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Evaluation Of The Effects Of Auditing Practices On Corporate Governance In Technical And Vocational Institutions In Uasin Gishu County

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ABSTRACT: *The purpose of the study was to evaluate the effects of auditing practices on corporate governance in technical and vocational Institutions in Uasin Gishu County. The study was guided by the following objectives; to establish the effects of financial reporting on corporate governance, to examine the effects of control environment on corporate governance, to determine the effects of reconciliation on corporate governance and to investigate the effects of verification on corporate governance .The study was guided by agency theory, institutional theory and communication theory. The study employed a descriptive survey research design. The study targeted 311 respondents with a sample size of 175 respondents. The study used 5-point Likert questionnaires as the main data collection instruments. The study used the expert opinion method to measure the validity of the research instruments. Test re-test method was used to test the reliability. A Cronbach alpha of 0.991 was obtained which confirmed the reliability of the research instruments. The data collected was analyzed using Statistical Package for Social Science (SPSS 21.0). The data was edited, organized, analyzed and interpreted using descriptive statistics (percentages, mean and standard deviation) and inferential statistics. The inferential statistics Analysis of Variance (ANOVA) was used to test the significance of the regression model. Further multiple linear regression models was used to determine the change in dependent variable explained by the effect of independent variables of the study, this gave a R2 value of 0.826 The study thus indicated that 82.6% variance of the dependent variables are explained by the effect of independent variables. Data was presented in form of tables and chats. The findings of the study indicated that all the four predictor variables (financial reporting, control environment, Bank Reconciliation and verification) showed there was statistical significant effect on the dependent variable (corporate governance). The study recommended that technical institutions should ensure to compliance with laws, regulations and operational controls in their financial reporting practices. They should also ensure effective control activities: which are the policies and procedures that help to ensure that the necessary actions are taken to address risks to the achievement of the organization's objectives; Technical institutions should ensure effective reconciliation between the cash books and the bank statements. As part of this review, the audit committee should ensure its members are made aware of accounting policy and disclosure issues, and that this information is communicated to them early enough to enable appropriate action to be taken as needed and lastly it is recommended that technical institutions should ensure the physical security of assets that include enough safeguards like secured facilities over access to records, assets and authorization for accessing data files and computer programs and together with periodic counting and comparing the amounts showing on the control records this will ensure effective corporate governance. For further research the study suggests that a substantial amount of research still needs to be done on control environment, since it is a wide variable and plays an essential role in the organization and thus further study can be done to found out its effects of auditing practice on corporate governance.*
Keywords: *Audit Practices, Corporate Governance, Disclosure.*

I. INTRODUCTION

According to [1] organizations worldwide have various procedures of enhancing their auditing practices although the ways differ from organization to organization depending on the actual functions of each organization. This has been done in a bid to developing corporate governance of the organizations. Auditing practices has acted to be the most essential function and it has added value in almost all sectors in organizations for many years. This enables financial managers to harness the energies of their staff to maximize corporate governance. [2] states that auditing practices in most cases has been and is the primary purpose of resistance against inadequate financial reporting and corporate governance. With enough support from the audit committee and the board, the auditing practices are able to gather more intelligence on inadequate internal controls, inappropriate accounting procedures and practices, and corporate governance which are not effective. Globally, [3] postulate that auditing practices has been a long-term contributor to the growth of practices involved in corporate governance worldwide. Today it has become a powerful global player in corporate governance in all sectors. The code of ethics and global standards of auditing practices have expanded and grown due to assistance from both internal and external auditors in most countries. During its development, the work of auditing practices was related to control of internal accounting and security over assets. [4] further states that few auditors were involved in operating organization internal systems or the attainment of organization set objectives and strategic issues at board or governing body level.

In conjunction with the supervisory management and the board, auditing practices is one of the foundations of excellent corporate governance. In Uganda, [5] in his study on the connection between corporate governance and auditing practices function and accountability in Uganda, he found out that in the state owned enterprises, there existed a positive link between corporate governance, auditing practices function and accountability. This denotes that improvement on one variable leads to improvement of the other. In addition, auditing practices is a predictor of corporate governance hence the needs for entities owned by state to have robust auditing practices and ensure high quality activities in corporate governance to realize better accountability.

In Tanzania, Heads of Public sector do not support Auditing practices. According to [6] the auditing practices function in the Tanzanian public organization faces a perception and, to some extent, a credibility problem as a value adding unit of the organization. [6] were of the opinion that the Controller and Auditor General (CAG) believe that the Auditing practices in the reputable public sector is not efficient and is covered in darkness. This shows that auditing practices is a very significant aspect and corporate governance has become a major problem to most organization in Africa. In Kenya, according to [7] auditing practices and corporate governance has drawn the attention of various stakeholders and organizations making them notice rethink and embrace their various organizational concepts in order to effectively implement strategies and other plans that are vital in a very competitive atmosphere. In Kenya, [8] argued that technical and vocational institutions play essential part in most economies through the provision of public services such as teaching and learning. According to [9], the functional environment of technical and vocational institutions has changed and this has played greater role in the development of the organizations auditing practices.

II. STATEMENT OF THE PROBLEM

Globally auditing practices and corporate governance have become a big problem to most organizations [10]. Organizations have the best qualified, both external and internal auditors but results of the organizations are not promising in accordance to long term organizational objectives mechanisms. Ideally, auditing practice is a crucial indicator of an institution's corporate governance of Organizations, hence of technical and vocational institutions. Technical and vocational institutions original concentrated on cost cutting, and subsequently alignment of only some of the supportive aspects of an organization are critical and must all match with the auditing practices for an organization to experience successful governance and consequential, accountability, sustainability and prosperity. However, these poor administration, auditing practices and control practices have led most technical and vocational institutions not to achieve their set objectives. Most of them have lagged in the delivery of the necessary services, failing to accomplish the demands of the public. Moreover, the services that are provided are unreliable and poor, thus making the public to have a poor attitude and lack confidence in corporate governance of the Institutions.

Many organizations have embraced and adopted the auditing practices in turn to improve their corporate governance, however, there are still problems that occur as a product of the poor auditing practices that lead to its failure of corporate governance and it's on the basis of that, this study sought to evaluate the effects of auditing practices on corporate governance in Technical institutions in Uasin Gishu County

III. OBJECTIVES OF THE STUDY

3.1 General objective

The purpose of the study was to evaluate the evaluation of the effect of auditing practice on corporate governance in technical and vocational institutions in Uasin Gishu County.

3.2 Specific objective

The study was guided by the following objectives;

i. To establish the effects of financial reporting on corporate governance in technical and vocational institutions.
ii. To examine the effects of control environment on corporate governance in technical and vocational institutions.
iii. To determine the effects of reconciliation on corporate governance in technical and vocational institutions.
iv. To investigate the effects of verification on corporate governance in technical and vocational institutions.

3.3 Research Hypotheses

The study was guided by the following hypotheses

H_{O1}: There is no statistical significant effect of financial reporting on corporate governance in technical and vocational institutions.

H_{O2}: There is no statistical significant effect of control environment on corporate governance in technical and vocational institutions.

H_{O3}: There is no statistical significant effect of reconciliation on corporate governance in technical and vocational institutions.

H_{O4}: There is no statistical significant effect of verification on corporate governance in technical and vocational institutions.

3.4. Literature Review

3.4.1. Theoretical Review

The study was enhanced using the agency theory, Communication theory and institutional theory.

3.4.2 Agency Theory

Agency theory was developed by [11] and was expanded by [12], Agency relationship could be defined as an agreement among the organization owner(s) and its top management. Managers as the agents of an organization, perform to some great extent services on behalf of the owners who have the duty to delegate some of the decisions authorities to the managers. However, the authorities given are usually exploited by managers to accomplish their specific goals and meet their personal interests that will benefit them. Therefore, the existence of the committees in auditing, external and auditing practices implemented within will help the organization in enhancing corporate governance, improving organizational performance, and will also make sure that the management has carried out its strategies and effective plans in accordance with the organizational procedures, policies and practices [13].

Auditors in an organization are regularly employed by high level management, and equally, they are agents of board and the audit committee who have trust in the auditing capability to assess senior management's works. However, auditors vary in their motives to operate against the audit committee interests and board of directors plans and interests hence these motives are financial rewards from managers having personal relationships with them, and the power of the upper level management in determining the future situation of the auditors and also the salaries. According to [13] auditors who act as agents in the technical institutions should perform the processes of auditing processes in agreement with the level of professionalism that require high level of education, other competencies, professional certifications and experience, that are needed to perform their roles and responsibilities perfectly in relation to the objectives of the institution.

3.4.3 Institutional Theory

Institutional theory was developed by [14] which explains the reasons organizational structures are similar. [14] state that, various societal forces cause this similarity due to the presence of a field in an organization from the activities of diverse organizations. The organizational field covers key suppliers, competitors, product and resource customers or consumers, and regulatory agencies. Organizations adopt structures, practices and processes that are used to achieve homogeneity and compatibility because decision making is acquired through appropriate responses to distract from criticism. Institutional theory states that organizational practices and structures are formed through transformation induced by pressures, including both external and internal sources like regulations and laws and even by the professionals [15]. He further argued that corporate reporting and disclosure is considered an institutional practice which is adapted and continually changed to suit pressures exerted on the organization by other organizations that they are dependent upon, and by societal environment, are isomorphic processes.

Organizational change includes changes in structure, organizational culture, and goals or objectives [16]. Institutional theory is regarded as an important theory in association to auditing practices and corporate governance because it complements the legitimacy theory and organizational culture and identity theory, in explaining the motivations of organization managers, and the involvement of audit committees and auditors in responding to institutional and social expectations of having a better and reliable corporate governance. Moreover, changes in structure, organizational culture, and goals or objectives involves adequate auditing practices to enable technical and vocational institutions to adjust to the changes in linkages to the organizational policies, practices and accountability, contributing to improvement of the corporate governance of the organizations.

3.4.4 Communication Theory [17]

The Institute of Internal auditors (IIA) is a professional body that are in charge of auditing practices, several studies done sought to find out the importance of communication and the greater need for effective skills in communication in all organization functions. [18] suggested that there are several ways of improving these communication skills. [19] and [20]did studies where they found out about communication barriers and how to resolve and overcome these barriers. Studies show that effective interpersonal and social associations between staff and managers and even communication have a strong contribution to improve organizational liquidity and leads to higher quality of products and services, and cost reduction [21]. [19] Further states that the consideration of effective, active and successful communication between auditors themselves, the audited and auditors and even organization's members without any doubt, is needed to strengthen and improve to a great degree the auditing practices efficacy.

IV. EMPIRICAL REVIEW

4.1 Effect of Financial Reporting on Corporate Governance

According to [22] financial reporting is the way of verifying of financial transactions, and is a branch of accounting in organizations. The transactions include sales, purchases, payments and receipts by an organization, individual or a corporation. There are several standard methods of financial reporting, which include double-entry and single-entry system and includes the recording of financial transactions and is mostly performed by the bookkeeper [23]. Corporate governance pertains to the system of rules used to direct institutional decisions and justify their actions. Financial reporting ensures that corporations determine their goals and acts as foundation within the legal, market and social environment. Every learning organization including technical institutions which handle huge amounts of students and staff data on various customer transactions must as a matter of fact be able to sustain proper records of the company transactions [24]

4.2 Effect of Control Environment on Corporate Governance

There are various financial scandals that have affected the investors and financial markets worldwide have surely contributed to the recognition of the control environment key functions in the governance of firms [25]. The concept of the link between internal control and corporate governance can be defined as the structure and process used to direct and run business affairs of the company towards improving corporate accounting and prosperity with the ultimate and singular goal of achieving the objective and realizing shareholders' value which is long-term while taking into concerns the other stakeholders' interest [26]. [27] defines control environment as a process, carried out at various organizational levels, aimed at providing reasonable certainty regarding the attainment of the objectives of effectiveness and efficiency, consistency of accounting information, operating activities and compliance with the stated regulations and laws. In the light of this definition, control environment is effective when it provides sufficient protection aligned with risks that can compromise the attainment of firm's objectives. [28] indicates that an effective control environment has an optimistic association with good corporate governance in Indonesia within the State owned enterprises. Similar with these findings, [29] show that control environment has an optimistic association with better corporate governance in West Java Indonesia within the State owned enterprises.

4.3 Effect of Bank Reconciliation on Corporate Governance

According to [30] reconciliation is the process of checking the cash books accounts and bank statements accounts are in line and agreement and the goal of this process is to determine the distinctions between the two and to reserve changes to the accounting records appropriately. [30] reported that many times the reconciliation proves that the organizational financial documents is not reconciling. Therefore organizations incorporate reconciliations as a technique of monitoring, come in to confirm that all financial transactions made are recorded to ensure accountability, additionally all bank fees charged on these transactions recorded to ensure that no funds were disbursed from the accounts without being accounted for. A strong control environment sets a tone of an entity that influences the control awareness of all employees within the entity, makes them feel empowered a condition that promotes transparent disclosures in their accountability, minimum reconciliations, internal checks and audits of transactions and activities. Technical institutions have many of transactions on daily basis. Reconciliations come into confirm that all deposits recorded were made, all charges were recorded to ensure that, no allocation of funds from the accounts will be done without being accounted for [31].

4.4 Effect of Verification on Corporate Governance

According to [32] Verification activities encompass the physical security of organizational long term and short term assets that also include enough safeguards like secured facilities over access to records, assets and authorization for accessing data files and computer programs. It also encompasses periodic counting and comparing the amounts showing on the control records. [33] underscored the importance of separation of duties, that the likelihood of fraud and theft which may reduce corporate governance is reduced with the reduction of collusion with others to accomplish an offence. [34] also noted that verification and separation of duties in an organization reduces the risk of fraud and error and manipulation in the business thus increasing efficiency in the company's operations and improving performance. Certain control activities depends on the availability of suitable high level procedures and policies established by management or those charged with governance. For instance, delegation of authorization controls under the established guidelines, like the investment procedure set by those charged with governance in organizations; which include alternate, non-routine transactions [35]

4.5 Conceptual Framework

The following conceptual framework is used to show the relationship between the dependent variable and the independent variables

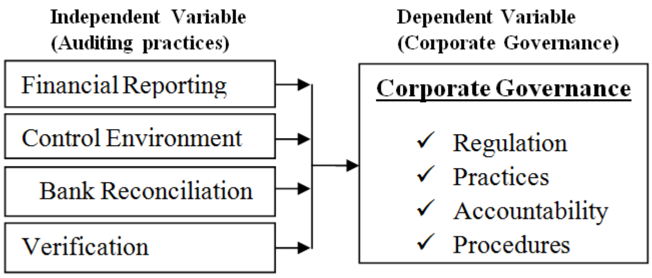

Figure 4.1 Relationships between Auditing Practices and Corporate Governance

V. RESEARCH METHODOLOGY

5.1. Research design

The descriptive design was adopted because it is useful in fact finding and also result in formulating important solutions and principles of knowledge to problems [36]. Descriptive research design is used to minimize biasness and reliability maximization of the data collected and the data that was analyzed. It's used to obtain information concerning the current status of the phenomena to describe what exists with respect to variable or condition in a situation It is appropriate for obtaining attitudinal and factual information.

5.2 Target population and sample size

The target population will comprise of all staff currently employed at Technical and vocational institutions in Uasin Gishu County. The study targeted 12 technical institutions where the directors and the financial and audit departments was targeted. Thus from the above the target population consisted of 128directors and 183 employees from the audit and finance department. A total of 311 respondents were used as the target population. The sample size of this study was based according to Yamane's (1967) formulae cited in [37] which is as follows:

$$n = \frac{N}{1 + N(e)^2}$$

where;
n is the sample size,
N is the population size, (311)
e is the level of precision (0.05). This gives a sample size of 175.

5.3 Sampling Procedure

Simple random sampling was used to select the Technical Institutions. Stratified sampling was used to select the different groups of respondents. According to [38] stratified random sampling technique produce estimates of overall population parameters that ensures representative sample with greater precision is derived from a relatively homogeneous population.

Table 5.1 Sample Frame Proportion

Technical Institution	Directors	Financial and audit Dept	Total
Eldoret Polytechnic	5	7	12
Kenya institute of security and criminal justice	7	8	15
Kenya institute of professional counseling	5	10	15
Kenya institute of management	5	10	15
Nairobi aviation college	8	8	16
Elgon view college	2	7	9
Kenya institute of applied sciences	5	7	12
African institute of research and development studies	6	11	17
Rift valley technical training institute	9	11	20
Eldoret college of accountancy	7	7	14
Kings college of accountancy	5	8	13
East Africa vision institute colleges	7	10	17
Total	**71**	**104**	**175**

5.4 Data Collection Instrument

The research used a questionnaire with a 5 Likert scale as the primary data collection instrument. According to [39], a self-administered questionnaire is the only way to elicit self-report on people's attitudes, opinion, values and, beliefs. Each section of the chosen study had closed structured questions seeking the views, opinion, and attitude from the respondent regarding the study objectives.

5.5 Validity And Reliability

The validity of the instrument was determined by the expert opinion method. To test reliability pilot study was conducted in three technical institutions and three vocational institutions in Trans Nzoia County. The technical and vocational institution were not included in the main study. The questionnaire was administered two times within a period of two weeks. Test-re-test method was carried out to calculate Cronbach's alpha coefficient. All the constructs gave a value greater than 0.7 hence considered reliable.

5.6 Data Analysis And Presentation

The research used regression method in data analysis because of its ability to test the casual effect of independent variables on a dependent variable. Multiple regressions have the following assumptions, Normality assumption which was tested by use of Skewness and kurtosis, Linearity assumption was tested with scatter plots in correlation and Homoscedasticity which was checked by use of Levene Statistic [40]. Tables and charts were used to present the analyzed data for easy understanding.

Regression Model

$$Y = \beta + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where:-

Y = Corporate Governance.

β = Constant.

β_1, β_2, β_3 and β_4 = Regression Coefficients

ε = Unexplained Variation i.e. error term, it represents all the factors that affect the dependent variable but are not included in the model either because they are not known or difficult to measure.

X_1 = Financial Reporting

X_2 = Control Environment

$X3$ = Reconciliation

X_4= Verification

VI. FINDINGS

Effect of Financial Reporting on Corporate Governance

This section presents information on the effects of Financial Reporting on Corporate Governance of technical and vocational institutions

Table 5.2 Effect of Financial Reporting on Corporate Governance (N=154)

Financial reporting	M	SD
The process of budget making is influenced by management policies	3.61	1.448
Article of association affects institutional financial reports	3.65	1.240
Expenses and income statement leads to better management practices	4.08	1.003
The profit and loss accounts of the institution is influenced by the institutional procedures and processes	3.96	1.022

From the table, it implies that budget making, article of association, expenses and income statement and profit and loss accounts are a crucial financial reporting factor that affects an institutions' Corporate Governance. Thus these findings indicate that majority of the respondents had positive perceptions that financial Reporting affects an institutions Corporate Governance.

Effects of Control Environment on Corporate Governance

The second objective of this study was to find out the effects of control environment on corporate governance at Technical and vocational institutions, the participants were asked to respond to items in the questionnaire on a Likert scale of 1-5.The results are presented in Table 5.3 below

Table 5.3 Effects of Control Environment on Corporate Governance (N=154)

Control Environment	M	SD
Monitoring of audit practices is influenced by institutional policies	3.69	1.425
Feedback from the auditors on auditing practices leads to institutions accountability	4.05	1.119
Commitment to the operation of audit practices results to institutional accountability	4.38	.864
The degree of integrity in execution of auditing practice leads to institutional accountability	4.16	.980

These results implies that the respondents had positive perception towards effects of control environment on Corporate Governance These results concur with [41] contention that, effective control environment increases good corporate governance since it is a built-in part of the management process. The control environment keeps an organization on line toward its objectives and the attainment of minimizing surprises along the way and attainment of its mission. Therefore control environment promote efficiency and effectiveness of reducing risk of asset loss, helps to ensure compliance with the stated regulations and even laws and operations.

Effects of bank reconciliation on corporate governance

The third objective of this study was to find out the effects of reconciliation on corporate governance, the participants were asked to respond to items in the questionnaire on a 5likert scale of 1-5. The results are presented in Table 5.4 below

Table 5.4 Effects of Bank Reconciliation on Corporate Governance (N=154)

Bank Reconciliation	**M**	**SD**
The assessment of both financial and non-financial information is determined by institutional policies	3.70	1.451
The financial integrity is in the linage to the institution's accountability	3.98	1.185
The degree of agreement of cash book and bank statement is influenced by institution's procedures	4.31	.904
The documentation review of financial documents is affected by institutional policies	4.07	1.030

Hence it implies both financial and non-financial information financial integrity, the degree of agreement of cash book and bank statement and documentation review of financial documents are effective in ensuring Corporate Governance. These findings are supported by [42], who indicated reconciliation policies and procedures ought to be established and executed to help in ensuring that actions necessary to attain the institutions objectives are effectively carried out.

Effects of Verification on Corporate Governance

This study sought to determine the effects of verification on corporate governance at technical institutions. The participants were asked to respond to items in the questionnaire on a Likert scale of 1-5. The results are presented in Table 5.5

Table 5.5 Effects of Verification on Corporate Governance (N=154)

Verification	**M**	**SD**
The degree of accuracy of documentation is directly proportional to institutional procedures	3.73	1.405
The review of documents is determined by the institution's procedures	3.82	1.205
The analysis of documents is restricted by institutional policies	4.24	.936
The trustworthiness of employees is determined by management practices	4.06	1.021

This result verifies the issue that the degree of accuracy of documentation is directly proportional to institutional procedures, the review of documents is determined by the institution's procedures, the analysis of documents is restricted by institutional policies and the trustworthiness of employees is determined by management practices. [43] postulated that certain control activities depends on the availability of suitable high level procedures and policies established by management or those charged with governance.

Corporate Governance of the Technical Institutions (N=154)

This study sought to determine the effect of auditing practice on corporate governance in technical and vocational institutions. The participants were asked to respond to items in the questionnaire on a Likert scale of 1-5. The results are presented in Table 5.6

Table 5.6 Corporate Governance of the Technical Institutions (N=154)

Corporate Governance	**M**	**SD**
Financial reporting leads to institutional financial accountability	3.74	1.313
Control environment influences the regulation of institutional activities	3.84	1.265
Bank reconciliation contribute to success of institutional practices	4.18	.937
Verification of financial documents is in line with institutional procedures	4.04	.976

This implies that financial reporting, control environment, bank reconciliation and verification of financial documents ensures effective corporate governance in technical and vocational institutions. Therefore as asserted by [5] auditing practices is a predictor of corporate governance hence the needs for entities owned by state to have robust auditing practices and ensure high quality activities in corporate governance to realize better accountability.

Tests for Regression Analysis Assumptions

Normality is one of the assumptions for multivariate analysis. Regression assumes normality between the variables under analysis [44]. Normality can be defined as, the shape of the data distribution for an individual variable and its association to the normal distribution, the benchmark for statistical methods [44].To assess how far the value of skewness and kurtosis depart from normality, a rule of thumb suggests that the value for skewness and kurtosis should be between ±1.96. Table 4.8 shows all variables with corresponding skewness and kurtosis values. Clearly, most of the variables did not violate (or are at least close enough to) the assumption of normality based on the rule of ±1.96 If it is between -1.96 and +1.96 the data is normal and if lies outside the bracket the data significantly deviate from a normal distribution [45]

Table 5.7 Skewness and Kurtosis Scores

Variables	**N**	**Skewness**		**Kurtosis**	
	Statistic	**Statistic**	**Std. Error**	**Statistic**	**Std. Error**
Financial reporting	154	-1.018	.195	.810	.389
Control environment	154	-.720	.195	-.257	.389
Bank Reconciliation	154	-.751	.195	-.368	.389
Verification	154	-.912	.195	.182	.389

Linearity

The linear regression analysis tests the relationship between the independent and dependent variables and if the relationships are liner in nature. From the study test of assumption of linearity was done using the Pearson product moment .Linearity may lead to significant impact on the regression and statistical results because it can be very difficult to distinguish the contribution of a variable that exhibits linearity in predicting the regression relationship [46]

Table 5.8 present the correlation matrix for all the aggregated variables. Examining the correlations as appears in the Pearson's correlation it is indicated that there was positive relationship between financial reporting, control environment, Bank Reconciliation and verification thus assumption of linearity was supported.

Table 5.8: Correlation of Independent Variables

		Financial reporting	**Control environment**	**Bank Reconciliation**	**Verification**	**Cooperate Governance**
Financial reporting	Pearson Correlation	1	**			**
	Sig. (2-tailed)		.			
	N	154				
Control environment	Pearson Correlation	.878**	1	**	*	**
	Sig. (2-tailed)	.000		.		
	N	154	154			
Bank Reconciliation	Pearson Correlation	.883**	.892**	1		.**
	Sig. (2-tailed)	.000	.000			
	N	154	154	154		
Verification	Pearson Correlation	.860**	.878**	.847**	1	.**
	Sig. (2-tailed)	.000	.000	.000		.
	N	154	154	154	154	
Cooperate Governance	Pearson Correlation	.857**	.876**	.859**	.865**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	154	154	154	154	154
**. Correlation is significant at the 0.01 level (2-tailed).						

Homoscedasticity

Homoscedasticity assumes that the dependent variable show an equivalent level of variance across the range of predictor variable. Homoscedasticity is one of the assumptions required for multivariate analysis. Although the violation of homoscedasticity might reduce the accuracy of the analysis, the effect on ungrouped data is not fatal [47] Levene test was employed to assess the equality of the variances for the four variables calculated (Financial reporting, Verification, Reconciliation and control environment). Regression analysis assumes that variances of the populations from which different samples are drawn are equal. From Table 5.9, the resulting P-value of Levene's test is less than the conventional 0.05 critical value, indicating that the obtained differences in sample variances are likely not to have occurred based on random sampling from a population with equal variances. Thus, there is significant difference between the variances in the population.

Table 5.9: Test of Homogeneity of Variances

	Levene Statistic	df1	df2	Sig.
Financial reporting	7.956	11	141	.000
Control environment	5.271	11	141	.000
Bank Reconciliation	5.608	11	141	.000
Verification	6.343	11	141	.000

Table 5.10 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.909[a]	.826	.822	.315
a. Predictors: (Constant), Verification, Bank Reconciliation, Financial reporting, Control environment				
b. Dependent Variable: Corporate Governance				

R-Squared is a commonly used statistic to evaluate the goodness of fit of a model. In regression, the R square coefficient of determination is a statistical measure of how well the regression line approximates the real data. It measures the proportion of the variation in dependent variable explained by independent variables. R^2 accounts for 82.6% of the variability of outcome factors. Thus the study indicated that 82.6% of the variation in corporate governance is explained by the financial reporting, control environment, bank reconciliation and verification.

Table 5.11 ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	70.315	4	17.579	177.347	.000[b]
	Residual	14.769	149	.099		
	Total	85.084	153			
a. Predictors: (Constant), Verification, Bank Reconciliation, Financial reporting, Control environment						
b. Dependent Variable: Cooperate Governance						

As shown from the Table 5.11 F=177.347, p=0.000. Analysis of Variance (ANOVA) was used to test the significance of the regression model shown in Table 5.11. The F-test provides an overall test of significance of the fitted regression model whereby, if the p= 0.000 value for the F –test of overall significance test is less than 0.05 then the model provides a better fit. Hence the model provides a better fit, and thus it is statistically significant in predicting how financial reporting, Verification, Reconciliation and control environment affect Corporate Governance in tertiary vocational institutions in Uasin Gishu County. The F value of 177.347 indicates that all the variables in the equation are important hence the overall regression is significant.

Table 5.12: Regression Results on the Relationship between financial reporting and corporate governance

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.771	.161		4.777	.000
	Financial reporting	.822	.040	.857	20.496	.000
a. Dependent Variable: Corporate Governance						

The coefficient in the Table 5.12 explains the change in the dependent variable when there is an effect on the independent variable. Thus, 82.2% of change in corporate governance is explained by financial reporting.

Table 5.13: Regression Results on the Relationship between control environment and corporate governance

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.923	.141		6.522	.000
	Control environment	.809	.036	.876	22.351	.000
a. Dependent Variable: Cooperate Governance						

The coefficient in the Table 5.13 explains the change in the dependent variable when there is an effect on the independent variable. Thus, 80.9% of change in corporate governance is explained by control environment. This is further supported by a p value of 0.000 which is less than the significant value of 0.05.

Table 5.14: Regression Results on the Relationship between bank reconciliation and corporate governance

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.410	.177		2.314	.022
	Bank Reconciliation	.886	.043	.859	20.649	.000
a. Dependent Variable: Cooperate Governance						

The coefficient in the Table 5.13 explains the change in the dependent variable when there is an effect on the independent variable. Thus, 88.6% of change in corporate governance is explained by bank reconciliation. This is further supported by a p value of 0.000 which is less than the significant value of 0.05.This indicates that reviews should be made of financial statements, budgets and performance in prior periods and performance reviews should be made of specific functions or activities.

Table 5.14: Regression Results on the Relationship between verification and corporate governance

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.872	.151		5.772	.000
	Verification	.793	.037	.865	21.236	.000
a. Dependent Variable: Cooperate Governance						

The coefficient in the table 5.14 explains the change in the dependent variable when there is an effect on the independent variable. Thus, 79.3% of change in corporate governance is explained by the effect of verification. This is further supported by a p value of 0.000 which is less than the significant value of 0.05.

Table 5.15: Summary of Results for Hypotheses Testing

Hypotheses	**Result (Accepted or Rejected)**
HO_1: There is no statistical significant effect of financial reporting on corporate governance in technical and vocational institutions.	Null hypothesis rejected ($p < 0.000$).
HO_2: There is no statistical significant effect of control environment on corporate governance in technical and vocational institutions.	Null hypothesis rejected ($p < 0.000$).
HO_3: There is no statistical significant effect of bank reconciliation on corporate governance in technical and vocational institutions.	Null hypothesis rejected ($p < 0.000$).
HO_4: There is no statistical significant effect of verification on corporate governance in technical and vocational institutions.	Null hypothesis Rejected ($p < 0.000$).

Further the summary of results for hypothesis testing was done with a significance level of 0.05, such that when the p-value is less than the conventional 0.05 the null hypothesis is rejected and when it is above the conventional value 0.05 the null hypothesis is accepted, as shown in table 5.14 below

Table 4.18 Regression coefficients of the relationship between Financial reporting, Control environment, Bank Reconciliation, Verification and corporate governance in Technical and Vocational Institutions using the four predictive variables

		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.432	.148		2.929	.004
	Financial reporting	.178	.081	.186	2.210	.029
	Control environment	.258	.084	.280	3.079	.002
	Bank Reconciliation	.204	.089	.198	2.307	.022
	Verification	.267	.072	.292	3.732	.000
a. Dependent Variable: Corporate Governance						

The findings presented in table 4.17 above shows that taking all other independent variables at constant,17.8% change in corporate governance is explained by financial reporting,25.8% change in corporate governance is explained by control environment, 20.4% change in corporate governance is explained by bank reconciliation and 26.7% change in corporate governance is explained by reconciliation hence all variables are statistically significant predictors of dependent variables because their p value is less than 0.005. Moreover, the results implied that verification (B = 26.7%) influenced corporate governance most followed by control environment (B = 25.8%), then bank reconciliation (B = 20.4%) and lastly financial reporting (B = 17.8%)

VII. CONCLUSION

Auditing is a key to excellent corporate governance, it is critical that it keeps the right sources for the proper amount of time with an appropriate mandate to achieve the organization's governance goals. The company governance audit mandate has to be sufficiently vast to permit it to reply to the entire scope of the institutions activities. Even though auditors can be able to add cost to any section of the institution for which they can offer unbiased, goal assurance at a minimum, each company requires some unbiased audit activity that has authority to assess the whole range of public organizational activities.

Based on the results, analysis and discussion of research, it can be concluded that there is a statistical significant effects of financial reporting on corporate governance of technical and vocational institutions hence the process of budget making is influenced by management policies, Article of association affects institutional financial reports, Expenses and income statement leads to better management practices and the profit and loss accounts of the institution is influenced by the institutional procedures and processes. This is supported agency theory developed by [48], arguing that the existence of the committees in auditing, external and auditing practices implemented within will help the organization in enhancing corporate governance, improving organizational performance, and will also make sure that the management has carried out its strategies and effective plans in accordance with the organizational procedures, policies and practices [13].therefore auditors will ensure effective and better management practices, policies and procedures to ensure relevant financial reporting.

On the effect of control environment on corporate governance at Technical and vocational institutions, it was concluded that Monitoring of audit practices is influenced by institutional policies, Feedback from the auditors on auditing practices leads to institutions accountability. Commitment to the operation of audit practices results to institutional accountability and the degree of integrity in execution of auditing practice leads to institutional accountability.

Further it was concluded that bank reconciliation had a statistical significant effect on Corporate Governance therefore it ensured that the assessment of both financial and non-financial information which is determined by institutional policies, it also indicated that the financial statement information integrity is in the linage to the institution's accountability, bank reconciliation ensured that the degree of agreement of cash book and bank statement is influenced by institution's procedures and the documentation review of financial documents is affected by institutional policies.

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