schools in Homa Bay town constituency?
- c.) In which way does staffing of the auditor's office affect auditing of NG-CDF projects in the public schools in Homa Bay town constituency?

1.7 Objectives of the Study

1.7.1 General Objective

The general objective was to find out how auditing related challenges affect auditing NG-CDF projects in the public schools in Homa Bay town constituency

1.7.2 Specific Objectives

- a.) To investigate how working environment affects auditing of NG-CDF projects in public schools in Homa Bay town constituency.
- b.) To assess how audit fee affects auditing of NG-CDF projects in public schools in Homa Bay town constituency.
- c.) To investigate staffing of the auditor's office affects auditing of NG-CDF projects in public schools in Homa Bay town constituency.

1.8 Significance of the Study

The results of this study was meant to assist in solving of the challenges related to auditing of NG-CDF projects in public schools in Homa Bay town constituency which will help in improving the audit quality on the fund. It as well raises awareness to the residents of Homa Bay town constituency on how audit risks affect the use of the fund. The national government can as well be a beneficiary to this study as they can be able to improve on the challenges from their own side through the National Treasury to improve on the stewardship of the public funds. The area legislator as well benefits from this study as he can be able to avoid the audit deficiencies which might emerge from his side as he coordinates the use of the funds through the fund's manager.

1.9 Scope of the Study

This research was conducted to facilitate, analyze and verify challenges affecting auditing of NG-CDF projects in public schools in Homa Bay town constituency and improve the audit report quality. The study was carried out in Homa Bay town constituency and it targeted the internal and external auditors as well as the staff of NG-CDF Homa Bay town constituency offices.

1.10 Limitation of the Study

This research faced a problem in getting the needed data from various targeted respondents as some of the information needed were very confidential and at times the respondents were busy focusing on their own businesses. The research also needed some much time which was not enough as the study was carried out for two months.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter comprises of introduction to the study, review of theoretical literature on the challenges affecting auditing of NG-CDF projects in public schools in Homa Bay town constituency. The literature was reviewed under the following subheadings; audit of NG-CDF projects in public schools, review by working environment, review by audit fee and the review by staffing of the auditor's office.

2.2 Audit of NG-CDF Projects in Public Schools

According to Touvila (2019), auditing is the process of examining the information on the financial statements of an organization to detect fraud or errors hence accuracy in the presentation of the financial statements as per the transactions. As stated in the International Standards on Auditing about fraud and error, an auditor is supposed to check out on the error and fraud risks during the process of practice. Audit can be carried out internally by internal auditors or externally by external auditors. An audit is expected to come up with either an unqualified audit opinion or a qualified audit opinion. An unqualified audit opinion means that there was no any error or fraud detected on the presentation of the financial statements or on the process of carrying out of audit. A qualified audit opinion means an error or fraud has been detected in the financial statements.

NG-CDF was formed under NG-CDF Act, 2015 with main objectives under article 10 to address socio-economic wellbeing of the people in the constituency. This includes quality education and an enhanced security to the constituents among other tasks. According to CDF Act of 2003 and the 2007 parliament amendment, the fund was initially under the legislators but was later transferred to national government by the 2015 Act. Just from the introduction of Constituency Development Fund in Kenya in 2003 several studies have been carried out on some factors that have influenced successful completion of projects funded through the fund in the country. It is for this reason that internal auditors were assigned to audit the use of the fund.

According to a study by Mwinamo (2015), concepts of monitoring, evaluation and project audit are closely related in the context of assessing effectiveness, efficiency and accountability of a project. However there are several factors that negatively affect audit quality (Sharma, Tanyi & Litt, 2017). According to a research by IAASB(2015), the need of a quality audit primarily is upon the auditor but the stakeholders also influence the same as they can support a quality reporting or contrary. Davoren (2015) elaborated that the work of audit faces challenges from various surrounding factors from each organization. It is therefore role of every stakeholder of NG-CDF to ensure that the fund is properly used through and to facilitation an audit confirmation.

It was therefore my aim to help achieve a smooth audit process of the NG-CDF projects in public schools in Homa bay town constituency through the study. I would also like to recommend more research done on the topic as I might not have been able to completely exhaust on it. A further review on the research by IAASB 2015 research on factors affecting the audit quality would bear more fruits on this topic.

2.3 Review by Working Environment

A work environment is the location where an activity is carried out in terms of the geographical condition of the area, physical condition, as well as the demographical conditions surrounding the area. The surrounding of a location of work displays many factors which influence the performance of the workers in their duties. Performance of an employee will be improved by a conducive and inclusive work environment as per (Nanzushi, 2015).

According to a study by Haung, Masli, Meschke and Guthrie (2017), workplace environment of an organization influences the auditor's performance in the risk assessment and the final report quality. This would be in term of the climate of the area where the project is done, accessibility of the project area in terms of roads and even the entire community around the project. This is also a problem that affects the auditing of NG-CDF projects in public schools in Homa bay town constituency.

The research therefore aimed at knowing how this objective affects auditing of NG-CDF projects in public schools in Homa bay town constituency and to come with the solution on how such an issue can be objectively addressed.

2.4 Review by Audit Fee

Audit fee is the financial support that the auditors are given to as an agency fee to carry out the audit activity. The fee is made up of the audit cost, compensation in case of an uncertainty and the income as per (Liu, 2017). The audit of NG-CDF is financed by NG-CDF through the national treasury depending on the auditor budgets on the cost of the process.

According to a research done by Chang, Guo & Mo (2018), audit fee isn't sticky and it varies according to the place where the audit is carried. Auditing fee therefore varies from one constituency to another. This is due to accessibility and different economic condition in the different regions. The study therefore aimed at revealing how the objective has been a problem and to solve the problem. The research however recommends more research on the objective to bring about a more inclusive solution to the problem.

2.5 Review by Staffing at the Auditor's Office

Staffing is a process of recruiting the workers by evaluating their skills, knowledge and then offering them specific job roles consequently. A wide range of skills and expertise and ongoing professional advance are very important to the formation and maintenance of an effective audit activity. According to a study by (Kimwele ,2011), it has been found out that there is short of skillful workers in the public sector and this has led to mass movement of workers to the private sectors which has disadvantaged the service delivery by the government. Homa bay town constituency is large in size and has a high number of public schools where CDF projects are initiated. The internal auditor would therefore need to have a well informed staff to help him the large volume of work.

According to Duh, Knechel & Lin (2020), a good audit quality and objectivity is brought about by the ability of coordinated work and a qualified knowledge by the auditors. It was therefore the researchers' aim to study the objective's effects on the auditing of NG-CDF projects in public schools in Homa bay town constituency.

2.6 Theoretical Framework

The research was actually analyzed using two theories; the need theory and agency theory.

2.6.1 The Need Theory

The study employed the need theory as postulated by David McClelland who built on Henry Murray's (1938) earlier work. The need theory as developed a seasoned psychologist, David McClelland. The model shows how the need for achievement, power as well as affiliation influences the individual performance of a person in management. As per (McClelland, 1961), someone can be motivated by the three needs

Under the need for power, individuals in this class work effectively under the significance of discipline. According to McClelland, the individual in this class enjoys a lot if they are given power, if they win in arguments, conflicts and if they have say over their colleges. This theory is relevant to the study as the auditors would need power and authority to carry out the audit of NG-CDF projects in public schools in Homa Bay town constituency. The need for power would eliminate the challenges that would be up to his/her powers to solve. The theory helps in seeking for the solution to grant auditors the power to command their independence and improve audit quality.

Under the need for affiliation, these individuals value a lot of engagement and getting involved in the group efforts. Proper staffing of the auditor's office would give result to a motivated audit and a quality report. To that extent, the researcher aimed at studying on the need for affiliation and how it would impact the auditing of public school in Homa Bay town constituency.

Under achievement need, these people have a preference for work with minimum problems, they value individual effort than any other thing and they value appraisals on their work. An individual under this theory works hard to avoid any kind of risky circumstances. Auditors should not be subjected to audit risks so as to achieve a quality report. This was the reason for the research on challenges affecting auditing of NG-CDF projects in public schools in Homa Bay town constituency.

2.6.2 The Agency Theory

The agency theory is a theory that is used to elaborate and determine the working relations between an agent and a principle. It describes audit as a way for eliminating the agency expenses as per (Jensen Meckling, 1979 and Watts and Zimmerman, 1983). It is also for justifying the probability of convenient reporting from the managers as per (Sunders, 1999), whereby a considerable intensity of evidence exists in every sector, whether public, private or non profit.

In accordance to ICA (2005), agency theory is a valuable financial theory on responsible spending as it assists to elaborate the process of audit on how it should generally be understood. Sequentially, to better explain the relativity in-between the opinions, it has distanced two variables used in the principles such as NG-CDF stakeholders on one side against agents such as, auditors on the other side. Thus, the model suggests that a principle can't trust his agent and will try as much as possible to deteriorate his work so as to serve his own interest against his agent's (ICA, 2005). Therefore the research aimed at protecting the independence of auditing NG-CDF projects in public schools in Homa Bay town constituency.

2.7 Summary of Identified Gaps in the Reviewed Literature

According to UNESCO & USI (2019), sub-Saharan Africa has the highest number of children out of school due to poverty. The higher poverty has poverty level has caused many children to be unable to raise fee to facilitate their education and to improve schools infrastructure status so as to absorb a high number of learners. It is for this reason that a larger allocation has been put aside in NG-CDF to improve the socio-economic muscle o f the people.

However, the funds have been mismanaged in some occasions in some constituencies which has significantly has raised the public outcry. The audit of the fund in the school projects has also not been satisfactorily audited to bring the solution to this challenge. To that extent, the research stressed on the solution finding for the problem and to even encourage and recommend further future research on the topic.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter aimed at presenting the research methodology that was applied in carrying out this research. It provides an explanation on the research methodology which was used in the research. The chapter discusses the following, research design that was used, area for study, target population of the research, techniques for sampling that was used, sample size, measurement of variables, study instruments, measurements validity, measurements reliability, techniques for collecting, information analysis as well as logistical and ethical consideration

3.2 Research Design

In accordance with Orodho (2004), research design is a detailed outline on how a research problem is going to be handled in a study. It constitutes an outline for measuring whatever is involved in gathering of information and how it would be analyzed. Also another definition in accordance with Mugenda and Mugenda (2003), a research design is the study has been organized or brought up, that is, the procedure that has been applied in doing the study. On the other hand, it works as a study plan for measuring and analyzing information collected according to Kothari (2004). The researcher used a descriptive survey. A descriptive survey is a technique for gathering data through interviews and issuing of comprehensive questionnaires to the targeted persons as per (Orodho, 2003). Descriptive survey was important to the researcher because it enabled him to collect the current information on the auditing of the NG-CDF projects in public schools in Homa Bay town constituency. The researcher also drew conclusions from the outcome of the study which was of importance to explain the knowledge gap by providing information on Homa Bay town constituency.

3.3 Study Area

This research was carried out in Homa Bay town constituency since it is the area where the projects are carried out and it is also the area where most of the respondents were located. It is also in Homa Bay town constituency where the audit of the projects is carried out and report made.

3.4 Target Population

As described by Kombo & Tromp (2006), a population is an assembly of individuals or beings with some similarity. A target population can also be defined as a complete set of individual occasions or the sources of information that the study would like to look into or interrogate for information (Sarantakos, 2015). As said by McCaslin & Scott (2003), one of the most practical activities to undertake in any research, being either intellectual or whatsoever, is to clearly discover the population of the study, from which all expected information, would be probably obtained in a specific manner

This research targeted the heads of ten public primary schools and thirteen public secondary schools, who also members of PMC of their respective projects and are supposed to respond to the audit concerning the projects in their schools. The research also targeted the internal auditor from the National Treasury, Homa Bay sub-county who has the mandate to audit the NG-CDF. The research also targeted two members of the NG-CDFC. Therefore, a total of twenty six respondents were targeted for the study.

3.5 Sampling Techniques

Consistent with Ogala (2005), sampling is a procedure of picking out a portion of a population from a whole to take part in a study; sampling is a process of choosing a given number of individuals to assist in a study so that the persons picked represents the larger group from which they have been chosen. In addition, Mugenda and Mugenda (2003) describe a sample as a fraction of a particular population.

According to Kothari (2007), in case the population for the research is small, not more than thirty, then the whole population will be used. Therefore, purposive sampling technique worked best as far as this study was concerned.

3.6 Sample Size

A sample is a fixed fraction of a population whose characteristics are used in the study to get information on the whole population (Webster, 1985). A sample helps in collection of data that could have still been gotten from a population as said by Kothari (1985), Mugenda and Mugenda (1999) and Peter (1996) in a study. Since this study targeted the internal auditor Homa Bay sub-county and the public schools in Homa Bay town constituency where NG-CDF had projects, the study purposefully selected the twenty three school heads, the internal auditor and the two NGCDFC members. This is illustrated in the table below.

Table 1: Sample Size

<u>CATEGORIES</u>	<u>SAMPLE SIZE</u>
Secondary school principles	13
Primary school head teachers	10
Internal auditor	01
NG-CDFC members	02
Total	29

3.7 Measurement of Variables

A measurement is an obligation of numbers to substances or occasions as per the set regulations. All the variables are measured not only at a given fixed step, conceptualization of a variable determines how they will actually be measured and also the type of indicators or measures used in the measuring procedure will determine that. As well, similar variables can be measured differently in different ways as said by Sarantakos (2015). This is to actually mean that measurement can be made or done in different levels. The variables will be measured as shown in the table below.

Table 2: Measurement of Variables

Variables	Measures/ Indicators	Measurement scale	Question number
<p>Independent-Working environment</p> <p>Dependent - Auditing of NG-CDF projects in public schools</p>	<p>The road conditions</p> <p>The weather condition</p> <p>The general community</p>	Nominal	Section B
<p>Independent -Audit fee</p> <p>Dependent - Auditing of NG-CDF projects in public schools</p>	<p>Audit planning</p> <p>Project inspection</p> <p>The work value cost</p> <p>Allocation for audit cost</p>	Nominal	Section C
<p>Independent - Staffing of the auditor's office</p> <p>Dependent - Auditing of NG-CDF projects in public schools</p>	<p>Number of staff</p> <p>Academic qualification of staff</p> <p>Control and coordination of audit</p>	Nominal	Section E

3.8 Research Instruments

According to Mugenda (2003, 1999), descriptive data is typically gathered through a questionnaire survey, an interview or by direct observation. In this case, the research used structured questionnaires. According to Babbie (1989) questionnaires are the most appropriate when addressing sensitive issues particularly on surveys that deal with anonymity to evade unwillingness or divergence from the respondents. Questionnaires can be statement or questions and in every case the respondent responds to something written for a specific purpose. This offered well focused data which was ideal for the target population. The respondents responded to my questions in a minimal time and minimal funds.

3.9 Validity of Measurements

Validity is the extent to which an instrument performs the measurement in accordance with the impressive examination by the researcher as explained by (Nachmias, 1958). It involves sufficiency of the instruments, for instance, a study is supposed to have enough questions put down so as to gather the needed information for analysis to get into a conclusion.

In this research, content validity was used. In accordance with Mugenda and Mugenda (2012), the standard formula in examining the substance validity of a measure is using a specialist or a professional in a given field. This was realized by looking for expert's opinion from the assigned supervisor by the university on the content of the questionnaire.

3.10 Reliability of Measurements

Reliability refers to the matter of whether a repeat in measurement at different time, level, or location by the same or different person would lead to a similar conclusion as defined by (Silverman, 2016). On other hand, Joppe (2000) further describes reliability as the degree to which outcome are consistently similar from time to time with an accuracy from the fraction of the entire population under the study. The reliability of instruments was derived from the test-retest method. The questionnaire were issued and then re-issued to the same respondent. After the first session of the questionnaire, the research waited for approximately two weeks to pass before re-administering a similar questionnaire to the original respondents. The answers from the two results were correlated to obtain the coefficient of reliability in the questionnaire. The split half reliability test was used and a coefficient reliability of 0.8 was gotten which is acceptable.

3.11 Data Collection Techniques

Data collection is described as the procedure of gathering information and measuring the gathered information on the targeted variable in a well built system where it enabled one to be able to answer questions and assess results (Sarantakos, 2015). In this case, the researcher went to the respondents under study in person for familiarization before he administered the questionnaires to them. After issuing the materials, the researcher elaborated clearly the contents of the questionnaires to the respondents. The researcher also gave them assurance on the privacy and anonymity in reporting the findings of the research. Finally, the respondents were given an ample time to study and respond appropriately to the questions. Thereafter, the filled questionnaires were taken for analysis.

3.12 Data Analysis

Analysis of data is described as the process going through the collected data and correcting any insufficiency to come up with a final data which is informing and supporting decision making as per (Kothari, 2004). During the process of analyzing data, the first step was performed by arranging data gathered from the respondents thereafter summarized to gain the percentage rate and range of responses in reference to each and every question. There afterwards, quantitative data were analyzed manually then presented using graphs, tables and pie charts, after illustrating them in percentage. Qualitative data were analyzed using content analysis in which in turn they were analyzed by collecting information into patterns, themes and sub-topics. Then, the researcher provided interpretations and analysis of the findings so as to obtain the expected solution to the problem of challenges affecting auditing of NG-CDF projects in public schools in Homa Bay town constituency.

3.13 Logistical and Ethical Consideration

Ethical considerations in a study are the measures applied to secure the personality and privacy of the respondents as per (Resnik, 2005). The research was only for academic purposes. Therefore, during data collection, the researcher abided by the logical and ethical norms as much as possible in order to make the research process undertaken smoothly. The researcher also assured all respondents that whatever information given by them will be treated and guarded with a high sense of confidentiality and no any piece of it will be taken out of concealment.

CHAPTER FOUR: FINDINGS AND DISCUSSION

4.1 Introduction

This chapter consists of the findings of the study presentation, analysis of data interpretation and presentation of data. The data was gathered using questionnaires then summarized using descriptive statistics where frequency tables, pie charts, percentages, standard deviation and mean were used.

4.2 Response Rate

A total of 29 questionnaires were distributed to the target population but only 24 responses were given back. According to Jack E. F. (2008) which states that a response rate of 60% and above is excellent, this response was considerably fair since it represented 92.3% of the target population.

Table 3: Response Rate

	Issued questionnaire	Returned questionnaires	Response return rate (%)
Secondary school principals	13	11	84.6
Primary school head teachers	10	10	100.0
Internal auditor	01	01	100.0
NG-CDFC members	02	02	100.0
TOTAL	26	24	92.3

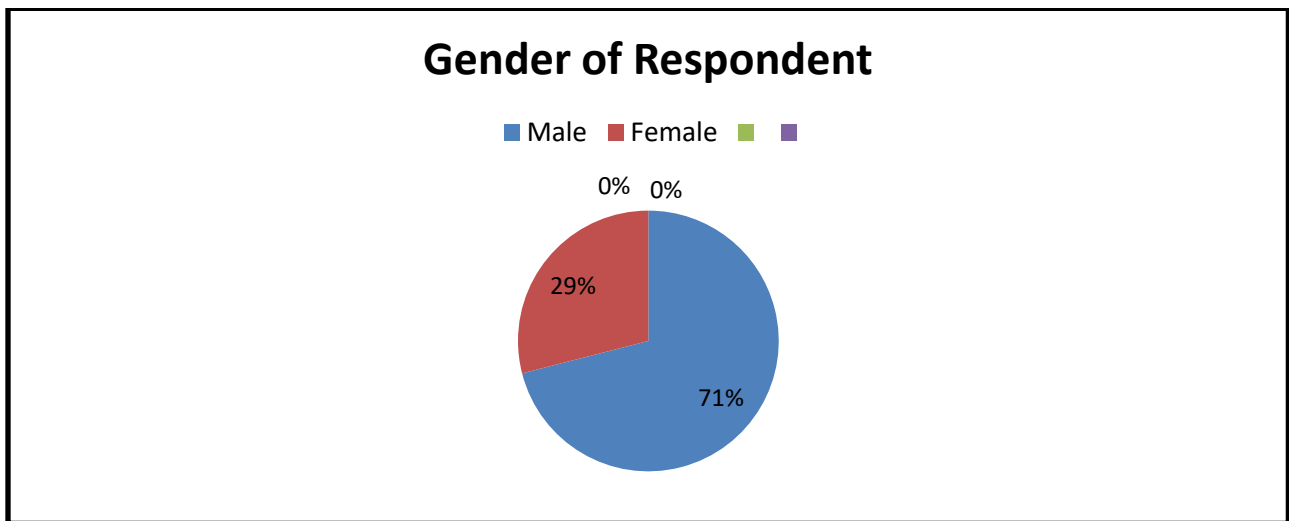
4.3 Demographic Information of the Respondents

This section will deal with demographic information the secondary school principals, primary school head teachers, the internal auditor and the NG-CDFC members who participate in the study as the respondents. It is presented in the following way;

4.3.1 Gender of the Respondents

The study asked for the gender of the respondents and of the 24 respondents, 17 were male which is 71% while (7) 29% of the total respondents were female. It is therefore evident that both genders were involved significantly as shown in the figure below.

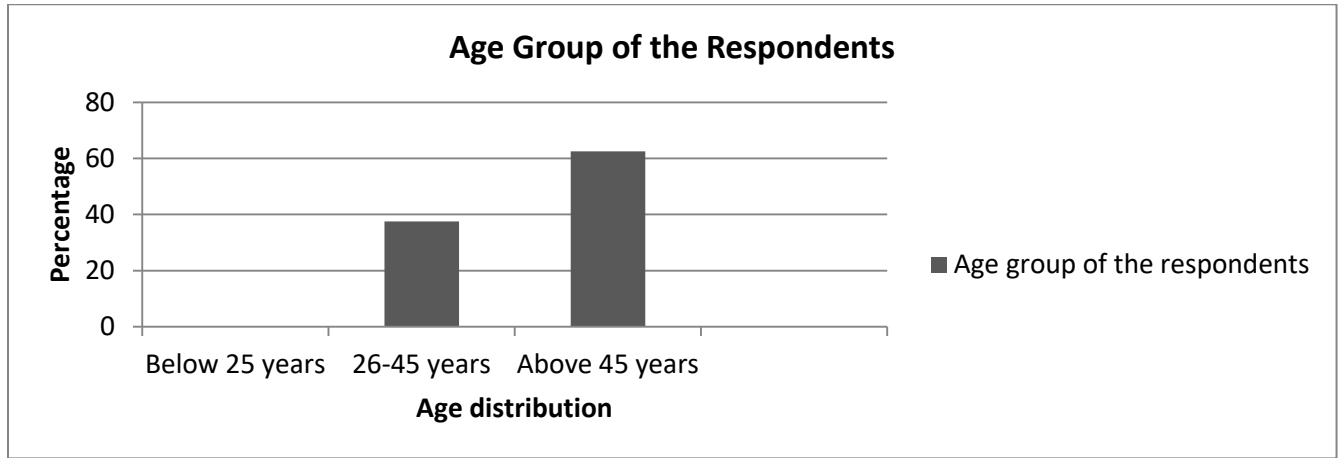
Figure 2: Gender of the Respondents



4.3.2 Age Group of the Respondents

The respondents were asked to indicate their age distribution and from the response, there was no respondent below the age of 25 years. The majority of the respondents at 62.55% had their ages range in between 26 to 45 years while the rest of the percentages were above 45 years old. This was as shown in the figure below.

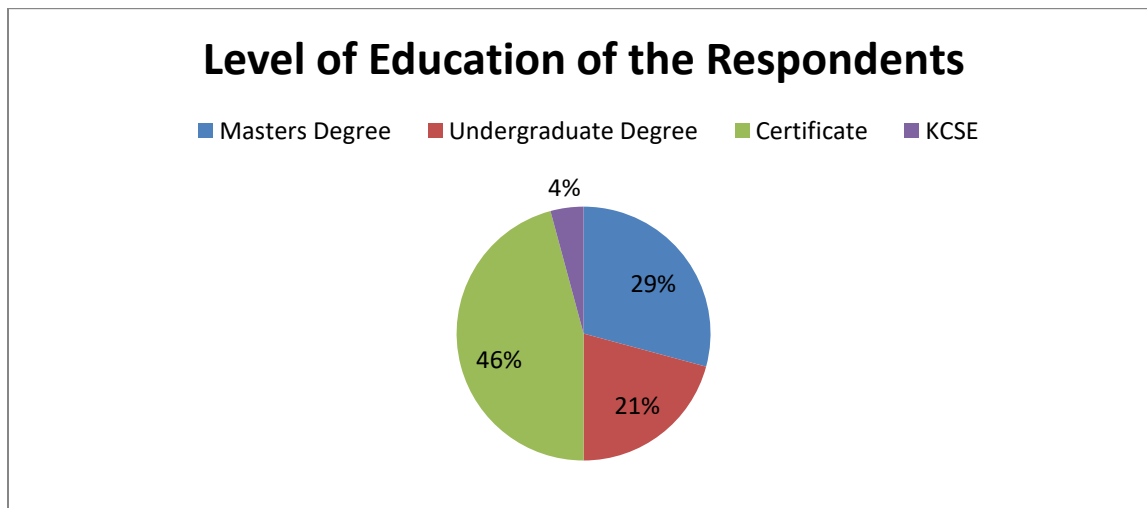
Figure 3: Age Groups



4.3.3 Level of Education of the Respondents

The respondents were asked to indicate their educational qualification level so as to establish whether their education qualification could have a significant effect on the audit of the school projects in the constituency. It was established that 29.2% of the population had masters' degree qualification, 20.8% had undergraduate degree qualification, and 45.8% had certificate level qualification while 4.2% had KCSE qualification. This is illustrated in the figure below.

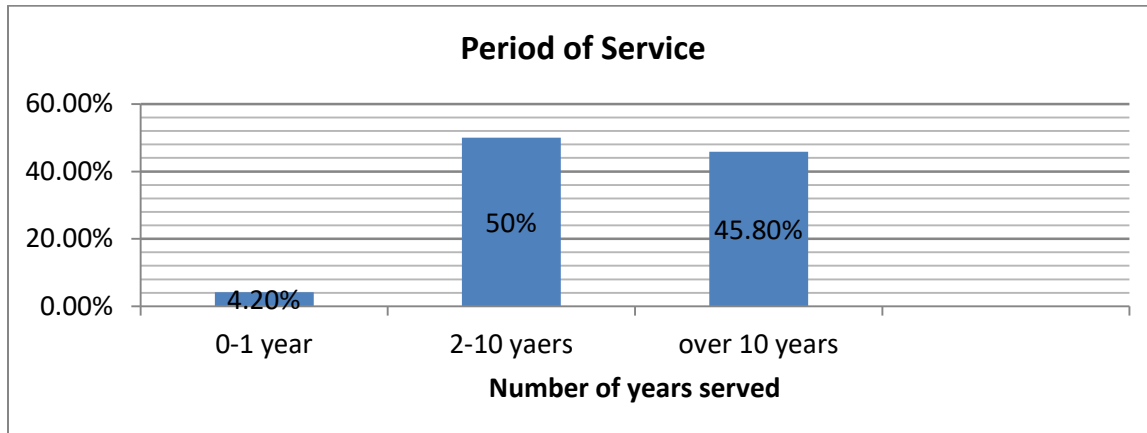
Figure 4: Level of Education



4.3.4 Period of Service

The respondent were asked to indicate the period of time they have each spent on their respective services to ascertain if that would be of significance to the study.

Figure 5: Period of Service



From the above figure 5, it was evident that 4.2% has served for a year while 50% of the population has served for 2-10 years and 45.0% has served for over 10 years.

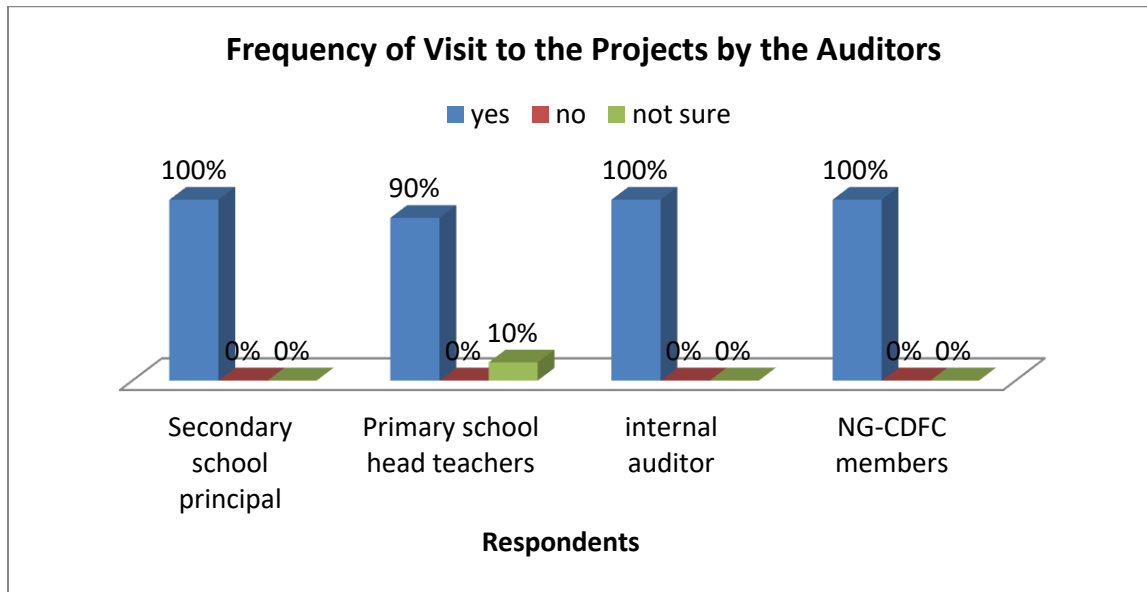
4.4 Work Environment

The respondents were to give their view how the environs of the NG-CDF projects in public schools could challenge the audit the projects. This was aimed to achieve the specific objective as stated in the conceptual framework. The analysis on this objective was done with the results gathered from the respondents.

4.4.1 Frequency of Visit to the NG-CDF Projects in Public Schools by the Auditors

The respondents who are all directly involved in the monitoring and implementation of the NG-CDF projects were asked if the auditors do visit the projects frequently and to the best of their knowledge they gave out the following responses.

Figure 6: Visit Frequency to the Projects



As per the figure above, 100% of the secondary school principals agreed that the projects in their schools are frequently visited, 90% of the primary school head teachers agreed that the projects in their schools are frequently visited while one which is 10% was not actually sure of the visit.

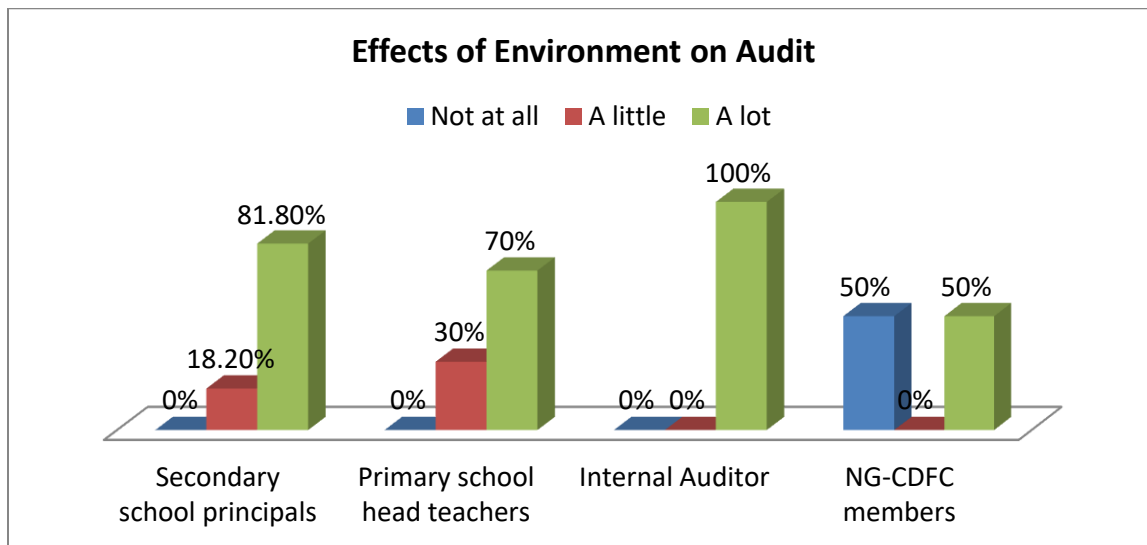
This was because he had just been recently posted in the school and he was not actually sure if the auditors visited the school. The two NG-CDFC members agreed that the projects were often visited as the auditor would pass through their office and a grounds man was always assigned to the auditors to guide through the field work on the projects.

On how frequent the projects were visited, the respondents gave a familiar response to that. It was evident that the projects were visited at least once in a financial year. It was evident also that the projects were visited both by the internal auditor from the national assembly and the external auditors sent by the NG-CDFB.

4.4.2 Extent to Which the Work Environment Affects the Audit of the Project

The respondents were asked on their opinion on to what extent the work environment affects the audit of NG-CDF projects in public schools in Homa Bay town constituency. Among the respondents, (2)18.2% of the secondary school principals said that work environment affects audit of the projects to a little extent while (8) 81.8% said that it affects it a lot. For primary school head teachers, (3) 30% said that work environment affects audit of the projects a little while (7) 70% said it affected audit of the projects a lot. The internal auditor (100%) said it affects audit a lot. (1) 50% of the NG-CDFCs said it had no effect at all while (1) 50% thought it had a lot of effect as illustrated in the figure 7 below.

Figure 7: Effects of Environment on Audit



4.4.3 Opinion on How the Work Environment Affects Audit of NG-CDF Projects in Public Schools in Homa Bay Town Constituency

The respondents who indicated that the work environment affects the audit of the NG-CDF projects in the public schools in Homa Bay town constituency gave several reasons as to why

that is true. Their responses as to why the work environment doesn't favor audit of the projects. Their responses were significantly similar and most of them talked of the following issues;

- i. Lack of cooperation to the auditors. This was basically due to the fear for audit opinion whose result would be a risk to their job. The reason was that some respondents felt that their political relationship with the funds patron in the constituency could not enable them disclose some information. This usually makes audit work take a longer period than projected.
- ii. Another reason was due to the unfavorable climate condition of the constituency which could not favor the projects observation as the area experiences a lot of rain which destroys the roads to the schools. This would limit the auditors from inspecting the projects to detect any fraud or error.

These findings concur with a research by Huang (2017) which states that a favorably positive work environment can help in delivery of a quality report by the cost and length of audit.

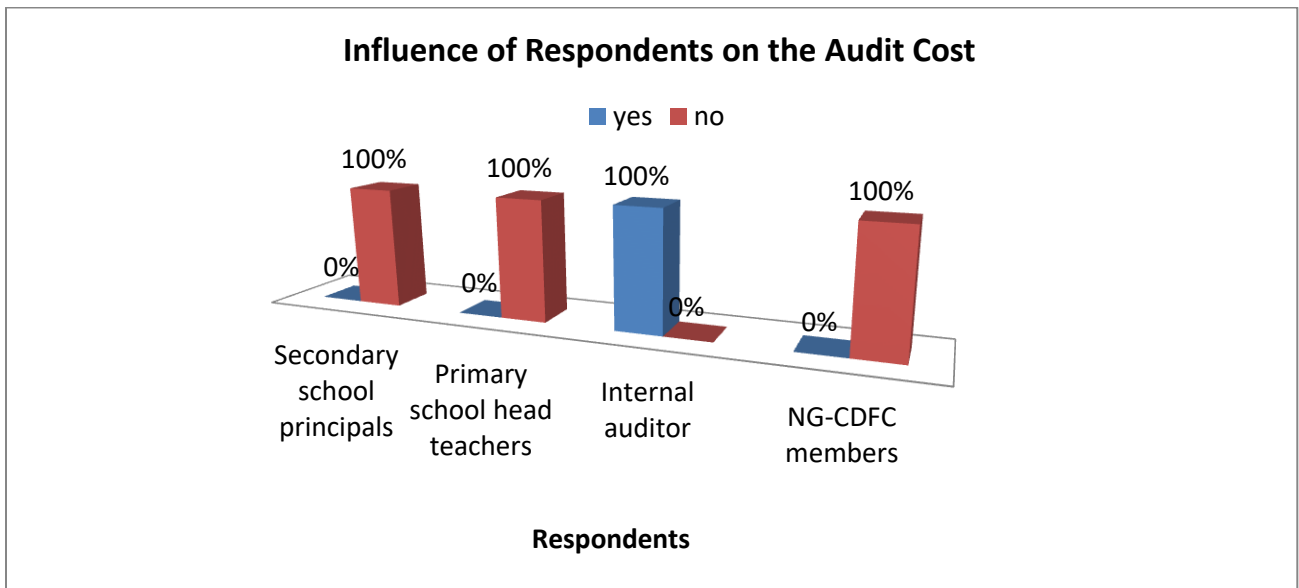
4.5 Audit Cost

One of the specific objectives of the study was to find out whether audit cost had a significant influence to the audit of the NG-CDF projects in public schools in Homa Bay town constituency. It was an objective to establish whether inadequate fee or adequate fee would influence the audit process of the projects. The analysis was carried out with the results from the field.

4.5.1 Influence of Respondents on the Audit Fee of the NG-CDF Projects in the Schools

The respondents were asked whether they had any influence on the cost for auditing the NG-CDF projects in public schools in Homa Bay town constituency and as shown in the figure below, 11 (100%) of the principals were not involved, 10 (100%) head teachers were not involved and the two (100%) members of NG-CDFC were also not involved. It's only the internal auditor who determined the cost of audit.

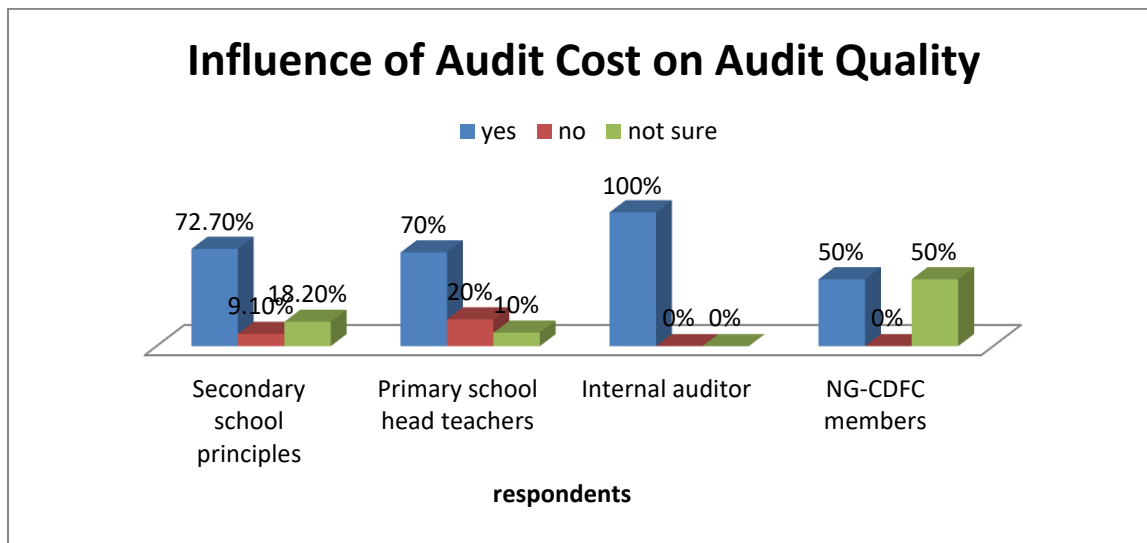
Figure 8: Influence of Respondents on the Audit Cost



4.5.2 Influence of the Audit Cost on the Audit of the NG-CDF Projects in Public Schools in Homa Bay Town Constituency

The respondents were asked to indicate if audit cost affects audit of the NG-CDF projects in the public schools in Homa Bay town constituency. They were given choices to select yes if they agree, no if they don't agree and not sure for those who could not agree or deny. 8 which are 72.7% of secondary school principals agreed, 1 which is 9.1% said no while 2 which 18.2% were not sure. The internal auditor agreed and 50% of the NG-CDFC members were not sure while 50% agreed. For primary school head teachers, seven teachers which is 70% said yes, 20% no while 10% was not sure. For NG-CDFCs, 50% agreed while 50% were not sure. This is illustrated in the figure below.

Figure 9: Influence of Audit Cost on the Audit Quality



4.5.3 Opinion on the Effect of Audit Cost on the Audit of NG-CDF Projects in the Public Schools in Homa Bay Town Constituency

Findings from the figure above indicate that most respondents agreed that audit cost affects the audit of NG-CDF projects in public schools in Homa Bay town constituency, some did not agree while some were not sure. The respondents who agreed with the objective that audit cost affects audit quality gave similar opinion as to why it is so. Audit cost is the fee that the auditor is paid for the audit service and non-audit service. As they noted, audit cost covers wages, field work, travel, and other activities and so a little amount could lead to a non-quality audit and a larger cost could interfere with independence. The auditor proposes for the budget for the practice and a lower allocation would have a negative impact on the audit. It is therefore evident that audit cost can contribute to the challenges to the audit of NG-CDF projects in Homa Bay town constituency. The results concur with the research by Ramadan, Al Nawas & Al Khaddash (2017) which found out that audit quality is strongly related to the audit cost.

4.6 Audit Staff

Another specific objective of the study was to determine whether the staffing of the auditors' office could be a problem to the audit of the projects in the public schools. The data collected was presented as follows.

4.6.1 Audit Office Staffing Influence on Audit of the NG-CDF Projects in the Public Schools

The respondents were asked to generally clarify whether the audit staff had influence on the audit of the projects.

Table 4: Influence of Audit Staffing

	Positive		Negative		Neutral	
	Frequency	Percentage (%)	Frequency	Percentage (%)	Frequency	Percentage (%)
Secondary school principals	3	27.3%	6	54.5%	2	18.2%
Primary school head teachers	0	0%	7	70%	3	30%
Internal auditor	0	0%	1	100%	0	0%
NG-CDFC members	0	0%	1	50%	1	50%
Total	3	12.5%	15	62.5%	6	25%

As illustrated in the table above, the reactions to this enquiry were both positive and negative and at the same time a good number of respondents were not sure. From the responses, (3) 12.5% respondents clarified that the audit staff which visited the projects in their school had a positive impact on the process. They clarified they came in a good number as the projects intensity were not that much bigger. The way through which the questions were asked showed that the staff was composed of fairly qualified personnel.

The respondents who indicated that the audit staff which visited the projects had a negative effects on the audit of the projects was 15(62.5%) while 6(25%) were not sure of the either. Most of the respondents with negative views on the auditors cited that the numbers of the staff was not good enough to match the projects intensity in the area besides the fact that most of the auditors were accompanied with unqualified personnel.

4.6.2 How the Audit Staff Could Affect the Audit ofthe Projects

The respondents were asked to indicate if the numbers and qualifications of the auditors could in anyway affect the effectiveness of the projects' audit. On the number of audit staff, 15 (62.5%) agreed that the number was a challenge to the effective audit of the projects, 3 (12.5%) did not agree while 6 (25%) were not sure. On the qualification of the staff audit staff the 15 (62.5%) of the respondents agreed that the qualification of the staff was a challenge to the effective challenge of the projects, 3 (12.5%) did not agree while 6 (25%) were not sure. This is illustrated in the table below.

Table 5: How Work Environment Affects Audit

Respondents	Number of staff			Staff qualification		
	Yes (percentage)	No (percentage)	Not sure (percentage)	Yes (percentage)	No (percentage)	Not sure (percentage)
Secondary school principals	6 (54.5%)	3 (27.3%)	2 (18.2%)	4 (36.4%)	5(45.5%)	2 (18.1%)
Primary school head teachers	7 (70%)	0 (0%)	3 (30%)	1(10%)	6 (60%)	3(30%)
Internal auditor	1 (100%)	0 (0%)	0 (0%)	0(0%)	1 (100%)	0 (0%)
NG-CDFC members	1 (50%)	0 (0%)	1 (50%)	1 (50%)	0 (0%)	1 (50%)
Total	15(62.5%)	3 (12.5%)	6 (25%)	6 (25%)	12 (50%)	6 (25%)

4.6.3 Clarification on How the Audit Staff Challenges Effective Audit

On the number of staff, the largest number of the respondents agreed with the opinion that it was a challenge to the audit of the projects due to the intensity of the projects and the limited number of the personnel who visited the projects. Most of the respondents 50% did not agree that the qualification of the personnel who visited projects could have challenged the audit of the projects. They gave reason that the auditors were qualified as well as their assistants. These findings concur with Khaddash, Al Nawas and Ramadan (2013) which states that audit size in terms of the number of staff usually does produce quality reports.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter focuses on the summary of the study, conclusions, recommendation for policy and recommendation for further study on the challenges to audit of NG-CDF projects in public schools in Homa Bay town constituency.

5.2 Summary

Audit of NG-CDF projects in public schools in Homa Bay town constituency was the main focus in this study. The study aimed at making the audit practice on the projects to result to quality reports and eliminate possible lack of accountability due to reports inequalities. The indicators on the general objective were based on the auditors' ability to access information without any objection, completion of the practice on the objected time and production of a quality opinion.

Specifically, the first objective of the study was to first establish how work environment of the auditors could influence the audit of NG-CDF projects in public schools in Homa Bay town constituency. Another objective was to know how audit cost could possibly affect audit of NG-CDF projects in public schools in Homa Bay town constituency negatively to avoid production of a quality report. Another objective was to evaluate how audit staffing could possibly affect audit of NG-CDF projects in public schools in Homa Bay town constituency so as to ensure that there will always be accountability on the funds meant for education. This study developed questions for these objectives so that solutions could be found.

The methodology that this study adopted used questionnaires with both closed and open ended questions to collect data from the targeted respondents. The use of questionnaires was the most appropriate as they could be easily and cheaply distributed to the respondents. They could as well easily give their responses without consideration of literacy levels. All the targeted respondents were reached and only two of them did not return back their questionnaires. The collected information were analyzed and presented using pie charts, bar graphs and tables.

5.3 Conclusion

The study concluded that there are objections to effective audit of NG-CDF projects in public schools in Homa bay town constituency. These factors include work environment, audit cost and audit staffing. These factors formed the basis of specific objectives for the study.

The study concluded that work environment is an objection to effective audit of NG-CDF projects in public schools in Homa Bay town constituency town if unfavorable. Those who agreed stated the conditions of weather, roads and lack of cooperation from the respondents. However, those who did not agree stated that an auditor must be ready for any unfavorable instance in the practice.

In the study it was also concluded that audit cost is an objection to the audit of the NG-CDF projects in public schools in Homa Bay town constituency. Majority of the respondents said that they don't have any influence on the cost but they agreed that it has direct effect on the audit. They gave an opinion that an increased fee is directly significant to a good audit quality while a lower cost would result to a poorer audit quality.

The study finally concluded that audit staffing had a significant effect on the audit of NG-CDF projects in public schools in Homa Bay town constituency town. Majority of the respondents agreed with this with a reason that the magnitude of the audit would need significantly a big number of staff to complete and to impact a quality on the report. However majority of the respondents did not agree that qualification of the staff would be an objection as the lead auditors of the audit teams would provide guidance to the less qualified auditors.

5.4 Recommendations for Policy

From the study, it is evident that work environment, audit cost and audit staffing all have a direct influence to audit of NG-CDF projects in public schools in Homa Bay town constituency. It is for this reason that the recommendations for policy are based on the three objective of the study. Firstly on climate and roads condition, climate change is beyond human control and that should not be a factor for poor audit quality. An amply additional time should therefore be allowed on top of the agreed time for audit process to produce a quality report. On the road conditions, auditors should be provided with vehicles that can access the fear weather roads to access the projects for inspection.

Secondly, government should introduce a policy to ascertain the fairness of the fee charged by the auditors and regulate the fee. This is because an excess fee could influence the auditors' independence and a lower fee could not match the magnitude of the practice. The policy should consider the projects magnitude and environment.

Finally, enough auditors should be assigned the duty to audit the projects in public schools to allow for rotation of duties, effective leadership and production of quality reports in time for timely implementation. There should be high level of professionalism by the auditors who audit the projects. Therefore government should organize for seminars regularly to equip them with much knowledge on the continuous changes in the practice. In addition the all the stakeholders of NG-CDF funds in the public schools projects who engage in misstatements of the financial statements should be sacked and charged in the court of law

5.5 Recommendations for Further Research

The study did not cover a larger area as it was academic, the study would therefore like to recommend a larger coverage or coverage of other regions to confirm if there could be significant consistency on the objections to audit of NG-CDF projects in public schools. A wider research on the audit of the expenditure of the fund would even be more purposeful. More of the financial and audit experts' opinion should be explored on the same for further findings.

REFERENCE

- Abbott, L. J., Daugherty, B., Parker, S., & Peters, G. F. (2016). Internal audit quality and financial reporting quality: The joint importance of independence and competence. *Journal of Accounting Research*, 54(1), 3-40.
- Achuora, J., Arasa, R. and Ochriri, G. (2011). Precursors to effectiveness of public procurement audits for Constituency Development Funds (CDF) in Kenya. *European Scientific Journal*, 8(25), 198 – 214
- Agoglia, C. P., Hatfield, R. C., & Lambert, T. A. (2015). *Audit team time reporting: An agency theory perspective*. *Accounting, Organizations and Society*, 44, 1-14.
- Albrecht, W. (2011). *Fraud Detection and prevention*; American Institute of Certified Public Accountants. (New York 1211 Avenue of the Americas, New York 10036-8775).
- American Institute of Certified Public Accountants (AICPA) (2007). *Consideration of Fraud in Financial Statement Audit*. Statement on Auditing Standards No.82, New York.
- AMF Working Group (2007). *The Internal Control System: Reference framework*.
- Amudo, A. and Inanga, M. (2012). *Auditing and assurance services: An integrated approach* (13th Ed.). New Jersey: Barrett, P. (2010).
- Balancing accountability and efficiency in a more competitive public-sector environment. *Australian Journal of Public Administration*, 59(3), 58-71. Prentice Hall Inc
- Clark, R.G. and Rebitzer, M. (2007). The Profession of Audit in Modern Perspective. *Journal of Financial Management*, Vol 3. April, 2007

Creswell, J.W. (1994): *Research Design; Qualitative and Quantitative Approaches*. Thousand oaks, CA: sage.

Dies, D., and G.Giroux; (1996), "The Effect of Auditor Changes on Audit Fees, Audit Hours, and Audit Quality" *Journal of Accounting and Public Policy*, 15 (1): 55-76.

Hillison, L. (2013). Evaluating financial reporting quality: The effects of financial expertise vs. financial literacy. *The Accounting Review Journal*, 77, 139-167.

Hsihui Chang, Yingwen Guo, Phyllis Lai Lan Mo(2018) *AUDITING: A Journal of Practice*

Ku He, Xiaofei Pan, and Gary Gang Tian (2017) Political Connections, Audit Opinions, and Auditor Choice: Evidence from the Ouster of Government Officers. *AUDITING: A Journal of Practice & Theory*

Minjie Huang, Adi Masli, Felix Meschke&James P. Guthrie (2017) *AUDITING: A Journal of Practice*

Minjie Huang et al. Clients' Workplace Environment and Corporate Audits, *AUDITING: A Journal of Practice & Theory* (2017)

Mugenda O. M and Mugenda A. G (1999): *Research Methods: Quantitative and Qualitative Approaches*. Nairobi Acts Press.

Odoyo, F.S., Omwono, G.A., & Okinyi, N.O. (2014). An analysis of the role of internal audit in implementing risk management – A study of state corporations in Kenya. *International Journal of Business and Social Science*, 5(6), 169-176.

- Orodho, A. J (2003): *Techniques of Writing Research Proposal and Reports*. Nairobi, Masalo Publishers.
- Otiende. J and Njoroges. K (2001): *Education, Gender and Democracy in Kenya*; Nairobi User and Insight Publishers.
- Rao, H., & MacDonald, J. (2011). A study on audit pricing and market assessment of risk. *Academy of Accounting and Financial Studies Journal*, 15(1), 123–134.
- Rong-Ruey Duh, W. Robert Knechel, Ching-Chieh Lin (2020) *AUDITING: A Journal of Practice* 39 (2): 51–79
- Siheng Liu (2017) *An Empirical Study: Auditors' Characteristics and Audit Fee*
- Smith, Malcolm. (2003). *Research Methods in Accounting*: Thousand Oaks, CA: SAGE Publications.
- World Bank, (2002):*Making Service Work for Poor People*: World Development Report. Washington D. C: World Bank.

APPENDICES

4.1 Appendix 1: Letter of Introduction

Dear respondent,

My name is Okoth Otieno Calvince, a student at Gretsia University-Thika, I hereby request you to fill in the questionnaires to assist me in successful completion of this project. This study intends to conduct out the research study on **“Challenge affecting auditing NG-CDF projects in public schools in Homa Bay town constituency”** with specific focus at Homa Bay town constituency, Homa Bay County. The reason as to why I chose to carry out the research study at Homa Bay town constituency, Homa Bay County is because I believe this research study will be of utmost importance to all the learners and the public schools within the constituency,

My advance thanks goes to everyone who will take part in this research study.

Yours faithfully,

Okoth Otieno Calvince

4.2 Appendix 2: Questionnaire for the Study

Kindly tick or answer appropriately in the boxes or spaces provided.

Section A: Background Information

1. Sex

Male [] Female []

2. Age bracket

Below 25 years [] 26-45 years [] Above 45 []

3. Level of education

Primary [] Secondary [] University []

If any other, specify

4. Occupation

Principal [] Head teacher [] Internal auditor [] NG-CDFC member []

5. Service period

0-1 years [] 2-10 years [] over 10 years []

Section B: work environment

1. Do the auditors visit the project frequently?

Yes [] No [] Not sure []

2. If yes how frequent?

3. To what extent do you think the work environment affects the audit of the project?

Not at all [] A little [] A lot []

4. In your own view, how do the work environments in terms of the community, climate condition, and projects accessibility challenge the audit of the projects.....

Section C: Audit cost

1. Do you have any influence or control on the audit fee of the NG-CDF projects in the school?

Yes [] No []

2. Do you think audit cost has influence on the audit report quality on the project?

Yes [] No [] Not sure []

3. If yes, elaborate how.....

Section D: Staffing of the Auditor’s office

1. How do you view the staffing of the auditor’s office influence on the auditing of the projects

Positive [] Negative []

2. Do you think that the audit staffs who do visit the projects can influence the auditing quality of the projects in terms of;

a. Numbers

Yes [] No [] Not sure []

b. Qualification

Yes [] No [] Not sure []

3. If yes, explain how.....

Give further opinion and information on the challenges affection auditing of NG-CDF projects in public schools in Homa Bay town constituency if any.....