

# Internal Audit Function And Financial Accountability Of Laikipia County Government, Kenya: Application Of Internal Audit Independence

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## Abstract:

The public sector has experienced a growing demand for accountability and the need to optimize value within the constraints of limited resources. This research sought to assess the effect of internal audit function on financial accountability in the county government of Laikipia, Kenya. The specific objective of the study was to evaluate the effect of independence of the Internal Audit function on financial accountability of Laikipia County Government. The study targeted 105 employees working in the finance and economic planning department. Out of these, a sample of 51 employees were chosen and 48 questionnaires were duly filled and qualified for analysis. Data was gathered, sorted, coded, and entered on SPSS for analysis. Descriptive statistical analysis was applied to provide a summary of the data using mean as well as standard deviation metrics. Correlation and multiple regression analysis were employed to explore relationships and provide insights into the variables. The outcomes were presented using tables and charts. The questionnaire was found to be reliable, and the data was normally distributed and homogeneous, with no intercorrelation between the variables under study. The model adopted in the study was confirmed significant using ANOVA. Independence of the audit function was found to be a positive and significant predictor of financial accountability. The study recommended that policymakers should: enhance the independence of the audit function in Laikipia County Government by structurally separating the internal audit section from the Finance and Economic Planning department to strengthen its oversight capacity; implement measures to manage conflicts of interest, minimize management interference, and ensure adherence to auditing standards. To enhance effective financial accountability in the public sector, future research should examine factors influencing internal audit effectiveness.

**Key Word:** Internal Audit Function, Internal Audit Independence, Financial Accountability, County Government

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## I. Introduction

### Background of the study

The fundamental goal of public sector organizations is to enrich the well-being of society, spanning across key sectors including health, education, agriculture, security and various other domains. In recent times, the public sector has faced mounting pressure for accountability and a growing demand for enhanced value while optimizing resources. Accountability, an essential element in management, entails the responsibility to answer for the duties assigned to an individual, entity, or group (Postula, *et al.*,2020). Mohamed and Samson (2022) characterize it as a process wherein entities and individuals embrace responsibility and ownership for their decisions, actions, and performance outcomes, willingly subjecting themselves to both internal and external scrutiny. This accountability is often demonstrated through periodic financial reports, which serve as a means of transparency and accountability for the resources of an institution (Zeyn, 2018).

According to Nurdiono and Rindu (2018), achieving accountability requires a clear understanding of roles and obligations by all parties involved. In Kenya, the paramount duty of ensuring the integrity and effective management of public resources rests upon the accounting officers of ministries, departments, and agencies (MDAs), as well as upon members of parliament, county assembly representatives, and other public officials. Auditing is deemed as a crucial link in that chain of accountability as it enhances accountability both upward to the national government, which provides resources, and outward to the taxpayers and the larger community.

### Internal Audit

The audit function has always been viewed as a monitoring unit, sometimes referred to as the "organizational watchdog or policeman" (Nkwasiabwe,2022). The function was accepted as a crucial element of organizational oversight; however, it was perceived as being subordinate to the attainment of primary business goals. Quality internal audit, as supported by Gharbaoui and Chraibi (2021) and Çakali and Baloğlu (2022), goes beyond identifying misstatements; it involves the auditor's willingness to disclose any misstatements discovered