International Journal of Research in Social Sciences
Vol. 15 Issue 08, Aug 2025,
ISSN: 2249-2496 Impact Factor: 7.081 UGC Approved Journal Number: 48887
Journal Homepage: http://www.ijmra.us, Email: editorijmie@gmail.com
Double-Blind Peer Reviewed Refereed Open Access International Journal - Included in the International Serial Directories Indexed & Listed at: Ulrich's Periodicals Directory ©, U.S.A., Open J-Gate as well as in Cabell's Directories of Publishing Opportunities, U.S.A

FINANCIAL CONTROL PRACTICES AND THE PERFORMANCE OF SAVINGS AND CREDIT COOPERATIVE SOCIETIES IN KAKAMEGA COUNTY, KENYA.

Sarah Atieno Okoroh
Dr. VitalisAbugaMogwambo, PhD
Dr. Edwin Baraza, PhD.

Abstract

Financial control practices are important in enhancing performance and need to be prioritized by the management of every organization. The World Council of Credit Union Statistical report, (2023) show that performance of its 118 member states' Savings and Credit Cooperative Societies (SACCOs) globally has improved over time as demystified by Gross Domestic Product (GDP) of $3.1 trillion rated 22.5% of total US GDP in 2022, from $ 2.8 trillion in GDP in 2020. In Kenya, SACCOs made up 35% of the country's GDP in the year 2023, this showing their ensuing significance to the country's economy. It is however reported that contribution of the SACCOs to the economy dropped from 45% of GDP in 2022 to 35% in 2023. The purpose of study was to establish the relationship between financial control practices and the performance of Savings and Credit Cooperative Societies in Kakamega County, Kenya. The specific objectives were to assess the effect of asset control practice; to determine the effect of audit control practice, to establish the effect of budgetary control practice on the performance of SACCOs in Kakamega County, Kenya. Additionally, the study evaluated the intervening role of Corporate Governance on the relationship between financial control practices and the performance of Savings and Credit Cooperative Societies in Kakamega County, Kenya. Founded on Shareholders Wealth Maximization and Accountability theories, a descriptive research design was used on a population of 182 respondents from a sample of 182 was selected through census survey design. Descriptive and regression analyses guided primary data collected a structured questionnaire. The results of the study show that asset control practice (β=.1668, p<.05) and budgetary control practice (β=.3393, p<.05) had positive significant effect on SACCOs performance while audit control practice (β=.1358, p=1.4637, >.05) was found to have positive insignificant effect on the SACCOs performance. Results further points that financial control practices explain 27.30% variance in performance (R2=.2730, p<.05). The study therefore concluded that financial control practices have a significant positive relationship with SACCOs performance in Kakamega County and recommended stakeholders and policy makers to have a continuous focus of deriving policies meant to harness the practices

Keywords:

Asset Control Practice, Audit Control Practice, Budgetary Control Practice, Financial Conttrol Practices, Performance, SACCOs

Author correspondence:

Sarah Atieno Okoroh
Master in Business Administration
Jaramogi Oginga Odinga University of Science and Technology
Email: okorohsarah13@gmail.com

1. Introduction

According to the World Council of Credit Union Statistical Report (2023), performance of its 118 member states' Savings and Credit Cooperative Societies (SACCOs) globally has reported steady improvement over time and amplified by increased Gross Domestic Product at $ 3.1 trillion (GDP is at 22.5% of total US GDP) in 2022 from $ 2.8 trillion in 2020. In the rankings, the member states are classified into Asian, African, European, Oceania, Caribbean, North America and Latin America. Kenya's SACCO sub-sector is among the most attractive globally according to the World Council of Credit Union Statistical Report (2023). Out of 118 member states, Kenya emerged among the top ten in deposits and shares, asset base, loan book, membership and the number of credit unions and financial cooperatives hence a foundation to build on their growth and prospects. Kenya is ranked six with more than $ 9.9 million SACCO members where the United States of America emerged top with 130 million SACCO members. India is second with 92 million SACCO members as the Philippines comes a distant third with 14.8 million SACCO members. Brazil and Canada are fourth and fifth respectively. Though Kenya's penetration of 30.42% lagged behind many countries, it was above the global penetration average of 12.69%. World Council of Credit Union Statistical Report (2023) noted that Kenya's SACCOs and financial cooperatives gave the 9th largest amount of loans to its members estimated at $ 9 billion. This is a pale shadow compared to the USA, whose loan book stood at more than $ 1.2 trillion.

In Africa, Kenya is way ahead of other member states with a loan book of more than $ 9 billion as Senegal trails in the distance at only $ 887 million. Among African member countries, Kenya's savings and shares is far by the highest at $ 16 billion with other member countries yet to hit the $ 1 billion mark. It is the same story on asset base as Kenya remains the country to beat at more than $ 20 billion. Again, no other African country has topped the $ 1 billion mark. This presents a good opportunity to improve on its current levels. Besides, the report offers Kenyan SACCOs stakeholders' reasons to reflect on their performance, notably on Financial Control Practices as a bridge to performance realization.

Financial control practices, as posited by Kiusya (2022), are measures by organisations put in place to ensure effective and efficient acquisition and use of resources to accomplish an organisation's objectives. Financial control practices involve sound asset control procedures that ensures efficient utilization of fixed and current assets; creation of dependable audit control processes, promoting professionalism, competency and integrity of internal and external audits; and having in place effective budgetary control that protect a company's investment. According to Onyango, Nambuswa and Namusonge (2020), financial control system has a relationship with accounting and reporting likewise with internal and external communication process of a company and procedural fund management requirements. Financial control practices include asset control, audit control, and budgetary control. According to Rabb, Nyang'au and Nyabega (2018), careless application of financial control practices is a recipe for organizational failure. This view is also supported by Kiusya (2022) who argued that inefficiencies in asset control, audit control and budgetary control can bring

about poor organizational performance. The position of financial management practices in SACCOs is important because it determines how the resources are utilized to improve the welfare of members.

World Council of Credit Union Statistical Report (2023) stated that globally, organizations have different system when it comes to financial control. Response to financial scandals such as Enron or WorldCom has resulted in bringing into the law the "Public Company Accounting Reform and Investor Protecting Act" commonly known as the "Sarbanes-Oxley Act (SOX Act)". The SOX Act requires management to take full responsibility for financial control system over financial reporting within the company and provide assessment of its effectives (Institute of Internal Auditors, 2020). When companies are controlled well financially, they operate in an efficient manner. Most companies use asset control, audit control and budgetary control to measure financial control. Baños-Caballero, García-Teruel and Martínez-Solano (2014) state that it is a good idea for a company to choose a financial control practice that is most viable to improve performance. The authors further indicated that companies are facing challenges when it comes to financial control. Some organization faces insufficiencies in the conduct of controlling the finances. Other companies are failing since they have poor practices of controlling their finances (Aktas, Croci&Petmezas, 2015). Financial control is a process that guides an organization towards achieving its objectives. These objectives include increased level of profits, earnings per share and dividends payouts. Absence of these variables often results in organizational failure. The findings of the Treadway Commission Report of 1987 in the United States of America (USA) confirmed absence of, or weak, financial controls as the primary cause of many cases of fraudulent company financial reporting.

Theory of Finance Distress by Whitaker (1999) explains the significance of financial control techniques and its performance. Whitaker in his theory of Finance Distress argues that companies are faced with financial distress due to poor management of risks and economic distress hence a poor performance which, according to Wruck (1990), is marked by company's inability to fulfill its financial obligation; violation of debt payment agreements and lack of dividends payouts signal. All these places a company at a point of non-performative (Wruck, 1990). According to Boritz (1991), companies facing financial distress always have poor management skills policies, minimum shareholder's wealth and poor internal control systems. The principles of this theory are expected to be relevant to this study as they inform the study on the effectiveness of good financial control on the company's performance (Kiusya, 2022; Rabb et al. 2018). The theory, as posited by Kiusya (2022), also informs the study on the practices helpful in improving a firm's performance such as financial control, asset control, audit control and budgetary control.

As argued by Kiusya (2022), a number of companies have been negatively affected globally by poor financial control practices. For instance, inefficient financial control led to downfall of Enron in USA. According to Kiusya (2022), the company collapsed as a result of falsification of its profit statement and also did not adopt the generally accepted accounting

principles (GAAP). Companies such as the American International Group's (AIG) auditors, Price waterhouse Coopers were reported to have had faulty financial control methods like poor audit control, poor control of budget and defective financial reports (Onyango et al., 2020).

Poor financial control has also contributed poor performance of public and private companies including but not limited to Intercontinental Bank Plc, Oceanic Bank Plc, Anglo-African textile industry, Steel rolling Nigeria limited, Nigeria wire and cable (Onyango et al., 2020). Kenya is also not excluded from ineffective financial controls. As reported by Onyango et al. (2020), a number of public and private companies in Kenya have fallen down due to ineffectiveness of their financial control. Onyango et al. (2020) statistically approve this arguing that almost 50% of firms in Kenya report annually decrease in their profits with some subjected to receivership while other shut down because of many debts and non-operations Examples include Kenya Airways which reported a loss of Ksh10 billion, Mumias Sugar Company that went into receivership after reporting over Ksh 3.4 billion loss, Uchumi Super Markets that shut its operations in Kenya after reporting a loss of Ksh 226 million loss (KSB Annual report, 2022). KSB Annual report, 2022 further showed that about 50% of sugar manufacturing firms from Kenya report annually diminishing profits indicating poor performance. State-owned sugar milling companies reported mixed profitability figures. Chemelil Sugar and Muhoroni Sugar reported losses. Losses for Chemelil Sugar rose from 52,388,455 to 258,434,617 in the years 2022-2023. Private milling companies, as posited by Mwanzo (2017), have likewise reported reduced profits cause as a result of increased production cost. Kiusya (2022), attributes all the cases of company's downfall to consistent profit deteriarition resulting from ineffective financial practices.

From the review of related literature, there are mixed results on effects of financial control practices on performance. Rathiranee (2014), for example, in his finding shows that financial control positively influences performance of organizations and and their budgetary in Jaffna City. Musoke and Nyonyintono (2017), in their study carried out in Wakiso district, Uganda, however, revealed that financial controls (Participatory budgeting and budgeting process) are statistically influential factors of performance of SACCOs. The study however further revealed that Participatory budgeting aspects are not statistically significant influential factors of profitability performance of SACCOs. The major gaps of the aforementioned studies on financial control and performance were, first, the measure of financial controls in the model were very few (budgetary control was the only measure). Secondly, the study is restricted to member owned micro finance institutions (the SACCOs), which in Uganda are not supervised by Central Bank (Bank of Uganda) and are not listed institutions probably with extra regulations. This study overcame these gaps by including asset control and audit control in addition to budgetary control as measures of financial control. This study also collected data from SACCOs that are registered and regulated by SASRA. In Kenya, Kiusya (2022) carried out a study titled 'An Analysis of Financial Control Practices on Performance of Manufacturing Firms in Kenya'. While this study pointed a positive relationship between the variables, it overlooked the relationship between financial control practices and performance

of firms in the financial sector, particularly the SACCO sub-sector despite its immense contribution to the country's GDP. It is for this reason that the present study was carried out in SACCOs.

Corporate governance refers to the internal ways through which the organizations objectives are set and monitoring performance attained (Organization for Economic Co operation and Development, 1999). It articulates the rights and responsibilities of the various stakeholders in the organization; it's relationship to its immediate stakeholders like employees and members and the society at large. Omondi (2020) opine that the study of the direct leverage performance relationship may not be totally useful because the relationship depends on other intervening factors. To this end, this study will incorporate corporate governance as an intervening variable. According to Manurung (2022), good corporate governance can result to the betterment of the accountability system which further translates to minimal risk of fraud or self-dealing by firm's officers. It also assures conformity with relevant laws and regulations hence the avoidance of litigation which can be very costly. Good corporate governance can further boost the confidence of investors and heighten its capital access as a result of increased profit levels, earnings per share and dividend payouts hence strengthening the foundation for firm performance (Omondi, 2020).

In its quest to improve governance standards, the Organization for Economic Cooperation and Development (OECD) in 2002 published amended policies which have since become an international corporate governance benchmark worldwide. Besides providing precise legislative and regulatory direction, these policies have greatly fostered the corporate governance agenda (OECD, 1999). Transparency and disclosure is the fifth OECD principle on corporate governance. Under this principle, correct and prompt disclosure should be made on every substantial matter like the financial status, ownership, performance and governance of a firm.

Financial transparency refers to the authenticity, timeliness and meaningfulness of financial disclosures, their interpretation and circulation whereas governance transparency alludes to the potency of governance disclosures used to ensure the accountability of directors and managers. Omondi (2020) opines that an essential pillar of good corporate governance is transparency which includes the establishment of checks and balances among the management, directors, auditors and other stakeholders. Disclosure comprises all forms of voluntary corporate communications like the Annual General Meeting (Healy & Palepu, 2001).

SACCOs have to embrace good governance as an indicator that they are committed to firm performance. The challenge is to identify a balance that is applicable to the fundamentals of good governance and the distinctive traits of the SACCOs model (Ernst & Young, 2012). Banco Central Do Brasil (2008) define SACCOs corporate governance as internal and external means and regulations that give members the capacity to determine and safeguard achievement of SACCOs' objectives and principles as well as secure their continuity.

Several events are responsible for the heightened regard for corporate governance. For instance, the collapsing of prominent firms like J. P Morgan and Lehman Brothers, led to queries on the suitability of the corporate governance practices in developed countries (Mazudmer, 2013). Correspondingly, similar to other private sector enterprises, SACCOs, have not been left unscathed by the recent corporate governance scandals. There has also emerged the development of codes of good practice hence the advancement of governance practices for SACCOs has become significant and is progressively discussed (Shaw, 2023). A case in point is the evolution of a corporate governance code in the United Kingdom which was elicited by governance scandals and the realization that the co-operative sector was required to adopt innovative practices in corporate governance (Co-operatives UK, 2024).

Like in many developing countries, the corporate governance framework in Kenya has continued to weaken (Omondi, 2020). According to Shaw (2023), corruption and mismanagement are very common among Kenyan SACCOs with some reporting illicit payments and theft whereas others failed to hold elections and AGMs. The study also displays agency conflict between members and boards as an attribute of Kenya's SACCOs sector. The code of corporate governance in Kenya provides that Annual General Meetings (AGMs) should be held in accordance with the statutes so that the board can obtain consensus to all decisions and documentation from the shareholders. Therefore, boards of SACCOs are expected to ensure that the AGMs are held every year. Additionally, according to the code of corporate governance in Kenya, the Board should establish an independent Audit Committee to regularly assess the scope and outcomes of audit, its effectiveness and the independence and objectivity of the auditors.

Savings and Credit Cooperatives (SACCOs), are types of members owned Microfinance Institutions (MFIs), and are formed on assumption that members will save together and give loans to each other. Loans are expected to help members, through jointly owned and democratically controlled enterprises, meet their economic and social needs. This successfully happens through an organized principles of cooperatives within which the microfinance institutions operate (ICA, 2005). These SACCOs, as argued by Cheptoo and Kibati (2018), are grounded in the values of self-help, honesty, openness, self-responsibility, social responsibility, democracy, quality, equity, solidarity, mutual caring, efficiency, transparency and accountability. The microfinance paradigms focus on reduction of poverty through improving access to finance and financial services (Onyango, Nambuswa & Namusonge, 2020). Objectives of Savings and Credit Cooperatives among others, include: creating source of funds from which members in need can take productive loans with low, but market based interest rates; educating members with respect to how to save and wise use of savings; providing services to members including financial counseling to enable them solve their financial problems and risk management services to ensure the safety of their savings and loans and to provide other related services for example, money transfer, payment services and insurance (Musoke & Nyonyintono, 2017). To achieve their objectives, SACCOs must have management control systems put in place to provide information to assist in control, so that these institutions are operated efficiently so as to make it possible for the members to

continue access financial services. Therefore, it is necessary to review the work and performance of these SACCOs at regular intervals, to ensure they operate profitably. Among the management control systems that can be put in place to evaluate the performance of different organizational resources in line with their strategies, are financial controls, which in this study are operationalized as asset control, audit control and budgetary control.

As reported by ICA (2020), SACCOs form a vital part of Kenya's financial system ranging from agricultural and livestock co-operative societies in the rural areas to the savings and credit co-operatives in the urban centers – with the wider SACCO sub-sector being deposit-taking (DT-SACCOs) and the non-deposit taking Sacco Societies. The non-deposit taking segment in this case is composed of those Sacco Societies whose businesses are limited to the mobilization of non-withdrawable deposits for purposes of lending to their members (ICA, 2020). It is worth noting that these non-withdrawable deposits are experienced during the subsistence of the membership to the Sacco Society. These deposits may be instead used as collateral for the lending to the member and only refundable at the cessation or termination of membership. In terms of operation, these Sacco Societies are currently supervised under the legal frameworks of the Cooperative Societies Act (2008) domiciled at the office of the Commissioner for Cooperative Development (ICA, 2020).

The deposit-taking (DT-SACCOs) segment of the sub-sector, in the contrary, is composed of those Sacco Societies which undertake both withdrawable and non-withdrawable deposits - with non-withdrawable deposits portion of the business used as collateral and are not refundable unless on cessation of membership from the Sacco Society while the withdrawable deposits portion of the business can be accessed by the members at any time, hence are demand deposits. In Kenya SACCOs are registered under the Sacco Societies Act (2008). Under this Act (2008), SACCOs are licensed, regulated and promoted by the SACCO Societies Regulatory Authority (SASRA). The Act (2008) provides minimum requirements for operation and prudent standards necessary for SACCOs that take deposit to minimize risk and ensure stability in funds of the SACCOs (Kenya Financial Stability Report, 2023).

SACCOs are very important in the economy of Kenya. Infact, they make up 35% of the country's GDP. This marked by effective deployment of over Ksh 200 billion deposits and assets totaling to Ksh 210 billion (SASRA, 2023). This huge capital, according to Ouko (2015), gives SACCOs a foundation to implement financial control practices. This immense contribution of SACCOs to the economy of Kenya makes SACCOs a good candidate for this research study.

In rural areas many farmers depend on their SACCOs for credit and payment services. As user-owned institutions they provide an important alternative institutional form to banks. Global experience from the financial crisis of 2007/08 suggests that this diversity can contribute to resilience. With the expansion of Kenya's financial system over the last two decades the SACCOs sector has also developed significantly. As Jared (2023) asserts, the cooperative form is therefore regarded as having enormous potential for delivering pro-poor

growth that is owned and controlled by poor people themselves. Nevertheless, it is recognized that, lacking in financial control, SACCOs have had a rather disappointing history in developing countries (Cheptoo & Kibati, 2018).

The core problem affecting SACCOs in Kenya specifically is the consistent dismal performance caused by ineffective financial control practices (SASRA, 2023). About 50% of SACCOs from Kenya yearly reports decrease in their profits, earnings per share and dividends pay-out indicating poor performance. How to strategize for financial control practices basing on the available resources to attain performance has become a great challenge (SASRA, 2023). There is clear inadequacy of financial control among SACCOs in Kenya. More than 81% of Kenyans rely on SACCO's to access financial services (Onyango et al., 2020). However, the use of SACCOs by Kenyans as a financial service provider has been declining over the last five years. The decline has been from a high of 13.5% in 2019 to as low as 9.1% by the end of the year 2023. During the same period, customers accessing commercial banks for financial services has grown from a low of 13.5% in 2019 to 29.2% in 2023 (SASRA, 2023). This trend in loss of customers is accredited to the rivalry from banks in the pre-emptive outreach and delivery of easy access transactions accounts as well as consumer loans through effective financial control practices (Fin Access, 2023). SACCOs have been losing their market share irrespective of their geographical location in the country compared to other financial institutions (Ouko, 2015). Financial control system has been implemented by SACCOs but they still perform dismally raising eyebrows and demanding the attention of national government as this negatively affects the population since 81% of the Kenyan population depend on SACCOs to access financial services (Onyango et al., 2020).

Financial control has significant effect on performance however; many scholars have persistently overlooked the variables. Studies on financial controls have seldom been done on SACCOs. Chelagat&Akama (2016) studied financial control techniques at community-based organizations. Kiusya (2022) analyzed the effect of financial control on performance of Manufacturing Firms in Kisumu County. However, studies in SACCOs were on profitability. Rabb, Nyang'au and Nyabega (2018) examined effect of financial control on profitability of SACCOs in Kericho County, Kenya. Ngetich (2017) studied internal control and profitability of companies trading at NSE. The researchers never covered proxies financial control practices as well as performance exhaustively. The researchers also overlooked Kakamega County The present study examined financial control practices and performance of SACCOs in Kakamega County, Kenya.

Kakamega County is one of the 47 counties in the Republic of Kenya located in the former Western Province of Kenya. It borders Vihiga County to the South, Siaya County to the West, Bungoma and Trans Nzoia counties to the North and Nandi, and UasinGishu counties to the East. Its capital and largest town is Kakamega town. The county has a population of 1,867,579, and an area of 3,033.8 km2. It is the second populous county after Nairobi with the largest rural population. SACCOS in Kakamega County, Kenya, are typically characterized by a strong focus on agricultural membership, offering tailored loan products

for farming activities, a high level of community engagement, emphasis on savings culture, and often have a strong presence within specific local communities like market vendors or specific ethnic groups, allowing for easier access to financial services for members.Despite their positive impact, SACCOs in Kakamega face challenges like limited financial resources, high loan default rates, low dividends pay-out. The aforementioned features make Kakamega County a good candidate for this study.

1.2 Research Objectives

The research objectives are as follows;

i. To assess the effect of asset control practice on the performance of SACCO's in Kakamega County, Kenya.
ii. To find out the effect of audit control practice on the performance of SACCO's in Kakamega County, Kenya.
iii. To establish the effect of budgetary control practice on the performance of SACCO's in Kakamega County, Kenya.

1.3 Research Hypothesis

The research hypotheses were:

H01: Asset control practice does not significantly affect performance of SACCOs in Kakamega County, Kenya.

H02: Audit control practice does not significantly affect performance of SACCOs in Kakamega County, Kenya.

H03: Budgetary control practice does not significantly affect performance of SACCOs in Kakamega County, Kenya.

2. Research Method

2.1 Review of Theories

2.1.1 Finance Distress Theory

This theory was put forward by Baldwin and Scott (1983) and further expounded by Whitaker (1999), Wruck (1990), and Boritz (1991) who asserted financial distress experienced by organizations is as a result of failure by the same organizations to implement sound financial control practices and prudent risk management strategies thus negatively impacting their performance. Whitaker (1999) defines financial distress as a 'state where an organization's performance deteriorates to an extent that its financial demands cannot be met. Lack of dividends payouts, failure to realize profits and violation of debt payment are all indicators of financial distress that in turn hinder performance (Wruck, 1990). Thus, if

organizations implement financial control practices that matches the organization's needs, their performance is bound to improve.

Whitaker (1999) defines financial distress a scenario where cash flows are lower than current maturities' long-term debt. Where cash flows exceed current liabilities, an organization is deemed to have adequate resources to settle its dues with creditors. Organizations must make effort to manage their account receivables profoundly through acceleration of collections as this sis a determinant of performance. Wruck (1990) assert that companies face financial distress due to economic pressure and risky investments caused by improper financial controls. Boritz (1991) asserts that financial distress starts from incubation period whose characteristics unmanaged risks and unfavorable economic conditions causing bad performance by firms. Several studies anchored their theoretical foundations on Finance Distress Theory. Wachira (2017) and Kiusya (2022) conformed that managing financial control risk components like loan borrowing, liquid cash and operationalized risks are significant topics which are on the radar of shareholders and managers. Wachira (2017) asserts that many company drawn from less-developed and more-developed nations face financial distress as a result of poor management, improper financial control systems, failure to disclose financial information and minimization of shareholders wealth.

Thus, the study adopted Financial Distress Theory as the main anchor theory, explaining that if organizations implement financial control practices that matches the organization's needs, their performance specifically level of profits, earnings per share and dividends payouts is bound to improve. The theory is helpful in choosing practices which are beneficial to organizations in improving their performance while considering financial control practices specifically asset control, audit control and budgetary control. The theory thus helps in determining the effect of financial control practices and performance of SACCOs in Kakamega County, Kenya

2.1.2 Shareholders Wealth Maximization Theory

Berle and Means (1932) proposed the theory and were further expounded by Friedman (1970), Rappaport (1986), and Kean (1979). The theory posits that an organization key goal is wealth maximization through profit realization with main focus to its shareholders. Thus, shareholder value is created when managers' performance supersedes the expectations of shareholders hence creating wealth for its shareholders. This theory is therefore based on the assumption that organization's main objective should be maximization of shareholders' wealth.

Shareholders' wealth is shown through the relationship; SW (Shareholders' Wealth) = n x MV (Number of Shares held x Market Value per Share). From the formula, the maximization of shareholders' wealth is made possible by maximized market value per share supporting the assumption that all business decisions should results into a maximized market value of share. Onyango et al. (2022) confirmed that SACCOs' main objective is to ensure members' financial needs are met through earnings per share and dividends payouts as a result of

increased levels of profits. Rabb et al. (2018) conformed that performance of SACCOs is always the major concern of managers as they always seek for avenues of maximizing wealth for its SACCO members and the SACCOs as a whole.

Shareholders' wealth maximization (SWM) posits that organizations should pursue projects with positive Net Present Value (NPV) i.e. NPV of cash inflows should be larger than NPV of cash outflows (Kiusya, 2022). On another perspective, shareholder wealth maximization theory contends that organizations can pursue goals not inclined on financial performance such as Corporate Social Responsibility, innovativeness and creating an entrepreneurial culture. The theory opines that financial returns should not be the only concern of shareholders and potential shareholders, but they should also be concerned of the organization's corporate image (Kyriakou, 2018). However much shareholders' wealth maximization is significant, it should have balance with other stakeholders' interest. This theory supports the variable performance since SACCOs' main objective is to ensure members' financial needs are met through earnings per share and dividends payouts as a result of increased levels of profits, hence translating to shareholder wealth maximization.

2.1.3 Accountability Theory

This theory was developed by Tetlock & Lerner (1999). The main principles of this theory explains the superficial need to protect a person's actions on another person and introspection on the occurrence which lead to decision making. In simple terms, accountability goes hand in hand with responsibility. The apparent desire for accountability in decision-making processes is escalating the probability that one will think about their routine manners (Tetlock & Lenner, 1999). The consequence of our actions should always have liability in consideration. Liability is the willingness and readiness to take responsible decisions in desirable manner in public officers, government agencies, or organizations. It is the process by which a person is committed in clarifying his or her activities to another party who has authority of passing verdict on their actions.

Various aspects may trigger liability perceptions such as; parties present, type of liability and expectations of evaluation. The four cornerstone of accountability theory; identifying liability, expected of evaluation, monitoring, and socio-presence improve the accountability of employees (Trevor et al., 2016) as the expected assessment is belief that one's performance will be examined by another person using normative ground rules and consequences attached.

This theory guides the study in understanding how financial control practices affect performance of SACCOs as employees are held responsible for asset control, audit control and budgetary control with performance as the expected outcome. This means that since employees and managers are held accountable, they will always think carefully and critically about their actions, as actions can have dire consequences which can either be performance or liabilities. This is a virtue that should be embraced by management especially of finance institutions like SACCOs. The expectations of evaluation, monitoring and social presence

through financial control practices signals management that the government will audit their statements through external auditing and generate audit reports where lack of accountability will be punished. The willingness of stakeholders to monitor accountability through asset control, audit control and budgetary control practices enhance transparency and reduces fraud.

2.2 Research design

Descriptive correlational was use to describe the relationship between variables (Financial Control Practices and performance) in terms of strength and direction without manipulating them, focusing on observing and measuring naturally occurring associations. Further studies (Wanyony&Ngaba, 2021 and Kiusya, 2022) have also shown that descriptive research is preferred while conducting similar research studies. Descriptive research portrays an accurate profile of persons, events, or situation (Robson, 2002). It has also been shown that surveys allow for collection of a large amount of data from a sizeable population in a highly economical way. It allows one to collect quantitative data, which will be analyzed quantitatively using descriptive and inferential statistics (Saundersetal2007).

2.3 Target Population

The population is a set of persons and characters with similar or noticeable characteristics (Mugenda&Mugenda, 2013). The population for this study was all the staff at the four Deposit-Taking SACCOs operating in Kakamega County, who were 182 in number according to SASRA Annual Survey Report (2023). The target population for the study was therefore 182 respondents. A census survey was carried out. A census is a statistical method of collecting data in which the entire units in a population is selected or included in the study. Adams (2020) notes that where a population is less than 200 units/items, census method is ideal to deliver the most accurate results.

2.4 Description of Research Instruments

Researcher used primary data. Data are raw materials which are converted into informative ideas through processed data (Davis et al., 1985). The study used a semi-structured survey questionnaire administered to each member of the population. Administration of semi-structured questionnaires was done in obtaining primary data on analysis of financial control practices on performance of SACCOs in Kakamega County. Questionnaire were apportioned into two sections with the first dealing with general information about respondents while other part analyzed financial control practices on performance of SACCOs in Kakamega County. Questionnaires were administered to all respondents in the study.

2.5 Data Collection Procedure

Permission and approval from Jaramogi Oginga Odinga University of Science and Technology (JOOUST), School of Postgraduate Studies and National Commission for Science, Technology and Innovation (NACOSTI) was sought before carrying out the study. A letter of introduction was sent to the Chief Executive Officers of the 4 SACCOs in Kakamega County informing them of researchers' intention to conduct the study. The researcher then sent a letter of consent to all the respondents to assure respondents that the respondent participation is voluntary and confidentiality will be maintained throughout the study and the findings of the study are to be used for academic purposes only.

2.6 Description of Data Analysis Procedures

Data analysis involves inspecting, cleaning, transforming and modeling data with the aim of highlighting useful information, suggesting conclusions and supporting decision making. The secondary data collected will be analyzed using Statistical Package for Social Science (SPSSVersion22). A multiple regression model will be adopted to check the form of relationship between the dependent and the independent variables. Tables and charts will be used to present the analyzed data for easy of understanding. Tables and charts will be used to present the analyzed data for easy of understanding. The study sought to establish whether internal controls (IC) have an effect on financial performance (FP) of SACCOs in Kenya. The independent internal controls evaluated were control environment (CE), risk assessment (RA), control activities (CoA) and monitoring mechanisms (MM). Therefore; Y= f (CE, RA, CoA, MM). The study will adopt the regression model below:

$$Y = \beta 0 + \beta 1X1 + \beta 2X2 + \beta 3X3 + X4 + X5 + \varepsilon$$

Where:

Y= Dependent Variable (financial Performance of SACCOs).

X1= Accounting systems controls

X2= Credit Control Procedures

X3= SASRA Controls

X4 = Authorization Controls

X5 = Guarantors Policy Control

β0, β1, β2, X3, X4 and β5 are regression equation coefficients

ε = error term of the regression.

International Journal of Research in Social Sciences
Vol. 15 Issue 08, Aug 2025,
ISSN: 2249-2496 Impact Factor: 7.081 UGC Approved Journal Number: 48887
Journal Homepage: http://www.ijmra.us, Email: editorijmie@gmail.com
Double-Blind Peer Reviewed Refereed Open Access International Journal - Included in the International Serial Directories Indexed & Listed at: Ulrich's Periodicals Directory ©, U.S.A., Open J-Gate as well as in Cabell's Directories of Publishing Opportunities, U.S.A

3. Results and Analysis (10pt)

3.1. Effect of Asset control practice

The study sought to determine the effect of asset control practices on performance of SACCOs in Kakamega County, Kenya. Respondents were asked to indicated their extent of agreement on the aspects of asset control practices as a financial control practice. This was based on a scale of 1-5. The results are presented in table 1.

Table 1: Descriptive statistics for Asset control practice

Statement	1	2	3	4	5	Mean	Std. Deviation
The organizations maintain a good custody of all its assets in all departments and sections	29(18.1)	16(10.0)	32(20.0)	51(31.9)	32(20.0)	3.26	1.375
The right personnel are available for maintaining security and custody of assets	8(5.0)	8(5.0)	8(5.0)	88(55.0)	48(30.0)	4	1.003
There is a prior plan for use and disposal of assets	8(5.0)	0(0.0)	72(45.0)	24(15.0)	56(35.0)	3.75	1.093
Top management sanctions the use and disposal of any current and fixed asset	16(10.0)	16(10.0)	64(40.0)	32(20.0)	32(20.0)	3.3	1.191
There is constant review and monitoring of assets to maintain shelf life and usability	8(5.0)	32(20.0)	64(40.0)	40(25)	16(10.0)	3.15	1.017

Source: (Field data, 2025)

On asset control practices, the first statement inquired whether the SACCO organization maintains custody of its assets. The results show that 32(20.0%) both strongly agreed and were neutral, 51(31.9) agreed, 16(10.0%) disagreed and 29(18.1%) strongly disagreed. The study asked whether the right asset security personnel were available from which 48(30.0%) strongly agreed, 88(55.0%) agreed and 8(5.0%) strongly disagreed, disagreed and were both

neutral at the same time. The mean and standard deviation (M=4.00, STD.= 1.003) was obtained implying presence of right security personnel. On whether there exist a plan guiding use and disposal of assets, 56(35.0%) strongly agreed, 24(15.0%) agreed, 72(45.0%) were neutral while 8(5.0%) strongly agreed. A Mean and deviation (M=3.75, STD.= 1.093) showed there was a prior plan in place. On whether the top management sanctions use of assets, 32(20.0%) both strongly agreed and agreed, 64(40.0%) were neutral, 16(10.0%) both strongly disagreed and disagreed at the same time. A mean a deviation was obtained (M=3.3, STD.= 1.191) indicating sanctioning by the top management. The last question on asset control practices inquired whether there was review and monitoring of assets from which 16(10.0%) strongly agreed, 40(25%) agreed, 64(40.0%) were neutral, 32(20.0%) disagreed while 8(5.0%) strongly disagreed to the statement

3.2. Effect of Audit control practice

The second objective of the study sought to determine effect of audit control practices on performance of SACCOs in Kakamega County, Kenya. Respondents were asked to respondent to issues of audit control practices on a scale of 1-5, where 5 = Strongly Agree, 4= Agree, 3=Neutral Agree, 2= Disagree, and 1=strongly Disagree. Descriptive results are as shown in table 2

Table 2: Descriptive statistics for Audit control practice

Statement	1	2	3	4	5	Mean	Std. Deviation
The organization has an established internal audit department	24(15.0)	8(5.0)	32(20.0)	56(35.0)	40(25.0)	3.5	1.327
The internal audit department is well staffed with competent personnel who carry out audits	0(0.00)	40(25.0)	16(10)	64(40.0)	40(25.0)	3.65	1.111
Internal audit and forensic audit are carried out on regular and periodic audit on finances and financial management	8(5.0)	24(15.0)	88(55.0)	32(20.0)	8(5.0)	3.05	8.67
The reports of internal audit and forensic audit are of integrity and independent of	16(10)	40(25.0)	24(15.0)	72(45.0)	8(5.0)	3.1	1.114

influence from management or any other employee							
The management implements reports of internal and forensic audit on financial management	16(10)	40(25.0)	24(15.0)	24(15.0)	56(35.0)	3.4	1.433

Source: (Field data, 2025)

The first statement inquired whether the organization has an established internal audit department from which 40(25.0%) strongly agreed, 56(35.0%) agreed, 32(20.0%) were neutral, 8(5.0) disagreed while 24(15.0%) strongly disagreed. Mean and deviation (M=3.5, STD.= 1.327) was obtained, indicating firms had internal audit departments. On whether the internal audit was staffed with personnel, 40(25.0%) strongly agreed, 64(40.0%) agreed, 16(10%) were neutral while 40(25.0%) disagreed. Respondents were also asked whether internal and forensic audits were carried out regularly from which a frequency of 8(5.0%) both strongly agreed and strongly disagreed, 32(20.0%) agreed, 88(55.0%) were neutral while 24(15.0%) disagreed. Concerning whether audit and forensic reports were free from influence, 8(5.0%) strongly agreed, 72(45.0%) agreed, 24(15.0%) were neutral, 40(25.0%) disagreed while16(10%) strongly disagreed. The study also asked respondents whether management of the SACCOs implements audit and forensic reports out of which 56(35.0%) strongly agreed, 24(15.0%) both agreed and were neutral, 40(25.0%) disagreed and 16(10%) strongly disagreed. Mean and deviation (M=3.4, STD.= 1.433) was obtained.

3.3 Effect of Budgetary control practice

Respondents were asked about budgetary control practices on a scale of 1-5, where 5 = Strongly Agree, 4= Agree, 3=Neutral Agree, 2= Disagree, and 1=strongly Disagree, the results are indicated as below;

International Journal of Research in Social Sciences
Vol. 15 Issue 08, Aug 2025,
ISSN: 2249-2496 Impact Factor: 7.081 UGC Approved Journal Number: 48887
Journal Homepage: http://www.ijmra.us, Email: editorijmie@gmail.com
Double-Blind Peer Reviewed Refereed Open Access International Journal - Included in the International Serial Directories Indexed & Listed at: Ulrich's Periodicals Directory ©, U.S.A., Open J-Gate as well as in Cabell's Directories of Publishing Opportunities, U.S.A

Table 3: Descriptive statistics for Budgetary control practice

Statement	1	2	3	4	5	Mean	Std. Deviation
Budget estimates are based on financial forecasts of the company organization	16(10)	56(35.0)	56(35.0)	24(15.0)	8(5.0)	2.7	1.008
The top management approves budget allocation and expenditure	0(0.0)	24(15.0)	56(35.0)	64(40.0)	16(10)	3.45	0.867
18. The organization regularly monitors and reviews its revenues and expenditures	8(5.0)	16(10)	32(20.0)	64(40.0)	40(25.0)	3.7	1.103
The organization identifies deviation of results from budget allocations and takes mitigation actions	8(5.0)	24(15.0)	24(15.0)	56(35.0)	48(30)	3.7	1.109
Management approves budgets at the required time	24(15.0)	24(15.0)	64(40.0)	16(10)	32(20.0)	3.05	1.288

Source: (Field data, 2025)

The first statement on budget control practices inquired whether budget estimates are based on financial forecasts from which 8(5.0%) strongly agreed, 24(15.0%) agreed, 56(35.0) both disagreed and were neutral, 16(10%) strongly disagreed. The mean and deviation (M=2.7, STD.= 1.008) was obtained, indicating budget estimations according to finances to some level. The study inquired whether top management approves budget allocations and expenditure, from which 16(10%) strongly agreed, 24(15.0%) agreed, 56(35.0%) were neutral while 24(15.0%) disagreed. Respondents were asked whether the organization regularly monitors and reviews its revenues and expenditures, from which 40(25.0%) strongly agreed, 64(40.0%) agreed, 32(20.0%) were neutral, 16(10%) disagreed, 8(5.05%) strongly disagreed. On whether the organization identifies deviation of results from budget allocations and takes mitigation actions 48(30%) strongly agreed, 56(35.0) agreed, 24(15.0%) both agreed and were neutral, 8(5.0%) strongly disagreed. In addition, respondents were asked whether management approves budgets at the required time from which 32(20.0%)

strongly agreed, 16(10%) agreed, 64(40.0%) were neutral while 24(15.0%) both agreed and strongly agreed. The mean and deviation (M=3.05, STD.= 1.288) was obtained indicating approval of budgets timely to some extent.

3.5 Regression results

Multiple regression analysis was carried out to determine the level of significance of financial control practices on performance. Tables 4,5, and 6 display the regression results.

Table 4. Model summary of financial control practices and performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.523a	0.2730	0.2590	0.6152

a. Predictors: (Constant), MEAN4, MEAN2, MEAN3

Key: MEAN4-Mean Budgetary control practices; MEAN3-Mean Audit Control practices; MEAN2-Mean Asset Control practices; MEAN5-Mean SACCOs performance

The table 4 presents regression model results on financial control practices and performance of SACCOs in Kakamega county, Kenya. The R value is 0.523, which indicates that financial control practices encompassing audit control practices, asset control practices and budgetary control practices have a positive relationship with performance of SACCOs in Kakamega county. The R shows the association between observed and predictor variables, with values ranging from -1 to +1 and the sign of R showing direction of relationship. Therefore, the R value of 0.523 infers that financial control practices are positively associated with the performance of SACCOs. The R2 value is .2730 which is also significant ($p<0.05$) indicating that the independent variables, financial control practices (audit control practices, asset control practices, budgetary control practices) explains a 27.30% variance in the dependent variable (performance), the remaining 72.7% change in the performance of SACCOs at Kakamega county is explained by other variables not accounted for in the current study. The adjusted R2 is .259, which implies that the model is fit when overestimation is controlled.

Table 5. ANOVA test of financial control practices and performance.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.1741	3	7.3914	19.52939	.000b
	Residual	59.0419	156	0.3785		
	Total	81.216	159			

a. Dependent Variable: MEAN5

b. Predictors: (Constant), MEAN4, MEAN2, MEAN3

Key: MEAN4-Mean Budgetary control practices; MEAN3-Mean Audit Control practices; MEAN2-Mean Asset Control practices; MEAN5-Mean SACCOs performance.

International Journal of Research in Social Sciences
Vol. 15 Issue 08, Aug 2025,
ISSN: 2249-2496 Impact Factor: 7.081 UGC Approved Journal Number: 48887
Journal Homepage: http://www.ijmra.us, Email: editorijmie@gmail.com
Double-Blind Peer Reviewed Refereed Open Access International Journal - Included in the International Serial Directories Indexed & Listed at: Ulrich's Periodicals Directory ©, U.S.A., Open J-Gate as well as in Cabell's Directories of Publishing Opportunities, U.S.A

The table 5 presents the change statistics results. The F statistic (F=19.5294) is above 2 and significant at 95% confidence interval (p=0.000<0.05). This means that jointly, financial control practices (audit control practices, asset control practices, budgetary control practices) have a positive significant effect on performance of SACCOs. Therefore, this model is not by chance but as a result of careful fitting. This means that the variables, particularly the predictor variables were carefully chosen to reflect the appropriate factors that have effect on performance.

Table 6: Coefficients of of financial control practices and performance.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.917463016	0.30061		6.378565	0.001933
	MEAN2	0.169053074	0.075832	0.166756119	2.229319	0.027221
	MEAN3	0.107092414	0.073364	0.135815519	1.459751	1.463695
	MEAN4	0.342755357	0.09008	0.339362328	3.804997	0.000203

a. Dependent Variable: MEAN5

The table 6 shows the model coefficient results of the independent variables. The findings show that there is a constant performance of the SACCOs even without including any variable in the model as evidenced by a constant value (B=1.9174) that is significant at a p value of 0.005 (p<.05). However, including financial control practices significantly improves the model as shown by its composition of variables that include audit control practices, asset control practices, budgetary control practices. The results illustrate that budgetary control practices (MEAN4) had the strongest significance contribution to performance in the SACCOs (β=.3393, p<.05), followed by (MEAN2) asset control practices (β=.1668, p<.05). Audit control practices (MEAN3) had an insignificant positive contribution to SACCOs performance (β=.1358, p=1.4637, >.05) which was the least contribution comparable to the other predictors.

In practically looking at the exclusivity of each of the measures of financial control practices by observing the unstandardized coefficients, the findings show that a one-unit improvement in budgetary control practices improves performance by an extent of 0.3428 units. Additionally, the findings show that a one-unit improvement in asset control practices increases performance by a magnitude of 0.1691 units. Finally, the least was audit control practices, which increases performance by 0.1071 units for each of its unit improvement.

4. Conclusion

The first objective of the study was to assess the effect of asset control practices on the performance of SACCO's in Kakamega County, Kenya. Results show that asset control practice has a positive significant effect on performance of SACCOs. Therefore, study concludes that asset control practice has a positive significant effect on performance.

The second objective was to determine the effect of audit control practice on the performance of SACCOs in Kakamega County, Kenya. Findings reveal that audit control practice have a positive significant effect on the performance of SACCOs in Kakamega County, Kenya. Therefore, study concludes that audit control practice has a positive significant effect on performance.

The third objective was to establish the effect of budgetary control practice on the performance of SACCOs in Kakamega County, Kenya. Findings show that budgetary control practice has a positive significant effect on performance of SACCOs. Therefore, study concludes that budgetary control practice has a positive significant effect on performance.

5. Recommendations of the study

From the first objective, results show that asset control practices have a positive significant effect on the performance of SACCOs in Kakamega County, Kenya. The study recommends that SACCOs in Kakamega County, Kenya to consider adopting policies that will adopt asset control practices as this will improve their performance.

In the second objective, findings reveal that audit control practices have a positive significant effect on the performance of SACCOs in Kakamega County, Kenya. The study recommends that SACCOs in Kakamega County, Kenya to continuously implement audit control practices as this will improve their performance.

The third objective was to establish the effect of budgetary control practice on the performance of SACCOs in Kakamega County, Kenya. Paper recommends more effort by SACCOs in adoption and use of budgetary control practice as this will improve their performance.

References

Abdul, Y. (2014). Internal control and governance: a case of CCBRT, unpublished master's dissertation

Agung, M. (2015). Internal control part of fraud prevention in accounting information system, *International journal of economics, commerce and management*, 3(12), 724-737

Alila, P. &Obado. (1990): Co-operative credit: The Kenyan SACCOS in a historical and development perspective; Working paper

Al-Rawashdeh, H. A., (2017). The role of internal control components in the maintenance of public funds: applied study on the Jordanian Ministry of Justice-North province as Perceived by the workers of internal control and accounting departments, *International Business research*, 10(5), 189-20

Amudo, A. &Inanga, E. L. (2009). Evaluation of Internal Control System, A Case Study from Uganda. *International Research Journal of Finance and Economics*

Argryis, C (1990). *Integrating the Individual and the Organization.* Wiley, New York

Berle, A & Means, G (1932). *The Modern Corporation and Private Property*. New York: MacMillan

Boyo, B.(1995). CEO Duality and Firm Performance in agency Model. *Strategic Management Journal*,16(4),301-312. doi:10.1002/smj.4250160404

Branch B. (2015). *Working with savings & credit cooperatives*, Donor Brief no. 25

Branco, B and CGAP Staff. (2005) "*working with Savings and Credit Cooperatives"* CGAP

Bubilek, O. (2017). *Importance of internal audit and internal control in an organization-case study*, Unpublished degree thesis

Cahill, E. (2006). Audit Committee and Internal Audit Effectiveness in a Multinational Bank: A case study. *Journal of Banking Regulation* 7, (1/2)160 -179

Cheng, Q., Goh, B.W., & Kim, J.B. (2014). Internal control and operational efficiency, *European accounting association annual congress*, 1-53

Craig (2010). *Australian Financial Accounting*, (6thEds). McGraw-Hill, New York

Caldwell, C &Karri, R (1990). Organizational Governance and Ethical Choices: A Covenantal Approach to Building Trust," *Journal of Business Ethics, 58, (1), 249-259.* Doi: 10.1007/s10551-005-1419-2

Chen, H., Dong, W., Han, H., Zhou, N. (2013). *A comprehensive and quantitative internal control index: Construction, validation, and impact.* Working Paper

Cheruiyot, T., Kimeli, M. &Ogendo, M. (2012). Effect of Savings and Credit Co-operative Societies Strategies on Member's Savings Mobilization in Nairobi, Kenya. *International Journal of Business and Commerce,* 1(11); 40-63

Chimkono, E., E., Muturi, W., & Njeru, A. (2016). Effect of non-performing loans and other factors on performance of commercial banks in Malawi. *International Journal of Economics, Commerce and Management,* 4(2), 549-563

Cooperative Societies Act (Cap 490), Laws of Kenya.

COSO (2013). *Internal control-integrated framework,* retrieved on 19th August 2018 from https://na.theiia.org/standardsguidance/topics/Documents/Executive_Summary.pd

Davis, J., H., Schoorman, F., D. & Donaldson, L. (1997). Towards a stewardship, *Theory of Management Review,* 22(1),20-47

Directors Tookit (2013). Internal controls: a guide for directors, office of the comptroller of the currency, Washington, DC.

Dittenhofer, M. (2001). Internal auditing effectiveness. *Journal of Accounting and Economics*, Vol. 5

Donald K.K &DelnoL. A. T. (2009) *Proposal and Thesis Writing, An introduction*. Pauline Publications Africa. Nairobi, Kenya

Donaldson, L &Davis, L.H(1989). *CEO Governance and Shareholder, Annual Meeting of the Academy of Management.* Washington, 49-63

Fama, E.F & Jensen, M.C (1983). Separation of Owners and Control, *Journal of Law and Economics*, 26(2),301-325

Feather, C., & Meme, C. (2018). *Consolidating inclusive housing finance development in Africa: Lessons from Kenyan savings and credit cooperatives.* 10(1).

Freeman, R., E. (2004). *Strategic Management*, Pitman, Boston

Friedman &Miles (2009). Stakeholders: Theory and Practice. Oxford: Oxford University press

Gacheru, J. W., &Muturi, W. (2018). *Financial factors that influence the performance of cooperative societies in Juja Sub County in Kiambu Kenya*. 4(10)

Gerrit, S. and Mohammad, J., A. (2010). Monitoring effects of the internal Audit Function: Agency Theory versus other explanatory variables. *International Journal of Auditing*. Blackwell Publishing Ltd

Graham, L. (2015). *Internal control audit and compliance.* 1st ed. Hoboken, NJ: Wiley

Jensen, K., L. (2003). A Basic Study of Agency-Cost Source and Municipal Use of Internal Versus External Control. *Accounting andBusinessResearch*,35(4), 33-48.

Ireri, S. K., &Wagoki, J. (2014). Assessing the Role of Internal Control Systems Components in Kenyan Public Universities: A case of Jomo Kenyatta University of Agriculture and Technology. *Journal of Accounting and Financial Management*, 4(3), 17-28

Kirsch, L., J. (2002). Developing Common System Globally: The Dynamics of Control Infrastructure, *Information Systems Research*. Issue15,154-167

Kenya Sugar Board (2012). *Sugar Board Strategic Plan 2004-2007, Nairobi*.

Korir, A., &Nzioki, S. (2017). Effect of Product Differentiation of Substitutes on Competitive Strategy in Deposit Taking Sacco's in Kericho County, *Kenya.* 3(7)

Lakis V. and Giriūnas L., (2012). The Concept of Internal Control System: Theoretical Aspects. *Ekonomika* 2012 Vol. 91(2)

Mawanda J.R (2008). *The Relationship between Internal Control Systems and Financial Performance in Institutions of Higher Learning*. Kampala.

Millichamp, A., H. (2005). *Auditing: An Instructional Manual for Accounting Students.* London: Elbs—Df. Publication Ltd.

Motubatse, K., N. (2005). *Internal Control Over Capital Assets of the Ekurhuleni Metropolitan Municipality (M. Tech).* Dissertation Submitted, Faculty of Economic Sciences, Tshwanel; University of Technology, South Africa

Mudibo, E., K. (2006). *Challenges and Opportunities Facing the Kenyan Savings and Credit Co-operative Movement, Presentation during the Africa Savings and Credit Co-operatives Conference* 3rd - 6th October 2006 at the Grand Regency Hotel, Nairobi, Kenya.

Munyiri, C. (2010). *Study visits on the role of women in development of microfinance in Africa.*

Mwangi, M., & Murigu, J. W. (2015). The influence of corporate governance on the performance of SACCOs in Kenya. *International Journal of Business and Social Science*, 6(5), 46-52.

DigeMuijs, D. (2010). *Doing quantitative research in education with SPSS.* Thousand Oaks, CA: Sage. [23

Munene, M., J. (2009). Effects of internal control on financial performance of technical Training institutions in Kenya, *Master thesis*. [24].

Mugenda, O. M. &Mugenda, A. G. (2003). Research methods: Quantitative and qualitative Approaches. Nairobi: *African Centre for Technology Studiest*, 3(3); 1-6

Mwaniki, S., K. (2018). Effect of Macroeconomic Variables on Average Financial Performance of Deposit Taking Savings and Credit Cooperative Societies in Nairobi, Kenya. *Journal of Economics*

Ngari, G., M. (2017). The effect of internal controls on financial performance of micro finance institutions in Kenya. *International Academic Journal of Economics and Finance*, 2(3),112-140

Nigusie, D. (2015). *Determinants of Savings and Credit Cooperatives Societies (SACCOs) outreach in Addis Ababa*

Omar, F., S. and Yussuf, S. (2021) Effect of Control Environment on the Financial Performance of Higher Learning Public Institutions in Zanzibar. *International Journal of Scientific and Technical Research in Engineering (IJSTRE)* www.ijstre.com Volume 6 Issue 3 ǁ

Ongore, V., O. (2001). *Managerial Response to the deregulation of the co-operative sector. The Case of SACCOS in Nairobi.* Unpublished MBA project report, School of Business, University of Nairobi

Otieno, M. O., Misango, B., & Kihoro, J. (2016). Governance practices and the performance of SACCOs in Nairobi County, Kenya. *International Journal of Social Sciences and Entrepreneurship*, 4(7), 38-52.

Ouchi, W., G. (1979). A Conceptual Framework for the Design of Organizational Control Mechanisms. *Management Science* 833-848

Oyoo, M. (2002). *Evaluation of Financial Performance of Savings and Credit Co-operative Societies before and after Deregulations: The case of SACCOS based in Nairobi*. Unpublished MBA project report, School of Business, University of Nairobi

Rittenberg, L., E. &Schwieger, B., J. (1997). *Auditing: Concepts for a Changing environment*, New York: The Dryden Press

Sahabi, I., Diibuze, G., &Abubakari, M. (2017). The Impact of Internal Control Systems on Financial Performance: The case of Health Institutions in Upper West Region of Ghana. *International Journal of Academic Research in Business and Social Sciences*, 7(4)

SASRA. (2021). *Supervisory Framework for Deposit Taking SACCOs.* Nairobi: SACCO Societies Regulatory Authority.

Simmons, M., R. (1997). COSO *Based Auditing. Internal Auditor December:* 68-73. Retrieved from:http://www.cwu.edu/~atkinson/coso.htm.

Shah, A. (2003) *Local Public Financial Management* [24]

Suchman, M., C. (1995). Managing Legitimacy: Strategic and Institutional approaches. *The academy of management review*, 20(3),571-610

Transparency International (2006). *Corruption Perceptions* Index. Retrieved from: http://www.transparency.org/policyresearch/ surveys. indices/cpi/2006

Wanyama, F., O. (2009). *Surviving Liberalization: The Co-operative Movement in Kenya*. ILO

Wanyoike, D., Mukulu, E., & Waititu, A. (2012). Role of internal audit function in enhancing financial performance of SACCOs in Kenya. *International Journal of Current Research*, 4(11), 128-133.

Waweru, K., M. (2011), An investigation into the cash balance management challenges in Sacco's in Nakuru County, Kenya. *International Research Journals*

Williamson, O., E. (1985). *The Economic Institutions of Capitalism:* Firms