

**FINANCIAL ACCOUNTABILITY PRACTICES AND PERFORMANCE OF DONOR
FUNDED PROJECTS UNDER KENYA NATIONAL COMMISSION ON HUMAN
RIGHTS**

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**Research Report Submitted in Partial Fulfilment of the Requirements for the Award of
Degree of Master of Arts in Project Planning and Management of the University of Nairobi**

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DECLARATION

This research report is my original work and has not been submitted for a degree in any other college or university for examination or academic purpose.

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DEDICATION

Dedication to my family, mom, dad, siblings who kept on asking whether I completed this course. Baby G, a true testimony of God's unwavering love. To God Almighty, I dedicate this research report.

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LIST OF ABBREVIATIONS AND ACRONYMS

KNCHR	:	Kenya National Commission on Human Rights
GOK	:	Government of Kenya
MDAs	:	Ministries, Departments and Agencies
NGOs	:	Non-Governmental Organizations
M&E	:	Monitoring and Evaluation
KSh.	:	Kenya Shillings
SMEs	:	Small and Medium Enterprises
SD	:	Standard Deviation
SPSS	:	Statistical Package for Social Scientists

ABSTRACT

The first measure of project performance is a project that meets the iron triangle factors. However, aspect of overall satisfaction of the stakeholders is added to the traditional iron triangle factors of time, budget, and quality. To achieve good performance of projects, several practices must be observed such as management practices, following a predetermined project management cycle as well as observe financial accountability. Financial accountability practices help the organization to utilize funds effectively and efficiently leading to good project performance. This research aim was investigating how financial accountability practices affect projects performance. Projects funded by donors under KNCHR, a Constitutional Commission were selected for this investigation. Research objectives aim being: to examine how financial planning affect performance of donor funded projects under KNCHR; to study effect of financial M&E on performance of projects funded by donor under KNCHR; to assess the effect of financial reporting on performance of donor funded projects under KNCHR; and to explore how financial controls affects KNCHR donor funded projects performance. Resource mobilization theory, Accounting Theory and Theory of Budgeting. A total of 50 KNCHR staff members formed the targeted population. Since 50 was a small number census method was used.

Mutually, quantifiable and descriptive data was gathered from selected staff using questionnaire as the primary instrument of data collection. Occurrences, proportions, standard deviations and means were calculated, plus regression and correlation. Results were tabularly presented. Resultant data depicted the magnitude of relationship in financial accountability and KNCHR Donor funded projects performance as follows; financial planning ($r = 0.693$), followed by financial M&E ($r = 0.549$), financial reporting ($r = 0.530$) and finally internal controls ($r = 0.513$). Conclusion was arrived at was the predictor variable with greatest relationship with dependent variable was financial planning. As a result, recommendation is given that all people involved in the projects to be looped in project proposal, annual planning and budgeting and continuous monitoring and evaluation results be shared with all for swift timely actions. One of the challenges cited while planning was time constraint, planning is always done within a tight deadline. Therefore, a recommendation was made to the senior management to always allocate planning process ample time since it is important for project success. A finding was made that there exist public finance management Act that guides the handling of public funds but for the donor funds there is no clear guideline. Recommendation was made to the government to formulate suitable procedures and guidelines for financial accountability practices for donor funds. To future scholars, a recommendation is made to conduct an investigation on influence of financial accountability indicators considered for this research on public projects for comparison of results with this study. Further, researchers can consider conduction similar researches on donor funded projects under different organization such as Non-governmental Organizations and give validity to this research outcomes.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Following worldwide development agenda, donor funding keeps rising. Donor-funded initiatives significantly help in filling the existing gaps left by the government's limited capacity against the never ending wants. Financial mismanagement practices such as funds embezzlement and theft have affected numerous organizations following the growth in funding (Katherine et al., 2008). According to Transparency International, funds from foreign donors are frequently at the greatest risk of being misappropriated because they pass through numerous national and international organizations and the funders are mostly geographically located far from the intended recipients and beneficiaries (Transparency International, 2016). A project's intended project's goal might fail to be achieved due to embezzlement or improper use of finances.

In Kenya, majority of the Donors, also referred to as development partners, do not implement their projects to the beneficiaries directly but they do so through Government Ministries, Departments or Agencies, Private Corporate bodies, Civil society organizations, religious institutions and other Non-Governmental Organizations. Some project implementers have done very well in terms of fund management while others have been found misappropriating received funds or rerouting the same to entirely different assignments hence the projects not attaining the intended purpose.

Donor funded entities can enhance their financial accountability by; Better management practices, stricter internal controls, and avenues for disclosure are all suggested by Katherine et al. (2008) to raise the likelihood of detecting any financial misconduct. They say that creating a reliable finance system should come first before commencing projects. Financial accountability procedures assist a company in making good use of its resources, which improves project results.

The conceptualisation of this study originated from this background with intention to establish degree of influence of financial accountability on projects' performance and specifically are donor funded. The study specifically focused on the Kenya National Commission on Human Rights, a government agency that has been implementing donor funded projects since its inception in 2003.

1.1.1 Financial Accountability

Accountability is described by Cambridge Advanced Learner's Dictionary (2013) as "the fact of being responsible for what you do and being able to give a satisfactory reason for it, or the degree to which this occurs." Every organization or institution is responsible to individuals who are impacted by its decisions or activities. Financial responsibility, according to Viswesvaran (2006), it is the requirement to deliver economic evidence to stakeholders both within and outside an entity. This research, therefore, investigated how financial accountability practices specifically coming up with a financial plan, conducting financial monitoring and evaluation, establishing strong internal controls as well as financial reporting influence performance of projects. The research narrowed on projects which are donor funded and only under the KNCHR.

1.1.2 Projects Performance

Donor-funded initiatives are frequently plagued by performance concerns, particularly underperformance. According to Ika (2012), just half of World Bank-funded projects in Africa succeed. He ascribed the majority of project failing to bad design, ineffective management of stakeholders, a deficiency in responsibility, interruptions between the time of project identification and start-up, standstills in the course of implementing the project, cost exceeding the budget, as well as poor direction by management. According to Kisilu et al. (2016), around 58% of projects funded by donors in Kenya fail to complete on the set time, within budgeted cost, within scope, and with having the desired satisfaction to the customers. Significant aspects of donor-funded project performance, according to Mutinda and Ngahu (2021), include excellent financial accounting standards, elaborate money management strategy, planning, innovative ability, and development of infrastructure. It is unavoidable that the goal of achieving effective accountability in the public sector demands individuals with the necessary skills, competencies, and a right working attitude (Kamau, 2019). Financial responsibility is essential if a project is to accomplish its objectives.

1.1.3 Donor funded Projects under Kenya National Commission on Human Rights (KNCHR)

In Kenya most sectors of the economy are reliant on donor financing for implementation of the sector programmes which compliments domestic revenue available for sectoral budgeting in almost all the sectors in Kenya. For example, in 2020 Kenya received US\$ 795 million from key

bilateral donors and US\$ 349 million from multilateral donors as grants (Development Initiatives, 2021). The aid is used in various sectors including the human rights sector where KNCHR operates using resources from the Government of Kenya and a host of donor partners. For example, for the financial year 2020/2021, the KNCHR had a total budget of Kenya Shilling (KSh. 480,657,280. Of this amount, the Government of Kenya's contribution was KSh. 373,657,280 (78%) and the balance of KSh. 107,000,000 (22%) was the portion funded by development partners (KNCHR, 2021).

This research was narrowed to five projects implemented by KNCHR in a period of five years running from January 2019 to June 2023. The five projects aggregated budgeted cost was Kes. 207,867,657/- from development partners; United States Agency for International Development (USAID), Royal Norwegian Embassy, Netherlands Embassy in Nairobi. United Nations Development Programme (UNDP), and Embassy of Switzerland.

1.2 Statement of the Problem

To developing nations, development agendas supported externally are of great significant as they supplement what the Government can do with the limited resources amidst huge need. In Kenya, majority of the Donors do not implement the projects to the beneficiaries directly but they do this through GOK MDAs, Private Corporate bodies, Civil society organizations, religious institutions and other NGOs.

This entrusting of Donor funds to projects implementers has attracted entities that have done very well in terms of fund management while other entities have been found misappropriating funds or rerouting the same to entirely different assignments and not reaching the intended beneficiaries. Financial accountability practices help the organization to utilize funds effectively and efficiently and report back to the donor.

This research sought to answer the question; Do financial accountability practices influence performance of donors funded projects under KNCHR?

1.3 General Objective

Research aim was investigating how financial accountability practices affect projects performance.

1.4 Objectives of the Study

- i. To study how financial planning does influence performance of donor funded projects under KNCHR.
- ii. To ascertain influence of financial monitoring and evaluation on performance of donor funded projects under KNCHR.
- iii. To assess influence of financial reporting on performance of donor funded projects under KNCHR.
- iv. To explore influence of Internal controls on performance of donor funded projects under KNCHR.

1.5 Value of the Study

Kenya relies significantly on donor financing for implementation of its programmes in different sectors. The donor funds however face a risk of misappropriation leading to intended projects not being successfully implemented. This study, therefore, seeks to examine whether performance of donor funded projects can be improved through financial accountability practices. The information is vital for the governments' ministries, departments, agencies, NGOs and their stakeholders who aim to improve the performance of their projects.

This study's findings could help the donors understand whether the financial accountability practices by their project implementers lead to the success of the projects. Therefore, they will evaluate the need of understanding what financial accountability practices are carried out by the intended implementers before committing their funds.

Understanding the connection of financial responsibility actions and projects effectiveness could result in increased donor funding to the implementing organizations, increased enjoyment of project results to the intended people, reduction in embezzlement and misappropriation of funds. Still, the findings of this paper, which also make known research gaps, can be used by researchers and scholars who purpose to advance their practical skills researching.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Scrutinization of written materials on Financial Planning, Financial M&E, Internal Controls and compliance on financial reporting as they relate to the donor-funded projects performance which comprises the study's empirical review of dependent and independent variables. Besides, the chapter includes the research theoretic background and the conceptual basis. The summary of identified knowledge gaps is provided.

2.2 Theoretical framework

Theories guiding the study are listed below

2.2.1 Accounting Theory

Accounting theory is the root of empowerment enabling one to design a framework which guarantees that the accounting practice employed is consistent and uniform over time and in different scenarios (Kershaw & Harrell, 1999). It is a theory represented in a number of policies, guiding ideologies and methodologies. Because the scope keeps on expanding even as the economic system gets complex by day, it is ideal to have a similarity of implementation methodology in accounting in which all respective economic transactions are documented. Everyone taking part in the accounting process ought to familiarise themselves with the laid down processes (Chepkemoi & Njeru, 2017).

Accounting theory helps to comprehend financial reporting and how firms manage their financial accounts through suitable procedures. This theory functions as a skeleton for accounting processes and gives guidance to such operations. This theory argues that accounting professionals carry out activities based on the assumptions and concepts that provide for comparison of entities productivity because of the applications of similar standards and accounting practices. The key fundamental accounting concepts encompasses, business entity concept which states that an entity exists separately from its owners, employees and all the other stakeholders. The reports done are deemed to belong to the entity. Secondly, the going concern concept have us believe that the entity is operating with a continuity agenda. This implies that unless communicated otherwise, the stakeholders have a reason to believe that the entity will be in operational in the imaginable future.

The economic operations of the entity are recorded and consequently reported in monetary terms. This follows the money measurement concept. The periodicity concept assumes that an entity's life can be segmented into months or years in reporting of the economic activities. This makes compilation of monthly, quarterly, semi-annually, or annual reports possible. The theory defines the rules, ideas, and practices that financial managers must adhere to. It is through this that entities adopt the globally accepted accounting principles of prudence, consistency, materiality and objectivity and further cascading to accountability practices such as budgeting, establishing strong internal controls, and financial reporting procedures. This theory laid the groundwork for establishing acceptable financial practices that ought to be followed to ensure heightened results of a project.

2.2.2 Theory of Budgeting

Lewis (1952) established the budgeting theory in order to apply the concept of marginal value. Analysts, according to Lewis, should pay closer attention to marginal increases in government spending. The rationale for this is that analysts may be able to identify the equilibrium point at which any added expense will give the same results. These increments can be measured by how effective they are at achieving a common goal.

Budgeting theory, according to Drake and Fabbozi (2010), argues that budgeting is a continuous process with five primary stages; investment screening and identification of projects that are aligned with the entity's strategic plan. This is done to estimate how the project influences future cash flows. The next stage is capital budget proposal, followed by budget approval and authorisation. Project progress tracking is the fourth step, while the final stage is the post-completion audit, which shows how the realized benefits compare to the original plan. Budgeting is an important part of financial plan and a marker of financial accountability in a project implementation. The theory was relevant for this project in understanding the theoretical importance of financial planning on project success.

2.2.3 Resource Mobilization Theory

In 1970, the resource mobilisation theory, emanated from the work of McCarthy and Zald (1977). As per the hypothesis, wealth got an impact on societal activities. As a result, a profitable organization can create resources, allowing resource mobilization to occur. It further proffers that organizations do not just happen, but they flourish using resources which need to be mobilised.

This theory underscores the organization's dimensions in pulling together financial and human capitals to help achieve established organisation goals (Tam & Kiang, 2012). Donors are significant sources of funds for KNCHR. However, donors are increasingly worried about how donations are used, making financial responsibility a significant evaluation factor prior to the distribution of funding. The theory was pertinent to the present study for explaining and providing basis for the requirement of financial accountability at the organizational level, which influences project performance.

2.3 Empirical Review

2.3.1 Financial Planning and Performance of donor funded Projects

Financial planning is an important tool that helps organisation maintain discipline on set targets and thus achieving the set goals. It helps to track income, expenses, and investments in the organisation. Byarugaba et al. 2014 investigated financial management impact on the health services delivery in Uganda's Rukungiri District. They found out a relative weak effect of budgeting ($r = 0.305$ at 0.01 significant). However, the study was in the health industry in which most of the funds are from patients (customers) and did not focus on donor-funded projects. This gap is covered under this study. Cheluget and Morogo (2017) studied significance of financial management practices on project performance in the County of Uasin Gishu, Kenya. Their discoveries demonstrated how financial planning and reporting impact on the performance of a project. Recommendations of this research are that personnel working on projects especially the management team needed to have budget expertise. However, the study did not focus on donor funded projects thereby ignoring the financing mechanisms of such projects. Kang'aru and Tirimba (2018) discovered that budgeting and good financial performance had a positive as well as a significant association in their study on the effect of financial planning techniques on financial performance of health organizations. They go on to say that any company that wants to improve its performance should make sure that its budgets are prepared on time, that it follows through on its budget plans on a regular basis, and that it evaluates budgetary performance regularly.

2.3.2 Financial Monitoring and Evaluation and Performance of donor funded Projects

Kamwana and Muturi (2014) did investigate connection of financial management to World Bank projects in Kenya performance, special focus on Kenya Power initiatives. This employed a descriptive research approach. Study intention was ascertaining effects of financial plan, M&E and

internal controls on performance. Descriptive approach used for research design and data collected from 500 employees through questionnaires. According to the findings of the study, financial planning, financial monitoring, and financial appraisal, and Internal control contributed significantly to project performance with coefficient of 0.89. The recommendation of the study was that project performance policies and practices ought to be carefully examined, with the results feeding back into improved ways. The study, however, was restricted to world bank funded projects. World bank often than not issues loans, not donations. This research focuses on donor-funded projects. Chelangat and Sang (2018) used a descriptive research design to investigate Financial Monitoring and Evaluation on Financial Sustainability of Public Governance NGOs in Nairobi City County, Kenya. This investigation discovered that monitoring and evaluation processes increased donor confidence, influencing the amount of finance accessible from potential donors. Because the study was restricted to NGOs, it cannot be generalized to GOK MDAs.

2.3.3 Financial Reporting and Performance of donor funded Projects

According to Chepkemoi and Njeru (2017), regular review of financial reports, have effective plan, and ongoing tracking and monitoring the budget procedures got considerable influence on effectiveness of NGOs in Nairobi. The descriptive study approach was used to investigate results of administration of finances and operations on sustainability of Nairobi NGOs financially. Current study, is concerned with project performance. According to Desta et al. (2018), financial reporting might affect the profitability of small businesses and thus their long-term survival. In Hawassa, Ethiopia, they were researching on financial management practices impact on small-scale enterprises' profitability. Research focused on commercial enterprises' whose project performance is based on profitability. This study focuses of donor-funded projects whose performance is based on resource absorption and impact on the target beneficiaries. Sang and Wandera (2017) conclusion from a study reviewing financial statements, establishing planning procedures, and a good monitoring and evaluation system got a substantial influence on an organization's sustainability especially financially, although such influence may be dependent on partners relationships. Nevertheless, the study was particular on project sustainability.

2.3.4 Internal Controls and Performance of donor funded Projects

Abdulhadi et al. (2023) investigated Effect of Internal Controls on Project Management in SMEs Construction sites in Iraq. A quantitative research methodology was utilized, with data obtained

by a survey questionnaire approach from 251 project management department employees of SMEs in the construction sector, who were either consultants, developers, or contractors. Internal control and project management were discovered to have a very strong and substantial relationship. According to the findings of this study, SMEs on construction sites in Iraq can improve their project management performance by applying effective internal control techniques. However, the research was conducted in Iraq, which uses organizational framework different than what Kenya could be using. The study was conducted in the construction sector, which has distinct characteristics than the human rights sector. Towett et al (2019) considered consequence of internal control measures on performance of income-generating units of chosen Kenyan government owned universities. This study's findings revealed that the researched internal control methods had a significant relationship to performance of the Income Generating Units. The researchers advised management to always establish internal controls monitoring arrangements in Income Generating Units. Muhunyo and Jagongo (2018), discovered internal control mechanisms got paramount influence on productivity of public tertiary institutions in Nairobi City County, Kenya. He said that, for organizations effective financial performance, the internal control systems should be enhanced, nurtured, and actively executed. Questionnaire was the tool used of data collection for the two investigations, which used Descriptive Survey Design. However, the two publications concentrated on the performance of institutions rather than projects. They were also conducted in the higher education sector, which has distinct dynamics than other government agencies.

2.4 Conceptual Framework

As per Kothari (2004), a conceptual framework is a design or set of notions which systematises research directing academics in their investigation processes. It is the investigator's answer to problem statement, serving as a research guide. Can modify and adapt a model that has been used in previous studies. A researcher might use the conceptual framework to highlight the direction of the investigation as well as the link between the various components the research investigates. Independent factors under examination are first financial planning, secondly financial monitoring and evaluation, the third is financial reporting, and finally internal controls, and dependent variable being projects funded by donors' performance.

2.5 Summary of Literature Review

Previous studies have been reviewed in consideration that they relate to study aims in this section. It's clear that various studies have been done in this area, and all seek to demonstrate impact of various administration procedures on the success of projects funded by donors.

This chapter also includes a review of relevant theories and conceptual framework. The areas of study that were not considered by past researches are also discussed.

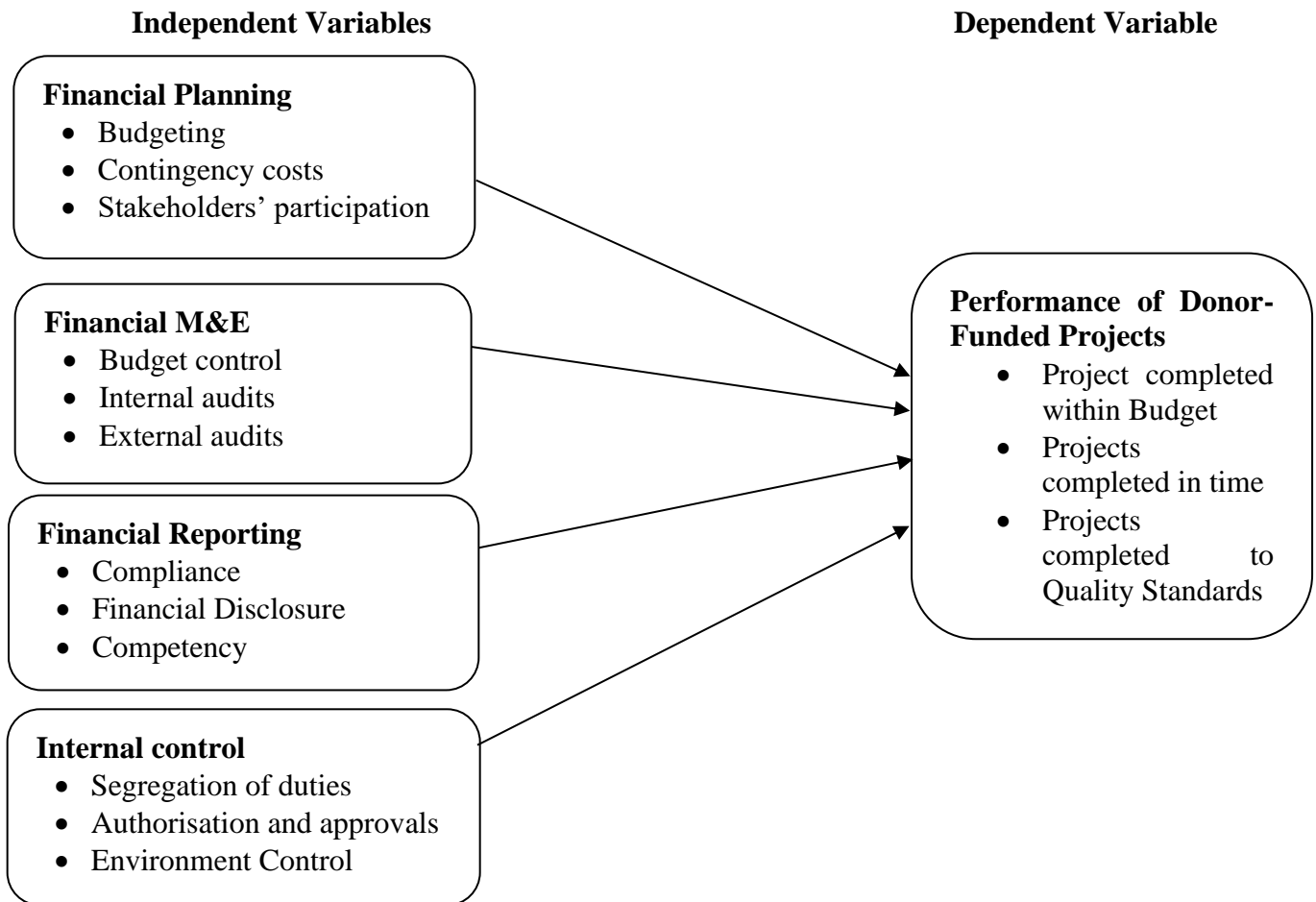


Figure 2-1: Conceptual Framework

2.6 Research Gap

Table 2-1 on the next page describes the knowledge gaps.

Table 2-1: Knowledge Gap

Variable	Author	Focus of Study	Findings	Research Gap
Financial Planning	Byarugaba <i>et al</i> (2014)	The relationship between financial management practices and delivery of health services in Rukungiri District, Uganda.	Though comparatively weak, a positive significant effect exists on budgeting and health services delivery	Health industry research in which most of the funds are from patients (customers) and did not focus on donor-funded projects
	Cheluget and Morogo (2017)	Financial management practices and project performance in Uasin Gishu County, Kenya	Both financial reporting and budgets have a positive effect on project performance	The focus was not on donor funded projects thereby ignoring the financing mechanisms of such projects
	Kang'aru and Tirimba (2018)	Financial planning practices and financial success of health organizations	Financial plan and Budgeting procedure positively relate to financial performance of nonprofit making organizations in health industry.	This only focused on budgeting only in financial management practice and how it relates to performance of organisation. It failed to consider how it affects performance of projects undertaken by organisations.
Financial Monitoring and Evaluation	Kamwana and Muturi (2014)	Financial management and productivity of world bank funded projects in Kenya: a case of KPLC projects	Financial plan, M&E, and Internal controls yielded to the project performance with coefficient of determination 0.89	Study was restricted to world bank funded projects. World bank often than not issues loans and not donations. This research focuses on donor-funded projects
	Chelangat And Sang (2018)	Financial M &E on Financial Sustainability of Public Governance NGOs in Nairobi County, Kenya	The monitoring and evaluation practices brought about donor confidence and hence affecting level of financing available to the firms	Study was conducted among non-governmental organisations only and therefore does not indicate how the same is true for government Ministries, Departments or agencies
Financial Reporting	Desta <i>et al</i> (2018)	Financial Management Practices on Profitability of Small-Scale Enterprises in Hawassa, Ethiopia	Profit of small-scale enterprises is affected by financial management practices	This Study focused on commercial enterprises whose project performance is based on profitability. This study focuses of donor-funded projects whose performance is based on resource absorption and impact on the target beneficiaries

Variable	Author	Focus of Study	Findings	Research Gap
	Wandera and Sang (2017)	Financial Management Practices and Sustainability of NGOs Projects in Juba, South Sudan	Sustainability of NGOs is positively inclined to the Financial Management Practices	The study was particular on project sustainability. This study focuses on project performance
	Chepkemoi and Njeru (2017)	Financial management and practices on financial sustainability of NGOs, Nairobi	Financial reports review got substantial positive effect on NGOs in Nairobi financial sustainability	The Study focused on sustainability of organisations and not the performance of projects.
Internal control	Abdulhadi <i>et al</i> (2023)	Internal Control on Project Management in construction Site Among SMEs, Iraq.	Association between internal control and project management was reported as very strong and very significant	This research was done in Iraq, a nation with different administrative environment from Kenya. It was in the construction sector that has different operation as compared to human right sector.
	Towett <i>et al</i> (2019)	Effect of Internal control Mechanisms on Performance of Income Generating Units in Selected Public Universities in Kenya	Internal controls measures have considerable positive connection to the performance of Income Generating Units in Government owned Universities, Kenya	The research focused on performance of institutions and not projects. In addition, it was done in the higher education sector that is very different compared to human rights sector.

Variable	Author	Focus of Study	Findings	Research Gap
	Muhunyo & Jagongo, (2018)	Internal control systems on financial performance of GOK Institutions of higher learning in Nairobi City County.	Internal control systems got an important influence on institutions of higher learning financial performance	The research focused on performance of institutions and not projects. The study was also in the higher education sector that is run differently from human rights agency.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Section describes research methodologies used for data collection and analysis. It therefore contains data gathering instrument and methods, data analysis, and result presentation. The diagnostic test done prior to running the regression model is also explained.

3.2 Research Design

Research design by definition is the systematic way or strategy used for the gathering of raw data and subsequent analysis of the data such that the data has meaning while using techniques which are cost effective (Garg & Kothari, 2014). The requirement to get feedback from key players of the current status regarding financial accountability practices and performance of projects funded by donors under KNCHR, led to selection of the descriptive survey research whose principal purpose is to give a report on current conditions of matters according to Garg and Kothari (2014). It defines present state of affairs, such as what people have confidence in, what they are doing now, and so on (Neuman, 2013). This research design was appropriate in addressing what, which, when questions, as it allowed for combination of data both quantitative with qualitative.

3.3 Target Population

The targeted population is group of items about which the research wants to draw conclusions (Blumberg, Cooper, & Schindler, 2008). Population is defined by scholars like Frankfort-Nachmias, C., & Nachmias, D. (1996) as the full set of applicable analytical or data units. Specific element of examination in this research were 50 officers within KNCHR working in the M&E, Finance, Internal audits department, project officers, officers from other support Departments as well as senior managers who supported projects under KNCHR funded by different donors for the period of five years from January 2018 and December 2022 which was the period considered in this study. The distribution of staff in the various departments is summarised in next tabular presentation.

Table 3-2: Targeted Population

Classification	Population	Percentage
-----------------------	-------------------	-------------------

Monitoring and Evaluation Officers	2	4
Finance Department Officers	5	10
Internal auditors	3	6
Project Officers	26	50
Senior Managers	10	20
Staff from Other support Departments	5	10
Total	50	100

Source: KNCHR Human Resource Database

3.4 Sample Size and Sampling Procedure

3.4.1 Census

Total of 50 KNCHR staff members formed the targeted population. The procedure of items or individuals' selection from the whole population so that the smaller group selected has elements that are representative of the full population is known as sampling (Wilson, 2002). Census is a study subjected to every unit of the desired population. Since 50 was a small number and all the staff come from the same organisation, sampling was not done, instead the whole target group was used to collect data and this is known as census method. Therefore, the whole group of 50 staff were the respondent approached for the research.

3.5 Research Instruments

Parahoo (2014) stated that a research instrument is a means designed for acquiring information. This research used both opinions and quantifiable source facts. Necessarily, semi-structured queries for the questionnaire which was the primary instrument of data collection. The survey questionnaire allowed the respondents provide their own understanding on the subject matter, which enabled obtaining added detailed response. Questions where one needed to give own views were used to obtain qualitative data, while questions with predetermined set of answers were graded from 1 up to 5. The 5 intervals: first strongly disagree, second disagree, third neutral, fourth agree, fifth strongly agree. Questionnaire desirability is that it provides for uniformity of the queries answered as well as statistical analysis of collected data. Likert scales are actual tools of assessing values perception, action and attitudes (Upagade & Shende, 2012).

3.5.1 Piloting of Instruments

In this study, the questionnaire was subjected to a test prior to main research . This technique, according to Babin (2010), is a screening tactic that lets the researcher disseminate

questionnaires to a smaller group of people comparable with or the same as expected responders prior to the actual exercise to collect feedback and make necessary adjustments. This method can be employed by investigator to aid in reducing amount of erroneous or blank responses in surveys triggered by misinterpretation of the questions by respondents.

Questionnaires piloting within KNCHR was done using 5 randomly selected respondents from various departments. This represented 10% of the population (number of target respondents as determined under section 3.4.1 of this proposal). Mugenda and Mugenda (2009), states that 10% sample representative is adequate for pilot research. The participants in the piloting did not participate in the actual research exercise.

The pilot study helped in challenging reasonableness and consistency of the instrument of research as discussed below.

3.5.2 Validity of Instruments

For research, as per (Sullivan, 2011), validity refers to how well a study delivers responses to research questions or the quality of research conclusions. We must determine whether the questions posed appropriately address the study's aims while assessing for validity (Brace, 2013). In this study, the questionnaire was tested for content validity. Content validity testing is a process that involves seven or more specialists to determine whether the content accurately reflects the attributes under investigation (DeVon et al, 2007). The questionnaire was evaluated for content validity by getting opinions from the supervisor and the pilot study's respondents who guaranteed that there were no typographical or form errors and gave important inputs which were adopted. It was through pilot study that the researcher realised that using printed questionnaire was not going to work since some officers are not located in head office and also the nature of project officers is that they are not in the office all the time because project implementation happens out of office. Online questionnaire was therefore designed and it became the instrument of gathering data.

3.5.3 Reliability of Instruments

Test-retest reliability approach frequently used in investigating measurement dependability, as per Adejimi et al. (2010). Cronbach Alpha was used in assessing the study reliability. Cronbach Alpha stands a popular internal consistency test for assessing the correlation scores between evaluation tool replies (Sullivan, 2011). Cronbach's Alpha (Cronbach, 1951) coefficient evaluates how effectively a collection of measurement objects would be interpreted as though all subjects were used to measure the same latent variable. Bryman (2012) defines this as the

average of all split half dependability coefficients. Cronbach Alpha Coefficients of 0.7 and higher are regarded acceptable reliability markers by Cronbach (1951) and Cooper and Schindler (2009). As a result, in this study a 0.7 threshold was used.

For this study, an experimental study with 5 staff from different departments in KNCHR was conducted. The measure of internal consistency was carried out during piloting and the results compared using Cronbach Alpha.

3.6 Data Collection Procedure

First step in facts gathering process was gaining a formal introduction memo issued by University of Nairobi. The letter was used in seeking permission from KNCHR Chief Executive Officer and staff to undertake the research.

Since the targeted staff members were not all in one office, online questionnaires were ideal as per the feedback from pilot study and therefore administering them was easy as I was sharing the same via email after contacting the respondents on phone through phone calls and short messages.

The filled questionnaires were received as soon as a respondent hit the submit button. I got the feedback anonymously and therefore allowed a duration of one week to pass before sending kind reminder to all participants to submit the filled questionnaires and if one had already submitted to ignore the message. This gave the respondents a total of two weeks to respond which was considered an ample time. This was adapted from the pick and drop method where researchers give questionnaires to the targeted group, leave it with them for a while and collect it at a later date. This method of leaving the questionnaire and collecting later, boosts the response rate of the study (Allred & Ross-Davis, 2011).

3.7 Data Analysis Techniques

Smith (2015), Data analysis is "the methodical arrangement, manipulation, organization as well as processing of raw figures in order get give meaningful info." This study's questionnaire data was statistically analysed by using inferential and descriptive statistics. For creating descriptive and inferential statistics, SPSS statistical software is recommended. To capture properties of the multiple variables under consideration, descriptive statistics such as mean, standard deviation (SD), percentages, in addition to frequencies were used. Descriptive analysis is defined by Pawelski (2016) as statistical procedures using graphic and mathematical synopses to provide an impression of gathered statistics. This inquiry also made use of inferential

statistics. Inferential statistics, according to Pawelski (2016), are methods for determining relationships between variables. In this investigation, Pearson correlation and regression was used. The research employed the following general multiple regression model:

$$D = \beta_0 + \beta_1P + \beta_2M + \beta_3R + \beta_4C + \varepsilon$$

Where;

D = Performance of donor-funded projects

P = Financial planning

M = Financial Monitoring and Evaluation

R = Financial Reporting

C = Internal controls

ε = Error term (represents unexplained variations in the model)

β_0 = the constant term

$\beta_1, \beta_2, \beta_3, \beta_4$ = Independent variable coefficients used to depict sensitivity of D (dependent variable) to the unit change in P, M, R and C respectively.

Significance level of 5% was considered in ascertaining how significant the independent variables influences are on the dependent variable. Range of $p=0.000 < 0.05$, any value greater than given range will simply be an insignificant influence. The error term ε is the disparity in observed and actual data.

3.8. Operationalization of Variables

Different research variables operative descriptions follow:

Table 3-3: Operational Definition of Variables

Study objectives	Variable	Indicators	Measurement scale	Tools for Data Collection	Type of data analysis	Tools of data analysis
To examine how financial planning by KNCHR affect performance of donor funded projects, Kenya.	Financial planning	Budgeting Contingency planning Stakeholders' participation	Interval	Semi-Structured Questionnaire	Descriptive	Mean
			Ordinal		Analysis	SD Frequencies Percentages Pearson's correlation coefficient Simple linear regression Analysis
To determine influence of financial M&E by the KNCHR on performance of donor funded projects, Kenya.	Financial M&E	Budget control Internal audits External audits	Interval	Semi-Structured Questionnaire	Descriptive	Mean
			Ordinal		Analysis	SD Frequencies Percentages Pearson's correlation coefficient Simple linear regression Analysis

Study objectives	Variable	Indicators	Measurement scale	Tools for Data Collection	Type of data analysis	Tools of data analysis
To assess effect of financial reporting on performance of donor funded projects by the KNCHR, Kenya.	Financial reporting	Compliance Financial Disclosure Competency	Interval Ordinal	Semi-Structured Questionnaire	Descriptive Analysis Inferential analysis	Mean SD Frequencies Percentages Pearson's correlation coefficient Simple linear regression Analysis
To explore how Internal controls affects performance of donor funded projects by the KNCHR, Kenya.	Internal controls	Segregation of duties Authorisation and approvals Control of environment	Interval Ordinal	Semi-Structured Questionnaire	Descriptive Analysis Inferential analysis	Mean SD Frequencies Percentages Pearson's correlation coefficient Simple linear regression Analysis
All Objectives	Performance of donor-funded projects	Project completed within Budget	Interval Ordinal	Semi-Structured Questionnaire	Descriptive Analysis	Mean SD Frequencies

Study objectives	Variable	Indicators	Measurement scale	Tools for Data Collection	Type of data analysis	Tools of data analysis
		Projects completed in time			Inferential analysis	Percentages Pearson's correlation coefficient Simple linear regression Analysis
		Projects completed to Quality Standards				

CHAPTER FOUR

RESULTS PRESENTATION AND INTERPRETATION

4.1 Introduction

Statistics analysis and interpretation of financial accountability practices and their influence on performance of donor funded projects under KNCHR is what is contained in this chapter. The targeted population was 50 respondents. The questionnaires returned percentage, respondents' years of service and work location data, is first presented in this chapter, after which data analysis is presented. This chapter has both quantitative data and qualitative data given in tables and text respectively.

4.2 Return Rate of Questionnaire

Table 4-1 shows rate of submitted questionnaires against unsubmitted.

Table 4-1: Return Rate of Questionnaire

Questionnaires	Frequency	Frequency (%)
Submitted	41	82.0
Unsubmitted	9	18.0
Response Total	50	100.0

As per Table 4-1 above, out of the 50 questionnaires shared, 41 were returned with the required information. This was 82.0% response rate which was sufficient for analysis and reporting. According to Mugenda (2003) a response rate of 50% or greater is adequate, while 60% is termed as good, and 70% or more is considered exceptional.

4.3 Respondents Demographic Information

The designation category, years of service, and work location constituted the data collected under this category.

4.3.1 Respondents Designation

Respondents Designation outcome is given in the next page.

Table 4-2: Designation of Respondents

	Frequency	Frequency (%)
Monitoring and Evaluation Officer	2	4.9
Finance Department Officers	4	9.8
Internal auditors	3	7.3
Project Officers	21	51.2
Senior Managers	9	22.0
Others Support Departments	2	4.9
Total	41	100.0

Majority of respondents (51.2%) were project officers. This deliberate move was informed by the fact that the project officers are the direct implementors who carry the project activities. They would therefore give a very informed evaluation of the accountability practices that KNCHR has in place since they are not policy makers. 22.0% were senior managers in KNCHR who have the inside information of performance of the donor funded projects and what has been working for the organisation, 9.8% were Finance Department Officers, 7.3% were Internal Auditors, 4.9% were Monitoring and Evaluation Department officers while 4.9% were from other support Departments.

4.3.2 Respondents Work Experience

The years of service with KNCHR was as following:

Table 4-3: Work Experience of Respondents

	Frequency	Frequency (%)
1 year and less	1	2.4
Over 1 year up to 5 years	6	14.6
Over 5 years up to 10 years	18	43.9
10 years and above	16	39.0
Total	41	100

As shown, most officers (43.9%) indicated 6 to 10 years of service with KNCHR, 39.0% more than 10 years, 14.6% between 1 and 5 years and 2.4% less than a year. Thus, majority had appropriate work experience and, therefore significantly knowledgeable donor funded projects.

4.3.3 Respondents' Work Station

Outcomes regarding the current work station are given next.

Table 4-4: Current station

Current Station	Frequency	Frequency as Percentage (%)
Head Quarters	31	75.6
Regional Officers	10	24.4
Total	41	100

As per the results, 75.6 percent of respondents are stationed in the Head office while 24.4 percent were stationed in different regional officers. It was paramount for majority of respondent to be Head office staff because most of the decisions are made at the head office and they are privy to some information that the regional office staff might not know.

4.4 Performance of Donor funded projects under KNCHR

Results on Performance of Donor funded projects under KNCHR are well outlined in this segment. Projects' implementation as per the budget, agreed timelines, and within the scope were indicators of donor funded projects performance.

4.4.1 Descriptive Data on KNCHR Donor funded Projects Performance

Respondents were tasked to give a rating of the performance of donor funded projects under KNCHR. Responses were rated as per Likert scale with ratings 1 to 5, whereby; 1 denotes strongly disagree; 2 for Disagree, 3 means Neutral, 4 marks to Agree, and 5 represents to Strongly Agree.

This Likert scale parameters remained the same where they were used for all other variables in this study.

Coefficient of variation (CV), which simply is the ratio of the standard deviation to the mean, was used to show the spreading out of values relative to the mean by dividing standard deviation by the mean. In addition, coefficient of variation is used to determine the ratio of the variability of the data set's mean. A coefficient of variation which is greater than 1 depicts quite high variability in the data sets while one lower than 1 is termed to be a low-variance.

The responses about Donor funded projects performance were given on the next page.

Table 4-5: Data on Performance of Donor funded Projects under KNCHR

claim	1	2	3	4	5	n	Mean	SD
	F (%)	F (%)	F (%)	F (%)	F (%)			
D1. Donor-funded projects undertaken by KNCHR are completed within allocated time frame.	1 (2.4)	4 (9.8)	8 (19.5)	20 (48.8)	8 (19.5)	41	3.73	0.9753
D2. Donor-funded projects undertaken by KNCHR are completed within allocated time frame.	0 (0.0)	2 (4.9)	3 (7.3)	22 (53.7)	14 (34.1)	41	4.17	0.7714
D3. Scope variation of planned project activities that necessitates upward cost appraisals are few for donor funded projects by KNCHR.	1 (2.4)	1 (2.4)	6 (14.6)	23 (56.1)	10 (24.4)	41	3.98	0.8511
D4. Narrative reports of undertaken activities are in accordance to the workplans specifications.	0 (0.0)	0 (0.0)	4 (9.8)	17 (41.5)	20 (48.8)	41	4.39	0.6663
D5. Only a few budget realignments required during a project's execution period.	0 (0.0)	2 (4.9)	4 (9.8)	25 (61.0)	10 (24.4)	41	4.05	0.7400
D6. The difference between activities budgeted amount and actual expenditure at the end of the project period are 10% and below.	0 (0.0)	3 (7.3)	9 (22.0)	16 (39.0)	13 (31.7)	41	3.95	0.9206
Aggregate Mean and SDV							4.04	0.8440

The respondents strongly agreed that Donor funded Projects under KNCHR are well performing. The claims with mean a greater mean than combined (4.04): Narrative reports of undertaken activities are in accordance to the workplans specifications, Donor-funded projects undertaken by KNCHR are completed within allocated time frame and the statement that only a few budget realignments are required during a project's execution period.

The statements with mean score less than aggregated mean (4.04) were: Donor-funded projects undertaken by KNCHR are completed within allocated time frame, scope variation of planned project activities that necessitates upward cost appraisals are few for donor funded projects by KNCHR and the statement that the difference between activities budgeted amount and actual expenditure at the end of the project period are 10% and below. For the combined standard-deviation (0.8440), the covariance correlation was 0.2086 indicating that data distribution around the mean was closely distributed and this implies that it was reliable data.

4.5 Financial Planning of Donor funded projects under KNCHR

This segment includes results on financial planning and its influence on performance of donor funded projects under KNCHR. Financial planning indicators were annual budgeting, overhead ceilings, budgeting for contingency, and stakeholders' involvement.

4.5.1 A Descriptive Analysis of Financial Planning in KNCHR

The study required responses on the degree to which interviewees agreed with the given claims on Financial Planning for donor funded projects under KNCHR. The responses were categorised using Likert scale as per the specification of this study. Given answers were as outlined below.

Table 4-6: Financial Planning Data

Claim	1	2	3	4	5	n	Mean	SD
	F	F	F	F	F			
	(%)	(%)	(%)	(%)	(%)			
P1. KNCHR prepares annual budgets that control spending.	0 (0.0%)	0 (0.0%)	0 (0.0%)	16 (39.0%)	25 (61.0%)	41	4.61	0.4939
P2. Administration and activity costs are subject to a ceiling based on expected funding.	0 (0.0%)	3 (7.3%)	3 (7.3%)	23 (56.1%)	12 (29.3%)	41	4.07	0.8182
P3. In budgets preparations, contingency sums are included to cater for unforeseen circumstances.	2 (4.8%)	9 (22%)	8 (19.6%)	11 (26.8%)	11 (26.8%)	41	3.49	1.2474
P4. Changes in costs due to price variations and inflation are considered during budgeting.	1 (2.4%)	8 (19.5%)	7 (17.1%)	19 (46.3%)	6 (14.7%)	41	3.51	1.0517
P5. Expert advisors are sought by KNCHR management during financial planning.	1 (2.4%)	8 (19.5%)	7 (17.1%)	13 (31.7%)	12 (29.3%)	41	3.66	1.1749

P6. All stakeholders extensively deliberate and analyse the financial proposals before they are authorized and implemented.	3 (7.3%)	9 (22.0%)	7 (17.1%)	13 (31.7%)	9 (22.0%)	41	3.39	1.2625
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Aggregate Mean and SD

3.79 1.1194

It can be said that KNCHR undertakes financial planning for donor-funded projects. Respondents, particularly, came to an agreement with the statement that budgets to guide spending are prepared on annual basis (mean=4.61) together with the statement that administration and overheads expenditure have a ceiling which is set in relation to expected funding (mean = 4.07) having line mean higher than the combined mean. However, the statement: management seeks counsel and guidance from professional advisors during planning (mean=3.66); changes in costs due to price variations and inflation are considered during budgeting (mean=3.51); during budgeting, contingency sums are included to cater for unforeseen circumstances (mean=3.49); there is stakeholders involvement during financial proposals (mean=3.39) had line mean less than the combined mean.

The resultant data indicated that combined mean and the standard deviation was 3.79 and 1.1194 respectively. This gives a coefficient of variation of 0.2954 showing that the results distribution was centred around the mean hence the variance considered steady.

4.5.2 Qualitative Data on Financial Planning

4.5.2.1 Projects Budget Approval

Responses were sought on the frequency of donor-funded projects by KNCHR implementation without an approved financial plan. The feedback was as illustrated below.

Table 4-7: Frequency of Project implemented without approved Budget

	Rate of recurrence	Occurrence Percentage (%)
Never	33	80.5
Less often	7	17.1
Often	1	2.4
Total	41	100.0

As per these responses, 80.5% were of the opinion that donor projects undertaken by KNCHR are never implemented without an approved budget, 17.1% reported less often, and 2.4% often. This shows that donor funded project under KNCHR are implemented with an approved budget.

4.5.2.2 Challenges to the effective financial planning of donor funded Projects under KNCHR

Respondents indicated some of the challenges experienced during financial planning for donor-funded projects undertaken by KNCHR. The feedback given can included the following sentiments as the challenges encountered: *Insufficient funds to conduct all desired activities are not always available; Time constraint, planning is always done within a tight deadline and finally, they felt that getting all stakeholders to give their input on time was a challenge.*

4.5.3 Correlation of Financial Planning and KNCHR Donor Funded Projects Performance

Data presented tabularly below demonstrates financial planning and KNCHR donor funded projects performance are related.

Table 4-8 has the resultant data.

Table 4-8: Correlation of Financial Planning and Donor Funded Projects Performance

Variable		Financial Planning	Performance of Donor Funded Projects under KNCHR
Financial Planning	Pearson Correlation	1	0.693**
	Sig. (2-Tailed)		0.000
	N	41	41
Performance of Donor Funded Projects	Pearson Correlation	0.693**	1
	Sig. (2-Tailed)	0.000	
	N	41	41

** . Correlation is significant at the 0.05 level (2-tailed)

Donor funded project performance coefficient of correlation with financial planning 0.69 (at $p=0.00 < 0.05$ significance). This demonstrates that implementation of donor funded projects activities under KNCHR has a positively relation with financial planning.

4.5.4 Regression of Influence of Financial Planning on Performance of KNCHR Donor funded Projects

To fully grasp effect of financial planning practices on projects performance under KNCHR specifically donors funded, regression analysis was performed. Results are shown below.

Table 4-9: Regression of Influence of Financial Planning on Performance of Donor funded Projects under KNCHR

Model Summary									
Model	R	R ²	R ² (Adjusted)	Std. Estimate Error	Change Statistics				Sig. F Change
					R ² Change	F Change	df1	df2	
1	.693 ^a	.480	.467	.48916	.480	35.999	1	39	.000

ANOVA							
Model		Squares	Sum	df	Mean Square	F	Significance
1	Regression	8.614		1	8.614	35.999	.000 ^b
	Residual	9.332		39	.239		
	Total	17.946		40			

Coefficients ^a							
Model		Unstandardized		Standardized		t	Significance
		B	Std. Error	Beta			
1	(Constant)	1.811	.380			4.765	.000
	Financial planning	.590	.098	.693		6.000	.000

a. Dependent variable: Performance of Donor funded Projects under KNCHR

b. Predictors: (Constant), Financial planning

From Table 4-9, $R^2 = 0.480$. This is interpreted as, if all other factors were held constant, changes in financial planning practices results to 48.0% variation in performance of donor funded projects under KNCHR. As per the ANOVA results, had a significance of less than 0.05. Therefore, financial planning practices are significant in performance of projects under KNCHR. As per the results of the regression coefficients, it can be concluded if all other factors remained the same, performance of donor funded projects under KNCHR would not change at 1.811 if the financial planning actions remained unchanged. Moreover, a unit variation in

financial planning action would bring a change of 0.590 in performance of donor funded projects under KNCHR.

4.6 Financial M&E and KNCHR Performance of Donor funded projects

This segment gives the results of financial M&E and their influence on Donor funded projects under KNCHR performance. Indicators of financial M&E were conducting actual cost versus budgeted cost analysis, expenditure approval, audit exercises, budget tracking and communication of results to all stakeholders.

4.6.1 Descriptive Analysis of Financial M&E and Performance of Donor funded projects under KNCHR

Resultant data on views with regard to given statements of financial M&E actions were according to the Likert scale specified for this study. The gathered data is presented below.

Table 4-10: Financial M&E Data

Claim	1	2	3	4	5	n	Mean	SD
	F (%)	F (%)	F (%)	F (%)	F (%)			
M1. Actual cost versus budgeted cost analysis is regularly done.	1 (2.4)	5 (12.2)	5 (12.2)	20 (48.8)	10 (24.4)	41	3.80	1.0300
M2. All unbudgeted for expenditure requires justification and mandatory senior management approval.	1 (2.4)	2 (4.9)	3 (7.3)	13 (31.7)	22 (53.7)	41	4.29	0.9809
M3. KNCHR has a functional internal financial monitoring department and a well-resourced internal audit department.	1 (2.4)	4 (9.8)	3 (7.3)	15 (36.6)	18 (43.9)	41	4.10	1.0678
M4. Internal financial audits are regular carried out on donor-funded projects, their findings presented to senior management and recommendations always implemented.	1 (2.4)	5 (12.2)	6 (14.6)	17 (41.5)	12 (29.3)	41	3.83	1.0701
M5. KNCHR regularly engages competent external auditors to audit	1 (2.4)	0 (0.0)	3 (7.3)	13 (31.7)	24 (58.5)	41	4.44	0.8381

Claim	1	2	3	4	5			
	F	F	F	F	F	n	Mean	SD
	(%)	(%)	(%)	(%)	(%)			
its projects including donor funded projects.								
M6. Financial M&E exercises are shared with all stakeholders so that they can also act as gate keepers to prevent misappropriation of funds.	3 (7.3)	5 (12.2)	5 (12.2)	19 (46.3)	9 (22.0)	41	3.63	1.1781
Aggregate Mean and SDV							4.02	1.0613

The statements that KNCHR regularly engages competent external auditors to audit its projects including donor funded projects had 4.44 as the mean of and 58.5% of the population agreeing strongly. On the indicator, unbudgeted for expenditure requires justification and must be approved by senior management gained a mean of 4.29 with 53.3% respondents strongly agreeing with this. While the indicator of KNCHR having a functional financial monitoring department and a well-resourced internal audit department resulted with 4.10 as the mean. These statements had line mean greater than aggregated mean.

The other statements had their mean as follows. The statement, Internal financial audits are regular carried out on donor-funded projects, their findings presented to senior management and recommendations always implemented had a mean of 3.83, while actual cost versus budgeted cost is regularly done and corrective action taken had a mean of 3.80. Finally, M&E exercises results are communicated to all stakeholders so that they can also act as gate keepers to prevent misappropriation of funds had a mean of 3.63. The average mean, 4.02, means that majority coincided that financial M&E was being done by KNCHR for donor funded projects.

The aggregate mean for the statements was 4.02 and the average standard deviation is 1.0613. This gives a coefficient of variation of 0.2642 showing that the results dispersal was around the mean, therefore, the variance was considered steady.

4.6.2 Qualitative Information on Financial M&E and Performance of Donor funded projects in KNCHR

4.6.2.1. Effectiveness of Financial M&E

It was a requisite for the respondents to indicate as to their opinion whether financial M&E practices at KNCHR are effective. The data received were as per the tabular presentation below.

Table 4-11: Effectiveness of Financial M&E in KNCHR

	Frequency	Percentage (%)
Not Effective	4	9.8
Effective	31	75.6
Very Effective	6	14.6
Total	41	100.0

As per above table, majority (75.6) reported that financial M&E by KNCHR were effective.

Respondents were asked how they suppose financial M&E impact donor-funded projects under KNCHR performance. Respondents gave various answers that could be but the most repeated were; *It enhances accountability in utilisation of donor funds to ensure efficient use of project resources; Monitoring helps future trends in forecasting and adjusting the budget in time to achieve desired results, and Reduction of misappropriation of funds because it enhances accountability and transparency.*

The is need for a working financial monitoring and evaluation system and its implementation because it has a significance influence on KNCHR donor funded projects performance.

4.6.3 Correlation between Financial M&E and KNCHR Donor funded projects Performance

Pearson's correlation analysis employed to determine the prevailing relationship between financial M&E and performance of donor funded projects under KNCHR. The results were as outlined in Table 4-12.

Table 4-12: Financial M&E and KNCHR donor funded projects.

		Financial M&E	Performance of Donor funded projects under KNCHR
Financial M&E	Correlation (Pearson)	1	.549**
	Significance (2-tailed)		.000
	n	41	41
Performance of Donor funded projects under KNCHR	Correlation (Pearson)	.549**	1
	Significance (2-tailed)	.000	
	n	41	41

** . Correlation was significant at the 0.05 level (2-tailed).

Referencing Table 4-12, the correlation coefficient of Financial M&E with performance of donor funded projects under KNCHR was 0.549 for $p=0.00 < 0.05$. Therefore, Financial M&E exhibited positive correlation with donor funded projects under KNCHR performance.

4.6.4 Regressing effect of Financial M&E on KNCHR donor funded projects Performance

Analysis conducted to appreciate impact of financial M&E on KNCHR donor funded projects performance had results as given under Table 4-13.

Table 4-13: Analysis of Regression of effect of financial M&E on Donor funded projects Performance

Model Summary^b									
Model	R	R ²	R ² Adjusted	Estimate Std. Error	Change Statistics				
					R ² Change	F- Change	df1	df2	Sig. F- Change
1	.549 ^a	.301	.283	.56698	.301	16.824	1	39	.000

Anova ^a						
Model		Squares' sum	Df	Mean Square	F	Significance
1	Regression	5.408	1	5.408	16.824	.000 ^b
	Residual	12.537	39	.321		
	Total	17.946	40			

Coefficients ^a						
Model		Unstandardized		Standardized	t	Significance
		B	Std. Error	Beta		
1	(Constant)	2.279	.439		5.187	.000
	Financial Monitoring and Evaluation	.440	.107	.549	4.102	.000

a. Dependent Variable: Performance of KNCHR donor funded project

b. Predictors: (Constant), Financial M&E

As per Table 4-13, $R^2 = 0.301$. This can be interpreted that, *ceteris paribus*, the changes in financial M&E activities shows 30.1% change to project performance. ANOVA, F-test had a Value of 16.824 for range of $p=0.000 < 0.05$ and a significance less than 0.05. Therefore, financial monitoring and evaluation was significant in predicting performance. From the regression coefficients, *ceteris paribus*, Performance of donor funded projects under KNCHR would remain unchanged at 2.279 if financial monitoring and evaluation was not changed and a unit change of financial M&E would influence a change of 0.440 in performance of donor funded project under KNCHR.

4.7. Financial Reporting and KNCHR projects funded Donors Performance

Results on financial reporting and its impact on KNCHR donor funded projects performance are outlined in this section. Indicators considered were finance personnel competency and financial reporting.

4.7.1 Descriptive Analysis of financial reporting and Performance of KNCHR donor funded projects.

Responses to statements about financial reporting practices were sought in this study and the results are displayed in Table 4-14.

Table 4-14: Analysis of financial reporting and KNCHR donor funded projects Performance

Statement	1	2	3	4	5	n	Mean	SD
	F	F	F	F	F			
	(%)	(%)	(%)	(%)	(%)			
R1. KNCHR prepares financial statements as per generally accepted accounting principles and practices e.g., IFRS.	0 (0.0)	1 (2.4)	0 (0.0)	16 (39.0)	24 (58.5)	41	4.54	0.6363
R2. Financial transactions on donor funded projects are promptly recorded to facilitate financial monitoring.	0 (0.0)	0 (0.0)	7 (17.1)	18 (43.9)	16 (39.0)	41	4.22	0.7250
R3. Annual books of accounts are printed and shared with all the stakeholders including the general public.	4 (9.8)	3 (7.3)	7 (17.1)	14 (34.1)	13 (31.7)	41	3.71	1.2697
R4. Donors are informed on the project performance in terms of actual expenditures verses approved budgets during and after completion of projects.	0 (0.0)	0 (0.0)	2 (4.9)	16 (39.0)	23 (56.1)	41	4.51	0.5967
R5. Competent accountants (in terms of academic qualifications and experience) are involved in preparation of financial accounts for each donor-funded project.	0 (0.0)	0 (0.0)	1 (2.4)	13 (31.7)	27 (65.9)	41	4.63	0.5365
R6. Regular training of personnel involved with financial reporting is carried out using internal and external providers in order to improve on reporting and embrace changes in accounting principles and practices.	1 (2.4)	8 (19.5)	9 (22.0)	12 (29.3)	11 (26.8)	41	3.59	1.1614
Aggregate Mean and SDV							4.20	0.9546

The following statements had a line mean higher than the combined mean average which was 4.20 as follows; Majority agreed with the statement that competent accountants prepare the

financial statements (mean=4.63). It was agreed that KNCHR prepares financial statements as per generally accepted accounting principles and practices (mean=4.54); information on project performance in terms of actual expenditures verses approved budgets is always availed (mean=4.51); financial transactions on donor funded projects are recorded immediately they (mean=4.22). Responses to statements that had a line mean less than aggregated mean were; annual books of accounts are printed and shared with all the stakeholders including the general public (mean=3.71) and regular training of Finance personnel is undertaken (mean=3.59).

This illustrates that the financial reporting procedures are robust and well followed with adequate personnel on board.

The results had a combined mean and standard deviation of 4.20 and 0.954 respectively. This gives a coefficient (ratio of standard deviation to mean) of variation 0.227 meaning that distribution of the findings was centred around the mean and as a result the variance was termed as steady.

4.7.2. Qualitative Information on financial reporting and Performance of donor funded projects under KNCHR

4.7.2.1. Influence of Financial Reporting

Interviewees gave views if financial reporting does affect performance of projects funded by donor. Their opinions were as presented:

Table 4-15: Whether financial reporting affects performance of donor-funded projects under KNCHR

	Frequency	Percentage (%)
Yes	38	92.7
Maybe	2	4.9
No	1	2.4
Total	135	100.0

Most responses, 92.7%, said that financial reporting affected performance of donor funded projects under KNCHR. However, 4.9% were indecisive as to whether financial reporting has an effect on donor performance and answered with maybe while 2.4% who is just one person felt that financial reporting does not affect performance of donor funded projects under KNCHR. This portrays that financial reporting is key in donor projects good performance.

4.7.2.2. Why financial reporting affects performance of donor-funded projects under KNCHR

To understand better why the respondents answered this question the way they did, respondents were requested to explain why they felt financial reporting affects performance of donor funded projects under KNCHR or why they felt otherwise. The common responses were; *Financial reports help to reveal gaps in financial planning and aids in management of the projects; Financial reporting gives an analysis on whether donor funded projects were implemented in line with the donor agreements thereby achieving the set objective; By keeping track of project finances through financial statements, the institution is able to be accountable to the donors for funds given.*

4.7.3 Correlation between financial reporting and performance of donor funded projects

The relationship between financial reporting and performance of donor funded projects was measured as per results shown below.

Table 4-16: Correlation between financial reporting and performance of donor funded projects under KNCHR

Financial Reporting		Financial Reporting	Performance of Donor funded projects under KNCHR
Performance of Donor funded projects under KNCHR	Correlation (Pearson)	1	.530**
	Significance (2-tailed)		.000
	N	41	41
Financial Reporting	Correlation (Pearson)	.530**	1
	Significance (2-tailed)	.000	
	N	41	41

** . Correlation was significant at 0.05 level (2-tailed).

The results on Table 4-16, coefficient of correlation was 0.530 for $p=0.00 < 0.05$. This exhibits a relationship between financial reporting and performance of donor funded projects under KNCHR.

4.7.4 Regression of Influence of financial reporting and performance of KNCHR donor funded projects

An analysis was performed to appreciate existing association between financial reporting and performance of KNCHR projects funded by donors. The resultant data is presented below.

Table 4-17: Regression of Influence of financial reporting on Performance of donor funded projects under KNCHR

Model Summary^b									
Model	R	R ²	R ² (Adjusted)	Estimate Std. Error	Change Statistics				
					R ² Change	F Change	df1	df2	Sig. F Change
1	.530 ^a	.281	.262	.57531	.281	15.219	1	39	.000

Anova^a						
Model		Squares' sum	df	Mean Square	F	Significance
1	Regression	5.037	1	5.037	15.219	.000 ^b
	Residual	12.908	39	.331		
	Total	17.946	40			

Coefficients^a							
Model		Coefficients (Unstandardized)		Coefficients (Standardized)		t	Significance
		B	Std. Error	Beta			
		1	(Constant)	1.522	.653		
	Financial Reporting	.601	.154	.530		3.901	.000

a. Dependent Variable: Performance of donor funded projects under KNCHR

b. Predictors: (Constant), Financial Reporting

The Table 4-17, $R^2 = 0.262$. The interpretation is that, in a condition where all other factors are unchanged, a change in financial reporting predict 26.2% change in performance of projects funded by donors. ANOVA results shows F-test giving 15.219 (at $p=0.00 < 0.05$ significance). The Financial Reporting is substantial to predict donor funded projects performance. From the regression coefficients an explanation would be, that holding all other factors unchanged, performance of donor funded projects under KNCHR would be unchanged at 1.522 if financial reporting is unchanged and a unit change of financial reporting would effect a change of 0.601 in performance of donor funded projects under KNCHR.

4.8 Internal Control and Performance of donor funded projects under KNCHR

In this segment, the results on internal controls practices are indicated. Indicators that were studied under internal control were standard procedures for financial transactions, implementation adheres to budget, expenditure authorisation and approval in project implementation.

4.8.1. Descriptive Analysis on Internal controls and of KNCHR Donor funded projects Performance

Responses to agreement or otherwise to statements relating to the existing internal controls practices are given below.

Table 4-18: Level of Agreement with existing Internal controls

Claim	1	2	3	4	5	n	Mean	SD
	F (%)	F (%)	F (%)	F (%)	F (%)			
C1. KNCHR has a standard operating procedure for financial transactions with segregated duties.	0 (0.0)	2 (4.9)	0 (0.0)	16 (39.0)	23 (56.1)	41	4.46	0.7449
C2. The standard operating procedure is always followed for financial transactions in donor funded projects.	0 (0.0)	1 (2.4)	4 (9.8)	16 (39.0)	20 (48.8)	41	4.34	0.7619
C3. Project implementors keep track of the budgets and only raise requests for tasks included in the budget plan.	0 (0.0)	4 (9.8)	3 (7.3)	14 (34.1)	20 (48.8)	41	4.22	0.9621
C4. Project finances are only expended after the authorisation and approval of the accounting authority.	0 (0.0)	0 (0.0)	2 (4.9)	15 (36.6)	24 (58.5)	41	4.54	0.5957
C5. Security is always maintained in the accounting department including access control and system security protocol.	0 (0.0)	2 (4.9)	4 (9.8)	15 (36.6)	10 (48.8)	41	4.29	0.8439
C6. Only authorised personnel operate	0 (0.0)	0 (0.0)	0 (0.0)	11 (26.8)	30 (73.2)	41	4.73	0.4486

Aggregate Mean and SDV	4.43	0.7568
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From the responses, there was strong agreement with the statement that only authorised personnel operate the financial systems (mean=4.73) followed by project finances are only expended after the authorisation and approval of the accounting authority (mean=4.54) then there exists a standard operating procedure for financial transactions with segregated duties (mean=4.46). The aggregated mean was 4.43 which means that it was agreed that there exist internal controls in KNCHR for donor funded projects and they are adhered to. The following statements, though they were in agreement had a line mean less than the average mean. To begin with, the statement, the standard operating procedure is always followed for financial transactions in donor funded projects (mean=4.34), followed by security is always maintained in the accounting department including access control and system security (mean=4.29) and finally, project implementors keep track of the budgets and only raise requests for tasks included in the budget plan. (mean=4.22).

The average mean of 4.43 depicts that there exist strong internal controls which are adhered to for donor funded projects under KNCHR. The combined standard deviation of 0.7568 and a resultant coefficient of variation of 0.170 means that the findings dispersal was concentrated around the mean and therefore variance could be said to be steady.

4.9.2. Qualitative Information on Internal controls and KNCHR Donor funded projects Performance

4.9.2.1 Internal Controls and Performance of KNCHR projects Funded by Donors

It was expected of study to give opinions on Internal controls practices which if implemented would lead to better performance of KNCHR projects which were donor funded. The following are some responses; *Strict enforcement of the existing internal control systems; Have entry meeting for all staff involved in project implementation to ensure adherence to all requirements; A project coordinator should not be in charge of two projects concurrently.*

4.9.2.1. Effect of Internal controls on Donor Funded Projects

Respondents' opinion on whether adequate Internal control can contribute to positive performance of donor funded projects were sought. Resultant data was as given in Table 4-19.

Table 4-19: Whether Internal Controls have effect on Donor Funded Projects

	Frequency	Percentage (%)
Yes	41	100.0
Maybe	0	0.00
No	0	0.00
Total	41	100

All responses, (100.0%) showed agreement that Internal controls contributes positively to performance of donor funded projects. This means that KNCHR should ensure that the Internal Controls are adhered to.

4.9.3 Correlation between Internal Controls and Performance of Donor funded projects under KNCHR

Correlation that exists between internal controls and performance of donor funded projects under KNCHR was established using Pearson’s correlation analysis. The statistics are on Table 4-20.

Table 4-20: Correlation of Internal Controls and Performance of Donor funded projects under KNCHR

		Internal Control	Performance of Donor funded projects under KNCHR
Internal Control	Correlation (Pearson)	1	.513**
	Significance (2-tailed)		.001
	n	41	41
Performance of Donor funded projects under KNCHR	Correlation (Pearson)	.513**	1
	Significance (2-tailed)	.001	
	n	41	41

** . Correlation was significant at 0.05 level (2-tailed).

Coefficient of correlation between internal control practices and performance of donor funded projects under KNCHR resulted to 0.513 (for $p=0.00<0.05$). This shows internal controls got a significance relationship with KNCHR donor funded projects’ performance.

4.9.4 Regression of Internal Controls and Performance of donor funded projects under KNCHR

An analysis was done to comprehend how internal controls influenced performance of donor funded projects under KNCHR. The resulting statistics are given under Table 4-21.

Table 4-21: Regression of Internal Controls and Performance of Donor funded projects under KNCHR

Model Summary									
Model	R	R ²	R ² (Adjusted)	Estimate Std. Error	Change Statistics				
					R ² Change	F Change	df1	df2	Sig. F Change
1	.513 ^a	.264	.245	.58212	.264	13.958	1	39	.001
ANOVA^a									
Model		Squares	sum	df	Mean Square	F	Significance		
1	Regression	4.730		1	4.730	13.958	.000 ^b		
	Residual	13.216		39	.339				
	Total	17.946		40					
Coefficients^a									
Model		Unstandardized		Standardized		T	Significance		
		B	Std. Error	Beta					
1	(Constant)	1.182	.772			1.532	.134		
	Stakeholder engagement practices	.646	.173	.513		3.736	.001		

a. Dependent Variable: Internal Controls

b. Predictors: (Constant), Performance of donor funded projects under KNCHR

As per Table 4-21; R² = 0.245. This shows that, when all other factors are unchanged, the changes in internal controls practices predict 24.5% change in performance of donor funded projects under KNCHR. ANOVA results, F Value was 13.958 (p=0.000<0.05). This indicates

Internal controls was indeed significant in envisaging performance of donor funded projects under KNCHR.

4.10. Combined Financial Accountability Practices and Performance of Donor funded practices under KNCHR

4.10.1 Correlation Analysis

This study used Pearson’s product moment technique to establish existence of a connection between Financial Accountability Practices and KNCHR projects funded by donors’ performance. Resultant data was as summarised under Table 4-22.

Table 4-22: Correlation of Financial Accountability Practices and KNCHR projects funded Donors Performance.

		Performance of donor funded Projects	Financial Planning	Financial Monitoring and Evaluation	Financial Reporting	Internal Controls
Performance of donor funded Projects	Correlation	1				
	(Pearson)					
	Significance (2-tailed)					
	n	41				
Financial Planning	Correlation	.693**	1			
	(Pearson)					
	Significance (2-tailed)	.000				
	n	41	41			
Financial Monitoring and Evaluation	Correlation	.549**	.675**	1		
	(Pearson)					
	Significance (2-tailed)	.000	.000			
	n	41	41	41		
Financial Reporting	Correlation	.530**	.708**	.669**	1	
	(Pearson)					
	Significance (2-tailed)	.000	.000	.000		

		Performance of donor funded Projects	Financial Planning	Financial Monitoring and Evaluation	Financial Reporting	Internal Controls
	n	41	41	41	41	
Internal Controls	Correlation (Pearson)	.513**	.647**	.575**	.860**	1
	Significance (2-tailed)	.000	.000	.000	.000	
	n	41	41	41	41	41

** . Correlation was significant at 0.05 level (2-tailed).

With reference to Table 4-22, there exists a relationship between dependent variable and the independent variables. The predictor variable with greatest relationship with dependent variable was financial planning ($r = 0.693$), followed by financial M&E ($r = 0.549$), financial reporting ($r = 0.530$) and finally internal controls ($r = 0.513$).

4.10.2 Regression Analysis

Multiple linear regression to establish in what way financial accountability practices (aggregated independent variables which were financial planning, financial M&E, financial reporting, as well as internal controls) influenced KNCHR donor funded projects performance. Resultant statistics are on

Table 4-23: Influence of Financial Accountability and KNCHR Donor funded Projects Performance Regression

Model Summary^b									
Model	R	R ²	Adjusted R ²	Std. Error of the Estimate	Change Statistics				
					R ² Change	F Change	df1	df2	Sig. F Change
1	.705 ^a	.497	.441	.50057	.497	8.905	4	36	.000
ANOVA^a									
Model		Sum of Squares	Df	Mean Square	F	Sig.			
1	Regression	8.925	4	2.231	8.905	.000 ^b			

Residual	9.021	36	.251		
Total	17.946	40			
Coefficients^a					
Model	Unstandardized		Standardized	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.396	.667		2.093	.043
1 Financial planning	.483	.155	.568	3.113	.004
Financial M&E	.116	.138	.145	.843	.405
Financial Reporting	.101	.297	.089	.340	.736
Internal Controls	.175	.293	.139	.596	.555

a. Dependent Variable: KNCHR Donor funded Projects Performance

b. Predictors: (Constant), KNCHR financial planning, financial M&E, financial reporting, and Internal Control practices.

From the Table 4-23, a conclusion can be made that financial accountability practices got a significance influence on performance of donor funded projects under KNCHR ($R=0.705$).

If all the other influencing factors were held constant, the model (KNCHR financial planning, financial M&E, financial reporting, and Internal Controls) predicted 49.7% variation in the performance of donor funded project under KNCHR ($R^2=0.497$). The remaining 50.3% can be attributed to variation explained by other factors outside the model.

The ANOVA data shows for $p=0.000<0.05$, $F=8.905$ implying that this model was significant in estimating donor funded projects performance.

Upon substitution, the regression equation given in Chapter 3, $D = \beta_0 + \beta_1P + \beta_2M + \beta_3R + \beta_4C + \varepsilon$, model becomes;

$$D=1.396+ 0.483P + 0.116M + 0.101R + 0.175C + \varepsilon$$

Where D = performance of donor funded projects under KNCHR, P is financial planning, M is financial M&E, R is financial reporting and C is internal controls, β_0 is the constant and $\beta_1, \beta_2, \beta_3, \beta_4$ being the determination coefficients for P, M, R, C respectively while ε is term of error.

Analysis of the findings indicated, *ceteris paribus*, a positive unit variation in the variables financial planning, financial M&E, Internal Control practices and financial reporting would cause positive change in performance of donor funded projects under KNCHR as follows 0.483, 0.116, 0.175 and 0.0101 respectively. This therefore means, financial planning contributes most to good performance of donor funded projects under KNCHR followed by strong Internal controls and lastly financial monitoring & evaluation.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

Investigation of how Accountability practices (Financial) affects performance of projects which are donor funded under KNCHR, Kenya was the main aim of this study. Summary of the findings is included in this chapter. It also covers the commendations, researcher's conclusions, and areas of future study.

5.2 Summary of Findings

As per objectives, subsequent outcomes are hereby listed.

5.2.1 Financial Planning Influence on KNCHR donor funded projects Performance.

Descriptive statistics showed that combined mean for financial planning and performance of donor funded projects under KNCHR was 3.79. The correlation of coefficient was $R=0.693$ which implied that there exists positive relationship on financial planning and performance of donor funded projects under KNCHR (for $p=0.00 < 0.05$). The research discovered that financial planning for donor funded projects under KNCHR was undertaken with annual budgets prepared to guide spending. The changes in costs due to price variations and inflation are considered during budgeting and price variations catered for by including a contingency sum in the budget. The management does seek advice and counsel from expert consultants in financial planning and all stakeholders are involved in preparation of proposal for donor funded projects.

Therefore, there exists positive relationship between KNCHR projects funded by donors' performance and financial planning.

5.2.2 Influence of Financial M&E and Performance of KNCHR Donor funded Projects

The descriptive statistics displayed had a combined mean for project financial M&E and donor funded projects performance was 4.02 indicating respondents were in agreement that financial M&E led to greater performance. The correlation of coefficient was $r=0.549$ which is indicated that financial monitoring and evaluation in donor funded projects under KNCHR does have positive relationship with performance of KNCHR projects funded by donors (for $p=0.00 < 0.05$).

It was found that regular comparison of actual cost versus budgeted cost does happen, expenditures outside the budgets are always authorised by senior managers and audit of the projects was always carried out by internal and external auditors. This project's research outcomes, $r=0.549$, proves that financial monitoring and evaluation was effective and the good performance can be attributed to it.

5.2.3 Influence of Financial Reporting and Performance of KNCHR projects Funded by Donor

Statistics gave a combined mean for financial reporting and Performance of donor-funded projects under KNCHR as 4.20. This means respondents agreed with the claim that financial reporting is instrumental to good performance of donor projects under KNCHR. The correlation of coefficient was $r=0.53$. This means that financial reporting had positive relationship on KNCHR donor funded projects' performance of (for $p=0.00 < 0.05$).

5.2.4 Influence of Internal Controls and Performance of donor funded projects under KNCHR.

The combined mean for internal controls and performance of performance of donor funded projects under KNCHR was 4.43. Therefore, majority of respondents strongly-agreed that internal controls led to greater performance of donor funded projects under KNCHR. The correlation of coefficient was $r=0.513$ which showed that internal controls had a positive relationship to KNCHR donor funded projects' performance (for $p=0.00 < 0.05$). This research project established that existing internal controls exhibited positive effect on KNCHR donor funded projects' performance.

5.2.5 Performance of Donor funded projects under KNCHR

According to this study, donor funded projects under KNCHR were well performing. Less often would there be encounter of poorly implemented donor funded projects within KNCHR, that end up using more funds than budgeted or require a no cost implementation period extension and do not fulfil the intended purpose. This means that donor funded projects were completed within agreed time frame. Secondly, projects were finalised in planned cost very few changes being necessary and the implementation is always as per the workplan and planned activities

5.3 Conclusions from the Findings

Kenya relies significantly on donor financing for implementation of its programmes in different

sectors. The donor funds however face a risk of misappropriation leading to intended projects not being successfully implemented. The information in this report is vital for government agencies, commissions, NGOs and their stakeholders whose aim is enhancing their projects performance. The study findings could help donors to understand whether various the financial accountability practices of project implementers would lead to the success of the projects. Therefore, they could evaluate the need of studying financial accountability practices of the implementers before committing their funds. By understanding the connection of financial accountability practices on performance of projects funded by donors, success of such projects can be enhanced.

First objective was determining how financial planning affects performance of donor funded projects under KNCHR. Indeed, the descriptive and correlational outcomes lead to conclusion that financial planning got a significance influence on KNCHR donor funded projects performance.

Secondly, the research investigated how financial M&E impacts on KNCHR donor funded projects performance. Both correlational and descriptive statistical outcomes led to a conclusion that project got financial M&E significance influence on KNCHR donor funded projects the performance.

The third objective was investigating financial reporting influences on KNCHR donor funded projects performance. According to the findings from both descriptive and correlational analysis, financial reporting had a significant impact and influence on KNCHR donor funded projects performance.

Lastly, objective number four sought to scrutinise how internal controls affects KNCHR donor funded projects performance. From descriptive and correlational analysis outcome, conclusion is made that project internal controls greatly affects performance of donor funded projects under KNCHR.

5.4 Recommendations from the Findings

Guided by findings and conclusions of this study a few recommendations are given. These can be used by donor funded project implementors, the donors and other interested parties and scholars doing future studies on a related subject.

5.4.1 Recommendation for Project Implementors

Project implementors can make good use of the findings in this report to enhance performance of future projects. Different financial accountability practices have different effects on performance of projects funded by donors. Thus, it is significant for project administrators and implementing officers to take control of these accountability practices to maximise on good performance of the projects. A recommendation is given that all people involved in the projects to be looped in project proposal, annual planning and budgeting and continuous monitoring and evaluation results be shared with all for swift timely actions.

Continuous training and capacity building for all staff that involved is recommended.

5.4.2 Recommendation to Policy Makers

It is recommendation to the government to formulate suitable procedures and guidelines for financial accountability practices for donor funds. There exist public finance management Act that guides the handling of public funds but for the donor funds there is no clear guideline. The government should also be committed to ensure sustainability of donor projects after the donor hands over the project to the community.

5.4.3 Recommendation for Methodology

The study conceptualized connection between financial accountability practices from a linear perspective. This is a limitation to the possibility of an independent exhibiting multiple interactions with the dependent variable. Therefore, future researchers could explore the possibilities of each variable showing more than one effect on the dependent variable.

5.5. Suggestions for Further Studies

financial accountability practices and donor funded under KNCHR was the concern of this research. Therefore, suggestion is made to scholars in future to authenticate this research outcome by carrying out comparable researches in other institutions and for differently funded projects such as public projects. Further, researchers can consider conduction similar researches on donor funded projects under different organization such as Non-governmental Organizations and give validity to the findings of this study. The study recommends a study on how government policies and local politics influence on good performance on projects.

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APPENDICES

Appendix I: Letter of Transmittal

Ann Maina

University of Nairobi

School of Open and Distance Learning

P.O. Box 48413-00100

Nairobi

Dear KNCHR Staff,

Ann Maina is a student at the University of Nairobi pursuing a Master of Arts degree in Project Planning and Management. As part of the prerequisites, I am undertaking a study on **Financial Accountability Practices and KNCHR Donor Funded Projects Performance**. Study aim is investigating degree to which financial planning, financial M&E, financial reporting, as well as how Internal controls affect performance of donor-funded projects.

You have been selected as a potential respondent to take part in the study owing to your role as a significant player in donor funded projects implementation in KNCHR. Kindly attend to all queries attached truthfully and correctly. It is designed that your name is not to be indicated anywhere on your responses and an assurance of confidentiality of your responses is guaranteed and all given information will be utilised solely for scholarly purposes.

My gratitude for your taking part in the study. Your support is extremely valued.

Appreciatively,

Ann Maina

Appendix II: Questionnaire

Please give responses to enquiries below as openly and precisely as you can. All information received from you will be handled confidentially to be utilized solely for this research. Kindly do not indicate your name or any other identification.

Section A: Demographic Information

- 1) Could you please specify your designation category?
 - a) Monitoring and Evaluation Officer
 - b) Finance Department Officers
 - c) Internal auditor
 - d) Project Officer
 - e) Senior Manager
 - f) Other

- 2) How long have worked for KNCHR?
 - a) 1 year and less
 - b) Over 1 year up to 5 years
 - c) Over 5 years up to 10 years
 - d) 10 years and over

- 3) What is your current work station?
 - a) Head Quarters
 - b) Regional Office

Part B: Financial Planning

Claims relating to KNCHR financial planning for donor-funded projects. With a mark such as a tick (✓) indicate what answer closely matches your views on the claims with a 1 to 5 rating with 1 being equated to Disagreeing Strongly; 2 meaning Disagreeing; while 3 is for Neutral; 4 for Agreeing; while 5 is equated to Strongly Agreeing.

Claim		Your Answer				
		1	2	3	4	5
P1	KNCHR prepares annual budgets that control spending.					
P2	Administration and activity costs are subject to a ceiling based on expected funding.					
P3	During preparation of budgets, contingency sums are included to cater for unforeseen circumstances					
P4	Changes in costs due to price variations and inflation are considered during budgeting					
P5	Expert advisors are sought by KNCHR management during financial planning.					
P6	All stakeholders extensively deliberate and analyse the financial proposals before they are authorized and implemented.					

- How frequent are donor-funded projects undertaken by KNCHR implemented without an approved financial plan?

Never

Less often

Often

2. What challenges are experienced during financial planning for donor-funded projects undertaken by KNCHR?

.....

Part C: Financial M&E

The claims below are for KNCHR financial M&E practices. With a rating of 1 to 5, using a mark such as (√) indicate your view on the claims given. With 1 being equated to Disagree Strongly; 2 meaning to Disagree; 3 is for Neutral; 4 means to Agree; while 5 is equated to Strongly Agree.

Claim		Response				
		1	2	3	4	5
M1	Actual cost versus budgeted cost analysis is regularly done.					
M2	All unbudgeted for expenditure requires justification and mandatory senior management approval.					
M3	KNCHR has a functional financial monitoring department and well-resourced internal audit department					
M4	Internal financial audits are regular carried out on donor-funded projects, their findings presented to senior management and recommendations always implemented					
M5	KNCHR regularly engages competent external auditors to audit its projects including donor funded projects					
M6	Financial M&E exercises are shared with all stakeholders so that they can also act as gate keepers to prevent misappropriation of funds					

1. How do you suppose financial M&E can influence the performance of donor-funded projects at KNCHR?

.....

2. What is your opinion concerning the effectiveness of current KNCHR financial M &?

Not Effective

Effective

Very Effective

Part D: Financial Reporting

Statements in this section relate to financial reporting practices for donor funded projects undertaken by KNCHR. Using a mark such as a tick (√), kindly indicate the response that best matches your opinion on the claim using a rating ranging from 1 to 5. With 1 being equated to Disagree Strongly; 2 meaning Disagreeing; while 3 is for Neutral; 4 for Agree; while 5 is equated to Strongly Agree.

Claim		Response				
		1	2	3	4	5
R1	KNCHR prepares financial statements as per generally accepted accounting principles and practices e.g., IFRS.					
R2	Financial transactions on donor funded projects are promptly recorded to facilitate financial monitoring					
R3	Annual books of accounts are printed and shared with all the stakeholders including the general public					
R4	Donors are informed on the project performance in terms of actual expenditures					

Claim		Response				
		1	2	3	4	5
	verses approved budgets during and after completion of projects					
R5	Competent accountants (in terms of academic qualifications and experience) are involved in preparation of financial accounts for each donor-funded project					
R6	Regular training of personnel involved with financial reporting is carried out using internal and external providers in order to improve on reporting and embrace changes in accounting principles and practices					

1. As per your judgement, does financial reporting affect KNCHR donor-funded projects performance?

Yes

Maybe

No

2. Please explain your answer under Question 1 above.

.....

Part E: Internal control

Statements in this section relate to Internal control practices for donor funded projects undertaken by KNCHR Put a mark or a tick (√) kindly indicate the response that best matches your opinion on the claim using a rating of 1 to 5. With 1 being equated to Disagree Strongly; 2 meaning Disagreeing; while 3 is for Neutral; 4 for Agree; while 5 is equated to Strongly Agree.

Claim		Your Answer				
		1	2	3	4	5
C1	KNCHR has a standard operating procedure for financial transactions with segregated duties on who initiates, records, authorises and reconciles a transaction for financial transactions					
C2	The standard operating procedure is always followed in all financial transactions for donor funded projects					
C3	Project implementors keep track of the budgets and only raise requests for tasks included in the budget plan					
C4	Project finances are only expended after the authorisation and approval of the accounting authority					
C5	Security is always maintained in the accounting department including access control and system security protocol					
C6	Only authorised personnel operate accounting systems within KNCHR					

1. Do you think adequate Internal control can contribute to positive performance of donor funded projects?

Yes

Maybe

No

2. Which Internal controls do you suppose, if they were implemented by KNCHR, would lead to better projects' performance?

.....

Part F: Performance of Donor-Funded Projects

Would you kindly give your views on donor-funded projects within KNCHR performance. Put a mark or a tick (✓) kindly indicate the response that best matches your opinion on the claim using a rating of 1 to 5. With 1 being equated to Disagree Strongly; 2 meaning Disagreeing; while 3 is for Neutral; 4 for Agree; while 5 is equated to Strongly Agree.

Claim		Your Answer				
		1	2	3	4	5
D1	Donor-funded projects undertaken by KNCHR are completed within allocated time frame					
D2	Donor-funded projects undertaken by KNCHR are finalized using the allocated budget as per the agreement					
D3	Scope variation of planned project activities that necessitates upward cost appraisals are few for donor funded projects by KNCHR					

Claim		Your Answer				
		1	2	3	4	5
D4	Narrative reports of undertaken activities are in accordance to the workplans specifications.					
D5	Minimum budget realignments are done during a project's execution period					
D6	The difference between activities budgeted amount and actual expenditure at the end of the project period are 10% and below.					

1. How frequent do you encounter poorly implemented donor funded projects within KNCHR (projects that end up using more funds than budgeted, require a no cost implementation period extension, or do not fulfil intended purpose)?

Never

Less often

Often

2. Have you encountered any challenges that made projects funded by donors to take more time, cost more than budgeted or caused project's not to achieve intended results?

.....
