

**ROLE OF INTERNAL AUDITING IN IMPROVING FINANCIAL
PERFORMANCE OF PARASTATALS IN KENYA
(A case of Kenya Bureau of Standards)**

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ABSTRACT

The study will examine the role of internal auditing in improving financial performance of parastatals in Kenya, a case study of Kenya Bureau of Standards Nairobi.

Its core objective was to address the factors that had been identified as having a bearing on the financial performance of parastatals in relation to the internal audit function, and these are; training and experience, corporate governance, quality assurance, and financial risk control mechanisms.

Questionnaires were used for they were the most suitable instrument for data collection, and were analyzed quantitatively and qualitatively. The researcher used descriptive research design and simple random sampling technique to select the respondents, where the target population was 30, and was derived from the finance and accounting department which encompassed the internal audit function. A sample of 15 respondents was selected for the research.

The findings were relatively positive and depicted how the various variables played a substantive role to the financial performance of Kenya Bureau of Standards as a parastatal. In relation to quality assurance timely disclosure of financial statements as well as the review of financial statements by the auditor general were variables that contributed to quality assurance in the internal auditing function. The role of corporate governance was also highly associated with internal auditing especially the role that staff members in the institution played and ICT as a support block to the functions carried out as part of corporate governance activities in the organization.

In relation to training and experience the number of years an accountant had been active as well as an auditor was proportionate to the experience one was regarded to have acquired, while job mentoring was considered as a fundamental aspect to the training of an auditor.

The study will be of significance to other students in higher learning institutions, the government, as well as other parastatal heads.