

**THE ROLE OF AUDITING IN PROMOTING CORPORATE GOVERNANCE IN
KENYA**

(A CASE OF BOMET COUNTY)

BY

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ABSTRACT

The study was being carried out on the role of audit in promoting corporate governance in Kenya, a case study of Bomet County. The study accomplished the objectives of examining the role of audit in promoting corporate governance in Kenya. Financial audit is an important aspect of corporate governance that makes the management accountable to the shareholders for their stewardship of an organization. Auditing serves as a signaling mechanism to shareholders of a company that information provided by the company's directors can be relied upon. However despite all positive aspects attributable to the roles played by financial auditors, recent experience indicate that counties have not managed to reach their optimal operational efficiency level either because of failure to engage effective independent auditors or failure to accord the auditors their rights as auditors in their engagement execution. The objective of the study was to examine the role of audit in promoting corporate governance in Kenya. The study used questionnaires as a tool of collecting data. In order to achieve the objectives of the study, qualitative and quantitative techniques were both used to select relevant respondents from survey population of interest. A sample of 75 people of the target population was selected without bias and stratified sampling method was used. Hence, factors which were considered important in the role of audit in promoting corporate governance in Kenya were obtained through this design. Based on the research study 69% of the total respondents indicated that audit is important in promoting corporate governance while 31% deferred. From the study analysis 69% of the total respondents indicated that Bomet County has strongly embraced auditing function while 31% deferred. Based on the analysis 54% of the respondents thought that the financial reporting system in Bomet County was reliable, while 46% deferred. Based on the analysis 77% of the total respondents indicated that frauds and errors committed by the clients staff have been detected and prevented, while 23% did not agree. In recommendations, audit is a very important element in corporate governance and the government should come up with policies that are in favour of audit and ways in which it can be made to be efficient and effective. It is the mandate of the