FINANCIAL CONTROL ON FINANCIAL PERFORMANCE OF SIAYA INSTITUTE OF TECHNOLOGY SIAYA COUNTY KENYA

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A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS IN PARTIAL FULLFILLMENT OF THE REQUIREMENT OF THE AWARD OF DEGREE IN BACHELOR OF COMMERCE IN ACCOUNTING, GRETSA UNIVERSITY

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DECLARATION

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

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ABBREVIATIONS AND ACRONYMS

S.P.S.S- Statistical packages for social sciences

ABSTRACT

The main purpose of the research study was to investigate how financial control measures contribute towards the financial performance of Siaya Institute of Technology. The problem statement of the research study was that there has been less research carried out in Kenya concerning financial control measures and the effect on towards financial performance among public learning institutions in Kenya and there was less empirical study pertaining the concept of financial control and financial performance of public learning institutions in the county. The research study was carried out in Siaya Institute of Technology, Siaya County. The research targeted a population of 40 respondents working in the different departments of the institution for data collection. A sample size of 40 respondents was be through the census method be reached at for effective data collection. The research aimed at using a standardized questionnaire to collected data from the target sample size. This was the source of the study data. Permission from necessary authority was sought before the research commence in order to allow the researcher to issue out questionnaires to its respective employees of the targeted institution. Statistical packages for social sciences in order to analyse the quantitative data.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Business organizations have been evolving so is the way of doing business Kiptui, (2019). With technology evolving, every field of businesses aspect have been evolving as well. Accounting as a mother parent of modern business has been embraced in almost all aspects of business activities. Accounting activities have contributed immensely to the development of most businesses as well. Most companies in all industries are constantly putting an effort in making sure that they reinstate the state-of-the-art modern technological advancements that in turn facilitate easer and efficient work put and also cut on several costs that in turn facilitate the maximization of profits in businesses. (kholer, 2018). According to Villisia (2019) a lot of factors contribute to the financial performance of business firms. Villisia further identifies financial control mechanism as being critical to be financial performance of any business organization. Evans and Edgah (2017) concluded that not only does financial controls expose the weakness of a business it also shows the areas of strength of a business that it can maximize on in order to increase the profits levels of a business. Financial controls provide crucial information that a business can use to increase its efficiency. Through the financial controls a firm can identify possible red flags and this can help in coming up with possible measures that help in minimizing the effects of such undesirable practices, this is very important to every organization since a business will be able to quickly identify any cases that could lead to possible losses such as theft at the workplace or even creative accounting. Other benefits include providing enough information that can be used in management of a firm's resources as well as deciding on the safekeeping of the firm's assets. Frank J. (2016) concludes that practices such as financial reporting, auditing and budgeting reduce the chances of any form of creative accounting as well as increasing the goodwill between management and shareholders of a firm.

According to Philip Fodden (2016) financial control may in turn be defined and discussed as the scientific application of financial information towards the business development objective of bringing all forces into place in order to improve the financial performance of a business organization. He further alludes that most organizations in the business industry have in turn made strides in their financial performance through the use of information obtained in financial controls since the whole process increases business management efficiency through making of informed decisions and improved communication.

From the above review studies, it is evident that financial control measures are very crucial for the performance of any business organizations and that makes this research study to be of importance since it will add on the knowledge availability for the business community as a whole.

1.2 Statement of a Problem

Cash flow forecast control is an integral part of an organization's strategic management process (viloo, 2019) that achieves advantage in increasing its operation efficiency as well as meet the needs of markets and to fulfil stakeholder expectations. According to Mintzberg (2017), procurement management involves attaining and maintaining competitive advantage through the successive exploitation of known or emergent possibilities.

Belinda (2019) conducted a study on the effects of financial control of SMEs and concluded that financial reporting strategy development has a positive influence on the cash flow of any organization. The study identified financial reporting as one of the factors that contribute to a firm's financial control factors. The study highlighted how financial reporting helps to understand how well a firm is performing from a financial view. The study however failed to show how financial reporting contributes to financial performance of businesses. This study aims at filling the identified gap on budgeting.

Guhlo (2017) carried out research on the factors affecting financial performance of organizations in Kenya. The study identified different factors among them was financial auditing. The study concluded that firms that integrate auditing strategy in their operation have a higher chance of performing better. The study however, failed to show the relationship between auditing and financial performance. This study will try bring out the relationship between auditing and financial performance of firms in Kenya.

Lucy (2017), carried out research on the importance of budgeting to financial performance of firms. The study identified that budgeting had a significant contribution to financial performance of organizations. The study however failed to establish a proper correlation between budgeting and financial performance as they were used in the study. This study will aim at establishing a proper correlation among these variables.

Global research centre (2018), revealed that despite a growing interest in the study of financial control practices, only a handful of studies have been conducted on the topic in Kenya. The studies identified covered different aspects of financial control and how they affect the performance of different organization in Kenya. However, through the review that has been carried out above some gaps have been identified. The study aims at filling this gap by carrying out this study. The study will use different approach from that of the other studies.

1.3 Purpose of the Study

The main purpose of the research study was to investigate how financial controls contributes towards the financial performance of Siaya Institute of Technology.

1.4 Conceptual Framework

Independent variable   dependent variable

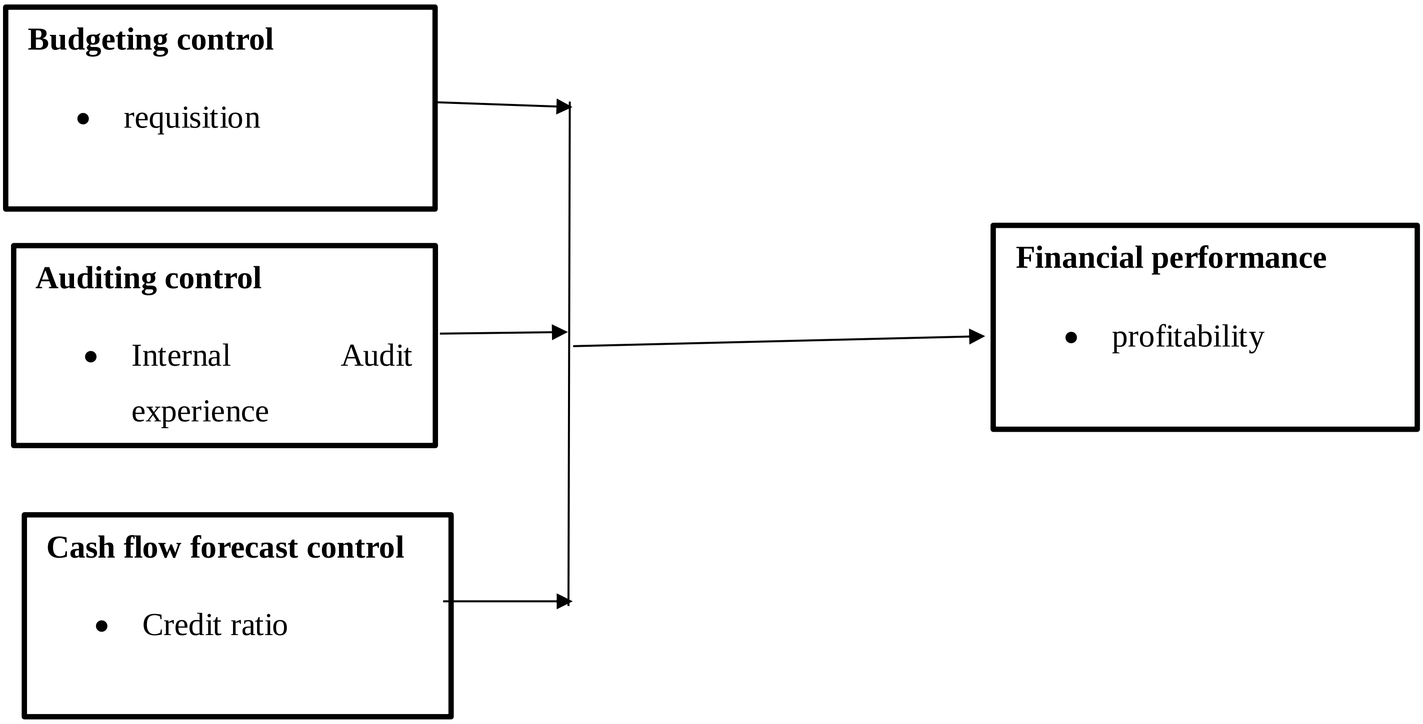

Figure 1.1 Conceptual Framework of financial control and financial performance of Siaya Institute of Technology

1.5 Research Question

The research was guided by the following questions

- To what extent does budgeting controls affect the financial performance of Siaya institute of technology
- How does auditing controls affect the financial performance of Siaya institute of technology
- How does cash flow forecast controls contribute to financial performance of Siaya institute of technology.

1.6 Research Objectives

The research was guided by the following objectives

1.6.1 General Objectives

To evaluate financial control on financial performance of Siaya institute of technology Siaya county Kenya.

1.6.2 Specific objective

Some of the specific objectives of the research study were as follows:

1. To evaluate how budgeting controls contributes towards the financial performance of Siaya Institute of Technology.
2. To determine how auditing controls contributes towards the financial performance of Siaya Institute of Technology
3. To assess how cash flow forecast contributes towards the financial performance of Siaya Institute of Technology.

1.7 Research Hypothesis

The study was guided by the following null hypothesis.

H_{o1}: There is no relationship between financial reporting controls and the financial performance of Siaya Institute of Technology.

H_{o2}: There is no relationship between auditing controls and the financial performance of Siaya Institute of Technology

H_{O3}: There is no relationship between budgeting controls and the financial performance of Siaya Institute of Technology.

1.7 Significance of the Study

The research study was important to the following groups of people;

1. Future business students in the field of accounting can use the findings of this research for their educational needs and development of their thesis as well as a reference point.

2. Researchers and scholarly individuals conducting out future research concerning the research variables used.

3. The case study organization that is being used for carrying out the research study

1.8 Delimitations of the study

The empirical study depended on data collected from all the employees in the accounting department, so the generalization of these results would be questioning.

1.9 Limitations of the Study

The study was conducted on one public education institute despite there being thousands of public education institutes in Kenya. However, the study aims at tackling financial control as a whole and not just a single financial aspect, all public learning institutes will therefore benefit from this study.

1.10 Assumption

The main assumption in this study was that response from respondent is considered to be true.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter focused on the theories supporting this study and review the existing empirical and literatures. The chapter also identified the research gaps that this study seeks to answer.

2.2 Review of Existing Conceptual and Empirical literature

2.2.1 Financial Control

Zhon T. (2017) defines investing control as procedures, policies, and means by which an organization monitors and controls the direction, allocation, and usage of its financial resources. Financial controls are at the very core of resource management and operational efficiency in any organization.

2.2.2 Financial Performance

The financial performance of a firm can be measured using the levels of profits a firm makes. In the case of this study, the researcher used the profitability index of Siaya Institute of Technology to measure its financial performance.

2.3 Budgeting Controls

A budget is a quantitative expression of a proposed plan of action by management for a specified period. It is also an aid to coordinating what needs to be done to implement that plan. A budget generally includes both financial and non-financial aspects of the plan, and it serves as a blueprint for the company to follow in an upcoming period. A financial budget quantifies management's expectations regarding income, cash flows, and financial position. Just as financial statements are prepared for past periods, so can financial statements be prepared for future periods – for example, a budgeted income statement, a budgeted statement of cash flows, and a budgeted balance sheet, Fransis (2017).

Lucy (2018) defines a budget as a quantitative statement, for a defined period of time, which may include planned revenues, expenses, assets, liabilities and cash flows. A budget provides a focus for the organization, aids the co-ordination of activities and facilitates control. Budgets maybe prepared for the business as a whole, for departments, for functions such as sales and production, or for financial and resource items such as cash, capital expenditure, manpower purchases etc.

The budgetary process is an integral part of both planning and control. Too often budgets are associated with negative, penny-pinching control activities whereas the full process is much broader and more positive than that. Budgeting is about making plans for the future, implementing those plans and monitoring activities to see whether they conform to the plan (Lucy 2018).

2.4 Auditing Controls

Internal Audit is appraisal of services that are conducted in the company regarding management of risk, control as well as governance through the measure and evaluation of the level in which they are effective towards the fulfilment of the objectives set by the institution. Additionally, the results that are obtained as a result of audit process will help the board of directors and the entire management in implementing the suggested and planned improvements which will increase the efficiency of operations.

Most accountants and finance experts do argue that an audit function that is effective has a correlation with improvement in performance financially. Beyanga (2011) indicated that an audit process that is effective assists in reducing overheads, establishes methods that can be applied in improving levels of efficiency, reduces the chances of incurring losses from those assets of the institution that are not well safeguarded which significantly affects the performance of the company financially. It is significant to note that audit services whether internal or external have a catalysing effect in that they keep management perpetually on their toes working on enhancing financial performance and thus institutional operational efficiency. The auditor’s report, recommendations, disclosures and the final opinion have an immense impact with regard to financial performance indicators both current and future. Audit services influence short term corrective actions to be taken in order to conform to approved processes, policies and strategic plans.

2.5 cash flow forecast Control

Cash flow forecast is a standard accounting practice that uses financial credit ratios to disclose a company’s financial information and performance over a particular period, usually on an annual or quarterly basis, Mutua (2016).

2.6 Empirical Framework

From the literature review done above, it is evident that many studies have been done on financial control, however, no research has attempted to do any study in connection to performance of public learning institutions. This research will therefore fill this gap by conducting the research on how financial controls contribute to financial performance of the public learning institutes in Kenya

2.7 Theoretical Framework

Theories are important in predicting, explaining and mastering phenomenon. Generalizations about observations are made in theories (Matalanga, 2016). A theoretical framework explains the existence of the problem under study. It mainly guides how the research will be conducted. It is important to the researcher because it provides a general framework of the study. The current study was guided by the Goal setting theory and control theory.

2.7.1 Goal Setting Theory

Goal-setting theory refers to the effects of setting goals on subsequent performance. Researcher Edwin Locke found that individuals who set specific, difficult goals performed better than those who set general, easy goals (Yearta, Maitlis, & Briner, 1995). The goal-setting theory states that specific and challenging goals with appropriate feedback contribute to improved performance. Goals direct the employee to perform their jobs. It further facilitates the employees in understanding the number of efforts required to put in. Edwin Locke presented the Goal-setting theory of motivation in the 1960s (Locke & Latham, 2006). According to the theory, goal setting and task performance share a direct relation. The specific and challenging goals along with appropriate feedback contribute to higher and better task performance. The willingness to work towards the attainment of the goal is the main source of job motivation.

Institution can therefore apply this theory to improve their performance by setting goals that would push employees and any other player involved to work even harder. As a way of firms improving their financial performance, they can set goals that would be a drive in controlling their financial aspect. This can be a motivating factor for employees in the organization.

This theory will be useful in this study since it gives more insights on the ways a firm can improve its financial performance by setting considerable challenging goals that are aligned to financial control variables as used in this study.

2.7.2 Control theory

Control theory in sociology is the idea that two control systems inner controls and outer controls work against a given tendencies to deviate. Control theory can either be classified as centralized or decentralized. Decentralized control is considered market control. Centralized control is considered bureaucratic control. Some types of control such as clan control are considered to be a mixture of both decentralized and centralized control. Decentralized control or market control is typically maintained through factors such as price, competition, or market share. Centralized control such as bureaucratic control is typically maintained through administrative or hierarchical techniques such as creating standards or policies. This study was more inclined to the centralized control since it aims at looking into the financial controls measures that are more into administrative function of an organization.

According to the control theory, firms can through their administrative create control measures that can help improve the financial performance of a firm. A firm can create policies that can improve critical parts of a firm functions like strict auditing policies that can ensure accounting of resources, financial reporting policies that can ensure

This theory is important in explaining the relationship between the study variables used in this study, that is financial control and financial performance of a firm. Cadez and Guilding (2018) revealed that auditing with specialization in internal auditing will greatly realize effectiveness in their operations. This research will therefore be of great help in providing more understanding into this research.

2.8 Research Gaps

Although financial performance studies constitute a significant area of research within the challenges facing the financial performance of public learning institutions (Fichman, 2000), there continues to be a need for better understanding of the factors that affect the finacila performance of public learning institutions in Kenya. liroy (2016), observes that a lot needs to be done in finding out how best to minimize challenges facing such institutions in order to improve the performance and growth of public learning institutions. The Observatory of Kenyan public schools have specifically identified the need to build a solid foundation for these public learning institutions as a way of avoiding the common challenges being faced by the institutions. Studies that have been carried out on factors affecting growth and performance of public learning institutions are not very many, this is why the research will be important in its findings to various groups of people.

2.7.1 Summary of research gap

VARIABLE	ARTICLE AUTHOR	FINDINGS	RESARCH GAP
Budgeting	(Gindiye, 2017).	Identified budgeting as one of the factors that contribute to a firm's financial control factors. The study highlighted how budgeting helps to understand how well a firm is performing from a financial view.	Failed to show budgeting contributes to financial performance of businesses. This study aims at filling the identified gap on financial risk assessment.
Auditing	(Okello, 2016).	The study identified different factors among them was financial auditing. The study concluded that firms that integrate auditing strategy in their operation have a higher chance of performing better.	The study failed to show the relationship between auditing and financial performance
Cash flow forecast	Lucy (2018).	The study identified that cash flow forecast had a significant contribution to financial performance of organizations.	The study however failed to establish a proper correlation between cash flow forecast and financial performance as they were used in the study

CHAPTER THREE: METHODOLOGY

3.1 Introduction

This chapter mainly shows the various research methods that the research used in the process of collecting and carrying out the various data analysis.

3.2 Research Design

The research study design was a descriptive survey design whereby the research focused on collecting data from Siaya Institute of Technology. As proposed by McComber, (2019), descriptive research design ensured systematic and accurate studying of the economic variables as specified in the objectives of the study. The researcher collected data out of the chosen case study and further analyze the data systematically in order to be able make a meaningful conclusion and bring out the relationship between the studies variables to be able to correlate a meaningful conclusion out data that satisfy out the research questions of the research study.

3.3 Study Area

The research study was carried out at Siaya Institute of Technology. This institution was used since it is among the largest public learning institution in the region that has tried adopting financial controls in its operations.

3.4 Target Population

According to Mugenda and Mugenda (2017), target population is commonly defined as the total composite populous number of characters in a research case that in turn are intended to be investigated in order to account out information about particular research phenomenal.

The study aimed at collecting the research data from various employees working in accounting and finance departments of the institutions. The study target population was 10 employees.

3.5 Sampling Techniques

Rabern (2018) discussed and elucidated the meaning of sampling in his research on the analysis of various marketing models; he stated that sampling is the process of segregating and assimilating a possible number of characters, individuals and cases that intend to issue out meaningful information in any given research. Kelvin & Hother (2019) also gave out various understanding about the term sampling, they emphasized that sampling is the potential use of a few sizable and calculated number of respondents who in turn are used in the process in the giving out opinion’s, evidence or statistical variances pertaining a particular phenomenal.

The research used census technique since the targeted respondents are not many.

3.6 Measurement Variable

Variable	Measurement indicator	Measurement scale	Question number
budgeting	Requisition	Nominal	One
Auditing	Auditing experience	Nominal	Two
Cash flow forecast	Credit ratios	Nominal	Three

3.7 Sample Size

The term sample size is defined as some of the various scientific statistical methods that in turn are used in segregating out a possible sample size (Hart, 2017).

According to Salome (2019) she stated that 10% of the total composite population in any case study research is considered viable for any valid action of data analysis. Therefore, since the target population is smaller, the study was using census sampling where all the target population will be used. All the employees of the accounting and finance departments were considered. This made up a sample size of 10 respondents

3.8 Research Instruments

The research instrument that the study used a questionnaire that will be issued to the respondents.

According to Miguel (2018) a questionnaire is a simple document that is intended to gather out information on various differentiated cases regarding various research phenomenal.

3.9 Validity of Measurements

According to Okello (2016) he alludes that validity is commonly termed as the notion under which research is well and purely grounded and supported to the fact that it meets its preferable standards.

3.10 Reliability of Measurements

Reliability refers to the degree of consistency whereby phenomena are given the same cluster by different observers or by the same observer on different situations (Hammersley, 2018). The research will make use of pre-testing methodology in the various questionnaires that was given in order to verify if in turn the respondents gave out valid information and if possible, to see if the respondents were able to answer the questionnaire.

3.11 Data Collection Techniques

Data was collected using questionnaires. Data was obtained from Siaya institute of Technology employees in the accounting department, finance and auditing department as well.

3.12 Data Analysis

The questionnaire was coded, analyzed using SPSS. The following model was used

$Y = a+b_1 X_1+b_2 X_2+b_3 X3$

Where y represented the dependent variable, financial performance

X_1 represented budget controls

X_2 represented auditing controls

X_3 cash flow forecast controls

a represented constants to be estimated by the model

b_1, b_2 and b_3 represent coefficients of the independent variable.

3.13 Logistical and Ethical Considerations

Informed consent was applied to participant being recruited, participation of the study was voluntary and withdraw from the study any time and the aim of the study were explained to each employee of the firm who is taking part in the research and confidentiality was assured. Information was kept locked to safeguard privacy of participants

CHAPTER FOUR: DATA ANALYSIS AND DISCUSION

4.1. Introduction

This chapter of the research addresses the findings from the conducted study, analysis as well as interpreting the data. This study aimed at evaluating financial controls and financial performance of Siaya Institute of Technology.

4.2. Response rate

The study involved 10 respondents from the Siaya institute of Technology to collect data for the analysis. From the use of questionnaires, only 9 out of the 10 sampled respondents responded. This therefore places the rate of response at 90% with 10% not giving responses. The failure for response was found to be as a result of various factors such as inability to submit the questionnaires within the required period for analysis.

4.3.2 Work Experience

How long have you worked?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	below 20 years	8	88.89	88.89	88.89
	21-30 years	1	11.11	11.11	100.0
	31-40 years		0.0	0.0	
	41-50 years		0.0	0.0	
	Total	9	100.0	100.0	

The study analyzed data to establish the work experience of the respondents. findings showed that most of the respondents had a working experience of 11-15 years. This was followed by those with working experience of 6-10 years. This was followed by those with a working experience of 16-20 years and the category with lowest working category was that of less than 5 years

4.4. Descriptive Statistics.

The study focused on finding out the relationship between financial control and financial performance of Siaya Institute of Technology. Descriptive statistics helped in summarizing the study variables and tried to establish how the study variables are related.

4.4.1 Budgeting Controls

The respondents were requested to rate how budgetting measures were practiced in the organization. A scale of 1-5, was given with 1 representing strongly disagree, 2 disagree, 3 neutral, 4 agree and 5 strongly agree. The findings are as shown in the table below.

Descriptive Statistics

	N	Mean	Std. Deviation
budgeting helps to disclosure the financial risk of the firm	9	3.72	.779
The firm has a weekly asset reporting policy that reveals the true position of the firm asset level	9	3.84	.788
The firm has a full disclosure policy on liabilities thus help manage them effectively	9	3.95	.906
The firm disclosure principle in financial reporting is effective in revealing the true financial position of the firm	9	4.07	1.027
Valid N (listwise)	9		

Mean score of 3.5- 4.4 on the Likert scale represented agree. Mean score of 2.5-3.4 represented neutral.

Respondents indicated that financial reporting helps to disclosure the financial position of the firm with a mean of 3.72 most for the respondents agreed. The firm has a weekly asset reporting policy that reveals the true position of the firm asset level most of the respondents agreed to that with a mean score of 38.4. The firm has a full disclosure policy on liabilities thus help manage them effectively, most of the respondents agreed to this with a mean of 3.95. The firm disclosure principle in financial reporting is effective in revealing the true financial position of the firm, most of the respondents agreed with a mean of 4.07.

4.4.2 Auditing Controls

The respondents were requested to rate how auditing measures were practiced in the organization. A scale of 1-5, was given with 1 representing strongly disagree, 2 disagree, 3 neutral, 4 agree and 5 strongly agree. The findings are as shown in the table below.

Descriptive Statistics

	N	Mean	Std. Deviation
Auditing is independent of both the auditors and operational activities of the organization	9	3.75	.732
Auditors perform auditing duties in accordance to auditing standards thus increasing auditing efficiency	9	3.84	.874
The auditing officers carry out auditing objectively thus making the exercise crucial	9	3.90	.955
Valid N (listwise)	9		

Auditing is independent of both the auditors and operational activities of the organization, most of the respondents agreed to this with a mean of 3.75. Auditors perform auditing duties in accordance to auditing standards thus increasing auditing efficiency most of the respondents agreed at a mean of 3.84, Respondents indicated that the auditing officers carry out auditing objectively thus making the exercise crucial with a mean of 3.97 most for the respondents agreed.

4.4.3 cash flow forecast Controls

The respondents were requested to rate how cash flow forecast control measures were practiced in the organization. A scale of 1-5, was given with 1 representing strongly disagree, 2 disagree, 3 neutral, 4 agree and 5 strongly agree. The findings are as shown in the table below.

Descriptive Statistics

	N	Mean	Std. Deviation
institution administration ensures recommended credit ratios policies have been properly followed in cash flow forecasting	9	3.86	.775
The institution has qualified people who carry out cash flow forecast properly	9	3.93	.856
Management has ensured credit ratios are properly prepared and monitored	9	4.07	1.027
Valid N (listwise)	9		

Institution administration ensures recommended cash flow forecasting policies have been properly followed in budgeting, most of the respondents agreed to that with a mean score of 3.86, The institution has qualified people who carry out ratios properly, most of the respondents agreed to that with a mean score of 3.93. Management has ensured budgets are properly prepared and monitored, most of the respondents agreed to that with a mean score of 4.07.

4.4.4 Financial Performance

The respondents were requested to rate how the organization showed financial performance is a result of practicing financial control measures in the organization. A scale of 1-5, was given with 1 representing strongly disagree, 2 disagree, 3 neutral, 4 agree and 5 strongly agree. The findings are as shown in the table below.

Descriptive Statistics

	N	Mean	Std. Deviation
Amount of retained profits is enough to develop the business	9	3.95	.973
The profitability of the organization has been increasing consistently with the use of financial controls	9	4.07	1.012
Valid N (listwise)	9		

The respondents agreed that the amount of retained profits is enough to develop the business, this was evident with the mean score of 3.95. most of the respondents also agreed with a mean of 4.05 that the profitability of the organization has been increasing consistently with the use of financial controls.

4.5 Regression analysis

Model Summary

					Change Statistics		
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1
1	.677[a]	.546	.511	.80659	.546	9.536	3

a. Predictors: (Constant), Financial_risk assessment, Auditing, Budgeting

The coefficient of determination R^2, was 0.546 explaining the variation in the influence of 54.6 % financial control has on influencing the financial performance of Siaya Institute of Technology. This indicates that the independent variable contributes 54.6 % to the dependent variable. Other factors that were not included in the study contribute to 45.4% to the dependent variables this calls for further research to determine the other factors that contribute to the remaining percentage.

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	18.737	3	6.246	9.536	.000[b]
	Residual	20.973	32	.655		
	Total	39.710	35			

a. Dependent Variable: financial_performance

b. Predictors: (Constant), Financial_risk assessment, Auditing, Budgeting

Anova results indicated that the regression model had a level of significance of 0.000 that helped to conclude that the model was of significant. F value at 5% level of significance was 9.536. This indicated that the entire model was significant i.e., there was a significant relationship between financial control and the financial performance of Siaya Institute of Technology.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.781	1.450		.454	.758
	budgeting	.304	.248	.186	1.440	.000
	Auditing	.628	.127	.572	4.730	.000
	Cash flow forecast	.126	.293	.070	.326	.000

a. Dependent Variable: financial_performance

The results of the study showed that budgeting, auditing and cash flow forecasting at 95% level of confidence, had a positive relationship with financial performance. Independent coefficients were 0.304, 0.628 and 0.126 respectively.

4.5.1 budgeting Control and Financial Performance

According to the first objective, how budgeting contributes to financial performance Siaya Institute of Technology, the model indicated that financial reporting had a positive relationship with financial performance with a beta value of 0.304, p 0.000 value of the p value was significant since it was less than 0.05 (p less than 0.05).

4.5.2 Auditing Control and Financial Performance

According to the second objective, how auditing contributes to financial performance, the model indicated that auditing had a positive relationship with financial performance with a beta value of 0.628, p value of 0.000 the p value was significant since it was less than 0.05 (p less than 0.05).

4.5.3 Cash flow forecast control and Financial Performance

According to the third objective, how cash flow forecast controls contributes to financial performance of Siaya Institute of Technology, the model indicated that budgeting had a positive relationship with financial performance with a beta value of 0.126, p value of 0.000 the p value was significant since it was less than 0.05 (p less than 0.05).

CHAPTER 5: CONCLUSION AND RECOMMENDATIONS.

5.1 Introduction

This chapter of the study looks at the summary, the conclusion of the research and recommendations the researcher gives concerning how financial controls influence the financial performance.

The general objective of the study was to evaluate how financial controls influence financial performance. While specific objectives of the study were to establish the role of financial reporting on the financial performance. Another specific objective of the study was to assess whether auditing plays any part in the financial performance. Finally, the study aimed at assessing the role of budgeting on financial performance.

Out of the targeted 10 respondents only 9 responded and gave meaningful data thus putting the response rate at 90 %.

5.2 Summary of findings

5.2.1 Budgeting Controls and Financial Performance

On determining the influence of budgeting on financial performance, the findings of the study were that budgeting helps to disclosure the credit ratios of the firm, the firm has a weekly asset reporting policy that reveals the true position of the firm asset level, the firm has a full disclosure policy on liabilities thus help manage them effectively and the firm disclosure principle in financial reporting is effective in revealing the true financial position of the firm.

The findings also indicated a positive relationship between budgeting and financial performance with a beta value of 0.304, p 0.000 value of the p value was significant since it was less than 0.05 (p less than 0.05).

5.2.2 Auditing Controls and Financial Performance

On assessing the influence on auditing on financial performance, the study findings indicated that auditing is independent of both the auditors and operational activities of the organization, auditors perform auditing duties in accordance to auditing standards thus increasing auditing efficiency and lastly, the auditing officers carry out auditing objectively thus making the exercise crucial.

The findings also indicated a positive relationship between auditing and financial performance with a beta value of 0.628, p value of 0.000 the p value was significant since it was less than 0.05 (p less than 0.05

5.2.3 Cash flow forecast controls and Financial Performance

On assessing the influence of cash flow forecast on financial performance, the study findings indicated that institution administration ensures recommended credit ratios policies have been properly followed in cash flow forecasting to enhance functionality, The institution has qualified people who carry out ratios properly thus ensuring all resources are well accounted and planned for lastly, Management has ensured accounts are properly prepared and monitored to ensure accountability within the organization

The findings also indicated a positive relationship between cash flow forecasting and financial performance with a beta value of 0.126, p value of 0.000 the p value was significant since it was less than 0.05 (p less than 0.05).

5.3 Conclusion

The conclusion of the study was that budgeting positively related to financial performance. This was indicated by both descriptive and regression analysis. Where budgeting impact financial performance to an average extent. Financial performance also indicated a positive relationship with financial performance through the regression analysis done.

Again, the study concluded that risk auditing positively related to financial performance. This was indicated by both descriptive and regression analysis. Where auditing impact financial performance to an average extent. auditing also indicated a positive relationship with financial performance.

Finally, the study concluded that cash flow forecasting positively related to financial performance. This was indicated by both descriptive and regression analysis. Where cash flow forecasting impact financial performance to an average extent. Cash flow forecasting also indicated a positive relationship with financial performance.

5.4 Suggestion on Further Studies

For basis of further understanding the existing relationship between financial controls and financial performance of various leaning institutions, other variables other than those used in this study can be looked at. This study used questionnaire as the tool of data collection, other research can consider other tools like interviews as way of collecting data. Again, other research can be done involving more than just one public learning institution so that the research can be broad and deeper

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APPENDIX I: Questionnaire

This questionnaire is intended in seeking support research on "financial controls and financial performance of Siaya Institute of Technology." Answer by checking parentheses if appropriate. Your reply will be highly appreciated.

Section A: BIODATA

Tick the appropriate

1. Please select your gender

Male [] Female []

2. How old are you?

Below 20 21-30 [] 31-40 [ ] 41-50 []

3. How long have your worked in this organization?

Primary [] Secondary [] Undergraduate [] Postgraduate []

SECTION B.

The following statements can be attributed to financial reporting, Indicate the extent to which you agree or disagree with each statement. Us e the Likert scale where: 1=Strongly disagree,2=disagree,3=neutral,4=agree,5=Strongly agree

Financial reporting controls	**1**	**2**	**3**	**4**	**5**
Financial reporting helps to disclosure the financial position of the firm					
The firm has a weekly asset reporting policy that reveals the true position of the firm asset level					
The firm has a full disclosure policy on liabilities thus help manage them effectively					
The firm disclosure principle in financial reporting is effective in revealing the true financial position of the firm					

The following statements can be attributed to auditing functions, Indicate the extent to which you agree or disagree with each statement. Use the Likert scale where: 1=Strongly disagree,2=disagree,3=neutral,4=agree,5=Strongly agree

Auditing controls	**1**	**2**	**3**	**4**	**5**
Auditing is independent of both the auditors and operational activities of the organization					
Auditors perform auditing duties in accordance to auditing standards thus increasing auditing efficiency					
The auditing officers carry out auditing objectively thus making the exercise crucial					

The following statements can be attributed to budgeting controls, Indicate the extent to which you agree or disagree with each statement. Use the Likert scale where: 1=Strongly disagree,2=disagree,3=neutral,4=agree,5=Strongly agree

Budgeting controls	**1**	**2**	**3**	**4**	**5**
institution administration ensures recommended budgeting policies have been properly followed in budgeting					
The institution has qualified people who carry out budgeting properly					
Management has ensured budgets are properly prepared and monitored					

The following statements can be attributed to financial performance, Indicate the extent to which you agree or disagree with each statement. Use the Likert scale where: 1=Strongly disagree,2=disagree,3=neutral,4=agree,5=Strongly agree

Financial performance	**1**	**2**	**3**	**4**	**5**
Amount of retained profits is enough to develop the business					
The profitability of the organization has been increasing					

consistently with the use of financial controls					