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Abstract
County funds and revenues provide important resources to improve service delivery to the general public. The central government transfers 15% of the income tax revenues to 47 County Governments in Kenya. Despite the huge sums of money they receive, 77% of the counties are not able to meet their recurrent expenditures among other obligations indicating inadequate link between internal audit system’s practices and management of funds. This study assessed the influence of internal audit systems practices on the management of public funds in County Governments with particular interest in Kisii county Government. The objectives of the study were to establish the extent to which Use of Audit Committees, Materiality of Audited Activity, use of audit regulations and procedures, and Audit Standards as an internal audit system’s practices do influence the management of public funds in Kisii County Government. The study adopted a case study design. Target population was 124 respondents and the sample size was 62 respondents. The study findings indicated that use of audit committees (UAC) had r = 0.753 showing a strong association with management of public funds, on application of audit committees the result was statistically significant ( p 0.000 < 0.05) their use caused upto 75.9% towards effective management of public funds; Materiality of audited activity (MOAA) had the highest contribution to management of public funds (β = 0.531, p.000 < 0.05); effect size to management of public funds (β = 0.620), the use of audit regulation and procedures (UARP) had a positive relationship (B= 0.137) and a positive effect size (standardized beta coefficient β = 0.378) but the results were statistically insignificant (p value of 0.136> 0.05); the coefficient of multiple correlation was positive and strong ( R = 0.837; R² = 0.701). The results were statistically significant (p 0.000 < 0.05) and that effective application of internal audit systems practices causes an increase in management of public funds. The study recommends for public institutions to adopt MOAA and UAC as the internal audit systems practices to improve on management of public funds for effective service delivery to the general public.

Keywords: audit control system practices, public funds, County Government, management

1. Introduction
Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Internal auditors in public sector organisations as set out in the applicability section must conform to the Code of Ethics and if individual internal auditors have membership of another professional body then they must comply with the relevant requirements of that organisation. Myriad public sector audit activities and reporting relationships exist among different jurisdictions and in different forms of government. The key point, however, is that public sector audit activities must be configured appropriately to enable public sector entities to fulfil their duty to be accountable and transparent to the public while achieving their objectives effectively, efficiently, economically and ethically (Institute of Internal Auditors report, 2012).

According to the county governments public finance management transition Act, 2013, which is in pursuant to section 15 of the Sixth Schedule of the Constitution, a framework for establishment and functions of Transition County Treasuries; the transition county budget process; transition revenue raising measures and expenditures for county governments; responsibilities of transition county accounting officers and receivers of revenue and for connected purposes. The "county government revenue” means all money derived by or on behalf of a county government from levies, rates, fees, charges or any other source authorized by the Constitution or an Act of Parliament; "county government security" means a security issued by the county government under Section 144 and includes a treasury bill, treasury bond, treasury note, government stock and any other debt instrument issued by the county government; while the "County Public Debt" means all financial obligations attendant to loans raised and securities issued by the county government; "County Treasury" means a County Treasury established under section 103 of the same Act; the county "development expenditure” means the expenditure for the creation or renewal of assets.

The Treasury circular No. 16/2005 states in part that: “In order to enhance oversight, governance, accountability and transparency in the public service, the government has decided to enforce the establishment and strengthen audit committees in all ministries, departments, state corporations and local authorities. The audit
committees will have the responsibility for independent in-depth review of the framework of internal control and of the internal audit process. The department of internal audit in the county governments has to employ qualified staff who meets the qualifications and requirements set out in the scheme of service applicable to county government staff from time to time, and who will carry out internal audits evaluating the whole system of controls, financial and otherwise, established by the council in order to provide reasonable assurance of the operational effectiveness and efficiency, compliance with laws and regulations, the safeguarding of assets against unauthorized use or disposition and the maintenance of proper accounting records and reliability of financial information (Rono, 2006).

Oyugi (2005), in her study on Fiscal Decentralization in Kenya (The case of Local Authority Transfer Fund), concluded that decentralized funds have not met their objectives of improving service delivery, financial management and debt reduction and that the performance of the programme has been constrained by a number of factors such as flawed regulations and lack of a coherent monitoring and evaluation framework. Today county governments require regulations, provision of funds for capacity building in the county and putting in place a coherent monitoring and evaluation framework. This study will therefore focus on the effectiveness of internal auditing, as one of the monitoring units, in the management of county funds for effective service delivery. An inherent aspect of audit materiality tends to be quantification. Researchers suggest that auditors traditionally use quantitative rules of thumb (such as 5 percent of net income) in their materiality assessment (Chewning, et al. 1998; Messier, et al, 2005). However, the dangers of simple reliance on quantitative measures and the requirement for serious considerations of qualitative factors that can make even very small misstatements material (DeZoort, Harrison and Taylor, 2006). Therefore considerations should be given when concluding not to adjust statements for known errors because of the myriad of qualitative factors influencing the decision (Chewning and Higgs 2002). Consistent with this view, Ng and Tan (2007) assert that overreliance on quantitative materiality thresholds may cause auditors to waive quantitatively immaterial but qualitatively material audit differences, thus the audit quality may be undermined. Further Ng and Tan (2007) conducted an experiment to measure auditors’ judgments about materiality thresholds related to the qualitative factors. Findings revealed existing mechanisms that draw attention to qualitative materiality factors may not necessarily achieve consistent and intended effects because of differential materiality thresholds that auditors use to assess qualitative materiality. This conclusion highlights the importance of more explicit guidance on the determination of qualitative materiality, although Standard Audits Board provides qualitative factors but they are vague (Ng and Tan 2007).

DeZoort, et al. (2006) study discovered the relationship between accountability pressure and audit materiality judgment. Their study manipulated accountability at four levels anonymity, review, justification and feedback; they evaluated how accountability pressure affects auditors’ materiality judgment. The findings of this study show that under higher levels of accountability pressure auditors emphasized more qualitative materiality factors than auditors under lower levels of pressure. Public sector is accountable for broader stakeholders, that is, public accountability is inherent for the public sector. Christensen and Skabek (2007) indicated that public entities report to a broader audience and accountability reports image as truth providers for citizens’ democratic consumption. As an organ of the public sector, government audit is assumed to be in higher accountability pressure than corporate auditors. Dezoot, et al (2006)’s argument in the government audit context and claim that government auditors, under that public accountability, may focus more on qualitative materiality thresholds than corporate auditors. This claim is supported by the findings of Relmond and VanDaniker (1994). Based on a survey on a number of government auditors in USA, Relmond and VanDaniker (1994) suggested that auditors are likely to respond to a higher level of perceived exposure risk (such as political sensitivity, media and litigation) by increasing the extent of audit testing and a tighter materiality estimate. From this point of view, government audit materiality judgment should be significantly influenced by qualitative factors. According to Iselin and Iskandar (2000) study relates materiality thresholds to situational differences; the materiality thresholds varied with industry market risk where the higher risk the industry suffers, the lower materiality threshold auditors tend to set. They provide an explanation: lower thresholds result in the disclosure of more information, thus more information in higher risk industry is available for decision making purposes and help offset the greater risk.

1.1 Statement Problem

County funds and revenues provide important resources and incentives to county governments to improve service delivery, improve financial management and help reduce debts. Through county funds, the government transfers 15% of the income tax revenues to 47 County Governments. Despite the huge sums of money they receive, 77% of the counties are not able to meet their recurrent expenditures among other obligations for example, in the year 2013/2014, some counties needed Ksh 500 million to keep its books in order in relation to employees salaries causing health workers to be on strikes for the better part of the year 2014. A recent study and auditor general report shows that over 30% of the county governments do not use the county funds for the
intended purposes. This brings into question the effectiveness of internal audit systems in influencing the management of County Government funds. This study seeks to assess the influence of internal audit systems on the management of public funds in County Governments particularly Kisii County Government in Kenya.

1.2 Research Objectives
The study was guided by the following objectives:

i. To find out the extent to which Use of Audit Committees as an internal audit system practice do influence management of public funds in Kisii County Government
ii. To establish the extent to which Materiality of Audited Activity as an internal audit system practice do influence the management of public funds in Kisii County Government
iii. To establish the extent to which use of audit regulations and procedures as an internal audit systems practice influence Management of Public funds in Kisii County Government
iv. To find out the extent to which Audit Standards as an internal audit systems practice do influence the management of public funds in Kisii County Government

1.3 Theoretical Literature
1.3.1 The Charge and Discharge Syndrome theory
The early Greeks and Roman accounts were kept under "charge" and "discharge" principle, comparable to modern day receipt and payment account, (James 1955). The medieval system of record keeping used in England during the middle ages had many features of ancient accounting system and remained in use until the nineteenth century as "charge" and "discharge" (James 1955 and Nwoko 1990). James' perception of 'charge' and 'discharge' which was similar to the present day receipt and payment account or cash book. The feudal socio-economic system requires that surplus be generated but does not have any perceived need to measure the efficiency by which the surplus was generated. Moreover, no notion of income or return on capital employed was in practice at that time. The manorial system dwells primarily on the interlocking check on the honesty of different levels of officials in a stratified and regulated society, (American Accounting Association, 1964). The charge and discharge syndrome was surprisingly durable, lasting from twelfth to nineteenth centuries, (James 1955). The book keeping for merchants was however in single entry form, rather than by charge, prior to the arrival of an Italian Monk-Luca Pacioli in England, the acclaimed father of double entry book keeping system, (Littleton, 1966).

1.3.2 The Corollary of Double Entry theory
The Normans imported the charge and discharge book keeping system, originated in the Mediterranean zone into Europe. It was in Europe that the next significant development in accounting emerged (Nwoko, 1990). It occurred in Italy, between thirteenth and fourteenth centuries, probably because of single entry system which was inadequate to ensure internal control system, income determination, security of assets, employees' contribution to profit, and separation of private property from business. The single entry system of recording did not withstand the changes in size and nature of business organizations including the methods of providing for depreciation, (Rorem, 1937). The double entry system sensitized merchants to distinguish between positive (+) and negative (-) entries or increases in assets and decreases in liabilities, (Paul, 1985). Nwoko (1990) emphasized that those positive entries that increased assets or reduced liabilities are: cash receipts, sales to customers, payment to creditors, discount received. While negative entries that increase, liabilities and reduces assets are cash payment, purchases, discount allowed, and payment by debtors. The Latin words Dare (to give) and Avere (to receive) were given in English as Credit (Cr) and Debit (Dr) respectively, and were employed only on the completion of the venture. The audit systems practices are centered on the confirmation that all procedures for use of funds are observed by the accounting entities.

1.4 Empirical Literature
Haylas and Ashton (1982) in their efforts to provide evidence on the effectiveness of the particular audit techniques in detecting errors that affect the financial statements and on the causes of such errors conducted a study of 281 errors requiring financial statements adjustments. The results of the study suggested that all of the intentional errors are concentrated in relatively few audit areas majority of such errors affect income but the direction of the effect may either be an understatement or overstatement. Regarding signaling off an error, they found that a large portion of financial statement errors are initially signaled by less vigorous audit procedures such as analytical review and discussion with clients. Client personal problems such as inexperience, incompetence and insufficient knowledge and inadequate control, follow up or review were found instrumental in causing more errors. According to Salih (1983) studies on the internal controls of Ethiopian Airlines, Nairobi branch office and concluded that lack of segregation of accounting and custodian functions was the greatest weakness of the Branch office. He argued that there is need to centralize cash receipts, establish an internal audit,
separate duties of purchase activities, establish perpetually inventory system for tickets.

In an attempt to define a client’s control environment from the auditor’s perception, Haskins (1987) identified 48 client control attributes and their perceived levels of importance in adequately describing a client’s control environment thus serving to define more clearly audit planning concepts. Audit firms, firms’ specialization and audit rank were found to be significant mediating contextual variables and that seniors had the largest share of the evaluation of internal control attributes responsibility. Schneider and Wilners (1990), in their study examined the effectiveness of internal audit and external audit in determining financial reporting irregularities. They conducted an experimental study that examined the effects of manager’s perception of internal and external auditing on the potential of financial irregularities. A total of 264 subjects, the majority of who were experienced managers were required to make decisions on three cases involving materiality type of irregularity, perceived extent of Generally Accepted Accounting Standards (GAAP) violation and incentives for misstating income. The decisions were made in a situation where there was no auditing at all, only internal auditing or external auditing. The results clearly supported internal and external auditing as deterrents to financial reporting irregularities when all of the four factors were present. It was also found that internal auditing effects were similar to those of external auditing. The study, however, suffered from the inability to explain why the existence of audits was perceived as having deterrent effects (Schneider and Wilners, 1990).

Ismailjee (1993) evaluated the internal controls of the Nyayo Bus Service Corporation, Nairobi and concluded that the analysis conducted on the cash receipts as well as the cash disbursements and the purchase cycle areas bore fairly strong controls. He attributed this largely to the fact that the government accounting system was still in operation in those areas. He however found weakness in the organization chart, payroll and the stores accounting system. Oyugi (2005) study on fiscal decentralization in Kenya (a case of Local Authority Transfer Fund) analyzed the administration of LATF and its performance. The study identified various challenges constraining the implementation of the programme. The findings of the study revealed that LATF has not met its objectives of improving service delivery, financial management and debt reduction; and that the performance of the programme has been constrained by a number of factors such as flawed regulations, politicizing of the programme, and lack of coherent monitoring and evaluation framework. The study recommended for the amendment of LATF regulations, and putting in place a coherent monitoring and evaluation framework among others. One of the monitoring units organizations have is the Internal Audit Department. According to Rono (2006) study on the effectiveness of the internal control system in the management of finances in public universities in Kenya. The study sought to determine whether there was a significant difference in the evaluation of the effectiveness of the internal control system in the financial management between the academic and non-academic departments in Egerton University. It concluded that the evaluation of the effectiveness of the internal control systems in the university depended on the category of the departments. The research revealed that the internal control systems in Egerton university were effective due to the well established departments charged with the responsibility of implementing the internal controls as they carry out the financial processes for example, finance, supplies and personnel departments with their various sections like cash office, salaries, computer, debtors and creditors. It is evident that a lot of research has been done on the evaluation and effectiveness of internal control systems in various organizations like Ethiopian Airlines and Nyayo Bus services; and institutions like public universities. However, little research has been done on the effectiveness of internal audit systems practices in relation to the management of finances in public institutions and organizations. This study focused on internal audit system’s practices and the management of funds in Kisii county government.

2.0 Research Methodology
The study adopted a descriptive Case study design. The study target population was 124 respondents. The sample size was 62 respondents. The questionnaire was used to collect primary data which was administered to the respondents through an oral interview by the researcher. Quantitative data analysis was done using descriptive statistics and inferential statistics. Descriptive statistics involved the use of percentages and means, determination of coefficient of multiple correlations, coefficient of partial correlation and regression equations to establish the relationship between the internal audit system’s practices and the management of public funds in Kisii County. The management of public funds is a function of the internal audit system’s practices that an organization adopts. Therefore the regression model adopted shows that:

\[ MPF = f (\beta_0, UARP, UAC, MOAA, AS, AQD, LAR, LNA, \mu) \] ........................................ (3.1)

Where:
\[ \beta_0 \] is the intercept of the model equation
UARP- Use of Audit Regulations and Procedures
UAC- Use of Audit Committees
MOAA- Materiality of Audited Activity
AS- Audit Standards
AQD- Audit Quality Dimensions
LAR- Level of Audit Relevance
LNA- level of Necessity of an Audit
\( \mu \) - Error (disturbance term)

\[ MPF = f(\beta_0, \text{EAIAS, IAIAS, } \mu) \]  ................................................................. (3.2)

Where:
MPF - Management of Public Funds
EAIAS - Effective Application of Internal Audit Systems
IAIAS - Ineffective Application of Internal Audit Systems
\( \mu \) - Error (disturbance term)
\( \beta_0 \) - is the intercept of the model equation

3.0 Results and Discussion
The correlation between the various internal audit system practices and management of public funds was established. The results of analysis was indicated as in table 1 below

Table 1 Pearson’s Correlations for UARP, AQD, AS, UAC, LAR, LNA, MOAA and MPF

<table>
<thead>
<tr>
<th></th>
<th>MPF</th>
<th>UARP</th>
<th>AQD</th>
<th>AS</th>
<th>UAC</th>
<th>LAR</th>
<th>LNA</th>
<th>MOAA</th>
</tr>
</thead>
<tbody>
<tr>
<td>MPF</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UARP</td>
<td>.652</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AQD</td>
<td>.655</td>
<td>.892</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AS</td>
<td>.629</td>
<td>.928</td>
<td>.860</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UAC</td>
<td>.753</td>
<td>.880</td>
<td>.852</td>
<td>.893</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LAR</td>
<td>.605</td>
<td>.803</td>
<td>.713</td>
<td>.873</td>
<td>.844</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LNA</td>
<td>.565</td>
<td>.838</td>
<td>.710</td>
<td>.875</td>
<td>.836</td>
<td>.934</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>MOAA</td>
<td>.756</td>
<td>.714</td>
<td>.745</td>
<td>.756</td>
<td>.779</td>
<td>.800</td>
<td>.748</td>
<td>1.00</td>
</tr>
<tr>
<td>Sig. (1-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td></td>
</tr>
</tbody>
</table>

The table above reveals that materiality of audited activity (MOAA) was highly and positively correlated with management of public funds (MPF) and their correlation value was 0.756; at the same time the use of audit committees (UAC) was second in this association with management of public funds at 0.753. This results show almost a perfect correlation between the constructs of internal audit systems and management of public funds. Further the table indicates that level of necessity of an audit (LNA) showed a weak association with management of public funds in county governments.

Table 2 Coefficients of Regression Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>.398</td>
<td>.157</td>
<td>.378</td>
<td>2.544</td>
</tr>
<tr>
<td>Use of Audit Regulation and Process (UARP)</td>
<td>.137</td>
<td>.090</td>
<td>.240</td>
<td>1.514</td>
</tr>
<tr>
<td>Audit Quality Dimensions (AQD)</td>
<td>-.100</td>
<td>.083</td>
<td>-.260</td>
<td>-1.210</td>
</tr>
<tr>
<td>Audit Standards (AS)</td>
<td>-.077</td>
<td>.076</td>
<td>-.261</td>
<td>-1.020</td>
</tr>
<tr>
<td>Use of Audit Committees (UAC)</td>
<td>.319</td>
<td>.083</td>
<td>.759</td>
<td>3.865</td>
</tr>
<tr>
<td>Level of Audit Relevance (LAR)</td>
<td>-.095</td>
<td>.196</td>
<td>-.120</td>
<td>-.485</td>
</tr>
<tr>
<td>Level of necessity of Audit (LNA)</td>
<td>-.264</td>
<td>.185</td>
<td>-.339</td>
<td>-1.429</td>
</tr>
<tr>
<td>Materiality of Audited Activity (MOAA)</td>
<td>.531</td>
<td>.121</td>
<td>.620</td>
<td>4.403</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Management of Public Funds

Based on the regression model equation, when the unstandardized coefficients are substituted the
equation changes to; MPF = f (β0, UARP, UAC, MOAA, AS, AQD, LAR, LNA, µ) .............. (1.1)

\[
\text{MPF} = 0.398 + 0.137\text{UARP} + 0.319\text{UAC} + 0.531\text{MOAA} - 0.077\text{AS} - 0.100\text{AQD} - 0.095\text{LAR} - 0.264\text{LNA}
\] ................................................................. (1.2)

Table 2 indicate that materiality of audited activity (MOAA) has the highest contribution to management of public funds as its unstandardized beta coefficient is 0.531 and its contribution is statistically significant (p < 0.05) to management of public funds. This finding concurs with the results of Pearson’s correlations coefficient in table 1 as it had the highest value (r = 0.756), in terms of effect size to dependent variable as indicated by the standardized beta coefficient (B = 0.620), its effect on management of public funds is 62.0% indicating that the application of MOAA as a principle in the internal audit systems causes up to 62% increase in effectiveness of management of public funds. Further the use of audit committees on management of public funds, the results show that 31.9% change in MPF is caused by application of audit committees in county governments as indicated by the unstandardized beta coefficients (B=0.319); the result is statistically significant (p < 0.05). In terms of effect size the standardized beta coefficient is 0.759 indicating that use of audit committees causes up to 75.9% effective management of public funds. This finding concurs with the Pearson’s correlation between UAC and MPF (r = 0.753) in table 1 above. For use of audit regulation and procedures (UARP) despite a positive relationship as indicated by the unstandardized beta coefficient (B= 0.137) and appositive effect size as indicated by the standardized beta coefficient (B = 0.378) the results are statistically insignificant (p value of 0.136> 0.05) while the other variables as principles of internal audit systems had negative contribution to management of public funds.

**Table 3 Model Summary for MOAA, UARP, LNA, UAC, UQD, LAR, AS and MPF**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F Change</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.837*</td>
<td>.701</td>
<td>.662</td>
<td>.22390</td>
<td>18.071</td>
<td>7</td>
<td>54</td>
<td>.000</td>
<td>.694</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), MOAA, UARP, LNA, UAC, UQD, LAR, AS
b. Dependent Variable: Management of Public Funds (MPF)

Table 3 shows that the coefficient of multiple correlation indicate a positive and strong association between the independent and dependent variables in this study (R = .837) and the predictors can explain the variation in the management of public funds up to 70.1% as indicated by squared R (R² = 0.701). The results indicate that the statistics is statistically significant (p < 0.05), the adjusted R indicate that the model can be relied upon up to 66.2%.

**Table 4 Coefficients for EAIAS, IAIAS and Management of Public Funds**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>-5.323E-17</td>
<td>.169</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Effective Application of Internal Audit Systems</td>
<td>.932</td>
<td>.084</td>
<td>.818</td>
</tr>
<tr>
<td></td>
<td>Ineffective Application of internal Audit Systems</td>
<td>.068</td>
<td>.076</td>
<td>.066</td>
</tr>
</tbody>
</table>

Dependent Variable: Management of Public Funds

Table 4 reveal that effective application of internal audit systems causes an increase in management of public funds by 93.2% (B = 0.932) as indicated by the unstandardized beta coefficient and the effect size of 81.8% (Beta = 0.818) on the dependent variable as expressed by the standardized beta coefficient on the management of public funds. This result is statistically significant (p < 0.05). Therefore when the internal audit systems are effectively applied significant management of public funds in the provision of public services is achieved. On the other hand, when the internal audit systems are ineffectively applied its effect size on management of public funds translate to 6.6% (standardized beta= 0.066) and better management of public funds will be at 6.8% (B = 0.068) and this result is not statistically significant (p = 0.375>0.05). Therefore public institutions both in County governments and Central governments should embrace the use of effective application of Internal Audit Systems to better the management of public funds in the provision of services to the general public.
Table 5 Model Summary for EAIAS, IAIAS and Management of Public Funds

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F Change</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.831a</td>
<td>.691</td>
<td>.681</td>
<td>65.986</td>
<td>2</td>
<td>59</td>
<td>.000</td>
<td>.670</td>
</tr>
</tbody>
</table>

Dependent Variable: Management of Public Funds

Table 5 results indicate a strong correlation and positive association between independent variable and dependent variable (R = 0.831); the analysis indicate that effective application of internal audit systems can explain management of public funds up to 69.1% (R² = 0.691; F = 65.986; p< 0.05) indicating that a significant relationship exist between the variables. Part analysis of the variables in this study was done to establish the relationship with effective application of internal audit systems on management of public funds, the results are presented as in table 6 below

Table 6 Coefficients for EAIAS and Management of Public Funds

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td></td>
<td></td>
<td>.556</td>
<td>.156</td>
</tr>
<tr>
<td></td>
<td>(Constant)</td>
<td></td>
<td>.355</td>
<td>.724</td>
</tr>
<tr>
<td></td>
<td>Effective Application of Internal Audit Systems</td>
<td>.944</td>
<td>.082</td>
<td>.829</td>
</tr>
</tbody>
</table>

Dependent Variable: Management of Public Funds

The results reveal that any unit change in management of public funds is caused by 94.4% (beta = 0.944) effective application of internal audit systems. Similarly standardized beta coefficients reveal that 82.9% of efficient management of public funds can be explained by effective application of internal audit systems and the result is statistically significant (P< 0.05). From the coefficient of multiple correlation a positive and strong association exist between internal audit systems practices and management of public funds and their application explain better the variation in the management of public funds a results that is statistically significant and that effective application of internal audit systems practices causes an increase in management of public funds Therefore application of internal audit systems practices in county governments significantly influence effective management of public funds.

3.1 Conclusion

Based on the findings on objective one the study concludes that use of audit Committees as an internal audit system practice significantly influences management of public funds in Kisii County Government. From the findings on objective two the study concludes that Materiality of Audited Activity as an internal audit system practice significantly influence the management of public funds in Kisii County Government. Based on the findings of objective three the study concludes that use of audit regulations and procedures insignificantly influence Management of Public funds in Kisii County Government. Therefore its use does not influence management of public funds in county governments.

3.2 Recommendations of the Study

From the findings and conclusions the study recommends that county governments should effectively apply the internal audit system practices to facilitate efficient management of public funds meant for the provision of funds.
services to the general public as all these will boost economic growth.

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