

**TECHNICAL SKILLS AFFECTING THE EFFECTIVENESS OF FINANCIAL  
CONTROL IN COMMUNITY SUPPORT FUNDS IN KENYA: A CASE OF  
MAASAI MARA COMMUNITY SUPPORT FUND**

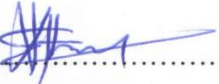
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**A THESIS SUBMITTED TO THE SCHOOL OF BUSINESS AND  
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THE AWARD OF MASTER OF BUSINESS MANAGEMENT DEGREE  
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## DECLARATION

This Thesis is my original work and has not been presented for a degree or any other award in Maasai Mara University or any other institution.

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## **DEDICATION**

This work is dedicated to my family: wife Wanjiku R. Kanyugi and daughter Sarah M. Kanyugi; and parents Josphat G. Kanyugi and Irene Gathuru.

## **ACKNOWLEDGEMENT**

First, I thank the almighty God for giving me the physical and emotional strength throughout my academic journey. I am immensely indebted to my supervisors Dr. Robert Kinanga, Dr. George Rukaria and Mr. Elkana Kimeli for their in-depth scholarly criticisms of my work. I acknowledge the invaluable support and encouragement of my wife Wanjiku K. and my parents Josphat G. Kanyugi and Irene Gathuru. In addition, I recognize the efforts of my lecturer Prof. Obere, my classmate Mophat Omanga and my research assistant Gilbert Indanya for their contribution and commitment to this noble course.

## ABSTRACT

The overall objective of this study was to determine the Technical Skills affecting the effectiveness of financial control in Community Support Funds in Kenya: A Case of Maasai Mara Community Support Fund. The specific objectives of the study were: to find out the effect of numeracy skills, book keeping skills, budgeting skills and auditing skills as factors affecting the effectiveness of financial control in 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 numeracy skills of community support fund officials was an important factor in influencing the effectiveness of financial control in the community support fund ( $r = 0.263$ ,  $p$ -value = 0.005), the study also established that book keeping skills was important in the effectiveness of financial control in the community support fund ( $r = 0.286$ ;  $p$ -value = 0.002). The study further noted that budgeting skills was key in the effectiveness of financial control of community support fund ( $r = 0.972$ ;  $p$ -value = 0.000). Regarding 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 of each of the four factors was tested using chi square analysis, where the entire four null hypotheses were rejected based on the Chi square values. There was a general perception from most of the respondents that effectiveness of financial control in community support fund was influenced by numeracy skills, book keeping skills, budgeting skills and auditing skills. The study therefore concluded that community support funds should ensure that they employ people who have numeracy skills, book keeping skills, budgeting skills and 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.

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

<b>CDF:</b>	Constituency Development Fund
<b>COBIT:</b>	Control objectives for information and related technology
<b>CSF:</b>	Community Support Fund
<b>GDP:</b>	Gross Domestic Product
<b>ICS:</b>	Internal control system
<b>MCA:</b>	Members of County Assembly
<b>NCG:</b>	Narok County Government
<b>NGO:</b>	Non-Governmental Organization
<b>ODI:</b>	Overseas Development Institute
<b>RoK:</b>	Republic of Kenya
<b>UNDP :</b>	United Nations Development Programme

## OPERATIONAL DEFINITION OF TERMS

**Audit:** An audit is an examination of records to establish their reliability and the reliability of statements drawn from them. Audits as used in this study is ascertaining the credibility of books of accounts, project monitoring and ensuring compliance to policies and the generally accepted accounting principles.

**Balance sheet:** Is a document that shows the financial position of a business on a certain date, usually at the end of the month or year. The balance sheet presents a view of the business as the holder of resources, or assets, that are equal to the claims against these assets. In this study it means list of assets and liabilities

**Bookkeeping:** The process of recording financial transactions and keeping financial records. In this study bookkeeping is recording and maintaining financial information.

**Budgeting:** Budgeting is a systematic and formalized approach for performing significant phases of the management planning and control functions. According to this study budgeting is financial planning that shows the source and use of funds as well as a tool of financial control.

**Community support fund (CSF):** CSF is an organization that provides social services at a local level. It is a non-profit organization whose activities are based primarily on volunteer efforts. This means that CSFs depend heavily on voluntary contributions for labour and financial support.

**Financial control:** 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. According to this study financial control constitutes of systems and processes used to ensure that the money is correctly handled.

**Internal control systems:** The whole system of controls, financial and otherwise, established by the management in order to carry on the business of the enterprise in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the records. In this study internal control systems means recording controls, budgetary controls, segregation of duties and authorization.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background of the Study**

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 neighbouring 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 (Business Daily, August 4<sup>th</sup> 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 (South China Morning Post, 2015; Karen & Patricia, 2006).

## **1.2 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 numeracy skills, book keeping skills, budgeting skills and auditing 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 specific Technical Skills that affect the effectiveness of Financial Control in Maasai Mara Community Support Fund.

### **1.3 Research Objectives**

#### **1.3.1 General Objective**

The general objective of this study was to determine the specific Technical Skills Affecting the Effectiveness of Financial Control in Community Support Funds in Kenya: A Case of Maasai Mara Community Support Fund.

#### **1.3.2 Specific Objectives**

This study sought to achieve the following specific Research Objectives:

- i. To find out the effect of numeracy skills on the effectiveness of financial control in Maasai Mara Community Support Fund.
- ii. To examine the effect of book keeping skills on the effectiveness of financial control in Maasai Mara Community Support Fund.
- iii. To establish the extent to which budgeting skills affect the effectiveness of financial control in Maasai Mara Community Support Fund.
- iv. To assess how auditing skills affect the effectiveness of financial control in Maasai Mara Community Support Fund.

### **1.4 Research Questions**

This study sought to answer the following Research Questions:

- i. What is the effect of numeracy skills on the effectiveness of financial control in Maasai Mara Community Support Fund?
- ii. What is the effect of book keeping skills on the effectiveness of financial control in Maasai Mara Community Support Fund?
- iii. To what extent do budgeting skills affect the effectiveness of financial control in Maasai Mara Community Support Fund?
- iv. How do auditing skills affect the effectiveness of financial control in Maasai Mara Community Support Fund?

## **1.5 Research Hypotheses**

This study sought to test the following Hypotheses:

- H<sub>0</sub>1** There is no association between Numeracy skills and effectiveness of financial control in Maasai Mara Community Support Fund.
- H<sub>0</sub>2:** There is no association between Book keeping skills and effectiveness of financial control in Maasai Mara Community Support Fund.
- H<sub>0</sub>3:** There is no association between Budgeting skills and effectiveness of financial control in Maasai Mara Community Support Fund.
- H<sub>0</sub>4:** There is no association between Auditing skills and effectiveness of financial control in Maasai Mara Community Support Fund.

## **1.6 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.

### **1.7 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 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.

### **1.9 Delimitation of the Study**

A pilot test was done to help standardize the questionnaire and ensure that those statements that might have led to misunderstanding are reframed. The use of three groups that is board members, head office employees and ward representative committees was used as a moderating factor.

### **1.8 Assumptions of the Study**

There are several assumptions that are related to this study. The researcher assumes that since there is a great shift in structures on the subject of the study using their past experience and knowledge, this will be relevant to contribute information that will validate the purpose of the study. The researcher also assumes that the respondents will provide honest and reliable information relevant to the study.

### **1.10 Scope of the Study**

This research focused on the perception of the Technical Skills affecting the effectiveness of financial control of the Maasai Mara Community Support Fund. The study was limited to Narok County. Narok County is located to the East of Bomet County and South of Nakuru County. The subjects of the study were the staff within the county government offices who handle issues of the fund.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter presents a review of the relevant literature. The chapter covers: theoretical framework, conceptual framework, empirical studies and research gaps.

#### **2.2 Theoretical Framework**

A theoretical framework provides particular perspectives, or lens, through which to examine the topic. The theoretical foundation for this study was anchored on the Public Budgeting Model and the Institutional Theory.

##### **2.2.1 Public Budgeting Model**

The Public Budgeting Model was first advanced by Robert W. Smith and Thomas D. 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 numeracy skills, book keeping, budgeting and 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.

### **2.2.2 Institutional Theory**

This theory was first advanced by William R. Scott in 1995 (Hills & Jones, 2005). According to them Institutional Theory is a theory that asserts that institutional environment strongly influences the development of formal structures in an organization, often more profoundly than market pressures. Institutional theory attends to the deeper and more resilient aspects of social structure in community projects. It considers the processes by which structures, including schemas; rules, norms, and routines, become established as authoritative guidelines for social behavior. It inquires into how these elements are created, diffused, adopted and adapted over space and time; and how they fall into decline and disuse. The theory considers stability, order in social life as well as consensus, conformity, conflict and change in social structures. The basic concepts and premises of the institutional theory approach provide useful guidelines for analyzing, organization-environment relationships with an emphasis on the social rules, expectations, norms, and values as the sources of pressure on organizations (Hill & Jones, 2005).

This theory is built on the concept of legitimacy rather than efficiency or effectiveness as the primary organizational goal. Institutional theory assumes that an organization conforms to its environment. There are, however, some fundamental aspects of organizational environments and activities not fully addressed by institutional theory that make the approach problematic for fully understanding organizations and their environment. Institutional environment can strongly influence the development and implementation of formal structures in an organization (Jean-Claude, 2011).

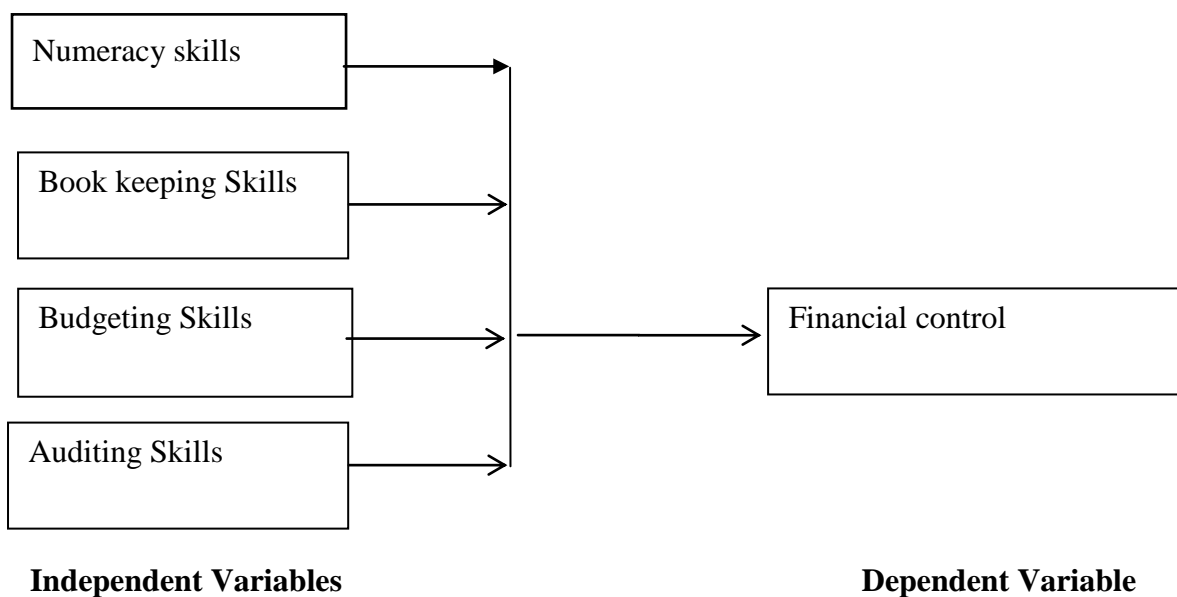
Innovative structures that improve technical efficiency in early-adopting organizations are legitimized in the environment. Ultimately these innovations reach a level of legitimization where failure to adopt them is seen as irrational and negligent because

they are legal mandates. In institutional theory however it is found that incongruities may exist between the declared ends and those that the community actually achieves or seeks to achieve. Public bureaucracies possess a life of their own and even become active promoters of their so called more urgent needs. Participating communities can be seen not to act solely in accordance with their assigned roles.

Therefore, public management is not limited to the art of designing formalized structures, but it also considers the way participants are influenced, transformed and completed by informal structures. What happens at the bottom of the hierarchy, in grass root-level units, matters a lot, in some cases even more than that what happens at the top. A public bureaucracy must cope with the constraints and pressures applied by the outside local context in which it operates. Institutionalization may also involve processes through which the members of an agency acquire values that go beyond the technical requirements of organizational tasks (Jean-Claude, 2011).

### 2.3 Conceptual Framework

This study was guided by a conceptual framework. The conceptual framework contains four independent variables and one dependent variable (see Figure 2.1). The independent variables are numeracy skills, book keeping skills, budgeting skills and auditing skills. The dependent variable is the financial control of the Maasai Mara Community Support Fund.



**Figure 2.1 Conceptual Framework**

A critical review of the literature concerning each of the independent variable and the dependent variable is presented in sections 2.3.1 to 2.3.5.

### **2.3.1 Numeracy Skills and Effective Financial Control**

Numeracy skills are basic mathematical skills that include a range of abilities to understand and analyze numerical information and to make the right conclusions and decisions. The main numeracy skills of an accountant are the understanding of relationships between numbers, ability to organize information, argumentation and logical thinking, calculation skills and measurement (Vincent & Emil, 2000).

According to Garner (1998) active board officials can be the most important resource in the long-term financial health of non-profit organization. Non-profit organizations must get accounting expertise somehow, if they don't have strong skills in this area. Organizations should get someone on board with numeracy skills to be the treasurer. An accountant should help generate financial statements and do some financial analysis. The knowledge and understanding of basic accounting processes is required for the effectiveness of accounting to be guaranteed.

For effective financial control, the organization's staff and board members are required to be conversant and participate in the accounting process that affects the line items for which they were held responsible. Program planning was often viewed as the domain of the executive director, program director and the board (Vincent & Emil, 2000). As found by Wanyama (2005), like the state, community support funds have not been as effective as in service provision despite the advantages that they enjoy over the state as far as development is concerned. This is attributed to a number of factors; embezzlement of funds by leaders, illiteracy among members, delay in remitting and defaulting on contribution. These factors clearly depict how numeracy skills of the personnel as regards financial control practices in Community support funds. According to a research conducted by Koitaba (2013) in Baringo County majority of the respondents thought that the training facilitators conducting training for the CSF officials in financial control were knowledgeable in their field of study. However, the findings also revealed that fewer CSF officials did attend training regularly in financial management. The findings also indicate that few CSFs had experienced finance personnel. This implies that a lot still needed to be done to

address the competence of the CSF staff as regards financial control aspect if they were to achieve enhanced control of their finances.

### **2.3.2 Bookkeeping and Effective Financial Control**

Unlike businesses that earn their income by selling goods or services, and unlike the government whose resources are provided by taxation, community support funds do not own the resources they raise. Community support funds are expected to be careful and effective managers of the resources entrusted to them by donors, sponsors and the state. Financial control systems need to be developed, no matter how simple and basic, and maintained by an organization's office bearers to ensure the appropriate use of resources (Department of Social Development, 2001).

A community support fund does not own the resources it needs to fulfill its mission, but was allowed to use money and other gifts to achieve planned objectives.

Those who release these resources have to be convinced that the work will be done according to plan, and with responsibility (Department of Social Development, 2001). This calls for proper bookkeeping.

According to Koitaba(2013) financial statements and audit reports communicate, to a range of internal and external stakeholders, the financial status of community support funds and the transparency and accountability of their financial management system. Financial statements are reports, which gave an accurate picture, at regular intervals (monthly, quarterly, semi-annually, and annually), of the money received by the Community support funds or participating institutions and how it was spent. The report also showed a comparison of actual income and expenditure against budgeted income and expenditure. The International Financial Accounting Standards Board (IFASB), which the Institute of Certified Public Accountants of Kenya (ICPAK) was a member developed accounting concepts that is accepted and promoted in financial accounting. This independent body enforces what is clearly known as "Generally Accepted Accounting Principles" which are the ground rules of financial accounting that are universally accepted and applied.

Effective financial controls are based on various accounting and financial concepts that are Universally Accepted by the accounting profession as guidelines for

reporting and interpreting accounting information to enhance effectiveness of accounting systems. (Swanson, Hunson & Ross, 1998) assert that the following accounting concepts, principles, assumptions and conventions guide in financial accounting practices. The basic financial accounting assumptions are: Separate entity assumption where the business is an entity that is distinct from its owners, so that the finances of the fund are not co-mingled with the finances of the owners. Going concern assumption where the business is assumed to be going to operate for the foreseeable future. Hendrickse (2008) notes that Stable monetary unit assumption - e.g. the U.S. dollar, fixed time period assumption where information is prepared and reported periodically i.e. quarterly or annually, Historical cost principle where assets are reported and presented at their original cost and no adjustment was made for changes in market value.

Full disclosure principle is where all the information about the business entity that is needed by users is disclosed in understandable form. This is the foundation for effective financial accounting practices, providing discipline and structure (Hendrickse, 2008).

Nonprofit organizations are responsible for two key domains of accountability: performance and finances (Brinkerhoff, 2001). By disclosing details of financial standing and social performance, nonprofit organizations can build community trust, provide relevant information to donors and demonstrate their responsive to stakeholders. The issue of disclosure, especially concerning finances and performance, is thus at the heart of modern debates in creating a more open and accountable nonprofit sector. However, our understanding of what motivates organizations to be more open with the information they share with the public is only now beginning to be addressed by nonprofit scholars (Behn, DeVries & Lin, 2010).

The concept “financial control” forms the core of financial management. Financial control is a state of affairs that ensures that the finances of an organization are handled properly. Without financial control, assets are put in jeopardy, funds may not be spent in accordance with the organization’s objectives or donor’s desires, and the competence of managers and the integrity of the organization may be called into

question. Financial control was achieved by designing systems and procedures to suit the particular needs of an organization, (Hendrickse, 2008).

### **2.3.3 Budgeting and Effective Financial Control**

Internal control systems are all systems and procedures either financial or otherwise that are put in place so as to ensure the organization processes are run in an effective and efficient manner and to safeguard the assets of the organization. This includes procedures, processes, putting up security fences, and safe custody of resources, pre-numbering of receipts, policies and manuals. These are essential as developed an environment of orderliness and guidance in operations of an organization leading to effectiveness in financial accounting, (Malvern, 2002). According to the Institute of Chartered Accountants of England and Wales, Internal control means not only internal check or internal audit, but the whole system of control, financial and otherwise, established by the management in order to carry on the business of the company in an orderly manner, safeguard its assets and secure as far as possible accuracy and reliability of its records, (Kumar & Sharma, 2011). According to The Institute of Certified Public Accountants of Kenya (2004) who adopted international standard on auditing 315 (2004), Internal Control was the process designed and effected by those charged with governance, management, and other personnel provided reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. It followed that internal control was designed and implemented to address identified business risks that threaten the achievement of any of these objectives.

The International Organization of Supreme Audit Institutions (1992), Guidelines for Internal Control Standards defined an internal control structure as the plans of an organization, including management's attitude, methods, procedures, and other measures that provided reasonable assurance that the following general objectives were achieved: Promoting orderly, economical, efficient, and effective accounting systems and quality products and services consistent with the organization's mission; Safeguarding resources against loss due to waste, abuse, mismanagement, errors, and fraud and other irregularities; Adhering to laws, regulations, and management directives, developing and maintaining reliable financial and management data and fairly disclosing that data in timely reports.

According to Institute of Internal Auditors Research Foundation's Systems Auditability and Control –SAC (1994) internal controls are set of processes, functions, activities, subsystems, and people who are grouped together or consciously segregated to ensure the effective achievement of objective and goals. Control Objectives for Information and Related Technology- COBIT (1996) cites that internal controls are the policies, procedures, practices, and organizational structures designed to provide reasonable assurance that business objectives will be achieved and that undesired events would be prevented or detected and corrected.

According to Scarlett(2008), budgetary controls refer to the principles, procedures and practices of achieving given objectives through budgets. The budgetary control system helps in fixing the goals for the organization as a whole and concerted efforts made for its achievements. It enables economies in the enterprise. Preetabh(2010), highlighted the benefits of budgetary control as profit maximization; a budgetary control aims at maximization of profits or an organization through, proper planning and co-ordination of different functions, proper control over various capital and revenue expenditures and putting resources into best use. Coordination; achieved through working of different departments and sectors. Waren (2011) noted that within an organization, different departments have a bearing on one another, this therefore makes coordination of various executive and subordinates necessary in achieving of budgetary targets. Other budgetary benefits as indicated by Preetabh (2010) include; Specific time aims; the plans, policies and goals are decided by the top management. All efforts are put together to reach the common goal of the organization. Every department is given a target to be achieved. The efforts are directed towards achieving come specific aims. If there is no definite aim, then the efforts will be wasted in pursuing different aims. As a tool for measuring performance, budgetary controls provide comparisons between the budget targets and actual targets and deviation determined; performance of each department is reported to the top management which enables introduction of management by exception.

According to Jowell (2009), a budget is a summary of detailed calculations. Before an organization adds a number for, say, salaries, they hold a discussion about the number of staff they plan to employ, for how long, at what grade, with which benefits, and so on – their worksheet then adds up to the number put into the



budget. Thus, a budget should not be a chain of remote guesses. It reflected careful, calculated estimates. If they have done work in the past, this becomes much easier, as they had historical data to rely on. It should be known that a budget is also a tool of control that guided the management of an organization as they implemented their activities. Development of credible budgets that are not out of pace with the planned activities has always been an area of challenge for some community support funds.

In previous Rounds, community support funds have been known to submit research with budgets way out of synchrony with the planned activities (Jowell, 2009).

In a study by Waren (2011), it is established that majority of respondents are not sure that using of budgetary controls to achieve organizational goals had led to increased profitability. This would imply that budgetary controls may or may not necessarily be attributed to financial performance of State Corporation. Just like any other kind of organizational policies, it is imperative for organization to consider positive involvement of employees and acknowledge their valuable contribution. Ghosh(2005), noted that at times management of organizations may be focus too much on technical budgetary aspects which can affect the organizations profitability. There are equal majority of respondents who agreed and are not sure about this assertion. They could imply the importance of both the technical part of the budget as well as its ability to facilitate financial growth in an organization the study also established that majority of respondents agreed that favorable variance in budget was due to insight and sensitivity of the management.

According to Margah(2005), many of the increasing problems experienced by organizations attempting to manage their budgetary control procedures have been laid at the door of the budget, presenting a fixed (Preset and unchanging target). In a world of constant change and uncertainty Neely(2001), notes that a budget can become outdated during the budget year or even before it begins thus rendering little or no value to its intended purpose. Present day economic environment demands that organization adapt new practices.

#### **2.3.4 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).

#### **2.3.5 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).

## **2.4 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).

## **2.5 Research Gaps**

Literature reviewed revealed that studies that have been carried out in Kenya focused on other disciplines relating to community support funds. Thus the study of community support funds in Kenya has not been done much in the field of financial management especially the aspect of control. This study examined those aspects

that emerged but left out in these studies. As found by Wanyama (2005), the following factors made community support funds to be ineffective in service provision; embezzlement of funds by leaders, illiteracy among members, delay in remitting and default on contribution. The researcher developed the variables used in the study based on the said factors. Also, there is a growing need to make use of local institutions including community support funds to implement government and community projects hence the need to strengthen their control of finances. It is in this consideration therefore, that this study needed to be done to come up with recommendations to ensure transparency and accountability in community support funds.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1 Introduction

This study intended to determine the Technical Skills Affecting the Effectiveness of Financial Control in Community Support Funds in Kenya: A Case of Maasai Mara Community Support Fund. This chapter presents the research methodology used by the study. It contains introduction, research design, target population, data collection instrument, validity and reliability of the instrument and data analysis.

#### 3.2 Research Design

This study used a descriptive cross-sectional design.

#### 3.3 Target Population

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.

#### 3.4 Sampling Technique

This study used Census. Census is a sampling technique that covers the entire population of interest (Cresell & Miller, 1997). It was used because the target population was not vast and it enabled the researcher to obtain a higher degree of accuracy in describing the values, perceptions, attitudes and behaviors' thus giving more accurate reasons behind the answers. This helped the researcher to have minimum bias and reduce errors in interpreting data collected (Kothari, 2004; Ritchie & Lewis, 2003).

#### 3.5 Research Instrument

In this study, primary data was used. The primary data was collected using questionnaires. A questionnaire is a collection of items or questions to which a respondent is expected to react or answer, usually in writing (Oso & Onen, 2005). The study used a three point Likert scale for various questions. The options ranged from "Strongly Disagree" to "Strongly Agree". Each of the three categories of respondents had the same questionnaires administered to them. The statement covered the main aspects of the study: numeracy skills of CSF officials, book keeping, budgeting and auditing. The benefits of using questionnaires are that it eliminates the interviewer



bias, the respondents had adequate time to read through the questions and answer them and it is possible to manage large samples (Kothari, 2004).

### **3.6 Pilot Testing**

Pilot testing is the process of pre-testing the questionnaire with a small representative sample aimed at identifying potential misunderstandings or biasing effects of different questions and procedures (Kang'ethe et al., 2008). The data collection instrument for this study was pre-tested using a small sample of Maasai Mara ward representative committee. The pre-testing helped to point out questions that are difficult to understand, those that can be interpreted differently by different people, as well those that are similar. After the pre-testing, improvements were made on the instruments and the final copies produced.

### **3.7 Validity and Reliability of Research Instruments**

#### **3.7.1 Validity of the Instruments**

Validity is the accuracy and meaningfulness of inferences, which are based on the results. It is a measure of how well a test measures what is supposed to measure. It was concerned with the accurate representation of the variables under study. This was addressed in this study by good instrument design to reflect the research objectives and pre-testing the instruments (Cresell & Miller, 1997). The study used the KMO sampling adequacy formula from factor analysis to establish the validity of the instruments and it was noted that the results obtained from each objective were above 0.4 and hence reliable. This is shown in Table 3.1.

**Table 3.1 Validity of the Instrument**

Items/scale	Kaiser-Meyer-Olkin Measure of Sampling Adequacy(KMO)	Sig.
Numeracy Skills	.417	.000
Book keeping Skills	.519	.000
Budgeting Skills	.521	.000
Auditing Skills	.524	.000
Financial control	.619	.000

Based on the results presented on table 3.1 it is clear that the instrument was reliable since all the KMO values were above 0.4.

### 3.7.2 Reliability of the Research Instrument

Reliability is the measure of the consistency of the results from the tests of the instruments. It is a measure of the degree to which a research instrument yields consistent results or data after repeated trials. It was influenced by random error. Reliability of the research instrument was calculated using Cronbach's coefficient alpha based on the order of number arrangement of the questionnaire items. According to (Fraenkel & Wallen, 2000), as a rule of thumb, a proposed psychometric instrument should only be used if a value of 0.70 or higher was obtained on a substantial sample. For this study the reliability was computed by the help of SPSS, and the alpha reliability coefficient obtained as 0.881 and therefore accepted as reliable since the threshold was 0.7 according to Fraenkel & Wallen, (2000) and Kothari (2004). This is shown in Table 3.2.

**Table 3.2: Reliability Coefficient Index**

Items	Cronbach's Alpha	N of Items
All items on the questionnaire	.881	37
Numeracy Skills	.714	7
Booking keeping Skills	.696	7
Budgeting Skills	.715	8
Auditing Skills	.681	7
Financial control Skills	.754	7

The questionnaire was taken to be reliable since the Cronbach's alpha reliability index for all the scale was approximately 0.7 or above.

### 3.8 Data Analysis Procedures

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.

### **3.9 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.

#### **3.9.1 Correlation Analysis**

Correlation analysis was used to find out relationships between Variables; evaluation of technical 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.

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

### **3.10 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.

#### **3.10.1 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

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

### 3.11 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.

## CHAPTER FOUR

### RESEARCH FINDINGS AND DISCUSSIONS

#### 4.1 Introduction

This chapter presents the research findings and their discussion and that the results are presented along the specific study objectives. The Chapter contains: Introduction, Response rate, Effect of Numeracy skills on the effectiveness of financial control in Maasai Mara Community Support Fund, Effect of book keeping skills on the effectiveness of financial control in Maasai Mara Community Support Fund, Extent to which budgeting skills affect the effectiveness of financial control in Maasai Mara Community Support Fund, and how auditing skills affect the effectiveness of financial control in Maasai Mara Community Support Fund. The chapter ends with Effective Financial Control and Summary.

#### 4.2 Response Rate

The researcher distributed a total of 136 questionnaires of which 115 were returned and used for the analysis. This data is as shown in Table 4.1.

**Table 4.1: Questionnaire Return Rate**

Category of Respondents	Questionnaires Issued	Questionnaires Returned	Percentage Returned
Board members	9	9	100%
Employees	10	10	100%
Ward Committee Members	117	96	82%
Total	136	115	84.6%

The results show that 115 questionnaires were returned and only 21 were not returned (see Table 4.1). This represents a response rate of 84.6% which was considered adequate. According to Marton (2006), a response rate above 70% is considered appropriate for a descriptive study. Therefore, the researcher used the 115 questionnaires for the analysis.

#### 4.3 Effect of Numeracy Skills on the Effectiveness of Financial Control in Maasai Mara Community Support Fund

The first objective of the study sought to find out the effect of numeracy 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 numeracy 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 4.2.

**Table 4.2: Descriptive Statistics for Numeracy Skills**

Items	Category	D	N	A	Total
All Maasai Mara CSF Officials have knowledge in financial numeracy skills.	Board Member	0	3 (33.3%)	6(66.7%)	9(100.0%)
	Fund Employee	0	0	10(100.0%)	10(100.0%)
	Committee Member	2(2.1%)	11(11.5%)	83(86.5%)	96(100.0%)
All officials have attended training in financial numeracy skills.	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	4(4.2%)	20(20.8%)	72(75.0%)	96(100.0%)
Training facilitators are knowledgeable in the field of study.	Board Member	0		9(100.0%)	9(100.0%)
	Fund Employee	1(10.0%)		9(90.0%)	10(100.0%)
	Committee Member	8(8.3%)		88(91.7%)	96(100.0%)
officials has fully operational finance department.	Board Member	0	0	9(100.0%)	9(100.0%)
	Fund Employee	0	1(10.0%)	9(90.0%)	10(100.0%)
	Committee Member	4(4.2%)	8(8.3%)	84(87.5%)	96(100.0%)
officials have experienced finance personnel.	Board Member	0	0	9(100.0%)	9(100.0%)
	Fund Employee	0	0	10(100.0%)	10(100.0%)
	Committee Member	5(5.2%)	12(12.5%)	79(82.3%)	96(100.0%)
The board has someone with strong accounting skills.	Board Member	0	2(22.2%)	7(77.8%)	9(100.0%)
	Fund Employee	0	2(20.0%)	8(80.0%)	10(100.0%)
	Committee Member	9(9.4%)	17(17.7%)	70(72.9%)	96(100.0%)
All employees are knowledgeable about basic accounting processes.	Board Member	0	0	9(100.0%)	9(100.0%)
	Fund Employee	0	0	10(100.0%)	10(100.0%)
	Committee Member	10(10.4%)	17(17.7%)	69(71.9%)	96(100.0%)

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

From the results presented in table 4.1, it was noted that majority of the board members 6 (66.7%) perceived numeracy skills of the officials as having an influence on the financial controls of the organization. A similar case was observed for the fund employees where all the 10(100%) agreed and 83 (86.5%) of the committee members also agreed that numeracy skills have an influence on the financial controls of the firm. This indicates that the perception of the respondents is that the employees of the fund have the required numeracy skills to support the financial control. This supports the findings of Koitaba (2013) who also noted that officials in community supported organizations have knowledge in financial control. The results also supported the findings of (Alin et al., 2006) who noted that the competence of managers of the organization is important in enhancing the financial control of community supported organization.

The study also established that all respondents 100% of the board members, 80% of the fund officials and 75 % of the committee members agreed that Maasai Mara CSF Officials have attended training in financial numeracy skills in the past one year. This indicates that there was a general perception that the effectiveness of the financial control of the fund can be attributed to the training of the officials. This agreed with Odindo (2009), who indicated that training in financial numeracy was very important in financial control because he noted that most community organizations have challenges in financial control as a result of lack of training. The findings of Koitaba (2013) also supported these findings, which indicated that training is important in ensuring that financial control in community support funds requires management to have appropriate training in various financial fields.

The study further sought to establish whether the training facilitators were knowledgeable in the field of study. It was revealed that majority 100% of the board members, 90 % of the fund employees and 91.7% of the committee members agree with the statement. This indicates that most of the respondents attributed the financial control to training of the employees. This supports the findings of (Vincent & Emil, 2000) and (Wanyama, 2005), who noted that training facilitators in financial control were knowledgeable and understood the subject matter for the training, this implies that the trainers were very helpful in equipping the management with the required skills in finance.

On whether Maasai Mara CSF has a fully operational finance department, majority 100% of the board members, 90% of the fund employees and 87.5% of the committee members agreed with the statement. There was therefore a general perception indicated that the organization has a fully operational finance department to handle the issues of finance in the organization. It was also important to establish whether Maasai Mara CSF has experienced finance personnel. Majority of the respondents 100.0% were board members, 100.0% fund officials and 82.3% committee members agreed with the statement. This agreed with Amalokwu & Obiajulum (2008) and Koitaba(2013) who established that most community based organizations must have a well functional finance department to ensure financial control.

Whether the board has someone with strong accounting skills the majority of the management board members 77.8%, 80.0% of the fund employees and 72.9% committee members agreed to the above statement. This indicated that the respondents perceived the management board as having members with accounting skills and this might have an influence on the financial control of the firm. This supports the argument of Amalokwu & Obiajulum(2008) and Koitaba(2013) who also indicated that community support funds boards have representation of people with strong accounting skills. This shows that the community support funds ensure that financial control is effectively monitored by the board.

Finally, on whether all employees are knowledgeable about basic accounting processes, majority 100% of the management board members, 100% of the fund employees and 71.9% of the committee members agree with the statement. This indicates that most of the employees perceived the financial controls as being effective at the organization because of the fact that the employees have knowledge and basic accounting skills. This therefore indicates that the CSF officials have numeracy skills to handle the financial issues of the organization and hence ensure effective financial control. This supports the findings of Vincent & Emil (2000) and Wanyama (2005) that for effective financial control, the organization's staff and management board members were required to be conversant and participate in the budgeting process that affects the line items for which they were held responsible. A similar view was held by Koitaba (2013) who also noted that most community support funds official have appropriate numeracy skills to handle financial issues.

The findings were subjected to further analysis using Pearson's Correlation so as to establish the relationship that exists between numeracy skills and effectiveness of financial control in Maasai Mara CSF. The results are presented in table 4.3.

**Table 4.3: Pearson's Correlation Analysis of the Relationship Between Numeracy Skills and Effectiveness of Financial Control**

		Financial Control
Numeracy Skills	Pearson Correlation	.263**
	Sig. (2-tailed)	.005
	N	115

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



The results show that there is a weak positive and statistically significant correlation ( $r= 0.263$ ,  $p$ - value = 0.005) between numeracy skills and the effectiveness of financial control in Maasai Mara Community Support Funds project (see Table 4.3). This means that numeracy skills are an important influence on effectiveness of financial control of community support fund projects. This agrees with the findings by Koitaba (2013) who also established a weak but significant correlation between numeracy skills and financial control in community support funds.

The study further sought to establish the strength of the association between numeracy 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 4.4.

**Table 4.4 Chi-Square Test for Independence for Numeracy Skills and Effectiveness of Financial Control**

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	208.870 <sup>a</sup>	40	.000
Likelihood Ratio	149.465	40	.000
Linear-by-Linear Association	7.857	1	.005
N of Valid Cases	115		

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

This was necessary so as to test the null Hypothesis 1 which was stated as:

***H<sub>01</sub>*** *There is no association between Numeracy skills and effectiveness of financial control in Maasai Mara Community Support Fund.*

From the table it is noted that there is an association between numeracy skills possessed by the employees and the effectiveness of financial control in Maasai Mara CSF. This relationship was significant since the Chi square value was 208.87 which is greater than the critical Chi square value and the  $p$ - value was less than 0.05 and hence the null hypothesis that there is no statistically significant relationship between numeracy skills and financial control was rejected. The study thus concluded that numeracy skills were a significant factor affecting the effectiveness of financial control in Maasai Mara Community Support Fund.

#### 4.4 Effect of Book keeping Skills on the Effectiveness of Financial Control in Maasai Mara Community Support Fund

The second objective of the study sought to find out the effect of Book keeping 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 Book keeping 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 4.5.

**Table 4.5: Descriptive Statistics for Book keeping Skills**

Statements	Category	D	N	A	Total
Maasai Mara CSF uses a standard accounting system	Board Member	0	1(11.1%)	8(88.9%)	9(100.0%)
	Fund Employee	0	0	10(100.0%)	10(100.0%)
	Committee Member	0	10(10.4%)	86(89.6%)	96(100.0%)
CSF subscribes to the international accounting standards	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	4(4.2%)	20(20.8%)	72(75.0%)	96(100.0%)
CSF updates its accounting records regularly	Board Member	0	0	9(100.0%)	9(100.0%)
	Fund Employee	0	2(20.0%)	8(80.0%)	10(100.0%)
	Committee Member	0	8(8.3%)	88(91.7%)	96(100.0%)
CSF prepares financial reports timely	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%)	4(4.2%)	91(94.8%)	96(100.0%)
CSF has a well-established bookkeeping	Board Member	0	0	9(100.0%)	9(100.0%)
	Fund Employee	0	0	10(100.0%)	10(100.0%)
	Committee Member	0	15(15.6%)	81(84.4%)	96(100.0%)
CSF financial statements give accurate report	Board Member	0	2(22.2%)	7(77.8%)	9(100.0%)
	Fund Employee	0	2(20.0%)	8(80.0%)	10(100.0%)
	Committee Member	6(6.2%)	17(17.7%)	73(76.0%)	96(100.0%)
CSF financial statements are regularly approved by the relevant authorities	Board Member	0	0	9(100.0%)	9(100.0%)
	Fund Employee	0	0	10(100.0%)	10(100.0%)
	Committee Member	7(7.3%)	19(19.8%)	70(72.9%)	96(100.0%)

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

From the results presented in table 4.4 majority 8(88.9%), 10(100.0%), 86(89.6%) of Board Member, Fund Employee and Committee Member respectively agreed that Maasai Mara CSF uses a standard accounting system. This indicates that majority of the respondents agreed that the organization uses a standard accounting system. This agrees with (Swanson, Hunson & Ross, 1998) who highlighted the key accounting standards required for an appropriate standard accounting system, similarly (Brinkerhoff, 2001) in his study highlighted various accounting standards that are important in ensuring effective financial control in an organization.

On whether Maasai Mara CSF subscribes to the international accounting Standards, majority 9(100.0%), 8(80.0%) and 72(75.0%) of the respondents, that is Board

Member, Fund Employees and Committee Members respectively agree with the statement. This indicates that most of the respondents understand the organization and that is why they know that it is subscribed to the accounting standards. Therefore, the effectiveness of the financial control at the fund is perceived to be as a result of subscription to international accounting standards. On whether Maasai Mara CSF updates its accounting records regularly, majority 9(100.0%) of Board Members, 8(80.0%) of Fund Employees and 88(91.7%) of the Committee Members agreed to the statement. This also indicates that the organization does update its accounting records regularly and this influences the financial control. This supports Brinkerhoff, (2001) and (Hendrickse, 2008) who agreed that prescribing to accounting standards and ensuring updated accounting records influence the financial control in an organization.

On whether Maasai Mara CSF prepares financial reports timely, the majority 9(100.0%) of the board members, 8(80.0%) of the fund employees and 88(91.7%) of the committee members agreed to the statement. This shows that majority of the respondents had the perception that preparation of financial reports on time is a reflection of an effective accounting system. This therefore indicates that the organization has an effective financial control system because reports are prepared on time hence can be used to monitor the performance. It was further noted that Maasai Mara CSF has a well-established bookkeeping system, since, majority of the respondents of whom 9(100.0%) were board members, 10(100.0%) were fund employees and 91(94.8%) were committee members agreed that the organization has a well-established book keeping system which assists in ensuring effective financial control. This indicates that the fund officials had the perception that the effectiveness of the financial control in the organization is influenced by well-established book keeping system. This supports the findings of (Brinkerhoff, 2001) and (Hendrickse, 2008) who also noted that preparation of financial reports is very important in enhancing the financial control in the community support fund organizations.

Similarly, majority of the respondents of whom 9(100.0%) were board of management, 10(100.0%) are fund employees and 81(84.4%) were committee member agreed that Maasai Mara CSF financial statements give accurate report.

This indicates that most of the officials who participated in the study had the perception that the effectiveness of the financial control is influenced by accurate reporting of financial statements. Finally, it was established that the majority of the respondents, 9(100.0%) board members, 10(100.0%) fund employees and 70(72.9%) of the committee members agreed that Maasai Mara CSF financial statements are regularly approved by the relevant authorities. This also gave the impression that effective financial control is determined by an effective financial records management in the organization. This supports the findings of other studies such as (Department of Social Development, 2001), (Behn, DeVries& Lin, 2010), (Hendrickse, 2008) and (Brinkerhoff, 2001) that community support funds are expected to be careful and effective managers of the resources entrusted to them by donors, sponsors and the state. Financial management systems need to be developed, no matter how simple and basic, and maintained by an organization's office bearers to ensure the appropriate use of resources. It is therefore noted that there is a general perception among majority of the officials that the effectiveness of the financial control of the fund is influenced by book keeping skills of the employees.

The findings were subjected to further analysis using Pearson's Correlation so as to establish the relationship that exists between Book keeping skills and effectiveness of financial control in Maasai Mara CSF. The results are presented in table 4.6.

**Table 4.6: Pearson's Correlation Analysis of the Relationship between Book keeping Skills and Effectiveness of Financial Control**

		Financial Control
Book Keeping	Pearson Correlation	.286**
	Sig. (2-tailed)	.002
	N	115

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

It is also established that there is a weak positive and statistically significant correlation ( $R = 0.286$ ;  $p$ - value = 0.002) between book keeping skills and effective financial control in Maasai Mara Community Supported Fund. This implies that though the relationship between book keeping skills and effective financial control

seems to be weak, but it is statistically significant and hence book keeping skills are required by the employees at the community fund projects to enhance effective financial control.

The study further sought to establish the strength of the association between Book keeping 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 4.7.

**Table 4.7 Chi-Square Test for Independence for Book keeping Skills and Effectiveness of Financial Control**

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	158.011 <sup>a</sup>	56	.000
Likelihood Ratio	136.249	56	.000
Linear-by-Linear Association	9.303	1	.002
N of Valid Cases	115		

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

This was necessary so as to test the null Hypothesis 2 which was stated as:

***H<sub>02</sub>*** *There is no association between Book keeping skills and effectiveness of financial control in Maasai Mara Community Support Fund.*

From the table it is noted that there is an association between numeracy skills possessed by the employees and the effectiveness of financial control in Maasai Mara CSF. This relationship was significant since the Chi square value was 158.011<sup>a</sup> which is greater than the critical Chi square value and the p- value was less than 0.05 and hence the null hypothesis that there is no association between Book keeping skills and effective financial control was rejected. The study thus concluded that Book keeping skills were a significant factor affecting the effectiveness of financial control in Maasai Mara Community Support Fund.

#### **4.5 Effect of Budgeting Skills on the Effectiveness of Financial Control in Maasai Mara Community Support Fund**

The third objective of the study sought to find out the effect of Budgeting 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 Budgeting 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 4.8.

**Table 4.8: Descriptive Statistics for Budgeting Skills**

Statements	Category	D	N	A	Total
Cash is withdrawn only after authorization has been given	Board Member	0	2(22.2%)	7(77.8%)	9(100.0%)
	Fund Employee	0	0(0.0%)	10(100.0%)	10(100.0%)
	Committee Member	0	10(10.4%)	86(89.6%)	96(100.0%)
No official can perform a cash transaction alone	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	6(6.2%)	25(26.0%)	65(67.7%)	96(100.0%)
The controls in place are adequate	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	5(5.2%)	14(14.6%)	77(80.2%)	96(100.0%)
CSF operates with a periodic budget	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	13(13.5%)	34(35.4%)	49(51.0%)	96(100.0%)
CSF experienced high budget variances in the last reporting period	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	17(17.7%)	13(13.5%)	66(68.8%)	96(100.0%)
CSF employees and board members participate in the budgeting process	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	3(3.1%)	22(22.9%)	71(74.0%)	96(100.0%)
CSF budgeting process relies on historical data	Board Member	1(11.1%)	0	8(88.9%)	9(100.0%)
	Fund Employee	0	2(20.0%)	8(80.0%)	10(100.0%)
	Committee Member	3(3.1%)	35(36.5%)	58(60.4%)	96(100.0%)
CSF budgeting process is led by an experienced staff	Board Member		1(11.1%)	8(88.9%)	9(100.0%)
	Fund Employee		2(20.0%)	8(80.0%)	10(100.0%)
	Committee Member		18(18.8%)	78(81.2%)	96(100.0%)

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

From the results presented in Table 4.7 Majority 7(77.8%) of board members, 10(100.0%) of the fund employees and 86(89.6%) of the committee members agreed that cash is withdrawn only after authorization has been given. This shows that most of the fund officials had the perception that at the conservancy there is clear authorization of funds withdrawal from the organizations account. This ensures that the money allocated to the various activities is only utilized with proper authority. This agrees with the studies by (Waren, 2011), (Preetabh, 2010) and (Scarlett, 2008), who noted that a budget is an important tool in enhancing the operations of an organization since it puts measures on how cash and other activities are to be performed in the organization including authorization of expenditure by the finance team.

It is also noted that majority of the respondents 4(44.4%) board members, 10(100.0%) the fund employees and 65(67.7%) the committee members agreed that official

cannot perform a cash transaction alone. Meaning that most of the respondents had the perception that the authorization process was done effectively, because no single official of the fund who could perform cash related transaction alone. This ensures that funds are effectively utilized. On whether the controls in place are adequate, majority 8(88.9%) of board members, 9(90.0%) of the fund employees and 77(80.2%) of the committee members agreed to the statement. This indicated that there was a general perception among the officials that the financial controls at the conservancy are adequate and hence can ensure effective budgetary controls. This also agrees with the findings of (Waren, 2011), (Preetabh, 2010) and (Scarlett, 2008), whose findings on role of the budget in control of organizational activities enhances financial control for most organizations.

On whether Maasai Mara CSF operates with a periodic budget, the majority 8(88.9%) of board members, 7(70.0%) of the fund employees agreed with the statement, only 49(51.0%) of the committee members agreed with the above statement. This indicates that most of the respondents were aware that the fund operates using a periodic budget which is also common to other organization; this means that the respondents perceived budgeting as an effective financial control for the fund. However, it is seen that few committee members responded to the statement. This might be attributed to the fact that most of the committee members are not very versed with budgeting issues and hence the low response rate. It was also noted that Maasai Mara CSF experienced high budget variances in the last reporting period. The results show that majority 8(88.9%) of board members, 9(90.0%) of the fund employees and 66(68.8%) of the committee members agreed to the above statement. This shows that the respondents perceive the funds challenges as resulting from the variances that occur in the budget. This is in line with the findings of (Margah, 2005), (Neely, 2001) and (Nafula, 2004) who also observed that many organizations do experience budget variances and this shows that if the budget is not prepared properly it would affect financial controls as a result of the variances.

On whether Maasai Mara CSF employees and board members participate in the budgeting process, the majority 7(77.8%) of the board members, 8(80.0%) of the fund employees and 71(74.0%) of the committee members agreed that the budgeting process relies on historical data. This again shows that there was a low response from

the committee members and this could be attributed to the fact that most of them are else bothered to participate in the entire process although they are required to participate. This shows that there is a general perception among the officials that the financial control is effective because most of the officials of the fund participate in the budgeting process. This is in line with (Jowell, 2009) and (Koitaba, 2013) who said that a budget is not a wish-list but a carefully worked out plan that must involve every board member. It is also a tool of control that would guide the management of an organization as they implement their activities within a specific period of time (Ghosh, 2005).

Similarly, majority 8(88.9%) of the board members, 8(80.0%) of the fund employees and 58(60.4%) of the committee members agreed to the statement. This indicates that that Maasai Mara CSF budgeting process relies on historical data, meaning that most of the budgets at the funds originate from the previous budgets. On whether Maasai Mara CSF budgeting process is led by an experienced staff, the majority 8(88.9%) of the board members, 8(80.0%) of the fund employees and 78(81.2%) of the respondents agreed to the statement. This shows that most of the officials perceive the budget process as being an effective tool to enhance the financial control in the fund. This agrees with the findings of (Vincent & Emil, 2000) and (Wanyama, 2005) who also noted that organizations have experienced staff in their budgeting process to ensure that the financial control are adhered to in budget preparation. The results indicate that majority of the officials at the conservancy participate in the budgetary process and they have the perception that the success of the financial control can be enhanced using an effective budgeting process.

The findings were subjected to further analysis using Pearson's Correlation so as to establish the relationship that exists between Budgeting skills and effectiveness of financial control in Maasai Mara CSF. The results are presented in table 4.9.



**Table 4.9: Pearson’s Correlation Analysis of the Relationship Between Budgeting Skills and Effectiveness of Financial Control**

		Financial Control
Budgeting	Pearson Correlation	.972**
	Sig. (2-tailed)	.000
	N	115

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

The study also established that there is a very strong positive, statistically significant relationship ( $R = 0.965$ ;  $p$ - value = 0.000) between budgeting skills and effective financial controls in Maasai Mara Community Supported fund, this shows that budgeting skills is a very important aspect in the effectiveness of financial control in any community fund.

The study further sought to establish the strength of the association between Budgeting 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 4.10.

**Table 4.10: Chi-Square Test for Independence for Budgeting Skills and Effectiveness of Financial Control**

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	432.312 <sup>a</sup>	64	.000
Likelihood Ratio	314.245	64	.000
Linear-by-Linear Association	107.644	1	.000
N of Valid Cases	115		

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

This was necessary so as to test the null Hypothesis 3 which was stated as:

**$H_03$**  *There is no association between Budgeting skills and effectiveness of financial control in Maasai Mara Community Support Fund.*

From the results presented in Table 4.9 it is noted that there is a very strong association between budgeting skills and effective financial control in Maasai Mara Community Support fund. This is because the chi square value is 432.312 while the p- value is less than 0.05. This shows that there is a strong statistical significance association between budgeting skills and effective financial control in the fund. Therefore, the null hypothesis that there is no association between the variables is rejected. The study thus concluded that Budgeting skills were a significant factor affecting the effectiveness of financial control in Maasai Mara Community Support Fund.

#### **4.6 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 Budgeting 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 affective 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);  $\alpha = 0.05$ .

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 <sup>a</sup>	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);  $\alpha = 0.05$ .

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

***H<sub>04</sub>** 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.

#### **4.7 Effective Financial Control**

The study sought to establish how the four factors 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%)
Projects are completed in time according to the planned budget	Committee Member	7(7.3%)	25(26.0%)	64(66.7%)	96(100.0%)
	Board Member	0	1(11.1%)	8(88.9%)	9(100.0%)
	Fund Employee	1(10.0%)	0	9(90.0%)	10(100.0%)
CSF has accrued less debts in the last 2 years compared to the past	Committee Member	4(4.2%)	16(16.7%)	76(79.2%)	96(100.0%)
	Board Member	0	1(11.1%)	8(88.9%)	9(100.0%)
	Fund Employee	0	3(30.0%)	7(70.0%)	10(100.0%)
There are fewer incidences of misappropriation of funds in Maaasai Mara CSF	Committee Member	14(14.6%)	34(35.4%)	48(50.0%)	96(100.0%)
	Board Member	0	1(11.1%)	8(88.9%)	9(100.0%)
	Fund Employee	0	1(10.0%)	9(90.0%)	10(100.0%)
CSF has a well-designed financial control system	Committee Member	19(19.8%)	12(12.5%)	65(67.7%)	96(100.0%)
	Board Member	0	2(22.2%)	7(77.8%)	9(100.0%)
	Fund Employee	2(20.0%)	0	8(80.0%)	10(100.0%)
Maasai Mara Has A Well Developed Financial Policy	Committee Member	4(4.2%)	23(24.0%)	69(71.9%)	96(100.0%)
	Board Member	2(22.2%)	0	7(77.8%)	9(100.0%)
	Fund Employee	0	5(50.0%)	5(50.0%)	10(100.0%)
CSF management supports high standards of financial control	Committee Member	3(3.1%)	38(39.6%)	55(57.3%)	96(100.0%)
	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 financial control as it involved 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.

#### **4.8 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 numeracy skills, book keeping skills and auditing skills. However, there is a strong positive and statistically significant relationship between budgeting skills and effective financial control. In all the cases the null hypothesis was therefore rejected since all the four factors were noted to be statistically significant and hence influenced effective financial control of community supported fund.



## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter presents the summary of the findings, conclusion and the recommendations; it also draws the suggested areas for further study from the summary.

#### 5.2 Summary of Findings

The objective of this study was to determine the specific Technical Skills Affecting the Effectiveness of Financial Control in Community Support Funds in Kenya: A Case of Maasai Mara Community Support Fund. The respondents were board members, the head office fund employees and the Ward representative committee members from the Maasai community support fund. The results helped to test the research hypothesis which was;

**H<sub>01</sub>** There is no association between Numeracy skills and effectiveness of financial control in Maasai Mara Community Support Fund.

**H<sub>02</sub>:** There is no association between Book keeping skills and effectiveness of financial control in Maasai Mara Community Support Fund.

**H<sub>03</sub>:** There is no association between Budgeting skills and effectiveness of financial control in Maasai Mara Community Support Fund.

**H<sub>04</sub>:** There is no association between Auditing skills and effectiveness of financial control in Maasai Mara Community Support Fund.

#### 5.2.1 Numeracy Skills and Effective Financial Control

The first objective of the study sought to establish whether the numeracy skills of the CSF officials contributes to financial control of the CSF. The results showed that most of the respondents agreed with the statement that helped to conceptualize the influence of the numeracy skills by the CSF officials and how it influences financial control. The study established that most of the Officials have attended training in financial management in the past one year; the officials attested that the training facilitators were knowledgeable in the field of study. And that the fund has a fully operational finance department with experienced finance personnel. This showed that the fund personnel have appropriate numeracy skills to enhance financial control. The

results further show that numeracy skills were perceived to influence financial control in community support fund and hence the null hypothesis that there is no association between numeracy skills of Community support fund officials and financial control of Maasai Mara community support fund was rejected. This shows that having numeracy skills was very critical in influencing financial control in an organization.

### **5.2.2 Bookkeeping and Effective Financial Control**

The second objective of the study sought to examine if book keeping skills influences effective financial control in the CSF. The respondents were asked to indicate their views on various statements defining the influence of bookkeeping on financial control. Majority of the respondents agreed that they understood the standard accounting system, they subscribe to the international accounting Standards, they also update the funds accounting records regularly, and they prepare financial reports timely. It was also established that the fund has a well-established bookkeeping system, and the accountants provide financial statements that give accurate report and are regularly approved by the relevant authorities. Further analysis using Pearson's correlation and chi square analysis showed that there was a very significant positive association between the two variables. This therefore shows that most of the officials perceived book keeping skills as being critical in influencing financial controls in the community fund. Based on the chi value the null hypothesis that there is no association between Book keeping and financial control of Maasai Mara community support fund was rejected for this study. This shows that good book keeping skills are important in enhancing finance control.

### **5.2.3 Budgeting and Effective Financial Control**

The third objective of the study was to establish whether budgeting skills influences effective financial control. The respondents responded to various statements that defined the objective and the results indicated that the respondents agreed that Cash is withdrawn only after authorization has been given, no official can perform a cash transaction alone, the controls in place are adequate, the fund operates with a periodic budget, and experienced high budget variances in the last reporting period, employees and board members participate in the budgeting process. This showed that there was a general perception that the fund's financial control is influenced by the budgeting

process. The Chi square test indicates that the influence of the budgeting process on financial control is not just by chance and therefore the null hypothesis was rejected meaning that budgeting enhances financial control of Maasai Mara community support fund.

#### **5.2.4 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.

#### **5.3 Conclusion**

The purpose of this study was to analyze employees' perception on factors that influence financial control in community support funds. The study therefore concludes that; Effective financial control is influenced by the four factors that were considered for the study. The study therefore concluded that numeracy skills have an influence on the Effectiveness of the financial control of CSF. Community support funds that seek to enhance effective financial control should ensure that the officials have numeracy skills to support the fund. The study also concludes that book keeping skills might have an influence on the effectiveness of the financial control among the employees of CSF; further analysis led to the rejection of the null hypothesis that book keeping skills do not influence on the effectiveness of the financial control in

CSF meaning that CSF that seek to enhance their financial control should ensure that the officials have good book keeping skills.

The study also concluded that budgeting skills has an influence on the effectiveness of the financial control of CSF. Based on the results it was perceived that an appropriate budget plan for the CSF improves financial control more effectively. It was further noted that through the budget the CSF ensures that cash is only withdrawn by those people who are authorized to do so, again since the budget is prepared periodically it enhance how funds are used by the CSF. The involvement of the employees in the budget process was seen to effectively lead to enhanced financial control in the CSF.

The study also concluded 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. Auditing was therefore perceived to have an influence in enhancing effective financial control meaning that CSF that need to improve their financial control systems must not only adopt auditing but must ensure that they have a combination of other important factors.

#### **5.4 Recommendations**

Based on the official's perceptions findings the study recommends that;

Community support funds that wish to enhance their financial control must consider the numeracy skills of their employees because these are important in ensuring that the records are prepared and maintained effectively and proper analysis is done. However, CSF should note that relying on numeracy skills alone might not be an appropriate solution for enhancing financial control unless other factors are in place.

The study also recommends that employees are required to have appropriate skills in bookkeeping so that they can prepare the statements according to the set financial standards. However, it should be noted that even employees with the highest book keeping skills might not enhance effective financial control because of their own personal interests. Therefore, establishing other factors to support the book keeping skills might be very ideal for enhancing financial control.

The study further recommends that good budgeting plans must be drawn by the CSF if they seek to enhance the financial control. The results have indicated that budgeting has the highest influence on the financial control of the fund and therefore funds should seek to have an effective committee to enhance the budgetary process that will support financial control.

Auditing was noted to be an important factor but the study recommends that since it showed a very small statistical relationship with financial control then it might also not be a very strong factor to be used by the fund in enhancing the financial control. Community support funds must therefore adopt a combination of the factors discussed if they seek to enhance their factor control.

### **5.5 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.

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## APPENDIX I

### INTRODUCTORY LETTER

Gathuru Edmund Kanyugi  
Maasai Mara University  
P.O. Box 861-20500  
NAROK  
Tel: 0720 144 886  
E-mail: kanyugiedmund@yahoo.com

19 November 2015

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Dear respondent,

**RE: INVITATION TO PARTICIPATE IN THE STUDY ON TECHNICAL  
SKILLS AFFECTING EFFECTIVENESS OF FINANCIAL CONTROL  
IN MAASAI MARA COMMUNITY SUPPORT FUND**

I am a student at Maasai Mara University pursuing a master's degree programme in business management. I am undertaking this research as part of the requirements of the University programme. The study seeks to determine the specific Technical Skills Affecting the Effectiveness of Financial Control in Community Support Funds in Kenya: A Case of Maasai Mara Community Support Fund, with a view to proposing a transformation blue-print.

I am inviting you to participate in the study. The findings will be useful to community support funds, fund managers, policy makers, and scholars in the area of regulation and supervision of community support funds. All information provided will be treated with the utmost confidence.

Yours sincerely,

**Gathuru Edmund K.**

## APPENDIX II

### RESEARCH QUESTIONNAIRE

The questions below are for the purposes of evaluating perception on Technical Skills affecting the effectiveness of financial control in Maasai Mara Community Support Fund. Your opinions as reflected in this questionnaire are important for this study and will be treated with the utmost confidentiality. Therefore, you are requested to fill this questionnaire in the freestanding honest way possible. Please tick the appropriate answers in the boxes provided and/or write down the appropriate answers in the spaces provided. Do not write your name on the questionnaire. Thank you in advance for your time and cooperation.

#### SECTION A: Background Information

1. Designation.....
  - (A) Board member
  - (B) Fund employee
  - (C) Ward representative committee member

#### SECTION B: How numeracy skills of CSF officials influence effective financial control

No.	Statement	D	N	A
2	All Maasai Mara CSF Officials have knowledge in financial numeracy.			
3	All Maasai Mara CSF Officials have attended training in financial numeracy in the past one year			
4	The training facilitators are knowledgeable in the field of study			
5	Maasai Mara CSF has a fully operational finance department			
6	Masaai Mara CSF has experienced finance personnel			
7	The board has someone with strong accounting skills			
8	All employees are knowledgeable about basic accounting processes			

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

**SECTION C: How bookkeeping skills influence effective financial control**

No.	Statement	D	N	A
9	Maasai Mara CSF uses a standard accounting system			
10	Maasai Mara CSF subscribes to the international accounting Standards			
11	Maasai Mara CSF updates its accounting records regularly			
12	Maasai Mara CSF prepares financial reports timely			
13	Maasai Mara CSF has a well-established bookkeeping system			
14	Maasai Mara CSF financial statements give accurate report			
15	Maasai Mara CSF financial statements are regularly approved by the relevant authorities			

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

**SECTION D: How budgeting skills influence effective financial control**

No.	Statement	D	N	A
16	Cash is withdrawn only after authorization has been given			
17	No official can perform a cash transaction alone			
18	The controls in place are adequate			
19	Maasai Mara CSF operates with a periodic budget			
20	Maasai Mara CSF experienced high budget variances in the last reporting period			
21	Maasai Mara CSF employees and board members participate in the budgeting process			
22	Maasai Mara CSF budgeting process relies on historical data			
23	Maasai Mara CSF budgeting process is led by an experienced staff			

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

**SECTION E: How auditing skills influences effective financial control**

No.	Statement	D	N	A
24	Maasai Mara CSF is audited annually			
25	Maasai Mara CSF uses an appointed supervisory committee for audit purposes			
26	Maasai Mara CSF performed well in the last audit			
27	The last audit recommendations have been fully Implemented			
28	Audit plays a big role in controlling finances of the Maasai Mara CSF			
29	The last audit revealed weaknesses in financial internal control systems			
30	The audit report is communicated to the management board			

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

**SECTION F: Effective Financial Control**

No.	Statement	D	N	A
31	There is adequate allocation of resources for all activities in Maasai Mara CSF			
32	Projects are completed in time according to the planned budget			
33	Maasai Mara CSF has accrued less debts in the last 2 years compared to the past			
34	There are fewer incidences of misappropriation of funds in Maasai Mara CSF			
35	Maasa Mara CSF has a well-designed financial control system			
36	Maasai Mara has a well-developed financial policy			
37	Maasai Mara CSF Management supports high standards of financial control practices			

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

**Thank you for your time**



## APPENDIX III

### INTRODUCTION LETTER FROM UNIVERSITY



**MAASAI MARA UNIVERSITY**  
(OFFICE OF THE DIRECTOR, POSTGRADUATE STUDIES)

TEL. No.0722346 419  
Email: [graduatestudies@mmarau.ac.ke](mailto:graduatestudies@mmarau.ac.ke)

P. O. Box 861-20500  
NAROK, KENYA

Ref: Ref/MMU/AA0328/17/VOL I

Date: 30th March, 2016

Council Secretary,  
National Council for Science and Technology,  
P.O. Box 30623-00100  
NAIROBI-KENYA

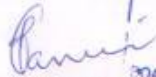
Dear Sir/Madam,

RE: APPLICATION FOR RESEARCH PERMIT: REG. NO. MBM/1009/2014 - GATHURU EDMUND KANYUGI

I wish to recommend the above candidate for permit to enable him collect data for his research. He defended his proposal at the School of Business and Economics successfully. He made the corrections required and therefore qualifies for field research.

Any assistance accorded to him will be highly appreciated.

Thank you

  
Prof. Edward K. Tantai  
AG. DIRECTOR, BOARD OF POSTGRADUATE STUDIES



## APPENDIX IV: LETTER FROM NACOSTI



### NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: +254-20-2213471,  
2241349, 3310571, 2219420  
Fax: +254-20-318245, 318249  
Email: dg@nacosti.go.ke  
Website: www.nacosti.go.ke  
when replying please quote

9<sup>th</sup> Floor, Utalii House  
Uhuru Highway  
P.O. Box 30623-00100  
NAIROBI-KENYA

Ref. No.

Date:

**NACOSTI/P/16/30359/10555**

**29<sup>th</sup> April, 2016**

Edmund Kanyugi Gathuru  
Maasai Mara University  
P.O. Box 861-20500  
**NAROK.**

#### **RE: RESEARCH AUTHORIZATION**

Following your application for authority to carry out research on "*Factors affecting financial control practices in community support funds in Kenya: A case of Maasai Mara Community Support Fund,*" I am pleased to inform you that you have been authorized to undertake research in **Narok County** for the period ending **28<sup>th</sup> April, 2017**.

You are advised to report to **the County Commissioner and the County Director of Education, Narok County** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.

  
**BONIFACE WANYAMA**  
**FOR: DIRECTOR-GENERAL/CEO**

Copy to:

The County Commissioner  
Narok County.

The County Director of Education  
Narok County.

**APPENDIX V: RESEARCH PERMIT FROM NACOSTI**

**THIS IS TO CERTIFY THAT:**  
**MR. EDMUND KANYUGI GATHURU**  
**of MAASAI MARA UNIVERSITY,**  
**861-20500 narok, has been permitted to**  
**conduct research in Narok County**  
**on the topic: FACTORS AFFECTING**  
**FINANCIAL CONTROL PRACTICES IN**  
**COMMUNITY SUPPORT FUNDS IN KENYA:**  
**A CASE OF MAASAI MARA COMMUNITY**  
**SUPPORT FUND**  
**for the period ending:**  
**28th April, 2017.**

**Permit No. : NACOSTI/P/16/30359/10555**  
**Date Of Issue : 29th April, 2016**  
**Fee Received :Ksh 1000**

*(Signature)*  
**Director General**  
**National Commission for Science,**  
**Technology & Innovation**

