

Effects of Auditing on Financial Control in Community Support Funds in Kenya: A Case of Maasai Mara Community Support Fund

Gathuru Edmund Kanyugi¹ and Philip Ondiba²

^{1,2}(Lecturer Maasai Mara University, Kenya)

Abstract: *The overall objective of this study was to determine the effects of auditing on financial control in community support funds in Kenya: A Case of Maasai Mara Community Support Fund. The study used a descriptive cross-section design. The study targeted a population of 136 stakeholders. Data was collected using questionnaires. The validity and reliability were tested to ensure that the questionnaires provided the data that was required for the study. The data was analyzed using descriptive statistics for frequency and percentages, Pearson correlation analysis and Chi-square analysis to summarize and classify data, to establish the relationship between the variables and to determine the strength of association between the variables respectively. The study established that the influence of auditing skills on the effectiveness of financial control, majority of the respondents agreed that it has an influence on the effectiveness of financial control but the influence was not significant when tested using Pearson correlation, the results showed a positive but weak correlation which was significant ($r = 0.282$; p - value = 0.002). The hypothesis was tested using chi square analysis, where the null hypotheses was rejected based on the Chi square values. The study therefore concluded that community support funds should ensure that they employ people who have auditing skills in order to enhance the effectiveness of financial control. The findings of the study will assist in formulation of appropriate policies on the effectiveness of financial control for not only Maasai Mara Community Support Fund but to all other community support funds seeking effective financial control.*

Keywords: *Auditing, Financial Control and Community Support fund (CSF).*

I. INTRODUCTION

Financial control is an integral part of financial management which is concerned with the acquisition, financing, and management of assets with some overall goal in mind. Financial control is the phase in which financial plans are implemented; control deals with the feedback and adjustment process required to ensure adherence to plans and modification of plans because of unforeseen changes (Besley&Bringham, 2005). The control function of the financial manager becomes relevant for funding which has been raised. The manager needs to determine if the various activities of the organization meet set objectives. This will be determined when data of actual performance versus forecast are compared. Forecast data in this case will have been prepared in the light of historical data modified to reflect expected future actual (Brinkerhoff, 2001).

Community funds are used to enhance community access to resources that improve individual productivity and thus reduce poverty, hunger, and community health issues like maternal deaths, as well as improve education performance among other things for the benefit of the community. Most community funds seek to strengthen community, county, local and government partnerships. Some have also sought to set new standards of transparency and accountability to city populations. Many of these funds have concentrated on offering subsidized and non-subsidized loans to support community activities; others have preferred to work through small grant finance, stressing counterpart contributions in order to ensure high levels of local ownership. Some have combined both of these (Satterthwaite, 2002).

For instance, in Australia, the Common Ground Community Support Fund was established to accomplish three things: to support communities in their time of need, to accept grant applications for community projects and to provide scholarships for talented kids to nurture their creative pursuits. This trust Fund was established in 1991 to distribute part of the Government's gaming revenue to projects that benefit communities. The fund is governed by the Australian Gambling Regulation Act 2003 and it receives 8.33 per cent of the hotel gaming revenue from electronic gaming machines. It however does not receive revenue from gaming machines located in clubs or in the casinos. Gaming revenues to the government comes in a number of forms, for instance, through various fees, levies and taxes on gaming (Gemson, 2003).

In Scotland there are community funds supported by the state. Notable among those funds are: People and Communities Fund which supports communities by delivering outcomes to meet and respond to the

aspirations of the communities. Communities and Families Fund is a grants programme funded jointly by the Scottish Government and the Big Lottery Fund in Scotland (Scottish Government, 2014). The fund supports local projects that help families and communities give children the best start in life. There is also the Community Seed Corn Fund that directly supports the delivery of the Scottish Forestry Strategy outcomes and objectives including improving health and well-being of people and their communities, assisting community participation, enhancing opportunities for health and enjoyment and contributes to growth in learning and skills.

The funding aims to support groups and organizations to encourage and support greater use of woods by people to derive health, well-being and community benefits (Scottish Government, 2014). Despite government funding, implementation and evaluation, it gives much of the mandate to run the community projects to the local community. Thus the community manages the financial issues and prioritizes what projects to carry on with (Cruson, 2015).

In England there are also many other funds. One of them is the Church and Community Fund. This community fund assists Churches to develop their capacity to engage with the whole community through supporting innovative use of resources; helping transform areas of greatest need and opportunity and grow the community in a religious sense and numerically. Areas of interest to such funds are replicating models of successful community engagement across the community of Christian (Carson, 2015).

In South Africa there are many community support funds. Notable among them is the Anglo American support fund. The fund is committed to supporting development initiatives that are directed towards the alleviation of poverty and development of communities in South Africa. The diversity of the projects and sectors that the fund supports are in recognition of the diverse and rapid social economic as well as educational needs of South African communities (Tshikululu, 2013). The fund's major areas of interest are in education, health and sustainable community development.

Although Community funds are important, it is common to find that the funds in the country are experiencing a myriad of problems that include ineffective boards, absence of strategic planning activities, poor recording practices, lack of necessary policies and procedures, high turnover of employees and volunteers and dependence on a limited number of funding sources (Padilla, Staplefoote&Morganti, 2012). Effective financial management practices are therefore essential in improving transparency, efficiency, accuracy and accountability resulting in the organizations achieving their objectives. Typically, Community support funds are reliant on donations from their members, the local community and at times sponsorship from government and businesses. Some get their funding from international donors such as agencies, religious organizations and even individuals (Hendrickse, 2008). With the increasing levels of donor interest and funding, Community support funds need to be more accountable and improve in their financial management practices because they are flexible, less bureaucratic, more responsive and closer to the people. In particular, financial control practices such as budgeting and accurate reporting is essential in not only meeting the donor objectives but also building their confidence.

The government of Kenya has in the past decentralized funds to the local level with the aim of controlling imbalances in regional development and engendering citizen participation in the management of public resources towards poverty alleviation and improving service delivery. These funds can be categorized into: funds for loan facilitation that include the Youth Enterprise Fund and Women Enterprise Fund; targeted specific-sector transfers such as Free Primary Education fund and broad composite funds that include the Constituency Development Fund (CDF) and the Local Authorities Transfer Fund (Mzalendo, 2015).

In the tourism sector, the government introduced a policy that at least 25% of gate collection from the Game Reserves should go to the local communities neighboring game reserves (ROK, 1991). This led to the establishment of community support funds such as the Samburu support fund, Kakamega forest support fund, Lake Bogoria support fund and Maasai Mara support fund for communities neighboring those areas. However, in practice it is not always the situation, it has been estimated that only 2% to 5% of Kenya's total tourism receipts trickle down to the population at the grassroots level (Odindo, 2009).

With the new Constitution Narok County government domesticated the National policy with the establishment of Maasai Mara Community support fund that officially channels 19% of the total annual gate collections from the game reserve to the communities living around the reserve. The fund seeks to see improved economic advantage to the local people within the Maasai Mara Game Reserve. The fund is managed by a board that is made up of 8 members and ward representative committee. Policies at the county level are still struggling to be in line with the needs of the Maasai Community, which has brought about lack of accountability and inefficient utilization of resources (Mzalendo, 2015).

There also has been a wave of discontent in the political circles that little is being done to benefit the communities that are supposed to be benefiting from the Maasai Mara Game Reserve (world vision Kenya, 2015).

The local community has severally taken up arms against lack of financial accountability in the Maasai Mara Community Support Fund, lack of proper internal controls and that the community seems not to be the major benefactor of the income coming from the park. Political elites have been said to manipulate formation of

policies that drive the community fund resources to perpetuate their rule by skewing allocations in favor of kinsmen, supporters, sycophants and all manner of political hangers-on (Bripac, 2015). According to a report by World Vision Kenya (2015), Maasai Mara community support fund management is still not clearly transparent and accountable due to lack of effective transactional systems. The capacity assessment report also showed that the fund did not have well developed financial tracking system to enhance its performance measurement.

Community funds are both cash and in kind contributions made by organizations and institutions to community organizations and programs and normally they help immediate community. Funds come in many types and forms around the world just to mention a few: Scholarship funds, Donor advised funds and Field of interest funds. They serve different objectives and goals. These funds benefit from millions collected by the government and the business sector. Their purpose is to provide a wide variety of financial support to the communities involved in order to ease confrontational sentiments and reduce the hatred and emotions towards the other players within the community (Juan, 2015; Karen & Patricia, 2006).

Statement of the Problem

Financial controls are policies and procedures put into place by a business or organization to track, manage and report its financial resources and transactions. Several complaints concerning financial controls in Maasai Mara Community Support Fund has been raised by the community. For instance, quarterly financial reports submitted to Narok County Assembly from Maasai Mara Community support fund showed lack of proper recording of financial transactions in the system and lack of capacity as regards to financial control. Technical skills are a very crucial area in the effectiveness of financial control in community support funds. Dealing promptly with any unforeseen deviations in finances of community support funds will ensure that the goals of the organization are being pursued appropriately. In Scotland, Financial control in community support funds has not always been effective in service delivery due to weak technical skills. Several complaints concerning weak Auditing skills, book keeping skills, budgeting skills and numeracy skills have been raised by the community and donors. From the available information is not conclusive on the specific Technical Skills that affect the effectiveness of Financial Control in Maasai Mara Community Support Fund. This study, therefore, seeks to determine the effects of auditing on Financial Control in Maasai Mara Community Support Fund.

General Objective

The general objective of this study was to determine the effects of auditing skills on Financial Control in Community Support Funds in Kenya: A Case of Maasai Mara Community Support Fund.

Research Hypotheses

H₀: There is no association between Auditing skills and effectiveness of financial control in Maasai Mara Community Support Fund.

Significance of the Study

There is growing need to use CSFs to spur economic development in Kenya today, hence the need to have these institutions capable of governing themselves properly through proper financial control. Control is important because of the following reasons: Firstly, if the projected operating results are unsatisfactory, management can "go back to the drawing board" reformulate its plans, and develop more reasonable targets for the coming period. Secondly, it is better to know a problem in advance and tackle it than when it is too late and bring operations to a halt.

The CSF officials in Narok County and those in other regions may use the findings to strengthen their financial control to enhance achievement of objectives thus making them more effective. The government and other donors funding the CSFs will also be in a position to identify the gaps hence support the CSFs by building their capacities in Financial Management.

For the scholars that may be interested in pursuing knowledge in related areas, this study will provide some critical insights and guidelines on the factors that influence financial control and suggestions on areas that require further research. The government may also use the findings together with others from similar studies to enlist the support of the CSFs in carrying out interventions and other community support programs. The findings are also meant to be used together with others in policy formulation.

II. PUBLIC BUDGETING MODEL

The theoretical foundation for this study was anchored on the Public Budgeting Model. The Public Budgeting Model was first advanced by Smith and Lynch in 2004 who described public budgeting through four perspectives (Koitaba, 2013). The political where the politician sees the budget process as "a political event conducted in the political arena for political advantage". The economical where the economist views budgeting as a matter of allocating resources in terms of opportunity cost where allocating resources to one consumer takes resources away from another consumer (Smith & Lynch, 2004). The role of the economist, therefore, is to provide decision makers with the best possible information. The accountant's perspective that focuses on the accountability value while budgeting which analyses the amount budgeted to the actual expenditures thereby

describing the "wisdom of the original policy". According to Smith and Lynch's public manager's perspective on a budget is a policy tool to describe the implementation of public policy.

In this study, only the accountant's perspective shall be considered since it gives more of a control perspective than the other two especially in variance analysis. Several leading theorists like Cleveland, Willoughby, Key, Lewis and Musgrave have also provided many insights to public budgeting like giving a more precise definition and purpose, sparking the normative question regarding how scarce resources ought to be distributed to unlimited demands (Koitaba, 2013). Identification of the three roles of government in the economy, that is: allocation of resources, distribution of goods and services, and economy stabilization. (Jowell, 2009) suggests that budgetary decision making is largely political, rather than based on economic conditions while (Jowell, 2009) facilitated the discussion of the dichotomy between theory and practice of public budgeting. (Smith & Lynch, 2004) outlines the three functions of budgeting as: Strategic Planning which is essentially deciding on the goals and objectives of an organization; Management Control which is the management's process of assuring effective and efficient accomplishment of goals and objectives laid out via strategic planning; and Operational Control which is focused on proper execution of specific tasks that provide the most efficient and effective means of meeting the goals and objectives ordered by management control.

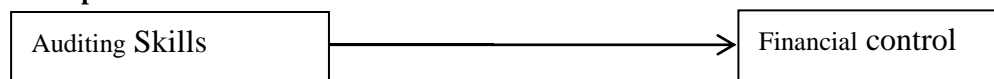
The three values set forth in relation to budgeting and that are generally discussed in the literature of public budgeting are; accountability, efficiency, and efficacy. Accountability focuses on the inputs going into the system or program in action and is best characterized by the Line-item budgeting approach. It is best suited for the control and monitoring functions of a budget. Efficiency focuses on the process of the system or program and its conversion of inputs (resources) into outputs (policy). Its focus on the process makes this value appropriate for performance budgets and most in-line with management and steering functions.

Efficacy focuses on outputs and outcomes, measuring the impact of policy. This value follows both the program budget and Program Planning Budgeting System budget approaches and coincides with the planning and strategic brokering functions.

Budgeting in this study follows the traditional Model which emphasizes on the control function and focuses on the consequences of expenditures. Studies indicate that only a small proportion of Community support funds demonstrate a high proficiency in budget development (Odindo, 2009). In practice, many organizations find preparing a budget being a major hardship. It is therefore not surprising to find many organizations express the need for training in budget development. These are areas that, without proper and detailed training at least for a cohort of implementers within an organization, there would be major constraints. This is because a budget will only be prepared after identifying the activities the organization plans to do and how to do them. After deciding on these activities then the source of funds can be thought of (Jowell, 2009).

Budgeting is characterized by its approaches, functions, formation, and type. Our discussion is on financial control practices therefore our focus will be on the accountant and public managers' perspective, which addresses objective auditing. Community support funds characteristically resemble public bodies in many aspects, this model will be ideal for analyzing their behavior especially in terms of financial controls.

Conceptual Framework



Independent Variables

Auditing and Effective Financial Control

An audit is a process for testing the accuracy and completeness of information presented in an organization's financial statements. In addition to the materials included in the audit report, the auditor often prepares a management letter or report to the board of directors (Margah, 2005). This report cites areas on the organizations' internal control system which the auditor evaluates as weak. Many auditors provide year-end financial accounting services which are not part of the audit. These include preparing year-end financial based statements based on client reports, depreciation schedules and accrual and other adjustments based on clients. This serves as an independent examination of the existing accounting systems to see whether it is effective and gives a true and fair view of an organization's state of affairs as at a particular period in time enhancing the effectiveness of financial accounting (Vincent & Emil, 2000).

According to Kumar & Sharma (2011), an audit is an examination of such records to establish their reliability and the reliability of statements drawn from them. Nafula (2004) notes that an audit is an examination of the books, accounts and vouchers of a business, as shall enable the auditor to satisfy himself whether the Balance Sheet is properly drawn up, so as to give a true and fair view of the state of affairs of the business, and that the profit and loss account give a true and fair view of the profit or loss for the financial period, according to the best of his information and the explanations given to him as shown by the books; and if not, in what respect he is not satisfied.

Community support funds management should exercise stewardship when using the organization's resources and the work of audit was to scrutinize the books to establish this. The process whereby the managers of a business account report to the owners of the business is called stewardship accounting (Millichamp, 2000).

Effective Financial Control

Community Development was a joint initiative of the Government of Kenya and the community with the objective to contribute to poverty alleviation in the country by offering support, in form of grants, to community-based projects which address social, economic and environment priorities. The concept of financial control was at the heart of financial management (Alin, de Boer, Freer, Ginneken, Klaasen, Mbane, Mokoetle, Moynihan, Odera, Swain, Tajuddin&Tewodros, 2006). Financial control ensured that the finances of an organization are well handled.

Without financial control, assets are at risk, funds may not be spent in accordance with the organizations' objectives or community's wishes, and the competence of managers and the integrity of the organization may be called into question (Alin et al., 2006). Financial control was achieved by designing systems and procedures to suit the particular needs of an organization (Alin et al., 2006).

For the purpose of financial control and accountability of community support funds, it was vital that an overall financial policy be put in place. The policy included individual policies pertaining to the donors, income, budgeting, expenditure, travel, auditing, petty cash, assets, salaries, staff loans and the opening and operation of a bank account (Shapiro, 2006).

According to (Odindo, 2009), most community support funds in the country are unable to cover their intended project areas with only a very small proportion, actually less than 2% being able to cover over 75% or more of their planned target population within their activities. The study also found that majority, slightly more than half, of the community support funds were able to cover between 25 and 50% of the planned target population while about one third, of the organizations were only able to cover only 25% of the planned target population. The rest covered 51 – 75% of the population. This situation was influenced mainly by lack of training and project funds although lack of equipment and low level of staff training also significantly affected their ability to reach their target populations.

The concept of community involvement in improving development outcomes was not a new one. It has its roots in the action that communities have always taken to protect and support their members. It has become increasingly clear that community support funds have unique advantages in its close connections with communities, its ability to communicate through people's own culture and language and to articulate the needs of communities, and, its ability to mobilize the many resources that community members can bring to the processes of policy and decision making and to service delivery (Sangole, 2014).

Empirical Review

According to Sarma, Vicary and Holdrege (2004), community support funds are grassroots organizations managed by members on behalf of community. Sarma, Vicary and Holdrege (2004), point out that community support funds are identified by four characteristics which are local ownership (the organization is owned by the community and serves its priorities and aspirations), local accountability (the organization is accountable to the community and not to a higher level), local control (the members have control over the direction and activities of the organization), and local membership (the organization is made up of members of the community).

Community support funds are non-profit organizations that operate within a single local community. They are essentially a subset of the wider group of non-profits. Like other non-profits they are often run on a voluntary basis and are self-funding. The recent evolution of community funds, especially in developing countries, has strengthened the view that these "bottom-up" organizations are more effective addressing local needs than larger charitable organizations. During the 1980s and 1990s, community funds expanded to the point of being referred to as a movement, and the process of community organizing expanded into many community funds. One struggle that emerged in this period was the awareness of power shifting from local communities to regions, nations, and international corporations. However, according to Speer& Perkins (2002), the process of globalization has also raised new questions about the efficacy of local organizations in addressing problems caused by large-scale economic forces.

The World Bank and the International Monetary Fund (IMF) attribute Africa's development crisis to an overgrown state, which had not only stifled individual freedom, but was also corrupt, parasitic and inefficient. The neo-liberal call for the retreat of the state in the development process was viewed as a means of empowering people to take charge of their own development through voluntary initiatives at the local level, (Wanyama, 2005). According to Garner (1998), the state and local government rely heavily on non-profit making organizations to provide a broad range of human services to the communities that they serve. These organizations are typically CSFs or faith based organizations (FBOs) that depend on volunteers to perform their missions. Some are grass root organizations run by an original founder. In general, these organizations are usually overwhelmed with the day to day service delivery demands, with little time or energy to focus on administrative matters. While these organizations are extremely dedicated to their particular issues, they often

lack the business understanding that can be found in government and commercial sectors. These led to a variety of management related problems including; ineffective boards, absence of strategic planning activities, poor financial accounting practices, lack of necessary policies and procedures, high turnover of employees and volunteers and dependence on a limited number of funding sources. The likely result was compromised service delivery to those in need of organizations that are vulnerable to failure.

According to Hendrickse (2008), CSF financial control should include: keeping an accurate record of all financial transactions; linking the budget to the organization's strategic and operational plans; producing management accounts so that managers can compare the organization's progress against the budget and then make decisions about the future; producing financial statements for outside scrutiny to demonstrate how funds have been applied in the past; having internal controls or checks and balances in place to safeguard the organization's assets, and to manage risk and having an audit committee or auditor to assist in the quality and reliability of financial and other performance information used.

Garner (1998), points out that all non-profit making organizations have a common objective; they all have many of the same needs for financial information. Thus the accounting, financial system and financial reports are similar to profit making organizations. However, because of the differences in organizational objectives, financial procedures are modified to suit the specific type of organizations. In his study of CSFs in Western Kenya Wanyama (2005) observes that most CSFs do not have qualified personnel, lack sufficient resources, have inefficient systems in place and officials have self-interests and are corrupt. Many small CSFs also cannot afford to engage auditors as they are very expensive and given that their funder's require them to have an annual audit by a registered audit firm it means that they should request funding for this by including it in the budget as a line item.

Financial management practices were put in place to keep an organization on course towards profitability goals and achievement of its mission, and to minimize surprises along the way. Financial management practices promote transparency, accountability, efficiency, reduce risk of asset loss, and help ensure the reliability of financial statements and compliance with laws and regulations. Since financial management serves many important purposes such as transparency, accountability and efficiency, there are increasing calls for better financial management practices and report cards on them.

The changes in the political context or shifts in donor policies towards more stringent lending practices, in conjunction with difficulties within CSFs and NGOs - for example, corruption, lack of financial management, inadequate planning: failure to prioritize, duplication of services and programmes, inadequate leadership capacity; lack of professional fundraising endeavors, and poor governance are but some factors quoted by commentators, which contributed to the demise of many civil society organizations (Kihato&Rapoo, 1999).

Responsibility for the sound management of financial resources is as important for both managing the people and other resources of an organization objectively. In smaller organizations like CSFs, much of the management responsibility rests with the manager in the field and can lead to the duplication of roles which will then demand that the manager be competent in all areas of finance. However, in order to achieve quality financial reporting, it will also mean that they must have a good overview of their project's progress, and it can be found that good financial records make sound project monitoring and evaluation much easier. Therefore, good project researches give CSFs some tools for resource mobilization and fund raising. Once they have received the grant, they are accountable for its use, and for that, their accounts need to be in order. Essentially a good research contains a sound financial control plan in addition to the objectives of the project so as to ensure efficient management of resources. Therefore, proper planning and controls are central to the entire process (Kraak, 2001).

III. RESEARCH METHODOLOGY

This study used a descriptive cross-sectional design. The target population for this study comprised of three groups of respondents, including: 9 Maasai Mara community support fund board members, 10 Maasai Mara community support fund head office employees and 117 Narok County Ward representative committees. The target population was 136. In this study, primary data was used. The primary data was collected using questionnaires.

IV. DATA ANALYSIS

After data collection, the collected data was organized for processing. This involved; coding the responses, tabulating the data and performing several statistical computations. Using SPSS statistical software, the study employed both descriptive and inferential statistics to analyse the data collected and organized. The analysis procedure was uniform in all study objectives where descriptive and inferential statistics was used. Descriptive statistics; Frequencies and Percentages were calculated on the independent variables to summarize and classify the data collected into meaningful form for easy interpretation. Inferential statistics, namely, Factor Analysis, Pearson Correlation coefficient and Chi-Square, test was used to reduce the factors using factor

loading, determine relationships between independent and dependent variables, check the normality of variables, and make generalizations about the characteristics of populations based on data collected.

Parametric Tests

In the study parametric tests was used to estimate the population parameter, because this estimation process involves a population, certain parametric assumptions are required to ensure all components are compatible with each other. It is used where the following three assumptions have been observed: Observations are independent, where the population data have a normal distribution and Scores in different groups have homogeneous variances. In this study the following parametric tests were used.

Correlation Analysis

Correlation analysis was used to find out relationships between Variables; evaluation of Auditing skills affecting the effectiveness of financial control in Maasai Mara Community Support Fund. Using Pearson Correlation Coefficient, the study expressed the extent to which the variables are related. Product moment coefficient (r) gives an indication of the strength of the linear relationship between two variables.

$$r = \frac{n \sum xy - \sum x \sum y}{\sqrt{n \sum x^2 - (\sum x)^2} \times \sqrt{n \sum y^2 - (\sum y)^2}}$$

Non-parametric Tests

The study used this method to test Distribution free statistics that do not require that the data fit a normal distribution. It also requires less restrictive assumptions about the data. Another important reason for using these tests is that they allow for the analysis of categorical as well as rank data. For this study the Chi square test of independence was used.

Chi-Square

This test is used to determine whether there is a significance difference between the expected observations and the observed frequencies in one or more categories. Pearson's correlation was used to test the independence while the Phi and Cramer's V. was used to test the strength of the association between variables. To make a conclusion about the hypothesis with 95% confidence, the value of significance, that is the p-value of the Chi-Square statistic should be less than .05 (which is the alpha level associated with a 95% confidence level). If the p-value < .05 and the critical chi square value is less than the computed value, then it is concluded that the variables are dependent in the population and that there is a statistical relationship between the categorical variables.

Chi square formula

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

Where O = observed frequency

$$E = \frac{\text{Column total} \times \text{Row total}}{\text{Sample Size}} = \text{expected frequency}$$

Factor Analysis

In this Study Factor analysis was used to describe variability among observed, correlated variables in terms of a potentially lower number of unobserved variables called factors. The information gained about the interdependencies between observed variables was used in the study to reduce the set of variables in a dataset. This technique is equal to low-rank approximation of the matrix of observed variables.

Exploratory factor analysis (EFA) using varimax rotation method was used to determine Component Matrix with the application of Kaiser-Meyer-Olkin measure (KMO). KMO results ranging from 0 to 1 and a factor loading of 0.4 and above was accepted for a good factor analysis and all items that had a factor loading of below 0.4 were removed from the analysis. Bartlett's test of sphericity for independent and dependent variable was used with significance level tested at less than 0.05 according to Pallant (2005). Moreover, correlation and Chi square was used to explore the relationship and associations between independent variables and dependent variable.

V. RESEARCH FINDINGS AND DISCUSSIONS

Effect of Auditing Skills on the Effectiveness of Financial Control in Maasai Mara Community Support Fund

The fourth objective of the study sought to find out the effect of Auditing Skills on the effectiveness of financial control in Maasai Mara Community Support Fund. The respondents were asked to show their agreement or disagreement with given statements on Auditing skills on a three-point scale of 1-3, where; 1- Disagree, 2- Neutral, 3- Agree. Descriptive statistics were calculated and the results are presented in Table 4.11.

Table 4.11. Descriptive Statistics for Auditing Skills

Statements	Category	D	N	A	Total
CSF is audited annually	Board Member	0	1(11.1%)	8(88.9%)	9(100.0%)
	Fund Employee	0	1(10.0%)	9(90.0%)	10(100.0%)
	Committee Member	4(4.2%)	4(4.2%)	88(91.7%)	96(100.0%)
CSF uses an appointed supervisory committee for audit purposes	Board Member	0	0	9(100.0%)	0
	Fund Employee	0	1(10.0%)	9(90.0%)	0
	Committee Member	5(5.2%)	18(18.8%)	73(76.0%)	0
The last audit recommendations have been fully implemented	Board Member	0	0	9(100.0%)	9(100.0%)
	Fund Employee	1(10.0%)	1(10.0%)	8(80.0%)	10(100.0%)
	Committee Member	3(3.1%)	2(2.1%)	91(94.8%)	96(100.0%)
Audit plays a big role in controlling finances of the Maasai Mara CSF	Board Member	0	0	9(100.0%)	9(100.0%)
	Fund Employee	0	0	10(100.0%)	10(100.0%)
	Committee Member	1(1.0%)	16(16.7%)	79(82.3%)	96(100.0%)
The last audit revealed weaknesses in financial internal control systems	Board Member	0	1(11.1%)	8(88.9%)	9(100.0%)
	Fund Employee	0	2(20.0%)	8(80.0%)	10(100.0%)
	Committee Member	6(6.2%)	14(14.6%)	76(79.2%)	96(100.0%)
The audit report is communicated to the management board	Board Member	0	0	9(100.0%)	9(100.0%)
	Fund Employee	0	0	10(100.0%)	10(100.0%)
	Committee Member	8(8.3%)	15(15.6%)	73(76.0%)	96(100.0%)

Key: D=Disagree; N=Neutral and A=Agree

From the results presented in the above Table 4.10 the majority 8(88.9%) of the Board Member 9(90.0%) of the Fund Employee and 88(91.7%) of the Committee Member agreed to the statement, indicating that the respondents have the perception that their accounts are audited annually. On whether, Maasai Mara CSF uses an appointed supervisory committee for audit purposes the majority 9(100.0%) of the Board Member, 9(90.0%) of the Fund Employee and 73(76.0%) of the Committee Member agree to the statement. This also indicates that the respondents were familiar with the operations of the firm and perceived the appointments of the supervisory committee for auditing purposes as effective in financial control. This supports the findings of (Millichamp, 2000) and (Koitaba, 2013) also affirms that organizations should exercise stewardship when using the organization's resources and the work of audit will be to scrutinize the books.

On whether Maasai Mara CSF performed well in the last audit the majority 9(100.0%) of the Board Members, 8(80.0%) of the Fund Employees and 91(94.8%) of the Committee Members agree to the statement. This shows that the officials perceived the audit results for the fund for the previous exercise as satisfactory because of the good performance of the fund. On whether the last audit recommendations have been fully implemented, majority. This shows that most of the recommendation given in the previous audit was implemented effectively. It was also established that Audit plays a big role in controlling finances of the Maasai Mara CSF, since majority 9(100.0%) of the Board Members, 10(100.0%) of the Fund Employees and 79(82.3%) of Committee Members agree to the statement. This shows that most of the respondents perceive auditing as an important financial control for the fund.

This affirms the findings of (Kumar and Sharma, 2011) and (Millichamp, 2000) who noted that internal control through auditing has an effect on the financial control in an organization.

Finally, the study sought to establish whether the last audit revealed weaknesses in financial internal control, majority 8(88.9%) of the Board Members, 8(80.0%), of the Fund Employees and 76(79.2%) of the Committee Members agreed to the statement, which indicate that the respondents perceived the audit done in the previous years as having been effective because it helped reveal weaknesses in the internal control system. On whether, the audit report is communicated to the management board the, the majority 9(100.0%) of the Board Members, 10(100.0%) of the Fund Employees and 73(76.0%) of the Committee Members agree to the above statement. This shows that the respondents indicated that all audit reports are communicated to the management board and hence they perceived the process as being effective to enhance the internal control system. The results support the findings of (Malvern, 2002); (Kumar & Sharma, 2011) and (Koitaba, 2013) who established that budgets are used by the management in order to carry on the business of the company in an orderly manner and safeguarding its assets. They are essential as developed an environment of orderliness and guidance in operations of an organization leading to effectiveness in financial accounting.

The findings were subjected to further analysis using Pearson's Correlation so as to establish the relationship that exists between Auditing skills and effectiveness of financial control in Maasai Mara CSF. The results are presented in table 4.12.

Table 4.12: Pearson's Correlation Analysis of the Relationship Between Auditing Skills and Effectiveness of Financial Control

		Financial Control
Auditing	Pearson Correlation	.282**
	Sig. (2-tailed)	.002
	N	115

$p > .05$ (2-tailed); $a = 0.05$.

The study established that there is a weak positive, statistically significant relationship ($R = 0.282$; p -value = 0.002) between Auditing skills and effective financial control in Maasai Mara Community Support Fund, this shows that Auditing skills is an important aspect in the effectiveness of financial control in any Community Fund. This is in line with the findings of (Koitaba, 2013) that also used Pearson's correlation in his analysis and found that auditing skills enhances effective financial control in community support funds.

The study further sought to establish the strength of the association between Auditing skills and effectiveness of financial control in Maasai Mara CSF. This analysis was done using the Chi Square Test for Independence and the results are presented in Table 4.13.

Table 4.13: Chi-Square Test for Independence for Auditing Skills and Effectiveness of Financial Control

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	162.109 ^a	48	.000
Likelihood Ratio	135.126	48	.000
Linear-by-Linear Association	9.093	1	.003
N of Valid Cases	115		

$p > .05$ (2-tailed); $a = 0.05$.

This was necessary so as to test the null Hypothesis 4 which was stated as:

H_0 : There is no association between Auditing skills and effectiveness of financial control in Maasai Mara Community Support Fund.

From the results presented in Table 4.13 it is noted that there is an association between Auditing skills and effective financial control in Maasai Mara Community Support fund. This is because the chi square value is 162.109 while the p -value is less than 0.05. This shows that there is a statistical significance association between Auditing skills and effective financial control in Maasai Mara Community Support fund. Therefore, the null hypothesis that there is no association between Auditing skills and effective financial control was rejected. The study thus concluded that Auditing skills were a significant factor affecting the effectiveness of financial control in Maasai Mara Community Support Fund.

Effective Financial Control

The study sought to establish how Auditing discussed in this section relate to the effectiveness of the financial control of CSF. The results were presented in Table 4.14.

Table 4.14 Responses on Effective Financial Control

Statements	Category	D	N	A	Total
There is adequate allocation of resources for all activities in Maasai Mara CSF	Board Member	1(11.1%)	4(44.4%)	4(44.4%)	9(100.0%)
	Fund Employee	0	0	10(100.0%)	10(100.0%)
	Committee Member	7(7.3%)	25(26.0%)	64(66.7%)	96(100.0%)
Projects are completed in time according to the planned budget	Board Member	0	1(11.1%)	8(88.9%)	9(100.0%)
	Fund Employee	1(10.0%)	0	9(90.0%)	10(100.0%)
	Committee Member	4(4.2%)	16(16.7%)	76(79.2%)	96(100.0%)
CSF has accrued less debts	Board Member	0	1(11.1%)	8(88.9%)	9(100.0%)

the last 2 years compared to the past	Fund Employee	0	3(30.0%)	7(70.0%)	10(100.0%)
	Committee Member	14(14.6%)	34(35.4%)	48(50.0%)	96(100.0%)
There are fewer incidences of misappropriation of funds in Maasai Mara CSF	Board Member	0	1(11.1%)	8(88.9%)	9(100.0%)
	Fund Employee	0	1(10.0%)	9(90.0%)	10(100.0%)
	Committee Member	19(19.8%)	12(12.5%)	65(67.7%)	96(100.0%)
CSF has a well-designed financial control system	Board Member	0	2(22.2%)	7(77.8%)	9(100.0%)
	Fund Employee	2(20.0%)	0	8(80.0%)	10(100.0%)
	Committee Member	4(4.2%)	23(24.0%)	69(71.9%)	96(100.0%)
Maasai Mara Has A Well Developed Financial Policy	Board Member	2(22.2%)	0	7(77.8%)	9(100.0%)
	Fund Employee	0	5(50.0%)	5(50.0%)	10(100.0%)
	Committee Member	3(3.1%)	38(39.6%)	55(57.3%)	96(100.0%)
CSF management supports high standards of financial control	Board Member	0	1(11.1%)	8(88.9%)	9(100.0%)
	Fund Employee	0	3(30.0%)	7(70.0%)	10(100.0%)
	Committee Member	0	20(20.8%)	76(79.2%)	96(100.0%)

Key: D=Disagree; N=Neutral and A=Agree

From the results presented in the above table 4.13 the majority 4(44.4%) of the Board Members, 10(100.0%) of the Fund Employees and 64(66.7%) of the Committee Members agreed that the financial control involved adequate allocation of resources for activities in the firm. This shows that most of the respondents perceived the financial control as having an effect on the adequate allocation of resources for activities in the firm. On whether the projects by the fund are completed in time and according to the planned budget, majority 8(88.9%) Of the Board Members, 9(90.0%) of the fund employees and 76(79.2%) of the committee members agreed to the statement. This again shows that majority of the official's perceived projects funded by the fund to be effective since they follow a budget for them to remain on course. This practice therefore improves the financial control of the fund.

On whether Maasai Mara CSF has accrued less debts in the last 2 years compared to the past, majority 8(88.9%) Of the Board Members, 7(70.0%) of the fund employees and 48(50.0%) of the committee members agreed. This shows that most of the officials perceive the financial control as being more effective now since the fund has less debt compared to the rest of the years before. This could imply that the fund is more effective in managing its financial control. it is also noted the low response from the committee members might be attributed to their low participation in the financial matters of the fund because most of them have little understanding of the financial processes. On the other hand, the study established that there were fewer incidences of misappropriation of funds in Maasai Mara CSF, majority 8(88.9%) Of the Board Members, 9(90.0%) of the fund employees and 65(67.7%) of the committee members agreed. On whether Maasai Mara CSF has a well-designed financial control system, majority 7(77.8%) Of the Board Members, 8(80.0%) of the fund employees and 69(71.9%) of the committee members agreed. This shows that the fund had fewer funds misappropriation in the current year than in the previous years and also the fund has a well-designed financial control system which could have led to effective financial control hence effective funds utilization. This is attributed to the fact that the fund has in place financial control which are perceived to be more appropriate.

It was also noted that Maasai Mara has a well-developed financial policy, majority 7(77.8%) Of the Board Members, 5(50.0%) of the fund employees and 55(57.3%) of the committee members agreed. On whether, Maasai Mara CSF Management supports high standards of financial control, majority (88.9%) of the Board Members, 7(70.0%) of the fund employees and 76(79.2%) of the committee members agreed to the statement. This shows that most of the respondents perceived the fund as having a well-developed financial policy and the management of the fund supports the high standards of the financial control. This might have been a contributing factor to the improved management of the funds by the fund. These findings agreed with (Odindo, 2009) and (Koitaba, 2013) who agreed that most projects are not able to cover their anticipated projects with only 2% being able to cover over 75% of their projects. On the other hand, (Sangole, 2014) indicated that community members can bring about many resources that can enhance policy and bring about performance of these community support funds.

Summary

The chapter discussed the findings as analyzed from the data collected. The results were analyzed to establish the perception of the respondents on the various factors and whether they influence the effectiveness of the financial control of the community fund. The relationship between the variables was tested using both the Pearson's r and the Chi square test. The findings have indicated that there is a statistically significant relationship between auditing skills. The null hypothesis was therefore rejected since Auditing was noted to be statistically significant and hence influenced effective financial control of community supported fund.

VI. SUMMARY AND CONCLUSION

The objective of this study was to determine the effects of Auditing skills on the Effectiveness of Financial Control in Community Support Funds in Kenya: A Case of Maasai Mara Community Support Fund. The hypothesis tested being;

H0: There is no association between Auditing skills and effectiveness of financial control in Maasai Mara Community Support Fund.

Auditing and Effective Financial Control

The respondents were also required to give their views on the influence of auditing skills on the effectiveness of financial control of the Maasai Mara Community Support Fund. Majority of the respondents agreed that the fund performed well in the last audit, the last audit recommendations have been fully implemented and audit plays a big role in controlling finances of the fund. This shows that most of the recommendation given in the previous audit was implemented effectively. It is also perceived that auditing is an important financial control practice for the CSF. It was also perceived that the last audit revealed weaknesses in financial internal control systems, and that the audit report is communicated to the management board. This shows that most of the respondents perceived that the CSF financial controls through audit reports were well communicated to the board members. Therefore, the study indicated that auditing is a factor that influence financial control of the CSF. The Pearson's correlation showed that the association was positive and statistically significant. The results further indicated that the null hypothesis that there is no association between auditing and the financial control was rejected based on the high value of the Chi square.

Conclusion

The purpose of this study was to analyze employees' perception on the effects of Auditing Skills on financial control in community support funds. The study therefore concludes that; auditing skills has an influence on the effectiveness of the financial control. The results indicated that auditing skills helps to un earth the gaps that exists in the financial statements and the entire financial control system and gives recommendations of what a CSF must do to enhance their financial control.

Limitations to the Study

The study was limited to only community support fund organization in Narok County as opposed to any other organization in the county. Another limitation is that only management stakeholders were involved in the collection of data when actually more data could have been gathered from other groups such as community beneficiaries for this fund. The study only used a closed ended questionnaire which limited the data collected since it does not allow room for explanations. This might have led respondents to making assumptions on those items they might not have understood.

Areas for Further Study

This study was limited to community support funds and therefore the results might not be generalized to other funds. Therefore, a similar study incorporating other funds should be conducted to establish the correlation between the funds.

The study also recommends that a similar study be carried out to target a different sample other than the management stakeholders. Beneficiaries of the fund might provide a different perspective from management stakeholders perspective; this might add new knowledge to the literature different from the common perspective of the management stakeholders in financial matters.

Sources of Funding of the Study

The study was financed by the authors.

VII. REFERENCES

- [1] Alin, F., de Boer, S., Freer, G. van Ginneken, L., Klaasen, W., et al (2013), *How to build a good small CSF*. Available: <http://www.netowrklearning.org> Accessed on 18th October 2013
- [2] Besley, F. & Bringham, J. (2005). *Dealing promptly with any unforeseen deviations in finances of Community funds. Community support fund Journal*. 112, 439-456.
- [3] Brinkerhoff, D. W. (2001). *Taking account of accountability: A conceptual overview and strategic options*. Washington, DC: US Agency for International Development.
- [4] Bripac, K. (2015). *Challenges facing Maasai Mara Community Support Fund*. (2015, August 4). *The Business Daily*, Nation media group limited.
- [5] Carson, O. (2015). *Community fund*. Retrieved from <http://www.ccfund.org.uk> on 30th June, 2015 at 1:04pm.
- [6] Cruson, D. (2015). *Electronic gaming machine. Handbook of revenue received by the Victorian Government from electronic gaming machines*. Victoria: Mali Press.
- [7] Creswell K. J. & Miller J. E. (2000). *Social science research: Validity of instruments*. New Delhi: Dotcom Publishers.
- [8] Fraenkel, J. R. & Wallen, N. (2000). *How to Design and Evaluate Research in Education* N. E.: McGraw-Hill.
- [9] Garner, C. (1998). *"Accounting and Budgeting in Public and Nonprofit organizations"*. New York: Jossey Bass.
- [10] Gemson, K. (2003). *Gambling and regulation act*. Retrieved from www.AustraliaLaw.org on 6th August, 2015 at 12:57am.
- [11] Hendrickse, R.F. (2008). *Governance and Financial Sustainability of community support funds in South Africa*. Unpublished Doctorate Thesis.
- [12] Jowell, J. (2009). *Financial Management for CSFs. Level 2 Learner Manual*. Cape Town.

- [13] Juan, O.K. (2015). *Objectives and goals of community support fund.* (2015, January 5). *South China Morning Post.*
- [14] Karen, F. A. & Patricia D. K. (2006). *Aspen Institute Roundtable on Community Change. Community Change: Theories, Practice, and Evidence.* Washington, D.C.: Aspen Institute.
- [15] Kihato, C. & Rapoo, T. (1999). *An Independent voice? A survey of civil society organizations in South Africa, their funding, and their influence over the policy process.* Research Report 67. Social Policy Series. Johannesburg: Centre for Policy Studies.
- [16] Koitaba, E. K. (2013). *an analysis of factors influencing financial control practices in community based organizations in Baringo county, kenya.* New Delhi: New Age International Publishers.
- [17] Kothari, C. R. (2004). *Research Methods and Techniques.* New Delhi: New Age International Publishers.
- [18] Kraak, G. (2001). *The South African voluntary sector in 2001: A great variety of 'morbid symptoms'.* *Development Update.* 3(4).
- [19] Kumar, R. & Sharma, V. (2011). *Auditing Principles and Practice (2nd Ed).* New Delhi, India: PHI Learning Private Ltd.
- [20] Margah, M. P. (2005). *Financial Management and Control in Higher Education.* New York: Routledge.
- [21] Millichamp, A. H. (2000). *Auditing (7th Ed.).* London, England: Continuum.
- [22] Mzalendo, K. D. (2015). *CDF and Uwezo Fund Allocations: What Every Kenyan Must Know.* Retrieved from <http://www.mzalendo.com> on 3rd June, 2015 at 6:24pm.
- [23] Nafula, J. K. Nancy N. (2004). *Budget Mechanisms and Public Expenditure Tracking in Kenya.* Nairobi: Kenya Institute for Public Policy (KIPPRA).
- [24] Odindo, O. (2009). *Implementation of community support funds in Kenya. Factors affecting effective implementation of community support funds.* Nairobi: Pauline publications Africa.
- [25] Oso, W. K. & Onen, D. (2005). *Social science research. Theory and principles.* London: University press
- [26] Padilla, L.M, Staplefoote, T. H. & Morganti, K. M. (2012). *Financial Sustainability for Nonprofit Organizations.* Rand
- [27] Ritchie, J. N. & Lewis, W. K. (2003). *Social Work Research Methods.* Boston: CUPublications.
- [28] Sangole, N., Kaaria, S., Njuki, J., Lewa, K., & Mapila, M. (2014). *Community based participatory monitoring and evaluation: Impacts on farmer organization functioning.* *Social capital and accountability Journal.*
- [29] Sarma J. Vicary B and Holdrege J. (2004). *Sustainability.* World Vision Transformational Development Indicators Supplementary Program Resource Guide-Social Sustainability (Draft 3) and Resource Guide-Community Participation.
- [30] Satterthwaite, D. (2002). *Local funds: potential to allow donor agencies to support community development and poverty reduction in urban areas.* *Environment & Urbanization journal* Vol. 14.
- [31] Scottish Government, (2014). *Community funds.* Retrieved from <http://www.gov.scot/> on 23rd July, 2015 at 2:34am.
- [32] Shapiro, J. (2006) *Financial Control and Accountability Toolkit.* Civicus.
- [33] Smith, R.W. & Lynch, T. D. (2004). *Public Budgeting in America (5th Ed.).* New Jersey: Pearson; Upper Saddle River, 37.
- [34] Tshikululu, O. (2013). *Community support funds in South Africa.* *South Africa Journal of Educational Administration and Policy,* Issue No. 12.
- [35] Vincent, H. & Emil, A. (2000). *"Coping with Cutbacks": The Nonprofit Guide to Success Funds implementation journal,* 63(21), 234-240.
- [36] Wanyama, G. J. (2005). *Implementation of community support fund: factors affecting Effective implementation.* *Funds implementation journal,* 63(21), 234-240.
- [37] World Vision Kenya(2015). *Community funds Assessment report,* Retrieved from [http://www.narok.go.ke/narok-media/news-events/294-the-maasai-mara-community-support-fund.](http://www.narok.go.ke/narok-media/news-events/294-the-maasai-mara-community-support-fund) On 25th June, 2015 at 2:19pm.