RELATIONSHIP BETWEEN INTERNAL CONTROLS AND THE IMPLEMENTATION OF PROJECTS: A CASE OF KIMIRA-OLUCH SMALLHOLDER FARM IMPROVEMENT IN KENYA

BY

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Declaration

I declare that this research is my own work and has never been presented for any academic award.

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This has been submitted for evaluation with my approval as the university supervisor.

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Dedication

This project is dedicated to God for giving me the strength and favor throughout my MBA programme. It is also dedicated to my parents, Mr. Micheal Okwaro Bwire & Mrs. Florence Bwire for giving me the gift of education and for having shaped my life. And to my Loving wife Anna Ngendo, my children and friends who gave me both moral support.

Table of content

Abstract

Project implementation globally continues to form a crucial part of most developing economies. In Africa this is manifested in initiation of projects aimed at improving livelihoods of the citizenry. The problem especially in developing economies has been delay in completion, cost overruns or non-completion of projects. In Kenya as envisaged in the Kenya Vision 2030, Kimira-Oluch Smallholder Farm Improvement Project (KOSFIP) is a rural community development project set up by government to improve livelihoods of smallholder farmers by enhancing sustainable income levels through irrigated agricultural production in Homabay County. Despite having been started in 2007 with a projected completion period of six (6) years it's yet to be fully implemented. The main objective was to establish the relationship between internal controls and the implementation of projects, while the specific objectives was the relationship of financial control environment, financial control activities and financial monitoring on project implementation. The research was anchored on Institutional and agency theory. A conceptual frame work was drawn to demonstrate the relationship between internal controls and project implementation. A census of seventy eight (78) from mainly Kimira Oluch management was targeted. Primary data was obtained using structured questionnaires. A pilot study using validity of the research instrument and test retest method was used to gauge the reliability of the responses. Regression model was used to examine the influence of Parameters and presented in form of tables. The study established that financial control environment reported significance level of 0.370 and a Beta of 0.110 which when compared with the value of less than five percent for significance lead to rejecting the null hypothesis. Financial control activities reported significance level of 0.648 and a Beta of 0.057 which when compared with the value of less than five percent for significance lead to rejecting the null hypothesis and financial monitoring reported significance level of 0.251 and a Beta of -0.145 which when compared with the value of less than five percent for significance lead to rejecting the null hypothesis, thus concluding that internal controls has a significant influence on project implementation. The study recommends that further research on other factors impending on KOSFIP implementation be done to enable the project achieve full implementation.

Operational definition of terms

Beneficiaries:	These are stakeholders likely to gain advantage or profit from implementation of the project
Community development:	A planned effort to build assets that increase the capacity of residents to improve their quality of life.
Donor:	External financing institution other than Government of Kenya
Financial Control activities:	These are the policies, procedures, techniques, and mechanisms that help ensure that management's response to reduce risks identified during the risk assessment process is carried out
Financial Control Environment:	This is a set of standards, processes and structures set by top management
Financial Monitoring:	Is the regular observation and recording of activities taking place in a project and includes reporting, performance reviews and internal audit
Implementation:	The process of putting a decision or plan into effect through project development and management
Line Ministry staff:	These are Government of Kenya worker who are directly involved in project implementation
Project stakeholders:	Individuals or organisations who, directly or indirectly stand to benefit or lose from a given development Project's outcome.
Public participation:	Refers to activities in any public institution of the society or the Government which includes individuals, organisations and institutions other than Government
Works:	Construction activities in progress

Abbreviations and Acronyms

AfDB:	African Development Bank
ASB:	Auditing standard Board
CBOs:	Community based Organisations
CGH:	County Government of Homabay
COSO:	Community of Sponsoring Organisations
FC’s:	Financial controls
GAAS:	Generally Accepted Auditing Standards
GoK:	Government of Kenya
Ha:	Hectares
IC’s:	Internal controls
ISAs:	International Standards on Auditing
KENAO:	Kenya National Audit Office
KOSFIP:	Kimira-Oluch Smallholder farm Improvement Project
LBDA:	Lake Basin Development Authority
MP&D:	Ministry of Planning and Devolution
NTA:	National Technical Assistance (Employees employed direct by AfDB)
PMCT:	Project Management and Coordination Team
PSC:	Project Steering Committee
SASs:	Statements on Auditing Standards

List of Tables

List of Figures

CHAPTER ONE: INTRODUCTION

This section presents the background of the study, statement of the problem, research objectives, research questions, scope of the study, significance of the study and conceptual framework guiding the study.

1.1 Background of the study

At its most fundamental, project implementation is about people getting things done. Barnes (2012) describes project implementation as the activities that meet specific objectives and can be used to introduce or improve new or existing products and services. Projects are separate to business-as-usual activities, requiring people to come together temporarily to focus on specific project objectives. As a result, effective teamwork is central to successful projects. Project management focuses on controlling the introduction of the desired change. A project is a temporary endeavour undertaken to create a unique product, service, or result. The temporary nature of projects indicates a definite beginning and end. The end is reached when the project's objectives have been achieved or when the project is terminated because its objectives will not or cannot be met, or when the need for the project no longer exists. Temporary does not necessarily mean short in duration. Temporary does not generally apply to the product, service, or result created by the project; most projects are undertaken to create a lasting outcome.

Globally Project implementation forms a crucial part of most developing economies; this is according to Adan (2016). In Africa this is manifested in initiation of projects aimed at improving livelihoods of the citizenry. The problem especially in developing economies has been delay in completion, cost overruns or non-completion of projects, partly due to failure of assessing project's implementation effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and policies.

Tangi, Dehghan, Ruwanpura and Jerglac, (2016) on their study on an index to access project management competencies in managing design changes state that in recent years, it has come to light that a major factor contributing to the incidence of cost overruns and time delays in projects is rework, which typically manifests itself in the form of changes and errors. Design-induced rework has been reported to account for approximately 70% of the total amount of rework experienced in construction and engineering projects. The inherent inter-dependency

of engineering works, the extensive flow of information, and the interconnected nature of design and construction activities in water and irrigation projects may result in a wide spectrum of design changes throughout project execution.
Chenhall, Hall, and Smith, (2010) assert that the focus of most projects is predominantly associated with humanitarian issues such as social welfare, health, education and general developmental aid. In recent times, there are calls for projects to institute strong internal control systems. These calls follow recent embezzlements and misappropriation of funds by some projects. Despite these calls, most non-governmental organizations particularly in the developing countries face the challenge to demonstrate efficiency in their operations. However, the call for strict adherence to donor rules and the need for implementing effective internal control systems are somewhat new and therefore conflict with the old fashioned management style that existed in the industry.

Against this background on how internal controls relate to project implementation Yang, (2009) asserts that managers have to make conscious efforts to the design and implementation of internal controls since the design of the controls greatly impacts the success of the projects. This implies that internal control should be designed to respond to the risk threatening objectives and not just operate as checks and balances. It is therefore important for projects to give internal control the required maximum attention. To derive the optimum effectiveness, Yang further advocates that the control design and implementation should form an integral component of entity's overall risk management system and the governance structure in place. According to Yang, such strategy potentially reduces the deficiencies drastically in the entire control systems and allows the systems to function well to achieve the desired results. This reinforces the statement by Chenhall, Hall & Smith, (2010) that the controls implemented by most projects exhibits some level of weaknesses.

ISA 315, (2016) states that in the endeavour to ensure efficient and effective operation of her activities, management of any project designs internal control procedures to allocate, control and ensure efficient utilization of resources, in order to achieve project implementation success. Such procedures include among others, the Internal Control Systems (ICS's). ICS's have long been advocated as a mechanism for establishing high quality systems and financial discipline, and firms have voluntarily used them for this purpose, as they give attestation on the reliability of the accounting and financial statements besides safeguarding assets of the firm.

From the above studies, Chenhall *et al*, (2010) studied effects of financial control environment, but concentrated on nongovernmental organizations. While Yang, (2009) in his study on financial control environment concentrated on design and implementation of internal controls. Peter Drucker, (1990) did similar study on financial control environment where he concluded existence of linear relationship with output, however peter drucker study was in the context of profit making organisations. This justifies my study which relates financial control environment and project implementation.

Joslin and Muller, (2016) on the relationship between project governance and project success showed that good project governance has a positive influence on project success. In their study, project governance was operationalized as the extent of shareholder versus stakeholder orientation and the extent of behavior versus outcome control, both exercised by the parent organization over its projects, but not specific on relationship between financial control environment and project implementation.

Ewa & Udoayang, (2012) did a study to establish the impact of internal control design on banks' ability to staff fraud and staff life style and fraud detection in Nigeria. Data were collected from 13 Nigerian banks using a four point grading Scale questionnaire and analyzed using percentages and ratios. The study found that Internal control design influences staff attitude towards fraud such that a strong internal control activities are a deterrence to staff fraud while a weak IC activities exposes the system to fraud and creates opportunity for staff to commit fraud. This research was based in Nigeria and concentrated on banks.

Olumbe, (2012) sought to establish the relationship between financial control environment and corporate governance in commercial banks in Kenya. The researcher conducted a survey of all the forty five (45) commercial banks in Kenya. It was concluded that most of the banks had incorporated the various parameters which were used for gauging financial control activities and corporate governance. This was indicated by the means which were obtained enquiring on the same and this showed that the respondents agreed that their banks with high financial performance had instituted good corporate governance with a strong system of financial controls activities and that there was great improvement of their financial performance. This study was in the context of commercial banks and seeks to find financial performance.

From the above studies, Olumbe, (2012) did his research on financial control activities, but concentrated on a census of all the 45 commercial banks in Kenya. Ewa and Udoayang, (2012) did a similar study on financial control activities, but concentrated on its ability to detect staff fraud in Nigerian banks. This justifies my study which sort to find the relationship between financial control activities and project implementation in Kenya.

Etengu and Amony, (2016) did a study on the relationship between financial monitoring and Financial Performance of non-Governmental Organisations in Uganda, where it was established that financial monitoring is necessary but not sufficient; he went further and recommended further studies on performance standards for employees and feedback mechanisms. Their study had a similar context but was done in Uganda while my study was in Kenya.

According to Ojua, (2016) on relationship between financial monitoring and fraud in churches in Lagos, Nigeria it was established that there is little relationship, though ICs exist but the staff are not experienced and knowledgeable about controls. This study concentrated on churches in Nigeria on issues of fraud.

Oppong, Owiredu, Abedana and Asante, (2016) on the study of impact of ICs on performance of faith based organisations in Accra found out that financial monitoring significantly enhance performance, in two aspects efficiency and economy but not efficient and recommended further research on effectiveness. The study was based in the context of West Africa mainly on faith based organisations.

Addallah, (2015) in his study of Assessing Internal Financial Controls of the Lands Commission of Ghana concluded, little has been written in the literature about Project Implementation, particularly in the area of financial monitoring. This study recommended further studies in the area of financial monitoring, which my study has fulfilled.

From the above studies, Etengu and Amony, (2016) researched on financial monitoring but concentrated its effect on nongovernmental organisations. Ojua, (2016) did a similar study on financial monitoring but was in relation to church organisations in Lagos, Nigeria. Addallah, (2015) also studied financial monitoring but concentrated on its effectiveness on the Land commission in Ghana. This justified my study which found the relationship between financial monitoring and project implementation.

1.2 Statement of the problem

As envisaged in the Kenya Vision 2030, Kimira-Oluch Smallholder Farm Improvement Project (KOSFIP) is a rural community development project set up by Government to improve livelihoods of smallholder farmers by enhancing sustainable income levels through irrigated agricultural production in Homabay County. The problem is that despite the projected completion period of six (6) years the project is still ongoing since 2007, while the projected cost of Kenya shillings three billion is now over Kenya shillings five billion, thus forming the basis of my study which relates internal controls and the implementation of projects.

1.3 Objectives of the study

1.3.1 General Objective of the study

The main objective of the study was the relationship of internal controls on implementation of Projects.

1.3.2 Specific Objectives of the study

1. To establish the level of influence of financial control environment on implementation of Projects
2. To establish the level of influence of financial control activities on implementation of Projects
3. To establish the level of influence of financial monitoring on implementation of Projects

1.4 Research hypothesis

The study has tested the following hypothesis

H_{01}: Financial control environment has no significant influence on implementation of Projects

H_{02}: Financial control activities has no significant influence on implementation of Projects

H_{03}: Financial monitoring has no significant influence on implementation of Projects

1.5 Scope of the study

The study was focussing on internal controls (financial control environment, financial control activities and monitoring activities) at KOSFIP. KOSFIP is located in Homabay County in Kenya. The study was carried out from August 2017 to October 2017.

1.6 Justification of the study

As per the KENAO (2016) report on KOSFIP there was concern at the slow pace of implementation and the cost overruns.

According to Flyvbjerg, (2014) many Government projects are moving at snail pace or fail, which leads to the question of how to improve the management and achieve completion. IC's is one area that is given a lot of prominence all over the world, as it has been highly researched. A lot of literature has been written on IC's and external auditors normally place an emphasis on IC's as a measure of assessing performance, however there are still gaps in the research so far done especially the relationship between financial control environment, financial control activities and financial monitoring on Project Implementation. It's believed that invaluable benefits will accrue to PMCT, executing agencies, donor community, beneficiaries and other stakeholders concerned with projects, on how the financial internal control system will ensure improvement of financial performance and ensure project objectives are met. Recommendations provided will complement the policies by the regulatory bodies, financiers, KOSFIP, LBDA, CGH and supplement efforts of IC's in the irrigation smallholder sector.

To prospective researchers who will be interested on the same idea, has provided the proper path, of what this research will not cover considering its limitations. The result of this research will assist the project in its control mechanisms.

1.7 Conceptual Framework

A conceptual framework is a scheme a researcher uses to operationalize concepts or variables to achieve a set of objectives. The conceptual framework in figure 1 below has internal controls as the independent variables which includes financial control environment, financial control activities and financial monitoring influence on implementation of KOSFIP as the dependent variable measured by project schedule and project cost for the benefit of the smallholder farmers. The intervening variables such as Government policies, beneficiary interests, political climate, donor interests and conditions have an intervening effect.

This relationship can be diagrammatically explained below:

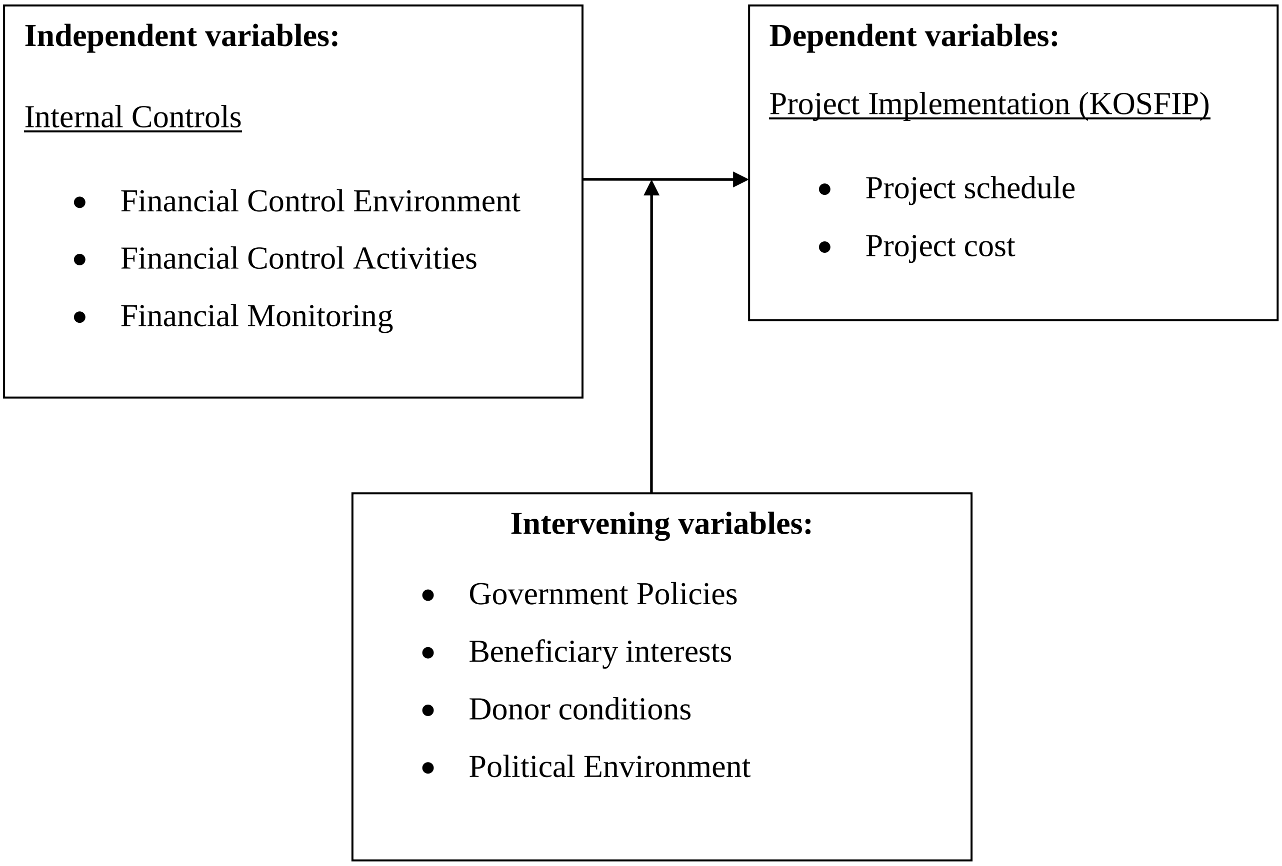

Fig. 1: Relationship between Internal Controls and the Implementation of Projects

Source: As adopted from the Institutional Theory (2017)

CHAPTER TWO: LITERATURE REVIEW

2.1 Theoretical Literature Review

This section offers a general review of the theories and concepts learned from controls in relation to projects of the past to aid in the management of contemporary and future projects. Particularly, review of the internal control system that will help in identifying the research gaps. Section 2.1.1 will have institutional theory while section 2.1.2 will have agency theory.

2.1.1 Institutional Theory

Institutional theory offers an explanation that may be used to understand the relationship of control practices and project implementation.

Powell and DiMaggio, (1991) one of the first scholars to demonstrate Institutional theory, said that it's a theory on the deeper and more resilient aspects of social structure. It considers the processes by which structures, including schemes, rules, norms and routines became established as authoritative guidelines for social behavior.

Etengu & Nasieku, (2015) on the theory states that institutional theory is a theory on the deeper and more resilient aspects of social structure. It considers the processes by which structures, including schemes, rules, norms, and routines, became established as authoritative guidelines for social behavior.

They further state that companies adopt systems and management practices that are considered legitimate by other companies in the same industry. Thus, organizational practices are either a direct reflection of, or response to, rules and structures built into their larger environment.

Arwinge, (2013) further documents that in as far as institutional theory is concerned, management is not only concerned with cost benefit concerns and risk-reward trade-offs but looks to management fads, industry norms and firm traditions when adopting and designing new control practices.

Ibid, (2013) when comparing agency theory with institutional theory provides a different explanation as to why controls exist in an organization by stating that controls are adopted and designed in order to gain legitimacy, as symbolic displays and imitation or as practices from the outside environment. From institutional perspectives, controls are installed in order to gain legitimacy and other less rational factors. The installation of certain governance arrangements and controls such as risk assessments, compensation committees, and policies, among other things, may thus be made partly in order to gain legitimacy. According to Ibid, (2013) controls display seriousness about certain matters and are adopted largely due to industry standards, imitation of other firms, firm tradition and management fads.

It's on this basis of having structures, including schemes, rules, norms, and routines, that this theory support my study.

2.1.2 Agency Theory

Stephen Ross and Barry Mitnick, (1973) were the first scholars to propose, explicitly, that agency theory be created and to actually begin its creation.

Similarly in their study Jensen and Meckling, (1976) as well as that of Fama, (1980) on Agency theory state that the agency theory is a supposition that explains the relationship between principals and agents in business. Agency theory is concerned with resolving problems that can exist in agency relationships due to unaligned goals or different aversion levels to risk.

They further viewed the firm as a nexus of contracts between different stakeholders of the organization. Thus, the owners and executives of an organization may have differences in opinion with regard to the best interests of the organization, consequently, executives may be seen as using organizations to get as much as they can at the expense of the owners. Secondly the theory explains the application of controls as being primarily based on economic cost benefit analysis, where controls are installed in order to reduce information asymmetries between principals and owners.

Additionally, Arwinge, (2013) says the theory has been used to explain demands for monitoring controls such as the financial statement audit, external directors on boards and committees, audit committees, internal audit and compensation schemes. This theory was important in the study as it shed light on how the principal and agency interact for the benefit of the Project. It also helped in the evaluation of the project on internal controls. The fact that the principal delegates his power to the agent also creates an oversight role by the principal to the agent.

On this theory Robert, (2016) found the problem of information asymmetry whereby the principal and the agent have access to different levels of information; in practice this means that the principal is at a disadvantage because the agent has more information. The theory was therefore very relevant in this study as GoK and beneficiaries who are the owners of the

Project have delegated the responsibilities of implementation of the Project to the PMCT who acts as their agent.

The theory therefore was relevant to this study of the relationship between; financial control environment, financial control activities and financial monitoring on project implementation.

2.2 Empirical Literature

Sections 2.2.1 to 2.2.3 of this report reviewed studies conducted within the confines of the objectives of this research. Empirical literature reviewed in these sections covered the methodology used and the objectives this study. Additional literature on past studies undertaken, relevant to this research is contained in this section. A critique of the studies reviewed in sections 2.3 was made to bring out the research gaps.

2.2.1 Financial Control Environment

According to Oppong, Owiredu, Abedana and Asante, (2016) financial control environment is the foundation of all other components of internal control and sets the tone of an organization, influencing the control consciousness of its people. On their study of impact of ICs on performance of faith based organizations in Accra they found out that financial monitoring significantly enhance performance, in two aspects efficiency and economy but not efficient and recommended further research on effectiveness. The study was based in the context of West Africa mainly on faith based organizations.

Financial control environment factors include the integrity, ethical values and competence of the entity's people; management's philosophy and operating style; the way management assigns authority and responsibility, and organizes and develops its people; and the attention and direction provided by the board of directors.

Kgabo (2013) in his study of effectiveness of financial control environment mechanisms in monitoring financial resources in Gauteng Department in South Africa defines financial control environment as the control environment that must be followed in the implementation of internal controls within an institution. Financial control environment creates a frame of mind within which an IC's can function at all levels in the project. In his findings he found that the implementation of financial control environment mechanisms was complex, as it was influenced by other factors such as human capital, technological systems and participation of key stakeholders.

Ali, (2013) in his study on the contribution of IC's to the financial performance of financial institutions in Zanzibar, where he used a cross-sectional survey, utilizing both primary and secondary data and simple random sampling. He established a significant positive relationship between financial control environment and financial performance of financial institutions.

Similarly, Kinyua, (2016) in their study on the effect of internal control environment on the financial performance of companies quoted on the Nairobi Securities Exchange (NSE) found a significant association between internal control environment and financial performance.
Mawanda, (2008) asserted that the financial control environment is considered as the most important component around which all the others operate. Mawanda arguments stemmed from the fact that financial control environment borders on factors such as integrity, ethical values, commitment and competence which form the basis of the control consciousness of management and all employees performing their duties assigned them. Furthermore, he alludes that the financial control environment depicts management's operating style and philosophy.

Other writers like Pandey, (2010) in his publications confirm these statements and also add that the financial control environment helps to determine the risk level and the type of organizational structure in place with clearly defined roles. It therefore provides the framework within which the other components are built. On the contrary, however, these arguments are flawed by factors such as inadequate supervisory roles and override of controls which all lead to weakened controls.

Also Appiah and Joseph, (2014) on their study on the effectiveness of internal control system of banks: the case of Ghanian Banks, defined financial control environment as the integrations of activities, plans, attitudes, policies and efforts of people of an organization working together to provide reasonable assurance that the organization will achieve its objectives and missions. They concluded that financial control environment has an effect on banks.

Besides, ISA 315, (2016) also defined internal control system, as all the policies and procedures adopted by the management of an entity to assist in achieving management's objective of ensuring, as far as practicable, the orderly and efficient conduct of business, including adherence to management policies, the safeguarding of assets, the prevention and detection of fraud and error, the accuracy and completeness of the accounting records, the timely preparation of reliable financial information. The ICS extends beyond those matters which relate directly to the functions of the accounting system and comprises; the control environment and control procedure. If you observe these studies it's evident that their need to relate financial control environment with project implementation which my research sort to find.

2.2.2 Financial Control Activities

Munene, (2013) in his study on effects of financial control activities on financial performance of technical training institutions in Kenya, using survey, correlation and case study as the research design, states that financial control activities help ensure that management directives are carried out. They help ensure that necessary actions are taken to address risks to the achievement of the entity's objectives, Munene established significant relationship between financial control activities and financial performance.

Kgabo, (2013) in his study of effectiveness of financial control activities in monitoring financial resources in Gauteng Department in South Africa states that financial control activities, whether automated or manual, have various objectives and are applied at various organization and functional levels. Generally, financial control activities that may be relevant to an audit may be categorized as policies and procedures that pertain to the following; Performance reviews, Information processing, Physical controls and Segregation of duties. While he concludes positively on effectiveness but recommends further studies on efficiency.

Etengu and Amony, (2016) in their study of Internal Control System and Financial Performance in Non-Governmental Organizations in Uganda: A case study of International union for Conservation of Nature, specifically on financial control activities referring to Visser and Erasmus, (2008) who put it that an IC's contains certain control activities, including policies and procedures with regard to approval, authorization, verification, reconciliation, review of operational activities, safeguarding of assets, and segregation of duties. The study concluded that there is a positive relationship. The study recommended financial control activities to be enhanced to improve performance.

Muraleetharan, (2013) in his study on control activities and performance of organizations which was based on a sample of one hundred and twenty employees, and control and performance measured by chi square and regression analysis stated that financial control activities help to ensure that necessary actions are taken to address risks to the achievement of the entity's objectives. Muraleetharan found out that there is a significant relationship between control activities and performance.

Ejoh and Ejom, (2014) did a study to establish the relationship between internal control activities and financial performance in Tertiary Institutions in Nigeria. They used survey design, while stratified sampling procedure was adopted in administering questionnaires, also used correlation coefficient and z-scores. The findings of their study revealed no significant relationship between internal control activities and financial performance and their recommendations of strengthening the control activities were contradictory.

Based on the above studies on financial control activities showing some relationship and others contradicting, formed the basis of my study objective of whether there is a relationship between financial control activities and project implementation.

2.2.3 Financial Monitoring

Wachaiyu, (2016) in her study on Monitoring and Evaluation Factors Influencing Success of Development Projects: Case of Starehe Sub-County Kenya where she employed a descriptive survey design and targeted twenty three respondents using stratified sampling and also a correlation, she concluded that financial monitoring was significant in project success. She further recommended study of other factors. Generally she defines financial monitoring as the assessment of internal control performance over time; it is accomplished by ongoing monitoring activities and by separate evaluations of internal control such as self-assessments, peer reviews and internal audits.

According to Gamage, Lock, and Fernando, (2014) on their study on effectiveness of internal control system in state commercial banks in Sri Lanka concentrating on two banks with one hundred and twenty three branches, analyzed using descriptive and inferential statistical techniques, concluded that financial monitoring is the evaluation of an organization's events and transactions to gauge the quality of performance.

Boyle, Cooper, and Geiger, (2004) in their study called analysis of internal control weaknesses, concentrated on a government setting, observed that monitoring incorporates all management oversight of the project's systems of internal controls.

Mwachiro, (2013) in his study on effects of internal controls on revenue collection, observes that monitoring can be used to evaluate the quality of an enterprise internal control performance by tracking and monitoring the internal control frame and operational status, and taking the necessary actions to ensure that internal controls operate effectively.
Most of the studies on IC’s and project implementation tend to examine the various variables under IC’s and financial performance individually and therefore fail to consider how monitoring for instance relates with project implementation.

Hermalin and Weisbach, (2003) in their study of board of director’s oversight, perhaps appear to be among the few researchers who examined the role of monitoring on firm performance. They also argue that strong board monitoring can promote corporate policy and even improve project implementation.

Hsu, Hsiao, and Li (2009) in their research on effect of board monitoring on corporate investment and firm performance, examined the effect of board monitoring on corporate investment where they applied regression to the whole sample and admitted that strong board monitoring for firms with few financial constraints is significantly related to the promotion of corporate investment and to the improvement of firm performance.
Furthermore Bongani, (2013) in his study on application of internal controls on NGO’s, asserts that IC’s is the primary accountability and governance tool a project can establish and use to provide accountability to its stakeholders (donors) and safeguard its assets. Effective internal control over financial reporting is intended to provide reasonable assurance about the reliability of a project's financial statements and the process of preparation of those statements. From the studies project implementation has been left out which my research dwelt on; financial monitoring on project implementation.

2.3 Summary of Literature Gap

In summary, from the reviews above it can be asserted that internal controls are important for project implementation. The reviews indicate that internal controls are affected by a number of factors; Management competence, segregation of duties, physical controls, policies and procedures, reporting and performance reviews and risk assessment. The reviewed literature highlights that these factors affect successful financial controls however they missed the extent to which these factors influence Project implementation. Moreover the studies did not link internal controls to project implementation. Insights gained from the empirical literature further indicated that there is no specific study conducted to assert the relationship between internal controls and project implementation in the gravity fed irrigation sector in HomaBay, Kenya. Most researchers focused their studies on profit making organizations, NGO's and non-irrigation based projects. This study focused on financial control environment, financial control activities and financial monitoring influence on KOSFIP implementation. In light of this plus the gaps identified in the literature; this study therefore bridged the gap by establishing the level of influence of these factors in relation to project implementation. To achieve this, the study utilized the Agency theory and institutional theory which portrays the principle agent relationship in Projects by Fama, (1980) to analyze relationship between internal controls influence on implementation of KOSFIP.

CHAPTER THREE: RESEARCH METHODOLOGY

This section discussed the research design, study area, target population, sample and sampling procedures, research instruments, validity and reliability, data collection procedure and data analysis techniques.

3.1 Research Design

This employed correlation design. Correlation research design was used to determine the extent to which internal control are related to project implementation. This design usesed a statistic known as correlation coefficient to measure the strength and direction of the linear relationship between the involved variables. The study designs will facilitate towards gathering of reliable data describing the true characteristics of the relationship between internal controls and implementation of KOSFIP.

3.2 Study Area

This research was conducted at KOSFIP situated in Homabay County in Kenya. It's under the Lake Victoria region, under the jurisdiction of LBDA belonging to Ministry of Planning and Devolution. The project covers 1470 hectares and intends to utilise two rivers; Kiboun-Tende and Awach-Tende by way of gravity. On the other hand, the study was conducted in the above mentioned area, due to the importance of the project's completion which will lead to increased food security in the region and the country.

3.3 Target Population and technique

The study focused mainly on management, which constituted a population of seventy eight (78). A census approach was used to analyse the data.

Table 3.3: Population Distribution

Category of respondent	**Population**
NTA	4
Internal Audit department senior staff	3
Accounting and Finance Department senior staff	9
Marketing and Agronomy department managers	3
Engineering department/Supervising consultants	15
Supply chain managers	15
Farmers/beneficiaries/line Ministry staff	29
Total	**78**

Source: Kimira Oluch Smallholder Farm Improvement Project (2017)

3.4 Data Collection Methods

In order to attain adequate, appropriate and reliable information, the research work used primary data. Both structured and unstructured questionnaires were applied.

3.4.1 Data Type and Sources

Primary data was received directly from the respondent based on the researcher needs while comments from the respondents gave support.

3.4.2 Data Collection Instruments

Primary data was obtained using self-administered questionnaires. The researcher used questionnaires, as they are the most common instruments because they keep the respondents confidentiality and the respondent answered at their own pace. Structured and semi structured questions were used to collect both qualitative and quantitative data answering the related questions. A brief introduction was made to the respondents before administering the questionnaires with the aim of explaining the questionnaires. Confidentiality was assured to the respondents through the letters of transmittal that accompanied the questionnaires.

3.4.3 Validity tests

Mugenda and Mugenda, (1999) states that validity refers to the ability of an instrument to measure what it has been designed to, face and content validity was established by a logical link between each question and the objectives.

Further validity of the instrument, was established by my supervisors, and managers of IC's, who checked on content and context. This helped determine the degree to which the instrument gathered the intended information. The feedback from my supervisors, managers of IC's, and other researchers and scholars was used to make the necessary adjustments on the instruments by removing the ambiguous items, spelling mistakes and other typographical errors.

3.4.4 Reliability tests

According to Mugenda and Mugenda (1999) test-retest method was done for the reliability of values (Alpha Values). The purpose of test-retest was to refine the instruments so that the respondents found it easy in answering the questions and provided easy recording and analysis of data. This was ensured by carrying out Cronbach's (1964) alpha (α) test.

3.5 Data Analysis Methods

The study used multiple linear regression analysis and Pearson Product moment correlation (r) to present the relationship between dependent and independent variables.

The regression model is explained as below:

$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon$

Where β_0 is the constant or intercept,

$\beta_1 – \beta_3$ are the regression coefficients (change in Y, given one unit change in X).

Y is the dependent variable (Project Implementation),

X_1 is, Financial Control Environment

X_2 is, Financial Control Activities

X_3 is, Financial Monitoring

ε is, the error term.

Fig 2: Regression Model

Source: Adopted from Regression Modelling Strategies by Frank (2001)

CHAPTER FOUR: RESULTS AND DISCUSSIONS

This chapter presents results and discussion on the analysis of the data on the Relationship between Internal Control and Project Implementation with specific focus on Kimira Oluch Smallholder farm Improvement Project. Three variables, as per the objectives of the study were used to measure the level of relationship. The variables used were; financial control environment, financial control activities and financial monitoring.

4.1 Background Information

Table 4.1 illustrates the response rate of the respondents that participated in the survey. The study targeted 78 respondents in data collecting on the relationship between Internal Control and Project Implementation with specific focus on Kimira Oluch Smallholder farm Improvement Project. 70 out of 78 target respondents filled in and returned the questionnaire contributing to 89.74%. This complied with Mugenda and Mugenda (2003) who suggested that for generalization a response rate of 50% is adequate for analysis and reporting, 60% is good and a response rate of 70% and over is excellent.

This response rate was attributed to the data collection procedure, where the researcher personally administered questionnaires and waited for respondents to fill, and picked the filled questionnaires. The 10% questionnaires that were not returned were due to reasons like, the respondents were not available to fill them in at that time and with various follow-ups there were no positive responses from them. The response rate demonstrates a willingness of the respondents to participate in the survey.

Table 4.1Response Rate

Response	Frequency	%
Filled in questionnaire	70	89.74
Un returned questionnaire	8	10.26
Total	78	100.00

Source: Research data, 2017

4.2 Demographic Characterization of the Respondents

The study found it important to establish the general information of the respondents since it structures the foundation beneath which the study can fairly entrance the relevant information. The analysis centred on this information of the respondents so as to categorize the different results according to their knowledge and responses.

4.2.1 Distribution of respondents by Gender

The analysis centred on this information of the respondents so as to categorize the different results according to their knowledge and responses. The findings of the study are as presented in Table 4.2 below.

Table 4.2 Distribution of respondents by Gender

Gender	Frequency	%
Male	49	70
Female	21	30
Total	70	100

Source: Research data, 2017

According to the findings 70% of the respondents were male, while 30% were female. The findings show that there were more male than female. This analysis indicates that distribution was unequal; this can be interpreted to mean there's gender inequality in project implementation.

4.2.2 Distribution by current position

The study sought to determine the respondents' position in relation to the project. The findings of the study are as presented in Table 4.3 below.

Table 4.3Distribution of respondents by current position

Position	Frequency	%
Management	15	21.43
Line Ministry	25	35.71
Beneficiaries	17	24.29
Subordinates	13	18.57
Total	70	100.00

Source: Research data, 2017

The study indicated that 35.71% of the respondents are from line ministry, 24.29% of the respondents are from the project beneficiaries, 21.43% were from management and 18.57%

from subordinates. This is an indication that the majority of the respondents were from line ministry, beneficiaries and management in order of importance.

4.2.2 Distribution of respondents by Age

The study sought to determine the respondents' age bracket. The findings of the study are as presented in Table 4.4 below.

Table 4.4Distribution of respondents by Age

Age	Frequency	%
Below 20	2	2.78
21-40	17	24.28
41-60	47	67.14
Above 60	4	5.80
Total	70	100.00

Source: Research data, 2017

The findings indicated that 2.7% of the respondents were below 20 years, 5.80% of the respondents were above the age of 60 years while 24.28% of the respondents were between the ages of 21-40 years, whereas 67.14% were in the age bracket of 41-60 years. Based on the findings, the respondents who were between the ages of 41-60 years were the majority. This is an indication that the middle age employees were able to appreciate internal controls.

4.2.3 Distribution of respondents by Level of Education

Respondents were asked to state their highest level of education to ascertain the influence level of education on assessing the relationship between internal control and project implementation. The findings of the study are as presented in Table 4.5

Table4. 5 Distribution of respondents by Level of Education

Level of Education	Frequency	%
Masters	13	18.57
Post graduate	14	20.00
Advanced diploma/ Degree	21	30.00
Diploma/Certificate	12	17.14
Others	10	14.29
Total	70	100.00

Source: Research data, (2017)

The study found that 14.29% of the respondents were subordinates attached to the internal control function, 17.14% of the respondents diploma holders, and 20.00% of the respondents were post graduate holders whereas 30% are undergraduates. Since majority of the respondents (30%) had bachelor's degree, this meant that the respondents had knowledge on IC's and they were in position to give appropriate responses. This meant that, a large percentage of the respondent had knowledge on IC's and understands how IC's relate to project implementation.

4.2.4 Field of study

The respondents were asked their field of study with respect to service/interaction with the project to ascertain the influence of experience on the internal controls. The findings of the study are as presented in Table 4.6.

Table4. 6 Distribution of respondents by field of education

Field	Frequency	%
Engineering	16	22.85
Sociology	5	7.17
Accounting	24	34.28
Agronomy	14	20.00
Human Resource	8	11.42
Other	3	4.28
Total	70	100.00

Source: Research data, (2017)

The findings of the study revealed that most of the staff (34.28%) interviewed were in the field of accounting which is critical to internal controls in the project. It was also found that (22.85%) were in engineering, 20.0% of the respondents were in agronomy, 11.42% were in human resource while 7.17% were sociologists and 4.28% in other fields. From the findings it can be said that most of the respondents had technical experience and were therefore considered to have information with regard to internal controls.

4.3 Data Presentation

Data was collected from 70 stakeholders of KOSFIP drawn from various Management, Line Ministry, Supply chain and beneficiaries. 78 questionnaires were distributed but the response was obtained from 70 respondents. The questionnaires were then coded appropriately into the SPSS version 17 and several variables were defined that eased data analysis process. Both null and alternative hypothesis were designed and data was analyzed based on regression analysis.

The regression values obtained from SPSS output window in one sample test were exposed to comparison with the tabulated values that guided in rejection or failure to reject null hypothesis based on 95% confidence level and degree of freedom of 69.

4.3.1 Test on financial control environment on project implementation

Objective one sort to establish the influence of financial control environment on project implementation.

The hypothesis formulated is as below;

H_{O1}: Financial control environment has no significant influence on project implementation

Table 4.7 One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Financial control environment on project implementation	70	3.61	0.23	0.225

Source: Research data, (2017)

Table4.8 One-Sample Test-Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
Financial Control Environment	.203	.225	.110	.904	.370	-.246	.653

Dependent Variable: Project Implementation
Source: Research data, (2017)

To find out this regression analysis was used to test the hypothesis. From the test (table 4.7) indicated this factor had a mean of 3.61,std deviation of 0.23, standard error mean of 0.225 and (table 4.8) indicating degree of freedom was 69 and significance confidence level was 95%. A relation of 0.370 based on two tail significance of 0.05 was established. This significance value was then compared against the 0.05 for significance. From the comparison it was established that 0.370>0.05 and a Beta of 0.110 which meant a unit change in financial control environment lead to 0.110 change in project implementation, leading to failure to accept the null hypothesis (Financial control environment has no significance influence on project Implementation) hence the alternative hypothesis (Financial control environment has significance influence on project Implementation. From the analysis above it can be concluded that financial control environment had at least significance influence on project implementation. This implies that if financial control environment are not well managed in projects the system can be infiltrated hence exposure of the project to implementation challenges. This finding is consistent with that of Appiah and Joseph, (2014) on their study on the effectiveness of internal control system of banks: the case of Ghanian Banks, defined financial control environment as the integrations of activities, plans, attitudes, policies and efforts of people of an organisation working together to provide reasonable assurance that the organisation will achieve its objectives and missions.

4.3.2 Test on Financial control activities on project implementation

Objective two sort to establish the influence of financial control activities on project implementation.

H_{O2}: Financial control activities have no significant influence on project implementation.

Table 4.9 One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Financial control activities on project implementation	70	3.83	0.567	0.095

Source: Research data, (2017)

Table4.10 One-Sample Test-Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
Financial Control Activities	.044	.095	.057	.459	.648	-.146	.234

Dependent Variable: Project Implementation

Source: Research data, (2017)

The second hypothesis of financial control activities was tested to establish whether it had influence on project implementation. To find out this regression analysis was used to test the hypothesis. From the test (table 4.9) indicated this factor had a mean of 3.83,std deviation of 0.567, standard error mean of 0.095 and (table 4.10) indicating degree of freedom was 69 and significance confidence level was 95%. A relation of 0.648 of the based on two tail significance of 0.05 was established. This correlation value was then compared against 0.05 for significance. From the comparison it was established that 0.648>0.05 and a Beta of 0.057 which meant a unit change in financial control activities lead to 0.057 change in project implementation leading to failure to accept the null hypothesis (Financial control activities has no significance influence on project Implementation) hence the alternative hypothesis (Financial control activities has significance influence on project Implementation. From the analysis above it can be concluded that financial control activities had at least significance influence on project implementation. This implies that if financial control activities are not well practiced this can lead to project implementation challenges. This confirms to the study by Muraleetharan, (2013) in his study on control activities and performance of organizations which was based on a sample of one hundred and twenty employees, and control and performance measured by chi square and regression analysis stated that financial control activities help to ensure that necessary actions are taken to address risks to the achievement of the entity's objectives

4.3.3 Test on financial monitoring on project implementation

Objective three sort to establish the influence of financial monitoring on project implementation.

H_{O3}: Financial monitoring has no significant influence on project implementation

Table 4.11 One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
financial monitoring on project implementation	70	3.44	0.3549	0.152

Source: Research data, (2017)

Table4.12 One-Sample Test-Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
Financial Monitoring	-.176	.152	-.145	-1.157	.251	-.480	.128

Dependent Variable: Project Implementation

Source: Research data, (2017)

The researcher sought to establish whether financial monitoring had influence in project implementation. To find out this regression was used to test the hypothesis. From the test (table 4.11) indicated this factor had a mean of 3.44,std deviation of 0.3549, standard error mean of 0.152 and (table 4.12) indicating degree of freedom was 69 and significance confidence level was 95%. A relation of 0.251 of the based on two tail significance of 0.05 was established. This correlation value was then compared against the 0.05 for significance. From the comparison it was established that 0.251>0.05 and a Beta of -0.145 which meant a unit change in financial control environment lead to -0.145 change in project implementation, this could be due to other factors such as low funding for supervision, suspension of works and the completion of donor counterpart funding. Based on the significance we rejected the null hypothesis (Financial monitoring has no significance influence on project Implementation) hence the alternative hypothesis (Financial monitoring has significance influence on project Implementation. From the analysis above it can be concluded that financial monitoring had at least significance influence on project implementation. This implies that if financial monitoring is not well supervised, this can lead to project implementation challenges. This is confirmed by Wachaiyu, (2016) in her study on Monitoring and Evaluation Factors Influencing Success of Development Projects: Case of Starehe Sub-County Kenya where she employed a descriptive survey design and targeted twenty three respondents using stratified sampling and also correlation, she concluded that financial monitoring was significant in project success.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter presents a summary of the findings on the relationship between internal controls and project implementation with a specific focus of Kimira Oluch Smallholder Farm Improvement Project, conclusion, recommendations and areas for further research.

5.1 Summary of the Findings

Objective one of the study sought to establish the level of relationship between financial control environment and project implementation. It was established that financial control environment had a significance influence on project implementation.

Objective two sought to establish the level of relationship between financial control activities and project implementation. It was established that financial control activities had a significant influence on project implementation

Objective three sought to establish the level of relationship between financial monitoring and project implementation. The study revealed that financial monitoring had a significance influence on project implementation.

5.2 Conclusion

Based on the finding of objective one that financial control environment had a significance influence on project implementation, the study concludes that financial control environment influences project implementation.

Based on the finding of objective two that financial control activities had a significant influence on project implementation, the study concludes that financial control activities influences project implementation.

Based on the finding of objective three that financial monitoring had a significance influence on project implementation, the study concludes that financial monitoring influences project implementation.

5.3 Recommendations

Based on the conclusion of objective one that financial control activities has an influence on project implementation, the study recommends that the project should adopt current financial control environment methodologies that will help it improve on project implementation. It is through this establishment that will ensure that the project is implemented efficiently.

Based on the conclusion of objective two that financial control activities have an influence on project implementation the study recommends, the project should find ways of maximizing activities that control finances based on acceptable international financial regulations thus improving project implementation.

Based on the conclusion of objective three that financial monitoring has an influence on project implementation, the study recommends that the Project should come up strategies to maximize on supervision in line with corporate governance in order to realize its set implementation objectives.

5.4 Suggestions for further studies

The study suggests the following areas for future considerations:

i. Study in same area but using different methodology
ii. Study with the same methodology but in different context
iii. Study with different constructs for the same concepts.
iv. Research should be done on the internal controls since errors and fraud continue to pose a challenge to project implementation which my study did not fully exhaust.
v. Study should be done on other substantial causes of project delay

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APPENDICES

Appendix I: Introduction Letter

To Whom It May Concern

Dear Sir/Madam,

RE: COLLLECTION OF DATA

I am a master of Business Administration (Finance and Accounting Option) student from the Department of Business and Economics, Maseno University (Homabay Town Campus).
As part of the requirement for the award of the degree, I am expected to undertake a research study on **Relationship between Internal Controls and the Implementation of Kimira-Oluch Smallholder Farm Improvement Project in Homabay County, Kenya**.

I am therefore, seeking your assistance to fill the questionnaires attached. The attached questionnaire will take about twenty minutes to complete. Kindly answer all the questions. The research results will be used for academic purposes only and will be treated with utmost confidentiality. Only summary results will be made public. No one, except the institution will have access to these records. Should you require the summary, kindly indicate so at the end of the questionnaire. A self-addressed envelope is provided for your reply. Your cooperation will be appreciated.
Yours sincerely,

Victor Jamaiya Bwire
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Maseno University

Appendix II: Research Instruments

QUESTIONNAIRE ON EMPIRICAL SURVEY OF INTERNAL CONTROL PRACTICES AT KIMIRA OLUCH SMALLHOLDER FARM IMPROVEMENT PROJECT

This research is conducted as a partial fulfilment of the requirement for the award of master degree of in business administration. Therefore you are kindly forwarded this questionnaire to help on information concerning the internal control system. The information gathered will not be used in any other way and will be kept strictly confidential.

PART I: GENERAL BACKGROUND INFORMATION

These questions will be used for classification purposes only. The information gathered will not be used in any other way and will be kept strictly confidential. Please Tick [√] the most appropriate alternative/s

1) What is your gender?

Female [ ] Male [ ]

2) What is your current position?

Project Manager [ ] Monitoring Manager [ ]

Project Accountant [ ] Agronomist manager [ ]

Others (specify) […………………….................................

3) Which of the following categories describe your age?

Below 20 years [ ] 21 –40 years [ ]

41 – 60 years [ ] above 60 years [ ]

4) Which of the following categories is your level of education?

Diploma [ ] Advance diploma/ first degree [ ]

Post graduate [ ] Masters Degree [ ]

Other (specify) [………………………………………….

5) What is your field of study?

Engineering [ ] Sociology [ ]

Accounting and/or finance [ ] Agronomy [ ]
Human resource [ ] Other (specify)
[………………………...............................

PART II: TO DETERMINE THE INFLUENCE OF FINANCIAL INTERNAL CONTROL ON IMPLEMENTATION OF KOSFIP

Part A: Financial Control Environment

In a scale of 1-5, rate the financial control environment on implementation from the factors in the table below;

(Key: 1 = No extent, 2 =Little extent, 3 = Moderate extent, 4 = Great extent, 5 = Very great extent)

S/No.	ISSUES	1	2	3	4	5
i.	The Project demonstrates a commitment to integrity and ethical values.					
ii.	The project steering committee demonstrates independence from management and exercises oversight of the development and performance of internal control.					
iii.	Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of project implementation.					
iv.	The Project demonstrates a commitment to attract, develop, and retain competent individuals in alignment with project objectives.					
v.	The Project holds individuals accountable for their internal control responsibilities in the pursuit of project objectives.					
vi.	Comments					

Part B: Financial Control Activities

In a scale of 1-5, rate the financial control activities on implementation from the factors in the table below;

(Key: 1 = No extent, 2 =Little extent, 3 = Moderate extent, 4 = Great extent, 5 = Very great extent)

S/No.	ISSUES	1	2	3	4	5
i.	Management considers all the relevant business processes, information technology and locations where control activities are needed, including outsourced service providers and other partners.					
ii.	Controls employed by KOSFIP include authorizations, approvals, comparisons, physical counts, reconciliations and supervisory controls.					
iii.	Management selects and develops control activities over the acquisition, development, and maintenance of technology and its infrastructure to achieve the project's objectives					
iv.	KOSFIP has policies and procedures addressing proper segregation of duties between the authorization, custody, and recordkeeping					
v.	Management performs periodic review of policies and procedures to determine their continued relevance, and refreshes them when necessary.					
vi.	Comments					

Part C: Financial Monitoring

In a scale of 1-5, rate the financial monitoring on implementation from the factors in the table below;

(Key: 1 = No extent, 2 =Little extent, 3 = Moderate extent, 4 = Great extent, 5 = Very great extent)

S/No.	ISSUES	1	2	3	4	5
i.	KOSFIP periodically evaluates financial processes such as cash management, comparison of budget to actual results, repayment or reprogramming of interest earnings, draw down of funds, procurement, and contracting activities.					
ii.	Management takes adequate and timely actions to correct deficiencies reported by the internal audit function, GoK and Donor supervisory mission and External Audit.					
iii.	KOSFIP monitors sub-recipients/expenditure categories to ensure that GoK/Donor funds provided are expended only for allowable activities, goods, and services and communicates the monitoring results to the KOSFIP's board.					
iv.	Comments					

Part D: Project Implementation

In a scale of 1-5, rate the project implementation from the factors in the table below;

(Key: 1 = No extent, 2 =Little extent, 3 = Moderate extent, 4 = Great extent, 5 = Very great extent)

S/No.	ISSUES	1	2	3	4	5
i.	Is the Project on schedule					
ii.	Is the Project cost within budget					
iii.	Comments					

Thank You

Appendix III: Research Schedule

Phase	Description	Number of weeks											
		1	2	3	4	5	6	7	8	9	10	11	12
1	Proposal writing												
2.	Data collection												
3.	Data analysis												
4.	Report writing												
5	Compilation												
6	Presentation												
7.	Submission of final report												

Appendix IV: Research Budget

No.	Item	Description	Unit cost	Total
1.	Stationary	3 Reams of photocopying papers	600	1,800.00
2.	Transport/Accommodation	Meeting supervisor, data collection, fuel	Lumpsum	30,000.00
3.	Printing	Documents printing and binding		15,000.00
4.	Communications	Internet research		10,000.00
5.	Pre-test visits			10,000.00
6.	Data Analysis			20,000.00
7.	Contingency	10%		10,000.00
	Total			**96,800.00**