Effects of Timeliness of Audit Reports on the Financial Stability of Matatu SACCOS in Uasin Gishu County, Kenya

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Abstract
The Matatu SACCO sub sector in Kenya is not well developed and is characterized by very short life span, sub-divisions into small uneconomical units, with low capital base and poor services, limiting their financial stability. Though having an audit function is important, the quality of the reports from the function is of utmost importance. The purpose of this study is to examine the effects of timeliness of audit reports on the financial stability of matatu saccos in uasin gishu county, Kenya. The study was guided by agency theory and employed Ex post facto research design. A total of 60 Matatu SACCOs have been registered in the county. The target population of this study was all 41 active matatu Sacco's since the others have since gone dormant. Out of 41 active Matatu Sacco's in the county, 36 SACCOs were selected for sampling using Krejcie and Morgan table. Both primary and secondary data was collected by use of questionnaire and document analysis guide. Primary data utilized the questionnaire while secondary data utilized document analysis guide. Analysis of data was done using descriptive and inferential statistics. Descriptive statistics such as means, percentages and frequency were applied while inferential statistics like multiple regression analysis were used. All tests were done at 5% significance level. Regression results were as follows: Timeliness had (β =0.507, p=0.000). The study concluded that timeliness of audit reports contributes positively to financial stability of Matatu SACCOs. The study recommended that the management of Matatu SACCOs' should always ensure that there is timeliness of audit reports.
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Background to the problem

The public transport system in Kenya has had no organized system through which the people of Kenya could effectively plan their movements. In a bid to address this inequality and afford Kenyans an opportunity to earn a living, Kenyans were allowed to own and run informal public service Vehicle (PSVs). Financial stability of a company simply shows the position of the firm, whether it's performing well or not. Cooperatives can provide financial services to their members through existing products and the members also have the opportunity of saving with the cooperative this is only possible if the cooperatives are financially sustainable. The financial performance of a SACCO is measured through the ability of the institution to meet the financial demands of its members taking consideration of economic status of the members. SACCO is expected to give better and cheaper services to its members as compared to the main stream banks because SACCO understands the needs of the members because they are the owners of the SACCO (Wanyama 2014).

According to International Auditing Standards, audit practice is a close examination of financial transactions as to maintenance of books of accounts, documents and other records of a business which boosts transparency and accountability through their timeliness. It includes an inquiry into the affairs of the society in order to ascertain the correctness of accounts and the extent to which its activities are useful in promoting the economic welfare of its members in accordance with cooperative principles (Seleke & Lekorwe, 2016).

SASRA prudential financial standards indicate that audit practices are valuable in providing oversight of a firm's operations and financial reporting. However, the quality of the cooperative audit practices reports and who the cooperative audit function reports to are also important. This should be done in a timely manner and within the guidelines of the Kenya cooperatives societies Act, 2004. Timeliness of cooperative audit practices refer to situation where cooperative audits, cooperative audit practices reports, annual general meeting and special general meetings are carried out within the stipulated time (Cooperative societies Act, 2004). Timeliness of audit reports has been associated with financial stability, for example in Australia audit delay was found to be inversely related to profit (Simnett, 2017), also in Zimbabwe, timeliness in audit reports was significantly related to firm size, annual financial performance and company age (Ansah, 2016). Research, with respect to timeliness, has been carried out by Türel (2010) carried out a research on timeliness .He examined specific and audit interrelated factors on timeliness of financial reporting in Turkey. The finding revealed that firms which have standard audit opinion, will publish their financial statements earlier .Listed Chinese firms studied for the period 1994-1997 demonstrated that good news firms release their annual reports earlier than bad news firms, and loss firms release their annual reports the latest (Haw & Wu, 2000). Kenley and Staubus (1974), postulated that there is an inverse relationship between the quality of financial information and the timeliness with which it is reported. The quality of internal audit report is measured through its objectivity, its clarity, accuracy, and timeliness. These four factors are expected to influence how the audit reports affect the operational and control effectiveness of the company.

The International Internal Auditing Standards (IIA's) on independence of internal audit stipulate that a company's internal audit department should have a reporting relationship to a high level in the organization to ensure that the reports are acted upon. Timely audit reports, according to SASRA prudential reporting standards (2004) should be channeled through an audit committee, which ensures that issues raised are addressed and implemented. A response to audit reports by the management committee is of importance as it ensures issues raised do not recur in future. Other available channels of reporting include the management committee and the supervisory committee. Reporting to management committee affects the value of reports as they are required by law to implement the same report. This leads to lack of checks and balances in audit report implementation. Reporting to supervisory committee brings checks and balances, however the committee reports on quarterly basis during a joint meeting with management. This may bring delays in implementation.

Members' participation is the determinant factor for the sustainable growth of cooperatives. If no active member participation, there are no successful SACCOs. 78.7% of the members became a member in cooperatives forcefully through peer pressure by cooperative promoters. As a result, the members' are not aware of the benefits, duties, and rights they have in the cooperative societies, and thus largely the participation of members is weak (Mahmud, 2008). According to county cooperative office, lack of adequate capacity to lead and manage cooperatives, poor member participation, and lack of finances are the main challenges of Kenya cooperatives. From the above analysis financial stability could be associated to among other things cooperative audit practices.

Statement of the problem

Financial scandals which have been seen in most failed SACCOs have been attributed to poor audit quality. Members do not receive audited financial statements in time, yet it is a fact that, there is an inverse relationship between the quality of financial information and the timeliness with which it is reported, this makes them end up withdrawing their financial support from the SACCOs (Kenley & Staubus, 1974). Loan backlogs have been evidenced and the management committee struggle financially to meet loan demands by members (Temeche & Wanyama, 2014).

The 81% of Matatu SACCOs in the County have a capital base of less than Kshs 20 million, seven years since most of them were registered in 2012. Majority of them (59%) have a capital base of less than 10 million (County cooperative office Registry, 2018). This under capitalization has created financial instability in these SACCOs. Financial instability in the Matatu SACCOs is grave and needs to be addressed. The objective of using them as a vehicle for improving members' welfare through saving and credit will not be achieved and the vision 2030 dream of making Kenya a medium class country through reducing unemployment for the youth may not be achieved.

Studies done previously focused on single construct of audit practice; Simnett (2017) focused on timeliness, and Koornhof and Plessis (2014) focused on management assertions. This study focuses on timeliness of audit reports. Most of the studies reviewed (Ansah, 2016; Ponte, 2015; Omonyo, 2017) focused on other sectors in the financial sector like pension but this study focuses on the Matatu SACCOs.

It is against this background that this study intended to fill the gaps identified in the literature by examining the effects of timeliness of audit reports on the financial stability of matatu saccos in uasin gishu county, Kenya.

General objective

i. Effects of timeliness of audit reports on the financial stability of matatu saccos in uasin gishu county, Kenya.

Research questions

i. To what extent does timeliness of audit reports affect the financial stability of Matatu SACCOs in Uasin Gishu County, Kenya?

Theoretical framework

Agency theory

This theory was advanced by Jensen and Meckling (1976). An agency relationship arises when one or more principals engage another person as their agent (such as management) to perform a service on their behalf. In this relationship, the principal hires an agent to do the work, or to perform a task the principal is unable or unwilling to do. For example, in corporations, the principals are the shareholders of a company, delegating to the agent, that is, the management of the company, to perform tasks on their behalf.

The major assumption of the agency theory is that individuals will almost always act in their own self-interest and that this behavior may directly conflict with the firm's best interests. Thus, if both parties are motivated by self-interest, agents are likely to pursue self-interested objectives that deviate and even conflict with the goals of the principal. Yet, agents are supposed to act in the sole interest of their principals (Gibbons, 1998).

According to Fontrodona and Sison (2012) managers are agents of shareholders who as principal seek returns on their investment. Managers can sometimes act in their own self-interest to increase income and thus increase their compensation. Owners want returns on their investment in form of dividends and will sometimes make poor decisions to further their own self-interests, e.g. owner may vote for dividends disbursement even if the firm should retain the profit for future expansion.

One way to deal with agency conflicts is through audit practices (Mills, 2009). The audit practice function ensures that the management is focused on the common interests of the shareholders and other stakeholders thus improving the financial stability of individual members and the Sacco. The principal incurs an additional cost for this. The agency theory was used in this study to explain how co-operative audit practices are done to quell the agency conflicts between management and SACCO members.

Empirical review

Timeliness of audit reports and financial stability

Timeliness of audit reports refer to situation where audits, management reports, annual general meeting and special general meetings are carried out within the stipulated time (Cooperative societies Act, 2004). An audit should be done after the end of the financial year and audited accounts led to members by 30 April of the following year (Cooperative societies Act, 2004).

Simnett (2017) conducted a study on the relationship between timeliness of audit and profit, Greenwich in Australia. The study purpose was to assess the timeliness of audit of firms in Australia and how it affects profitability. The study adopted an explanatory survey design using listed manufacturing firms in Australia. Data sheets were used to collect data and ANOVA used for data analysis. The study findings reported that audit delay is inversely related to profit in Australia. The study concluded that audit delays have financial effects on the firm's performance hence financial stability. The study recommended that audits should be done on a timely manner to enhance better financial performance of firms.

Haw and Wu (2014) did a study titled effects of audit delays on performance of firms in China. The purpose of this study was to examine the relationship between the timing of annual report releases and firm performance by listed Chinese firms for the period from the year 2014 to the year 2017. The findings indicated that good news firms release their annual reports earlier than bad news firms, and loss firms release their annual reports the latest. The study concluded that firms that made losses released their annual reports later, which worsened their financial performance as compared to the firms that made profits. The study recommended the firms that made losses to improve their reporting so that they can get financial assistance from the firms that were doing well.

Yuan (2015) did a study titled effects of timeliness of audit on capital availability. The purpose of this study was to compare the timeliness of financial reporting and its effects on availability of capital in Republic of China, United States and European Union (EU). The study adopted descriptive research design. The study results indicated that Chinese companies took significantly longer time to report financial results, which affected capital availability than either the EU or US companies. EU companies took significantly longer time to report financial results than US companies. The study concluded that companies that are not timely in their financial reporting practices find it more difficult to attract capital, which could be used to improve performance, hence achieve financial stability. Their corporate governance practices are also seen less than ideal, which has a negative effect on a company's reputation within the financial community. The study recommended the Chinese companies that are slow in reporting their financial results to report their results quickly and in time to avoid cases of negative consequences in terms of reputation and ability to raise capital for growth and improved performance.

A study by Jaggi and Tsui (2014) on relationship between timeliness of audit and firm size and performance in Hong Kong in the year 2014. The purpose of this study was to examine the impact of audit delay in Hong Kong by incorporating firm's financial condition. Data was obtained from 393 firms listed on the Hong Kong Stock Exchange over a period of three years from 1991 to 1993. The study findings showed that audit delay are significantly related to firm size, firm's financial performance condition, degree of diversification, and audit opinion in Hong Kong. The study concluded that there is a significant relationship between timeliness of audit and firm size, profitability, and distributed dividends. The study recommended other firms to increase the timing of audit reporting in their companies in order to achieve better performance and be financially stable.

Ansah (2016) did a study titled audit delays and financial performance on listed companies in Zimbabwe. The study employed a two-stage least square regression model. The study findings indicated that firm size, profitability and company age are significantly related to reporting delays of Zimbabwean listed companies. The study concluded that for companies in Zimbabwe to better their financial performance annually as well as increase their sizes, timely audit reports were necessary. The study recommended the companies that were new in the country to continue working hard to get timely audit reports as this enables them achieve better financial performance.

A study by Karim (2016) on timeliness of reporting and size of firms in Bangladesh. The purpose of this study was to find out if timeliness of reporting affects size of firms. The study used more than 1200 firm-year observations over a period of 10 years. The study findings indicated that timeliness in reporting positively affected growth of small firms. The study concluded that large firms with better performance and more financially stable take shorter time to publish their annual reports due to continuous reporting. The study recommended small firms to publish their annual reports in time in order to improve their financial performance and hence sizes.

Conceptual framework

Independent variable:

Timeliness of cooperative audit Report
- Timely registration of accounts
- AGM scheduling
- SGM scheduling

Dependent variable

Financial stability
- Deposits contributions
- Loan disbursement & repayment

Figure 1 Conceptual framework

Research methodology

Research design

This study employed ex-post facto research design. Ex-post facto study or after-the-fact research is a category of research design in which the investigation starts after the fact has occurred without interference from the researcher (Kothari & Garg, 2014).

Target population

The target population for this study was all registered Matatu SACCOs in Uasin Gishu County. According to Uasin Gishu cooperatives societies registry (2018) there are sixty (60) registered Matatu SACCOs in the county with vehicles serving different routes within the county. The accessible population, however, was 41 Matatu societies, which are active and with audited books of accounts as at end of year 2018. In this study the chairman, treasurer, and secretary who are charged with the responsibility of day to day running of societies were selected as respondents for the study.

Sample size and sampling procedures

Out of 41 active Matatu Sacco's in the county, 36 SACCOs were selected using Krejcie and Morgan table. Stratified sampling technique was used to select the sample. The population was stratified into 5 strata. Proportionate sampling was done to draw representative samples from each stratum. These proportions helped in arriving at the number of Matatu SACCOs to be included in the sample, from which simple random sampling was used to identify the participants. `

Research instruments

Both primary and secondary data was collected for the study. Primary data was collected by use of questionnaire while secondary data was collected using document analysis guide. For the purpose of this study, it had closed questions on a 5 point likert scale. The document analysis guide collected information on the two constructs of the independent and dependent variable. Secondary data was collected from financial statements and documents of the SACCOs.

Data collection procedures

Primary data collection method involved use of questionnaire while secondary data collection method involved use document analysis guide. Upon approval of the proposal, the researcher sought clearance and authorization from The Catholic University of East Africa (CUEA). The letter was used to apply for a research permit from National Commission for Science, Technology and Innovation (NACOSTI). The researcher then approached societies to get consent to get data from them and their records. Researcher administered questionnaire was used to fill the questionnaire because of the nature of respondents. About the secondary data, the researcher personally extracted data from financial statements and documents of sampled SACCOs.

Data analysis procedures

Analysis of data started with sorting out the questionnaires to eliminate any unusable ones. Only correctly filled questionnaires were considered for analysis. After sorting, data from the questionnaires were coded for easy entry into computer package, which aided in analysis.

Both descriptive and inferential statistics were used to analyze data. Descriptive statistics such as frequency distributions, percentages, means and standard deviation were used. Descriptive statistics help understand the characteristics of the sample data. Inferential statistics utilized included; simple regression analysis and ANOVA. Inferential statistics was for testing the hypothesis.

The regression model was of the form;

$Y = \beta o + \beta_1 X_{1} + E$…………………………………………….**Equation I**

Where,

Y represents Financial Stability of SACCO's

βo represents Constant-the value of Y when value of $X_{1} = 0$

β_1 represents Beta or Regression Coefficients

X_1 represents Timeliness of audit reports

Research findings and discussions

Response rate

Out of the 108 questionnaires that were issued to the respondents, 95 Questionnaires were returned. Out of the 95 questionnaires, 14 questionnaires were incompletely filled. This implies that 81 questionnaires were completely filled and this represented a questionnaire response rate of 85.3% as shown in Table 1.

Table 1: Questionnaire response rate

Questionnaire issued	Questionnaire returned	Incomplete questionnaires	Complete questionnaires	Response rate
108	95	14	81	85.3%

Descriptive statistics for timeliness of audit reports of matatu SACCOs

The study sought to determine the extent to which timeliness of audit reports affect the financial stability of Matatu SACCOs in Uasin Gishu County, Kenya. The respondents were asked to respond to the following statements which were rated on a 5-point likert scale. The statements were as follows; whether the SACCO accounts are registered before 30th April every year, continuous audit is carried out in the SACCO, continuous audit enhances timeliness of final audits in the SACCO, whether the SACCO schedules AGM before the end of first quarter of the year, SACCO management is removed from office if AGM is not held by end of the first quarter as per co-operative societies Act provisions, the SACCO schedules SGM every year before end of last quarter and whether the SACCO management is surcharged for any expenditure incurred without having an approved budget in place as per the co-operative societies Act provisions.

The results are as shown in Table 2.

Table 2: Descriptive statistics for timeliness of audits

n=81		S.D	D	U	A	S.A	Mean	Std. Dev
Accounts are registered before 30th April	F	5	28	1	33	14	3.2840	1.27705
	%	6.2	34.6	1.2	40.7	17.3		
Continuous audit is carried out in our SACCO	F	74	4	2	0	1	1.1481	.57252
	%	91.4	4.9	2.5	0.0	1.2		
Continuous audit enhances timeliness	F	73	5	2	0	1	1.1605	.58002
	%	90.1	6.2	2.5	0.0	1.2		
Schedules AGM before the end of first quarter	F	1	33	2	31	14	3.2963	1.20876
	%	1.2	40.7	2.5	38.3	17.3		
SACCO mgt is removed from office if AGM is not held	F	70	5	1	1	4	1.3210	.95952
	%	86.4	6.2	1.2	1.2	4.9		
SACCO schedules SGM every year before end of last quarter	F	10	24	1	21	25	3.3333	1.48324
	%	12.3	29.6	1.2	25.9	30.9		
SACCO mgt is surcharged	F	71	5	2	0	3	1.2593	.83333
	%	87.7	6.2	2.5	0.0	3.7		

Of the total respondents, 5(6.2%) strongly disagreed that the accounts of the SACCO are registered before

30th April every year, 28(34.6%) disagreed, 1(1.2%) undecided, 33(40.7) agreed while 14(17.3%) strongly agreed. The sub-construct had a mean of 3.2840 and a standard deviation of 1.27705. In regards to whether continuous audit is carried out in the SACCO, 74(91.4%) strongly disagreed, 4(4.9%0 disagreed, 2 (2.5%) undecided and 1(1.2%) strongly agreed. The item had a mean of 1.1481 and a variation in responses of .57252. In relation to whether continuous audit enhances timeliness of final audits in the SACCO, 73(90.1%) strongly disagreed, 5(6.2%) disagreed, 2(2.5%) undecided and 1(1.2%) strongly agreed. The sub-construct recorded a mean of 1.1605 and a variation in responses of .58002.

In regards to whether the SACCO schedules AGM before the end of first quarter of the year, 1(1.2%) strongly disagreed, 33(40.7%) disagreed, 2(2.5%) undecided, 31(38.3%) agreed while 14(17.3%) strongly agreed. The item recorded a mean of 3.2963 and a variation in responses of 1.20876. The study also sought to determine whether SACCO management is removed from office if AGM is not held, 70(86.4%) strongly disagreed, 5(6.2%) disagreed, 1(1.2%) undecided, 1(1.2) agreed while 4(4.9%) strongly agreed. The item recorded a mean of 1.3210 and a variation in responses of 0.95952.

Out of the total respondents, 10(12.3%) strongly disagreed that the SACCO schedules SGM every year before end of last quarter, 10(12.3%) strongly disagreed, 24(29.6%) disagreed, 1(1.2%) undecided, 21(25.9%) agreed while 25(30.9%) strongly agreed. The item recorded a mean of 3.3333 and a variation in responses of 1.48324. In a nutshell, the study sought to determine whether the SACCO management is surcharged for any expenditure incurred without having an approved budget in place as per the co-operative societies Act provisions, 71(87.7%) strongly disagreed, 5(6.2%) disagreed, 2(2.5%) undecided and 3(3.7%) strongly agreed. The item realized a mean of 1.2593 and a variation in responses of 0.83333.

On whether the accounts of the SACCO are registered before 30th April every year, the results imply that most of the accounts of SACCOs are registered before 30th April every year. On whether continuous audit is carried out in the SACCO, the results imply that continuous audit is not carried out in the SACCO. On whether continuous audit enhances timeliness of final audits in the SACCO, the results imply that continuous audit does not enhance timeliness of final audits in the SACCO.

In regards as to whether the SACCO schedules AGM before the end of first quarter of the year, the results imply that most SACCOs schedule AGM before the end of first quarter of the year. The study also sought to determine whether SACCO management is removed from office if AGM is not held. The results imply that the SACCO management is not removed from office if AGM is not held. On whether the SACCO schedules SGM every year before end of last quarter, the results imply that the SACCO schedules SGM every year before end of last quarter. On whether the SACCO management is surcharged for any expenditure incurred without having an approved budget in place as per the co-operative societies Act provisions, the results imply that the SACCO management is not surcharged for any expenditure incurred without having an approved budget in place as per the co-operative societies Act provisions.

Descriptive statistics for financial stability of matatu SACCOs

The study also sought to assess the financial stability of Matatu SACCOs. The aspects of financial stability considered in the study were; amounts of deposits held and the amount of loan balances. The results were as shown in Table 3.

Table 3: Descriptive statistics for financial stability

n=38		Minimum	Maximum	Mean	Std. Deviation
Amounts of deposits held		5000000	13000000	5.6842	1.96049
Amounts of loan balances		5000000	15000000	5.7895	2.20758

In regards to amounts of deposits held, the item had a minimum of 5000000, maximum of 13000000, mean of 5.6842 and a standard deviation of 1.96049. In a nutshell, amounts of loan balances, the item had a minimum of 5000000, maximum of 15000000, mean of 5.7895 and a standard deviation of 2.20758.

In regards to evidence of cash receipts in each year, it remained constant at 1.2 between 2015 and 2016. It decreased in 2017 and remained at 1.1 in 2018. It eventually increased in 2019. In relation to evidence of payment vouchers in each year, it had a mean of 1.2 in 2015 and it remained at 1.2 in 2016. It decreased in 2017 and it remained constant at 1.1 in 2018 but it increased to 1.2 in 2019. The study also sought to analyze the trend of authorization of transactions, it was at 1.3 in 2015 and it remained at 1.3 in 2016. It decreased between 2016 and 2018 but eventually increased in 2019. The study also sought to assess the trend of financial stability between 2015 and 2019. The results were as shown in Figure 1.

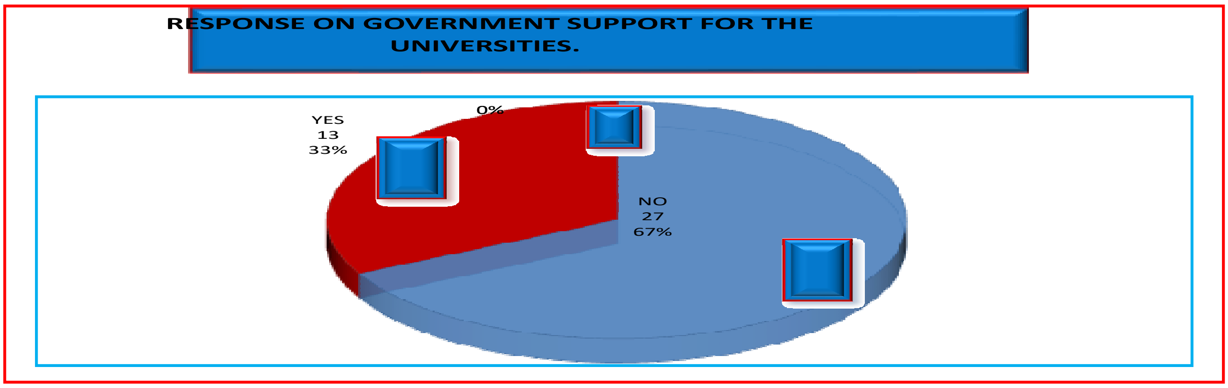

Figure 1. Trend of financial stability

In regards to deposits held, the item recorded a mean of 1.1 in 2015 which remained constant at 1.1 until 2017. It then increased in 2018 and remained constant at 1.2 in 2019. On loan balances, it recorded a mean of 1.1 between 2015 and 2017. It increased to 1.2 in 2018 and it remained constant at 1.2 in 2019.

Correlation analysis

Correlation analysis was used to establish whether there is any significant relation between the dependent and independent variables. The statistic is used to determine whether either a positive or negative relationship exist between the study variables. The statistical correlation coefficient (coefficient of determination) is used to determine the strength of the relationship between the study variables at a 5% significance level. The results were as shown in Table 4.

Table 4: Correlation analysis

		F. stability	Timeliness
F. stability	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	38	
Timeliness	Pearson Correlation	.914*	1
	Sig. (2-tailed)	.018	
	N	81	

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Timeliness of audit was found to have a significantly strong positive relationship with financial stability ($r = 0.914$, p-value < 0.05).

Regression analysis

The study analyzed both the simple and multiple linear regression analysis of the study variables. Simple regression analysis assessed the effect of each of the independent variable (timeliness) on financial stability of Matatu Savings and Credit Cooperatives in Uasin Gishu County, Kenya.

In regards to timeliness, the value of R was 0.833, which indicates a significant degree of correlation. R Square is .695, the adjusted R-square is 0.694 which indicates 69.5% of financial stability can be explained from timeliness as shown in Table 5.

Timeliness had a strong positive relationship with financial stability ($r = 0.694$, $p - \text{value} < 0.05$). This implies that matatu SACCOs should improve on timeliness of audits to achieve financial stability.

Table 5: Model summary for timeliness construct

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.833[a]	.695	.694	2.08343

a. Predictors: (Constant), Timeliness

The study sought to conduct the goodness of fit test. It was done using Analysis of variance (ANOVA). The results are shown in Table 6;

Table 6: ANOVA for timeliness construct

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	.212	1	.212	.012	$.000^b$
1	Residual	639.262	36	17.757		
	Total	639.474	37			

a. Dependent Variable: Financial Stability
b. Predictors: (Constant), Timeliness

The F-ratio was .012 at 1 degrees of freedom which is the variable factor. This represented the effect size of the regression model and the model is significant at 95% confidence level (p=0.000) indicating that financial stability can be predicted from timeliness.

A t-test of statistical significance of each regression coefficient was conducted in order to determine the beta which shows how strongly the independent variable affects the dependent variable. Coefficient analysis results were as shown in Table 7;

Table 7: Regression coefficient for timeliness construct

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	6.848	.524		13.065	.000
1	Timeliness	.507	.018	.833	28.175	.000

a. Dependent Variable: Financial Stability

As per Table 7, the unstandardized β coefficient and p-value for timeliness were as follows. Timeliness had (β =0.507, p=0.000). This implies that improvement in timeliness by one unit increases financial stability of Matatu SACCOS' by 0.507 units.

Hypothesis testing

The study was guided by four hypotheses which were tested at a 5% level of significance. The results are summarized in Table 11;

Table 11: Summary of variables significance

	Hypotheses	Coefficient Result	P-value	Interpretation
$H0_1$:	Timeliness of audit reports has no significant effect on financial stability of Matatu SACCOs in Uasin Gishu County, Kenya.	0.507	.000	Reject

Source: Author (2021)

Hypothesis 1 (H_{01}) predicted that timeliness of audit reports has no significant effect on financial stability of Matatu SACCOs in Uasin Gishu County, Kenya. The results in Table 4.24 shows that timeliness of audit reports has a significant effect on financial stability of Matatu SACCOs in Uasin Gishu County, Kenya ($p<0.05$).

Summary, Conclusion and Recommendations

Summary of major findings

Most of the accounts of the SACCOs are registered before 30th April every year. Continuous audit was not carried out in the SACCOs and therefore it did not enhance timeliness of final audits in the SACCOs. Most SACCOs did not schedule AGM before the end of first quarter of the year and SACCO management were not removed from office if AGM was not held. Most SACCOs schedules SGM every year before end of last quarter. The SACCO management was not surcharged for any expenditure incurred without having an approved budget in place as per the co-operative societies Act provisions. Correlation results revealed that timeliness of audit reports had a significantly strong positive relationship with financial stability. Regression results revealed that timeliness of audit reports had a positive strong significant relationship with financial stability of Matatu SACCOs.

Conclusion of the study

The study concluded that timeliness of audit reports contributes to financial stability of matatu SACCOs. From the study, the financial instability of matatu SACCOs can be associated with their failure to carry out continuous audits, which enhances timeliness of final audits in the matatu SACCOs. Also, most matatu SACCOs do not schedule AGMs before the end of the first quarter of the year and as per the co-operative law the SACCO management were not removed from office if AGM is not held, which led to continuous delay in presentation of audited reports to members. Financial instability can also be attributed to management not being surcharged for any expenditure incurred without having an approved budget in place as per the co-operative societies Act provisions as they incur expenditure without being guided by the budget parameters set by the SACCO members.

Recommendations of the study

The study recommended that the management of matatu SACCOs should always ensure that there is timeliness of audit reports. This is achieved through registering audited accounts before 30th April every year, carrying out continuous audits, which enhances timeliness of audit reports and the management should schedule AGM before the end of the first quarter of the year and if this is not done, the matatu SACCO management should be removed from office as per the co-operative societies Act. Matatu SACCOs should also hold SGM every year before the end of the last quarter of the year to consider and approve the following year's budget, failure to which the management should be surcharged for any expenditure incurred without the members' approval as per the co-operative societies Act provisions.

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