INFLUENCE OF FORENSIC ACCOUNTING SERVICES ON FINANCIAL PERFORMANCE OF COUNTY GOVERNMENTS IN KENYA

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A DISSERTATION SUBMITTED IN PARTIAL FULFIMENT OF THE REQUEREMENT FOR THE AWARD OF THE DEGREE OF MASTER OF SCIENCE IN COMMERCE (FINANCE AND ACCOUNTING) TO THE SCHOOL OF BUSINESS OF KCA UNIVERSITY

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DECLARATION AND CERTIFICATION

Declaration by Candidate

I declare that this dissertation is my original work and has not been previously published anywhere for any award of the degree. Similarly I declare that any material published by other authors has been fully acknowledged.

Student Name: **Fwamba Sangura Moses** Reg: No 21/01374

Signature--------------------------------------- Date -----------------------------------

Declaration by Supervisors

I confirm that I have examined master's dissertation of

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ABSTRACT

This study undertook comprehensive analysis case studies and empirical data, to establish the positive impact of forensic accounting in ensuring efficient utilization of resources and in fostering the credibility of County governments in Kenya. The study sought to address the following: To assess the level of awareness on existing forensic accounting policies relating to financial management practices in the County governments ;to establish the extent to which Forensic Accounting Investigation is used to detect financial frauds in County governments; to examine the extent to which Litigation Support is used to prevent financial fraud and mismanagement ;to evaluate the effectiveness of reconstruction accounting and auditing in safeguarding public funds and assets and to assess how analysis of financial transactions is used to detect and prevent financial frauds in County governments.The study was guided by fraud triangle, deterrence and Fraud Diamond Theory. The study adopted a descriptive research design. The sample size was 30 percent of the targeted study regions (47 Counties) and one respondent each per cluster making the total number of respondents to be 45 (3 clusters). Purposive and convenience sampling was used in selection of each respondent per cluster. Data was collected by use of questionnaires and analyzed using descriptive and inferential statistics with the help of Statistical Package of Social Sciences Version 23. The findings of the study revealed that fraud hinders County governments from achieving their objectives through denial of critical resources that are meant to support such services. The inferential statistics showed that there was no statistically significant difference between fraud awareness and financial performance. However, there was average influence between awareness program and financial performance of county governments. The findings further showed that there was no significant difference between investigative aspect of forensic accounting and financial performance of county governments in Kenya. This implied that if investigative aspect as a forensic accounting service was enhanced, the incidences of fraud discoveries would have enhanced and appropriate action taken as a way of containing fraud in county governments. It was also established that though litigation of fraudulent cases has ability to deter involvement of employees in fraudulent activities as well as ability of forensic experts acting as prosecution witness, there were divergent views on the prosecution of past cases of fraud, conviction of fraud cases and recoveries from past beneficiaries of fraud. Inferential statistics however established that there existed a strong positive and statistically significant relationship between litigation support services.The result further revealed that financial reconstruction and auditing are important in fraud identification and control. Inferentially, it was found that there was no statistically significant difference between reconstruction accounts and auditing as a forensic accounting function and financial performance of county governments in Kenya. It was noted that forensic data analysis is a key forensic account strategy in fraud mitigation as it was revealed that there was no statistically significant difference between forensic analysis of financial and financial performance. Based on the findings of the study, the researcher recommended that; there was need for county governments to not develop comprehensive policies on fraud control and enforcement but also a program for creation of awareness on the same under induction program for new members as well as periodic sensitization of the of the staff. It was critical that investigative services within the organization should be enhanced through utilization of services of forensic accountants. There is need to have periodic reconstruction and auditing of financial operation as a way of establishing reliability of financial transactions and dependability of financial statements. Lastly, there is need to deeper analysis of financial transaction as away tracing the financial transaction in view of complexity in the dimension that financial transaction are assuming with advancement of technological innovation and globalization.

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ABBREVIATIONS AND ACRONYMS

ACFE: Association of Certified Fraud Examiners

AICPA: American Institute of Certified Public Accountants

OFA: Occupational Fraud Abuse

OFORENSIC ACCOUNTING: Occupational Fraud and Abuse

BFID: Fraud Investigations Department

CPSB: County Public Service Boards

CASB: County Assembly Service Boards

CRAs: Corruption Risk Assessments

DT: Deterrence Theory

EACC: Ethics and Anti-Corruption Commission

FTT: Fraud Triangle Theory

IFIMIS: Integrated Financial Management Information System

MMR: Mixed Research Method

MRR: Miscellaneous Receipts Report

SEC: Securities and Exchange Commission

UN: United Nations

DEFINITION OF TERMS

Analysis: refers detailed examination of a particular records aimed at evaluating the extent to which they conform to a particular laid out standard that is aimed at guiding their preparation

Awareness on methods of Forensic Accounting: This involves analysis of methods used in the organization to establish whether they are effective for preventing occurrence of fraud.

Capacity: refer ability or power to do something

Deterrence: refers to fears that an individual ha that prevent him or her from engaging in a particular prohibited activity due to negative consequences that come along with such engagement

Detection: refers ability to discover certain illegal undertaking

Forensic Accounting: refers division of inspective accounting that promotes lawsuit by generating a scrutiny of description that is appropriate for court procedure and finally help in argument determination.

Forensic Accounting policies: refers to the solicitation of measures, means and systems for inspective accounting to find out whether administrative strategies are functioning well to depress execution of racket.

Financial Pressure: refer to the force that one has relating to a particular need whose solution is tied to availability of finance

Fraud: refers to usage of deceits and fraudulent way to obtain institutional possessions through capitalization of advantage that one holds in an organization as an employee for personal benefit.

Fraud control: refers to utilization of certain techniques for prevention of happening of fraudulent activities in the organization, through application of certain way that can prevent deception and attraction of competent workers to uncover fraudulent happenings.

Fraud Management life cycle: refers to the whole process/pattern that is followed in addressing frauds in an organization

Fraud management tools: refers to the application of outfits for forensic scrutinize of establishment's dealings in order to thwart and identify fraudulent deeds.

Forensic Accounting skills: refers to the use of abilities in Forensic Accounting to allow operators and handlers of financial accounts to avert incidences of fraudulent activities in the organization.

Motivation: refers to a force that pushes an individual to do something

Mitigation: refers to intervention measures meant to address a particular problem say fraud

Opportunity: refers favorable environment that may enable an individual to be involved in an activity that maybe beneficial

Prosecution: refers to legal measures taken against an individual who is suspected to have been involved in a fraudulent activity

Prevention: refer to measures put in place meant to prevent certain things from happening

Rationalization: refers individuals' mental acceptance that involvement in what is considered immoral by society is not bad anyway

CHAPTER ONE

INTRODUCTION

1.1 Background and Setting of the Study

Forensic accounting services involve the application of accounting, auditing, and investigative skills to examine financial records, transactions, and statements (Emmanuel, Enyi, &Olajide, 2018). These services are typically utilized in legal proceedings, disputes, or instances where there is suspicion of fraud, financial misconduct, or other financial irregularities. The main objective of forensic accounting is to uncover evidence, analyze financial data, and provide expert opinions that can be used in legal proceedings or for internal investigation purposes (Okpako, &Atube, 2013).

The unique aspect of forensic accounting services lies in their specialized nature and the combination of accounting, auditing, and investigative techniques, the expertise

that empowers them to undertake complex investigations, financial analysis, asset tracking, and recovery and valuation that would have otherwise proved challenging when left to ordinary accountants(Bhasin,2007).

Under investigation, Forensic accountants are trained to analyze financial records, transactions, and documents to identify any signs of fraudulent behavior (Kranacher, & Riley, 2019). This can involve examining financial statements, bank records, invoices, and other relevant documents. They also conduct interviews and gather evidence to build a case against the perpetrators. One major case where forensic accountants investigated and uncovered fraudulent activities within an organization is the HealthSouth accounting scandal (Singleton, Singleton, Bologna, & Lindquist, 2006).HealthSouth was a U.S.-based healthcare company that was involved in a massive accounting fraud in the early 2000s.

Forensic accountants played a crucial role in investigating the fraud at HealthSouth and uncovering the extent of the financial irregularities. They analyzed the company's financial records, transactions, and statements to identify any signs of fraudulent behavior (Nigrini, 2019). Their investigation revealed that HealthSouth had engaged in fraudulent accounting practices, including inflating revenues, manipulating expenses, and capitalizing costs. Forensic accountants identified irregularities in the company's financial records, including false journal entries and fabricated documents. By uncovering the fraudulent activities at HealthSouth, forensic accountants provided crucial evidence that was used in legal proceedings to hold the responsible individuals accountable (Singleton, Singleton, Bologna, & Lindquist, 2006). Their findings were also used to assist in the recovery of funds that had been misappropriated or hidden as part of the fraud.

The HealthSouth case highlighted the importance of forensic accountants in investigating and uncovering fraudulent activities within organizations. Their expertise in accounting principles, financial analysis, and investigative techniques enables them to identify irregularities, trace the flow of funds, and provide expert opinions that can be used in legal proceedings.

Secondly, Forensic accountants are critical in the assessment of the accuracy and reliability of financial statements (Issa, 2020). By conducting a thorough analysis, they can provide insights into the financial performance of an organization and detect any potential red flags. The WorldCom case highlighted the importance of forensic accountants in evaluating the accuracy of financial statements. Their expertise in auditing, accounting principles, and financial analysis enables them to identify irregularities, assess the reliability of financial information, and provide an objective evaluation of an organization's financial position.

WorldCom was a telecommunications company that filed for bankruptcy in 2002 following the revelation of massive accounting fraud (Sadka, 2006). In this scandal, a forensic accountant undertook a comprehensive analysis of the company's financial records, transactions, and accounting practices to uncover the extent of the fraud and determine the true financial position of the company.

Forensic accountants examined WorldCom's financial statements, including its balance sheets, income statements, and cash flow statements (Deo, & Liu, 2016). Forensic accountants scrutinized the company's accounting methods and practices to identify any misstatements, manipulations, or violations of accounting standards. Their analysis revealed that WorldCom had engaged in fraudulent accounting practices, such as capitalizing expenses and inflating revenues (Petra, &Spieler, 2020). The Irregularities in the company's financial records, including the manipulation of reserves, improper capitalization of expenses, and overstating of assets were identified.

By assessing the accuracy and reliability of WorldCom's financial statements, forensic accountants provided crucial evidence of the accounting fraud that had taken place. Their findings were instrumental in bringing the fraudulent activities to light and holding the responsible individuals accountable.

Asset Tracing and Recovery is another critical service that can be played by forensic accountants (Imoniana, Antune, &Formigoni, 2013)**.** Forensic accountants assist in tracing and recovering assets that may have been misappropriated or hidden as part of fraudulent activities. Forensic accountants have skills in analyzing financial data, identifying irregularities, and following the flow of funds are instrumental in uncovering hidden assets and ensuring that victims receive some restitution for their losses. Forensic accountants can follow the money trail by analyzing financial transactions, bank accounts, and other financial records to identify any hidden assets or funds. This helps in recovering the assets and determining the extent of financial losses incurred.

The involvement of forensic accountants in the Bernie Madoff case highlights their ability to trace and recover assets in complex financial fraud cases. Bernie Madoff was a prominent financier and former chairman of the NASDAQ stock exchange who orchestrated one of the largest and most notorious investment frauds in history (Henriques, 2018). Forensic accountants played a crucial role in unraveling the complex web of fraudulent activities and tracing the flow of funds within the Ponzi scheme. They meticulously analyzed financial records, transactions, and statements to identify the movement of funds and uncover hidden assets.

In the case of the Madoff Ponzi scheme, forensic accountants worked closely with court-appointed trustees and investigators to trace the misappropriated assets (Turgeon, 2020). Forensic accountants examined bank records, investment statements, and other financial documents to identify the sources and destinations of funds. By following the money trail, forensic accountants were able to uncover the extent of the fraud and locate assets that had been hidden or transferred to various entities. Their expertise in financial analysis and forensic techniques helped in identifying fraudulent transactions, shell companies, and offshore accounts that were used to conceal misappropriated assets (Turgeon, 2020). They also worked with legal authorities to freeze and recover assets that could be distributed to victims of the Ponzi scheme.

Business valuation is another service in forensic accounting**.** Forensic accountants are often involved in valuing businesses for various purposes, such as litigation, mergers and acquisitions, or disputes by using their expertise in financial analysis and valuation techniques to determine the fair value of a business based on its financial performance, assets, liabilities, and market conditions (Özkul, &Pamukçu, 2012). Their expertise in financial analysis and valuation techniques is crucial in determining the fair value of businesses in complex and high-stakes situations.

The involvement of forensic accountants in valuing Lehman Brothers' assets during its bankruptcy proceedings highlights their role in providing objective and independent assessments of a company's value (Lo, 2009). Lehman Brothers was a prominent investment bank that filed for bankruptcy in September 2008, marking one of the largest bankruptcies in U.S. history. Forensic accountants were called upon to assess the value of Lehman Brothers' assets and liabilities as part of the bankruptcy proceedings. The collapse of Lehman Brothers had significant implications for its creditors, shareholders, and other stakeholders. Determining the accurate value of the company's assets was crucial in understanding the extent of the financial losses incurred and in facilitating the distribution of remaining assets to the creditors.

Forensic accountants conducted a comprehensive analysis of Lehman Brothers' financial records, including its complex derivatives and structured products (Hegazy, 2016). The forensic accountants examined the company's balance sheet, income statements, cash flows, and other relevant financial information to assess the fair value of its assets and liabilities. Their valuation analysis involved considering market conditions, future cash flows, potential risks, and other relevant factors to determine the value of Lehman Brothers' assets (Hannink, 2013). This process required expertise in financial analysis, accounting principles, and valuation techniques.

The findings and expert opinions of forensic accountants regarding the valuation of Lehman Brothers' assets were presented in court and used to guide the bankruptcy proceedings. Their analysis played a crucial role in determining the distribution of assets among creditors and stakeholders and in understanding the financial impact of Lehman Brothers' collapse.

Litigation service is the last critical role of a forensic accounting service. Forensic accountants can provide expert witness testimony in legal proceedings (Heitger, &Heitger, 2008). Forensic accountants are experts in analyzing financial data, uncovering fraudulent activities, and presenting their findings clearly and concisely, a vital ingredient in helping legal professionals understand the intricacies of financial misconduct(Felix,2022). Their testimony provides crucial evidence that supports the legal proceedings and assists in determining the appropriate legal actions to be taken.

The Enron case highlighted the importance of forensic accountants as expert witnesses in complex financial fraud cases (Bressler, 2011). Enron Corporation was an American energy company that collapsed in 2001 due to widespread accounting fraud and unethical practices. Forensic accountants played a crucial role in investigating and uncovering the fraudulent activities within Enron and their expert witness testimony was instrumental in the subsequent legal proceedings. During the trial of Enron executives, forensic accountants were called upon to present their findings and provide expert opinions on the complex financial transactions and manipulations that took place (Singleton, Singleton, Bologna, & Lindquist, 2006). They analyzed financial records, transactions, and statements to demonstrate how Enron had manipulated its financial statements to inflate profits and hide debt. Forensic accountants were able to trace the flow of funds, identify fraudulent transactions, and quantify the financial losses incurred by investors and stakeholders.

Their expert witness testimony helped the jury and judges understand the intricacies of the accounting fraud, the impact it had on Enron's financial performance and the extent of financial misstatements. Their analysis and testimony played a crucial role in holding the responsible individuals accountable for their actions and ensuring justice for the affected parties.

Therefore Forensic accounting is important in influencing the financial performance of an organization. Financial performance refers to the evaluation and measurement of an organization's financial results and outcomes and involves analyzing various financial indicators and metrics to assess the organization's profitability, liquidity, efficiency, and overall financial health.

However, financial transactions can be one of the avenues for the promotion of Occupational Fraud Abuse. When this happens, it means that the financial statements presented may not provide a true Forensic Accounting position of the performance of the organization. This is where Forensic Accounting may be handy in dealing with the situation. According to Tuanakotta (2010), Forensic Accounting skills are critical in scrutinizing the financial statements of an organization and presenting of verdict on whether the financial statements so prepared represent a true and fair position of the performance of the organization. Awolowo, (2019) observes such a level of awareness that financial statements may undergo scrutiny by forensic accountants in itself is capable of making employees in charge of the preparation of such statements keen on preparing the same due to the level of awareness that any fraudulent undertaking will be un-earthed and traced to self.

Generally, the interaction between forensic accounting services and financial performance is multifaceted (Anomah, Ayeboafo, &Agyabeng, 2014). Forensic accountants play a crucial role in assessing the accuracy and reliability of financial information, which directly impacts the evaluation of an organization's financial performance. By identifying any irregularities or fraudulent activities, forensic accountants help ensure that financial performance is accurately represented.

Additionally, forensic accounting services can indirectly impact financial performance by deterring fraudulent behavior within an organization such as County governments in Kenya (Ng’ang’a, 2015). The presence of forensic accountants and the knowledge that financial records are subject to scrutiny can act as a deterrent for potential fraudsters. Furthermore, the insights provided by forensic accountants through their analysis of financial data can help organizations identify weaknesses in their internal controls or operational processes that may be affecting their financial performance. By addressing these issues, organizations can improve their financial performance and mitigate potential risks.

Overall, forensic accounting plays a vital role in the financial performance of an organization by detecting and investigating financial irregularities, mitigating risks, ensuring compliance, recovering assets, and providing expert support in legal proceedings. It helps protect the financial interests of the organization and contributes to its overall financial health and success. Forensic accounting policies which refer to the guidelines and procedures that organizations put in place to prevent and detect financial fraud, misconduct, or other irregularities outline the roles and responsibilities of forensic accountants, the processes for conducting investigations, and the measures for ensuring compliance with accounting standards and regulations.

However, it is important to note that the level of awareness and implementation of forensic accounting policies, as well as the utilization of reconstruction accounting and auditing techniques, may vary among organizations. Some organizations may have well-established policies and practices in place, while others may have limited awareness or may not have fully integrated these services into their operations.

Overall, raising awareness about the importance of forensic accounting policies and the role of reconstruction accounting and auditing in forensic accounting services is crucial for organizations to effectively prevent, detect, and investigate financial irregularities. It promotes transparency, accountability, and responsible financial management, ultimately contributing to the overall financial performance and stability of organizations.

County governments in Kenya play a significant role in the governance and development of the country (Waikend, Lewa, &Muchara, 2019). The establishment of county governments was a result of the 2010 Constitution, which devolved power and resources to the local level (Hope, 2014). The roles of county governments in Kenya are but not limited to enhancement of service delivery such as healthcare, education, water and sanitation, infrastructure development, agriculture, and public transportation; Resource Management through revenue collection, budgeting, and expenditure management, Planning and Development and Public Participation and Governance in decision-making processes(Ndiege, &Wamuyu, 2019).

Therefore County governments in Kenya have a wide range of responsibilities aimed at improving governance, service delivery, economic development, and overall well-being at the local level. Their role is crucial in bringing government services closer to the people and promoting grassroots participation in decision-making processes. Therefore forensic accounting can enable county governments in Kenya to achieve their mandate by promoting accountability, transparency, and responsible financial management. This is achieved through its capacity to help in the detection and prevention of fraud, ensuring compliance with accounting standards, assisting in asset recovery, management of financial risks, and provision of expert support in legal proceedings. By utilizing forensic accounting services, county governments can enhance their financial performance, build public trust and confidence, and achieve their development goals.

1.1 Statement of the Problem

Though County governments were supposed to play a key role in the empowerment of various rural communities, various reports attest to the fact that the devolved resources have not been fully utilized for the intended purposes and are instead diverted for individual gains through fraudulent activities against the spirit of devolution. This position is affirmed by various agencies that have been established to deal with fraud such as the Ethics and Anti-Corruption Commission of Kenya (EACC) which has always been investigating various fraud cases and allegations. Given the budgetary constraints that the Country faces in meeting various obligations, the limited resources at the Country's disposal must be effectively utilized if the Country is to have meaningful benefits that accrue on devolution.

According to Karuti (2020), various interventions have been made by organizations such as EACC to ensure that County governments gain from training and workshops through skills for combating crime in County governments. As part of interventions for instance several County governments crafted fraud awareness methods and came up with mechanisms for fraud reporting, various County Public Service Boards (CPSB) and County Assembly Service Boards (CASB) have devolved public service commission by advocating for adherence to Declaration of Income, Assets and Liabilities among other measures. Furthermore, the EACC collaborates with County Governments as a step-up measure in compacting cases of fraud through the Multi-Agency Team (MAT) which is tasked with the burden of investigation and prosecution of cases related to economic crimes to enhance (EACC report, 2019/2020). Despite various efforts to deal with fraud, the cases of fraud continue rising in various County governments in Kenya. This study takes cognizance of the First Quarter report of EACC covering the period of 1st January to 31st March 2023 and the Report of the Auditor General in Kenya for the period ending 30th June 2020. These documents justify the need to undertake an investigation, hopefully, that the recommendations made through the study on adoption may go a long way in contributing to the fight against fraud in County governments. While some studies have been conducted on the influence of forensic accounting services on the financial performance of county governments in Kenya, they have often failed to fully address the specific aspects outlined under the study objectives.

1.3 Objectives of the Study

The study was guided by the general and specific objectives given below;

1.3.1 General Objective of the Study

The general objective of the study was to investigate the Influence of Forensic Accounting Services on the Financial Performance of County Governments in Kenya

1.3.2 Specific Objectives of the Study

The study sought to address the following objectives;

i. To assess the level of awareness of existing forensic accounting policies relating to financial management practices in the County governments

ii. To establish the extent to which Forensic Accounting Investigation is used to detect financial fraud in County governments

iii. To examine the extent to which Litigation Support is used to prevent financial fraud and mismanagement in County governments

iv. To evaluate the effectiveness of reconstruction accounting and auditing in safeguarding public funds and assets in County governments

v. To assess how analysis of financial transactions is used to detect and prevent financial fraud in County governments

1.4 Research Questions

The study addressed the following research questions in investigating the Influence of Forensic Accounting Services on the Financial Performance of County Governments in Kenya

i. What is the level of awareness of existing forensic accounting policies relating to financial management practices in the County governments?
ii. To what extent is Accounting Investigation used to detect financial fraud in County governments?
iii. What is the extent to which Litigation Support is used to prevent financial fraud and mismanagement in County governments?
iv. How effective is reconstruction accounting and auditing in safeguarding public funds and assets in County governments?
v. How is an analysis of financial transactions used in the detection and prevention of financial fraud in County governments?

1.5: Justification of the Study

The study outcomes are likely to have a positive impact on the following zones; the study findings will be critical in providing an insight to the national government as the major financier of County government how well financial resources are managed using Forensic Accounting to identify fraudulent activities by identifying areas that are most susceptible to fraud so that they could seal loopholes for as a way of enhancing financial performance of County Governments. Similarly, the study may help the County government administration to comprehend and recognize areas that are most susceptible to fraud and purposed to seal gaps for fraud using both preventive measures as well as litigation where fraudulent activities may have occurred which may not only lead to punishment of the victims but it may be a deterrent measure to employees. This was critical in enhancing the confidence of other investors in making investments in their respective Countries. The general public stands to benefit from the study of the recommendations and changes that may come with the implementation of recommendations (Hamdan, 2018).

Investigation of the Influence of Forensic Accounting Services on the Financial Performance of County Governments in Kenya in the management of frauds will go a long way in enhancing the financial performance of County governments in Kenya, a situation that is likely to enhance the service delivery of County Governments. Lastly, the study will be critical in contributing to scholarship on issues related to the investigation of the Influence of Forensic Accounting Services on the Financial Performance of County Governments in Kenya.

1.6 Significance of the study

The outcome of the study will be advantageous to numerous stakeholders in policy development and implementation. First, at the Policy platform of design and application, the outcome will offer tangible evidence that will reveal the challenges County governments may be facing in the adoption and utilization of Forensic Accounting in the promotion of the financial performance of County Governments in Kenya. Such revelation may be critical in attracting necessary intervention measures that may attract Policy developers to come up with Policy reforms to improve financial performance thereby ensuring that the resources availed to County governments are effectively used in enhancing service delivery in line with the spirit of devolution.

Secondly, the study will provide insight information to management and other stakeholders on how well financial resources, a step that may go a long way in building confidence by attracting more funding to support county government initiatives, a situation that may even promote the level of economic development of study counties.

Thirdly the general public stands to benefit from the study as intervention measures that may be developed on the recommendation of findings of the study leading to further strengthening of the financial performance of County governments in Kenya. Such interventions improve service delivery and general improvement of the quality of life of the citizens in line with the spirit of devolution. Lastly, the study will go a long way in contributing to enrichment scholarship on issues relating to Forensic Accounting and financial performance in organizations such as County governments.

1.7 Scope of the Study

The study was undertaken to establish the influence of Forensic Accounting services on the financial performance of County governments in Kenya. The study concentrated on the influence of key tenets of Forensic Accounting services on financial performance namely the role level of awareness of Forensic Accounting policies; Forensic Accounting Investigation; Litigation Support of Forensic Accounting; reconstruction accounting and the role of auditing and analysis of financial transactions on financial performance of County governments in Kenya. The study targets key personnel in more sensitive departments directly involved in revenue expenditure, custody, or monitoring namely. As such, the study targets personnel in the Procurement, Accountants, and Audit departments. The study was carried out in August 2023.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This research endeavors to establish the influence of Forensic Accounting on the Service provision of county governments in Kenya. Here are details and procedures for treating this chapter. The chapter is presented under: Introduction; Theoretical, framework; General review of literature under Concept of Forensic Accounting, Concept of Fraud, Forensic Accounting and Fraud Control and Specific literature under various themes based on objectives of the study.

2.2 Theoretical Framework

This study was based on the four theoretical frameworks that support the four objectives of the study. A sound Theoretical paradigm is therefore a critical component in the research process as evidenced by earlier studies (Nyongesa, Mabele &Murunga, 2022). A theory is used to describe and clarify some occurrence through the arrangement of a set of concepts as they consist of reasonable associations shaped among ideas and a set of impressions, giving both an outline that promotes critical indulgent of occurrences and a foundation for consideration of how the unknown can be structured. Silverman, et al (2022) observes that any logical conclusion is typically assessed based on the theoretical standpoint it stems from and to which it may add. This study aimed at resting on the Foundation of Fraud Triangle Theory(FTT) advanced by Tickner, and Button (2021), Deterrence Theory (DT) as advanced by Burns, and Hart, (1996), Fraud Diamond Theory by Saluja., Aggarwal, and Mittal, (2022) and lastly Fraud management Lifecycle Theory advanced by Soomro, et al (2019).

2.2.1 Fraud Triangle Theory (FTT)

The Fraud Triangle Theory (FTT), proposed by Tickner and Button (2021), suggests that fraud is driven by three main factors: pressure, opportunity, and rationalization. Pressure refers to the financial challenges or pressures that individuals face, which may lead them to engage in fraudulent activities as a means to alleviate their financial burdens. An opportunity arises when individuals have the ability and access to engage in fraudulent activities without being detected or apprehended. This is often facilitated by weaknesses in the operating systems or control mechanisms that perpetrators exploit to their advantage.

Rationalization is the individual's justification or moral reasoning behind engaging in fraudulent actions. It involves the individual's personal beliefs and justifications for their actions, which may include viewing fraud as normal or acceptable behavior. All three factors - pressure, opportunity, and rationalization - need to be present concurrently for fraud to occur in any given setting. Figure 2.1 illustrates the theory.

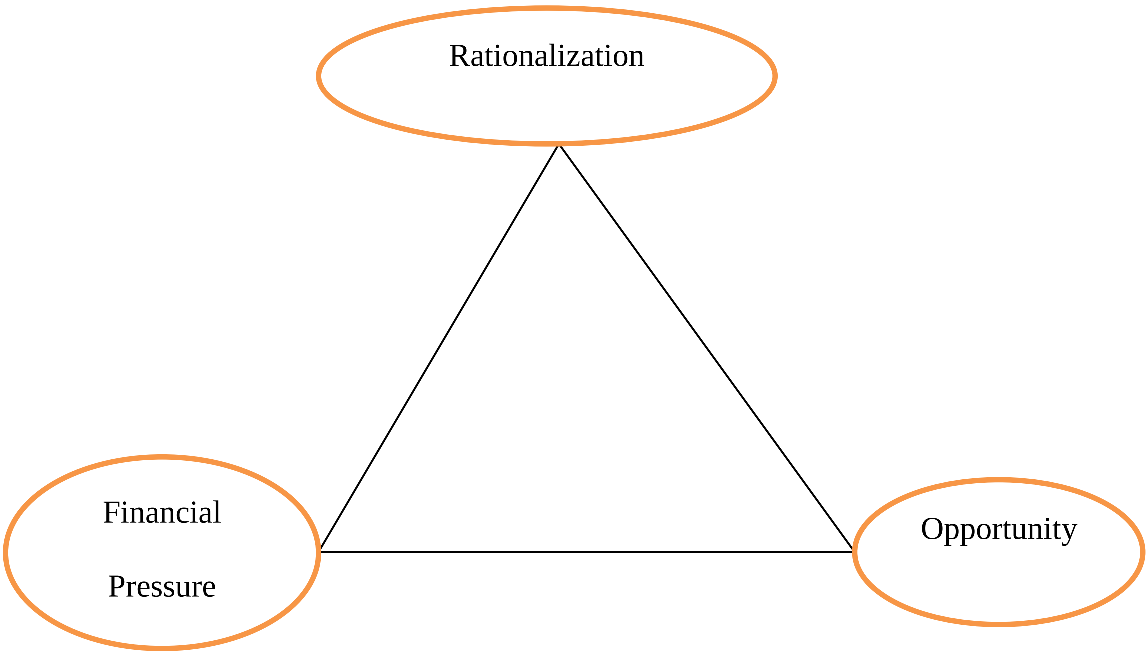

FIGURE 2.1

Diagrammatic Representation of Fraud Triangle Theory

Empirical studies, such as those conducted by Albrecht et al. (2014), Wells (2016), and Kranacher et al. (2011), have examined the relationship between the elements of the Fraud

Triangle and fraudulent behavior in different settings, including financial reporting, workplace fraud, and occupational fraud. These studies consistently support the relevance of the Fraud Triangle Theory and emphasize the importance of understanding and addressing these factors to prevent and detect fraud.

In the context of financial management practices in County governments in Kenya, weaknesses in control systems or procedures can create opportunities for individuals with certain knowledge and skills, such as procurement officers and accountants, to exploit these loopholes and engage in fraudulent activities. This can compromise the ability of County governments to effectively mobilize financial resources and fulfill their primary functions in line with the principles of devolution.

2.2.2 Deterrence Theory

The idea of Deterrence Theory (DT) was driven by Geis, (1955) and BeccariaCesare, (1963), great philosophers of the 18th century. According to the proponents of the DT, individuals are self-centered and think rationally in quest of a stress-free life (Paternoster, 2019; Tombs & Whyte, 2015). The DT was initially crafted from criminology where it formed a basis of regulation of criminal conduct which transformed with time to be a portion of criminal conduct (Koranteng, Apau, Opoku-Ware &Ekpezu, 2020) According to DT, the ability for an individual to start and continue engaging in fraud is grounded on the extent the punishment is enforced to perpetrators of fraud. In the event of enforcement of hash punishment, signals are sent to individuals, generating a pointer to the fraudster whose own engagements are being watched with likely horrible consequences (Barnum, &Pogarsky, 2022).

Therefore DT advances for harsher punishment for employees containing fraudulent behavior as a remedy in fraud control (Herath& Rao, 2009).

Deterrence Theory is a criminological theory that suggests that individuals are deterred from engaging in criminal behavior when the perceived costs or punishments associated with the crime outweigh the potential benefits. The theory posits that the certainty, severity, and swiftness of punishment play crucial roles in deterring individuals from committing crimes.

The DT has been used in various studies by several authors. Benson et al. (2010) carried out a study entitled: "General Deterrence and White-Collar Crime: A Cross-National Examination".The study sought to examine the effectiveness of general deterrence in preventing white-collar crime across different countries. The study analyzed data from multiple sources, including surveys and official crime statistics, to investigate the relationship between deterrence factors (certainty, severity, and swiftness of punishment) and white-collar crime rates. The study found that higher levels of certainty and severity of punishment were associated with lower rates of white-collar crime across countries. However, the swiftness of punishment did not show a significant impact. It concluded that enhancing the certainty and severity of punishment can be effective in deterring white-collar crimes.

In another study, DeJong et al. (1995) sought to assess the deterrent effect of criminal law enforcement on drunken driving behavior. This study used data from surveys and official records to examine the relationship between deterrence factors (certainty, severity, and swiftness of punishment) and drunken driving incidents. The study established that increased certainty and severity of punishment, such as higher arrest rates and stricter penalties, were associated with reduced drunk driving incidents. However, the swiftness of punishment did not show a significant effect. It concluded that strengthening law enforcement efforts and increasing penalties can deter drunken driving behavior.

The findings were further supported by the scholarship works of Pratt et al. (2010). The objective of this study was to assess the effectiveness of deterrence theory in explaining corporate crime. The study conducted a meta-analysis of previous research studies on corporate crime to examine the relationship between deterrence factors (certainty, severity, and swiftness of punishment) and corporate offending. The study found mixed evidence regarding the effectiveness of deterrence factors in explaining corporate crime. While certainty and severity of punishment showed some deterrent effect, the swiftness of punishment did not demonstrate a consistent impact. It suggested that other factors, such as organizational culture and internal controls, may also influence corporate offending.

These empirical studies highlight the application of Deterrence Theory in understanding various types of crimes, including white-collar crime, drunk driving, and corporate crime. They provide insights into the importance of certainty and severity of punishment in deterring criminal behavior while also acknowledging the complex nature of deterrence effects.

When applied in this study, it means that cases of fraud in County governments can be eliminated or minimized based on how the management discovers and punishes fraud cases. In the event of the discovery and enforcement of harsher punishments, employees are likely to refrain from such fraudulent activities due to fear of accompanying consequences. However, the ability of County governments to enforce harsh punishment to serve as a lesson for deterrent behavior of fraud lies in the power and willingness of County governments to monitor, discover, and successfully prosecute fraud cases, an issue that can only be achieved by having sound management policies such as the application of Forensic Accounting principles.

Therefore the FTT and DT were been found relevant for this study in that while FTT gives an opening of circumstances under which Fraud may occur in organizations like county governments, DT offers solutions on how the occurrence of fraud can be contained. Because this study is concerned with how usage of Forensic Accounting is used to enhance financial discipline, the two theories are critical as they provided direction for the study on how Forensic Accounting is used to contain what would have been an opportunity for fraud through prevention, monitoring, and discovery of fraudulent activities, hence their relevance.

However, the effectiveness of deterrence measures in fraud control relies on the ability and willingness of County governments to monitor, detect, and successfully prosecute fraud cases. Sound management policies, such as the application of Forensic Accounting principles, can contribute to enhancing financial discipline and preventing, monitoring, and discovering fraudulent activities.

Overall, both the Fraud Triangle Theory (FTT) and Deterrence Theory (DT) are relevant to understanding and addressing fraud in organizations like County governments. The FTT helps identify the circumstances under which fraud may occur, while the DT offers solutions on how to contain fraud through deterrence measures. The application of Forensic Accounting principles can play a crucial role in preventing and detecting fraudulent activities, thereby contributing to effective fraud control in County governments.

2.2.3 Fraud Diamond Theory

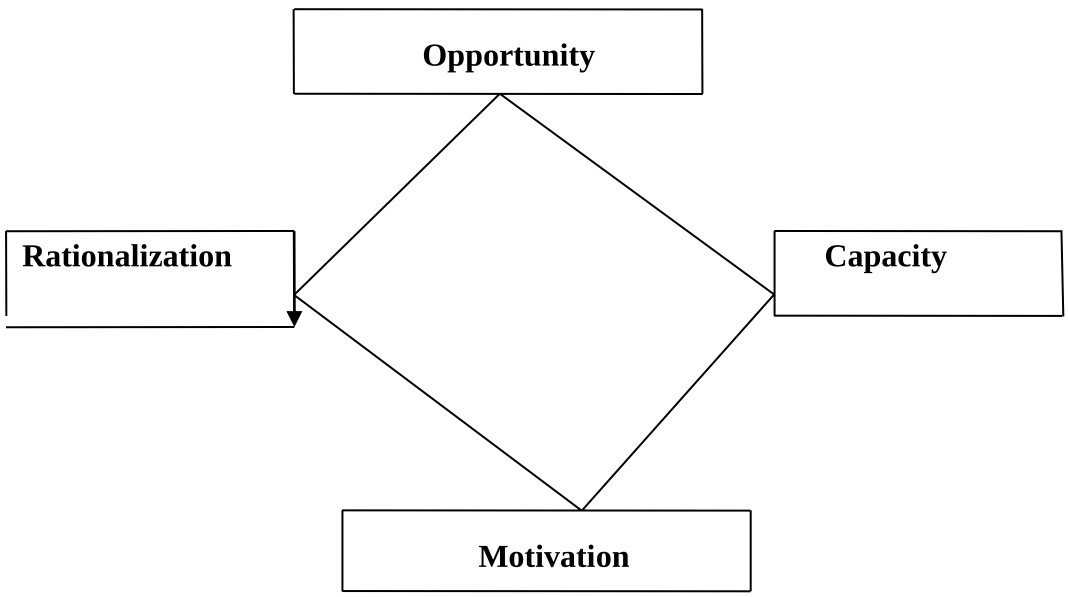

FIGURE 2.2

Fraud Diamond Theory

The Fraud Diamond Theory was first advanced by Bishop, Hermans, Marks, and Riley, (2019). It is normally regarded as a stretched description of the Triangle Theory of Fraud. In this theory, the component labeled competence has been viewed as one of the three initial fraud components of the Fraud Triangle Theory. The authors argue that even though supposed weight or inducement might coexist with an occasion to compel fraud and an explanation for accomplishment so, it is doubtful for the scheme to occur except the fourth element (capability) also exists. In other words, the probable committer is requisite to have the services and talent to commit fraud.

According to Saluja, Aggarwal, and Mittal, (2022) opportunity opens the doorway to fraud, and incentive (that is, pressure) and rationalization to draw a person toward it. However, the person must have the capability to recognize the open doorway as an opportunity and to take advantage of it by walking through, not just once, but repeatedly". With the added component shown in the Fraud Diamond Theory touching on individuals' choice to commit fraud, the business and auditors are required to understand workers' characters and skills to evaluate the risk of deceitful activities in the public sector.

The components of the Fraud Diamond Theory are interconnected to the range that a worker cannot partake in fraudulent activity minus the presence of all of the elements. The theory advances that force can cause someone to pursue a prospect, with the two leading to rationalization. However, none of these two elements, alone or jointly, inevitably trigger an individual to be involved in actions that could lead to fraud till the fraudster can do so (Nguyen, &Van Nguyen, 2023). The additional element which is capability is what distinguishes the Fraud Diamond Theory of Bishop, Hermans, Marks, and Riley, (2019) from the Fraud Triangle Theory of Zhu, Zeng, Wang, and Xiao, (2023).

The Fraud Diamond Theory is an expansion of the Fraud Triangle Theory, which incorporates an additional element, "capability," to explain the occurrence of fraud. It suggests that fraud is more likely to occur when four factors align: pressure, opportunity, rationalization, and capability. The Fraud Diamond Theory recognizes that individuals need the necessary skills, knowledge, and resources to commit fraud successfully.

Fraud Diamond Theory has been used by several authors in the past to study issues related to fraud. For instance, Wolfe, et al. (2018) carried a Study entitled: "The Fraud Diamond: Considering the Four Elements of Fraud". The objective of the study was to explore the applicability of the Fraud Diamond Theory in understanding fraud occurrence within organizations. The study collected data through surveys from professionals with anti-fraud responsibilities and analyzed their responses to assess the presence and influence of the four elements of the Fraud Diamond (pressure, opportunity, rationalization, and capability). The study found that all four elements of the Fraud Diamond were significantly associated with fraud occurrence. It concluded that considering capability as an additional factor provides a more comprehensive understanding of fraud and can enhance fraud prevention and detection efforts.

In a similar study titled "The Fraud Diamond Model and Employee Fraud in Nonprofit Organizations", Albrecht et al. (2014), investigated the applicability of the Fraud Diamond Theory in explaining employee fraud within nonprofit organizations. The study collected data through surveys from employees of nonprofit organizations and examined the presence and impact of the four elements of the Fraud Diamond on employee fraud. The study found that all four elements of the Fraud Diamond (pressure, opportunity, rationalization, and capability) were significantly associated with employee fraud in nonprofit organizations. It emphasized the importance of addressing these factors to prevent and detect fraud effectively in the nonprofit sector.

The above findings were further supported by the works of Ng et al. (2019) in a study titled "Fraud Risk Factors and Financial Statement Fraud: An Exploratory Study Using a Modified Fraud Diamond Model". This study explored the relationship between fraud risk factors and financial statement fraud using a modified version of the Fraud Diamond Model. The study analyzed data from a sample of financial statement fraud cases and examined the presence and influence of fraud risk factors based on a modified Fraud Diamond Model. The study found that all four elements of the Fraud Diamond (pressure, opportunity, rationalization, and capability) were significantly associated with financial statement fraud. It suggested that considering these factors can help identify potential red flags and improve fraud risk assessment practices.

The above empirical studies demonstrate how the Fraud Diamond Theory has been applied to various contexts, such as organizational fraud, employee fraud in nonprofit organizations, and financial statement fraud. They highlight the significance of considering capability as an additional factor in understanding and addressing fraud risks effectively.

Fraud diamond theory therefore was relevant to this study, as the theory was considered to be to have the capacity to broaden the horizon on the subject matter of fraud, stating that there must be the capability to carry out fraud for it to occur. This theory further expanded the scope and perspective of forensic accountants in the bid to detect fraud. The Fraud Diamond theory assisted from where the fraud triangle theory died by advancing that for Fraud to occur fraud there must also be the ability to spread it. The theory was appropriate to this study as it expanded the scope of what is to be unpredictable in detecting fraud. The theory also widened the viewpoints of the forensic accountant in performing roles connected to fraud.

2.3 Fraud Management Lifecycle

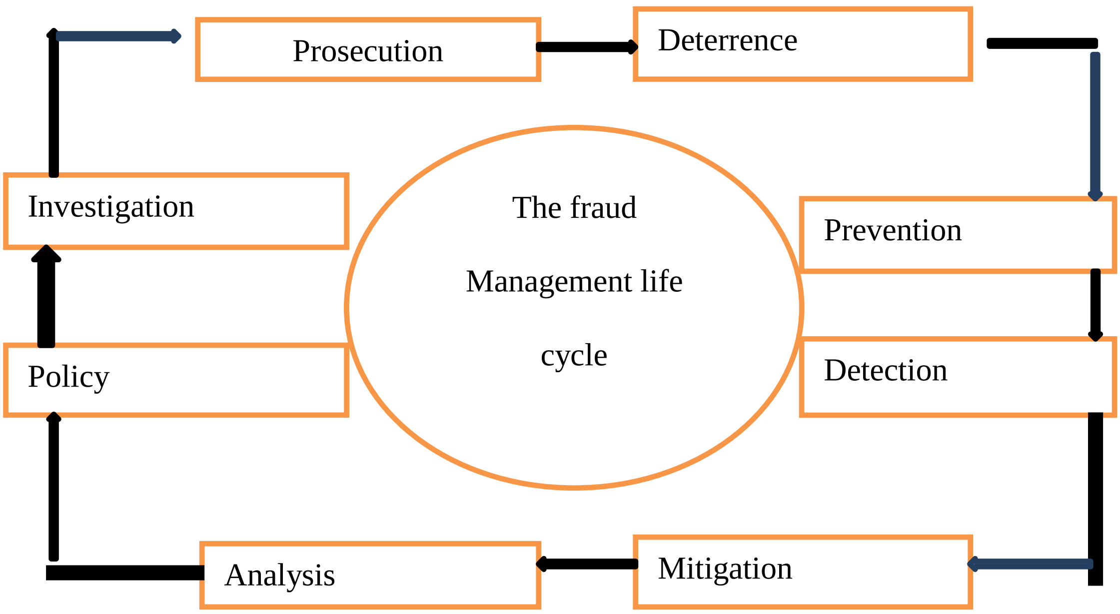

FIGURE 2.3

Fraud Management Lifecycle

Adopted from Wilhelm (2004)

Fraud administration is regarded as a procedure that involves the identification, monitoring, reporting, and deterrence of fraud institute. It is regarded as acyclic as it involves the interplay of procedure, practice, and individuals in the end-to-end handling of fraud. According to Isibor, (2022), the Fraud Administration Lifecycle is a linkage lifecycle where, each stage in the lifecycle network is a combined entity that is comprised of interrelated, inter-reliant, and autonomous activities, tasks, and processes. These undertakings can, but do not essentially, happen in a chronological or linear movement. Proper fraud administration calls for a balance in the contending and complementary actions in the Fraud Administration Lifecycle. Effective management of the Fraud Management Lifecycle begins with a common sympathetic description of the phases in the lifecycle.

In his work, Wilhelm (2004) observes that the Fraud admiration Lifecycle is comprised of eight phases. The Fraud administration Lifecycle is dynamic, developing, and adaptive. The eight phases are: Prevention, Detection Deterrence, Mitigation, Policy, Analysis, Investigation, and Prosecution. According to Wilhelm (2004), Deterrence, the leading stage, is described by actions and happenings anticipated to stop or thwart fraud earlier before the attempt; its purpose is, to turn aside or dampen even the attempt of fraud. The next level of the Fraud administration Lifecycle, prevention, contains activities and actions to contain fraud from happening. In detection, the third level, activities, and actions, like statistical follow-up programs are for the identification and location of fraud preceding, during, and successive to the accomplishment of the deceitful activity. The purpose of detection is to expose or disclose the existence of fraud or a fraud effort.

The fourth level which is mitigation is purposed for stoppage of losses from occurring or continuing to happen and/or to obstruct a fraudster from undertaking or finalizing the fraudulent activity, by hindering an account. In the next stage, analysis, damages that ensued notwithstanding deterrence, detection, and prevention events are recognized and deliberate to regulate the factors of the loss state, through actions like root cause scrutiny.

The sixth stage of the Fraud Administration Lifecycle, policy, is described by accomplishments to generate, assess, converse, and help in the distribution of policies to contain the incidence of fraud. Balancing prudent fraud-lessening policies with resource limitations and operational management of authentic consumer commotion is also part of this phase.

Investigation, the seventh phase, comprises obtaining adequate evidence and material to stop deceitful commotion, recuperate assets or get compensation, and offer evidence and provision for the effective trial and conviction of the swindler(s). The last phase is prosecution, which is the height of all the accomplishments and letdowns in the Fraud Administration Lifecycle. There are disappointments since the fraud was effective and achievements since the fraud was identified, a suspect was found, arrested, and charges instigated.

The fraud management lifecycle was used to guide this study because the cycle offers a holistic approach to the topic of fraud and fraud administration; also commendable of note for embracing the cycle is the element that the cycle is progressing and can be altered by any organization such as county governments in Kenya.

The Fraud Management Lifecycle refers to the systematic approach taken by organizations to prevent, detect, respond to, and mitigate fraudulent activities. It involves various stages that organizations go through to effectively manage fraud risks. While there isn't a specific theory associated with the Fraud Management Lifecycle, it is a widely recognized framework used in the field of fraud management

The Fraud Management Lifecycle was considered relevant in this study as it provided a systematic approach to preventing, detecting, and responding to fraud within the county governments. By implementing a comprehensive fraud management lifecycle, the county governments can effectively mitigate the risks of fraud, enhance financial performance, and ensure accountability and transparency in their financial operations. This is what the study had endeavored to establish.

2.3 Empirical Reviews

This section makes the thematic presentation of reviewed literature of scholarship on study themes namely: The Impact of Employees' Awareness, Employees' Forensic Accounting Investigation, Litigation, and Reconstruction accounting and auditing and Analysis of financial transactions on Financial Performance

2.3.1: The Impact of Employees' Awareness of Forensic Accounting on Financial Performance

Financial performance in an organization is enhanced through which is able to undertake risk management to prevent occurrence of fraud. Effective risk management is anchored on the extent to which the organization can come up with effective policies regarding risk management in an organization. According to Saluja, Aggarwal, and Mittal, (2022), forensic accounting policies refers to step-by-step guidelines in an organization used in the scrutiny of financial and non-accounting dealings aimed at establishing the extent to which operations in an organization conform to the laid down rules and regulations. The major objective of forensic accounting policies is to increase organizational resources in order to maximize shareholder wealth as a way of creating organization’s competitive advantage (Verovska, 2014).

Policies should be formulated in organizations to guide the operation of the organizations. Such policies need to give directions and Spell out penalties related to no adherence to non-adherence to the policies in operations. According to Saluja, Aggarwal, and Mittal, (2022) in organizations where there was mandatory disclosure in financial and reporting policies experience minimal incidences of fraud due to deterrence instilled in the workers. For instance, the Sarbanes-Oxley Act of 2002 spelled out directions that were aimed at deterring future occurrences of fraud by pointing out that management was to be held accountable for deceitful acts and should reimburse the organization on the occurrence of such incidences of fraud (Gitonga, 2022).

Policies in the organization may also relate to control measures that an organization may put in place aimed at detecting and uncovering problems like fraud, irregularities, and errors after they have been committed. While fraud exposure is essential deterrence is more necessary. The controls may be related to issues such as post-audits, exclusion reports, and authentication. Such reports confirm that a loss has happened but do not stop a loss from happening. Adeniji, (2004) observes that organizations may put in place detective controls related to reviews, analyses, discrepancy analyses, physical inventories, reconciliation, and audits. It is the detective controls play a critical role in providing evidence that the deterrent controls are working and averting losses.

This position is supported by Saptyana, and Astuti, (2022) who advance that the constituents of adequate internal controls include risk assessment, information, and communication, control assessment, control environment, monitoring, and control activities which need to be steadily applied to form a cohesive system that adjusts appropriately to dynamic conditions.

Kennedy, (2018) undertook a study entitled “Asset Misappropriation in Small Businesses”. The study established that many organizations lost a lot of resources due to unethical behavior of employees more so in organizations where there is a lack of or weak policies in place. As such, the study emphasized the need for an organization to develop appropriate policies for taming employees' behavior. Further to policy development, the study called for putting in place appropriate monitoring mechanisms by management to promote full adherence to the policies that an organization may have developed. Such policies have to incorporate issues that cover areas such as employees’ responsive behavior and issues relating to fraud control.

However, the development of policies in itself is not enough. The ability of such policies to meet the intended objectives lies in the extent to which such policies are propagated for the sake of the creation of awareness among the target group (Hogan et al., 2008).

Various studies have been undertaken to advance the need for the creation of awareness of various policies in organizations. For instance, Albrecht et al. (2012) undertook a Study entitled “Forensic Accounting Education and Practice: A Review of the Literature". The study conducted a literature review to examine the state of forensic accounting education and practice, including the awareness and implementation of forensic accounting policies. The study found that while there has been an increase in the recognition of forensic accounting as a specialized field, there is still a gap in the awareness and understanding of forensic accounting policies among practitioners and educators. It highlighted the need for further research and education to enhance awareness and implementation.

In another related study entitled “Forensic Accounting in Malaysia: A Review of the Literature", Zain et al. (2018) conducted a comprehensive literature review to examine the state of forensic accounting in Malaysia, including the awareness and adoption of forensic accounting policies. The study found that while there is a growing awareness of forensic accounting in Malaysia, there is still a gap in terms of the implementation of forensic accounting policies. The study highlighted the importance of raising awareness among stakeholders and strengthening the regulatory framework to promote effective financial management practices.

Similarly, Oyedokun et al. (2019) carried out a study titled "Forensic Accounting in Nigeria: An Empirical Investigation of Awareness and Adoption”. The study involved a survey among professionals in Nigeria to assess their awareness and adoption of forensic accounting practices. The study found that while there was a moderate level of awareness of forensic accounting in Nigeria, the adoption of forensic accounting policies and practices was relatively low. It identified a gap in terms of the understanding and implementation of forensic accounting as an effective tool for financial management in organizations.

The above findings are supported by the works of Ngwakwe et al. (2017) in their Study entitled: "Forensic Accounting Practices in South Africa: An Exploratory Study”. This study conducted interviews with forensic accounting professionals in South Africa to explore their perceptions and experiences regarding forensic accounting practices. The study found that while there was a growing awareness of forensic accounting in South Africa, there were challenges in terms of the implementation of forensic accounting policies and practices. The study highlighted the need for increased collaboration between stakeholders and the development of standardized guidelines to enhance the effectiveness of forensic accounting in financial management.

The above studies provided insights into the awareness and adoption of forensic accounting policies relating to financial management practices in different contexts. However, specific empirical studies focusing solely on county governments in Kenya were limited. Further research in this area was necessary to help bridge the gap and provide more targeted findings related to county governments' awareness of forensic accounting policies.

2.3.2: The Impact of Employees' Forensic Accounting Investigation on Organizational Financial Performance

Silverstone, Howard, and Michael (2004) define fraud investigation as a process that involves the application of forensic techniques and tools to examine records, establish whether fraud has occurred, and gather evidence to support the findings. In forensic accounting; there are various methods of fraud investigation, including data excavation and the use of tools such as Encase. Encase is a forensic accounting toolkit used for analyzing digital media such as drives, catalog servers, and flash discs. It is a globally recognized tool in the areas of cybersecurity, digital forensics, and e-discovery. Encase plays a crucial role in identifying red flags and detecting discrepancies in data.

Santos Filho, Carlos, and Costa (2017) note that accounting investigations can be related to criminal accounting expertise for forensic crime analysis or connected to accounting for compensations in civil proceedings, such as insurance claims. These investigations involve specialized areas such as asset misappropriation, economic calculations, accounting insolvency diagnosis, tax evasion, fraud detection in financial statements, money laundering, and business evaluation.

2.3.3: The Impact of Litigation on Organizational Financial Performance

The National Association of Academics Journal (2009) defines litigation support as the process by which accountants provide consultation and advice to lawyers or assist prosecutors in a court of law. This definition highlights the role of forensic accountants in supporting legal proceedings and presenting expert opinions on fraud occurrences. It emphasizes the importance of forensic accounting services in providing evidence and evaluating losses, which can be relevant to understanding how these services, can influence the financial performance of county governments in Kenya.

Dalwadi (2023) conducted a study on the role of forensic accounting in preventing and detecting fraud in India. The study emphasizes that forensic accounting is critical in providing evidence for legal proceedings and supporting legal claims or prosecuting individuals or organizations suspected of financial crimes. The findings highlight the potential impact of forensic accounting services in deterring employees from engaging in fraudulent activities, which can have implications for improving the financial performance of county governments.

"The Use of Litigation Support Technology in Fraud Investigations" by Kessler and Wells (2012) analyzes the use of litigation support technology, such as data mining and computer forensics, in identifying and preventing financial fraud. This study highlights the importance of technology in forensic accounting investigations and its potential impact on improving financial performance by detecting and preventing fraudulent activities within county governments.

"The Role of Litigation Support in Financial Investigations" by Kessler and Hedley (2007) explores the use of litigation support, including document management systems, in financial investigations. The study emphasizes the collaboration between legal and financial professionals in preventing financial fraud and suggests that litigation support tools can facilitate this collaboration. The findings can be relevant to understanding how forensic accounting services, including litigation support, can contribute to improving financial performance within county governments.

"The Role of Litigation Support in Fraud Investigations" by Reed and Sobel (2014) examines the use of litigation support tools and techniques, such as data analytics and forensic accounting, in identifying and preventing financial fraud. This study emphasizes the critical role of these tools and techniques in fraud investigations and their potential impact on improving the financial performance of organizations. The findings can be relevant to understanding how forensic accounting services can influence the financial performance of county governments in Kenya by detecting and preventing fraudulent activities.

Overall, these studies demonstrate the relevance of forensic accounting and litigation support in enhancing the financial performance of county governments in Kenya through the detection and prevention of fraud, the provision of evidence for legal proceedings, and the use of technology and collaboration to support investigations.

2.3.4: The Impact of Reconstruction accounting and auditing on Organizational Financial Performance

Mishra, Azam, and Junare (2021) conducted a study on the role of forensic accountants in the reconstruction of accounting records for various purposes such as insurance claims, inventory assessment, money laundering investigations, and cash transaction reconstruction in Thailand. This study highlights the specialized knowledge and skills required of forensic accountants in detecting fraudulent activities and goes beyond the responsibilities of ordinary accountants. The findings can be relevant to understanding how forensic accounting services can contribute to improving financial performance in county governments.

The studies by Warren and Perry (2017) and Minniti and Clikeman (2002) specifically focus on the role of forensic accountants in reconstruction auditing. These studies provide insights into the methodologies, challenges, and effectiveness of reconstruction auditing in identifying fraudulent activities, safeguarding assets, and providing evidence for legal proceedings. The findings can be relevant to understanding how forensic accounting services, including reconstruction auditing, can contribute to improving financial performance within county governments.

Ramamoorti and Ziegenfuss (2004) provided an overview of reconstruction auditing and its application in safeguarding assets. This study highlights the importance of reconstruction auditing in detecting and preventing asset misappropriation and fraud. The findings can be relevant to understanding how forensic accounting services, including reconstruction auditing, can contribute to improving financial performance and preventing corruption in county governments.

Alleyne, Howard, and Greenidge (2006) conducted a study on the role of audit committees in Barbados. While not directly focused on forensic accounting, this study emphasizes the critical role of auditing in identifying weaknesses in operational systems and implementing reform measures. The findings highlight the importance of thorough audits in improving financial performance and governance within organizations, including county governments.

Budhram and Geldenhuys (2018) conducted a study on corruption in South Africa and identified occupational fraud as a critical barrier to national development. The study suggests that embracing the professional services of forensic accountants can help reveal irregularities through record reconstruction, providing a true and fair position related to operations. These findings highlight the potential role of forensic accounting services in combating corruption and improving financial performance within county governments.

Hedley and Kessler (2006) conducted a study on the effectiveness of reconstruction auditing in asset misappropriation investigations. This study demonstrates how reconstruction auditing can identify fraudulent activities, trace funds, and provide evidence for legal proceedings. The findings emphasize the value of reconstruction auditing in preventing fraud and safeguarding assets, which can have implications for improving financial performance within county governments.

Overall, these studies provide insights into the specialized roles and functions of forensic accountants, the importance of thorough audits, and the effectiveness of reconstruction auditing in detecting fraud, safeguarding assets, and providing evidence for legal proceedings. These findings can be relevant to understanding the influence of forensic accounting services on the financial performance of county governments in Kenya.

2.3.5: The Impact of Analysis of Financial Transactions on Organizational Financial Performance

The are several studies that attest to the influence of analysis of financial translations on the financial performance of an organization For example The study conducted by Loredana (2012) focused on analyzing the indicators that reflect the ability of companies to meet short-term obligations and medium to long-term maturities. The purpose of the study was to assess the financial health and solvency of companies by examining their ability to fulfill their financial obligations within different timeframes.

This study provides insights into specific indicators such as solvency and profitability ratios that reflect a company's ability to fulfill its financial obligations within different timeframes. Understanding these indicators can help assess the financial stability, solvency, and overall health of companies, which is crucial for investors, creditors, and stakeholders in making informed decisions,

In another similar study, Rezaee, Crumbley, and Elmore (2004) carried out an investigation on scholars and specialists on the importance of forensic accounting. The study established that Forensic Accounting would be appropriate to students taking accounting, scholars as well and practitioners since there are significant variances between hands-on Forensic Accounting preparation and hypothetical method of training. The creation of awareness through policy pronouncement is a critical element in the development of organizational culture. The study emphasizes the relevance of practical forensic accounting skills in detecting and preventing financial irregularities, fraud, or mismanagement, which can contribute to improved financial performance.

Onodi, Okafor, and Onyali's study (2015): This study investigated the effect of forensic analysis techniques on corporate fraud prevention in Nigerian banks. The findings indicated a substantial connection between forensic investigative methods and corporate fraud prevention. This supports the potential role of forensic accounting services in detecting and preventing fraud, which can contribute to improved financial performance in county governments.

In another related study, Kyalo (2013) did a study that aimed at establishing the extent to which financial analysis and reporting contributed to fraud prevention in Nakuru County. The study was descriptive. The study established that there is a significant relationship between fraud policy, financial analysis, and reporting in an organization.

Overall, these studies provide insights into the relevance of forensic accounting services, financial analysis, and fraud prevention techniques in improving financial performance. They emphasize the importance of practical skills, effective reporting mechanisms, and the role of forensic accountants in detecting and preventing fraud. These findings can inform a study on the influence of forensic accounting services on the financial performance of county governments in Kenya by highlighting potential strategies for enhancing financial stability and mitigating fraud risks.

2.4 Summary of Reviewed Literature

This section reviewed literature relating to fraud and Service provision in organizations. The literature reviewed has revealed circumstances that promote fraud in entities. It has been revealed that pressure, opportunity, and justification are the major drivers of fraud in organizations with the variables required to exist at the same time for the occurrence of fraud to be perpetuated by victims who take advantage of their professional skills to manipulate records to their advantage. The review has shown that the major drivers of fraud are weak internal control systems with the weakness being capitalized on by employees to promote the utilization of Forensic Accounting in the enhancement of financial performance in County Governments in County governments in Kenya.

However, the reviewed literature shows that forensic Accounting policies and awareness of the same are key strategies in supporting the prevention of fraud. However, policies alone may not be adequate as e some employees may be driven by greed to circumvent the same. As such, Forensic Accounting if effectively embraced can play a critical role in supporting the containment of the occurrence of fraud in an organization due to its ability to undertake complex investigations and support litigation of promoters of fraud, the undertaking of analysis of financial records, and reconstruction of accounts as a basis of authenticating the reliability of financial statements prepared, all being measures that deter individuals' involvement in fraud. Among the determinants of effective implementation of goodwill from management as reflected in policy development, communication of the same, and resource allocation towards Forensic Accounting staff. Similarly, the review has revealed that Forensic Accounting can be handy in the reconstruction of proper accounting records in a situation where the same may have been fraudulently falsified. This position can be further enhanced through analysis of financial transactions through various ratios as a way of ascertaining the reliability of prepared financial statements.

Though some studies have been undertaken on the impact of Forensic Accounting on the Service provision of organizations, the review has shown that the extent of its implementation and its effectiveness vary from one organization to another. However, there was limited information on the current study and in the stated region. As such the study aimed at filling this gap by investigating the effect of Forensic Accounting on Service provision of county governments of County governments in Kenya.

2.5 Conceptual Framework

The study was pegged on the given conceptual framework that details the connection between the independent variable and the dependent variable. It's hypothesized that the independent variable with its components of Forensic Accounting policies, awareness of Forensic Accounting, and analysis of financial transactions and reconstruction of incomplete accounting records directly influences the dependent variable financial management of the county government in Kenya

Conceptual Frame work

The variables related to the study are conceptualized in Figure 2.4.

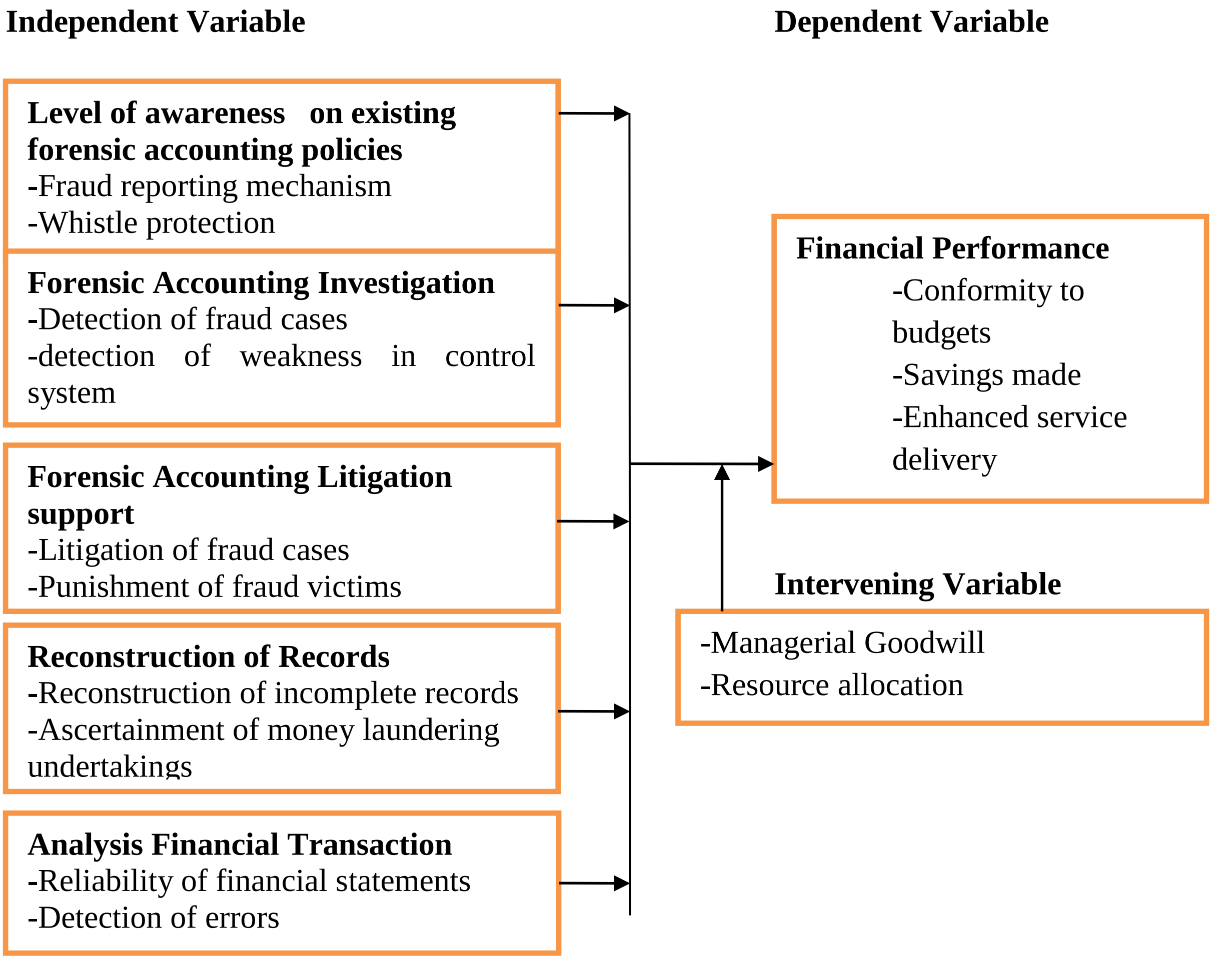

FIGURE 2.4

Conceptual Framework related to Study Variables

2.6 Operationalization of Research Variables

Two variables were used in the study, the independent and dependent variables. The independent variables in the study were: Forensic Accounting Services, whose indicators are conducting investigations, analyzing transactions, and reconstructing records. The dependent variable was financial performances, whose indicators were conformity to budgets in operations, ability to make savings without compromising quality, and enhanced service delivery. However, the ability to enhance service delivery can only be enhanced through intervening variables that depend on managerial goodwill and the allocation of adequate resources. Managerial Goodwill determines the extent to which management is willing to support the entrenchment of forensic accounting in their organization. Such support can only be achieved on conviction of management on the benefit that accrues on embracing forensic accounting and if they have the interests of their organization at their heart as opposed to selfish interests. Table 2.1 shows the operationalization of research variables.

TABLE 2.1

Operationalization of Research Variables

Objective	Variable	Indicators	Measure Scale	Analysis Techni
Influence of Level F accounting investigatio	**Independ** Forensic accountin Investigat **Depende** Financial Performa	➢ Regulatory compl ➢ Risk Assessment ➢ Financial reports	Nominal scale Ordinal scale	Frequencies Percentages Inferential
influence offi transaction analysi financial performance	**Independ** Transacti analysis **Depende** Financial Performa	➢ Source document ➢ Disclosure statem ➢ Financial reports	Nominal scale Ordinal scale	Frequencies Percentages Inferential
influence of reconst records on fi performance	**Independ** Reconstru of records **Depende** Financial Performa	➢ Financial reports ➢ Source documents	Nominal scale Ordinal scale	Frequencies Percentages Inferential
Influence of F accounting litigation	**Independ** Forensic accountin litigation **Depende** Financial Performa	➢ Disclosures ➢ Financial reports	Nominal Scale Ordinal Scale	Frequencies Percentages Inferential
level of awareness of accounting policies	**Independ** awareness accountin policies **Depende** Financial Performa	➢ Financial reports ➢ Disclosure	Nominal scale Ordinal scale	Frequencies Percentages Inferential

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The research methodology serves as a crucial link between the philosophical standpoint (epistemology and ontology) and the methods employed in a study. It provides structure to the research by defining the research problem and outlining the procedures to be followed. This chapter establishes the connection between the researcher and the respondents by detailing the research design, study area, target population, sampling techniques, instrumentation, reliability, and validity of data collection instruments, data collection procedures, data analysis techniques, and ethical considerations.

3.2 Research Design

Kozyri, Chong, and Myers,(2022) define research design as building blocks that are used in the guidance of the development of research procedure, by outlining critical processes to be followed during the undertaking of such study. Similarly, the design relates to the study problem to a suitable approach and offers the most operative means for data collection and analysis (Sharma, & Jha, 2023). The research design primarily falls into 3 general clusters, qualitative research and Mixed Method Research (MMR) with, the research design selected being influenced by the nature of the study to be undertaken (Molina-Azorin, & Fetters, 2022).

The purpose of this study is to systematically reveal the effect of Forensic Accounting on the financial performance of County governments in Kenya. Because this study will be in reality interpretivist, a Descriptive research design is most appropriate. Nyongesa, Mabele, & Murunga (2021) observe that descriptive research design is most suitable for the study of social sciences since it is mainly concerned with the description of the situation the way it is without the researcher manipulating the study variables. Since this study involved with investigation of which Forensic Accounting techniques are being used to control fraud as a way of enhancing Service provision of County governments in Kenya, the design has been found most appropriate for the study.

3.3 Target Population

Schutt, et al. (2015) define the target population as the total number of respondents who may be in different categories that the researcher intends to involve in the study due to perceived critical information, they hold in enabling the researcher to address research questions in line with the objectives of the study. The study targeted key personnel in the Accounting, Auditing, and Procurement departments more sensitive departments directly involved in with revenue expenditure, custody, or monitoring. As such, the study targeted one personnel each from Procurement, Accountants, and Audit in all County governments in Kenya. Personnel in the Procurement department were targeted because the department is critical in putting an organization in financial commitment, Accountants are targeted because they are in charge of records and reconciliation of accounts and the Audit department plays a critical role in monitoring compliance or conformity to organization process such as procurement and accuracy of accounting records kept by accountants. The study targets 47 Counties with a specific target of target 3 Officers (one each from Procurement, Accountants, and Audit) from each of the 47 County governments in Kenya. Therefore, the study targets a total of 141 respondents. The choice of different clusters of respondents is anchored on the belief in the separation of roles, making the researcher believe that each cluster of respondents is likely to have critical information that may inform the study. The breakdown is reflected in table 3.1

TABLE 3.1

Targeted Respondents

Sr/No	Position	Number
1	Accountant	47
2	Procurement Officer	47
3	Auditors	47
	Total	141

Source: Researcher 2023

3.5 Sample Size and Sampling Procedure

The sample size is the number of respondents who are part of the targeted population that will be involved in the actual study. On the side sampling is a process of selecting part of the population to be involved in the study whose findings form the basis of generalization about general characteristics of the population (Barasa, Likoko, &Ochwada, 2022). The need for sampling is driven by several Forensic Accounting factors. That includes; when the results are needed for Forensic Accounting, budgetary constraints, and when it may be unrealistic to involve the entire population in the study sampling is recommended when the number of elements in the population is less than 1000.

3.5.1 Sample Size

When choosing the sample size, Chepkoech (2021) recommends a sample size of at least 30 percent as the most appropriate in social research. Therefore, the study was conducted in 15 out of 47(30% of 47) County governments. As such each identified cluster of respondents (Procurement, Auditor, Accountant) had one key informant in each County; the total number of respondents was 42 as reflected in Table 3.2.

TABLE 3.2

Population and Corresponding Sample Size

Sno	Type of respondents	Population size	Sample
1	Procurement officers	47	15
2	Accountants	47	15
3	Head of audit	47	15
	Total	141	45

3.5.2 Sampling Procedure

Lumuli, Mabele, and Murunga (2021) define sampling procedure as the process that is followed in the process of selecting the actual respondents (sample size) from the total population that was involved in the study. As for this study, sample selection involved the selection of County governments to be involved in the study and the respondents representing the 3 identified cluster-Accountants, Procurement, and Auditors. The study County was selected using Convenience sampling while the respondents for each cluster were selected using purposive and convenience sampling techniques. According to Chepkoech (2021), though convenience sampling is not scientific, the method allows the researcher to use cases that can easily be accessed at their convenience. Given that County governments in Kenya are spread some in remote regions coupled with insecurity, Convenience sampling is deemed to be more appropriate.

Upon selection of study County governments, one respondent from each cluster was selected using purposive sampling and convenience technique. Purposive sampling is used in a situation where the researcher feels that the targeted group has adequate information to address the issues under investigation for this study (Chepkoech, 2021). Table 3.3 shows the summary of the sample and sampling procedure.

TABLE 3.3

Summary of Sample Size and Sampling Procedure for Respondent

Sr no	Type of Responder	Population Siz	Sample Size (3	Sampling Procedure
1	Procurement Office	47	15	Purposive, Convenienc
2	Accountant	47	15	Purposive, convenienc
3	Head of Audit	47	15	Purposive, Convenienc
Total		141	45	Purposive, convenienc

3.6 Data Collection Instruments

Lumuli, Mabele, and Murunga (2021) define sampling procedure as the process that is followed in the process of selecting the actual respondents (sample size) from the total population that was involved in the study. As for this study, sample selection involved the selection of County governments to be involved in the study and the respondents representing the 3 identified cluster-Accountants, Procurement, and Auditors. The study County was selected using Convenience sampling while the respondents for each cluster were selected using purposive and convenience sampling techniques. According to Chepkoech (2021), though convenience sampling is not scientific, the method allows the researcher to use cases that can easily be accessed at their convenience. Given that County governments in Kenya are spread some in remote regions coupled with insecurity, Convenience sampling is deemed to be more appropriate.

Upon selection of study County governments, one respondent from each cluster was selected using purposive sampling and convenient research instruments refers to tools that the researcher intends to employ in data collection to collect relevant information purposed to meet the objectives of the study (Rovian, Matovu, Alex, & Julius,2023). The researcher used the closed-ended questionnaire as the principal tool in data collection. Though Saleh, and Rahadian, (2022) advanced for design of a Questionnaire based on the concurrent design as a way of enriching the study, the complexity involved in the analysis of open-ended questionnaires has made the researcher majorly rely on closed-ended questionnaires. Open-ended items on the questionnaire were designed on a Likert Scale ranging from 1 for Strongly Agreed running up to 5 for Strongly Disagree.

Quantitative data to be collected were included in the demographic aspects of the target populace like department, level of education, and working experience amongst others. These types of data were considered critical in studies that are deductive particularly where there exists a need to authenticate a definite hypothesis, particularly in Social Sciences where the purpose is to come up with models, propositions, or philosophies relating definite phenomena (Byrne &Neville, 2010). Since this study sought to validate several hypotheses, quantitative data was critical.

3.7 Reliability and Validity of Instruments

The nature of the instruments and the extent to which the instruments are trusted are critical in coming up with the dependability of study findings. Maslow, Rehman, and John (2023) observe that validity is the degree to which a research instrument measures the intended. On the other hand, reliability signifies the stability of reported results collected using a particular instrument on a repeated measurement. As such, Baker and Foy (2008) affirm that while a valid measure will at all times be reliable, a reliable measure may not always be valid.

3.7.1 Reliability

Lumuli, Mabele, and Murunga (2022) quoting Godwin & Godwin, (1984) contend that the reliability of research instruments is important in research issues for two major motives: first, it promotes the reliability of research outcomes, and second, it is a necessary precondition for validity. Writing reliability, Clapp, et al (2023) observe that inner steadiness data gathering in terms of gathering entails the checking of data by the researcher to ascertain the reasonability of collected data, to add up as well as the level of consistency in apparent behavior through a period and circumstances. On the other hand, external consistency of data collected is achieved by corroborating collected data from different bases and approaches, a situation that is influenced by the investigator‘s inquiries, understandings, knowledge, and reservations; which involves the ability of the researcher to look at the respondent's and processes from diverse viewpoints (political, personal economic, and legal) and intellectually pursues responses. As such any variations in occurrence with time will be attributed to observed discrepancies as opposed to the method of data gathering (Zreik, et al, 2022).

On the other hand, Mitchell (1996), states that the consistency of questionnaires should be determined at the design stage. This should be ascertained based on results captured from piloting and computation of Correlation. Data captured from questionnaires administered during from piloting were used to compute Pearson’s Product Correlation Co-efficient (r). This was further improved using the tool triangulation procedure. Chepkoech (2021) quoting Charles (1988) observes that a correlation value reliability value of 7 or above is a testament to its reliability in making precise predictions.

3.7.2 Validity

As a way of ensuring the validity of research instruments, the instruments were given to research experts in the Department of Graduate Studies at KCA University to read and ascertain their appropriateness and suitability of questions in consideration of the study goals. Based on their comments, the extent of non-conformity was revisited and addressed preceding pilot study. Piloting was carried out in the TransNzoia County government before the actual study. Based on observations and recommendations made, the tools were strengthened before the actual study.

3.8 Data Collection Method

The researcher sought a letter of introduction from KCA University before proceeding to apply online for a permit to undertake research from the National Commission for Science, Technology, and Innovation (NACOSTI), an institution empowered with the responsibility of granting research permits in Kenya. Since the study was administered using two research assistants, they were comprehensively trained. The training was aimed at ensuring their awareness of expectations from them while in the field. Each research assistant covered seven Counties. The questionnaires were delivered and left by research assistants to County staff County and collected later in two weeks. This was meant to give the staff adequate time to respond to items on the questionnaire.

3.9 Data Analysis and Presentation

Data analysis is the process that entails the conversion of gathered raw statistics into a form that is appropriate to inform the verdict by removing inappropriate provisions, rectification of errors, and removing misplaced data. While conducting the analysis, the investigator examined the information on each research tool and ordered data based on objectives before coding and coding. Descriptive data consist of frequencies, proportion, means, and standard deviation. It was utilized in the description of the demographic aspects of the target populace like department, level of education, and working experience amongst others. Inferential exploration entailed multiple linear regression scrutiny to be used in the explanation of the correlation between the dependent and the independent variables. Study findings were presented in tables and charts.

The findings of the study were used to build the following linear regression analysis model.

Y= $\beta0 + \beta1K1 + \beta2K2 + \beta3K3 + \beta4K4 + \beta5K5$

Y= financial performance of County governments in Kenya

$\beta0$ =Constant

$\beta 1$, $\beta 2$, $\beta 3$ $\beta 3$, $\beta 4$ and $\beta 5$ =Coefficients of independent study variables

K1= level of awareness of Forensic Accounting

K2= extent to which Forensic Accounting Investigation

K3= Litigation Support of Forensic Accounting

K4= reconstruction accounting and auditing

K5= analysis of financial transactions

3.10 Diagnostic Tests

Diagnostic tests were conducted to confirm for anomalies given that linear regression is reactive to exception influences. Before the undertaking of linear regression, data was evaluated for suppositions of normality, linearity, homoscedasticity, and nonexistence of Multi-collinearity, Homoscedasticity, and Collinearity. The linear regression investigation demands that all Forensic Accounting factors should be multivariate normal. The tests are discussed herein.

3.10.1 Normality Test

In Normality Test, the extent to which variation between anticipated and obtained response variables are largely distributed around the dispersed dependent variable scores is evaluated by undertaking a normality test (Sebikari, 2019). This study performed the Shapiro-Wilk Test as a way of evaluating the normality of data distribution. The data is normally regarded to be a regular distribution when the significant value (p-value) is s below 0.05.

3.10.2 Homoscedasticity Test

To test for homoscedasticity, the Levene test for equality of variance was computed using the one-way ANOVA technique. When the p-value is greater than the level of significance of a = 0.05 it implies that there exists consistency of variances as suggested by Hult, et al (2021)

3.8.3: Heteroscedasticity

Heteroscedasticity is a situation where there exist regressions disturbances making variances are to be varied across observations (Casinillo, &Casinillo, 2020). This emerges in several applications, in both time-series and cross-section data, a situation that ends up estimating the level of efficiency (Khezri, Heshmati, &Khodaei, 2021). This test was carried out by performing the Breusch-Pagan Test. The **Breusch-Pagan test** is used to determine the existence or non-existence of heteroscedasticity in a regression model. The p-value of the test that is less than 0.05 signifies the existence of heteroscedasticity in the regression model.

3.10.4 Multicollinearity Test

Variance Inflation Factor (VIF) was used to test multi-co linearity which was then followed by an examination of value tolerance. According to Field, (2009) when a tolerance value is more than 0.1 for the entire autonomous and non-autonomous variables, the result is an indicator of no multi-collinearity whereas VIF of greater than 10 (VIF ~ 10) implies the existence of multi-collinearity

3.11 Ethical Consideration

McNabb and Murayama, (2021) state that Ethics in research refers to the process that involves the extent to which ethical doctrines are observed in planning the activities of the study and Forensic Accounting fabrication of study outcomes, grounded on track of decent values on the direction of right and wrong. The objective of ethical consideration is to reduce clashes that may emerge from the responsibility of such a study due non-observance of moral principles for the protection of the rights of respondents involved in the study (Payne & Payne, 2004). As such, ethics in research is geared at shielding issues touching on inappropriate practices that may include; meddling into individuals' confidentiality, mining of data through incentives, withholding research data, violation of self-freedom, and exposure of respondents through invasion of their privacy among other dubious matters (Al-Ababneh,,2020; Rowley, 2014). As a way of ensuring that this study was carried out within ethical parameters, the researcher first sought approval of a research permit from the National Council of Science, Technology, and Innovation (NACOSTI), a government body charged with the responsibility of authorization activities in Kenya before embarking on the study.

On undertaking of actual study, the researcher advised respondents not to write any form of identification on the questionnaire as a way of protection with data captured being given in the form of group responses as a way of guarding the identity of respondents. Similarly, the respondents were informed that they had an option of accepting or refusing to participate in the study, an aspect that made them make informed choices about their involvement in the study. On completion of the study, copies of research findings will be given to NACOSTI and other relevant institutions

CHAPTER FOUR

RESEARCH FINDINGS

4.1 Introduction

The purpose of the study was to investigate the Influence of Forensic Accounting Services on the Financial Performance of County Governments in Kenya. Data was collected through the administration of questionnaires that were analyzed descriptively with the use of Statistical Package of Social Sciences (SPSS) Version 23. This chapter presents the study's findings, their interpretation, and discussion.

4.2 Response Rate

The questionnaire was administered to 45 respondents out of which 38 were dully filled and returned representing a response rate of 84.44 percent. Chepkoech (2021) quoting Mugenda and Mugenda (2003) contends that a response rate of 70% and above is considered excellent for use in further statistical analysis.

4.3 Reliability Test

The questionnaire as an instrument for data collection was evaluated for reliability-ability to measure what it was intended to measure. This involved test involved the ascertainment of Cronbach's Alpha coefficient. The value obtained from statistical analysis was 0.981. Chepkoech (2021) quoting Charles (1988) observes that a correlation value reliability value of 7 or above is a testament to its reliability to make precise predictions. As such, the instrument made minimum criteria for use in further statistical analysis.

4.4 Background Information

This section is used for the presentation of background information relating to respondents. The evaluation under presentation is done under, gender, age, level of education, and worker experience.

4.4.1 Gender of Trainees and HoDs Respondents

The study sought the gender of the respondents. This was aimed at establishing the extent to which the attainment of gender parity had been achieved at study institutions. The findings are presented in Table 4.1.

TABLE: 4.1

Gender of Respondents

	Accountants		**P. Officers**		**Auditors**	
Gender		**Percentage**		**Percentage**		**Percentage**
Male	9	60	5	41.67	7	63.64
Female	6	40	7	58.33	4	36.36
Total	**15**	**100**	**12**	**100**	**11**	**100**

The findings in Table 4.1 reveal that the majority of accountants (60%) and Auditors (63.64) were men while the majority of procurement Officers were women (58.88%) were women. From the findings of the study, it may be reasonably interpreted that the positions of Accountants and Auditors at study institutions were dominated by men while the position of procurement officers was dominated by women. However, an appointment for all positions conformed with the conditional requirement which requires a gender rule that stipulates that for any employment opportunity or appointment, members of either gender should be at least thirty percent (RoK, 2010).

4.4.2 Age of Trainees and HoDs Respondents

The ages of various respondents were sought to allow the researcher to comprehend the structural composition of workers in targeted departments at study institutions considering that workers effectiveness of an employee is likely to increase with age, a determinant of experience. The findings are presented in Table 4.2.

TABLE 4.2

Ages of Respondents

Age Category **Yrs**	Accountants		Procurement Officers		Auditors	
	Freq.	**Percentage**	**Freq.**	**Percentage**	**Freq.**	**Percentage**
Less than 25	1	6.67	0	0	0	0
25-35	4	26.67	3	25	1	9.09
36-45	8	53.33	5	41.67	4	36.36
Above 45 Yrs	2	13.33	4	33.33	6	54.55
Total	**15**	**100**	**12**	**100**	**11**	**100**

The findings in Table 4.2 reveal that both the majority of accountant's respondents (53.33%) and Procurement Officers (41.67) were in the 36-45 age bracket, while the majority of auditors were above 45 years. It may be concluded that the majority of auditors were experienced people and were likely to have more work experience, making them have adequate expertise in the discharge of their duties.

4.4.3 Academic Qualification of Respondents

The study sought to establish the academic qualifications of respondents. This was critical because the academic experience of an individual is in equipping one with the necessary expertise in the discharge of duties or even falsification of information which may require an expert for its discovery. The findings are given in Table 4.3.

TABLE 4.3

Academic Qualifications of Respondents

Age Category **Yrs**	Accountants		Procurement Officers		Auditors	
	Freq.	**Percentage**	**Freq.**	**Percentage**	**Freq.**	**Percentage**
Diploma	2	13.33	1	8.33	0	0
Degree	10	66.67	5	41.67	2	18.18
Masters	3	20.00	6	50.00	9	81.82
Total	**15**	**100**	**12**	**100**	**11**	**100**

The findings in Table 4.3 reveal both majorities of auditors (81.82%) and Procurement Officers (50%) had a master's level of qualification while the majority of Accountants (66.67%) had bachelor's degree. Therefore, the majority of respondents had at least a first degree.

Further to academic qualification, the study sought to establish whether the respondents had any other qualifications the finding revealed that the majority of the respondents (33-86.84%) had at least other professional qualifications relevant to their area of operations. It may be reasonably concluded that the majority of respondents had qualifications that were likely to make them effective in the discharge of their duties or more likely to engage in Occupational Fraud which may need an expert such as a Forensic accountant to unearth.

4.4.4 Length of Stay at the Work Station

The study sought to establish the extent of the length of stay of the respondent at their current workstation. This line of inquiry was found relevant in lending to the credibility of the responses as the length of stay was likely to reveal the extent to which the respondents were likely to understand the issues that were under investigation. The findings are revealed in Table 4.4.

TABLE 4.4

Response of Length of Stay at Study Institutions

Sn	Duration	Frequency	Percentage
1	Less than 3 years	3	7.90
2	3-5 Year	7	18.42
3	6-10 Years	13	34.21
4	Over 10 years	15	39.47
5	**Total**	**38**	**100**

The findings from Table 4.4 reveal that the majority of respondents (39.47%) had stayed at the study institutions for more than 10 years and only 3(7.9%) had stayed at their current station for less than 3 years. This implies that over 70 percent of the respondents had stayed at study institutions for more than 5 years and such were likely to have relevant information to address the issues under inquiry thereby enhancing the credibility of study findings.

4.5 Descriptive Statistics.

This section presents descriptive statistics under various study themes about County governments namely: the level of awareness on existing forensic accounting policies on financial management practices, the extent to which Forensic Accounting Investigation is used to detect financial frauds, the extent to which Litigation Support is used to prevent financial fraud and mismanagement in County governments and effectiveness of reconstruction accounting and auditing in safeguarding public funds and assets in the County.

4.5.1 Level of Awareness of Existing Forensic Accounting Policies on Financial Management Practices

The first objective of the study sought to assess the level of awareness of existing forensic accounting policies relating to financial management practices in the County governments. Data to address this objective was captured using a questionnaire from positive statements developed on a Likert scale that ran from 1-5 with 1 standing for Strongly Agree and 5 for Strongly Disagree. The responses were used to run descriptive statistics reflected in Table 4.5.

TABLE 4.5

Descriptive Statistics on of awareness on Existing Forensic Accounting Policies

Variable Statement	N	Mean	Std. Deviation
Fraud hinders an organization from achievement	38	1.5789	0.50036
We have well-developed Forensic Accounting policies that meant to address fraud risk	38	3.1316	1.31870
New induction of new employees on fraud and consequence	38	3.3158	1.49061
Periodic Sensitization on fraud policies	38	3.1053	1.48487
Display of information on fraud Strategic fraud	38	1.4474	0.50390
As a result of sensitization there are low incidences of fraud	38	2.7632	1.23975

The research objective was concerned with the evaluation of the extent of awareness relating to needed to forensic accounting policies that had been created as part of the county government's conventional policies on fraud control. This inquiry was critical as the existence of policies on fraud control and the creation of awareness is a critical initiative in fraud management. The study first sought to establish from the respondents their perception of whether fraud in an organization can hinder an organization from achieving its goal. The findings in Table 4.5 reveal all respondents agreed with this positive statement at a mean of 1.5789 and an SD of 0.50036, an SD < 1.000. An inquiry regarding the existence of well-developed forensic accounting policies generated diverse responses with a mean of 3.1316 and SD 1.31870(SD>1.000). Similarly, the level of agreement on the induction of new employees on policies regarding fraud in the organization and associated consequences returned a mean of 3.3158 and an SD>1.000, an indicator of the diversity of opinion among the respondents. Similar diversity among the respondents was witnessed in the existence of periodic sensitization by management on fraud policies at a mean of 3.1053 with an SD of 1.48487, a value that is more than one (1). However, the Display of information on fraud at Strategic points in the organization was fairly rated at a mean of 2.1474 and SD of 0.50390(SD < 1.000).

Generally, an inquiry of whether incidences of fraud were low as a result of the creation of awareness had a mean response of 2.7632 with an SD of 1. 23975. This finding is an indicator that on average the respondents were in agreement that the existence of policies and associated awareness programs among employees had some influence on the financial performance of County governments in Kenya. Rohit Mahajan and Sharma (2014) writing importance of the creation of awareness about the existence of various policies such as policies fraud control is critical in an organization. They advance that employees' awareness of their responsibilities regarding fraud and transgression controls arises with practical communication and teaching. Similar to any other compliance determination, real fraud control in an organization implies enlightening employees to comprehend the critical role they play in the prevention, detection, and deterrence of fraud. The findings further echo the findings of the Study by Seda and Peterson-Kramer (2014) who suggested that for an organization to have a clear track on fraud and its effect on the people, there need to accept that fraud discouragement and exposure training was crucial.

4.5.2: Forensic Accounting Investigation and detection of financial frauds

The second objective of the study sought to examine the extent to which Accounting Investigation is used to detect financial fraud in County governments in Kenya. Data to address this objective was captured using a questionnaire developed using positive statements developed on a Likert scale that ran from 1-5 with 1 standing for Strongly Agree and 5 for Strongly Disagree. The captured responses were used to run descriptive statistics reflected in Table 4.6.

TABLE 4.6

Descriptive Statistics on Forensic Accounting Investigation and detection of financial frauds

Variable Statement	N	Mean	Std. Deviation
Investigation leads to fraud detection	38	1.5789	0.50036
Fear of discovery on investigation leads to fraud control	38	2.7368	1.40817
Availability and adequacy of forensic accountants' key for effective investigation	38	1.8158	.95451
This county is adequately staffed with forensic accountants	38	2.8158	1.35278
Discovery of fraud by forensic accountant in the past on investing	38	2.8684	1.45511

The finding in Table 4.6 relates to descriptive statistics of responses on positive statements for responses on various study variables that were under investigation relating to forensic accounting investigation and detection of financial frauds in County governments in Kenya. The first statement sought to establish from the respondents their level of agreement on whether forensic accounting Investigation leads to fraud detection. The analysis of this item returned a mean of 1.5789 with an SD of 0.50036(SD < 1.000). This implies that the respondents were in tight agreement that embracing forensic investigation services in an organization such as a county government is likely to unearth any fraudulent activities in financial management. This finding is in agreement with earlier scholarship. Santos Filho, Carlos, and Costa, (2017) observe that accounting investigation may be criminal accounting proficiency linked to forensic crime analysis or connected to accounting of compensations in civil proceedings, like insurance.

An inquiry of whether fear of discovery on investigation may be a way of containing fraud had a mean of 2.7368 and an SD of 1.40817, an indicator of the average level of agreement among the respondents. Similarly, the study sought to establish whether the respondents believed that for proper investigation adequacy of forensic accountants in an organization is critical. The response on this element had a mean of 1.8158 and an SD of 0.95451(SD < 1.000). This finding is an indicator that the respondents generally agree that the adequacy of forensic accountants in an organization is critical for proper investigation and discovery to be undertaken in an organization. The study further sought to establish the extent of staffing of study institutions that had been staffed with forensic accountants. A positive statement postulating that this county is adequately staffed with forensic accountants given to respondents and scored revealed a mean response of 2.8158 and an SD of 1.35278. The questionnaire had an item that sought to establish whether past investigations by forensic accountants had been able to lead to the discovery of fraud incidences. The response returned a mean 2.8684 of and an SD of 1.45511(SD>1.000) with 16 out of 38 respondents (42.1%) either agreeing or strongly agreeing with the positive statement

In conclusion, it was established that all responses in the five variables that were under investigation returned a mean of 1.5789,2.7368,1.8158,2.8158 and 2.8684 with an SD of 0.50006 and above implying that the majority of respondents were strongly in agreement or in agreement that forensic accounting investigation has a critical role in in discovery and control of financial fraud. This finding was an indicator of a fairly diverse level of agreement among the respondents on the item. Okafor and Onyali (2015) established that the effectiveness of the application of forensic accounting in an organization is pegged on the extent to which an organization can be adequately staffed by forensic accountants. Adequate staffing of forensic accountants was found to be critical in enabling scrutiny of documents to discover new information and assistance in the reconstruction of irregular quotas of a corporation's financial problems in an endeavor to solve the demanding problems.

4.5.3: Litigation Support and Prevention Financial Fraud and Mismanagement

The third objective of the study sought to establish the extent to which Litigation Support is used to prevent financial fraud and mismanagement in County governments in Kenya. Data to address this objective was captured using a questionnaire developed using positive statements developed on a Likert scale that ran from 1-5 with 1 standing for Strongly Agree and 5 for Strongly Disagree. The captured responses were used to run descriptive statistics reflected in Table 4.7.

The finding in Table 4.7 relates to descriptive statistics of responses on positive statements for responses on various study variables that were under investigation relating to forensic accounting investigation and detection of financial frauds in County governments in Kenya. The first statement sought to establish from the respondents their level of agreement on whether forensic accounting Investigation leads to fraud detection. The analysis of this item returned a mean of 1.5789 with an SD of 0.50036(SD $<$ 1.000). This implies that the respondents were in tight agreement that embracing forensic investigation services in an organization such as a county government is likely to unearth any fraudulent activities in financial management. This finding is in agreement with earlier scholarship. Santos Filho, Carlos, and Costa, (2017) observe that accounting investigation may be criminal accounting proficiency linked to forensic crime analysis or connected to accounting of compensations in civil proceedings, like insurance.

An inquiry of whether fear of discovery on investigation may be a way of containing fraud had a mean of 2.7368 and an SD of 1.40817, an indicator of the average level of agreement among the respondents. Similarly, the study sought to establish whether the respondents believed that for proper investigation adequacy of forensic accountants in an organization is critical. The response on this element had a mean of 1.8158 and an SD of 0.95451(SD < 1.000). This finding is an indicator that the respondents generally agree that the adequacy of forensic accountants in an organization is critical for proper investigation and discovery to be undertaken in an organization. The study further sought to establish the extent of staffing of study institutions that had been staffed with forensic accountants. A positive statement postulating that this county is adequately staffed with forensic accountants given to respondents and scored revealed a mean response of 2.8158 and an SD of 1.35278. The questionnaire had an item that sought to establish whether past investigations by forensic accountants had been able to lead to the discovery of fraud incidences. The response returned a mean 2.8684 of and an SD of 1.45511(SD>1.000) with 16 out of 38 respondents (42.1%) either agreeing or strongly agreeing with the positive statement

In conclusion, it was established that all responses in the five variables that were under investigation returned a mean of 1.5789,2.7368,1.8158,2.8158 and 2.8684 with an SD of 0.50006 and above implying that the majority of respondents were strongly in agreement or in agreement that forensic accounting investigation has a critical role in in discovery and control of financial fraud. This finding was an indicator of a fairly diverse level of agreement among the respondents on the item. Okafor and Onyali (2015) established that the effectiveness of the application of forensic accounting in an organization is pegged on the extent to which an organization can be adequately staffed by forensic accountants. Adequate staffing of forensic accountants was found to be critical in enabling scrutiny of documents to discover new information and assistance in the reconstruction of irregular quotas of a corporation's financial problems in an endeavor to solve the demanding problems.

4.5.3: Litigation Support and Prevention Financial Fraud and Mismanagement

The third objective of the study sought to establish the extent to which Litigation Support is used to prevent financial fraud and mismanagement in County governments in Kenya. Data to address this objective was captured using a questionnaire developed using positive statements developed on a Likert scale that ran from 1-5 with 1 standing for Strongly Agree and 5 for Strongly Disagree. The captured responses were used to run descriptive statistics reflected in Table 4.8.

TABLE 4.8

Descriptive Statistics on Litigation Support and Prevention Financial Fraud and Mismanagement

Variable Statement	N	Mean	Std. Deviation
Litigation as a deterrent	38	2.6053	1.34646
Forensic accountants can be used as experts on cases that may involve fraud	38	1.4474	0.50390
Past prosecution of fraud cases	38	3.0000	1.48870
Success conviction in the past	38	3.5263	1.33025
We have had recoveries made from previous fraud cases	38	3.6053	1.34646

Table 4.8 is a presentation of descriptive statistics relating to positive statements of respondents on various variables that relate to litigation support and prevention of financial fraud and mismanagement. The variables investigated included: the ability of litigation to be a deterrent to engagement in fraud, the ability of forensic accountants to be used as experts in cases relating to fraud; whether there were prosecution of cases relating to fraud in the past;

whether there were successful conviction and recoveries made from previous beneficiaries from previous fraud cases. The findings returned means of 1.4053, 1.4474, 3.0000, 3.5263, and 3.6053 respectively with corresponding SD of 1.34646, 0.50390, 1.48870, 1.33025, and 1.34646.

Therefore, based on the responses, there was strong agreement among the respondents that litigation of fraudulent cases can deter the involvement of employees in fraudulent activities. Similarly, the respondents were strongly in agreement or in agreement with the fact that forensic accountants can be key in the prosecution of cases involving financial fraud, a finding that was in agreement with earlier studies. Karabayir (2019) established that accounting had played a key role in the United States where it first originated in settling criminal cases. Forensic accountant's role in litigation was in the collection of reliable financial information, analysis of the data, and preparation of reports in the light of these facts. Similarly, another role involves the preparation of both questions and directs the questioning which may form the basis of inquiry in an investigative undertaking.

Based on study findings, respondents had divergent views on the prosecution of past cases of fraud, the conviction of fraud cases, and recoveries from past beneficiaries of fraud as the variables had means of .0000, 3.5263, and 3.6053 respectively and SD above one (1). This finding may be an indicator that despite the ability of accountants to be critical in the management of fraud through litigation support, the extent to which county government had embraced the same was relatively low. This is likely to be one of the major causes of the continued perpetuation of fraud in various departments of government. For instance, the report of EACC for the first quarter stating 1st January to 31st March 2023 (EACC /F1/INQ/2016) that was on an inquiry into irregular procurement on Movoko Town Block No 3/2545 by the Ministry of Devolution and Planning in the year 2013 where a forged valuation report was used leading a loss of Ksh 22 million. The owner of the land was paid Ksh 38 million, 22 million above the actual valuation price (EACC, 2023).

4.5.4 Role Reconstruction Accounting and Auditing in Safeguarding Public Funds and Assets

The fourth objective of the study was concerned with an evaluation of the effectiveness of reconstruction accounting and auditing in safeguarding public funds and assets in County governments. Data to address this objective was captured using a questionnaire developed using positive statements developed on a Likert scale that ran from 1-5 with 1 standing for Strongly Agree and 5 for Strongly Disagree. The captured responses were used to run descriptive statistics reflected in Table 4.9.

TABLE 4.9

Descriptive Statistics on Role Reconstruction Accounting and Auditing in Safeguarding Public Funds and Asset

Variable Statement	N	Mean	Std. Deviation
Auditing is key in establishing reliability of financial statements	38	1.6053	.49536
Auditing and discovery of weakness in control	38	2.0000	1.01342
Auditing by internal and external	38	1.5000	.50671
Previous audits have revealed incidences of fraud	38	2.6316	1.23946
Previous audit used to strengthen control	38	2.3158	1.29667

The study first sought to establish from the respondents their understanding of whether auditing an aspect of forensic accounting function can establish the reliability of the financial statements of an organization. The response returned a mean level of agreement of 1.6054 with an SD of 0. 49536. These findings indicate the respondents agreed that auditing as a forensic accounting service can reveal any fraudulent activity in financial transactions.

Secondly, the study sought to establish from the respondents their level of agreement on whether the auditing program in the organization can reveal a weakness in the control system of the organization. Such a control system may be concerned with weakness in the control system that may be concerned with control of any fraudulent activities. The mean response on this item was 2.0000 with an SD of 1.01342*;* an indicator of convergence among the respondents that auditing can reveal the weakness in any control measures that may be in place in an organization, leading to the strengthening of the same.

The third variable involved a statement that sought to establish from the respondents the level of agreement among the respondents on whether there was regular auditing of the organization by both internal and external auditors. The level of agreement had a mean response of 1.5000 and an SD of 0.50671(SD < 1.000). This implied that there was regular auditing and as such any weakness in the control system was likely to be identified and acted upon, thereby strengthening internal control measures. They further sought to establish the level of agreement among the respondents on whether the previous audits had been able to reveal fraudulent activities related to financial matters. The results revealed that there was a fair consensus level of agreement among the respondents that the previous audit had unearthed fraudulent activities at a mean agreement of 2.6316 and an SD of 1. 23946. The Same investigation was extended in seeking agreement on whether previous audits had revealed any areas of weakness in the internal system that needed strengthening. This response returned a mean level in the agreement of 2.3158 with an SD of 1. 29667. These findings are a pointer that auditing had played had played a key role in enhancing the financial performance of study organizations.

These findings are in agreement with earlier study works of Alleyne, Howard, and Greenidge (2006) which established that a full adoption audit of organization operations is very critical in the identification of weaknesses of operation system, making an organization benefit from reform measures that may be put in place to address the weakness identified. This position was echoed by, Budhram, and Geldenhuys, (2018) who contend that Occupational Fraud a one of the critical barriers to national development as such action denies the nation critical resources that could have been used to enhance national development. Such action may involve the destruction of critical records or falsification of the same and may not be easily discovered. However, the study establishes that embracing the professional services of forensic accountants may go a long way in revealing such irregular undertakings through undertakings that involve reconstruction of records which may end up giving the actual true and fair position relating to operations. According to the Reporting Centre of Financing Report Reform (2018) on the need for internal audit of an organization state that enterprise risk management is a process, effected by an entity's management, board of directors, and other personnel, functional in strategy location and across the enterprise, intended to identify possible events that may affect the unit, and manage risk to be within its risk appetite and to provide balanced assurance regarding the achievement of entity objectives".

4.5.5 Analysis Financial of Transactions and Detection and Prevention of Financial Frauds

The fifth and last objective of the study was to analyze how financial transactions were being used in the detection and prevention of financial fraud in County governments in Kenya. Positive statements on related variables developed on the Likert scale were given to respondents and scored. The scores were used to generate descriptive statements given in Table 4.10.

TABLE 4.10

Descriptive Statistics on Financial analysis of financial transaction on Detection and Prevention Financial Frauds in County Governments in Kenya

Variable Statement	N	Mean	Std. Deviation
Forensic data analysis assists in fraud mitigation in an organization	38	1.6316	.54132
Forensic data analysis is can assist in identification of actual promoters of fraud assisting in removal of such victims there by enhancing efficiency	38	1.9211	.99679
Forensic data analysis is can assist in identification of actual promoters of fraud assisting in removal of such victims there by enhancing efficiency	38	1.5789	.68306
Forensic data analysis reviews complex financial issues leading to reduced financial frauds in our organization	38	1.7895	.70358
Forensic data analysis has helped in fraud control in my organization by assisting in establishment of unusual transactions before they develop into fraud	38	1.9474	.98495

Diagnostic tests were carried out to check for irregularities since linear regression is sensitive to exception influences. Before undertaking linear regression, it was critical to ascertain that The findings in Table 4.10 relate to findings on an analysis of financial transactions in the detection and prevention of financial fraud. The first variable sought the level of the agreeableness of the respondents on the positive statement that postulated that "Forensic data analysis can assist in the identification of actual promoters of fraud assisting in the removal of such victims thereby enhancing efficiency". The response had a mean of 1.6316 and an SD<1. This finding implies that the respondents agreed with the positive statement.

The second statement sought to establish the level of agreement among the respondents on various variables relating to forensic accounting and fraud control. The variables considered were whether: Forensic data analysis had helped in fraud control in the organization by assisting in the establishment of unusual transactions before they develop into fraud, Forensic data analysis had helped in fraud control in the organization by assisting in the establishment of unusual transactions before they develop into fraud, Forensic data analysis can assist in identification of actual promoters of fraud assisting in removal of such victims thereby enhancing efficiency. Forensic data analysis reviews complex financial issues leading to reduced financial fraud in our organization Forensic data analysis has helped in fraud control in my organization by assisting in the establishment of unusual transactions before they develop into fraud. The variables had means of 1.6316, 1.9211, 1.5789 1.7895, and 1.9474 respectively with all having an SD of less than 1. These findings indicate that the majority of respondents were either in agreement or strongly in agreement with variables that were under inquiry. This implied that forensic data analysis had played a key role in containing cases of fraud in county governments.

These with the findings of Owojori and Asaolu (2009) undertook a study that sought to how forensic accounting could be used to Solve the vexed problems in the corporate world. The study found that for complex business transactions to be properly understood, forensic accountants often aid in the analysis, summary, and presentation of the transactions to establish the actual financial state even where there are manipulated or destroyed financial accounting records through a process known as reconstruction.

Fraud has been recognized as one of the chief threats to the global economy as demonstrated by various documents and audit reports and has become transnational. Amongst the major promoters of cases of fraud are workers of the establishments in what is labeled as Occupational Fraud and Abuse (OFA). This is evidenced in several cases of fraud that have been documented globally. Westhausen, (2017) observes that fraud is perpetuated through the payment of cheques to fictitious companies created and controlled which did not provide any goods or services to defrauded organizations. The complex dimensions assumed by perpetrators of fraud have made it difficult to have the situation handled by normal accountants.

4.6 Diagnostic Tests

The linear regression analysis demands that all factors have to be multivariate normal. This assumption could be best tested using a histogram or a Q-Q-Plot. Normality can be established with goodness of fit tests, such as the Kolmogorov-Smirnov test. At the point when the data is not habitually disseminated a non-linear change may repair this issue. The scatter plot is a suitable tactic to validate whether the data is homoscedastic as it averages the residuals that correspond over the regression line. A study that violates multiple regression analysis assumptions may give a biased relationship estimate. Chatterjee and Hadi, (2012) observe that results in over- or under-confidence of regression of the precision coefficients and confidence intervals cannot be dependable.

4.6.1 Normality Test and Linearity Test

The normality of the regression model was tested to establish that the assumption of normalcy in distribution was achieved. Linearity implies that the indicator factors in the regression have a straight-line relationship with the result variable. Normality test, linearity test, and homoscedasticity outcomes are shown in Figures 4.1 and 4.2. These results show that the data follow the normality line as there were no drastic deviations.

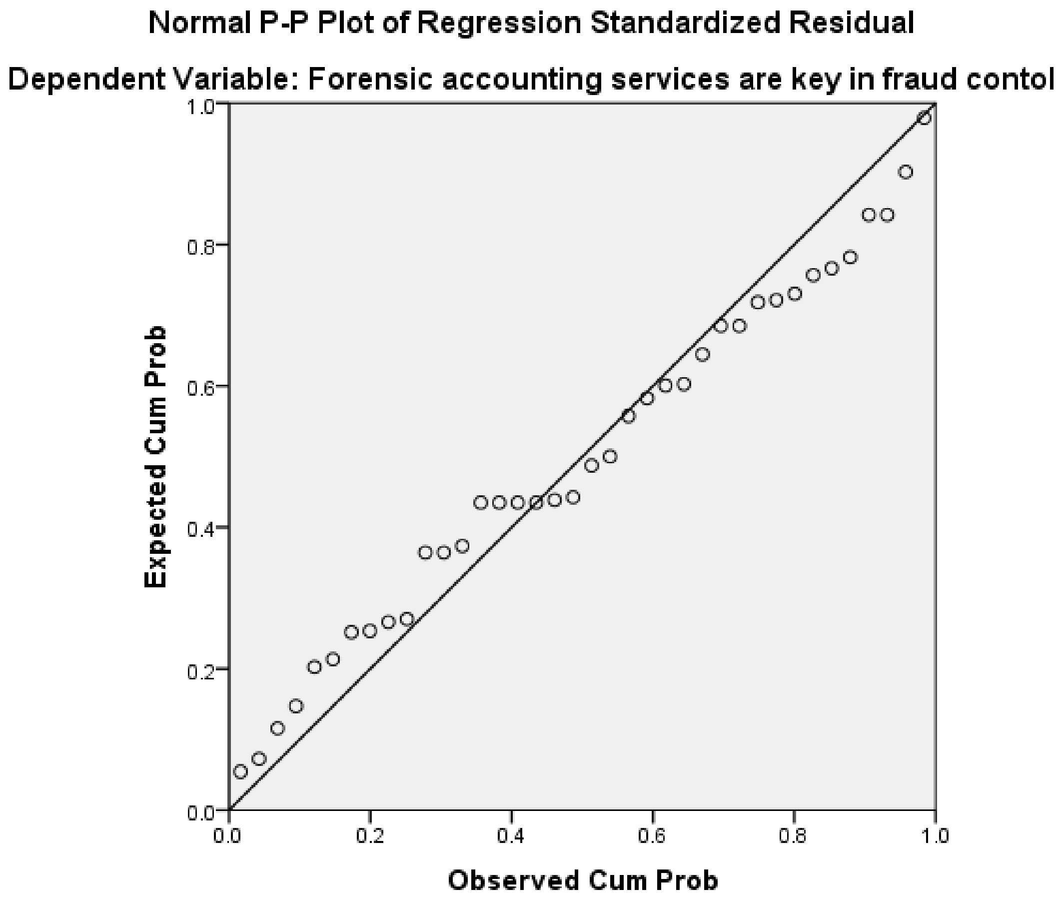

FIGURE 4.1

Normal p-p plot of Regression Standardized Residua

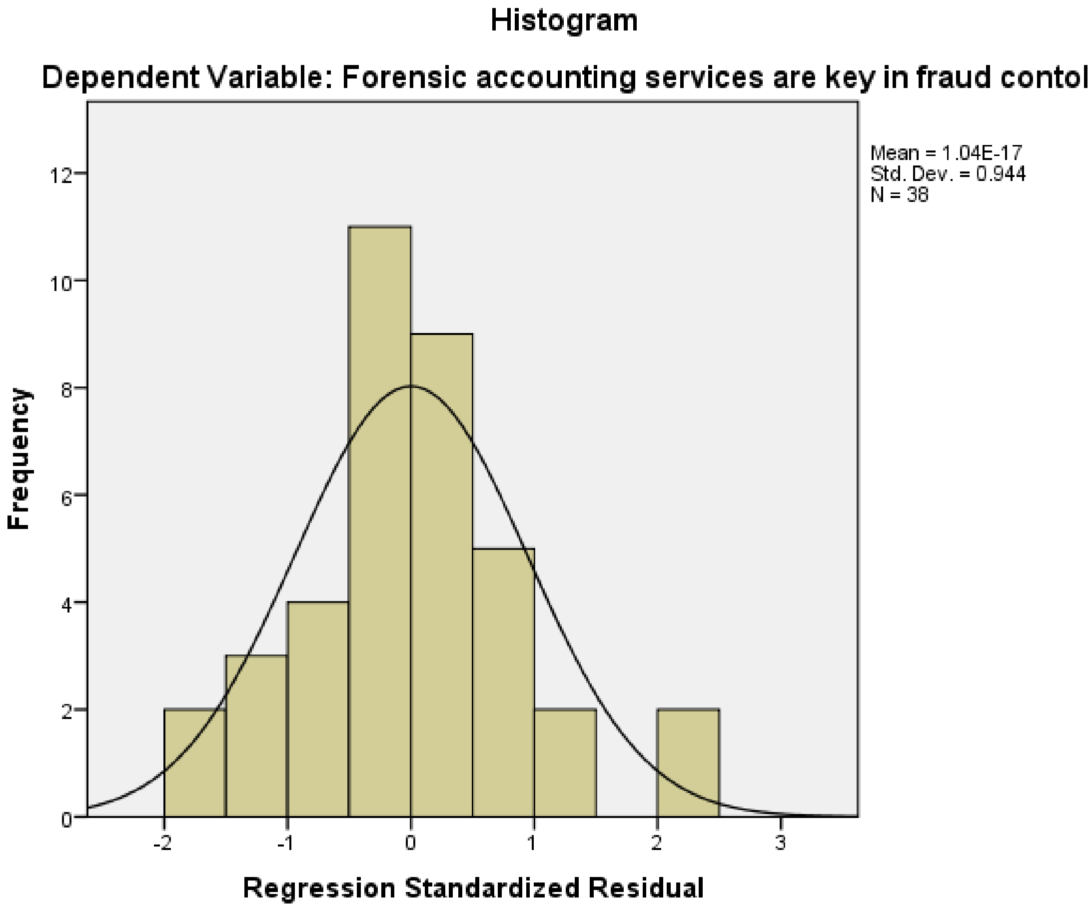

FIGURE 4.2

Histogram showing most of the Points lie within the Normal Curve

4.6.2 Heteroscadasticity / homoscedasticity Test

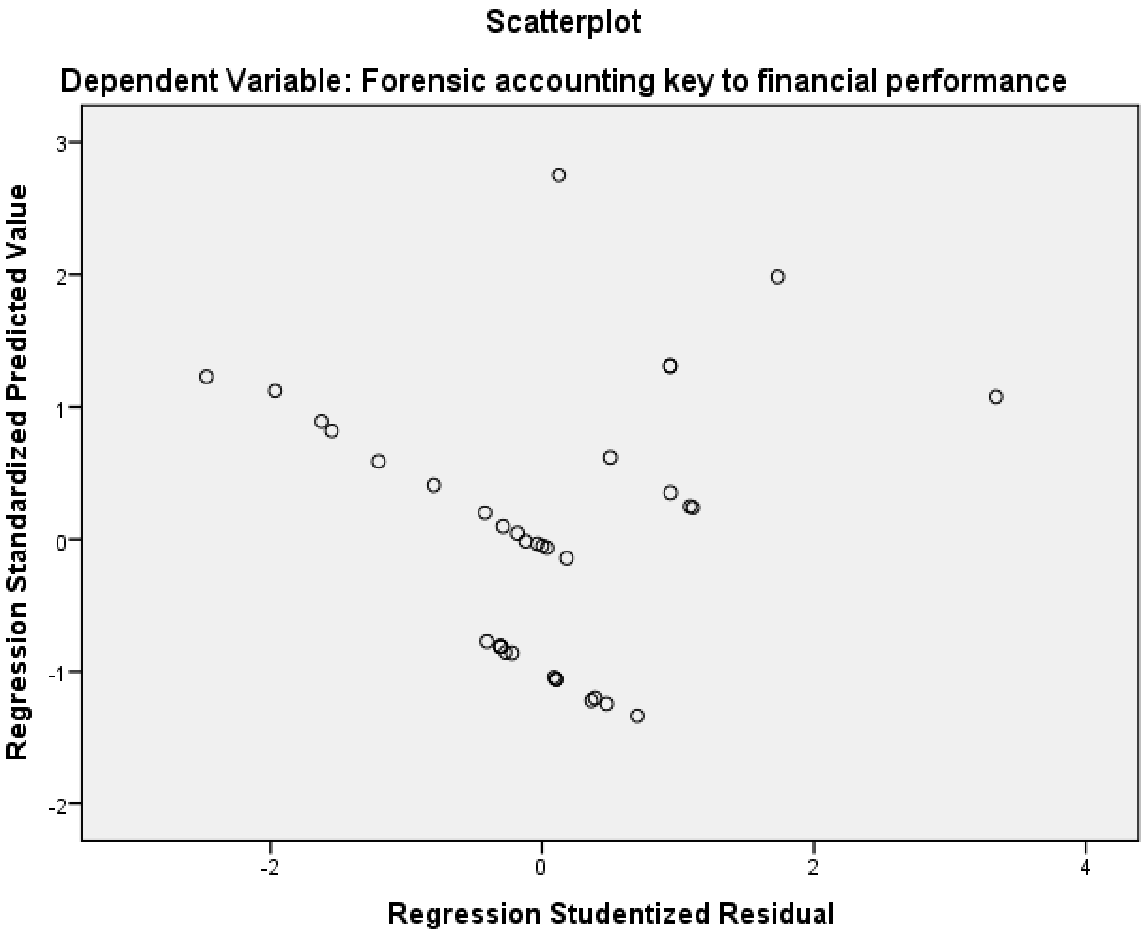

FIGURE 4.3

Heteroscadasticity/ homoscedasticity Test

The heteroscedasticity/homoscedasticity test was undertaken using linear regression. The findings are reflected in Figure 4.3. The test is normally used to establish the level of uniformity of variances for a variable calculated involving two or more groups. The significance level for this study was α =5%, with p ≥0.05, demonstrating homogeneity of variances. Homoscedasticity undertakes that the difference is all over the regression line and is equal for all sets of data of the independent variables. Where there is inconsistency in a variable, it averages the data is not homogeneous otherwise called heteroscedasticity. This happens when there are cases in the error term of the variance, which should be constant.

Outcomes illustrated that data for the five constructs in this study did not differ significantly, hence a signal of homogeneity and lack of heteroscedasticity.

4.6.3 Multi-Collinearity

Multi-collinearity occurs when the independent variables are closely associated with each other. Such an occurrence can have destructive effects on multiple regression results. To estimate the interrelations between predictor variables, VIF was employed as it estimates the variance of parametric statistic inflation. VIF identifies the existence of multi-collinearity in regression analysis. The data had variance inflation factor values of below five and tolerance above 0.2 is an indicator of no Multi-collinearity (O'Brien, 2007). The findings are reflected in Table 4.11.

TABLE 4.11

Multi-collinearity Tests

Variables	Collinearity Statistics	
	Tolerance	**VIF**
awareness on existing forensic accounting policies	0.459	2.177
Investigation and detection of financial	0.384	2.604
Litigation Support	0.462	2.165
reconstruction accounting and auditing	0.434	2.302
Analysis of financial transactions	0.747	1.339

The results in Table Outcomes show that there was no problem with multi-collinearity as tolerance values were all above 0.20 (0.459, 0.384, 0.462, 0.434, and 0.747) and VIF values were all below 5 for all the variables (2.177, 2.604, 2.165, 2.302 and 1.339).

On establishment that the problem of Multi-collinearity did not exist, from diagnostic tests, the initial multiple regression equation was assumed.

$Y = \beta 0 + \beta 1k1 + \beta 2k2 + \beta 3k3 + \beta 4k4 + \beta 5k5$

Y= financial performance of County governments in Kenya

$\beta 0$ =Constant

$\beta 1$, $\beta 2$,$\beta 3$ $\beta 3$, $\beta 4$ and $\beta 5$ =Coefficients of independent study variables

K1= level of awareness of Forensic Accounting

K2= extent to which Forensic Accounting Investigation

K3= Litigation Support of Forensic Accounting

K4= reconstruction accounting and auditing

K5= analysis of financial transaction

4.7 Inferential Statistics

This section presents inferential statistics relating to the study variables. The statistics investigated were the Pearson Correlation coefficient which was aimed at evaluating the extent of the relationship between independent and dependent study variables and regression analysis that was used for the analysis of variance and development of model summary

TABLE 4.12

Pearson's Correlation Coefficient

Correlations							
		X1	X2	X3	X4	X5	X6
X1	Pearson Correlation						
	Sig. (2-tailed)						
	N						
X2	Pearson Correlation	.833**					
	Sig. (2-tailed)	.000					
	N	38					
X3	Pearson Correlation	.655**	.840**	1			
	Sig. (2-tailed)	.000	.000				
	N	38	38	38			
X4	Pearson Correlation	.575**	.762**	.788**	1		
	Sig. (2-tailed)	.000	.000	.000			
	N	38	38	38	38		
X5	Pearson Correlation	.607**	.829**	.909**	.853**	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
	N	38	38	38	38	38	
Y	Pearson Correlation	.600**	.706**	.775**	.707**	.709**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	38	38	38	38	38	38

**. Correlation is significant at the 0.01 level (2-tailed).

Key

X1= level of awareness of Forensic Accounting fraud control policies, X2= Extent to which Forensic Accounting Investigation, X3= Litigation Support of Forensic Accounting, X4= reconstruction accounting and auditing, X5= analysis of financial transactions, financial performance of County

The findings in Table 4.11 reveal that there was a strong positive relationship between independent and dependent variables that were under investigation for they all had a value of 0.600 and above. The correlation between the level of awareness(X1) and the financial performance of governments(Y) was the lowest at 0.600 while litigation support(X3) and financial performance of County governments were highest at 0.775

4.7.1 Analysis of Variance

TABLE 4.13

ANOVA

Model		**Sum of Squares**	**Df**	**Mean Squares**	**F**	**Sig.**
1	Regression	35.066	5	7.013	11.919	.000[b]
	Residual	18.828	32	.588		
	Total	53.895	37			

a. **Dependent Variable: Y**
b. **Predictors: (Constant), X5, X4, X3,X2,X1**

The findings in Table 4.13 show the results of the ANOVA test. The ANOVA was done to evaluate the significance of the model. The analysis is carried out by examining the p-value in the significance column. For the model to be considered significant, the p-value should be less than 0.05(Chepkoech, 2021). Observation in the significance column above shows that the p=0.000.Hence the model was considered significant and reliable in explaining the variables that were under study.

4.7.2 Regression Model Summary

TABLE 4.14

Study Model

Model	R	R Square	Adjusted R Square	Std error of the estimate	R Square Change	Change Statistics			
						F change	df1	df2	Sig.F change
1	.807[a]	.651	.596	.76706	.651	11.919	5	32	.000

Predictors (Constants): X1 X2, X3 X4, and X5

Table 4.14 shows the results of the Regression analysis that was undertaken to establish the composition of independent study variables in dependent variables as defined by the objectives of the study. The figure of R2 shows the value of independent variables that can be found in the dependent variable. The range of R is from -1 to 1 with the closer the value of R is to 1 being an indicator of the closer the relationship (Correlation). The value R shows how much the dependent variable "financial performance" can be attributed to forensic accounting services. The value of R is 0.807, signifying Multiple Correlations that display high Correlation. The adjusted R2 is for regularization of R2 to ensure that it assumes the best fit model of the estimate. The adjusted R Square from the table is 0.596. This denotes that 59.6 percent of dependent variables can be influenced by independent variables in the model for the expression linking the variables.

TABLE 4.15

Regression analysis of influence of forensic accounting Services on Financial Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.459	.091		26.895	0.000
	Awareness(X1)	.0.298	.056	.303	5.308	0.000
	Investigation X2	.126	.081	.0119	1.565	.009
	Litigation Support (X3)	.942	.130	.750	7.255	.000
	Reconstruction accounting and auditing (X4)	.553	.124	.444	4.447	.000
	Analysis of transactions(X5)	0.512	.177	.472	2.897	.004

a. Dependent Variable: Financial Performance

The findings in Table 4.15 show a regressional analysis that was aimed at establishing the relationship between independent and dependent study variables. First, the analysis was aimed at evaluating the significance of the model and ascertaining its dependability in establishing the significance of the relationship between independent and dependent study variables. Examination of the significance column shows that the p values for all variables were less than 0.05, an indicator that the model was dependable in making accurate predictions about the study variables. As such the following model was developed.

$Y=2.459 +0.298X1 +0.126X2 +0.942X3 + 0.553X4 + 0.591X5$

X1= level of awareness of Forensic Accounting fraud control policies, X2= Forensic Accounting Investigation, X3= Litigation Support of Forensic Accounting,

X4= reconstruction accounting and auditing, X5= analysis of financial transactions, Y=financial performance of County

Based on the findings it can be reasonably concluded that an increase in one's level of awareness of Forensic Accounting fraud control policies, Forensic Accounting Investigation, Litigation Support of Forensic Accounting, reconstruction accounting and auditing, and financial analysis will lead to an increase in financial performance by 0.298, 0.126, 0.942, 0.553 and 0.591 respectively. This implies that of the forensic accounting variables that were under study, the greatest contributor to the financial performance of county governments was litigation support as it accounted for 88.73 percent of financial performance.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter is for thematic presentation of the findings of the study on the influence of forensic accounting services on the financial performance of county governments in Kenya, conclusions, and recommendations. The chapter also presents recommendations on areas for further research.

5.2 Summary of the Study

This part provides a summary of the critical findings of the descriptive and inferential statistics for various study variables that were under consideration namely: level of awareness of Forensic Accounting fraud control policies, Forensic Accounting Investigation, Litigation Support of Forensic Accounting, reconstruction accounting and auditing, analysis of financial transactions, financial performance of County and on the influence of forensic accounting services on financial performance of county governments in Kenya.

5.2.1 Awareness of Existing Forensic Accounting Policies Relating to Financial Management

The first objective of the study sought to assess the level of awareness of existing forensic accounting policies relating to financial management practices in the County governments in Kenya. The assessment variables were respondents' level of agreement on whether, Fraud hinders an organization from achievement, the existence of

well-developed Forensic Accounting policies that are meant to address fraud risk, induction of new employees on fraud and consequence, Periodic Sensitization on fraud policies, display of ofofofof information on fraud Strategic fraud and whether a result of sensitization there were reduced incidences of fraud. All respondents agreed that fraud can hinder an organization from achieving its objective. An inquiry into the existence of well-developed forensic accounting policies, induction of new employees on policies regarding fraud in the organization and associated consequences, and periodic sensitization by management on fraud policies generated diverse returns with respondents equally divided on the same. However, the display of information on fraud at Strategic points in the organization as well as the impact of awareness on fraud control was averagely rated by the respondents. The inferential statistics showed that there was no statistically significant difference between fraud awareness and financial performance. However, there was an average influence between awareness programs and the financial performance of county governments. This implied if County governments enhanced their fraud awareness program, their financial performance was likely to be enhanced.

5.2.2 Forensic Accounting Investigation and Detection of Financial Frauds.

The second objective of the study aimed to establish the extent to which Forensic Accounting Investigation is used to detect financial fraud in County governments. Variables related to forensic accounting investigation investigated were: the level of agreement among respondents on whether they had the conviction that investigation leads to fraud discovery, fear of discovery on investigation is a fraud deterrent, whether adequacy of forensic accountants is critical for effective investigation, whether the institutions had been adequately staffed with forensic accountants as well as well as the extent of discovery of frauds based on experience. The first statement sought to establish from the respondents their level of agreement on whether forensic accounting Investigation leads to fraud detection. The majority were in close agreement that embracing forensic investigation services to unearth any fraudulent activities in financial management. However, fear of being found on the investigation was not a major deterrent for individuals involved in fraud as it returned an average mean response. The respondents were in convergent agreement that effective investigation was only possible with adequacy in staffing, whose state was relatively poor based on findings from respondents. The extent of discovery of fraudulent activities through investigation was rated as average. Inferentially, there was no significant difference between the investigative aspect of forensic accounting and the financial performance of county governments in Kenya. This implied that if the investigative aspect of a forensic accounting service was enhanced, the incidences of fraud discoveries would have been enhanced and appropriate action taken as a way of containing fraud in county governments.

5.2.3 Litigation Support and Prevention of Financial Fraud and Mismanagement.

The extent to which litigation support as one of the forensic services had been used for the prevention of financial fraud and mismanagement was the third objective of the study. Positive statements sought the level of agreement of litigation support services among the respondents based on whether litigation was a deterrent to fraud engagement, whether forensic accountants can be used as experts in cases involving fraud, whether there were Past prosecutions of fraud cases, Successful conviction in past fraud cases and whether there were any recoveries made from previous fraud cases. Based on the responses, there was strong agreement among the respondents that litigation of fraudulent cases can deter the involvement of employees in fraudulent activities as well as the ability of forensic experts to act as prosecution witnesses. However, there are divergent views on the prosecution of past cases of fraud, conviction of fraud cases, and recoveries from past beneficiaries of fraud. Inferential statistics established that there existed a strong positive and statistically significant relationship between litigation support services. This means that though forensic accounts can be utilized in gathering evidence and enhancement of convictions as a way of containing incidences of fraud, the same was yet to be fully tapped as a way of ensuring that county governments tap into benefits that accrue from the same. This means that strict enforcement of litigation support services can enhance the financial performance of county governments thereby promoting service delivery

5.2.4 Reconstruction Accounting and Auditing and Safeguarding Public Funds and Assets

The fourth objective of the study aimed at establishing the effectiveness of reconstruction accounting and auditing in safeguarding public funds and assets in County governments in Kenya. The study investigated the level of respondents' level of agreement on the ability of reconstruction accounts and auditing to reveal fraud, the ability to audit to reveal the reliability of financial statements, the ability of auditing to reveal a weakness in the control system, whether previous audits had revealed any fraudulent incidences in financial dealings or been used to strengthen control systems in the organization. The result revealed that financial reconstruction and auditing are important in fraud identification and control.

This was achieved through the identification of actual incidences of fraudulent dealings as well as weaknesses in the control system and the strengthening of the same. There was fairly average agreement in consensus that previous audits had been able to identify frauds and areas of weakness in the control systems that were later addressed. Inferentially, it was found that there was no a statistically significant difference between reconstruction accounts and auditing as a forensic accounting function and the financial performance of the county governments in Kenya. This implied enhancement of reconstruction accounts and auditing was likely to enhance the financial performance of county governments in Kenya.

5.2.5 Analysis of Financial Transactions and Detection and Prevention of Financial Fraud

The fifth and last objective of the study sought to assess how analysis of financial transactions is used to detect and prevent financial fraud in County governments. Various positive statements on variables related to the analysis of financial transactions and fraud control namely: whether Forensic data analysis assists in fraud mitigation, forensic data analysis can assist in the identification of actual promoters of frauds, forensic data analysis reviews complex financial issues leading to reduced financial frauds and whether forensic data analysis has helped in fraud control by assisting in the establishment of unusual transactions before they develop into fraud. The findings revealed that there was convergence among the respondents as they either agreed or strongly agreed with the positive statements on the variables that were under investigation. It established that forensic data analysis is key in revealing fraudulent activities, as well as not only exposing the promoters of fraud but also ensuring timely identification of the same for intervention purposes. Similarly, forensic data analysis is key in providing follow-up even in transactions that may assume complex dimensions, a matter that may be complex to ordinary accountants as well as providing a critical trail for unearthing deviant transactions in an organization. As such forensic data analysis played a key role in checking finances. Inferentially, it was revealed that there was no statistically a significant difference between forensic analysis of financial and financial performance. This implied that the enhancement of forensic accounting analysis of financial transactions is critical in the promotion of financial performance.

5.3 Conclusion

Based on study findings, thematic conclusions were drawn from the study on the influence of forensic accounting services on the financial performance of county governments in Kenya.

5.3.1 Awareness of Existing Forensic Accounting Policies Relating to Financial Management

Fraud hinders County governments from achieving their objectives through the denial of critical resources that are meant to support such services. However, the existence of well-developed fraud policies and the promotion of awareness among employees were found critical in addressing this challenge. The inferential statistics showed that there was no statistically significant difference between fraud awareness and financial performance.

However, there was an average influence between awareness programs and the financial performance of county governments. This implied if County governments enhanced their fraud awareness program, their financial performance was likely to be enhanced.

5.3.2 Forensic Accounting Investigation and Detection of Financial Frauds

Investigation as a forensic accounting service function plays a key role in revealing incidences of fraud and instilling fear among employees. However, the effectiveness of the investigative function of forensic accounting is influenced by the adequacy of forensic accountants. The level of unearthing financial fraud was rated average. Inferentially, there was no significant difference between the investigative aspect of forensic accounting and the financial performance of county governments in Kenya. This implied that if the investigative aspect of a forensic accounting service was enhanced, the incidences of fraud discoveries would have been enhanced and appropriate action taken as a way of containing fraud in county governments.

5.2.4 Reconstruction Accounting and Auditing and Safeguarding Public Funds and Assets

The fourth objective of the study aimed at establishing the effectiveness of reconstruction accounting and auditing in safeguarding public funds and assets in County governments in Kenya. The study investigated level of respondents' level of agreement on the ability of reconstruction accounts and auditing to reveal fraud, the ability of auditing to reveal the reliability of financial statements, the ability of auditing to reveal weakness in the control system, whether previous audits had revealed any fraudulent incidences in financial dealings or been used to strengthen control systems in the organization. The result revealed that financial reconstruction and auditing are important in fraud identification and control. This was achieved through the identification of actual incidences of fraudulent dealings as well as weaknesses in the control system and the strengthening of the same. There was fairly average agreement in consensus that previous audits had been able to identify frauds and areas of weakness in the control system that were later addressed. Inferentially, it was found that there was no statistically significant difference between reconstruction accounts and auditing as a forensic accounting function and the financial performance of county governments in Kenya. This implied enhancement of reconstruction accounts and auditing was likely to enhance the financial performance of county governments in Kenya.

5.2.5 Analysis of Financial Transactions and Detection and Prevention of Financial Frauds

The fifth and last objective of the study sought to assess how analysis of financial transactions is used to detect and prevent financial fraud in County governments. Various positive statements on variables related to analysis of financial transactions and fraud control namely: whether Forensic data analysis assists in fraud mitigation, forensic data analysis can assist in the identification of actual promoters of frauds, forensic data analysis reviews complex financial issues leading to reduced financial frauds and whether forensic data analysis has helped in fraud control in by assisting in the establishment of unusual transactions before they develop into fraud. The findings revealed that there was convergence among the respondents as they either agreed or strongly agreed with the positive statements on the variables that were under investigation. It established that forensic data analysis is key in revealing fraudulent activities, as well as not only exposing the promoters of fraud but also ensuring timely identification of the same for intervention purposes. Similarly, forensic data analysis is key in providing follow-up even in transactions that may assume complex dimensions, a matter that may be complex to ordinary accountants as well as providing a critical trail for unearthing deviant transactions in an organization. As such forensic data analysis had played a key role in checking finances. Inferentially, it was revealed that there was no statistically significant difference between forensic analysis of financial and financial performance. This implied that the enhancement of forensic accounting analysis of financial transactions is critical in the promotion of financial performance.

5.3 Conclusion

Based on study findings, thematic conclusions were drawn on the study on the influence of forensic accounting services on the financial performance of county governments in Kenya.

5.3.1 Awareness of Existing Forensic Accounting Policies Relating to Financial Management

Fraud hinders County governments from achieving their objectives through the denial of critical resources that are meant to support such services. However, the existence of well-developed fraud policies and the promotion of awareness among employees was found critical in addressing this challenge. The inferential statistics showed that there was no statistically significant difference between fraud awareness and financial performance. However, there was an average influence between awareness programs and the financial performance of county governments. This implied if County governments enhanced their fraud awareness program, their financial performance was likely to be enhanced.

5.3.2 Forensic Accounting Investigation and Detection of Financial Fraud

Investigation as a forensic accounting service function plays a key role in revealing incidences of fraud and instilling fear among employees. However, the effectiveness of the investigative function of forensic accounting is influenced by the adequacy of forensic accountants. The level of unearthing financial fraud was rated average. Inferentially, there was no significant difference between the investigative aspect of forensic accounting and the financial performance of county governments in Kenya. This implied that if the investigative aspect of a forensic accounting service was enhanced, the incidences of fraud discoveries would have been enhanced and appropriate action taken as a way of containing fraud in county governments.

5.3.3 Litigation Support and Prevention of Financial Fraud and Mismanagement

Litigation of fraudulent cases can deter the involvement of employees in fraudulent activities as well as the ability of forensic experts to act as prosecution witnesses. However, there are divergent views on the prosecution of past cases of fraud, conviction of fraud cases, and recoveries from past beneficiaries of fraud. Inferential statistics established that there existed a strong positive and statistically significant relationship between litigation support services. This means that though forensic accounts can be utilized in gathering evidence and enhancement of convictions as a way of containing incidences of fraud, the same was yet to be fully tapped as a way of ensuring that county governments tap on benefits that accrue from the same. This means that strict enforcement of litigation support services can enhance the financial performance of county governments thereby promoting service delivery.

5.3.4 Reconstruction Accounting and Auditing and Safeguarding Public Funds and Assets

The result revealed that financial reconstruction and auditing are important in fraud identification and control. This was achieved through the identification of actual incidences of fraudulent dealings as well as weaknesses in the control system and the strengthening of the same. There was fairly average agreement in consensus that previous audits had been able to identify frauds and areas of weakness in the control system that were later addressed. Inferentially, it was found that there was no statistically significant difference between reconstruction accounts and auditing as a forensic accounting function and the financial performance of county governments in Kenya. This implied enhancement of reconstruction accounts and auditing was likely to enhance the financial performance of county governments in Kenya.

5.3.5 Analysis of Financial Transactions and Detection and Prevention of Financial Frauds

Forensic data analysis is a key forensic account strategy in fraud mitigation. This is due to its positive role in the identification of actual promoters of frauds, tracking of complex financial and identification of actual victims of fraud. It was established that forensic data analysis had played a key role in containing cases of fraud in county governments. Inferentially, it was revealed that there was no statistically significant difference between forensic analysis of financial and financial performance. This implied that the enhancement of forensic accounting analysis of financial transactions is critical in the promotion of financial performance.

5.4 Recommendation

County governments were established under Kenya's 2010 constitution to be key agents in the decentralization of services and acceleration of regional development thereby promoting the overall rate of national development. Given the limited budgetary constraints that the county faces, it is critical government that the limited resources are fully utilized in line with the spirit of devolution. This can only be achieved through measures such as embracing forensic accounting services.

Based on study findings on the influence of forensic services on the financial performance of county governments in Kenya, the following recommendations were made-

1. There is a need for county governments to not only develop comprehensive policies on fraud control and enforcement but also a program for the creation of awareness on the same under an induction program for new members as well as periodic sensitization of the staff. Similarly, information on the stand of the organization on fraud should be deployed at strategic places within the organization to remind both the staff and the general public of the organization's stand on corruption.

2. Investigative services within the organization must be enhanced through the utilization of the services of forensic accountants. Such measures will ensure time discovery of any fraudulent activities as well as a promoter of the same. Continuous investigation will instill fear among the workers and ensure that issues do not build up for a long time before discovery. However, for such an investigation to be effective, the organization should have adequate forensic accountants so that no delay is occasioned at any particular time when the performance of such function is needed.
3. Timely litigation of cases of fraud should also be pursued for identified promoters of craft. Such litigation and successful convictions and recoveries made from past beneficiaries of fraud will go a long way in curtailing the existence of opportunity for the perpetuation of fraud in the county governments by serving as a lesson and instillation of fear in the would-have-been promoters.
4. There is a need to have periodic reconstruction and auditing of financial operations as a way of establishing the reliability of financial transactions and the dependability of financial statements. This will involve the examination of transactions and records to establish among other issues the valuation, authorization, and attachment of relevant supporting documents on the transactions.
5. Lastly, there is a need for deeper analysis of financial transactions as a way of tracing the financial transaction given the complexity in the dimension that financial transactions are assuming with the advancement of technological innovation and globalization. The success of such a program will however call for periodic capacity-building programs of accountants to ensure that they have the relevant skills to enforce the same.

5.5 Recommendation for Further Research

The study further recommends the following areas for further study;

1. A similar study is to be carried out in other organizations for purposes of generalization of findings.
2. A similar study is to be carried out in the same counties after some time as a basis for evaluation of whether the situation would have changed.

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APPENDICES

APPENDIX I

QUESTIONNAIRE FOR RESPONDENTS

You have been randomly chosen to participate in the study. You are kindly requested to answer the following questions as honestly as possible to the best of your knowledge. Do not write your name anywhere and remember there no wrong or correct answer. The answers given will only be used for academic purposes and will be treated with utmost confidentiality. Tick the most appropriate.

Part A: Background Information

1. What is your gender? Male ( ) Female ( )

2. What is your age range? Less than 25 yrs( ) 26-35 yrs ( ) 36-45 yrs( ) Above 45 yrs( )

3. What is your highest level of academic qualification? Diploma ( ) Bachelor's Degree ( ) Master's Degree ( ) Ph.D ( ) other (please specify) ---

5. Do you have any other professional qualification? Yes ( ) No ( )

If yes, please specify---

6. What is your duration of stay in this organization? Less than 3 yrs( ) 3-5 yrs( ) 6-10 years( ) over 10 years

7 Effective adoption of forensic accounting services promote fraud control ensuring effective utilization of resources towards organization goals

Part B: Forensic Accounting Policies and Fraud Control

The following information relates positive statements relating Fraud and Financial performance of an organization. Tick the most appropriate answer based on your understanding using the following legend:

Legend: SA-Strongly Agree (1); A-Agree (2); UD-Un-Decided (3); D-Disagree (4); SD-Strongly Disagree (5)

A	**Awareness on existing forensic accounting policies relating to financial management practices**					
Sr No.	Variable Statement	S	A	U	D	SD
1	Fraud may hinder an organization has zero tolerance of on fraud from achie objectives					
2	Management has well developed policies meant to address contain fraud					
3	Management always carry out induction programs for new employees which n involve awareness on issues relating to fraud and fraud control					
4	Management carries out period sensitization of staff on issues related to fraud mi					
5	Management has displayed information relating to fraud at various strategic poin					
Part B:Forensic Accounting Investigation and detection of financial frauds						
1	Fraud in organization hinders an organization in achieving its goals					
2	Effective investigation in an organization is likely to lead to detection of fraud					
3	Fear of being discovered on investigation is a way of containing fraud					
4	Effective investigation depends of fraud cases depends availability and a Adequacy of forensic accountants					
5	This county is adequately staffed with forensic accountants					
6	We have had several fraudulent cases revealed by forensic accountants In this organization in the recent past					
Part C: Litigation Support and prevention Financial fraud and Mismanagement						
1	Litigation and conviction of fraud offenders is a deterrent measure in in fight frauds in organization					
2	Forensic accountants can be used as experts on cases that may involve fraud					
3	As an organization, we have had fraud cases which have been taken to cou past for prosecution					
4	We have had employees in this organization successfully convicted due involvement in incidences of fraud					
5	We have had recoveries made from previous fraud cases					
Part D: Reconstruction of Accounting and auditing and fraud control						
1	Auditing is key in establishing reliability of financial statements					
2	Our operations are frequently audited by both external and internal Auditors					
3	Frequent auditing of organization operation system may lead to Discovery of weakness that may perpetuate fraud					
4	Previous audits in this organization have been able to reveal incidences of frau					
5	Previous audits have been able to identify areas of weakness which have ende Being strengthened					
6	Auditing is key in establishing reliability of financial statements					
Part E: Financial Analysis and Fraud Control						
1	Forensic data analysis assists in fraud mitigation in an organization					
2	Forensic data analysis is can assist in identification of actual promoters c assisting in removal of such victims there by enhancing efficiency					

3	Forensic data analysis is can assist in identification of actual promoters c assisting in removal of such victims there by enhancing efficiency					
4	Forensic data analysis reviews complex financial issues leading to reduced f frauds in our organization					
5	Forensic data analysis has helped in fraud control in my organization by assisting in establishment of unusual transactions before they develop into fraud.					

END-Thank you

APPENDIX II

LETTER OF INTRODUCTION

KCA UNIVERSITY

DEPARTMENT OF COMMERCE

P.O. BOX 56808-00200

NAIROBI.

Dear participant,

<u>REF: INFLUENCE OF FORENSIC ACCOUNTING SERVICES ON FINANCIAL PERFORMANCE OF COUNTY GOVERNMENT</u>

I am a postgraduate student at the pursuing a Master's of Science in Commerce at KCA University. I am currently undertaking my research on the above topic. You have been randomly selected to participate in this Study. I would appreciate your support by participating in answering the questionnaire. All information gathered will be confidential and will only be used for academic purposes. Your participation will assist in compiling data related to Influence of Forensic Accounting on Service provision of County Governments of County governments in Kenya

Yours sincerely,

Moses Fwamba

APPENDIX IV

COVER LETTER

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BOARD OF POSTGRADUATE STUDIES

KCA/BPS/Aug. 23/1 — 22nd August 2023

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

RE: FWAMBA SANGURA MOSES REG NO: 21/01374

It is my distinct pleasure to introduce to you Moses Fwamba who is a student in our institution pursuing a Master of Science in Commerce in the School of Business.

Moses is conducting a research on a topic titled: ***"Influence of Forensic Accounting Services On Financial Performance of County Governments in Kenya"*** which is part of the requirements of the program he is pursuing. The research as well as the data procured thereof shall be used for academic purposes only.

Any assistance accorded to him is highly appreciated.

In case of further inquiry, do not hesitate to contact the undersigned.

Yours faithfully,

Dr. Jackson Ndolo
Director, Board of Post Graduate Studies