

The rapid change in information technology, the wide spread of user-friendly systems and financial systems and software's. However, this advanced technology has created significant risks related to the security and integrity of computerised financial and audit risk management in organizations. The efforts made by accountants to reduce the vulnerability of computerised financial systems vary. Further, previous studies have posted mixed results on the relationship between accounting security threats and the influence of accounting security controls. Therefore the purpose of this study was to assess the influence of accounting security threats on the relationship between computerised financial systems and audit risk management in public institutions. Specific objectives of the study were to: assess the influence of accidental destruction of data on the relationship between computerised financial systems and audit risk management; analyze the influence of accidental entry of erroneous data on the relationship between computerised financial systems and audit risk management; and establish the influence of intentional destruction of data on the relationship between computerised financial systems and audit risk management. The study is anchored on the following theories: Resource Mobilization Theory, Positive Accounting Theory (PAT), and System Theory. This study was guided by quantitative positivism paradigm, since it is an inquiry based on testing of a theory, is composed of variables measured with numbers, and to be analyzed with statistical procedures, in order to determine whether the predictive generalizations of the theory held are true. The study adopted a correlational survey research design. The target of the study population constituted all state owned enterprises in all the ministries and agencies out of which were fifty six (56) accounting officers in the 56 public institutions operating in Kisumu County formed the basis of unit of analysis. The sample size was 50 accounting officers out of which the response rate was 47 respondents. Both Primary and secondary data was used in the study. Primary data was collected using a questionnaire. A pilot study of six (6) respondents was conducted while the remaining fifty (50) was retained for the main study. The data collected was analyzed using descriptive and inferential statistics. Hierarchical multiple regression analyses were used to assess the relationship between the variables in this study. The findings of objective one were that the change in coefficient of determination of accidental destruction of data was significant and positive ( $R^2$  change = 0.078,  $p < 0.01$ ); findings of objective two were that coefficient of determination of accidental entry of erroneous data was significant and positive ( $R^2$  change = 0.079,  $p < 0.01$ ) and the change in coefficient of determination of intentional destruction of data, accidental entry of erroneous data and intentional destruction of data indeed moderate the relationship between computerised financial systems and audit risk management. The study concludes that accidental destruction of data moderate the relationship between computerised financial systems and audit risk management. The study recommends that accidental destruction of data should be controlled by the public firms as it predicts computerised financial systems on the audit risk management. Moreover, computerised financial systems and accidental destruction of data play a role in audit risk management of the public firms. The study findings will be of significance to public institutions policymakers and other stakeholders in designing the computerized systems, minimizing accounting security threats and maximizing the audit risk management performance. In addition, provide new evidence and form a basis for future research in the area of accounting security threats, and computerised financial systems and audit risk management.

## ABSTRACT