MASTER'S THESIS

INTERNAL AUDIT AND FINANCIAL ACCOUNTABILITY IN PUBLIC TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING INSTITUTIONS IN LOWER EASTERN KENYA

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DECLARATION/APPROVAL

I declare that this research project is my original work and has not been previously published or submitted elsewhere for the award of a degree.



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This research project has been submitted for examination with my approval as the student's supervisor.



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ABSTRACT

INTERNAL AUDIT AND FINANCIAL ACCOUNTABILITY IN PUBLIC TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING INSTITUTIONS IN LOWER EASTERN KENYA

Financial accountability remains a critical component of effective public sector governance, particularly within institutions entrusted with the management of public resources. Public Technical and Vocational Education and Training (TVET) Institutions in Kenya receive significant public funding and are expected to maintain strong accountability systems through effective governance and internal control mechanisms. This study examined the contribution of internal audit to financial accountability in Public TVET Institutions in Lower Eastern Kenya. Specifically, the study sought to determine the influence of internal audit independence, internal auditor competency, management support for internal audit, and implementation of audit recommendations on financial accountability. The study was guided by Stewardship Theory as the anchor theory, supported by Agency Theory and Institutional Theory. A positivist research philosophy and descriptive cross-sectional survey design were adopted. The target population comprised officers involved in governance, finance, procurement, and internal audit functions within Public TVET Institutions in Machakos, Kitui, and Makueni Counties. Primary data were collected using structured questionnaires, and 312 responses were analysed. Data were analysed using descriptive statistics, reliability analysis, Pearson correlation analysis, diagnostic tests, and multiple regression analysis. The findings revealed that the research instrument was reliable, with all study constructs achieving Cronbach's Alpha coefficients above the recommended threshold of 0.70. Descriptive statistics showed positive perceptions regarding internal audit practices and financial accountability. Correlation analysis established significant positive relationships between internal audit dimensions and financial accountability. The regression results indicated that internal audit practices jointly explained 79.1% of the variation in financial accountability among Public TVET Institutions. Further findings showed that internal auditor competency had a positive and statistically significant influence on financial accountability ($B = 0.348$, $p < 0.001$). Management support for internal audit also had a positive and significant influence on financial accountability ($B = 0.335$, $p < 0.001$), while implementation of audit recommendations significantly influenced financial accountability ($B = 0.271$, $p < 0.001$). However, internal audit independence, although positively related to financial accountability, did not have a statistically significant influence when combined with the other predictors ($B = 0.029$, $p = 0.601$). The study concludes that internal audit contributes significantly to financial accountability in Public TVET Institutions, particularly through auditor competency, management support, and effective implementation of audit recommendations. The study recommends strengthening internal audit capacity through continuous professional development, enhancing management commitment to audit activities, and establishing effective mechanisms for monitoring implementation of audit recommendations. The findings contribute empirical evidence on internal audit and financial accountability within Public TVET Institutions in Lower Eastern Kenya and provide useful insights for policymakers, institutional managers, and audit practitioners.

Keywords: internal audit independence; financial accountability; internal auditor competency; management support; implementation of internal audit recommendations

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DEDICATION

I dedicate this research to my beloved wife, Roleen Mumbua, for her unconditional love, patience, encouragement, and unwavering support throughout my academic journey. To my dear daughters, Julian Kaluki and Tabitha Precious, and my son, Ezra Nzuki, you are my inspiration and the motivation behind my pursuit of excellence. May this achievement remind you that determination, hard work, and faith can make dreams a reality. I also dedicate this work to my loving parents, James Nzuki and Teresa Kaluki, whose love, sacrifices, guidance, and values have laid the foundation for who I am today. Your encouragement and belief in me have been a constant source of strength. To my family, this achievement is as much yours as it is mine. Thank you for being my source of strength, inspiration, and motivation. May this work stand as a testament to the power of love, family, perseverance, and the pursuit of knowledge.

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TERMS AND DEFINITIONS

Term	Operational Definition
Financial Accountability	The obligation of Public TVET institutions to demonstrate transparency, compliance, proper record keeping, prudent utilization of financial resources, and accurate financial reporting in accordance with public financial management regulations.
Internal Audit	An independent and objective assurance and consulting function that evaluates and improves the effectiveness of governance, risk management, and internal control processes within an organization.
Internal Audit Independence	The degree to which internal auditors perform their duties objectively and without undue influence from management or other stakeholders.
Internal Auditor Competency	The knowledge, skills, professional qualifications, experience, and technical capabilities possessed by internal auditors that enable them to effectively perform audit responsibilities.
Public Financial Management Regulations	Laws, policies, guidelines, and procedures governing the collection, allocation, utilization, and reporting of public resources. In this study, the regulations include the Constitution of Kenya (2010), the Public Finance Management Act (2012), the Public Audit Act (2015), and other relevant government financial management frameworks.

LIST OF ABBREVIATIONS AND ACRONYMS

ACCA	Association of Chartered Certified Accountants
ACTS	African Centre for Technology Studies
ANOVA	Analysis of Variance
CPA	Certified Public Accountant
CIA	Certified Internal Auditor
CISA	Certified Information Systems Auditor
CPS-K	Certified Public Secretary of Kenya
CVI	Content Validity Index
IFAC	International Federation of Accountants
IIA	Institute of Internal Auditors
IPPF	International Professional Practices Framework
KNBS	Kenya National Bureau of Statistics
NACOSTI	National Commission for Science, Technology and Innovation
OECD	Organisation for Economic Co-operation and Development
PFM	Public Finance Management
SPSS	Statistical Package for the Social Sciences
TVET	Technical and Vocational Education and Training
TVETA	Technical and Vocational Education and Training Authority
TVC	Technical and Vocational College
TTI	Technical Training Institute
UNESCO	United Nations Educational, Scientific and Cultural Organization
VTC	Vocational Training Centre
CV	Coefficient of Variation
SD	Standard Deviation
N	Population Size
N	Sample Size

CHAPTER ONE
INTRODUCTION

This chapter provides the study context, which includes the research problem of accountability being addressed and the study purpose, objectives, research questions, significance of the study, scope and limitations of the research.

1.1 Background of the Study

Financial resources are expected to be not only raised and used, but decisions regarding their use are to be authorised, documented, monitored and reported by public institutions. In the context of the current study, financial accountability refers to the capacity of public TVET institutions to demonstrate that resources given to them are managed responsibly and according to the legal and institutional requirements. Internal audit also plays its part in this, by auditing, independently, the systems of control, organizational governance, risk exposure and compliance practices among others and bringing the management's attention to any weaknesses or areas in need of corrective action (Endaya & Hanefah, 2019). In such public sector institutions, it plays particularly significant role where transparency, “responsible stewardship and the use of public resources are key aspects of accountability” (IIA, 2024; Alzeban, 2020).

In the public sector, cuts to budgets and increased public and regulatory demands have even more focused attention on demonstrating the lawful, transparent and value-for-money use of public funds.In public sector, with a focus on cost cutting and public and external scrutiny the importance of demonstrating the lawfulness, transparency and value for money of expenditure has increased. The emphasis on internal controls and assurance processes such as internal audit, has placed focus on public management reforms. This study shows that there are positive relationships between effective audit functions and financial reporting, compliance and oversight, according to the research findings of Eulerich, Van Uum, & Zipfel (2022); Alzeban (2020); and Endaya & Hanefah (2019).

The existence of audit arrangements does not, however, negate the risk of mishandling of funds, poor budgeting and poor follow up. Perhaps the more relevant issue is, can they be successful in their specific institution? In wealthier and developing countries there are numerous issues of mismanagement, fraud, inefficient budgets, and oversight of public institutions. In this broader context, challenges faced by accountability are discussed by Musah, Gakpetor, and Pomaa

(2022). Internal-control weaknesses have also come to the fore as a source of financial irregularities as noted by bodies such as the World Bank, OECD and IFAC. This will allow internal audit to be a key factor in increasing the stewardship of public resources (Mzenzi & Gaspar, 2019).

Internal audit, financial information systems, and budgeting reforms have been included in public financial management reform in the African countries. But such matters as unsupported expenditure, procurement failures and lack of oversight remain to be uncovered during audits. "In this project report, the positive relationship between effective internal audit and compliance, transparency and stewardship has been noted in the two countries of Ghana" (Musah et al., 2022) and Tanzania (Onumah & Krah, 2021, Mzenzi & Gaspar, 2019). The results from this study offer a regional argument for the need to explore possible similar relationships in a particular group of public institutions in Kenya.

There is not enough evidence to show that the function can operate effectively, if there is an internal audit unit. It could be limited if the auditor is not independent, not knowledgeable, has inadequate resources, or provides no follow-up on recommendations by the management. These limitations can block the way from identifying the weaknesses to fixing them. Improving the audit function, then, is not just a matter of making the formal arrangements; it is also a matter of capacity and authority to undertake an audit, and to take action on the results.

There is a trend of public financial management reforms and formalised internal audit systems in East Africa to enhance use of public funds and provision of services. However, there are still areas of concern identified in the region during the audit, such as unsupported expenditure, irregularities in the procurement process, revenue loss, and lack of controls. Research from Uganda, Tanzania and other parts of the world link internal audit effectiveness to improved accountability, and also highlight the importance of operating conditions (Tumwebaze, Kaawaase, & Ntayi, 2021; Mzenzi & Gaspar, 2019; Nkundabanyanga et al., 2020).

There are also implementation challenges in the region. The effectiveness of internal audit may be compromised because of political or managerial interference, lack of suitable personnel, restricted training opportunities, and failure to take corrective action in a timely fashion on audit results. These are particularly important in the education field where public investment must be translated into services and assets and proper records and controls maintained to

document them. These and related oversight mechanisms lay the groundwork for transparent reporting and prudent stewardship of public funds. The internal control system, which seeks to identify areas of weakness, is complemented by internal audit in ministries, state corporations, county governments and educational institutions, to promote financial accountability.

The Auditor-General has continued to highlight issues relating to financial administration in public entities, such as expenses not supported, procurement issues, asset-management issues and non-compliance. The studies in Kenya in this project indicate that audit practices can contribute to accountability in the form of risk assessment and independent assurance. For instance, Mbangua and Musau (2025) describe positive impact of internal audit in the county governments, and the studies conducted in TVET institutions in western Kenya have focused on auditor independence and accountability. The results are important, but do not necessarily hold true for Lower Eastern Kenya.

The TVET Institutions form part of Kenya's skills development infrastructure and play a role in preparing the nation's workforce for economic and industrial priorities, which encompass aspects of Vision 2030. Public investment covers access to training, facilities and equipment and everyday running. Due to the different uses of public funds, there are different requirements for accountability including the ability to keep good records, have adequate controls to monitor spending, and to verify that resources have been used for their intended purpose. TVETA's quality assurance also puts institutional leadership and management systems on the broader discussion of TVET performance (TVETA, 2024).

The study is conducted in public TVET institutions of Machakos, Makueni and Kitui counties. They can be funded by the government capitation, self-generated revenue, development allocation, and donor resources. The study's motivation is based on concerns raised in the project related to audit queries, delayed reporting, and partial implementation of recommendations and inefficient use of resources. Some of the existing studies in Kenya have been conducted in other counties, or in other categories of public bodies, and there is limited evidence specific to Lower Eastern Kenya. The study accordingly investigates the relationship between four elements of internal audit and financial accountability in this context.The study thus examines the relationship between four elements of internal audit and financial accountability in this context.

1.2 Statement of the Problem

Financial accountability continues to be a key demand in public institutions delegated the management of public resources. Public Technical and Vocational Education and Training (TVET) institutions in Kenya should report transparently, adhere to financial rules and regulations, and use public funds wisely and efficiently. These responsibilities are backed up by Public Finance Management Act (2012), Public Procurement and Asset Disposal Act (2015) and Public Audit Act (2015). In spite of all these regulations, the audit results remain weak in financial reporting, weaknesses in internal controls and institutional governance in Public TVET institutions.

The Auditor-General's empirical findings reveal the financial accountability problems in public TVET institutions in Lower Eastern Kenya. In the case of Kibwezi West Technical and Vocational College, the Auditor-General's report for the financial year that ended 30 June 2024, revealed that unsupported student-fee revenue was KSh 14,010,449. The report also confirmed that the institution's Audit and Risk Management Committee did not meet, as required under the Public Finance Management Regulations (2025, Office of the Auditor-General). In the same way, the audit of KENYATERRA's Kitui East Technical and Vocational College (KETVC) found unsupported trade of KSh 1,213,990 and travel and accommodation expenses of KSh 691,200 which were not supported (Office of the Auditor-General, 2025b).

The Auditor-General was also unable to establish the accuracy of the student-fee revenue total of KSh 45,343,384 at the Machakos Technical Institute for the Blind after copies of the invoicing records of students were not sent. The audit also revealed cash management weaknesses, such as not preparing bank reconciliations for cash and cash equivalents reported at KSh 18,270,018 (Office of the Auditor-General, 2025c). Similarly, the audit of Wote Technical Training Institute revealed that KSh 1,805,712 were long outstanding debts, there was no debt management policy and audit issues that had not been addressed in the previous financial year (Office of the Auditor-General, 2025d). The findings give direct evidence of financial management, internal control and accountability issues in the geographical area of the present study.

The findings of these audits do not, in themselves, demonstrate that accountability is inadequate because of poor performance by the internal auditor, poor competency of the auditor, insufficient management support or ineffective implementation of audit recommendations.

Previous empirical studies have determined relationships between internal audit practices and accountability in other institutional settings. For instance, Hesborn and Omondi (2023) studied the association between independence of internal audit and financial accountability in public TVET institutions in western Kenya, whereas Alzeban and Gwilliam (2014) looked at the organisational factors associated with the effectiveness of internal audit in the public sector institutions in Saudi Arabia. As a result of disparities in institutional setting, governance structures and variables measured, the results of this study cannot be assumed to be universal to the public TVET institutions in Lower Eastern Kenya.

Thus, while there are some reports of financial accountability issues in public TVET institutions in counties like Machakos, Kitui and Makueni, there is a lack of adequate empirical evidence, both individually and together, to prove the relationship between internal audit independence, internal auditor competency, management support of the internal audit, implementation of audit recommendations and financial accountability. This gap in knowledge reduces the amount of evidence available to institutional managers, policy makers and oversight bodies to consider for how to increase their focus on the internal audit characteristics which can help to improve financial accountability. Hence, this study explored the linkages between these four dimensions of the internal audit and financial accountability in public TVET institutions in Lower Eastern part of Kenya of the year 2025/2026.

1.3 Research Objectives

1.3.1 General Objective of the Study

The general objective of this study was to examine the relationship between internal audit practices and financial accountability in public Technical and Vocational Education and Training (TVET) institutions in Lower Eastern Kenya.

1.3.2 Specific Objectives of the Study

The study was guided by the following specific objectives:

i. To examine the relationship between internal audit independence and financial accountability in public TVET institutions in Lower Eastern Kenya.
ii. To assess the relationship between internal auditor competency and financial accountability in public TVET institutions in Lower Eastern Kenya.

iii. To determine the relationship between management support for internal audit and financial accountability in public TVET institutions in Lower Eastern Kenya.
iv. To evaluate the relationship between implementation of internal audit recommendations and financial accountability in public TVET institutions in Lower Eastern Kenya.

1.4 Research Questions

This study was based on the following research questions:

i. What is the effect of the internal audit independence on financial accountability in the Lower Eastern Kenya PTVET Institutions?
ii. What is the relationship between the competency of the internal auditor and financial accountability in the PTVET Institutions in Lower Eastern Kenya?
iii. What is the effect of management support for internal audit on accountability in financial matters in PTVETs in Lower Eastern Kenya?
iv. What impact has the implementation of internal audit recommendations on financial accountability in PTVET Institutions in Lower Eastern Kenya had?

1.5 Significance of the Study

The results of this study are anticipated to give evidence to the role of internal audit practice to improve financial accountability in public educational institutions. The results can be applied to inform institutional management, policy decisions and for academic purposes to enhance the understanding of accountability and internal auditing in the PTVET sector.

The study will offer evidence to PTVET Institutional leaders that the different dimensions of Internal audit are effective in prudent financial management and accountability. The findings could help administrators to improve governance, internal control and oversight over public resources.

The study is also likely to be beneficial for practitioners of internal audit. The study could suggest guidance on issues that need to be improved, such as professional competence, independence of the operations, engagement of the management, and follow-up of the audit findings, because the various factors identified in the audit in this study have an impact on the accountability results.

At the policy level, the findings can help in policy decisions by the decision-making agencies which regulate and supervise TVET institutions, including the Ministry of Education and TVETA. Recommendations produced could help support current initiatives for enhancing governance, accountability and financial management procedures in the TVET sector.

The study could also be beneficial to institutions responsible for the public financial oversight, such as the Treasury and Auditor-General. The findings from this study may be used to support programs that aim to enhance accountability systems in publicly-funded institutions.

The study will make a public sector accountability contribution as it gives empirical evidence from the Public TVET Institutions in Lower Eastern Kenya. The research outcomes will serve future scholars with a reference point in the area of governance, auditing and public financial management in this sector and region, as limited research activities have been carried out in this area.

The study will also make a theoretical contribution by analyzing accountability in public education institutions, which will support the discussion of the applicability of stewardship, agency and institutional perspectives in the public sector environment.

1.6 Scope and Limitations of the Study

1.6.1 Scope of the Study

The geographical coverage of the study includes Public TVET Institutions in the Lower Eastern region of Kenya which consists of Machakos, Kitui and Makueni Counties. The institutions were chosen because they have a strategic function in terms of skills development, and at the same time receive significant public funding and other governmental resources.

The unit of analysis of the study was public TVET institutions. The unit of observation was constituted by the staff involved in activities related to institutional governance, financial management, procurement and internal audit. Principal, deputy principals, internal auditors, accountants/finance officers, and procurement officers were some of these respondents.
The investigation was conducted on the basis of the accountabilities that are in place for the 2025/2026 financial year. Note especially that compliance with the regulations, financial

reporting practices, utilization of institutional resources, transparency and mechanisms in place for ensuring accountability were given special attention.

1.6.2 Limitations of the Study

There may be difficulties in obtaining data on internal audit operations and accountability for financial resources as some of the respondents might consider information sensitive. To alleviate this concern, participants were told that the research was only made for academic purposes, participation was voluntary, and that there would be anonymity and confidentiality in the responses.

Another potential issue that could be highlighted is the geographical spread of institutions in the three counties of Machakos, Kitui and Makueni. Data collection may be impacted due to the costs and time needed for the associated activities. This limitation was mitigated by careful planning of the field activities, and by using both paper and electronic methods of questionnaire administration where appropriate.

Some may take longer than others to respond to the study or fill in questionnaires completely. In order to reduce this risk, the researcher continued to communicate with the subjects and clarifications were given as needed on the purpose and importance of the study.

This study is subjective in nature as the data is gathered from the individuals' self-reported perceptions and information, so there is the potential for response bias. This was reduced by making the questions in the questionnaire clear, doing a pilot study and asking the respondents to give honest and objective answers.

However, in spite of these expected difficulties, suitable methodological and ethical precautions were taken to guarantee that the results obtained were credible, reliable and valid.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

The chapter presents theoretical foundations guiding the study, reviews empirical evidence and the conceptual framework. The chapter also points out areas that need further research and understanding in previous studies, setting the research gaps.

2.2 Theoretical Literature

Theoretical literature offers support to understanding relations between research variables and to understanding the mechanism(s) by which organisational practices may be related to institutional outcomes. In public financial management, accountability refers to the relationships between people who delegate financial resources to institutions and those who have accountability for managing them. Such relationships necessitate some degree of oversight, responsible managerial actions and adherence to governance stipulations (Jensen & Meckling, 1976; Donaldson & Davis, 1991; DiMaggio & Powell, 1983). Internal auditing is also a component of this responsibility, as it offers external assurance on the governance, risk management and internal control processes (Institute of Internal Auditors [IIA], 2024).

The main theory used in this study was Agency Theory constructed by Jensen and Meckling (1976) while Stewardship Theory and Institutional Theory were the theories supporting the Agency Theory. Agency Theory was chosen as the prime theory since the study involved the analysis of internal audit practices as the internal oversight mechanisms that monitor financial accountability of public Technical and Vocational Education and Training (TVET) institutions. The theory helps to understand how monitoring systems can overcome information asymmetry, conflicts of interest and possible misuse of delegated resources (Jensen & Meckling, 1976; Eisenhardt, 1989). These concerns are directly applicable to the variables of the study, namely, internal auditor's independence, internal auditor's competency, management's support for internal audit and implementation of audit recommendations.

In response to Agency Theory, Stewardship Theory explained how management stewardship and responsibility in relation to institutional objectives can contribute to internal auditing and corrective action (Donaldson & Davis, 1991; Davis et al., 1997). Statutory requirements, professional standards and governance expectations were also found to have an influence on

the internal audit arrangements in public institutions, through the lens of Institutional Theory (Meyer & Rowan, 1977; DiMaggio & Powell, 1983). The integration of the three theories was deemed appropriate as the three theories provided complementary perspectives on financial accountability and as one theory would not be able to provide a full and complete picture without the other.

2.2.1 Agency Theory

Agency Theory was created by Jensen and Meckling (1976) to explain a relationship between two parties, the principal and the agent, in which the principal delegates decision-making authority and responsibility to the agent. The theory makes the assumption that there is a difference of interests between principals and agents, and that there is a difference in information and attitudes toward risk between principals and agents. As a result, delegated authority can lead to conflicts of interest and agency costs, information asymmetry. Jensen and Meckling (1976) have suggested that the problems with principals' and agents' interests can be minimized through monitoring and proper incentive schemes.

Agency Theory was also discussed by Eisenhardt (1989), who narrowed it down to two primary issues: information asymmetry and goal conflict and risk-sharing. The theory acknowledges that principals can have a hard time keeping track of all decisions and actions made by agents. Monitoring and reporting processes can thus give information that supports principals to determine whether delegated tasks have been carried out correctly. In the financial management context, these ways are internal controls, financial reporting, independent auditing and institutional oversight (Jensen & Meckling, 1976; Eisenhardt, 1989).

Agency Theory may be used in public TVET institutions to understand the citizen-agency (public TVET) relationship, the agency-governing bodies relationship, and agency-officers responsible for public resources relationship. Citizens and the government are interested in proper, transparent and efficient spending of public resources. Government authorities and institutional governing bodies have oversight responsibilities and principals, finance officers and other administrative staff have delegated financial management responsibilities. These relationships establish several lines of accountability in which institutional managers are held accountable for their decisions and the goods and services they manage.

The significance of Agency Theory to the Public TVET institutions is the fact that the management of the institutions may have more information on expenditure, procurement, financial reporting and internal controls compared to external oversight stakeholders. This information asymmetry can hinder governing bodies' ability to evaluate the appropriateness of the use of institutional resources. Internal auditing can be used to minimize this information gap by independently testing financial transactions, systems of controls and reporting any weaknesses identified (Mihret & Yismaw, 2007; Alzeban & Gwilliam, 2014; IIA, 2024). Thus, Agency Theory offers a clear answer to why the internal audit practice is relevant to financial accountability.

The theory was chosen as the primary theoretical framework since it offers a holistic explanation of the four independent variables that were studied in this research. The issues addressed in the internal audit independence are the credibility of monitoring; the auditor competency is the assurance provided by audit professionals; the management support is the resources and organisational access that are needed to enable monitoring, and implementation of audit recommendations is the response to audit weaknesses identified through monitoring. The characteristics reflect various facets of the internal accountability measures by which public institutions give assurance about the administration of delegated resources.

In reference to the first study objective, Agency Theory provides some insight into the link between internal audit independence and financial accountability. Independent auditors are expected to be able to assess financial processes objectively and to communicate their results without undue influence from the managers whose financial processes they are assessing. If auditors are not independent, monitoring could be affected because management may be able to affect the audit procedures or may limit access to information or may dissuade the auditor from reporting any unfavourable information. The IIA (2024) emphasizes the crucial role of organisational independence and professional objectivity in internal auditing, while Jensen and Meckling (1976) have stated the importance of monitoring in the reduction of agency problems.

There is also empirical evidence that suggests there is a need to consider independence as a key attribute of internal auditing. In the study conducted by Alzeban and Gwilliam (2014) about the effectiveness of internal audit in the public sector organisations in Saudi Arabia, the authors concluded that the independence of internal audit is among factors which contribute to internal audit effectiveness. The same applies to Arena and Azzone (2009) who determined

organisational connections, and features of audit functions to be of importance to internal audit effectiveness. The studies examined here explored effectiveness of internal audit, but did not specifically address the issue of financial accountability, they do support the expectation that independence will enhance the credibility of institutional monitoring. Therefore, the Agency Theory was used to confirm the expected positive link between internal audit independence and financial accountability in public TVET institutions.

The second study objective was to explore the connection between the competency of internal auditor and financial accountability. Based on Agency Theory, it may be said that information asymmetry can be reduced effectively by means of monitoring only if the person with the assurance responsibility has enough professional knowledge and technical expertise. An internal auditor should have the ability to evaluate financial transactions, look for the weak points in controls, understand compliance and report accurate conclusions. If the internal audit function is not competent, it can be a paper audit in which limited assurance is provided on the management of institutional resources (Jensen & Meckling, 1976; Eisenhardt, 1989).

In their study of an Ethiopian public higher education institution, Mihret and Yismaw (2007) reported that audit quality, management support are the significant factors that affect the effectiveness of internal audit. Likewise, Endaya and Hanefah (2016) concluded that characteristics of internal auditors significantly influenced the internal audit effectiveness, which was also related to the support of senior management. Another relevant factor in public sector internal auditing, as explored by Alzeban and Gwilliam (2014), was auditor competence. The technical quality of monitoring is relevant to the evaluation of audit arrangements, as suggested in these studies. Based on Agency Theory, it could be hypothesized that the internal auditor competency would be positively related with financial accountability.

The third objective of the study was to examine the management support for internal audit. The work of internal audit operations is also influenced by independent monitoring, but is also dependent on the organizational resources, access to information and management cooperation. Sufficient support can help to enable a timely audit process and provide access to financial information and a report of any identified weaknesses. On the other hand, lack of resources or limited access could reduce the effectiveness of monitoring, despite having the requisite professional skills (Mihret & Yismaw, 2007; Alzeban & Gwilliam, 2014).

In Saudi Arabia public institutions, management support was found to be a significant factor related to effectiveness of internal audit by Alzeban and Gwilliam (2014). Management support was also found to be important by Mihret and Yismaw (2007) in an Ethiopian public higher education institution. Endaya and Hanefah (2016) also showed that the relationship between auditor characteristics and audit effectiveness was affected by the support of the senior management in the company. The results of this research will support the argument that the effectiveness of monitoring depends on the part on the organisational environment that the internal auditor operates in.

Nevertheless, Agency Theory also points out a potential conflict between the management's support and audit independence. Management could be tasked to provide resources and help conduct an audit at the same time being subject to audit examination. Too much influence can, therefore, affect objective reporting. As far as theory goes, the oversight function needs to be supported by management to allow the audit function to operate without dictating the auditor's professional judgment (Jensen & Meckling, 1976; IIA, 2024). Given this, the study predicted that there would be a positive relationship between management support and financial accountability, as long as it was consistent with independent assurance.

The fourth study objective focussed on the implementation of recommendations from the internal audit and financial accountability. The relationship can be explained by Agency Theory since it is only important to identify the weaknesses in financial management that is only part of the monitoring process. Audit reports inform about deficiencies; the management of the institution is responsible for taking appropriate corrective action. If recommendations are not covered, weaknesses found in monitoring may not be addressed and this can reduce the practical accountability gains of internal auditing.

According to Bananuka et al. (2018), the internal audit function was found to make significant contribution in the accountability in the Ugandan statutory corporations. Likewise, Nalukenge et al. (2021) studied internal audit quality and accountability in statutory corporations in Uganda and found the relevance of audit quality to audit accountability. While these studies did not focus on recommendation implementation to the same degree as the present study, they all confirmed the importance of effective audit processes for accountability.

The importance of audit follow-up is also demonstrated in the Global Internal Audit Standards. The IIA (2024) specifies that the internal auditor must validate the recommendations or management action plans by implementing follow-up procedures as required by Standard 15.2. An implementation of recommendations presents an opportunity from an agency perspective for monitoring information to be realised in management responses. Based on this, the study predicted that financial accountability would be positively correlated with audit recommendations implementation.

Agency Theory also gives a rationale for financial accountability as the dependent variable. The financial accountability in the present study was considered in terms of compliance with financial laws, transparency and promptness of financial reports and the wise utilization of the institutional resources. The results are in line with the duties of agents delegated to public resources and the information principals and oversight stakeholders need to evaluate institutional financial management (Jensen & Meckling, 1976; Eisenhardt, 1989).

Although relevant to the problem, Agency Theory has some limitations. It is not always suitable for explaining cases where public officials are driven by professional ethics, organisational commitment and public service responsibility, which are elements of public welfare that are not necessarily of an individual interest. Donaldson and Davis (1991) questioned the premise of opportunistic managerial behaviour and Davis et al. (1997) suggested that managers might embody the goals of the organisation and serve responsibly as stewards. The general regulatory and professional context in which organisations are set is also treated with little detail in Agency Theory, something that is dealt with by Institutional Theory (DiMaggio & Powell, 1983).

Moreover, Agency Theory offers an explanation of the nature of monitoring relationships, but it does not assert that each of the audit characteristics will result in a statistically significant relationship between the audit characteristic and accountability in each institutional setting. It is then important that its relevance be evaluated in light of empirical evidence, not theoretic propositions.

Despite these constraints, agency theory was selected as the primary theory because it offers the most direct explanation of the study's central issue: the agency theory's relationship with financial accountability in the context of delegated authority over public resources by

institutional managers. It provides a unified explanation for all four independent variables and the dependent variable based on monitoring.It provides a monitoring-based explanation that is coherent for all four independent variables and the dependent variable. To overcome the limitations of these theories in explaining managerial motivation and external institutional factors, Stewardship Theory and Institutional Theory were integrated.In order to overcome the limitations of these theories with regard to managerial motivation and external institutional influence, Stewardship Theory and Institutional Theory were integrated.

2.2.2 Stewardship Theory

The monitoring perspective of Agency Theory was complemented by the newly developed Stewardship Theory as the first supporting theory. Donaldson and Davis (1991) developed Stewardship Theory as an alternative to this explanation of managerial behaviour, postulating that managers can have goals for organisations, as well as goals for themselves. This was later clarified by Davis et al. (1997) who noted that there are four sources for stewardship behaviour: intrinsic motivation, organisational identification, responsibility, and supportive organisational conditions.

Cooperation, trust and commitment to shared goals are seen as important influences on managerial behavior in Stewardship theory, whereas Agency theory focuses on the possibility for diverging interests and the need for monitoring. Davis et al. (1997) suggested that the psychological and situational factors both affect stewards' behaviour. This includes organizational culture, management philosophy, motivation and delegating power.

The theory is relevant to public TVET institutions, as the managers of these institutions are given financial resources to fulfil the public education and training goals. Responsible stewardship includes safeguarding the institutional assets, keeping up to date financial accounts, adhering to various regulations, and ensuring that spending aligns with institutional priorities. Management commitment can lead to greater cooperation with internal auditors and positive reactions to audit results, from this viewpoint (Donaldson & Davis, 1991; Davis et al., 1997).

The third study objective related to management support for internal audit is very well supported by Stewardship Theory. Internal auditing can be a useful tool for managers who are

dedicated to institutional goals to discover weaknesses and improve financial management. These managers might be more likely to allocate adequate resources for audit, make information available to auditors, and cooperate with auditors. This is appreciated in the empirical evidence provided by Mihret and Yismaw (2007) and Alzeban and Gwilliam (2014) which revealed that one of the important factors that need to be considered in terms of the internal audit effectiveness is organisational support.

The theory also aligns with the fourth objective (Implementing recommendations from the audit), as the results indicate. The managers would be expected to take action on the audit results and ensure that any necessary corrective action is taken, as a result of the managers' institutional responsibility. Stewardship-oriented management might treat audit recommendations as an opportunity to enhance internal controls and better use public resources rather than as an external critique of these resources, and their utilization (Donaldson & Davis, 1991; Davis et al., 1997).

The concept of competency of internal auditors is also complemented by the stewardship theory. Management can be aware of the importance of qualified audit personnel and provide further professional development. However, the explanation of professional competency is more straightforward in the Agency Theory context as it relates to the technical ability to monitor effectively.

The main drawback of Stewardship Theory is that it has a relatively positive expectation that the managers will have a stake in the institutional goals. Despite formal assurances of responsible management, public institutions might suffer from conflicts of interest, poor financial management or improper managerial influence. Thus, the notion of managerial trust and commitment does not remove the need for independent control over management (Jensen & Meckling, 1976; Davis et al., 1997).

Stewardship Theory was therefore used as a supporting theory to the main theory as it explains the motives of managers and organisational commitment, but it did not explain the independent monitoring and accountability relationships as well. The contribution it made was to be the complement of Agency Theory and to explain why institutional managers might voluntarily aid internal audit activities and recommend changes that would enhance financial accountability.

2.2.3 Institutional Theory

The second supporting theory is Institutional Theory which explains that the law and standards, as well as the organizational expectations, have an impact on internal audit practices. Meyer and Rowan (1977) stated that organisations often create formal institutions as part of an institutional agenda to maintain their legitimacy. DiMaggio and Powell (1983) expanded on this view by establishing the coercive, normative and mimetic institutional pressures.

Coercive pressures come as a result of laws, regulations and requirements set by the authorities. Normative pressures are based on professional standards, recognised qualification and accepted occupational practices. Mimetic pressures are those pressures in which practices are picked up from other organizations, especially practices that have been found to be legitimate or effective (DiMaggio & Powell, 1983).

Financial management and internal auditing have their statutory and professional accountability framework, which is where Institutional Theory comes in for the public TVET institutions in Kenya. The Public Finance Management Act (2012), Public Audit Act (2015) and the relevant public sector financial regulations, as well as other legislative requirements, impose responsibilities for the management and oversight of public resources. These requirements serve as illustrations of pressures on public institutions to establish suitable financial management and accountability systems to enforce these requirements.

The first study objective was on the issue of independence in internal audit, which was supported by the theory. Organisational positioning of internal audit functions and their reporting relationships is affected by regulatory and professional expectations. According to the IIA (2024), independence of the organisation is an important attribute for good internal audit. Institutional Theory thus supplements Agency Theory, as it is able to shed light on why institutions might choose to put in place formal compensating mechanisms to ensure audit independence.

The second objective about the competency of the internal auditor is supported by the theory. Normative pressures foster institutions to acknowledge professional qualification, technical expertise and on-going professional development. Competence, due professional care and professional development are all recognised as significant qualities of an internal auditor, further highlighted in the Global Internal Audit Standards (2024) (IIA, 2024). The past studies

also correlate the effectiveness of internal audit with audit quality and auditor characteristics (Arena & Azzone, 2009; Endaya & Hanefah, 2016).

With respect to the third goal, Institutional Theory provides an account for how governance expectations might lead to the management allocation of resources to internal audit tasks and compliance to professional standards. Management support may thus be not only related to organisational commitment (as proposed by the Stewardship Theory) but also to legal and professional requirements. The importance of organisational conditions to audit practices was further confirmed by the work of Alzeban and Gwilliam (2014) who showed that management support is important to the success of internal audit.

The fourth objective of the study is institutionalization of audit recommendations and institutional theory has relation to this objective. Public institutions have to be held to expectations that they should expose financial management problems and deal with them appropriately. Regulatory oversight and professional audit standards may make it more likely that institutions will set up corrective-action and recommendation-follow-up processes. The importance of confirmation of implementation of recommendations and management action plans is highlighted, as was done by IIA (2024). But, there are some drawbacks to the Institutional Theory as formal compliance does not always ensure effective organisational performance. Meyer and Rowan (1977) described how organisations could have a formal structure and process but have them set up without applying them to any meaningful part of the business. Oliver (1991) also showed that an organisation can react to institutional pressures in a variety of ways, from conformity to resistance.

In public TVET institutions, this implies that effective financial accountability is not guaranteed when there are formal institutional audit procedures or procedures for tracking professionals' requirements or recommendations. The management commitment, the audit capability and the action in response to weaknesses identified may vary between institutions with similar regulations.

Institutional Theory was therefore retained as a supporting theory, as this concept captures the wider regulatory and professional setting of internal audit practices, but is not so thoroughly explained as the principal–agent relationship of the study to the broader study of the principal–agent ones in the centre of the study. It complemented Agency Theory by showing how the

external expectations influence the monitoring arrangements and complemented Stewardship Theory by looking at the governance environment in which the institutional managers exercise their responsibility.

2.3 Empirical Literature

The section compares the variables and setting of the present research with the results of previous studies. It reviews previous research, and notes the findings of the others and the extent to which the findings can be compared to other findings in other sectors or geography.

In the past, "internal audit has been viewed as a part of public-sector governance as it offers assurance on controls, risks, compliance and resource utilization" (Alzeban & Gwilliam, 2014; IIA, 2024). Independence, competence, institutional support for independence, and follow-up of recommendations are all discussed in the studies included in this project; however, the results are based on different settings (Arena & Azzone, 2009; Endaya & Hanefah, 2016; Mihret & Grant, 2017). The differences warrant investigation of the relationships in the specific TVET context and not generalization to other contexts.

The literature reviewed is more extensive for ministries, public corporations, local government, county government and universities than for public TVET institutions in Kenya. Other sectoral research can be helpful to provide likely linkages but cannot fully capture the institutional governance and operating conditions of TVET institutions in Lower Eastern Kenya. The present review is therefore structured according to the four study variables and on the evidence available for each of them.

2.3.1 Independence of Internal Audit and Financial Accountability

The body of evidence across developed and developing countries shows that independence of audit leads to great governance results. "Independent internal audit (IAD) has been shown in studies in Germany, Australia, Saudi Arabia and the United Kingdom to enhance the effectiveness of oversight, boost internal control systems and to foster transparency in financial management" (Eulerich & Lohmann, 2022; Alzeban & Gwilliam, 2014). This is similar to what has been reported in African countries like Ghana, Nigeria and South Africa, where auditor independence was found to increase compliance to financial regulations, lessen management

interference, and improved stewardship of organizational resources (Musah et al., 2022; Aikins, 2019).

In tandem, studies in other parts of East Africa in Uganda and Tanzania also show a key enabler for improving accountability in public institutions. Bananuka et al. (2022) found that "the independent internal audit function was associated with improved financial oversight and accountability in Ugandan public sector organisations, whilst, research in Tanzania revealed that information and objectivity in audit reporting enhanced governance". Research in Kenya, Kenya County Governments, public universities and state corporations, show that audit independence is positively associated with audit outcomes of accountability implying that public universities with autonomous audit units have better financial management practices (Hesborn & Omondi, 2023; Wambua, 2022).

In general, the literature suggests that fuller audit independence is linked to increased accountability, which is evidenced by the benefits of improved oversight and increased transparency, as well as decreased managerial involvement in audit activities. However, despite the extensive research that has been done, public TVET institutions are not as well explored as ministries, county governments, state corporations and universities. Evidence is particularly limited on how audit independence relates specifically to financial accountability within the TVET sector.

2.3.2 Internal Auditor Competency and Financial Accountability

The professional knowledge, technical skill, practical experience and competency of the auditors will influence how they perform in internal auditing. Well-credible auditors are more likely to discover inadequate internal controls, irregularities, risk assessment and improve recommendations to strengthen organizational accountability. "The Institute of Internal Auditors (IIA) professional standards highlight competency as a key competency important to the effective performance of internal audit roles (IIA, 2024)". There have been many auditor competence and accountability and governance studies.

Better accountabilities and internal audit performance have been associated with greater auditor competency. Studies in the United States and other countries, including Australia, substantiate this connection.The study in the United States, Australia and Saudi Arabia concluded that the

auditors who have the relevant academic qualifications, and professional certificate, technical know-how, and practical experience are better in enhancing internal control and improving accountability systems (Endaya & Hanefah, 2016). The findings of this study have been replicated in other African nations such as South Africa, Ghana, Nigeria and others where competency of auditors has been shown to play a significant role in the quality of the audit services and financial management (Musah et al., 2022).

Similar studies within E.A have yielded similar results. Professionally trained and experienced internal auditors were found to be more effective at identifying financial irregularities and ensuring compliance with financial regulations in Uganda and Tanzania studies (Bananuka et al., 2022). Kenya's empirical evidence with public universities, county governments and state corporations suggests that the systems of public universities are generally stronger when they have competent audit staff and better financial management practices (Mutiso & Kamau, 2021; Wambua, 2022).

The available evidence mostly comes from government ministries, public corporations, universities and private sector organisations, and while most of the literature confirms that auditor competency improves accountability, not much evidence is available on that point. There is limited research specifically on Public TVET Institutions due to their increasing public responsibility. In addition, a significant number of studies has focused on the competency of the auditors in the context of audit effectiveness instead of financial accountability. The study aims to bridge these gaps by bringing in the competency of the internal auditor on financial accountability in Public TVET Institutions in Lower Eastern Kenya.

2.3.3 Management Support and Financial Performance

Management's support can be seen in the provision of adequate resources, responsiveness to audit results, facilitation of audit activities and commitment to corrective actions. According to previous research, the function of internal audit is more successful in achieving desired outcomes if supported by organizational leadership.

Research from Europe, North America and Asia consistently shows that management support can lead to a more effective Internal Audit and can help to improve accountability. “In Saudi Arabia and other emerging economies management commitment was found to be one of the

most important factors influencing the effectiveness and accountability of internal audit" (Alzeban & Gwilliam, 2014), while in Arena and Azzone's (2009) study "organizations that allocate sufficient resources and provide operational support to internal audit functions achieve better governance outcomes". In the past, research conducted in Ghana, Uganda and Tanzania has found that organizations with a management team that actively engages with the audit process tends to have better financial controls, compliance and accountability practices (Musah et al., 2022; Bananuka et al., 2022). Similar findings have been revealed from Kenya, where research with county governments, state corporations and public universities have found that "management commitment has a significant effect on the effectiveness of internal audit functions and the quality of financial oversight" (Mutiso & Kamau, 2021).

African studies have also highlighted that management support is key for improving accountability systems. Organizations that actively promote audit activities by their management teams are found to have better financial controls, compliance and accountability measures (Bananuka et al., 2022; Musah et al., 2022) in Ghana, Uganda and Tanzania. Similar findings have been reported in Kenya with research conducted among county governments, state corporations, and public universities revealing that "management commitment had a significant effect on the effectiveness of the internal audit functions and the quality of the financial oversight provided" (Mutiso & Kamau, 2021).

The reviewed literature shows a high degree of consensus factor of accountability because of provision of resources, interaction with auditors and implementation of corrective actions. However, the existing studies have mainly been on Public Agencies, Public Corporations and Universities, with less attention paid to Public TVET Institutions. Moreover, it is often discussed whether financial accountability can be influenced by management support.

2.3.4 Implementation of Audit Recommendations and Financial Performance

The audit recommendations are designed to highlight any gaps in the controls, governance framework and financial management procedures. As a result, it is seen as a measure of how seriously institutions take their duty to hold themselves to account and strive for ongoing improvement when they implement audit recommendations. Research conducted in Europe, North America and Australia consistently shows that there is a positive relationship between implementation of audit recommendations and accountability. Businesses that take action to

correct audit anomalies tend to have fewer financial anomalies and higher level of compliance with regulations (Mihret & Grant, 2017). These findings are similar to those reported in developing countries where implementation of audit recommendations have been associated with better financial management and transparency.

The findings in Ghana, Uganda, Tanzania and South Africa among other countries across Africa also show that institutions that act on audit results benefit from improved accountability and operational performance. Bananuka et al. (2022) noted that audit recommendations had a strong impact on increasing accountability in public organizations in Uganda. Research in Kenya also indicated that the uptake of audit recommendations is correlated with the realization of accountability in County governments, universities in the public sector and state corporations (Wambua, 2022; Hesborn & Omondi, 2023). Research from Europe, North America and Australia clearly shows that audit recommendations lead to better governance, better control and better accountability. Compliance with financial regulations and detection of any financial irregularities is reduced among organizations that are able to effectively mitigate audit findings (Mihret & Grant, 2017). In developing countries it has been found that audit recommendations are correlated with better financial management and transparency when implemented, which is in line with the results in this study.

While the existing literature suggests that implementing the recommendations of the audit can improve accountability, most of the evidence is drawn from other public sector organisations than from education.

2.4 Conceptual Framework

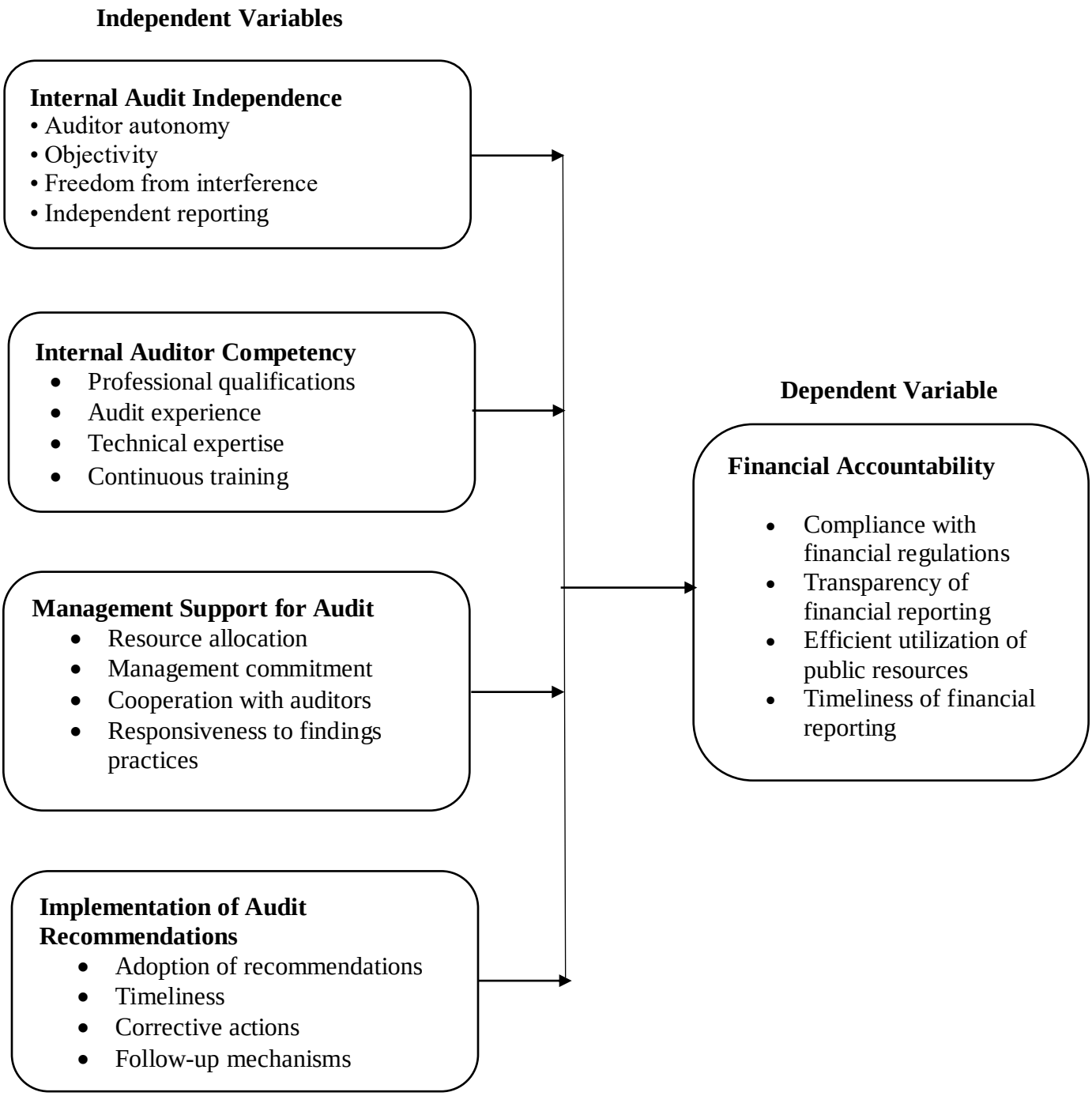
Maxwell (2013) defines a conceptual framework as "a map that shows the main concepts being investigated and the expected relationships among the concepts". The construction of the framework is based on Stewardship Theory, Agency Theory, Institutional Theory and results of previous empirical research on internal auditing and accountability.

Alzeban & Gwilliam (2014), Bananuka et al. (2022) and Mihret & Grant (2017) “found that aspects of the internal audit function, namely independence, competency of internal auditors, support rendered by the management for internal audit and implementation of the internal audit recommendations, are expected to contribute to the enhancement of financial accountability by

strengthening internal control mechanisms, promoting adherence to the financial regulations, improving transparency, and prudent utilization of institutional resources in public TVET institutions".

Internal audit independence is the extent to which auditors are able to perform their duties without inappropriate managerial interference. Internal auditor competency refers to the knowledge, skills, professional qualifications and experience needed to effectively perform audit duties. Management support has to do with the extent to which institutional leadership helps the audit process through providing resources, cooperation, and responding to audit results. Implementation of recommendations of the audits indicates how management responds to audit issues identified in the audits. Together, these dimensions are expected to help to achieve better financial accountability, and were measured using indicators relating to transparency, compliance with the financial rules, reliability of financial reporting and responsible use of public resources.

Figure 1: Conceptual framework



Source: Author 2026

2.5 Research gaps

The findings from studies carried out in Europe, North America, Asia and Africa are always the same, that the "internal audit independence, auditor competency, management support and implementation of audit recommendations" all positively relate to "accountability outcomes, internal control effectiveness and financial management performance" (Alzeban & Gwilliam, 2014; Arena & Azzone, 2009; Bananuka et al., 2022). However, there are still many areas of lack of knowledge.

There is a contextual gap since most of the previous studies have been conducted on government ministries, state corporations, county governments, public universities and private sector organizations. Compared to other areas, there is little empirical research that focuses on TVET despite their increasing responsibility for the management of public resources and the implementation of government education policies. On examining the literature, a geographical gap is evident in the literature. Studies have been conducted in Europe, Asia, North America and some African countries, but little empirical evidence exists on the internal audit and financial accountability of Public TVET Institutions in Kenya. In Kenya, the bulk of the studies have focused on county, state corporations and universities, with little focus on Public TVET Institutions in Lower Eastern Kenya.

The conceptual gap can be identified from the studies in the past, which were directed toward the outcome variables such as internal audit effectiveness, organizational performance, governance or financial management. There is limited number of studies that have taken a specific focus on financial accountability as a separate construct that is shaped by various aspects of internal audit. This study thus makes a contribution to knowledge by directly considering financial accountability as the dependent variable. Lastly, an existing literature deficit can be noted. Previous research has focused on particular internal audit characteristics separately, without providing a clear picture of how these interact to achieve accountability outcomes.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

The chapter details "how of the study and how empirical evidence was generated and analysed to meet the objectives of the study and answer the research questions" (Creswell & Creswell, 2018; Saunders et al., 2019)".

3.2 Research Philosophy

"The study was conducted based on positivist research philosophy since the main purpose of the study was to examine measurable relationship. The philosophy has been widely used in research on internal audit, governance and accountability in public sector institutions as it enables generation of empirical evidence that can be extended to a larger population" (Alzeban & Gwilliam, 2014; Bananuka et al., 2022). As such, positivism was deemed a suitable philosophy for research and to aid in fulfilling the stated objectives.

3.3 Research Design

"Research Design is the overall plan for organizing the collection, measurement and analysis of data for answering research questions and for accomplishing the research goals (Kothari & Garg, 2019). It gives a blue-print of the research and makes sure that the evidence collected is relevant to the problem being researched. The study was a descriptive cross sectional survey research design in which the researcher collects data from a population at a particular time and describe the status of the population, its attitudes, practices and relationships between variables (Creswell & Creswell, 2018). The cross sectional type enables information to be gathered at one time from the respondents so there is no need for a continuous series of observations over a long period".

The study allowed quantitative data to be gathered from a large sample of respondents and the use of statistical methods in analyzing the relationships between the study variables. In addition, the design was applied in previous studies that explored public financial management, governance, accountability and internal auditing (Arena & Azzone, 2009; Mihret & Grant, 2017). The cross sectional design in this study was descriptive in nature which allowed the study to capture the existing internal audit practices in public TVET institutions and examine the financial accountability practices within Lower Eastern Kenya.

3.4 Target Population

There are 114 Public TVET institutions spread out in the three counties of lower eastern Kenya (TVETA, 2025). In Kitui County, there are 55 institutions, in Machakos County there are 30 institutions and in Makueni there are 29 institutions.

The study focused on the officers who are directly engaged with the governance, financial management, procurement and internal audit roles in these institutions. The respondents were principals, deputy principals administration and finance, internal auditors, accountants/finance officers, procurement officers. These officers are deemed to be appropriate respondents because they have pertinent information on the operations of internal audit, financial management practices, implementation of audit recommendations and financial accountability in their institutions.

The categorisation of all the types of Public TVET institutions is based on the need to get an overall picture of the situation of internal audit and financial accountability in the TVET sector in Lower Eastern Kenya. It allowed the study to determine if the differences in institutional capacity, autonomy, governance and audit systems have an impact on financial accountability. The study area namely, Lower Eastern Kenya which consists of Machakos, Kitui and Makueni counties was chosen because of the growing importance of TVET in the socio-economic development of Kenya and the need for proper management and accountability of public resources in TVET institutions.

The choice of Lower Eastern Kenya is also justified because it is the place where the need to generate context-specific empirical evidence on internal audit and financial accountability in public TVET institutions exists. National-level regulatory and quality-assurance evaluations provide valuable information about the performance of TVET institutions but their results do not necessarily reflect the internal audit practices within specific institutional and geographical contexts. The 2024/2025 audit of TVET colleges by TVETA showed that the average quality performance score was 65%, with the Authority urging maintenance of the momentum of strengthening the institutional capacity, accountability and governance of TVET colleges (TVETA, 2026).

Lower Eastern Kenya is thus an appropriate context for an analysis of whether the use of internal audit is correlated with better financial accountability at institutional level. The study

focuses also on the geographic area of Machakos, Kitui and Makueni to provide evidence that can be utilized by TVET managers, TVET governing boards, internal auditors, TVET policymakers and oversight agencies to enhance financial governance and accountability. Based on the above, the study is therefore justified because of the concentration of public TVET institutions in the study area, high public investment and regulatory interest given to the TVET sector, the continued focus on institutional governance and the need to provide empirical evidence on the role of internal audit in the prudent and accountable management of public resources in Lower Eastern Kenya.

3.5 Sampling Technique and Sample Size

3.5.1 Sampling Technique

Stratified random sampling was used to select institutions. The population was initially stratified by county (Machakos, Makueni and Kitui) and then by TVETA institutional categories. "Within the strata, simple random sampling was used to ensure that a sample included institutions from the various counties and categories" (Saunders et al., 2019).

After the selection of institutions a census approach was used to cover all the key administrative officers in the selected institutions. In particular, principals, deputy principals, internal auditors, accountants/finance officers, and procurement officers were sampled for the study. The aim of using a census at the institutional level will be to gather information from officers directly involved in the internal audit, financial management, procurement and accountability processes in the institution directly.

3.5.2 Sample Size

The study reported that 89 institutions were selected from a total of 125 known public TVET institutions in Lower eastern Kenya, through the application of Yamane (1967) sample size formula. Prior to submission, the population number, inputs to the formula, and resulting sample should be checked against Table 3.1 to ensure that the calculation is repeatable.

Table 1: Distribution of sampled institutions.

County	Number of Institutions	Sample Size
Machakos	29	23
Makueni	30	23
Kitui	55	49
Total	**114**	**89**

Source: Researcher (2026)

The study carried out a census of certain administrative officers in each sampled institution. Representatives from principals, deputy principals, internal auditors, procurement officers and accountants/finance officers were selected as the respondents. This led to an expected 445 respondents.

3.6 Research Instrument

Primary data were collected using a structured questionnaire which was given to selected institutional officers namely principals, deputy principals, internal auditors, accountants/finance officers and procurement officers. The responses were collected using a similar questionnaire for comparable roles and institutions. It also enabled the respondents to give information without an interviewer taking the notes verbatim; the suitability would also depend on the clear wording and proper coverage of the study variables (Kothari & Garg, 2019).

The questionnaire included items that were demographic and statements related to the study variables. The items were mainly closed-ended and the variable statements were answered on a 5-point Likert scale. This format facilitated the coding and comparison of the responses in quantitative analysis. Questionnaire-based survey is a common method of gathering data on the experiences, opinions and perceptions of respondents, with clear and well formulated questions and consistent with the research questions (Saunders et al., 2019; Mugenda & Mugenda, 2019).

3.7 Pilot Study

The questionnaire was piloted with respondents from public TVET institutions prior the main survey, which were not part of the main sample. The pilot institutions were chosen due to their resemblance with the study institutions. The exercise was designed to highlight areas of uncertainty in the questions, difficulty in instructions and practical issues that could impact on the practicalities of completing the exercise, or on the quality of the responses (Saunders et al., 2019; Kothari & Garg, 2019).

It is mentioned in the methodology that around 10% of the expected sample was used for the pilot. It provides a suggested sample of 190 respondents, and a pilot group of approximately 19. Since 445 questionnaires were administered, as stated in Chapter Four, it is important that the basis of the pilot calculation be clarified to ensure that it is consistent with the planned sample and the actual survey conducted.

3.8 Data Collection Procedure

The researcher obtained university approval and the necessary authorisation to conduct research in Kenya which included a NACOSTI permit and permission from the County offices and management of the institutions where the research was carried out. The word approval(s) should be used in the appropriate tense in the final version and should only include those approvals actually received.

Following the approval of the researcher, questionnaires were sent to the sampled institutions to arrange for questionnaire administration. The target groups were principals, deputy principals, internal auditors, accountants or finance officers and procurement officers. Where distance or availability of the staff, or institutional arrangements, made it impractical to administer in person, electronic administration was employed, the final text should indicate how this was done.

Questions that were not completed, were not consistent and showed possible entry errors were checked before coding and entering questionnaires into SPSS. “The data were then prepared for descriptive and inferential analysis in line with the study objectives” (Saunders et al., 2021). Data cleaning should include any exclusions or corrections that were made and be documented, to allow the analysis to be traced.

3.9 Data Analysis and Presentation

Multiple regression can be used when more than one predictor variable is used and more than one is being examined with one outcome variable (Hair et al., 2022).

$$Y = \beta_0 + \beta_{1X_1} + \beta_{2X_2} + \beta_{3X_3} + \beta_{4X_4} + \epsilon$$

Where:

Y = Financial Accountability

β_0 = Y-intercept

β_1–β_4 = Coefficients of Regression

X_1 = Internal Audit Independence

X_2 = Internal Auditor Competency

X_3 = Management Support for Internal Audit

X_4 = Implementation of Audit Recommendations

ε = Error Term

3.10 Diagnostic Tests

"It is important to evaluate the assumptions as their violation may influence the accuracy and reliability of the estimated coefficients, and ultimately impair the validity of the conclusions that can be drawn from the statistical analysis" (Gujarati & Porter, 2009; Wooldridge, 2019). The study performed tests for normality and multicollinearity.

3.10.1 Normality Test

While panel regression is fairly robust to violations of normality in large samples, checking for normality is helpful information about the distribution of variables and extreme observations (Field, 2018). The Shapiro–Wilk test and skewness and kurtosis statistics were used to evaluate data normality. "If the Shapiro–Wilk significance value is greater than 0.05, then it is reasonable to assume that the data do not significantly differ from a normal distribution" (Hair, Black, Babin, & Anderson, 2019).

3.10.2 Multicollinearity Test

"Multi Collinearity happens when the independent variables are highly correlated with each other, thereby making it challenging to determine the independent impact on the dependent

variable (Gujarati & Porter, 2009). In this study, it was found that multicollinearity was not so severe as to affect the stability and interpretation of the regression coefficients". (Hair et al, 2019; Wooldridge, 2019).

CHAPTER FOUR
FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents the findings, analysis, and discussion of data collected on the relationship between internal audit and financial accountability in Public Technical and Vocational Education and Training (TVET) Institutions in Lower Eastern Kenya. The analysis is guided by the study objectives, which sought to examine the relationship between internal audit independence, internal auditor competency, management support for internal audit, and implementation of audit recommendations with financial accountability in the selected institutions. The chapter is organized into sections covering data screening and response characteristics, demographic information of the respondents, descriptive analysis of the study variables, and inferential statistical analysis. Descriptive statistics, including frequencies, percentages, means, and standard deviations, are used to summarize the responses and establish the prevailing perceptions regarding the study variables. Inferential statistics, particularly correlation and multiple regression analysis, are used to examine the relationships between the four dimensions of internal audit and financial accountability.

The findings are presented using tables and are interpreted in relation to the study objectives and research questions. The discussion further relates the empirical results to the relevant theoretical perspectives and previous studies reviewed in Chapter Two, highlighting areas of agreement, disagreement, and the contribution of the present study to existing knowledge. The chapter concludes by summarizing the key findings in relation to each research objective.

4.2 Response Rate

The study was conducted on 445 officers from various institutional governance, financial management, procurement and internal audit units.

Table 2: Response Rate

Category	Frequency	Percentage (%)
Targeted respondents	445	100.0
Returned questionnaires	312	70.1
Unreturned questionnaires	133	29.9
Total	445	100.0

Source: Research Data (2026)

Of the 312 completed and returned, 70.1% of them were returned. The report references the work of Mugenda and Mugenda 2003 and Fincham 2008 for guidance on interpretation of survey response rates. The rate does not, on its own, mean that there is no non-response bias, nor does it imply equal representation of the results for each institution.

4.3 Demographic Characteristics of Respondents

The demographic characteristics of respondents were inquired. The background information of the respondents regarding current job position, and length of service in the institution are described here. The following are characteristics that will help in judging whether the participants have the necessary experience and exposure to matters relating to internal audit and financial accountability at public TVET institutions.

4.3.1 Gender Distribution of Respondents

Table 3: Gender Distribution of Respondents

Gender	Frequency	Percentage (%)
Female	147	47.1
Male	142	45.5
Prefer not to say	23	7.4
Total	**312**	**100.0**

Source: Research Data (2026)

Table 3 presents the gender distribution of the 312 respondents who participated in the study. The findings indicate that 147 respondents (47.1%) were female, while 142 respondents (45.5%) were male. The remaining 23 respondents (7.4%) preferred not to disclose their gender. Female respondents constituted a slightly higher proportion than male respondents, with a difference of 1.6 percentage points. The findings demonstrate a relatively balanced representation of male and female respondents, suggesting that the study captured perspectives from both genders on internal audit practices and financial accountability in public TVET institutions in Lower Eastern Kenya. However, the gender distribution alone does not establish whether perceptions or experiences regarding financial accountability differed significantly between male and female respondents.

4.3.2 Age Distribution of Respondents

The age distribution of respondents was also enquired. The ages of the respondents are presented below.

Table 4: Age Distribution of Respondents

Age Bracket	Frequency	Percentage (%)
Below 30 years	20	6.4
30–39 years	84	26.9
40–49 years	90	28.8
50–59 years	93	29.8
60 years and above	25	8.0
Total	**312**	**100.0**

Source: Research Data (2026)

Table 4 presents the age distribution of the 312 respondents who participated in the study. The findings indicate that the largest proportion of respondents, 93 (29.8%), were aged between 50 and 59 years, followed by 90 respondents (28.8%) aged between 40 and 49 years. Respondents aged between 30 and 39 years accounted for 84 (26.9%), while 25 respondents (8.0%) were aged 60 years and above. The smallest proportion comprised 20 respondents (6.4%) who were below 30 years.

The findings reveal that the majority of respondents (85.6%) were aged between 30 and 59 years, indicating that the study predominantly involved individuals within the middle and later stages of their working lives. This age distribution suggests that respondents were drawn from a relatively mature workforce, potentially providing perspectives informed by exposure to institutional governance, financial management and internal audit practices. However, age alone does not establish respondents' professional experience or expertise. Overall, the distribution demonstrates representation across different age groups, providing a range of perspectives on internal audit practices and financial accountability in public TVET institutions in Lower Eastern Kenya.

4.3.3 Highest Academic Qualification of Respondents

Table 5: Highest Academic Qualification

Academic Qualification	Frequency	Percentage (%)
Diploma	41	13.1
National Diploma	1	0.3
Bachelor's Degree	134	42.9
Master's Degree	95	30.4
Doctorate Degree	41	13.1
Total	**312**	**100.0**

Source: Research Data (2026)

The majority of respondents had a university qualification. Those holding a Master's Degree (30.4%) were the next largest group, with the majority being those with Bachelor's Degree (42.9%). There were 13.1% respondents with Doctorate Degree or Diplomas and one respondent with a National Diploma. An overwhelmingly high proportion of the respondents had an educational level which would allow them to appreciate the issues around institutional governance, financial management and internal audit.

4.3.4 Professional Qualifications of Respondents

The professional qualifications of respondents is shown in Table 4.3.4.

Table 6: Professional Qualifications

Professional Qualification	Frequency	Percentage (%)
CPA	108	34.6
CISA	56	17.9
CIA	47	15.1
ACCA	43	13.8
CPS-K	38	12.2
Other qualifications	20	6.4
Total	**312**	**100.0**

Source: Research Data (2026)

CPA was the highest respondents' professional qualification among, accounting for 108 respondents (34.6%). The 56 respondents (17.9%) identified as CISA holders, were followed by those identified as CIA holders with 47 respondents (15.1%). A total of 43 (13.8%) and 38 (12.2%) individuals had ACCA and CPS-K qualifications respectively. The results indicate that respondents had the necessary professional qualifications in accounting, auditing, finance and governance. This helps to ensure the reliability of responses as participants were professionally exposed to financial accountability and internal audit activities.

4.3.5 Current Position of Respondents

Table 7: Current Position

Position	Frequency	Percentage (%)
Deputy Principal	64	20.5
Principal	82	26.3
Procurement Officer	57	18.3
Internal Auditor	33	10.5
Accountant/Finance Officer	76	24.4
Total	**312**	**100.0**

Source: Research Data (2026)

The results revealed that Principals (26.3%) had the highest number of respondents with 82 respondents, followed by Accountants/Finance Officers with 76 (24.4%). 64 Participants (20.5%) were Deputy Principals, 57 (18.3%) were Procurement Officers and 33 (10.6%) were Internal Auditors. The distribution shows that the research received responses from the key officers who participated in institutional leadership, financial management, procurement and audit functions. The respondents were appropriate as they have first-hand knowledge about the internal audit operations and accountability systems in TVET institutions.

4.3.6 Length of Service in the Institution

Table 8: Length of Service

Length of Service	Frequency	Percentage (%)
Less than 3 years	24	7.7
3–5 years	77	24.7
6–10 years	106	34.0
11–15 years	72	23.1
Above 15 years	33	10.6
Total	**312**	**100.0**

Source: Research Data (2026)

The largest proportion of respondents (106, 34.0%) had worked for 6–10 years. Numerous others had served for 3–5 years (77, 24.7%), and 72 (23.1%) had served for 11–15 years. As a whole the distribution indicates that a significant percentage of the individuals had significant institutional experiences. As they had been serving in public TVET institutions for a long time, they seemed to be familiar with financial management practices, audit processes, and accountability procedures in public TVET institutions.

4.4 Reliability Analysis

The purpose of this analysis was to determine if the items employed to measure each study variable exhibited an adequate internal consistency. Cronbach's Alpha was the most important statistic to assess the reliability of the research instrument, in accordance with the method used in the study.

Table 9: Reliability Test Results

Study Variable	Number of Items	Cronbach's Alpha	Interpretation
Internal Audit Independence	7	0.758	Reliable
Internal Auditor Competency	7	0.787	Reliable
Management Support for Internal Audit	7	0.786	Reliable
Implementation of Audit Recommendations	7	0.783	Reliable
Financial Accountability	8	0.823	Reliable

Source: Research Data (2026)

The internal consistency of the items measuring auditor autonomy, objectivity, independence from interference and independent reporting was acceptable and an alpha coefficient of 0.758 was achieved for the Internal Audit Independence scale. Items under the three domains of professional qualification, audit experience, technical expertise and continuous training had a slightly higher coefficient (0.787), indicating that the items that measured the construct were measured in a consistent manner.

The most reliable was Financial Accountability with a reliability coefficient of 0.823. This means that everything that required adherence to financial rules, transparency of financial reporting, effective use of public funds and timely financial reporting were all measured by financial accountability. The internal consistency of the items measuring auditor autonomy, objectivity, independence from interference and independent reporting was acceptable and an alpha coefficient of 0.758 was achieved for the Internal Audit Independence scale. Items under the three domains of professional qualification, audit experience, technical expertise and continuous training had a slightly higher coefficient (0.787), indicating that the items that measured the construct were measured in a consistent manner.

Management Support for Internal Audit was the highest with an alpha value of 0.786. This means that the items of the questionnaire which were measuring resource allocation, management commitment, cooperation with auditors, and response to audit findings were internally consistent. Implementation of Audit Recommendations showed an alpha of 0.783,

indicating that items used to measure implementation of recommendations, timeliness, corrective actions and follow-up mechanisms reliably measured the construct.

The most reliable was Financial Accountability with a reliability coefficient of 0.823. This means that everything that required adherence to financial rules, transparency of financial reporting, effective use of public funds and timely financial reporting were all measured by financial accountability.

4.5 Descriptive Statistics

The respondents' attitudes towards the internal audit practices and financial accountability were summarized using the descriptive analysis which involved the use of mean, and standard deviation.

Table 10: Descriptive Statistics

Variable	Mean	Standard Deviation	Interpretation
Internal Audit Independence	4.003	0.609	High
Internal Auditor Competency	3.940	0.659	High
Management Support for Internal Audit	3.903	0.671	High
Implementation of Audit Recommendations	3.857	0.682	High
Financial Accountability	3.924	0.689	High

Source: Research Data (2026)

This suggests that respondents generally believed internal auditors were allowed to work on an okay level of autonomy and objectivity, without inappropriate interference and reporting independently. “The finding resonates with past research which have identified independence as a critical characteristic of an effective internal audit function and a factor for better accountability systems” (Alzeban & Gwilliam, 2014; Hesborn & Omondi, 2023).

“This finding is consistent with Endaya and Hanefah (2016) and Musah et al. (2022) which attribute the auditor competence to better assessment of internal controls, risk assessment, compliance monitoring and accountability”. Management Support for Internal Audit also had a favourable rating. The overall result indicates that institutional leadership is generally

supportive of the audit function in terms of providing resources, cooperating with the auditors and being responsive to audit activities. The same has been noted by "Arena and Azzone (2009), Alzeban and Gwilliam (2014) and Musah et al. (2022) who highlight management commitment as an essential precondition for successful internal auditing and accountability".

The mean value of Implementation of Audit Recommendations was lowest with a range of 3.857 and a standard deviation of 0.682 among the independent variables. This score, which is still a positive result overall, indicates that follow-up and implementation of audit recommendations may be a relatively weak aspect of the internal audit work of the institutions studied. This interpretation aligns with the theory that audit results constitute accountability only when the weaknesses found are addressed through changes in the organization and are monitored (Mihret & Grant, 2017; Bananuka et al., 2022).

In general, the respondents believed that their institutions had good practices in financial compliance, transparency, reporting and the use of public resources responsibly. The overall descriptive findings indicate that the attitude of internal audit practices and financial accountability in public TVET institutions is generally positive. This overall picture is "consistent with earlier research that showed effective internal audit arrangements can enhance public institution's controls, transparency, compliance and accountability" (Alzeban & Gwilliam, 2014; Bananuka et al., 2022; Mihret & Grant, 2017).

4.6 Diagnostic Tests

4.6.1 Normality Test

One of the study methods used was to identify the diagnostic tests prior to regression analysis, which included the normality test.

Table 11: Normality Test Results

Variable	Skewness	Kurtosis	Decision
Internal Audit Independence	-1.006	1.812	Normal
Internal Auditor Competency	-0.747	0.634	Normal
Management Support for Internal Audit	-0.770	0.487	Normal
Implementation of Audit Recommendations	-0.825	0.930	Normal
Financial Accountability	-0.907	1.025	Normal

Source: Author 2026

Skewness values for the responses were mostly negative, indicating that the responses were grouped into the higher range of the Likert scale and hence the responses were generally favourable for the study variables. This indicated that generally most of the respondents have positive perception of Public TVET Institutions. The skewness value of Internal Audit Independence was -1.006 and kurtosis value was 1.812. The findings indicate generally a satisfactory degree of autonomy, objectivity and independence of internal auditors. The distribution shows that the responses were clustered towards the higher agreement values.

The skewness and kurtosis were respectively equal to -0.747 and 0.634 for Internal Auditor Competency. This shows a fairly even spread of answers on the four areas of auditor qualifications, skills, technical knowledge, and experience. The discovery is consistent with the argument that is presented in the study framework in that auditor competency is an important dimension in financial accountability. The Management Support for Internal Audit had skewness of -0.770 and a kurtosis of 0.487. This signifies that respondents generally believed that the institutional leadership is supportive of internal audit functions in terms of cooperation, allocation. The indicators relate to the conceptual structure of the study. The skewness and kurtosis for Implementation of Audit Recommendations were -0.825 and 0.930 respectively. The results indicate that there was general consensus that the audit recommendations were undertaken in their institution(s). The distribution also indicates that there is some variation in the effectiveness and consistency of follow-up actions among institutions.

Financial Accountability had skewness of -0.907 and kurtosis of 1.025. This signifies that most of the respondents indicated positive practices in their accountability such as adherence to financial regulations, financial reporting transparency, efficient use of resources, and timely financial reporting. The dependent variable measurement indicators identified in the conceptual framework are reflected in these indicators. The variables studied were reasonably normally distributed for the proposed analyses. These statistics are helpful for determining the symmetry and shape of a distribution and are often considered when determining the appropriateness of data for parametric procedures. Based on this, the data was considered to be suitable for further correlation and regression analysis.

4.6.2 Multicollinearity Test

Exhibited overly strong linear relationships that might antagonize estimation and interpretation of their respective regression coefficients.

Table 12: Multicollinearity Test Results

Independent Variable	VIF	Decision
Internal Audit Independence	3.501	No multicollinearity
Internal Auditor Competency	3.752	No multicollinearity
Management Support for Internal Audit	4.764	No multicollinearity
Implementation of Audit Recommendations	4.097	No multicollinearity

Source: Research Data (2026)

The results show that all VIF values are less than 5. This indicates that the independent variables were not subjected to cases where there was an undesirable multicollinearity. Thus, each individual variable was providing a different amount of information for the regression model.

4.7 Correlation Analysis

Table 13: Correlation between Internal Audit Practices and Financial Accountability

Variable	Pearson Correlation (r)	Significance
Internal Audit Independence	0.758	Significant
Internal Auditor Competency	0.832	Significant
Management Support for Internal Audit	0.845	Significant
Implementation of Audit Recommendations	0.823	Significant

Source: Research Data (2026)

As the correlation result indicates, the higher the level of auditor autonomy and independence, the higher the level of accountability outcomes that they exhibited (r = 0.758), with Internal Audit Independence being most associated with the other Internal Audit effectiveness factors. A higher level of auditor independence, objectivity and independent reporting is correlated with better accountability practices. There was a positive relationship between Internal Auditor Competency and financial accountability (r=0.832). This suggests that auditors with higher proficiency in their job, qualification and technical knowledge have greater accountability systems.

The highest correlation with financial accountability was with Management Support for Internal Audit (r=0.845). Cooperation and financial accountability (r=0.823) are important when improving accountability mechanisms, as is leadership commitment and provision of resources. This suggests that institutions that implement measures based on audit results are more likely to have good practices in financial management.

4.8 Multiple Regression Analysis

Both dimensions singly and in combination accounted for the differences in financial accountability of the public TVET institutions in Lower Eastern Kenya. The predictor was composed of internal implementation of audit recommendations.

The regression model was set up as:

The regression model was specified as:

$$Y = \beta_0 + \beta_{1X_1} + \beta_{2X_2} + \beta_{3X_3} + \beta_{4X_4} + \epsilon$$

Where:

Y = Financial Accountability

β_0 = Constant (Intercept)

β_1–β_4 = Regression Coefficients

X_1 = Internal Audit Independence

X_2 = Internal Auditor Competency

X_3 = Management Support for Internal Audit

X_4 = Implementation of Audit Recommendations

ε = Error Term

4.8.1 Regression Model Summary

Table 14: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.890	0.791	0.788	0.317

Source: Research Data (2026)

The variation in financial accountability among public TVET institutions, explaining 79.1% of the variation, was attributable to implementation of audit recommendations. Use of multiple regression for measuring the explanatory power for more than one predictor variable on a single outcome variable follows Hair et al. (2022) recommendations.

"This is in line with the previous empirical literature that indicates that audit independence, auditor competence, management support and effective implementation of audit recommendations are significant factors of accountability and financial management systems" (Alzeban & Gwilliam, 2014; Bananuka et al., 2022; Mihret & Grant, 2017). The results thus support the conceptual framework used in this study, which posited that these four dimensions of internal audit will predict financial accountability.

4.8.2 Analysis of Variance (ANOVA)

Table 15: ANOVA Results

Model	Sum of Squares	df	Mean Square	F-value	Sig.
Regression	116.975	4	29.244	290.765	0.000
Residual	30.877	307	0.101		
Total	147.852	311			

Source: Research Data (2026)

When taken together, the four dimensions of internal audit predicted financial accountability well. The regression model was statistically meaningful, meaning that it explained the variation in financial accountability across public TVET institutions. The finding corroborates that of Hair et al. (2022) who state that "Multiple regression can be used to assess the combined effect of multiple predictor variables on a single outcome variable". Therefore, the greater the F statistic, the more meaningful an explanation of financial accountability was provided by the internal audit variables as a group. Hence, the regression model is appropriate for predicting financial accountability based on four dimensions of the internal audit. The results suggest that the collectively observed practices of internal audit have an influence on the accountability outcomes in Public TVET Institutions. This contributes to the study premise that an effective internal audit role enhances transparency, compliance and responsible stewardship of public resources.

4.8.3 Regression Coefficients

Table 16: Regression Coefficients

Predictor Variable	B	Std. Error	Beta	t-value	Sig.
Constant	0.089	0.122		0.727	0.468
Internal Audit Independence	0.029	0.055	0.026	0.524	0.601
Internal Auditor Competency	0.348	0.053	0.333	6.577	0.000
Management Support for Internal Audit	0.335	0.059	0.326	5.722	0.000
Implementation of Audit Recommendations	0.271	0.053	0.268	5.068	0.000

Source: Research Data (2026)

The result showed a positive coefficient for Internal Audit Independence (B = 0.029) which means that there is a positive relation between internal audit independence and financial accountability. Overall, however, a statistically insignificant correlation was found (p = 0.601). This indicates that while institutions reported high levels of audit independence, audit independence was not a key factor in predicting financial accountability when combined with the other internal audit factors. The result is contrary to earlier Reviewed studies that noted independence as a key attribute of internal audit that enables an auditor to render objective assurance and unbiased reporting. They also found that independence must be combined with other factors, notably auditor quality, management commitment and the effectiveness of the implementation of audit recommendations, for better results in terms of accountability.

The items in the Internal Auditor competency showed a positive and statistically significant impact on financial accountability (B = 0.348, p < 0.001). This suggests that better financial accountability is linked with better auditor skills, professional skills, technical expertise and experience. The finding is consistent with the literature reviewed in Chapter Two that a competent auditor can be better equipped to detect weaknesses in internal controls, to evaluate risk and to make recommendations to enhance institutional accountability.

The effect of Management Support for Internal Audit on the financial accountability was positive and significant (B = 0.335, p < 0.001). The finding suggests that the institutional leadership is important in strengthening the accountability partly through provisioning of resources, cooperation with auditors, and commitment to audit processes. This strengthens the Institutional Theory which posits that governance expectations, professional standards, and institutional commitment shape organizational accountability practices.

Financial accountability (B = 0.271, p<0.001) was positively and statistically significantly influenced by Implementation of Audit Recommendations. The finding implies that institutions that implement the recommendations of their audits and implement corrective actions will be more likely to have better accountability practices. This finding aligns with the work of Mihret and Grant (2017) which links effective implementation of audit recommendations to strengthening the internal control framework and good governance practices. It is also consistent with Bananuka et al. (2022) who reported that the implementation of audit recommendations enhanced accountability in public institutions, and also with Hesborn and Omondi (2023) who reported effective follow up of audit findings to contribute to accountability in public TVET institutions. The finding thus supports the concept that the

purpose of internal audit is not only to uncover control deficiencies, but also to take corrective action to remediate identified deficiencies promptly and to follow-up on corrective action in order to achieve and sustain efficiency and effectiveness. As discussed in Chapter Two, the literature reviewed shows that implementation of recommendations is a critical step in enhancing governance outcomes and the internal controls.

4.9 Hypothesis Testing

The regression coefficients and probability values obtained from the multiple regression analysis were used for hypothesis testing. Four null hypotheses were tested. The tests were evaluated at 5% level of significance ($\alpha = 0.05$) which falls within 95% confidence level used for the study (Hair et al., 2019).

Table 17: Summary of Hypothesis Testing Results

Hypothesis	Predictor Variable	Beta (B)	p-value	Decision
H01	Internal Audit Independence has no significant influence on financial accountability	0.029	0.601	Accept
H02	Internal Auditor Competency has no significant influence on financial accountability	0.348	0.000	Fail to accept
H03	Management Support for Internal Audit has no significant influence on financial accountability	0.335	0.000	Fail to accept
H04	Implementation of Audit Recommendations has no significant influence on financial accountability	0.271	0.000	Fail to accept

Source; Author 2026

4.9.1 Financial accountability and independence of internal auditors.

This suggests that the internal audit dimension of independence did not have a statistically significant effect on financial accountability after accounting for the other internal audit dimensions in a regression model. The response reveals a relationship between the respondents' perception of internal auditor independence in the performance of their duties and financial accountability, although this relationship was not significant when compared to the other internal audit factors.

This is in contrast to previous research which has determined audit independence as an important factor in shaping accountability results. According to Alzeban and Gwilliam (2014), the independence of the internal audit enhances the governance as the auditors are able to give objective assurance without any interference from management. In a parallel fashion, other research conducted in the public sector in Kenya has found that independent audit has a positive impact on accountability by strengthening oversight and control. The likelihood explanation of the present finding is that independence should go hand-in-hand with other institutional elements. In Public TVET Institutions, the autonomy of the auditors does not necessarily imply accountability results as the results of audit might not be implemented and management might not allocate resources to the auditors and the technical capacity of the auditors is also a determinant of accountability outcomes. The discovery indicates that in addition to encouraging auditors to be independent, the institutional leadership must also enhance the other components of the internal audit function.

Internally, in East Africa, Uganda and Tanzania research has also showed that independence of the internal audit is a major factor in enhancing accountability in public institutions. Bananuka et al. (2022) noted that in Uganda, the way independent internal audit functions helped reduce financial oversight and accountability in public sector organizations, and studies showed that access to information and objective audit reporting improved governance in Tanzania. A positive relationship between audit independence and accountability outcomes is identified in Kenya through the studies conducted in county governments, public universities and state corporations; which shows that institutions that have autonomous internal audit units have better financial management practices (Hesborn & Omondi, 2023; Wambua, 2022).

4.9.2 Internal auditor competency and financial accountability

This discovery suggests that the other internal audit dimensions were constant, and that improvements in auditors' professional knowledge, technical skills, experience, and competence are related to increased financial accountability. Thus, the null hypothesis was rejected. The results suggest that institutions with auditors who are better qualified in terms of professional and technical skills, experience, and continuous training show greater financial accountability.

The discovery also aligns with Reviewed studies that auditor competence was linked to better control issues, better compliance monitoring and good financial oversight. The same applies to Murage and Mathenge (2023) who determined that professional competency was one of the internal audit practices that correlated to improved financial outcomes in a Kenyan public sector context. The identification shows that training and developing auditor skills and engaging in professional certification is crucial in enhancing accountability systems in TVET institutions.

4.9.3 Management Support for Internal Audit and Financial Accountability

This discovery suggests improvements in financial accountability are linked to better management commitment, provision of adequate resources, collaboration with internal auditors, and response to audit findings. "This finding is in line with Alzeban and Gwilliam (2014) who stated that having management commitment is important to the effectiveness of the internal audit function, and with Musah et al. (2022), and Bananuka et al. (2022) who stated that management support is important for better financial controls, compliance and accountability in public institutions. Evidence in Kenya was also reported by Mutiso and Kamau (2021) who established that the level of management commitment greatly affects the effectiveness of internal audit and quality of financial oversight. The finding illustrates that the commitment of management is important in enhancing accountability. Institutions that are proactive in providing resources and working with auditors and responding to audit results have higher financial accountability amounts".

The results is in line with Arena and Azzone (2009) who found that management support is one of the factors that could affect the effectiveness of internal audit. They identified two main points: Organisational support and resources are needed in the function of internal audit to enable it to achieve the governance objectives. The discovery also backs up past Reviewed research, which has confirmed that management commitment fosters compliance, boosts internal controls, and helps improve accountability procedures. Ideally, the discovery is congruent with Institutional Theory that posits that institutional accountability practices are dependent on institutional leadership commitment, regulatory expectations, and governance.
The audit activities actively supported by the management of the organizations in Ghana, Uganda and Tanzania respectively "are found to have positive effect on the management of financial controls, compliance and accountability (Musah et al., 2022; Bananuka et al., 2022)

in the organizations. In Kenya, similar findings have been observed in studies conducted with county governments, state corporations and public universities, which indicate that management commitment has a significant impact on two outcomes: the effectiveness of internal audit functions and the quality of financial oversight" (Mutiso & Kamau, 2021).

4.9.4 Implementation of Audit Recommendations and Financial Accountability

The result shows that institutions that take prompt corrective action and effective follow-up action on findings in audits will be more successful in attaining financial accountability. It is consistent with Mihret and Grant (2017), who discovered that audit suggestions boosts internal controls, governance, and responsibility. It also corroborates the finding by "Bananuka et al., (2022) that implementation of audit recommendations significantly improve accountability in public institutions, as well as the finding by Hesborn and Omondi (2023) that implementation of audit recommendations contribute to accountability in public TVET institutions". The finding therefore implies that the benefit of internal audit is realised when identified weaknesses are followed by appropriate corrective action and not just reported.

The finding suggests that good audit implementation of recommendations leads to better practices of accountability in institutions. Research in Europe, North America and Australia all validates that audit recommendations lead to better governance, better internal controls and better accountability. Compliance with the regulations and a reduction in financial irregularities are among the key benefits associated with effective audit resolution (Mihret & Grant, 2017). The same has been observed in developing nations, where audit recommendations have been correlated with better financial administration and transparency.

The findings corroborate the earlier studies that the effectiveness of internal audit is not only limited to the identification of deficiencies but is also dependent on taking corrective measures. Implementation process enhances internal controls, compliance and minimises reoccurring Financial Irregularities. The findings of Bananuka et al. (2022) also suggest that the effect of audit recommendations on accountability in public institutions was found to be positive. The finding also agrees with Agency Theory which postulates that monitoring and corrective measures are critical tools for mitigating agency problems between resource owners and managers.

4.10 Discussion of Findings

This section addresses the findings in the context of the four study objectives, empirical literature and theoretical perspectives. The multiple regression analysis showed that all four dimensions of the internal audit explained 79.1% of the variance in financial accountability ($R^2 = 0.791$; adjusted $R^2 = 0.788$). The model was statistically significant, $F(4, 307) = 290.765$, $p < .001$. Internal auditor competency and management support and implementation of audit recommendations were significant positive predictors and internal audit independence was not significant after controlling for the other variables. The results of this study align with previous research that emphasises the significance of organisations and professional features on the effectiveness and accountability of internal audit (Mihhet & Yismaw, 2007; Alzeban & Gwilliam, 2014; Nalukenge et al., 2021).

4.10.1 Internal Audit Independence and Financial Accountability

The first objective investigated the association between internal audit independence and financial accountability. The results showed a high positive correlation ($r = 0.758$) but the regression coefficient was not statistically significant ($B = 0.029$, $\beta = 0.026$, $p = 0.601$). Thus, the first null hypothesis was not rejected. This means that while financial accountability is a positive association with independence, it was not statistically significant as an independent variable when other internal audit variables are taken into account.

This is a contradiction to the conclusions of Hesborn and Omondi (2023) which found a strong positive correlation between audit independence and financial accountability in public TVET institutions in western Kenya. It is congruent with the overall discussion by Alzeban and Gwilliam (2014) which stated that there are several conditions for the organization to have an effective internal audit. Independent oversight is easier and the information asymmetry is lessened from an Agency Theory point of view (Jensen & Meckling, 1976). Institutional Theory also indicates that formal mechanisms of independence do not necessarily lead to effective accountability mechanisms (Meyer & Rowan, 1977). The findings, therefore, suggest that the public TVET institutions should keep their auditor independence while enhancing their professional competence, management support, and implementation of the recommendations of the audits.

4.10.2 Internal auditor competency and financial accountability.

The second goal evaluated the connection between the competency of the internal auditors and the financial responsibility. The results resulted in the strong positive correlation ($r = 0.832$) and statistically significant regression coefficient ($B = 0.348$, $\beta = 0.333$, $p < .001$). Thus, H2 was rejected. The highest standardised regression coefficient was found for the competency of Auditor, which means that the competency of Auditor contributed to the prediction of financial accountability relatively much.

The findings are consistent with those of Mihret and Yismaw (2007) who concluded that audit quality had a significant impact on the effectiveness of internal audit in an Ethiopian public higher education institution. Likewise, Endaya and Hanefah (2016) correlated auditor characteristics and audit effectiveness, and Arena and Azzone (2009) highlighted the professional audit capacity. The results are consistent with Agency Theory which acknowledges the importance of good monitoring to diminish information asymmetry (Jensen & Meckling, 1976) and Institutional Theory which emphasizes professional standards and qualifications (DiMaggio & Powell, 1983). In the practical aspect, TVET institutions need to enhance the professional skills, technical skills, experience and continuous professional development of the auditors to assist in financial accountability.

4.10.3 Management support to internal audit and financial accountability

The third aim explored the link between management support and financial accountability. Management support had the highest positive correlation ($r = 0.845$) and was a statistically significant predictor of the other ($B = 0.335$, $\beta = 0.326$, $p < .001$). So the third null hypothesis was rejected. The results suggest that financial accountability has positive relationship with having adequate resources, management commitment, working with auditors, and responding to audit results.

These results support Alzeban and Gwilliam (2014) who found that management support is an effective factor in the effectiveness of internal audit in the public institutions in Saudi Arabia. Management support was also stressed by Mihret and Yismaw (2007) to improve audit effectiveness and Endaya and Hanefah (2016) reported it to moderate the relationship between the other audit effectiveness factors. The results support the results of the Stewardship Theory which links responsible management with dedication to organisation goals (Donaldson &

Davis, 1991; Davis et al., 1997). They also reflect the views of Institutional Theory on the compliance of governance expectations (DiMaggio & Powell, 1983). It suggests that the resources of the institution to support the audit, information access, and the response to the audit results should be adequate, while at the same time not impairing the independence of the auditors.

4.10.4 Implementation of Audit recommendations and financial accountability

The fourth objective assessed the link between the implementation of the audit recommendations and financial accountability. The results yielded a high positive correlation ($r = 0.823$), and a statistically significant regression coefficient ($B = 0.271$, $\beta = 0.268$, $p < .001$). Thus, the fourth null hypothesis was rejected. Despite having the lowest descriptive mean of all the independent variables ($M = 3.857$), implementation was still an important predictor of financial accountability.

The results agree with the study conducted by Mihret and Yismaw (2007) which pointed to the need for management responsiveness and audit follow-up. They also corroborate the findings of Bananuka et al. (2018) and Nalukenge et al. (2021) which linked internal audit practices and quality with accountability in public corporations in Uganda. Theories on strengthening accountability include Agency Theory which argues the need for monitoring and corrective action when weaknesses are identified (Jensen & Meckling, 1976) and Stewardship Theory which calls for management responsibility for tackling identified weaknesses (Davis et al., 1997). The results suggest that it is important to implement effective systems of recommendations tracking at public TVET institutions, to recognise who is responsible for the implementation and to check for corrective measures. This is in line with the Global Internal Audit Standards (IIA, 2024).

The results in general show that financial accountability in public TVET institutions is significantly related to auditor competency, management support and implementation of the recommendations of the auditors. The findings indicate professional capacity, institutional commitment and corrective-action mechanisms and not solely the formal audit frameworks are important.

Theoretically, the results support the Stewardship theory and Agency and Institutional theory in a qualified way, as managerial responsibility and professional monitoring and governance expectations are shown to be relevant. At the practical level, the institutional managers should focus on the development of auditors, sufficient audit resources and good follow-up procedures. Policymakers and governing bodies should tighten-up oversight arrangements, and ensure that audits remain independent.

The cross sectional design and use of self-reported questionnaire data, however, reduces the capacity for causal interpretation. The unexplained 20.9% of variation also indicates that there are other institutional factors that could influence financial accountability. The results therefore give specific evidence for enhancing internal audit in the public TVET institutions in Lower Eastern Kenya and opportunities for further investigation.

4.11 Summary of Findings

The results showed that the model was able to explain 79.1% of the variation in financial accountability (R2 = 0.791), which suggests that the internal audit practices studied were able to explain a significant amount of the variation in the outcomes of financial accountability in public TVET institutions. The unexplained variance (20.9%) is due to other factors not accounted for in the model.

This is in line with previous empirical studies which have shown that some link the performance of internal audit and accountability with that of governance and financial management in public institutions in a positive way. Despite the negative effects of audit failures, the role of internal audit processes was found to be significant in influencing financial accountability in Kenyan public sector institutions with a focus on audit assurance, competency and audit control mechanisms, as reported by Mbangua and Musau (2026). In addition, “a systematic review conducted by Kotb et al. (2021) makes it clear that over the years, public sector internal audit research has consistently shown that internal audit effectiveness relates to governance and accountability improvements”.

4.11.1 Independence and Financial Accountability of Internal Audit.

The result suggests that while the respondents saw internal auditors as independent in conducting audit activities, internal audit independence did not have a significant influence on financial accountability together with other dimensions of internal auditors.

The result was partially contrary to previous studies that found independence as a key factor of accountability. According to Alzeban and Gwilliam (2014), "independent internal audit functions are effective in enhancing governance in the sense that they can give objective assurance and unrestricted reporting by the auditors". The result of the current finding is that there are other organisational factors of support that are needed for independence, and these are auditor competence, commitment of management and effective audit follow up on recommendations. This discovery is a significant contribution to the context, as most of the studies have focused on public sector organisations like counties, ministries and state agencies, but not Public TVET Institutions.

4.11.2. The Internal Auditor competency and financial accountability

This discovery shows that the role of the auditor with suitable professional qualifications, technical expertise, experience, and ongoing training, is a very important factor in developing good accountability practices.

The finding is consistent with the earlier study which found competency to be one of the major factors in conducting effective internal audit. Studies reviewed suggest that the effectiveness of auditors in detecting weaknesses in internal controls, assessing risks, and making recommendations to enhance governance performance is linked to their competence. The result also corroborates the assertion of Msindwana and Ngwakwe (2022) "that effectiveness of the internal audit and auditor training helps to enhance financial accountability in public sector institutions". Hence, augmenting the professional development programmes and making sure that the skills of the persons performing internal audits are relevant are still critical measures to enhance accountability in TVET institutions.

Studies in East Africa have yielded similar results. Research in Uganda and Tanzania found that employing professionally trained and experienced internal auditors was most effective in identifying financial misconduct and encouraging adherence to financial laws and regulations

(Bananuka et al., 2022). Empirical research in Kenya in public universities, county governments and state corporations suggests that public universities with good audit staffs tend to have well established accountability systems and better financial management practices (Wambua, 2022; Mutiso & Kamau, 2021).

4.11.3 Management facilitates internal audit and financial responsibility

This indicates dependency of audit functions on the institutional leadership. The use of management support such as resources and co-operation with auditors and commitment to act on audit results improves accountability practices.

The finding is in line with Arena and Azzone (2009) which mentioned that management commitment. The discovery is also consistent with previous Reviewed studies indicating that management contributes to strengthening compliance, internal controls and financial accountability. The discovery is consistent with the Institutional Theory that says the internal organization leadership and external governance expectations affect organizational practices.

4.11.4 Implementation of Audit Recommendations and Financial Accountability

The finding represents a positive trend that institutions act on audit results and take corrective action when it comes to accountability. The result indicate the need for follow up mechanism and corrective action in the process of internal audit that is effective. Audits are only a source of accountability when the institutions take action to correct weaknesses and enhance control systems. The finding corroborates Ssebakijje (2026) who came up with the findings of follow-up mechanism as important contributing factor in financial accountability in public sector. The finding also reinforces Agency Theory because their monitoring and corrective mechanisms help to decrease the information gap between those who manage the resources and those who are accountable to.

4.12 Chapter Summary

Cronbach's Alpha coefficients which were adequate internal consistency of the research instrument. The diagnostic tests also showed that there were no serious violations of the assumptions of the data.

The overall picture of the descriptive results was favorable in terms of respondents' perceptions of internal audit practices and financial responsibility. Correlations revealed positive and significant relationships. Multiple regression analysis also confirmed that the dimensions of internal audit taken together accounted for significant amounts of variation in financial accountability. When all other dimensions of internal audit were held constant in the model, however, the positive but statistically insignificant effect of independence was observed.

CHAPTER FIVE
CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of findings, conclusions, recommendations and suggestions for further research. The discussion is presented under the four study objectives: internal audit independence, internal auditor competency, management support of internal audit and implementation of internal audit recommendations relating to financial accountability in public Technical and Vocational Education and Training (TVET) institutions in Lower Eastern Kenya. The conclusions are based directly on the empirical results, and the recommendations are relevant to policy, institutional practice and theory. The limitations or areas of unmet needs resulting from the study are identified as areas for further research.

5.2 Summary of Findings

The study focused on the relationship between internal audit practices and financial accountability in the public TVET institutions in Machakos, Kitui and Makueni counties. Descriptive statistics, Pearson correlation and multiple regression analysis were used to analyse data from 312 respondents. The regression model accounted for 79.1% of the variance in financial accountability scores ($R^2 = 0.791$), which showed that the four dimensions of internal audit had a strong association together and explained the financial accountability. Their contribution to the science, however, varied by individuals as outlined per study goal.

5.2.1 Internal auditor independence and financial accountability

The first one explored the link between the independence of internal audit and financial responsibility. According to the descriptive result, there was a positive result in the internal audit related to independence ($M = 4.003$, $SD = 0.609$). The correlation analysis showed a very high positive correlation with financial accountability ($r = 0.758$). The regression results, however, showed that when the other dimensions of the internal audit were controlled, internal audit independence was not a significant predictor ($B = 0.029$, $\beta = 0.026$, $p = 0.601$). Thus, the first null hypothesis was not rejected.

The results show that independence was significantly positively associated with financial accountability, but that this association was not statistically significant when auditors' competency and management support and implementation of recommendations were added to

the regression model. This supports the Agency Theory expectation that independence enhances accountability via external monitoring (Jensen & Meckling, 1976). The finding also implies that beyond the audit independence, the overall findings of Alzeban and Gwilliam (2014) warrant the study of audit independence with other organisational factors.

5.2.2 Internal auditor competency and financial accountability

The second goal was to evaluate the connection between the competency of the internal auditor with financial accountability. The results of the descriptive analysis showed good perceptions of the competency of the auditor (M = 3.940; SD = 0.659). This was found in correlation analysis which gave a significant and positive relationship (r = 0.832) and in multiple regression analysis, which gave a positive and statistically significant coefficient (B = 0.348, β = 0.333, $p < .001$) between the two variables. The 2nd null hypothesis was thus rejected.

The internal auditor competency had the largest standardised regression coefficient of the four predictors. This finding suggests that higher self-reported professional competence, level of technical knowledge, experience and training was linked to higher financial accountability, when controlling for the other factors. This result is supported by Mihret and Yismaw (2007) who found audit quality as an influential factor determining the effectiveness of internal audit and Endaya and Hanefah (2016) who determined the impact of auditor's characteristics on the effectiveness of audit.

5.2.3 Management Support for Internal Audit and Financial Accountability

The third objective explored the link between management support for internal audit and financial accountability. There were generally positive perceptions of management support (M = 3.903, SD = 0.671) as revealed in the descriptive results. Management support had the highest bivariate correlation with financial accountability (r = 0.845), and was statistically significant in the regression model (B = 0.335, β = 0.326, $p < .001$). Thus, the third null hypothesis was rejected.

The findings show that institutions that reported high levels of management commitment, resource allocation, auditors' cooperation, and responsiveness to audit findings, also reported high levels of financial accountability. This finding is in line with the work of Alzeban and Gwilliam (2014) who showed management support is one of the key determinants of the

effectiveness of internal audits. Likewise, Mihret and Yismaw (2007) found that the effectiveness of internal audit was significantly affected by management support in a public higher education institution in Ethiopia.

5.2.4 Implementation of audit recommendations and financial accountability

The fourth objective assessed the link between implementation of audit recommendations and financial accountability. The mean score for the descriptive analysis was 3.857 (SD = 0.682) and was the lowest of all independent variables. The results of correlation analysis showed that there was a strong positive relationship ($r = 0.823$), and the results of regression analysis showed that there was a positive coefficient ($B = 0.271$, $\beta = 0.268$) with statistical significance with $p < .001$. Thus, the fourth null hypothesis was rejected.

The results suggest that an increased audit recommendation implementation and corrective action and follow-up were linked to higher financial accountability. This is consistent with the findings of Bananuka et al., (2018) and Nalukenge et al., (2021) who found that there are significant links between internal audit practices or quality, and accountability in Ugandan statutory corporations. It also reinforces the need for follow-up procedures as stressed by the Institute of Internal Auditors (IIA, 2024) especially Standard 15.2 "confirmation of the implementation of recommendations and management action plans".

5.3 Conclusions

The study finds that the internal audit practices have a collective association with financial accountability in public TVET institutions in Lower Eastern Kenya. But the proportion of the four dimensions varies significantly. When all the predictors are simultaneously taken into consideration, the statistically significant results for auditor competency, management support and implementation of audit recommendations offer more empirical evidence for these dimensions than for internal audit independence.

In respect of the first objective, the study finds that financial accountability has a strong positive bivariate association with internal audit independence which does not make a statistically significant difference in the multiple regression model. Thus, it may not be concluded that independence was a predictor of financial accountability when the other three dimensions were held constant. This outcome is not, however, a proof of the futility and/or needless nature of

independence. Instead, the link between accountability needs to be understood in the context of the overall mix of internal audit practices analyzed.

With respect to the second goal, the study findings are that internal auditor competency is one of the significant positive predictors of financial accountability. Competency showed the highest standardised regression coefficient ($\beta = 0.333$) of the four variables. This means that the financial accountability results reported were significantly related to professional competence. The findings of the conclusion are consistent with the studies that identified the auditor characteristics and audit quality as an important factor for effective internal audit (Mihret & Yismaw, 2007; Endaya & Hanefah, 2016).

As to the third goal, the research finds that financial accountability is highly and positively related to management support. Management-related conditions are relatively important in the regression model as it has a large standardised coefficient ($\beta = 0.326$). The results align with the importance of institutional commitment and organisational support to accountability arrangements as espoused by Stewardship Theory (Donaldson & Davis, 1991).

Regarding the fourth objective, the study finds that the implementation of the audit recommendations is a very strong positive predictor of financial accountability. This means that corrective action and audit follow-up provide additional explanatory information to the other internal audit dimensions. The cross-sectional results, however, are not intended to ensure that recommendations to implement lead to improvements in accountability.

The overall conclusions show that the professional competence, management support and implementation of recommendations are key aspects of financial accountability in the institutions studied. Since the data used for the analysis was cross-sectional questionnaire data, these inferences are based on statistical relationship and do not claim causal effects.

5.4 Recommendations

The findings and implications for financial accountability in this section are drawn from the statistically significant recommendations. They engage relevant policy makers and oversight bodies, institutional management and internal audit practitioners and acknowledge the theoretical implications of the findings.

5.4.1 Policy Recommendations

The study suggests that policy guidance for the internal audit professional capacity needs to be strengthened by the Ministry of Education (MoE) in collaboration with relevant public financial management authorities and institutional governing bodies under the umbrella of the State Department responsible for TVET. This recommendation is supported by the finding that the standardised predictor of financial accountability was also highest for internal auditor competency ($\beta = 0.333$, $p < .001$). Policy guidance needs to highlight the required professional qualifications, ongoing professional development and technical skills for auditing publicly-funded education institutions. This would also align with the professional competency requirements of the IIA (2024).

The study also suggests enhancing guidance on accountabilities for the monitoring and implementation of internal audit recommendations. This suggestion is based on the coefficient for implementation of recommendations which was positive and statistically significant ($B = 0.271$, $p < .001$). Oversighting authorities and institutional governing bodies should ensure that there is consistency in the documentation of audit outcomes, corrective action responsibilities are assigned, deadlines are set and outstanding recommendations are reported. Such follow-up arrangements are professionally founded on the requirements of IIA (2024), especially the requirement for Standard 15.2.

Further, institutional governance processes should remain to ensure the independence of internal audit. While independence is not a unique predictor, it is positively correlated with accountability, and is recognised by professionals as being important and thus warrants the maintenance of arrangements to ensure that auditors are not unnecessarily subjected to inappropriate interference. The competency of auditors and the management support and recommendation follow-up should therefore be enhanced through policy measures, while maintaining independence of assurance.

5.4.2 Recommendations for Institutional Practice

It is recommended that public TVET institutions put a special emphasis on continuous professional development (CPD) of the internal auditors. This advice is directly derived from the strong positive relationship between auditor competency and financial accountability. Institutional management should evaluate the professional development needs of the auditors

and provide training in public financial management, risk assessment, compliance with the procurement regulations, financial reporting, internal controls and systems auditing. The findings are consistent with that of Endaya and Hanefah (2016) which stated that professional capacity development is needed.

Internal audit functions need to be given adequate operational support in the institutions as well. This is supported by the large relationship between management support and financial accountability ($B = 0.335$, $p < .001$). Manage resources allocated to the audit, allow timely access to financial information, cooperate with the internal audit, and respond to the audit in a formal manner. The actions should support, not be a compromise to professional independence, following the guidelines of IIA (2024).

In addition, mechanisms for the monitoring of the implementation of audit recommendations should be strengthened. Internal audit departments need to maintain current information on the audit results, corrective action(s) taken, relevant officers, corrective action time limits and verification status. Time should be made for governing bodies to review unacted-for recommendations from time to time, and seek explanations for delays. The recommendation is because of the high positive correlation between implementation of recommendations and financial accountability, and the lower descriptive mean noted for this variable.

5.4.3 Implications for Theory

The study offers empirical data that can be used for the implementation of Stewardship Theory, Agency Theory, and Institutional Theory in the study of financial accountability in the public sector. The correlation between management support and financial accountability is positive and validates the stewardship view that commitment to the organisation and responsible management is important for the protection of the institutional resources (Donaldson & Davis, 1991). The important relationships among auditor competency and auditor implementation of recommendations is also consistent with the need for professional monitoring and corrective action highlighted by Agency Theory (Jensen & Meckling, 1976).

But when other internal audit characteristics are added, the independence of internal audit does not appear to be significant, implying that the relationship expected in the context of Agency Theory may merit additional research. An additional useful lens from which to examine the

formal governance structure and its actual functioning is provided by the Institutional Theory (Meyer & Rowan, 1977; DiMaggio & Powell, 1983).

Theoretical applications in the future should therefore take the interaction among independence, competency and management support and corrective action into account, rather than assuming independence. The implications that are drawn are interpretative as the study did not measure the underlying processes of the three theories.

5.5 Suggestions for Further Research

The recommendations for further research are based on methodological and geographical constraints in this study, as well as on empirical relationships that were not estimated.

First, descriptive cross sectional research design was used which was designed to evaluate the variables at one single point of time. Findings did not, therefore, prove causality in that financial accountability changed before internal audit changed, however, they did result in statistical relationships. Longitudinal designs that focus on audit practices and audit accountability over multiple financial reporting periods are suggested for future study. These types of investigations would potentially give more evidence to the direction of and stability of the observed relationships.

Secondly, the study was based on self-reporting questionnaires with questionnaires based on the officers engaged in governance, finance, procurement and auditing activities. While this method gave institutional perspectives that were relevant, there may have been response and common-method bias. Future research could integrate questionnaire data and document evidence such as audited financial statements, audit reports, audit queries, and audit action taken on outstanding queries and verified/recorded audit recommendations. This would then enable researchers to compare perceived financial accountability with independently-documented accountability indicators.

Third, the study focused only on Public TVET institutions in Machakos, Kitui and Makueni counties. As such, the results may not be representative of institutions working in other administrative, financial and/or governance settings in Kenya. It is recommended that

comparative studies should be done to see if the relationships observed differ between various regions and institutional types in public TVET institutions.

Fourth, internal audit independence had a strong positive correlation with financial accountability but was not statistically significant in the multiple regression model. It was not attempted in the present study to determine the causes of this difference. Future research is needed to determine whether the link between independence and financial accountability is moderated or mediated by management support and auditor competency/institutional governance arrangements. This type of research would contribute to explaining the circumstances under which audit independence adds unique explanatory information.

Fifth, while the regression model accounted for 79.1% of the variance in financial accountability, the unaccounted 20.9% of the variance was not accounted for by the four predictors. Further studies are thus needed that cover other factors like financial management information systems, organisational culture, governance systems and risk management systems. These variables are suggested as a way of exploring the unexplained variation but are not actual explanations of the unexplained variation.

Lastly, 312 out of 445 persons were targeted and returned useable questionnaires, yielding a 70.1% response rate. Based on the response rate, it can be assumed that there were non-respondents, whose characteristics differed systematically from those of the respondents. Future research might consider the possibility of a non-response bias and a more in-depth investigation of the representation of institutions to increase the generalisability of the results.

To wrap up, the areas for further research are directly from the methodological and contextual limitations of the current study. By addressing them, there would be a strengthening of understanding on the relationship between internal audit practices and financial accountability and yield more empirical evidence for public financial governance in Kenya's TVET sector.

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Appendix I: Questionnaire

Introduction

I am a postgraduate student pursuing a Master of Business Administration (Accounting and Auditing) at the Open University of Kenya. I am conducting a study on the contribution of internal audit to financial accountability in TVETin Lower Eastern Kenya.

You have been selected to participate in this study because of your role in the management, financial administration, procurement, or audit functions of your institution. The information you provide was treated with strict confidentiality and was used solely for academic purposes. Your participation is voluntary, and you are kindly requested to respond honestly to all questions.

Please do not write your name anywhere on this questionnaire.

Section A: Demographic Information

Please tick (✓) the appropriate response.

A1. Gender

□ Male □ Female □ Prefer not to say

A2. Age Bracket

□ Below 30 years □ 30–39 years □ 40–49 years

□ 50–59 years □ 60 years and above

A3. Highest Academic Qualification

□ Diploma □ Bachelor's Degree □ Master's Degree □ Doctorate Degree

□ Other (Specify) _____

A4. Professional Qualification

□ CPA □ ACCA □ CIA □ CISA □ CPS-K

□ Other (Specify) _____

A5. Current Position

□ Principal □ Deputy Principal □ Internal Auditor □ Accountant/Finance Officer

□ Procurement Officer

A6. Length of Service in the Institution

□ Less than 3 years □ 3–5 years □ 6–10 years □ 11–15 years □ Above 15 years

Section B: Internal Audit Independence

Objective 1: To determine the effect of internal audit independence on financial accountability in Public TVET Institutions in Lower Eastern Kenya.

Indicate your level of agreement with the following statements using the scale provided, where 5- Strongly Agree; 4- Agree; 3- Neutral; 2- Disagree and 1- Strongly Disagree

Statement	**1**	**2**	**3**	**4**	**5**
Internal auditors perform their duties without interference from management.	□	□	□	□	□
Internal auditors independently determine audit priorities and schedules.	□	□	□	□	□
Internal audit reports are prepared objectively.	□	□	□	□	□
Internal auditors have unrestricted access to institutional records and information.	□	□	□	□	□
Internal auditors report their findings through appropriate governance channels.	□	□	□	□	□
Internal auditors are protected from undue influence during audit assignments.	□	□	□	□	□
The organizational structure promotes auditor independence.	□	□	□	□	□

SECTION C: INTERNAL AUDITOR COMPETENCY

Objective 2: To examine the effect of internal auditor competency on financial accountability in Public TVET Institutions in Lower Eastern Kenya.

Statement	1	2	3	4	5
Internal auditors possess adequate academic qualifications.	□	□	□	□	□
Internal auditors possess relevant professional certifications.	□	□	□	□	□
Internal auditors have adequate auditing experience.	□	□	□	□	□
Internal auditors possess sufficient technical auditing skills.	□	□	□	□	□
Internal auditors are knowledgeable about public financial management regulations.	□	□	□	□	□
Internal auditors regularly attend professional development programs.	□	□	□	□	□
Internal auditors are competent in identifying control weaknesses.	□	□	□	□	□

SECTION D: MANAGEMENT SUPPORT FOR INTERNAL AUDIT

Objective 3: To assess the effect of management support for internal audit on financial accountability in Public TVET Institutions in Lower Eastern Kenya.

Statement	1	2	3	4	5
Management provides adequate resources for internal audit activities.	□	□	□	□	□
Management demonstrates commitment to internal audit functions.	□	□	□	□	□
Internal auditors receive adequate cooperation from management.	□	□	□	□	□
Management facilitates access to information required for audits.	□	□	□	□	□
Management responds positively to audit findings.	□	□	□	□	□
Management supports implementation of audit recommendations.	□	□	□	□	□
Management recognizes the value of internal audit in improving accountability.	□	□	□	□	□

SECTION E: IMPLEMENTATION OF AUDIT RECOMMENDATIONS

Objective 4: To determine the effect of implementation of audit recommendations on financial accountability in Public TVET Institutions in Lower Eastern Kenya.

Statement	1	2	3	4	5
Audit recommendations are implemented within the recommended timelines.	□	□	□	□	□
Management takes corrective action based on audit findings.	□	□	□	□	□
The institution has mechanisms for monitoring implementation of audit recommendations.	□	□	□	□	□
Follow-up audits are conducted to assess implementation status.	□	□	□	□	□
Most audit recommendations are fully implemented.	□	□	□	□	□
Implementation of audit recommendations improves institutional performance.	□	□	□	□	□
Management prioritizes implementation of audit recommendations.	□	□	□	□	□

SECTION F: FINANCIAL ACCOUNTABILITY

Dependent Variable

Indicate your level of agreement with the following statements regarding financial accountability in your institution.

Statement	1	2	3	4	5
The institution complies with applicable financial regulations and policies.	□	□	□	□	□
Financial reports are prepared accurately and on time.	□	□	□	□	□
Institutional funds are utilized efficiently and for intended purposes.	□	□	□	□	□
Financial information is transparent and accessible to relevant stakeholders.	□	□	□	□	□
Cases of financial irregularities are promptly addressed.	□	□	□	□	□
Internal controls effectively safeguard institutional resources.	□	□	□	□	□
Accountability mechanisms promote prudent management of public resources.	□	□	□	□	□
The institution demonstrates a high level of financial accountability.	□	□	□	□	□

Thank you for taking time to complete this questionnaire. Your responses are highly valued and will contribute significantly to the successful completion of this study.

Appendix II: List of public TVET institutions in lower eastern Kenya.

Name of institution	County
Ekalakala vocational training center	Machakos
Athi river vocational training center	Machakos
Kimutwa vocational training center	Machakos
Kituluni vocational training center	Machakos
Katangi vocational training center	Machakos
Vyulia vocational training center	Machakos
Mbusyani vocational training center	Machakos
Kioyweni vocational training center	Machakos
Matuu vocational training center	Machakos
Lumbwa vocational training center	Machakos
Masii vocational training center	Machakos
Mutuyu vocational training center	Machakos
Kyemutheke vocational training center	Machakos
Komarok vocational training center	Machakos
Ndithini vocational training center	Machakos
Abc kivi vocational training center	Machakos
Mitaboni vocational training center	Machakos
Kithaayoni vocational training center	Machakos
Ngelani vocational training center	Machakos
Kalumoni vocational training center	Machakos
Katine technical training institute	Machakos
Nys athi river technical institute	Machakos
Machakos town tvc	Machakos
Machakos technical institute for the blind	Machakos
Machakos university tvet institute	Machakos
Nys yatta technical training institute	Machakos
Yatta technical and vocational college	Machakos
Masinga technical and vocational college	Machakos
Mwala technical and vocational college	Machakos
Kinakoni vocational training center	Kitui
Ikutha vocational training center	Kitui
Syou vocational training centre	Kitui
Katwala vocational training center	Kitui
Kyatune vocational training center	Kitui
Mutomo vocational training center	Kitui
Ithiani vocational training center	Kitui
Kathivo vocational training center	Kitui
Katulani vocational training center	Kitui
Ikuuni vocational training center	Kitui
Kaivisi vocational training center	Kitui
Kalivu vocational training center	Kitui
Kaliwa vocational training center	Kitui
Kanduti vocational training center	Kitui
Kanyangi vocational training center	Kitui
Kisasi vocational training center	Kitui

Kanyengya vocational training center	Kitui
Migwani vocational training center	Kitui
Migwani family helper vocational training center	Kitui
Mutonguni vocational training center	Kitui
A.i.c miambani vocational training center	Kitui
Kathungu vocational training center	Kitui
South eastern vtc kyambiti	Kitui
Kauwi vocational training center	Kitui
Mwingi baptist vocational training center	Kitui
Kawala vocational training center	Kitui
Kyuasini vocational training center	Kitui
Musengo vocational training center	Kitui
Mutito vocational training center	Kitui
Ndilili vocational training center	Kitui
Ngwani vocational training centre.	Kitui
Syongila vocational training center	Kitui
Kamanyi vocational training center	Kitui
Kyuso vocational training centre	Kitui
Matinyani vocational training center	Kitui
Kisayani vocational training center	Kitui
Mui vocational training center	Kitui
Ngomeni vocational training center	Kitui
Nguuni vocational training center	Kitui
Nzawa vocational training center	Kitui
Nzeluni vocational training center	Kitui
Syombuku vocational training center	Kitui
Tseikuru vocational training center	Kitui
Wanzua vocational training center	Kitui
Zombe vocational training center	Kitui
Mulango technical and vocational college	Kitui
Ikutha technical and vocational college	Kitui
Kenyatta university kitui tvet centre	Kitui
Kitui rural technical and vocational college	Kitui
Seku tvet migwani campus	Kitui
Kitui teachers technical college	Kitui
Nuu technical and vocational college	Kitui
Kitui east technical & vocational college	Kitui
South eastern kenya university directorate of tvet	Kitui
The tseikuru national polytechnic	Kitui
Kimandi county technical training institute	Makueni
Kenya school for devolution and community led development	Makueni
Kitaingo vocational training centers	Makueni
Marwa county technical training institute	Makueni
Aic mukaatini vocational training centre	Makueni
Makueni integrated vocational empowerment training centre	Makueni
Kathonzweni vocational training center	Makueni
Ngwata vocational training center	Makueni
Nduluku vocationaltraining center	Makueni

Kativani vocational training centre	Makueni
Mwea vocatinal training centre	Makueni
Kanundu vocational training centre	Makueni
Ndetani vocational training centre	Makueni
Kitumbini vocational training centre	Makueni
Kauti youth polytechnic	Makueni
Ng\'etha vocational training center	Makueni
Ukala vocational training centre	Makueni
Yathui vocational training center	Makueni
Isovya vocational training center	Makueni
Abc ukaatuni youth polytechnic	Makueni
Masokani vtc	Makueni
Utangwa vocational training center	Makueni
Kisingo vocational training center	Makueni
Enzai vocational training center	Makueni
Wote technical training institute	Makueni
Makueni university college tvet institute	Makueni
Makueni agriculture training centre	Makueni
Seku mtito andei tvet center	Makueni
David mbithi wambuli technical and vocational college	Makueni
Kibwezi west technical and vocational college	Makueni

Source: Technical and Vocational Education Training Authority, 2025