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ROLE OF INTERNAL CONTROL SYSTEMS ON SERVICE DELIVERY IN THE NATIONAL TREASURY OF TAITA-TAVETA COUNTY, KENYA

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Abstract

The main aim of the paper was to investigate the role of internal controls on the service delivery of the Taita-Taveta National Treasury in Kenya. This study adopted a descriptive research design. It targeted a population of 225 finance employees in Taita-Taveta National Treasury. Stratified random sampling method was applied to obtain a sample size of 144. The data collection was done by the use of questionnaires. Data analysis was performed using SPSS 21. The researcher performed Multiple Regression analysis in order to establish the relationship among the different variables under study. Findings revealed that risk management systems were positively correlated with service delivery (r= 0.879, ρ<0.01). Also, communication systems were indicated to positively relate with service delivery (r = 0.862, ρ<0.01). This implies that risk management systems and communication systems greatly influence service delivery at the National Treasury.

Keywords: Risk Management System, Communication System, Service Delivery, Internal Control

INTRODUCTION

Internal Control Systems in accounting and auditing refers to a process of assuring achievement of an organization's objective in terms of realizing operational effectiveness and efficiency which captures aspects such as reliable financial reporting, compliance with laws and the regulation of policies (Mugambi, 2014). In the broader concept, this entirely involves the entire process of controlling risks in an organization. National and County Governments are held accountable to the citizenry on the management of public resources. Consequently, they prepare a plan of the revenue and expenditures for each fiscal year, which goes through the legislative approval process and becomes the budget. This whole exercise works along the implementation of a number of internal control systems which are key determinant to the achievement of the county government's developmental plans.

This chapter discusses the background of the study. It introduces the concept of Internal Control Systems and Credit facilities and their effect on the service delivery of organizations. The second part of this chapter expounds on the statement of the problem, purpose of the study, research objectives, research questions, significance of the study, scope of the study, limitations and delimitations of the study and the conceptual framework.

Credit facilities such as banks over the world are the crucial actors of growth in terms of entrepreneurial development as well as technological growth. These facilities have expanded their operational borders in terms of financial services that in turn have prompted expansion of new financial markets. These expansions have enlarged and expanded the risks that financial institutions have to take control. The world has witnessed some major financial crises due to the poor service delivery and the insufficient risk control systems by many of the organizations. These financial crises were seen to spread very fast due to the globalization aspect. This thus brought to light the need for well functioning and healthy banking sector (AICPA, 2003).Hayali (2012) reasons that for the major financial institution's failures; resulting in financial failures is occasioned by risks taken by these institutions' management excessively. The lacks of proper internal control systems have made it difficult for many financial institutions to realize success in their operations.

Most often, there is lack of mutual understanding with regard to the effective functioning of Internal Control mechanisms and the management functions that govern organizations with regards to planning process and service delivery, each other's role and working together to facilitate effective organization arrangements. A situation that often results in antagonisms and confusion in the governance processes of many government organizations (Verstegen, 2006). Internal Control Mechanisms in public sector organizations are often misconstrued and often aligned with political and management affiliations rather than they being looked at objectively and holistically. This state of affairs often results in mistrust of the public in the Internal Controls in the public sector, particularly in the local government systems (Verstegen, 2006). Further, the reporting lines of the Internal Audit Units in the organizational structure of the counties tend to conflict with other functions of numerous monitoring and review teams in the local government system thereby affecting negatively the independence of the Internal Audit Unit and the scope of their work.

Treasury is an important departmental pillar of any organization. Organizations which have Treasury departments ought to keep and maintain strong, flexible and reliable internal control systems as per the current trends. This is often necessary in monitoring and regulating the service delivery of such organizations with reference to their key performing indicators. It is evident that well structured internal control systems improve the financial management within an organization. Some of the notable benefits of properly instituted internal control systems are: effective management of records, reporting processes and enhanced accountability. The National Treasury of Taita-Taveta has evolved into a highly regulated sector driven by well structured framework of rules. It is noted that the regulatory and the institutional frameworks have really improved despite the many challenges facing these institutions.

Research and earlier studies have in actual sense revealed that there is a large failure in many organizations and the governments at large in the understanding the aspect of internal control systems (Hayali, 2012). This has been accelerated by the lack of effective, efficient and proper financial control systems. This failure to have the right financial control systems has exposed many organizations and governments to certain risks and threats which include having incorrect financial statements most of the times, the careless loss of government resources and other assets, mismanagement of organizations and government documents, incorrect and unreliable records of finance an aspect that leads to the government and organizations taint of integrity. Furthermore the affected governments and organizations fail to fully incorporate and implement the accounting policies that are supposed to be consistent and applied as per the legislation process. The lack of these internal control systems within the institutions of the government has also escalated the emergence of financial scandals such as the recently witnessed multi-billion National Youth Service (NYS) in Kenya. This is according to the Daily Nation Newspaper of June 2016.

In as much as there should be good internal control systems in an organization, these systems should also be better structured to provide efficient and effective financial services in an environment that is acceptable by all. This confidence can only be enhanced by having reliable internal control systems (OAG, 2010). On the contrary, this is not the case with many of the counties in Kenya since many of them have been mentioned in the financial audit report of

2016 as having mismanaged their allocated resources. An increasing change in the treasuries environment has become a common feature in modern organizations and businesses which call for effective internal control systems to promote efficiency, effectiveness and compliance with rules and regulations. There have been calls for better internal controls in the management of public resources at the counties. Internal controls are therefore looked upon more and more as a solution to a variety of potential problems in the counties including the county government of Taita-Taveta. Internal audit on the other hand is meant to check through, assess and evaluate the internal financial performance of an organization. It helps an organization to accomplish its objectives by bringing a systematic, disciplined approach that evaluates and improves the effectiveness of risk management, control and governance processes. This is actually the essence of this study which sought to establish the role of internal control systems in the service delivery of National Treasury of Taita–Taveta in Kenya. The study hypothesized;

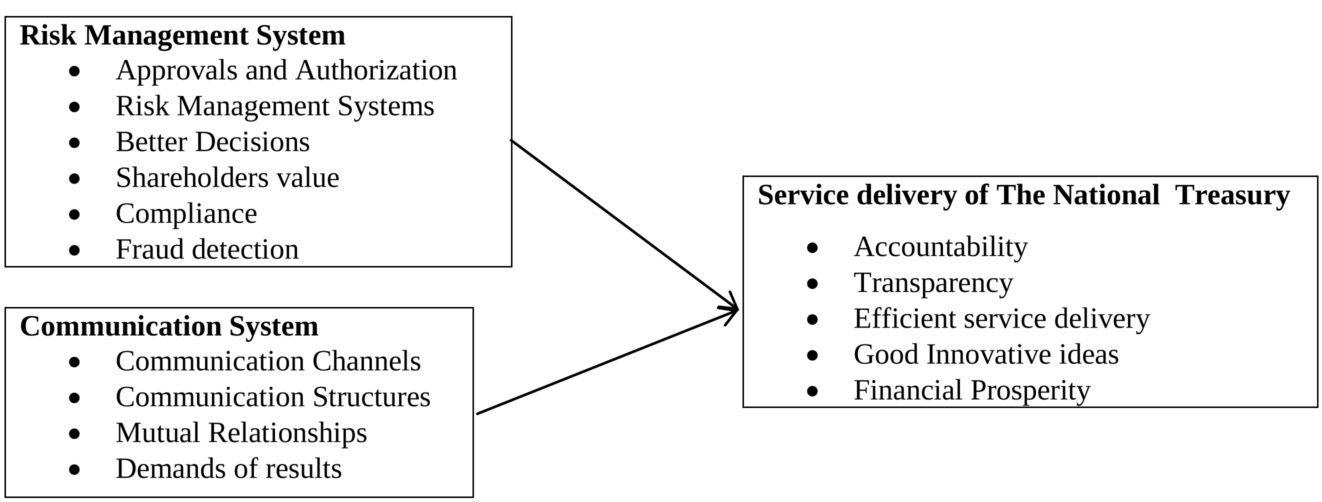
$H_{O1:}$ *Risk management oversight system has no significant effect on the service delivery of the National Treasury in Taita-Taveta, County.*

$H_{O2:}$ *Communication systems no significant effect on the service delivery of the National Treasury in Taita-Taveta, County.*

CONCEPTUAL FRAMEWORK

Kothari (2004) contends that a conceptual framework is a diagrammatic representation of the variables under study and clearly shows how the variables are related to one another.

Figure 1. Conceptual Frameworks



The conceptual framework describes how service delivery of the National Treasury which is the dependent variable is affected with the independent variables comprising of management oversight system, risk management system and communication system. The main dependent variable is expected to be service delivery of Taita – Taveta National Treasury whose key indicators include accountability and efficient service delivery. All these will be affected by organizational policies and procedures, authority and responsibility, approval and authorization, compliance, fraud detection, plus communication channels and structures.

THEORETICAL FRAMEWORK

The study was informed by Stewardship Theory and Agency Theory. It actually plays a very critical role in understanding the entire dynamics that govern institutional behavior at all times. It emphasizes primarily in the analysis of the co-existence reasons of the non-economic but trust-based relationships in organizations which could arise from the principal agent interest (Corbetta & Salvato, 2004). The stewardship approach encompasses the belief and the commitment to some set of ideals that are displayed both by the principal and the agent (Albanese, Dacin & Harris, 1997). In as much as the stewardship attitude among the actors of the organization compensates for the inadequacies realized in the Agency theory, it is faced with its own challenges when it is actually applied to some business context organizations.

Ramachandran (2007) argues that in a family of controlled business, both the Agency and the Stewardship theory interplays a familial context. These researchers wanted to determine the correct combination between the agency and stewardship theories from different perspectives of institutional growth. Their paper also intended to show that family involvement in business entails governance associated with both theories and it can help in coming up with good and sustainable institutions such as the Treasury. Financial institutions should respond to the system which is controlled so as to provide the rationale for the possible conflict that can develop between the principal (shareholders) and the agent (management). Taita-Taveta National Treasury board of directors as stewards of the institution must ensure the long-term viability of the institution by making the institution realize it objectives (Coombs & Gilley, 2005) and harmonizing the interests of the institution with those of the interest groups. Financial institutions bring about good ethical behavior in business organizations, realized through good stewardship which is compounded by calls for transfer of good financial information to stakeholders in upcoming countries such as Kenya.

REVIEW OF EMPIRICAL LITERATURE

Risk Management System

Recent years have seen heightened concern and focus on risk management, as a result of series of business scandals and failures where investors, company personnel and other stakeholders suffered tremendous loss. This resulted in the publication of books, journals, articles and a series of government documents that draw attention to the need for better risk management and how to set up a risk management system. The Sarbanes-Oxley Act in the US, the Basel II Capital Accord and the revised Combined Code (2003) in the UK are all examples of governance reforms with the intention of minimizing the risk of future major corporate failures through tighter regulation of internal control systems. Risk management is viewed as a corner stone of good corporate governance and therefore results in better service delivery, more efficient and effective use of scarce resources and better project management (Collier et al., 2007). It has to do with identification, analysis and control of such risks that threaten resources, assets, personnel and the earning capacity of a company. According to Dorfman (2007), risk management is the logical development and implementation of a plan to deal with potential losses. It is important for an organization to put in place risk management programmes so as to manage its exposure to risks as well as protect its assets. The essence is to prepare ahead of time on how to control and finance losses before they occur. Dorfman continues to say that risk management is a strategy of pre-loss planning for pre-loss resources.

Risk management is: "a process of understanding and managing the risks that the entity is inevitably subject to in attempting to achieve its corporate objectives. For management purposes, risks are usually divided into categories such as operational, financial, legal compliance, information and personnel. One example of an integrated solution to risk management is enterprise risk management" (CIMA, 2005). The Institute of Risk Management also provided a more detailed definition of risk management as: the processes by which organizations methodologically address the risks to their activities with the goal of achieving sustained benefit within each activity and across the portfolio of all activities (IRM, 2002). In 1992, COSO issued the Internal Control – Integrated Framework with the intention of helping businesses and other entities assess and enhance their internal control systems and control their activities toward the achievement of their established objectives. It however became clear that there is need for a stronger framework to effectively identify, assess and manage risks. Therefore, in 2004, COSO again issued Enterprise Risk Management – Integrated Framework, which expands on internal control, providing a more robust and extensive focus on the broader subject of enterprise risk management. This Enterprise Risk Management – Integrated Framework provides key principles, concepts, a common language, clear direction and guidance for all organizations. This does not however replace the internal control framework, but rather incorporates the internal control framework within it and companies may decide to look to this enterprise risk management framework both to satisfy their internal control needs and to move toward a fuller risk management process (COSO, 2004). According to COSO again, Enterprise Risk Management deals with risks and opportunities affecting value creation or preservation, defined as “a process, effected by an entity’s board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity and manage risks to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives” (COSO, 2004).

In order to provide a reasonable assurance that is required in the realization of an organization’s goals, then the internal control systems which is known to be a set of structures, measures, policies and procedures must be effective and efficient (Briciu, 2011).Internal control’s purpose is realizing the continuity of the specific aims of an organization for its success these specific objectives can fall under different objectives for maximum use of resources.To manage government resources efficiently, there must be internal controls that are sound to assist in collection of tax claims as per the regulations in the literature from different research entities, where internal control models were developed (Briciu, 2011).

In the literature and in the regulatory requirements, the notion of control activities is common also under other names such as policies and procedures for segregation of duties (tasks), proper authorization of activities, taking information in documents, accounting physical checks on the account assets and documents (Arens, 2003). In as much us the definition and understanding of this concept of internal control varies from one scholar to the other, by level of extension, the internal control activities can be regarded as policies and procedures, devices and mechanisms that are very specific to each entity, an activity or a problem and is developed and implemented from the main effective management of the identified risks of servicedelivery. The control of the risks themselves involve the incorporation of the internal control activities that would otherwise help in the mitigation of the identified risks materializing or rather reduce its impacts upon all the components (Jacques, 2003).

Communication System

Any strong internal control structure requires an effective communication platform. This proper communication platform is very relevant in the achievement of the organization’s goals and objectives which among others include the actual financial reporting, the compliance with laws and regulations and the realization of efficient and effective operations (Hermanson, 2000). Managers are able to make reliable and staunch decisions if they have a better communication system. This also helps the organization to comply with the set laws and regulations (Oghojafor, 2010).An efficient communication system is not only important to the internal control system of an organization but also a necessity in the adequate functioning of the other departments of the organization with the main focus on the Treasury. Communication is more than just mere talks and messages that people send to each other within the organization. It encompasses aspects such as the mission, vision, motto and values of the organization. This also incorporates formal evaluations of employees and other staffs, the policies and procedures followed by the organization among other many things (Weiddenmier & Ramamoorti, 2006). It is important to note that an effective communication system will not only encourage free communication and flow of information but also largely improve the internal control structures on your organization so as to enable it meet its objectives (Razaee, 2002).

According to Weiddenmier and Ramamoorti, 2006the effects of a poor communication system within an organization may seem a slight thing but its effects on operations of the company are quite detrimental. An ineffective communication system can affect the operations of an organization in many ways and hinder its success. Some of these ways include: increase in errors generated, productivity losses and an element of increased fear and stress among the employees. This often slows down the progress of an organization and hinders it success. Consequently an effective communication system is normally seen to be a catalyst for success in organizations. It is through getting the right information to the right people and at the right time and in the right manner that organizations are able to meet and realize their strategic and operational business objectives which encompasses the objectives of the internal control (Omoteso, 2010).

Ineffective communication systems in organizations may take different forms such as trying to communicate from too many channels which can be harmful to the organization. The actual meaning of a given piece of information can actually be lost as it continues to move from one individual to the other depending with the manner in which it is being conveyed (Paape, 2003). For example, members of an organization may opt to send out a series of information in an attempt to conceal any possible arising contingency but in the process only one particular individual reads them. Any given information is only important when it is conveyed at the right time, in the right manner and the right people. Any organization management requires and up to date information so as to settle on decision making process. When conveying the information, one ought to be sure that the report is not difficult for its intended audience to understand and if the information one is trying to communicate is accurate (Pathak, 2003).

Communication and information are very critical in any process of internal control thus it is very important that the process of reviewing the type of communication that goes on within the organization and the information that flows among individual be monitored and evaluated periodically. Omoteso (2010) alleges that it actually assist when the organizations categorize their evaluations into segments that manageable. Otherwise information and communication is described by COSO using four main principles as follows. That the actual principle of the information is normally practiced when the actual pertinent information is captured and used at all levels of the organizations, the same information being distributed among other individuals within a particular timeframe that will eventually support in the achievement of the organization's goals. Proper and accurate financial reporting systems that are captured at the right time and conveyed at the right time greatly assist in the decision making process (Paape, 2003).

The information that is required to facilitate the proper functioning of other control components is what is referred to as the internal control systems information. This system ensures that the right information is availed to the right people and at the right time so as to carry out their internal control duties and responsibilities (Paape, 2003). This information also makes it certain to the personnel within the organization that what they are doing or the control activities they engage in are very important. The internal communication systems are important tools in understanding and the execution of the objectives of an organization (Pathak, 2003). External communication is also an important entity of the entire communication system and thus cannot be overlooked. It becomes very handy in the matters that affect the achievement of the origination's goals in terms of financial reporting to the outside parties. It is the key responsibility of the government systems to always keep a free and open communication with its citizenry and other oversight groups to help in determining the effective and efficient service delivery amongst them (Omoteso, 2010).

RESEARCH METHOD

The research adopted a descriptive research design Target population in this case comprised employees from Taita-Taveta National Treasury. The study targeted top level management, middle level management and lower level finance employees from the institution. According to the human resource department, Taita-Taveta National Treasury has 225 employees. This study employed both stratified(three status) and simple random sampling to select a sample size of 144 employees. This study employed the use of questionnaires and structured interviews to collect data from the respondents who are employees of Taita–Taveta County National Treasury. The test and the retest method were employed to test the reliability of the study. Descriptive statistics such as percentages, standard deviation and mean and inferential statistics such as multiple regressions were used to analyze the quantitative data. The qualitative data collected as themes and codes were analyzed thematically as per the research objectives.

The multiple regression model took the following form:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + e_i$$

Where, β_0 is the constant,

X_1 = Risk Management System,

X_2= Communication system

e_i= error term

Y = Service Delivery.

ANALYSIS AND FINDINGS

Response Rate

Out of the one hundred and forty-four (144) employees who were sampled and the questionnaires were administered to, ninety-four of them responded giving a 65.3 percent response rate.

Sample Characteristics

The respondents' job level was sought by the study. From the results, 55.3% (52) are in top level management, 30.8% (29) middle level management and 13.9% (13) are low level employees. Given the contribution of each respondent, there was a diversified base of information. Table 1 shows the results for the job levels. The findings were PhD 6.4%, Masters were 46.8%, 1st degree were 30.9%, tertiary college were 14.9% and those with other level of education were 1.1%. The results revealed that 62.8% (59) of the respondents had worked for 6 to 10 years, 14.9% (14) for 11 to 15 years, 13.8% (13) for 1 to 5 years, 7.4% (7) for 16 years and above and 1.1% (1) for less than a year. In terms of position in the institution, 43.6% (41) of the respondents are operation officers,34% (32) supervisors and 10.6% (10) managers.

Risk Management System

The researcher found it necessary to establish the role of risk management systems at the Taita-Taveta National Treasury of Kenya. Table 1 highlights the results. As shown in the table, 42.6% (40) of the respondents strongly agreed that there is availability of good risk management systems cares for institutional profitability. However, 56.4% (53) of the respondents were in disagreement. The results summed up to a mean of 2.73 and standard deviation of 1.504 indicating that there is availability of good risk management systems cares for institutional profitability. In order to find out if good risk management systems amount to caring for the security and satisfaction shareholders, the respondents were asked for their views on this and the results in the table showed that 1.1% (1) strongly agreed,41.5% (39) agreed while 25.5% (24) of them were neutral and 30.9% (29) of them disagreed. The results from the study also showed that this item reported a mean of 2.89 and standard deviation of 0.898.

In relation to whether increase in shareholders' value from returns against risks amounts to risk management systems, the results revealed that 1.1% (1) of the respondent strongly agreed, 41.5% (39) of them agreed, 56.4% (53) disagreed and 1.1% strongly disagreed. The item had a mean of 3.15 and standard deviation of 1.026.Further, the study sought to find out if better decision making by institutional managers amounts to good risk management systems. Results indicated that 41.5% (39) of the respondents strongly agreed, 1.1% (1) of the respondent agreed while 56.4% (53) of them disagreed. The item realized a mean of 2.74 and standard deviation of 1.495. The findings on risk management systems summed up to a mean of 2.8803 and standard deviation of 1.20913.

Table 1. Role of Risk Management System at the National Treasury of Taita-Taveta County

		SA	A	N	D	SD	Mean	Std. Deviation
Availability of good risk management systems cares for institutional profitability	Freq	40	0	0	53	1	**2.73**	**1.504**
	%	42.6	0	0	56.4	1.1		
Good risk management systems amounts to caring for the security and satisfaction shareholders	Freq	1	39	24	29	1	**2.89**	**0.898**
	%	1.1	41.5	25.5	30.9	1.1		
The increase in shareholders' value from returns against risks amounts to risk management systems	Freq	1	39	0	53	1	**3.15**	**1.026**
	%	1.1	41.5	0	56.4	1.1		
Better decision making by institutional managers amounts to good risk management systems	Freq	39	1	0	53	1	**2.74**	**1.495**
	%	41.5	1.1	0	56.4	1.1		
Risk Management Systems							**2.8803**	**1.20913**

Communication Systems on service delivery of Taita-Taveta National Treasury

This section of the analysis presents the results on the role of communication systems on the service delivery of the National Treasury. Table 2 illustrates the results. The study enquired from the respondents whether communicating financial matters by National Treasury through word of mouth relates to good communication systems. The results revealed that 1.1% (1) of the respondent strongly agreed and 41.5% (39) agreed. On the other hand, 56.4% (53) of them disagreed and 1.1% (1) of them strongly disagreed. This summed up to a mean of 3.15 and standard deviation of 1.026..Additionally, 41.5% (39) of the respondents strongly agreed that having communication channels within National Treasury amounts to good communication systems, 1.1% (1) of them agreed while 30.9% (29) of them disagreed and 26.6% (25) of them strongly disagreed (mean = 3, SD = 1.754).

In determining whether developing good mutual understanding among institutional groups brings about good communication systems, the study revealed that; 42.6% (40) of the respondents strongly agreed, 56.4% (53) of the respondents disagreed and 1.1% (1) of them strongly disagreed. The item had a mean of 2.73 and standard deviation of 1.504.Finally, the study sought to find out if due to demand of work progress, there were good communication systems in the National Treasury. Results indicated that 42.6% (40) of the respondents strongly agreed, 26.6% (25) of them agreed, 29.8% (28) of them disagreed and 1.1% (1) strongly disagreed. This summed up to a mean of 2.2 and standard deviation of 1.3. Generally, the findings on communication systems summed up to a mean of 2.7713 and a standard deviation of 1.32524.

Table 2. Communication Systems on service delivery of Taita-Taveta National Treasury

		SA	A	D	SD	Mean	Std. Deviation
Communicating financial matters by National Treasury through word of mouth relates to good communication systems	Freq.	1	39	53	1	**3.15**	**1.026**
	%	1.1	41.5	56.4	1.1		
Having communication channels within National Treasury amounts to good communication systems	Freq.	39	1	29	25	**3**	**1.754**
	%	41.5	1.1	30.9	26.6		
Developing good mutual understanding among institutional groups brings about good communication systems	Freq.	40	0	53	1	**2.73**	**1.504**
	%	42.6	0	56.4	1.1		
Due to demands to work progress, there is, there are good communication systems in the National Treasury	Freq.	40	25	28	1	**2.2**	**1.3**
	%	42.6	26.6	29.8	1.1		
Communication Systems						**2.7713**	**1.32524**

Service delivery of the National Treasury of Taita-Taveta

This section of the analysis focused on the service delivery of the National Treasury. Table 3 illustrates the results. As shown in the table, 1.1% (1) of the respondents strongly agreed that due to transparent transactions in the National Treasury, there is security of assets, 42.6% (40)

agreed, 55.3% (52) disagreed and 1.1% (1) strongly disagreed (mean = 3.13, SD = 1.029). The results depict that the respondents were uncertain as to whether transparent transactions in the National Treasury has brought about security of assets.

Additionally, 42.6% (40) of the respondents strongly agreed that due to technological capability by the National Treasury, there is accountability. However, 56.4% (53) of the respondents disagreed and 1.1% (1) of them strongly disagreed. This item summed up to a mean of 2.73 and standard deviation of 1.504 an indication that the respondents were generally uncertain. Also, 42.6% (40) of the respondents were undecided as to whether good innovative ideas at the National Treasury has resulted to increase in revenue, 56.4% (53) of them disagreed while 1.1% (1) of the respondent strongly disagreed. The item had a mean of 3.16 and standard deviation of 1.009 indicating that the respondents were not entirely in agreement. Finally, 42.6% (40) of the respondents strongly agreed that the financial prosperity in the National Treasury relates to its service delivery, 56.4% (53) disagreed and 1.1% (1) strongly disagreed. This is backed up by the mean of 2.73 and standard deviation of 1.504.

Table 3. Service delivery of the National Treasury of Taita-Taveta

		SA	A	N	D	SD	Mean	Std. Deviation
Due to transparent transactions in the National Treasury, there is security of assets	Freq	1	40	0	52	1	**3.13**	**1.029**
	%	1.1	42.6	0	55.3	1.1		
Due to technological capability by the National Treasury, there is accountability.	Freq	40	0	0	53	1	**2.73**	**1.504**
	%	42.6	0	0	56.4	1.1		
Due to good innovative ideas at the National Treasury, there is an increase in revenue	Freq	0	0	40	53	1	**3.16**	**1.009**
	%		0	42.6	56.4	1.1		
The financial prosperity in the National Treasury relates to its service delivery	Freq	40			53	1	**2.73**	**1.504**
	%	42.6			56.4	1.1		
Service delivery of National Treasury							**2.9388**	**1.256**

Testing hypotheses

Table 4 illustrates Pearson correlation results of the study dependent and independent variables to assess the association of the variables. Findings revealed risk management systems were positively correlated with service delivery ($r = 0.879$, $\rho<0.01$). Also, communication systems were indicated to positively relate with service delivery ($r = 0.862$, $\rho<0.01$). This implies that risk management systems and communication systems are expected to influence service delivery at the National Treasury. Table 4 illustrates that all the four predictors (risk management systems and communication systems) explained 84.7 percent variation of service delivery at the National Treasury. Study findings in table 4 indicated that the above discussed coefficient of determination was significant as evidence of F ratio of 123.001 with p value 0.000 <0.05 (level of significance). Thus, the model was fit to predict service delivery at the National Treasury using risk management systems and communication systems.

The study findings further revealed that risk management systems had coefficient of estimate which was significant basing on $\beta_3= 0.849$ (p-value = 0.000 which is less than $\alpha = 0.05$) hence strongly implying that risk management systems have significant effect on service delivery of the National Treasury. Furthermore, the effect of risk management systems was stated by the t-test value = 6.068 which implies that the standard error associated with the parameter is more than the effect of the parameter. Cognate to the results, Jacques (2003) argues that control of the risks involves the incorporation of the internal control activities which reduces its impact upon all the components and thereby contributes to efficient service delivery. In a similar vein,Briciu (2011) notes that risk management systems assist in collection of tax claims as per the regulations hence managing the government resources efficiently. Further support to the study findings is by Arens (2003) who echoes that proper authorization of activities, taking information in documents, accounting physical checks on the account assets and documents results to efficient service delivery. In this regard, the researcher opined that risk management systems in organizations should not be overlooked since they form the basis of identifying and analyzing the financial impact of loss to the organization, employees, the public and the environment.

The study further established that communication systems have a positive and significant effect on service delivery of the National Treasury basing on $\beta_4 = 0.501$ (p-value = 0.000 which is less than $\alpha = 0.05$) thus we conclude that communication systems have a significant effect on service delivery of the National Treasury. This suggests that there is up to 0.501-unit increase in the service delivery at the National Treasury for each unit increase in the communication systems. The effect of communication systems is four times the effect attributed to the error, this is indicated by the t-test value = 4.411.Consistent with the findings, Hermanson (2000) argues that a proper communication platform is key in the achievement of the organizations' goals and objectives including actual financial reporting, the compliance with laws and regulations and the realization of efficient and effective operations. Also, Oghojafor (2010) stipulates that a good communication system helps an institution to comply with the set laws and regulations. Moreover, Razaee (2002) posits that an effective communication system will not only encourage free communication and flow of information but also lead to the improvement of the internal control structures in order to meet the set objectives. Further support to the study findings is by Omoteso (2010) who argues that the right form of the communication system enables an institution to meet and realize their strategic and operational business objectives. Thus, the researcher in his best opinion concluded that communication systems in any organization serves as the backbone of passing information from the top management to other employees and hence should treated with utmost integrity.

Table 4. Regression Analysis

	Unstandardized Coefficients		Standardized Coefficients			correlation
	B	Std. Error	Beta	T	Sig.	zero order
(Constant)	3.475	0.553		6.28	0.00	
Risk Management Systems	0.878	0.145	0.849	6.068	0.00	.879**
Communication Systems	0.469	0.106	0.501	4.411	0.00	.862**
F	123.001					
Sig.	.000b					
R Square	0.847					
Adjusted R Square	0.84					

a Dependent Variable: service delivery

CONCLUSION

The study has established that risk management systems have a positive influence on the service delivery of the National Treasury. It can therefore be said that the documentation of objectives for all the key activities and employees together with identifying strategies for assessing important risks result to efficient service delivery. There is also institutional profitability with good risk management systems. The challenge however pertains with shareholders' value and better decision making since it has not been fully established if good management systems are key in establishing the aforementioned conditions.

Finally, a good communication system is of essence in enhancing the service delivery of the National Treasury. Precisely, it contributes to the achievement of the institution's goals and objectives. Besides, basing on this information, the management is able to make reliable and dependable decisions. As well, it is also crucial in the adequate functioning of the organization as a whole and the treasury to be specific. Moreover, through such a system employees are capable of communicating the institutions' standards and expectations to the concerned stakeholders. On the whole, a good communication system is effective in enhancing efficient service delivery.

RECOMMANDATIONS

The findings on risk management systems have established that they contribute to service delivery at the National Treasury. It is therefore essential for institutions to document their objectives for all the key activities and employees. Also, there is need for institutions to identify strategies for assessing important risks. Besides, there is need for good risk management systems cares for security, satisfaction of the shareholders and institutional profitability. Moreover, it is important for the management to engage in better decision making since it has a bearing on good risk management systems.

Finally, an effective communication system is a catalyst for success in institutions. As a result, it is important for organizations to have regular communication on legislation and regulation on economy that can have an effect on development. There is also need for employees to communicate the institution's standards and expectations to the key stakeholders. With the above put into consideration, institutions will be able to achieve their goals and objectives while the management will find it easier to make reliable and dependable decisions.

This study brings into perspective the role of internal control system on the service delivery of The National Treasury of Taita -Taveta County, Kenya. The sample was drawn from only Taita -Taveta County, thus this study may be limited in its generalization of the findings. So, future research should have to draw sample of respondents on a larger sample for the sake of generalizing the results of the study.

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