A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF HUMANITIES
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REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF
PUBLIC POLICY AND ADMINISTRATION OF KENYATTA UNIVERSITY

OCTOBER, 2020
DECLARATION

This research project is my original work and has not been presented for a degree in any academic award in any institution.

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C153/CTY/PT/33241/2014

I confirm that the work reported in this project has been carried out by the candidate under our supervision

Signature…………………………………..           Date……………………………………

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DEDICATION

This project is dedicated to my family for their support, love and encouragement. May God bless you All.
ACKNOWLEDGEMENT

I would like to thank the Almighty God for giving me the opportunity and strength to pursue my education. It is through His abundant grace that has brought this research work this far. This work would have not been possible without my supervisor Prof. David Minja who guided me all along the process.
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<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>COK</td>
<td>Constitution Of Kenya</td>
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<tr>
<td>ERS</td>
<td>Economic Recovery Strategy</td>
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<td>IFMIS</td>
<td>Integrated Financial Management Information System</td>
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<tr>
<td>IRR</td>
<td>Internal Rate Of Return</td>
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<td>MIRR</td>
<td>Modified Internal Rate Of Return</td>
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<td>NPV</td>
<td>Net Present Value</td>
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<td>PFMA</td>
<td>Public Financial Management Act</td>
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<tr>
<td>RBM</td>
<td>Results-Based Management</td>
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<tr>
<td>ROA</td>
<td>Return on Assets</td>
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<td>ROCE</td>
<td>Return on Capital Employed</td>
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<td>SMEs</td>
<td>Small And Medium Enterprises</td>
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<td>SPSS</td>
<td>Statistical Package for Social Sciences</td>
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<td>TCS</td>
<td>Treasury Cabinet Secretary</td>
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OPERATIONAL DEFINITIONS OF TERMS

**Budgeting Practices**
Incorporates budget planning initiatives, budget control and stipulates that income is budgeted before expenses.

**County Government**
Are parts created by the state government and typically operate under provisions set out in the state constitution.

**Financial Management**
It is a key part of the management function focusing on the management of a business' assets. It involves identification, acquisition, allocation and utilization of assets financial resources with the county goal in mind.

**Financial Management Practices**
Refers to the financial decisions making related to investment decisions, budgeting, internal controls, governance, public finance procurement and capital budgeting.

**Governance Practices**
Are set of principles or norms that are related to the internal management. It entails compliance level, integrity and accountability.

**Internal Control Practices**
Are the mechanisms, rules, and procedures, control activities and risk management activities implemented by the County to ensure the integrity of financial and accounting information, promote accountability, and prevent fraud.

**Performance**
The degree to which objectives of the county are being or have been met. In this study generation of own source revenue and financial service delivery were the proxies of performance of the county.

**Public Finance**
It is the study of the role of the government in the economy.
ABSTRACT

The running of an organization today has to be by trusted people in the areas where the resources are much involved that is Finance, people and materials. However, this has not been the case since the management of organization has taken another turn to try and introduce the culture of misusing finances and materials. In the recent past, mistrust of people with financial management has been the center stage. There has been rising wave of public management reforms giving rise to concepts of new public management leading to surge of studies about the local/county governments, however very little research has been done over time to explain implication of financial management on County governments’ performance. This study therefore sought to find out the effects of financial management practices on performance of Garissa County government. The objectives of the study were; to find out the effect of budgeting practices on financial performance of Garissa County, to examine the effect of internal control practices on financial performance of Garissa County, to establish the governance practices on financial performance of Garissa County and to determine the effects of public procurement practices on financial performance of Garissa County. This study is guided by the pecking order theory, Just in time Model and the Budgeting Theory. The study employed a descriptive survey research design, the study targets 120 respondents selected from the county as the sample population. Data was collected by the use of structured questionnaires and interview schedules. Secondary data was also obtained from county reports. Both quantitative and qualitative data analysis were used. The researcher used both descriptive and inferential statistics to analyze quantitative data. Budgeting helps the treasury of a county government to prepare, make appropriate decisions, and agree on a county government's purpose and course. The study found that although the county of Garissa used the Integrated Development Plan as its primary planning document for all the projects and services, timely disbursement and resource distribution remained the key means of their execution. An efficient internal control for any county governments unmistakably correlates with the performance of county governments in reaching their target amount of revenue. The results found that the public procurement process is still facing various people. The study concluded that there was a statistically significant positive relationship between budgeting practices and County performance. It has also been developed that policy makers should gain awareness of the complexities of the financial sector and the correct responses. Investing in successful internal control mechanisms results in better efficiency from the county governments. The study recommends that the county governments consider implementing sound budgeting practices as contemplated in the applicable legislative structure and particularly the PFM Act. This will allow the management to build a holistic understanding that can be leveraged to influence stakeholders and make informed decisions about county government results.
CHAPTER ONE

INTRODUCTION

1.1 Background Information

Performance of public institutions over the years and especially since the year 2000, have seen tremendous change has occurred in the financial sector most triggered by inventions in the world of technology, financial system, legal frameworks and customer needs and preferences. This reflects the role of financial management services in ensuring county survival, competitiveness and optimal performance from increased financial inclusion at the backdrop of the global financial crisis (Kimani, 2016). Financial management is a determinant of the accountability of any organisation for the results of its activities, policies, and operations quantified for a defined financial period (VanHome & Wachowics, 2008).

Overall, governments invest a great deal to improve financial management practices and to enhance them and to implement new systems of management. This is intended to improve accessibility, enhance efficiency and reduce costs in government financial management practices and improve financial management transparency (Baily, 2008). Devolution is being introduced and there is concern about whether or not the national Exchequer funding is sufficient. In order to improve financial management practice, e-government led to the adoption and implementation of IFMIS, the Integrated Information Management System (IFMIS). (Kasumba, 2009). It supports fiscal disciplinary implementation, strategic and efficient funding and allocation, profit-for-money value, and the use of public funds with respect to probity.

Development of the economy of any given country has been recognized to rely primarily upon the establishment of business organizations thus making them a catalyst for economic
development (Levy, 2015). Public financial management is key to enhancement of the quality of public service results worldwide by such organizations. It influences how funding is utilized to tackle national and local priorities, the cost-effectiveness of public services and the availability of resources for investment. Besides, it is likely that the general public will have greater trust in public sector organizations if there is strong financial stewardship, accountability and transparency in the use of public funds (Cheruyiot et al., 2017).

In Africa it is paramount that all governments implement it the right way because it impacts on a wide range of areas which includes: operational management i.e. performance, aggregate financial management i.e. fiscal sustainability, resource mobilization and allocation, fiduciary risk management i.e. controls, compliance and oversight, value-for-money and budget management and governance i.e. transparency and accountability Parry (2010).

In Kenya specifically, according to Cheruyiot et al., (2017) effective public financial management is key for decision making. Accurate financial information in most cases is used as the framework to support decisions and ensure effective resource allocations. Public financial management is a field characterized by many new initiatives but relatively few success stories to date. Applying public financial management reforms has proven a challenge in nearly all countries, but to successfully implement public financial management initiatives in resource constrained countries; the public financial management practices to be adopted ought to be the ones that are both effective and efficient in nature

This is intended to promote the achievement of fiscal stability, systematic and effective distribution and utilization of funds, value for money and integrity in the usage of public
funds (Ministry of Finance, 2003). The Kenyan Government has used IFMIS in the various government ministries and governmental agencies to conduct effective financial management (Kang’ethe 2002).

1.1.1 Performance of County Governments

The history of public service performance management in Kenya is traceable to the 2003-2007 Economic Recovery Strategy (ERS) and Wealth and Jobs Development, inaugurated by NARC’s Coalition Government. Upon taking office in December 2002, the ERS has been formed by the NARC government to reverse the negative path of economic growth which led to poverty and unemployment. The ERS has been grounded as the foundations of economic development in good governance within a democratic republic and the rule of law (CoG, 2017). The Results-Based Management (RBM) framework was implemented in September 2004 as a way of delivering the ERS in the operationalization of the planned effects of the public sector reforms. Subsequently, in April 2005 the government institutionalized RBM in the public service to produce reliable, productive, ethical, and targeted results for Kenyans through a circular.

RBM is a management technique that aims to make substantial improvements as the ultimate objective of how government organizations work to boost efficiency (meaning to produce better results). RBM and performance management are interchangeable in the Kenyan sense, and are sometimes used interchangeably. RBM’s main performance management function is its focus on performance improvement and ensuring that government programs produce the desired results. The institutionalization of RBM in the Kenyan Public Service marked the start of the introduction of a system of performance management. Public service performance management is rooted in the National Blue Print for Economic Growth which is Vision 2030

The various parts of the County Government Act, 2012 (CGA) and the Public Finance Managements Act, 2012 (PFM) legally regulate performance management at the county level. Section 126(1) of the PFM Act, 2012, mandates that each county prepare a development plan that identifies: 1. Medium-term strategic goals which represent the goals and plans of the county government; 2. Programs to be provided with information for each program; (a) the strategic objectives to which the initiative will contribute; (b) the service or product to be provided; (c) Observable success metrics where feasible; and (d) the initiative budget. In this study county performance was measured through service delivery and revenue collection.

1.1.2 Financial Management Practices

Although PFM was deemed essential for effective development projects, there was no clear explanation of what it is. PGFP is defined by Lawson (2015) as a set of legislation, regulations, processes and procedures used by governments to collect taxes, administer government funding and carry out government expenditures, account for funds, and audit results. These activities include the creation of resources, the distribution of resources and the usage of resources. The PFMP, however, is identified as a mechanism to guide, regulate and affect the financial aspects of public service business in order to support the implementation of sectoral targets. The 'Public Financial Management Practices' (PFMPs) are established in 2009 (Raheman & Nasr, 2007).
The 'Public' in PFMP highlights the features that distinguish between public finance management operations, especially enhanced standards of public accountability and transparency, restricted resources in the face of demand levels that are not controlled primarily by prices and the political climate. The resolution of competing resources requirements is not only a technocratic approach but rather more a process based on meaning. There are also a variety of procedures unique to the public sector, including tax control. Although common professional requirements and techniques exist (CIPFA, 2009) public sector financial management is qualitatively distinct from the private sector’s counterpart.

Kenya has been enforcing the governance framework as enshrined in the Kenya Constitution (CoK) for 2010 for five years at present. In addition to integrating 47 County Governments in financial accountability, and expanding the role of the Auditors General, the CoK 2010 has also established new PFM institutions including the Revenue Allocation Commission (CRA), the Commission on Wages and Remuneration (CRC) and the Office of Budget Controller (COB). The PFM Act 2012 also lays down guidelines for the national treasury and Parliament on public financial management operations. In order to meet increased funding demands of both the national and 47 county governments, there was also a need to boost quality and efficiency in using available public resources (ROK, 2016).

The Government has developed PFM procedures, which have contributed to increased tax revenues, the introduction of the first ever systematic PFM system and strengthened public money management through re-engineered IFMIS, and the enhanced supervision, audit and supervisory institutions, since 2006. The government has adopted the PFMR (2013-2018) plan, which aims to strengthen PFM systems according to the COK 2010 parameters, as part of advancing the Reform agenda in the early part of 2013. The Public Finance Management
Reforms (PFMR) for Kenya are still rooted in the Kenya Government's Vision 2030, the Constitution of Kenya 2010 and the 2012 PFM Act, which covers: macroeconomic governance and mobilization of resources, strategic planning and allocation of resources, budgetary execution, accounting and reporting and review, independent audit and oversight, taxation and financial reporting. As members of PFMPs, the present study used government procurement processes, governance procedures and internal control mechanisms.

Shah (2007) states that budgets are useful tools for financial management used to plan and coordinate the operations of numerous and large organizations. These are not only used by countries where budgeting began, but also by other public agencies, corporations, businesses and private families. The budget acts as a tool in this study to prepare and coordinate the use of limited financial capital in the achievement of the County Comprehensive Development Plans objectives. The county's budget is an essential aid to policy growth, policy formulation and implementation control. It stipulates that policies and projects should be vigorously pursued, focused or neglected throughout the review period, taking into account the limited financial resources available to the organization. An efficient budgeting system has three essential objectives to be met, namely the protection of fiscal discipline, efficiency of allocation and productivity in terms of operations or technology (Obwaya, 2011).

Internal controls refer to the processes that an entity has placed in place to ensure that the agency's goals, strategies and objectives are met (Brennan & Solomon, 2008). They are systems of policies and procedures that protect the assets of an entity, create reliable financial records, encourage compliance with laws and regulations and achieve stable and effective operations. Not only are these mechanisms relevant to accounting and reporting, they also extend to the organization's management processes, internally and externally, and include
procedures for: handling the funds raised and invested by the organization, preparing reliable and timely financial reports to board members and officers, performing the annual audit of the board's financial statements. International accounting standards (IAS) categorize internal control forms as organizational structure, division of responsibilities, paper monitoring, asset protection, personnel competency, arithmetic and accounting controls, documentation and record keeping, regulation, authorisation and approvals, and vocation (ROK, 2016).

Public procurement can be characterized as the acquisition of goods, materials, and services by public bodies, whether under formal contract or not. It ranges from purchasing regular supplies or services to formal tendering and contract placement for major infrastructure projects. Kenya's public procurement is covered by the Public Procurement and Asset Disposal Act 2015. The Act establishes guidelines for the efficient procurement by public bodies and for the disposal of properties. Planning for the purchase is the method of choosing what to buy, where and from what source. The procurement method is delegated and the criteria for the fulfillment of the procurement requirements are determined during the procurement planning process. Procurement policies are laws and regulations regulating an organisation's procurement procedures. A well developed and executed procurement strategy plays a key role in establishing a guidance system for effective procurement practices (ROK, 2016).

The first corporate governance structure for the public sector was created by Finance and Accounting (CIPFA), which includes a basic set of principles and standards for the management and control of public organizations. The structure for corporate governance for the public sector, developed by CIPFA, discusses three main areas: operating principle and systems; it includes legal responsibility, public money liability, coordination with
stakeholders, positions and obligations for various parties (power/authority balance, council, president, board of directors non-executive members, executive management), the second key area: controls and financial reporting. The very last area of the corporate governance mechanism is management behavioral standards; it includes leadership / management, codes of conduct (selflessness, impartiality, and fairness) (Nguro, 2013).

1.1.2 Garissa County

There are 47 county governments in Kenya and one National government. County governments came into place in the implementation of the 2010 constitution. These counties are operating as two tier governments with the executive and legislative arms. Financial management practices fall under the county treasurer who is a member of the county executive (COK, 2010). County of Garissa is in Kenya's former North Eastern province. The County is best known for the city of Garissa which has been given the title of the safest city in Eastern and Central Africa. Her capital city is Garissa. The County of Garissa has a total population of 623,060. 334,939 male population, and 288,121 female population (2019 census). The county of Garissa consists of six sub-counties, namely: Garissa Township, Ijara, Dadaab, Lagdera, Fafi and Balambala. This research will take place in the Township of Garissa.

1.2 Statement of the problem

There is need to involve trusted individuals in running of the devolved county resources. Managing of limited financial resources is the key to any county government performance. However, this has not been the case since management of public resources has been
characterized by brutal engagements in the sense that moneys are getting lost through poor financial management practices. The county citizens and many stakeholders in majority of the counties in Kenya have not enjoyed fully the fruits of devolution and there is revenue leakages in the county governments in Kenya (County Reports, 2020).

Nguro (2013) examined the relationship between financial planning and public service organization's financial performance and concluded that there is still an appositive relationship between financial planning and financial efficiency. He suggests more studies on the other factors that influence financial results should be undertaken to determine them. Golda (2013) conducted the study on the effects of financial practices on Kenya Medical Training College's financial results, the study utilized primary data and suggested more research on a government-related entity. Wangombe (2016) evaluated the successful use of public funds and county service delivery in Nakuru County Government, Kenya. The thesis also focused on primary data and used the approach of qualitative analysis to interpret data.

There has been a rising wave of public management reforms giving rise to concepts of new public management leading to surge of studies about the county governments, however very little research have been done over time to explain why projects are unable to meet the stipulated objectives for several county governments (Pilcher, 2017). Consequently, this study sought to evaluate the effects of financial management activities on Garissa County Government efficiency.

1.3 Research Objectives

i) To determine the effects of budgeting practices on financial performance of Garissa County
ii) To examine the influence of internal control practices on financial performance of Garissa County

iii) To establish effects of governance practices on financial performance of Garissa County

iv) To determine effects of public finance procurement practices on financial performance of Garissa County

1.4 Research questions

i) What are the effects of budgeting practices on financial performance of Garissa County?

ii) How does the influence of control practices affect performance in Garissa county government?

iii) How does the effect of governance practices affect performance in Garissa County?

iv) What are the effects of public finance procurement practices on financial performance of Garissa County?

1.5 Assumption of the Study

This study was guided by the following assumptions

i) That budgeting practices effect financial performance of Garissa County

ii) That control practices affect financial performance of Garissa County

iii) That governance practices affect financial performance of Garissa County

iv) That public finance procurement practices affect financial performance of Garissa County

1.6 Justification and Significance of the study

In many countries, high-quality public financial management is required, making government financial instruments attractive on international financial markets. Furthermore,
there are numerous crises in many developing countries, especially in Africa, with levels of government debt sitting at very precarious levels; and there is no news that government budgets need to be handled very carefully, so implementing financial management systems will improve the legitimacy and guarantees of these accounts.

Financial integrity enforcement is a critically important feature of their county government accounting systems in view of the pervasiveness and magnitude of government corruption in many developed nations. To accomplish this, high-quality information is needed on which accurate, transparent and open annual financial statements play a significant role in government accountability to their people and their elected officials to base decisions. The use of information technology for both the public and private sectors has turned the public sector accounting problem into a central part of worldwide accounting studies. IFMIS concerns a very significant problem because it enhances the capacity of governments to provide comprehensible, appropriate, accurate and comparable financial statements to legislative bodies, people, media and other stakeholders; this study would therefore strengthen the quality of public sector financial transparency, governance and financial reporting.

1.7 Limitations of the study

As with all empirical studies, due to the methods employed, this research analysis also has its own limitations. The use of questionnaires to collect data has often has its own drawbacks, because answers may be biased due to the popular method used to collect all data. This was resolved by ensuring that careful care is taken to refine the questions while developing the questionnaire and pilot analysis, but the critique of the survey process can never be entirely overlooked and should be taken into account.
Measuring research questions based on the respondents' opinion will restrict our generalization of the findings from a subjective point of view of the results. Moreover, county governments' financial success is affected by factors other than traditional financial management activities. It is equally important for the social, legal, economic, and political climate. So it is proposed that future studies should incorporate some of these factors in investigating the effects of financial management activities on county governments' financial performance. The above restriction, however, did not invalidate the study findings but rather paved the way for future studies on the definition and any related topic.

1.8 Scope of the study

The scope of the study was the county government of Garissa head office which is in Garissa town. The staff in the department of finance and economic planning, county assembly member, county service board member, chief officers and a director were the respondents of the study
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents review on literature based on the financial management practices that exists. The theories, conceptual framework and the empirical studies were discussed in the chapter.

2.2 Budgeting Practices

Obwaya (2011) found that numerous previous research on the relationship between participatory budgeting and the organizations' performance process has concentrated mainly on developed countries. Thus the study tried to fill the existing research void by performing a survey review on the relationship between participatory budgeting and the performance of local authorities in Kenya. Analysis was performed by survey review. The focus group for the study was the 44 respondents who were interviewed. The study showed that there is a significant positive relationship between the organization's budget commitment and its performance. The researcher found that the results of the study support the contingent effect of task complexity, task difficulty and organizational-affective commitment on the relationship between the organization's involvement in the budget and its performance.

The budgeting effect on business results in Ghana with non-bank financial institutions was evaluated by Pimpong and Laryea (2016). The study adopted a quantitative-studies approach. Primary data were collected using questionnaires to assess the value of budgets as an instrument for financial management among non-bank financial institutions. The research
employed a step-by-step method to produce the model. Furthermore, an analysis of regression was used to measure the degree and scope of budgeting and business relationships. Study findings show a statistically significant moderate positive relationship between budget management and firm performance.

The effect of budgets on financial performance of the manufacturing companies of the county of Nairobi was examined by Onduso (2013). In this report, 18 of the Nairobi Stock Exchange companies used a cross-sectional analysis approach to cover all the companies in the Nairobi Region. The investigator used both primary and secondary data. A statistical package for the social sciences was used to analyze the relationship between dependent and independent variables, and a research tool was developed. The results of the study showed that the budgets had a major positive effect in terms of asset return (ROA) on the financial output of the manufacturing companies. The study indicates that the implementation of the budget should be supported efficiently by building capacity, prioritizing programs and processes and reviewing them closely for evaluation. Stakeholders should be involved in budget implementation in order to boost the overall budget efficiency.

The NGO’s Budgetary Control and its Impact on its Performance were examined by Kimani (2014). The focus group of the study consisted of 7,127 NGOs. Thirty NGOs have been selected with the convenience sampling technique. Local and international organizations based in Nairobi have been included. Descriptive sample data collection (questionnaires). In order to analyze the data using descriptive statistics, including means and standard deviations, social science statistical software Version 17.0. Analysis of the correlation and regression assessed the relationship between budgetary controls and results of the NGOs. Research has demonstrated that the weak, positive effects of budgetary control on the
performance of NGOs measured by R square in Kenya are 14.3 percent. The research recommended increasing consciousness among employees about budgetary controls and the impact on organization efficiency. It also suggested that organizations should examine other factors that affect efficiency aside from budgetary controls. It also indicates that more studies on the same field should be carried out but a larger sample should be used.

2.3 Internal Controls Practices

In Kenya (a case study by the Tana Water Services Board on aquatic business), Njiru and Bunyasi (2016) studied the effect of internal controls on the financial results of water service providers (WSPs). For a descriptive survey, the study used research design. The study had 22 members of the audit board, 22 financial officers, 22 domestic auditors and 22 senior WSP accountants in the field of TWSB as of December 2014. A purposeful selection of the selected participants was performed. The primary method of inquiry was used to collect standardized questionnaires. The correlation analysis was used to evaluate the relationship between the variables, while the significance of the independent variables effects on the dependent variable was calculated using a multiple linear regression model. The study found that the Tana Water Services Board has an effect on the efficiency of the water companies on division of liability, reconciliation of funds, inventory audits and cost control. The results showed a strong positive relationship between the variables independent and dependent.

Nwaobia, Ogundajo and Theogene (2016) has adopted a desk / analytical research style in order to carry out a review on internal audit procedures and public financial management in Rwanda and Nigeria: to address the transparency gap in the public sector financial reporting. The study shows that the internal audit feature will improve public management and transparency if the unit is fully autonomous and has sufficient human resources and
The researchers noticed that the legislative framework of nations should be strictly respected for the preparation and presentation of financial statements, submission and review and timely reporting to the Public Accounts Committee of the National Assembly in order to guarantee effective financial management and public office reporting. The study therefore recommends that the OAuGF in Nigeria be granted full autonomy in terms of funding and recruitment of suitable personnel, sufficient staffing and the provision of suitable infrastructural facilities for the OAuGF, strict compliance with ethical and professional standards in internal audit activities with well-spelled violation penalties, strict compliance with the Constitutional provisions Implementation of high-quality financial reporting practices and standards (IPSAs) will also improve the internal auditors' function and will also reduce their responsibility in fulfilling their civic positions.

Onyango (2014) used descriptive analysis style in order to determine the impact of internal controls on the performance of county governments in Kenya. The target population for this study was the 47 county governments in Kenya, using the county government employees working in finance department as the respondents. The analysis found that the county governments were not performing internal audits recommended by the Auditor General for better control of financial information. Furthermore, the study found that workers did not report on the progress of the operations regularly and did not attend meetings. The study found that responsibilities between workers were not clearly differentiated and workers were not verified by others. This study therefore proposed that a national government external body should be set up to annually audit the performance of the county administrations. Furthermore, the study found that workers did not report on the progress of the operations regularly and did not attend meetings. The study found that responsibilities between workers were not clearly differentiated and workers were not
verified by others. This study therefore proposed that a national government external body should be set up to annually audit the performance of the county administrations.

Lerno (2016) studied the impact on results of internal control procedures in governments of the Kenyan counties. A descriptive design was used for the analysis and the primary data. The target population was the county administrators in the 47 counties in Kenya. The researcher concluded that the county governments in Kenya implemented internal controls but implementing such practices did not lead entirely to improved performance among county governments.

The results of control activities on financial management in Mirangine County, Nyandarua County Sub-County were checked by Wakiriba, Ngahu and Wagoki, (2014). In the report, 30 accounting, financial, and administrative workers in the Government departments of the Mirangine Sub-County were planned and targeted. The study used a census sample, where all representatives of the target population were included in the study. The study concluded that the public sector of Mirangine Sub County has an efficient internal control structure with a specific position separation, supervision and management involvement. However, there are limitations in applying financial controls as the internal audit role is not well applied to all departments. In the report, profiling of qualified employees, establishing an information system in departments and the the generation of more finance for departmental operations were recommended.

The implications of an insufficient internal control regime on the management of public sector capital projects in the Nigerian public sector were explored by Babatunde and Dandago (2014). They have used a sample of 288 capital projects (228). The study of data obtained was carried out using Kendall's statistics on Tau; ANOVA and Chi-square X2. The
study showed the major negative impacts on capital project management in the Nigerian public sector of a weakness in the internal control system. The study suggested strict adherence to internal control mechanisms in the best interests of people.

2.4 Public Finance Procurement Practices

Machoka (2017) studied the public procurement activities and performance of selected projects in Kenya under the Constituency Development Fund. The thesis used a research style descriptive to it. The target population was 2000 officers from 96 CDF projects in counties including Nairobi, Kiambu, Kisumu, Bomet, Kisii and Bungoma. To select a sample of 96 respondents, the analysis used exploratory, descriptive and quantitative designs, and stratified random sampling method. Data collection questionnaires were used which were processed and analyzed using SPSS. The analysed data included inferential and descriptive statistics. Usage of tables and figures was used to present results. The study results concluded that most of the management of CDF projects had a capacity building program, good supplier relationships, good procurement ethics, but lacked a well-established information communication technology infrastructure. The study suggested implementing effective capacity building techniques for stakeholders and policy-makers. The CDF project management committees should concentrate on supplier relationships to ensure consistent CDF project output.

Orobo and Muturi (2015) investigated the factors affecting the compliance of Nyamira County, Kenya with the Public Procurement and Disposal Regulations. The study used a descriptive survey research method that sampled 80 officers drawn from 13 county departments representing senior, middle and lower management, with a focus on three variables: training, ethical standards and compliance mechanisms. Data were collected using
a questionnaire, and checking of the reliability of research instruments using test-retest. The research suggested that the county governments educate their procurement personnel and stakeholders on the processes, procurement structure, procurement techniques, integrity and law enforcement excellence. Additionally, county governments should provide ethical education and draw code of ethical conduct from county governments to their entire employees, who are to play a role in procurement procedures. It is to ensure that the workforce is trained in order to ensure objectivity, openness, accountability and equity in public contract awarding. Finally, ICT procurement of works, goods and services can be used by both national and county governments. This would improve the successful tendering process through ads, procurement evaluations, prequalification, cost savings opportunities and enhanced awareness of new growth.

Hassan (2012) scaled up procurement practices among Kenyan state-owned companies. The research included a case study from the National Social Security Fund. The respondents were selected from among the NSSF employees via stratified random sampling. There were a total of 29 respondents. The data were collected using the drop and pick method questionnaire. The data were analyzed by SPSS and the results were displayed in graphs, diagrams and pie charts. The study found that NSSF has a variety of procurement activities. These include: division of duties among employees of the procurement department, the preservation of all documents relating to the tendering process, the continuous improvement of programs with strategic suppliers, the cost of manufacturing and supplying products and services, the encouragement of a range of suppliers to tender for the provision of various products and services, and the approval The researcher recommended better risk management mechanisms should be developed for NSSF.
Kahiri, Arasa, Ngugi and Njeru (2014) aims to investigate the influence of procurement policies on the implementation of effective procurement practices in Kenya's tertiary higher education institutions. The study employed a comprehensive research methodology that targets procurement personnel across 40 Kenyan tertiary public training institutions. For selecting a sample of 160 respondents a stratified random sampling technique was employed. A questionnaire containing open-ended and closed-ended questions using both a nominal and a Likert-type scale format was the principal data collection instrument. The findings of the study revealed that procurement policies included elements influencing the implementation of effective procurement practices in Kenya's tertiary public training institutions; low level of compliance with procurement regulations, poor procurement policies, lack of top management support, poor procurement procedures, poor management relationships with stakeholders. The study recommended that management of tertiary public training institutions enhance compliance with procurement regulations, develop and enforce better procurement policies, help and encourage employees to carry out procurement functions in accordance with procurement regulations and procurement policies, use efficient procurement procedures and strengthen relationships.

Mokogi, Mairura and Ombui (2015) set out the impact of procurement practices on the performance of state-owned commercial enterprises in Nairobi County. The research adopted a descriptive template for the survey. In each company, primary data was collected using questionnaires that target managers in the departments of Finance, Procurement, Development and Sales and Marketing. The study population consisted of thirty-eight (38) state-owned commercial enterprises operating in Nairobi County. It picked a random sample of thirty (30) companies representing 78.95 percent. The results of the study showed that
buyer-supplier relationships, supplier selection processes, organizational capability, and procurement process management practices had a significant effect on the efficiency of undertakings owned by the commercial state. The study suggested that all commercial state-owned enterprises should adopt effective procurement practices to make their operations and overall service delivery to their clients more effective.

Davis (2014) examined procurement activities that affect public-sector service delivery with an emphasis on the provision of electricity, a case study by Kenya Power. The thesis was based on the theories of socio-economic and structural matters. Stratified sampling methodology was used to pick a representative sample with a sample size of 100 respondents from a target population of 160 employees. Using SPSS and excel computer applications, as well as descriptive statistics, the data obtained were further analysed. The study found that: procurement law and regulation lack flexibility and as revealed by 77.5 percent hinders procurement operations. Furthermore, procurement strategy should not take into account long-term ownership costs as also reported by 39.4%. The findings also showed that 59.1 percent accepted that the company does not have a sustainable procurement strategy while it has Green policy in place but that implementation is hindered by both corporate culture and budgetary constraints. The study suggested that national procurement policy or rules and regulations be revised to incorporate clauses that will result in flexibility and inclusion in the procurement process of emerging trends.

Nyambura and Mwangi (2015) examined the factors that influence public procurement at Kenya's public institutions. The explainable variables include: structure of the organisation, training, technology and capital budget. The study was important for the Kenya Education Institute which oversees the organizations' daily operations. For research purposes a
descriptive survey method. For selecting a sample for the analysis, the researcher used stratified random sampling technique. The target population was 218 workers, and selected a sample of 65 respondents. The respondent's majority said budgetary resources, technology, organizational structure, and training have an effect on an organization’s procurement. The researcher concluded that all workers in the purchasing department should be well qualified and even provided refresher courses to ensure they are up-to-date with the purchasing department's policies.

2.5 Public Financial Governance Practices

Matei and Drusuma (2015) noted that corporate governance of public entities is a subject that is gaining more and more ground in both specialized and realistic literature. Thus, the private sector corporate governance model does not vary significantly from the norms of public financial governance. Using the historical method to illustrate the milestones in the development of the definition of corporate governance and the comparative method for evaluating the advantages and drawbacks of corporate governance in the private sector and how this model can be applied in the public sector, they pointed out that corporate governance can lead to the effective use of public funds, minimizing expenditure. The researchers believe that corporate governance of public bodies as a method of leadership and control involves a set of clear rules and principles (integrity, honesty / sincerity, transparency and accountability), clear risk management and control mechanisms, elements necessary to achieve the goal of public bodies that satisfy public needs.

Ndung'u (2013) examined the effect of corporate governance on Kenya's financial performance. In the study the size of the Board, the number of Board members, the number of Board meetings and dual board meetings, the number of independent directors, the number
of staff, the business age and corporate size were evaluated as regards asset value and the impact of insurance undertakers in Kenya on their financial performance. Company performance was assessed with the aid of Return on Assets (ROA). The analysis found that there is a poor link between the Corporate Governance activities being analyzed and the financial performance of the companies. The study suggests that board size should be minimized as much as possible, as a larger size will significantly improve financial efficiency.

In Mwangangi (2018), the researcher examined the contribution of corporate governance leadership practice to the Kenya performance of the Listed Companies, using a study population of 62 companies listed on Nairobi Stock Exchange. The study concluded that leadership activities in corporate governance contributed positively to the success of the listed companies in Kenya. The study explicitly showed that among independent variables analyzed, the composition and concentration of corporate leadership and ownership provide the most significant contribution. The study recommended that coded organizations ensure that the management structure follows the financial management skills and maintain strict adherence to the guiding principles of corporate governance on leadership independence for leaders' best results.

Sukmadilaga, Pratama and Mulyani (2015) examined the disclosure standard of the government's financial statement for the year ended 2012-2013 in the Association of South East Asian Nations (ASEAN). They used a quantitative exploratory analysis study and compile data using the IPSAS disclosure checklist. The sample was chosen from two ASEAN countries, Indonesia and Malaysia. The report found that although Indonesia’s government financial statements offered more transparency than Malaysia's, but generally,
the disclosure level of the financial statements from Indonesia and Malaysia is still low. This result suggested that the Government of Indonesia and Malaysia would make an effort in the future to increase their level of transparency.

Ochoi and Memba (2015) analyzed how the corporate governance of selected public corporations in Kenya influenced their financial output during the period 1998 to 2004, when the use of profitability assessed financial performance. The study used purposive sampling with a sample of 26 public companies that concentrated on public companies listed on the Nairobi stock exchange. The study has shown that good corporate governance will boost the financial performance of companies if applied to organization. Aspects of management, audit committees and board of directors had an upper hand in moving the company towards improved financial efficiency. The board members represented another corporate governance element that could affect the firm's financial performance. The researchers suggested that collaboration between management and board of directors can improve decisions and improve financial results. By executing budgets, planning, successive leadership to be appointed, and more effective collaboration between management and board, the management should be more committed to the organisation.

On the other hand, the board of directors should play a position of supervision over the management operations, which should be more consistently enforced on leadership which corporate governance for board of directors. Members of the board should provide a representative representation, and recruitment of more skilled citizens. Lastly, more management support should be provided to audit committees so that they can carry out their duties more effectively.
2.6 Theoretical Review

The research was guided by new public management theory, theory of budgeting and system theory and governance.

2.6.1 New Public Management Theory

The new public administration theory originated in the 1980s and 1990s. The idea which was suggested by Hood (1991) is that the state should be reconfigured in more economical (and effective) lines. The protagonist suggested that the public sector be opened up to maximize private sector control. Mongkol (2011) cited the goal of new reforms in public government (Balk, 1996; Hughes, 2003) as improving the quality of government services, reducing government expenses, enhancing the efficiency of government operations and increasing policy effectiveness. It has been a key factor contributing to the advent of new public administrations (Andrews 2012). Theory is a collection of principles, values and practices that are intended to imitate public sector activities in the private sector. This methodology is focused on a sequence of theories, values and practices.

The new public administration is sometimes listed along with governance (Tolofari, 2005). Governance is about the overall government system and the implementation of an overall plan while the modern form of public administration's operational component is new public administration. The theory was also backed by Zungura, which claims that modern government administration's key trend is to use market policies to improve productivity in the public sector. Including performance management, e-government, contracting and outsourcing, decentralization and transparency (Zungura, 2014) are the key features of modern public administration.
There were also some shortcomings questioning the current theory of public administration. The first is Mongkol (2011), which cited the notion of centralisation through decentralization, (Kaboolian 1998; Khademian 1998) Theory. Giving more power to public managers to run projects, may lead to a focus on decisions. New public management may also contribute to centralized public management decision-making rather than facilitate, as it argues, decentralization of public bodies. The second critique relates to the implementation by the public sector of private sector management techniques. While the use of private sector management strategies has been promoted by new government administration, there could be a danger of certain private sector practices. Many academics commentators argue that most areas of government and administration vary from private sector public services in political, legal, constitutional and social aspects (Mongkol, 2011).

The modern theory of public management is applicable to the current study in that it informs public spending, internal control processes and the efficiency of the county variables. The theory encourages citizens' engagement in the procurement process because it is important to calculate the level of consumer satisfaction according to the modern concept of customer reactivity. The main concept for the new theory of public management is to make managers and operators more open and accountable through market processes in the public sector.

2.6.2 Theory of Budgeting

Verne Lewis was one of the first attempts to use the marginal benefit concept of a 'budgeting theory.' Lewis argues that analysts should concentrate on rises in public spending at margin, since "the balance point is where the same return can be obtained with additional expenditure or for some reason." Lewis (1952) argues that their "relative effectiveness in the achievement
of a particular goal" should then determine the relative importance of those increases. Politicians have the task of identifying this shared purpose and assessing the relative utility of alternative public funding strategies in achieving this objective. Via alternative options at various spending levels for every project, budgeters may assist policy makers. This can expose the tradeoffs between alternative funding applications. Lewis argues that "relative effectiveness" effectively circumvents the issue of the lack of a particular measure of usefulness in relation to a "General Purpose." The difference between normative and descriptive theory of the budget may be as simple as what is supposed to work and what works. The disparity of viewpoint that often characterizes academics and practitioners of our profession has complicated it. Normative ideas are commonly related to reformers, and reformers are typically from politics or education. It can be based on minimal observations and values. Description theory is usually based on several observations, both by means of surveys and by practitioners' observations while taking budget decisions (Cox and Morgan, 1994). Often normative and descriptive philosophy converged.

### 2.6.3 Systems Theory and Governance

This is a working theory, as Bertalanffy (1962) noted, whose main function is to provide a theoretical model to be used in the understanding, prediction and regulation of phenomena. An observation by Hartman (2010) sees all organizations as composed of input and output processing along with systems, both internally and externally, that play the role of providing an organization with a functional overview. NGOs need usable systems which can handle the projects they are managing. As Kuhn (1974) pointed out, monitoring and proper management of processes within an organization is essential to ensuring that project success is at its peak.
Understanding the changing nature of project performance primarily relies on metrics such as expense, time and goal precision to be achieved. According to Jugdev et al., (2005), project preparation and the subsequent analysis of their performance depend on other topics, such as stakeholder viewpoints, essential success factors and the context for assessing outcomes. Project performance analysis as usually presented is conducted in a top-down way. This means that the study of a project's progress started from the conceptual structure stage through to the end of its life cycle.

2.7 Conceptual framework

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Dependent Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budgeting Practices</strong></td>
<td><strong>Performance of the County</strong></td>
</tr>
<tr>
<td>• Budget Planning</td>
<td>• County Revenue collection</td>
</tr>
<tr>
<td>• Budget Control</td>
<td>• Service Delivery</td>
</tr>
<tr>
<td><strong>Internal Control Practices</strong></td>
<td></td>
</tr>
<tr>
<td>• Control Activities</td>
<td></td>
</tr>
<tr>
<td>• Risk Assessment</td>
<td></td>
</tr>
<tr>
<td><strong>Governance Practices</strong></td>
<td></td>
</tr>
<tr>
<td>• Integrity and Accountability</td>
<td></td>
</tr>
<tr>
<td>• Compliance Level</td>
<td></td>
</tr>
<tr>
<td><strong>Public Finance Procurement Practices</strong></td>
<td></td>
</tr>
<tr>
<td>• Public Procurement Policy</td>
<td></td>
</tr>
</tbody>
</table>
2.8 Summary of Literature and Research Gaps

It was evident from the literature reviewed that several research was carried out into the effect of budgeting practices on organizational efficiency in the private sector. Attempts to extend the study to the public sector have been made. However, much remains unfinished in relation to the formation of county governments in the wake of Kenya’s constitution, 2010. The literature reviewed revealed that internal controls in both public and private institutions are structured to safeguard an entity’s assets and resources, ensure the quality and completeness of its accounting documents, detect irregularities, fraud and theft, and produce reliable and timely financial and management information reviewing the scholars' opinions has shown that internal auditors within public bodies should be educated, professional, unbiased and independent if they are to improve the readability and trust of public sector financial reports.

The implementation of global best practices is important to ensure qualitative service delivery and the quality of service from the internal audit mechanism dictates the dependence consumers can place on financial information conveyed through their financial reporting by public institutions. While greater strides have been made in the private sector, a great deal needs to be done in public institutions and particularly county governments.

Moreover, public procurement is increasingly recognized as important in service delivery by the literature examined from developed countries and it accounts for a huge proportion of overall spending, hence the need to streamline public finance procurement practices. Only when processes and procedures are well in place and implemented appropriately can efficiency and specifically service delivery be successful and efficient. Unfortunately, the procurement systems are bypassed or seen as irrelevant in most developed countries. Implementation becomes a nightmare as a result. There is minimal empirical literature on
procurement practices in county government affecting efficiency, hence this study fills this void. Public financial corporate governance also deals with the systems and procedures at the top of a public entity for decision making, transparency, control and behaviour. The literature reviewed highlighted a simultaneous growth of governance structures in both the private and the public sectors. These similarities suggest that governance problems have now become an inherent part of both public and private institutions being handled well. Through following the same basic good corporate governance principles, the public sector and the private sector have established (in parallel) each of their own specific governance frameworks, processes and mechanisms in accordance with the circumstances of each particular organisation.

This literature addressed critical questions about the opening up of public financial management in Kenyan county governments. First, it is argued that public financial management activities such as budgeting, internal control, procurement of public services, income mobilization and public financial governance play a crucial role in enabling public authorities to regulate the expenditure of public funds by giving taxpayers value for money, improving the standard of government service provision and enabling better allocation. From the preceding review of relevant literature, it is evident that performance analysis and public financial management practices have been undertaken but not exhaustively discussed to a large extent by county governments in Kenya. Much of the previous literature examined suggested that researchers focused on private sector financial performance metrics through the use of accounting information and financial ratio. Return on assets (ROA) and return on capital employed (ROCE) are among the traditional accounting measures used for

However, for the few research that were performed on the public sector, they used non-financial approaches of various performance management systems, including rapid results plan, performance contracting, and service charter, to evaluate service delivery. Interestingly, the enhancement of performance at Kenya's national level was not legally required by any applicable legislation but rather as a policy document adopted by the Cabinet in 2004. However, various parts of the County Government Act, 2012 and Public Finance Management Act, 2012 (CoG, 2017) legally mandate performance management at the County Government level. Therefore, the need for this study to fill the gap and integrate public sector financial and non-financial performance measures to allow elaborate frameworks for evaluating the relationship between public finance management activities and performance management in the public sector (Wang & Ngomuo, 2015).
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the methods used for the analysis to be carried out. It also defines the form and source of the data, the target population and methods of sampling and the techniques used to select the sample size. It also explains how data was processed, analyzed and submitted.

3.2 Research Design

Research design is the basic plan which gives an overview of the activities required to carry out the research proposal. This research issue was examined using a descriptive design. A descriptive research is concerned with figuring out what, where, and how of a phenomenon, according to Cooper and Schindler (2003). The research proposal based on the impact of financial management practices on County Government efficiency in Kenya, a Garissa County scenario.

3.3 Target Population

The target demographic was the Finance and Economic Development department employees, county assembly member, county service board member, chief executive officers and a director. The divisions of finance and economic planning personnel have been selected as they are the ones who have great commitment in setting up county financing services. The voices of recipient were also captured. The characteristic of the target population was listed in the table below:
Table 3.1: Target Population

<table>
<thead>
<tr>
<th>Category</th>
<th>Population (Frequency)</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance and economic planning</td>
<td>153</td>
<td>93.86</td>
</tr>
<tr>
<td>County Assembly Member</td>
<td>1</td>
<td>0.61%</td>
</tr>
<tr>
<td>Chief Officers</td>
<td>8</td>
<td>4.91%</td>
</tr>
<tr>
<td>Director</td>
<td>1</td>
<td>0.61%</td>
</tr>
<tr>
<td>Total</td>
<td>163</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: GC- HRM

3.4. Sampling Technique and Sample Size

Statistically a sample of at least 30 elements must exist for generalization (Cooper and Schindler, 2003). In addition, bigger samples minimize errors. Kothari (2000) argues that if well chosen, samples of about 10% of a population can often give good reliability. Mugenda and Mugenda (2003) argue that a sample of 30 elements can be taken as a representative sample of the population of the study. Stratified sampling using random sampling. Stratified random sampling technique is used when the target population is not homogeneous and can be subdivided into groups or strata to obtain a representative sample. The strata were County assembly Member, chief officers, director and employees from finance and economic planning department. The study adopted the formula by Kothari (2004) to determine the sample size of the employees from finance and economic planning department. County assembly member, a directors and 8 chief officers were purposively selected. Kothari (2004) formulated in determining the sample size.

\[
n = \frac{Z^2 \cdot N \cdot \sigma^2 \hat{p}}{(N - 1)e^2 + Z^2 \partial^2 \hat{p}}
\]
\[
n = \frac{1.96^2 \cdot 153 \cdot 0.5^2}{(153 - 1)0.05^2 + 1.96^2 \cdot 0.5^2}
\]

\[
\frac{146.9412}{1.3404} = 109.6249 = 110 \text{ Employees}
\]

Where; \( n \) = Size of the sample

\( N \) = Size of the population, and given as 153

\( e \) = Acceptable error, given as 0.05. \( \sigma^2 \hat{p} \) = the standard deviation of the population, and given as 0.5 where not known and \( Z \) = standard variation at a confidence level, given as 1.96 at 95% confidence level.

**Table 3.2 Sample Size for Administration of Questionnaires**

<table>
<thead>
<tr>
<th>Categories</th>
<th>Population</th>
<th>Sample Ratio</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance and Economic Planning</td>
<td>153</td>
<td>Given by the Formula</td>
<td>110</td>
</tr>
<tr>
<td>County Assembly Member</td>
<td>1</td>
<td>100%</td>
<td>1</td>
</tr>
<tr>
<td>Chief Officers</td>
<td>8</td>
<td>100%</td>
<td>8</td>
</tr>
<tr>
<td>Director</td>
<td>1</td>
<td>100%</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>163</td>
<td></td>
<td>120</td>
</tr>
</tbody>
</table>

**Source: Researcher, (2020)**

Besides the above sample, 10 top managers were interviewed with a view to answer the research questions a, b and d. This category of staff were identified through census. Director in charge of Human resources was purposefully selected to provide information on human resource establishment in the county.

**3.5 Data Collection Procedure**

The research was administered individually to all study respondents via questionnaire. The research exercised care and control to ensure that it received all questionnaires given to the respondents. The questionnaire was performed using a later form of drop-and-pick.
Secondary data was also obtained from OCOB website, under reports, county reports. The financial statements were for the year 2018/2019.

3.6 Validity and Reliability of the study

3.6.1 Reliability

In order to determine the reliability and validity of the research instrument, the study sought opinions from experts in the field of study, in particular from the supervisor and lecturers of the study in the Humanities school. This encouraged the requisite revision and alteration of the instrument of study thus enhancing validity. Cronbach's Alpha was used to calculate the internal accuracy co-efficient, and thus the instrument's reliability. The analysis used Cronbach's alpha methodology which is based on internal consistency to verify the reliability of the findings. Alpha by Cronbach calculates the sum of observable items and their correlation. The SPSS software has been used to evaluate the reliability of the data collected. The reliability of overall scales of the current situation and the desired situation has been checked by Cronbach's alpha, which should be above the appropriate level of 0.70 (Hair et al., 1998). Alpha above the 0.7 value is deemed appropriate (George & Mallery 2003). Cronbach's Alpha graded scores as excellent, reasonable, acceptable and unacceptable where calculated by the Scale Reliability Coefficient.

Table 3.3: Reliability Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Respondents</th>
<th>α=Alpha</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budgeting Process</td>
<td>12</td>
<td>0.818</td>
<td>Good</td>
</tr>
<tr>
<td>Internal Control Practices</td>
<td>12</td>
<td>0.921</td>
<td>Excellent</td>
</tr>
<tr>
<td>Governance Practices</td>
<td>12</td>
<td>0.789</td>
<td>Acceptable</td>
</tr>
<tr>
<td>Procurement Practices</td>
<td>12</td>
<td>0.811</td>
<td>Good</td>
</tr>
<tr>
<td>Performance of the County</td>
<td>12</td>
<td>0.856</td>
<td>Good</td>
</tr>
</tbody>
</table>

Source: Survey Data (2020)
In table 3.3, Cronbach Alpha score shows that the test score for budgeting practices was 0.818, the Alpha test score for internal management practices was 0.921, the Alpha score for governance practices was 0.789, the test score for public finance procurement practices was 0.811 and the Alpha test score for county results was 0.856. The results of the table show that the methods were effective in determining the relationship between the independent variable (financial management practices) and the dependent variable (county performance). Corbin et al., (2014) argued that the value of 0.7 and above for Cronbach is indicative of good data collection instruments with excellent, fair and acceptable scores. It was checked that the instrument was reliable enough to get the data needed.

3.6.2 Validity

Validity is a calculation of the extent to which the data derived from the instrument represent the theoretical definition correctly and meaningfully and, in particular, how the data represents the variables. Any inferences derived from such data should be reliable and relevant when validity has been established (Mugenda & Mugenda, 2003). A study’s validity increases when using multiple sources of proof (Yin, 2003). The data was obtained from Garissa County Government management employees. The quality of the content was assured by consultation with the supervisor of the allocated research report.

3.7 Data Analysis and Presentation

The completed questionnaires were revised for completeness and accuracy before processing of the answers. Using descriptive statistics using SPSS (version 22), the quantitative data collected was analyzed and presented by percentages, methods, standard deviations and frequencies. The information was presented using, and in prose-form, bar charts, graphs and pie charts. This was achieved by counting responses, measuring the percentages of response
variations as well as explaining and interpreting the data in line with the study goals and conclusions by using SPSS (Version 22) to communicate research findings. Analysis of the content was used to assess data of a qualitative nature or component of the data obtained from the open ended questions.

The study utilised the multiple regression model below to establish the relationship between variables:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \]

Whereby \( Y \) = County Performance

\( X_1 \) = Budgeting practices

\( X_2 \) = Internal control practices

\( X_3 \) = Governance practices

\( X_4 \) = Public finance procurement practices;

\( \beta_0 \) = Constant,

\( \beta_1 - \beta_4 \) = Beta coefficients of the independent variables and \( \varepsilon \) = Error-term.

3.8 Ethical Considerations

Informed consent was obtained from all those participating in the study. Those not willing to participate in the study were under no obligation to do so. Respondents’ names were not be indicated anywhere in the data collection tools for confidentiality and information gathered was only used for the purposes of this academic study. The necessary research authorities were consulted and permission granted. The refereed materials and sources were cited accordingly.
CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

The summary, conclusion and recommendations related to budgeting practices, internal control practices, public finance governance practices and public finance procurement practices and their influence on financial performance of Garissa County was presented in this section.

4.2 Response Rate

The study targeted 120 respondents. 108 completely filled and returned the questionnaire. This accounted for 90% response rate. This was because the method for distributing the questionnaires was the drop-and-select method by which the investigator produced the questionnaire and waited until the questionnaire was completed and reinstated the properly completed questionnaire. Kothari (2004) presupposes that an average response rate of 50 percent is considered to be adequate, with an excellent response rate of 60-70 percent. Consequently, this response rate was considered an excellent representation of the respondents for the study and relevant conclusions to be drawn.

4.3 Demographic Characteristics

4.3.1 Gender of the Respondents

<table>
<thead>
<tr>
<th>Table 4.1 Gender of Respondents</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>79</td>
<td>73.1</td>
<td>73.1</td>
<td>73.1</td>
</tr>
<tr>
<td>Female</td>
<td>29</td>
<td>26.9</td>
<td>26.9</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>108</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>
The research results in Table 4.1 shows that 73.1% (79 respondents) of the officials working in the county governments in Garissa were male compared to 26.9% (29 respondents) who were female. Results are similar to Mutai (2018).

4.3.2 Education Level

The respondents were asked to indicate their various educational levels.

<table>
<thead>
<tr>
<th>Table 4.2 Highest Level of Education</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Valid</td>
</tr>
<tr>
<td>Graduates</td>
</tr>
<tr>
<td>Post Graduate</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Frequency</td>
</tr>
<tr>
<td>Graduates</td>
</tr>
<tr>
<td>12</td>
</tr>
<tr>
<td>96</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

The findings showed that 11.1% (12 respondents) were either studying at different government and private universities, or that 88.9% (96 respondents) have completed their initial bachelor's degree, as shown in Table 4.2.

4.3.3 Professional Qualification

<table>
<thead>
<tr>
<th>Table 4.3 Professional Qualification</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Valid</td>
</tr>
<tr>
<td>CPA</td>
</tr>
<tr>
<td>CIPS</td>
</tr>
<tr>
<td>CIFA</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Frequency</td>
</tr>
<tr>
<td>CPA</td>
</tr>
<tr>
<td>CIPS</td>
</tr>
<tr>
<td>CIFA</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Table 4.3 shows that 81.5% of respondents had CPA professional credentials, compared with 3.7% having CIPS and 14.8% having CIFA. The results of the research therefore showed
that most of the respondents were eligible to hold and manage their respective provincial departments as their qualifications are required.

4.3.4 Years of Service

Table 4.4 Years of service

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td>6</td>
<td>5.6</td>
<td>5.6</td>
<td>5.6</td>
</tr>
<tr>
<td>1-2 years</td>
<td>8</td>
<td>7.2</td>
<td>7.2</td>
<td>12.8</td>
</tr>
<tr>
<td>Valid</td>
<td>10</td>
<td>9.6</td>
<td>9.6</td>
<td>22.4</td>
</tr>
<tr>
<td>2-3 Years</td>
<td>10</td>
<td>9.6</td>
<td>9.6</td>
<td>22.4</td>
</tr>
<tr>
<td>Over 3 years</td>
<td>84</td>
<td>77.6</td>
<td>77.6</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>108</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Table 4.4 indicates that 77.6 percent (84 respondents) suggested they worked for county government for more than 3 years. While on the other hand 5.6% (6 respondents) had less than 1 year, 7.2% (8 respondents) had 1-2 years, and 9.6% (10 respondents) had 2-3 years of experience serving in county government. The findings indicate that while there were new employees in county governments, there were also old members who held ample institutional memories that allowed them to uphold the devolution principles.

4.4 Statistical Analysis on the Study Variables

The research was structured around four variables in a bid to explore the impact of public financial management practices on performance of Garissa county governments. This section includes a concise, correlational, and inferential systematic study of each of the variables. The dependent variable was Garissa county government performance; independent variables were; budgeting procedures, internal control procedures, non-financial governance practices, and procurement practices for public finances.
4.4.1 Performance of Garissa County Governments

The study assessed their performance in terms of both financial and non-financial metrics, in a bid to determine the performance of the Garissa county government. Regarding financial performance; local revenues collected (own source revenue) was used as the proxy.

Table 4.5: Financial Performance of Garissa County Governments

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The county government has sufficient staff to administer and</td>
<td>108</td>
<td>1.00</td>
<td>3.00</td>
<td>1.4727</td>
<td>.59324</td>
</tr>
<tr>
<td>collect own revenue sources.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The own-revenues sources of county government is cost effective</td>
<td>108</td>
<td>1.00</td>
<td>5.00</td>
<td>2.4224</td>
<td>1.17565</td>
</tr>
<tr>
<td>and adequately covered by a legal framework.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The county government has a debt collection unit that follow</td>
<td>108</td>
<td>1.00</td>
<td>4.00</td>
<td>3.2581</td>
<td>.96732</td>
</tr>
<tr>
<td>taxpayers who have defaulted or delayed in paying tax/fees.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outsourcing has led to better revenue administration</td>
<td>108</td>
<td>1.00</td>
<td>5.00</td>
<td>3.9946</td>
<td>1.02179</td>
</tr>
<tr>
<td>performance compared to collection by the county</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automation of revenue collection operations has increased</td>
<td>108</td>
<td>1.00</td>
<td>5.00</td>
<td>3.9994</td>
<td>1.19556</td>
</tr>
<tr>
<td>collections and reduced leakages.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The county government has regularly been attaining the annual</td>
<td>108</td>
<td>1.00</td>
<td>3.00</td>
<td>1.5522</td>
<td>.69304</td>
</tr>
<tr>
<td>local revenue targets for the past four years.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>108</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In the research findings from Table 4.5 (Mean=1.4727, SD=0.59324) indicates that majority of the respondents strongly disagreed that the Garissa county government has sufficient staff to administer and collect own revenue sources, (Mean=2.4224, SD=1.17565) majority of the respondents disagreed that the own-revenues sources of county government is cost effective and adequately covered by a legal framework while on the other hand respondents
were neutral (Mean=3.2581, SD=0.96732) whether that the county government has a debt collection unit that follow taxpayers who have defaulted or delayed in paying tax/fees. However, Majority agreed (Mean=3.9946, SD=1.02179) that outsourcing has led to better revenue administration performance compared to collection by the county officials. In addition, majority of respondents agreed (Mean=3.9994, SD=1.19556) that automation of revenue collection operations has increased collections and reduced leakages. It has been identified that the county government has not achieved the annual local revenue goals for the past four years on a regular basis (Mean=1.5522, SD=0.69304).

It is clear from the study’s findings that outsourcing has led to better revenue administration performance compared to collection by the county officials and should be implemented by the county management. In addition, it was established that automation of revenue collection operations has increased collections and reduced leakages and this could help the county government attain the annual local revenue targets in the future. The findings of the study supported Ndungu (2013) that there was a significant positive relationship between planning and revenue growth. He argued that automation of revenue collection reduces the chances of leakages and increases accountability. Davis (2014) found that management of revenue collection manually poses great challenges and that different mechanism of handling revenue collection such as outsourcing and automation is key. The study reported that leakages may emanate from deliberate attempt by local citizens to evade taxation thus lowering county government revenues. The study also found that lack of qualified personnel, lack of autonomy in the management of financial resources, political interference, and corruption, lack of transparency and accountability and poor financial reporting.
Table 4.6: Service Delivery in Garissa County Governments

Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The county has enhanced food security through improved veterinary services, increased crop and livestock production.</td>
<td>108</td>
<td>1.00</td>
<td>4.00</td>
<td>1.6978</td>
<td>1.04125</td>
</tr>
<tr>
<td>The county provides affordable and accessible healthcare services.</td>
<td>108</td>
<td>1.00</td>
<td>5.00</td>
<td>3.3357</td>
<td>.89781</td>
</tr>
<tr>
<td>County has improved access to education through bursaries and other support programmes at primary and vocational levels.</td>
<td>108</td>
<td>1.00</td>
<td>4.00</td>
<td>4.1451</td>
<td>1.06785</td>
</tr>
<tr>
<td>The county has improved access to quality, affordable water and sewerage services for all citizens.</td>
<td>108</td>
<td>1.00</td>
<td>5.00</td>
<td>1.5988</td>
<td>1.12451</td>
</tr>
<tr>
<td>The county has efficient infrastructure that ensures effective and efficient transport.</td>
<td>108</td>
<td>1.00</td>
<td>5.00</td>
<td>1.3456</td>
<td>.95661</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>108</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

With regard to non-financial performance, service delivery was used; the study found out that (Mean=1.6978, SD=1.04125) majority of the respondents disagreed that the county government had enhanced food security through improved veterinary services, increased crop and livestock production. Majority of the respondents were neutral (Mean=3.3357, SD=0.89781) on whether the county provides affordable and accessible healthcare services. While on the other hand, majority agreed (Mean=3.70, SD=1.06785) that the county had improved the access to education through bursaries and other support programmes at primary and vocational levels. However, majority disagreed that (Mean=1.5988, SD=1.12451) that the county had improved access to quality, affordable water and sewerage services for all citizens. In addition, majority strongly disagreed that (M=1.3456, SD=0.95661) the county has efficient infrastructure that ensures effective and efficient transport.
It was evident that service delivery was poor in Garissa indicated by poor food security through crop and livestock production. Though there was a remarkable improvement on the access to education through bursaries and other support programmes at primary and vocational levels the county is still struggling with access to quality, affordable water and sewerage services for all citizens. The study further noted that the county does not have efficient infrastructure that ensures effective and efficient transport. The findings supported Pimpong and Laryea (2016) results on financial condition for local authorities in Tanzania that service delivery through efficient distribution of water and sewerage services was poorly done and this affected every other sector in Tanzania. There were several evident queries on expenditure by the National Audit office indicating possibilities of fraud and mismanagement of public resources. Ndungu (2013) on financial performance of Public service organisations in Kenya found that service delivery by public service firms in Kenya was good and recommended on the advancement of technology to serve many clients efficiently.

4.4.2 Budgeting Practices and Performance of Garissa County

The first Specific objective was to investigate how Budgeting Practices influence the performance of Garissa County government. Descriptive analysis of Budgeting Practices (BP) on performance of county governments of Garissa is presented in Table 4.7.
Table 4.7 Budgeting Practices

<table>
<thead>
<tr>
<th>Description</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The process of preparing the planning documents (CIDP, ADP, CFSP, and Budget) is consultative</td>
<td>108</td>
<td>1.00</td>
<td>5.00</td>
<td>1.8345</td>
<td>1.00355</td>
</tr>
<tr>
<td>The county budget is linked to the ADP and CIDP</td>
<td>108</td>
<td>1.00</td>
<td>5.00</td>
<td>3.0699</td>
<td>.98971</td>
</tr>
<tr>
<td>Departmental budgets are focused on ADP and CIDP priorities</td>
<td>108</td>
<td>1.00</td>
<td>4.00</td>
<td>2.7893</td>
<td>1.11587</td>
</tr>
<tr>
<td>The county budget is implemented as approved by the Assembly</td>
<td>108</td>
<td>1.00</td>
<td>5.00</td>
<td>3.9239</td>
<td>1.21241</td>
</tr>
<tr>
<td>My department is allocated what is budgeted for</td>
<td>108</td>
<td>1.00</td>
<td>5.00</td>
<td>1.8555</td>
<td>.89785</td>
</tr>
<tr>
<td>There is timely disbursement of resources to my department</td>
<td>108</td>
<td>1.00</td>
<td>5.00</td>
<td>1.4548</td>
<td>.99784</td>
</tr>
<tr>
<td>The county’s plan includes an analysis of the financial environment, revenue and expenditure forecasts, debt position and affordability analysis, strategies for achieving and maintaining financial balance</td>
<td>108</td>
<td>1.00</td>
<td>4.00</td>
<td>2.1829</td>
<td>.90442</td>
</tr>
<tr>
<td>The county government conducts monthly and yearly budget variance analysis</td>
<td>108</td>
<td>1.00</td>
<td>5.00</td>
<td>3.8287</td>
<td>1.10615</td>
</tr>
</tbody>
</table>

Valid N (list wise) 108

Table 4.7 shows that (Mean=1.8345, SD=1.00355) majority disagreed that the process of preparing the planning documents (CIDP, ADP, CFSP, and Budget) is consultative. Majority were not sure (Mean=3.0699, SD=0.98971) whether the county budget is linked to the ADP and CIDP, not sure (Mean=2.7893, SD=1.11587) if the ADP and CIDP priorities are focused on departmental allocations. It has, however, been demonstrated that the county budget is enforced as approved by the Assembly (Mean=3.9239, SD=1.21241). Further, it was found that majority of the department are not allocated what is budgeted for (mean=1.8555, SD=0.89785). In addition majority of the respondents (Mean=1.4548, SD=0.99784) there is no timely disbursement of resources to many departments. The study showed that the
county’s strategy did not include financial climate analysis, revenue and expense projection, debt status and accessibility analysis and financial management strategies (Mean=2.1829, SD=.90442). The respondents acknowledged that the county government analyzes budget variances periodically and annually (Mean=3.8287, SD=1.10615). The study findings generally presents that there is delay in the disbursement of resources and this affects the running of the county departments which eventually translates to poor service delivery.

The research results sought to find other ways to enhance budgeting practices in order to improve the efficiency of the county government, the respondents suggested in their answers that there is a need to increase financial transparency and preparation, that both county leaders and county assemblies should include all stakeholders in preparation by county-wide reporting. Respondents suggested that the budget projections would be strictly adhered to, which include both the forecasts of revenue and expenditure and at the same time meet the provisions in the Public Financial Management Act, 2012.

Additionally, respondents indicated that attempts need to be made to completely automate the revenue systems. In addition, they thought that the devolved government institutions would provide additional training to improve the expertise and skills of different county officials in facilitating the delivery of service. The study concurs with Kimani (2014) study found that budgeting was omitted in many organizations, 70% of the entrepreneurs retained their own surplus cash, and more than 56% of the company owners managed the money in person. The study also showed that more than 80% of companies had drawn up a business plan with the most common justification for funding. These findings led to the conclusion that the sustainability of every private or public sector depends heavily on good practice in structured budgeting.
4.4.3 Internal Control Practices and Performance of Garissa County

The second objective was to analyze the effect on the efficiency of Kenyan county governments through internal control activities. Table 4.8 provided a detailed review of Garissa County Governments' results of internal control practices (ICPs).

Table 4.8 Internal Control Practices

<table>
<thead>
<tr>
<th>Activity Description</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activities in the Audit Committee are carried out as planned</td>
<td>108</td>
<td>1.00</td>
<td>5.00</td>
<td>4.2271</td>
<td>1.07841</td>
</tr>
<tr>
<td>Finding and reporting of control deficiencies are rewards</td>
<td>108</td>
<td>1.00</td>
<td>5.00</td>
<td>1.5555</td>
<td>1.05425</td>
</tr>
<tr>
<td>Auditing departments (booking, transfer, filing and auditing) have different roles and responsibilities;</td>
<td>108</td>
<td>1.00</td>
<td>5.00</td>
<td>3.6542</td>
<td>1.15425</td>
</tr>
<tr>
<td>Access via passwords, lockouts and electronic access to various sections of an accounting system</td>
<td>108</td>
<td>1.00</td>
<td>5.00</td>
<td>4.5577</td>
<td>1.22545</td>
</tr>
<tr>
<td>Solid access control systems are available to discourage unauthorized access attempts.</td>
<td>108</td>
<td>1.00</td>
<td>5.00</td>
<td>2.2543</td>
<td>0.873651</td>
</tr>
<tr>
<td>Audits are also performed on any tangible product, like inventory, equipment and software, which is recorded in the accounting system.</td>
<td>108</td>
<td>1.00</td>
<td>5.00</td>
<td>1.3154</td>
<td>1.04215</td>
</tr>
<tr>
<td>Such kinds of transactions are approved by particular managers / officers</td>
<td>108</td>
<td>1.00</td>
<td>5.00</td>
<td>4.6544</td>
<td>1.11725</td>
</tr>
<tr>
<td>The county has regular records, such as invoices, internal requests for supplies, inventory receipts and travel expenses reports that are used to maintain the record accurately over time.</td>
<td>108</td>
<td>1.00</td>
<td>5.00</td>
<td>2.5494</td>
<td>0.99704</td>
</tr>
</tbody>
</table>

In the study, it was established that activities in the Audit Committee are carried out as planned (Mean=4.2271, SD=1.07841). 75.8% (M=4.07, SD=0.786) indicated that they are confidence in the internal audit team. In the research findings, majority of the respondents disagreed that Incentives to identify and disclose defects in management (Mean=1.5555,
SD=1.05425) exist. The tasks of the audit team (bookkeeping, depot, monitoring and auditing) were divided up by the respondents (mean=3.6542, SD=1.15425), according to the respondent respondents. They strongly accepted that access is regulated by passwords, lockouts and e-access (mean=4.5577, SD=1.22545) to various components of an accounting system. Most disagreed with the robust frameworks for monitoring access which would prevent fraudulent access attempts (mean=2.2543, SD=0.873651). The majority strongly disagreed (mean=1.3154) that physical audits are always carried out on any physical assets recorded in the accounting system, such as inventories, supplies and equipment. However, the majority accepted that such forms of transactions (mean=4.6544, SD=1.11725) require particular managers / officers to be approved. The majority of respondents objected that the county has structured documentation used for financial transactions, such as invoices, requests for internal supplies, inventory receipts and travel expense reports, in order to keep records consistent over time (mean=2.5494, SD=0.99704). Generally, this findings implies that in the study, though the audit committee is committed to carry out its daily task of ensuring transparency and accountability in the fair utilization of public resources they lack incentives to discover and report control deficiencies. These has attracted deficiencies in tracking mechanisms that serve to deter attempts at fraudulent access. Onyango (2014) agrees with the current findings that financial performance of South Africa local municipalities failed to meet expected service delivery due to misappropriation of public funds and lack of motivation which derailed audit practices systems.

The study aimed to identify the other ways of internal management procedures that can be applied to improve county government efficiency. Respondents suggested in their responses that the county control and assessment processes would be fully operationalised. It will check
that the operations of the priority project or program in each county are being carried out in compliance with the planning schedules and goals set out in the County Integrated Development Plan (CIDP); and whether resources are being used properly and effectively. Likewise, the respondents felt that the government of Garissa County should have regular rotational audits across all departments to improve transparency, objectivity and professionalism.

Furthermore, respondents indicated that the county government should create opportunities for staff training and building capacity on internal control measures while at the same time performing effective recruitment, selection and employing qualified staff in all departments. This will ensure that they meet the purposes of county governments and offer quality services to the public at large. In addition, respondents pointed out that the county government would periodically change its policies to ensure they are consistent with the socio-economic needs of their respective devolved units. In addition, they proposed that independent audit committees be created to oversee the audit of county governments and other areas that include public financial management. The audit committee plays a vital role in ensuring the right quality auditing environment and thus good internal control mechanisms.

4.4.4 Governance Practices and Performance of Garissa County

The third objective was to investigate how Public financial governance practices influence the performance of Garissa County governments. Descriptive analysis on Public financial governance practices on performance of Garissa county governments was presented in Table 4.9.
In the study as shown in Table 4.8, majority strongly agreed (M=4.6599, SD=1.14445) that the county government has a service charter that clearly spells out service delivery targets. Majority of the respondents agreed that financial understanding and decision-making rest with few officers (Mean=4.1145, SD=0.99789). Majority strongly disagreed that all MCA’s are able to identify and comprehend the key issues contained in financial statements and financial reports (Mean=1.2451, SD=1.16185). Majority of the respondents disagreed that all financial information is presented in a form that supports decision-making and public accountability (Mean=1.6978, SD=1.11452). Majority strongly agreed that there is a formal code of conduct defining the standards of behavior to which all employees of the county are required to subscribe and adhere to (Mean=4.5775, SD=1.22274). Majority agreed that the county has established appropriate mechanisms to ensure that all employees are not influenced by prejudice, bias, or conflicts of interest (Mean=1.2268, SD=0.97892). Majority agreed that there are values that staff are expected to demonstrate in their actions and behavior (Mean=4.3322, SD=1.00873). Majority agreed that the values are documented and communicated effectively to all staff (Mean=4.7754, SD=0.87856). Majority agreed that the county employees know what to do if they suspect misconduct, fraud, or corruption (Mean=2.2345, SD=0.99784).
accountability (Mean=1.6978, SD=1.11452). A mean of 4.5775 and SD of 1.22274 indicates that majority agreed that there is a formal code of conduct defining the standards of behavior to which all employees of the county are required to subscribe and adhere to. However, it was found that the county has not established appropriate mechanisms to ensure that all employees are not influenced by prejudice, bias, or conflicts of interest (Mean=1.2268, SD=0.97892). The study established that there are values that staff are expected to demonstrate in their actions and behavior (mean=4.3322, SD=1.00873). In addition, a mean of 4.7754 and a standard deviation of 0.87856 presents that the values are documented and communicated effectively to all staff. Besides, (Mean=2.2345, SD=0.99784) indicate that the county employees do not know what to do if they suspect misconduct, fraud, or corruption. It is clear from the study findings that the governance practices is lacking in many areas in the County government of Garissa. The findings clearly demonstrates that employees are unable to report any suspect misconduct, fraud, or corruption due to prejudice, biasness and conflict of interests.

The study searched for ways to strengthen the processes of public financial governance to improve county government performance. In their answers, respondents suggested that staff members of county government should be educated so they can be equipped with corporate governance expertise, skills and experience. The respondents indicated adherence to staff members' ethics and accountability, and county authorities should establish organizational standards and procedures to guide the ethical behavior of all county officials. Some respondents submitted that the county government would introduce full service automation. The respondents recommended that all staff members be active in financial matters, that staff be constantly sensitized on all issues that impact county governments on a regular basis in
order to allow them to engage in decision-making processes, that county government practice equal distribution of resources across all autonomous units and that proper information be used. Ngaruro (2013) in his study of the relationship between the financial planning and the financial performance of Public service organisations in Kenya agrees that there is significant positive relationship between governance practices and financial performance. The study established that poor governance systems leads to leakages to revenue and mis-management of public resources.

4.4.5 Public Finance Procurement Practices and Performance of Garissa County

The fourth specific objective was to establish how of Public Finance Procurement practices influence the performance of Garissa county governments. Descriptive analysis of Public Finance Procurement practices on performance of county government was presented in Table 4.10.
Table 4.10 Public Finance Procurement Practices

<table>
<thead>
<tr>
<th>Description</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The county government conforms to the existing public procurement and asset disposal act and its regulations</td>
<td>108</td>
<td>1.00</td>
<td>4.00</td>
<td>2.2564</td>
<td>1.24534</td>
</tr>
<tr>
<td>The county government utilizes the e-procurement module which is aimed at improving financial performance</td>
<td>108</td>
<td>1.00</td>
<td>5.00</td>
<td>1.3245</td>
<td>1.24565</td>
</tr>
<tr>
<td>The county’s overall supply chain management system is effective in sourcing and payment of goods, works and services</td>
<td>108</td>
<td>1.00</td>
<td>4.00</td>
<td>1.3224</td>
<td>1.12401</td>
</tr>
<tr>
<td>There is separation of duties between personnel who make contracts, those who receive the goods or services, and those who authorize payments</td>
<td>108</td>
<td>1.00</td>
<td>5.00</td>
<td>4.1228</td>
<td>.89749</td>
</tr>
<tr>
<td>Requirements which are above a certain financial threshold are normally advertised in accordance with particular regulations on public procurement</td>
<td>108</td>
<td>1.00</td>
<td>5.00</td>
<td>4.6878</td>
<td>1.12453</td>
</tr>
<tr>
<td>Competition is used to acquire goods and services</td>
<td>108</td>
<td>1.00</td>
<td>5.00</td>
<td>1.1247</td>
<td>1.31248</td>
</tr>
<tr>
<td>The price quoted and terms of payment are clearly negotiated to avoid non-delivery and partial-deliveries which lead to stock-outs.</td>
<td>108</td>
<td>1.00</td>
<td>5.00</td>
<td>1.7564</td>
<td>1.01478</td>
</tr>
<tr>
<td>We are required to prepare procurement plans in time for consolidation in line with annual budget estimates</td>
<td>108</td>
<td>1.00</td>
<td>5.00</td>
<td>4.3747</td>
<td>.99780</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>108</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The study findings in Table 4.9, (M=2.2564, SD=1.24534) majority of the respondents indicated that the county governments does not conform to the existing public procurement and asset disposal act and its regulations. A Mean=1.3245, SD=1.24565 revealed that the county governments does not utilize the e-procurement module which is aimed at improving financial performance. Additionally, a Mean of 1.3224, SD of 1.12401 presents that the
county governments’ overall supply chain management system is not effective in sourcing and payment of goods, works and services. However, Majority of the respondents pointed out that there is separation of duties between personnel who make contracts, those who receive the goods or services, and those who authorize payments (Mean=4.1228, SD=0.89749). Majority of the respondents (mean=4.6878, SD=1.12453) presented that requirements which are above a certain financial threshold are normally advertised in accordance with particular regulations on public procurement. Majority disagreed that competition is used to acquire goods and services (mean=1.1247, SD=1.31248). It was evidenced that the price quoted and terms of payment are not clearly negotiated to avoid non-delivery and partial-deliveries which lead to stock-outs (Mean=1.7564, SD=1.01478). The study established that employees are required to prepare procurement plans in time for consolidation in line with annual budget estimates (Mean=4.3747, SD=0.99780).

The study sought ways to improve the procurement processes to improve county government performance. Studies indicated that procurement activities should be automated into buy-to-pay systems which allow buyers to order goods and services and county government to pay suppliers using computers. The primary effect of Automation is on procurement employee productivity. The introduction of automated production of purchasing orders would make procurement staff more effective and competitive. This will minimize labor costs associated with the processing of purchase orders and consequently allow the department to move personnel from the more simple role of processing purchase orders to more value-added tasks within the procurement system. Furthermore, the respondents observed that procurement personnel should be assigned to the respective department to assist with the initiation of procurement preparation at the basic level and essentially the entire process.
The respondents argued that successful capacity building should be carried out by county
governments to educate and equip officials of county governments with the applicable
procurement rules and regulations. The targeted director made a similar suggestion which
suggested counties should consider liaising with the Ministry of Devolution and Preparing
for future staff secondment. The respondents, on the other hand, noted that the county
government would hire additional workers with the right expertise, skills and experience.
The respondents also suggested that product trainings be performed. In addition, continuing
education and capacity building should also be promoted, based on lessons learned from
previous experiences. The distribution of concise procurement manuals in all counties (based
on procurement rules) to ensure that all procurement procedures are transparent and well
understood by the public is a part of improving citizens’ capacity in procurement matters. In
addition, the respondents suggested that the county government should have timely
procurement and payments of suppliers to ensure that the waiting period and cost overruns
are minimized, which eventually contribute to a low absorption of funds but also to prevent
delays in the implementation of development activities. The study agrees with Mata and
Drumasu (2015) continued education and capacity building in procurement practices is vital
and should be promoted, and automation done to ensure proper functioning of procurement
system.

4.5 Inferential Analysis

The research sought to develop the inferential statistics associated with the variables of study.
The following sections describe the results on correlation coefficient, overview model
analysis of variance, and regression coefficient.
4.5.1 Correlation Analysis

Correlation demonstrates the existence and intensity of the relation between variables. Using the Pearson correlation test, correlation was calculated and the closer the coefficient is to 1, the greater the relation between variables. A negative value means that the variables are inversely related, while a positive value means that the variables shift in the same direction.

Table 4.11 Correlation Analysis

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Budgeting Practices</th>
<th>Internal Control</th>
<th>Governance Practices</th>
<th>Procurement Practices</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budgeting Practices</td>
<td>Pearson Correlation</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>108</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal Control Practices</td>
<td>Pearson Correlation</td>
<td>0.056</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.568</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>108</td>
<td>108</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governance Practices</td>
<td>Pearson Correlation</td>
<td>0.165</td>
<td>0.213*</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.088</td>
<td>0.027</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>108</td>
<td>108</td>
<td>108</td>
<td></td>
</tr>
<tr>
<td>Procurement Practices</td>
<td>Pearson Correlation</td>
<td>0.049</td>
<td>0.042***</td>
<td>0.212*</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.612</td>
<td>0.121</td>
<td>0.227</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>108</td>
<td>108</td>
<td>108</td>
<td>108</td>
</tr>
<tr>
<td>Performance</td>
<td>Pearson Correlation</td>
<td>0.623</td>
<td>0.887***</td>
<td>0.666***</td>
<td>0.841***</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.003</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>108</td>
<td>108</td>
<td>108</td>
<td>108</td>
</tr>
</tbody>
</table>

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

The findings in Table 4.10 indicates that there was a very weak and insignificant correlation amongst the Independent variables (budgeting process, internal control, governance practices and procurement practices) is indicated by correlation coefficients which are less than 0.5 and P-value greater than 0.05. The correlation between budgeting process and county performance was strong and positive as indicated by a Pearson correlation of +0.623
and significance value of 0.000. The correlation between internal control and county performance was strong and positive (P=887, sig=0.003). A correlation coefficient of P=0.666 and significance of 0.000 indicates that the relationship between governance practices and county performance is strong positive and significant. The relationship between procurement practices and county performance was positive and significant.

4.5.2 Model Summary

The model summary presents the coefficients of correlation (R) and coefficients determination (R²). The coefficient of correlation (R) presents the nature and the strength of relationship between variables when the coefficient of determination presents the extent to which the independent variables (budgeting process, internal control, governance practices and procurement practices) predicts the changes in the dependent variable (County Performance).

Table 4.12 Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.843a</td>
<td>.711</td>
<td>.667</td>
<td>9.69219</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Procurement Practices, Budgeting Practices, Governance Practices, Internal Control

The findings in table 4.12 to indicate that there was a strong positive correlation between predictor variables (budgeting process, internal control, governance practices, procurement practices) and County performance (R= 0.843). The adjusted R-squared of 0.667 indicates that 66.7% changes in the county performance was determined by budgeting process, internal control, governance practices and procurement practices. 33.3% (100-66.7) changes in the county performance in was determined by other factors not considered in this model.
4.5.3 Analysis of Variance

Table 4.13 Analysis of Variance

ANOVA\textsuperscript{a}

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>4035.635</td>
<td>4</td>
<td>1008.909</td>
<td>10.740</td>
<td>.000\textsuperscript{b}</td>
</tr>
<tr>
<td>Residual</td>
<td>9675.662</td>
<td>103</td>
<td>93.938</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>13711.296</td>
<td>107</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\textsuperscript{a} Dependent Variable: Performance
\textsuperscript{b} Predictors: (Constant), Procurement Practices, Budgeting Practices, Governance Practices, Internal Control

The findings in table 4.13 presents that the model was significant (P=.000) (at 5% significance level) in explaining the relationship between budgeting process, internal control, governance practices, procurement practices and changes in county performance. The findings indicate that at least one of the variables considered (budgeting process, internal control, governance practices, and procurement practices) can be used to predict the changes in the county performance.

4.5.4 Regression Coefficients

Regression coefficients as presented by the B column in table 4.13 indicate the changes in number of units of county performance as a result of changes in the predictor variables (budgeting process, internal control, governance practices, and procurement practices). A negative coefficient indicates that the variables move in the opposite direction while the positive coefficient indicates that the variables move in the same direction. The significant value (P value) indicate whether the changes in the predictor variable was significant in explaining the changes in the predicted variables.
Table 4.14 Regression Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>99.640</td>
<td>8.145</td>
<td>0.046</td>
<td>12.233</td>
</tr>
<tr>
<td>Budgeting Practices</td>
<td>0.158</td>
<td>0.286</td>
<td>0.551</td>
<td>.551</td>
</tr>
<tr>
<td>Internal Control Practices</td>
<td>1.328</td>
<td>0.927</td>
<td>0.354</td>
<td>1.434</td>
</tr>
<tr>
<td>Governance Practices</td>
<td>1.664</td>
<td>0.349</td>
<td>0.409</td>
<td>4.765</td>
</tr>
<tr>
<td>Procurement Practices</td>
<td>1.626</td>
<td>0.685</td>
<td>0.586</td>
<td>2.373</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance

The findings in Table 4.14 presents that the constant was 99.640 units indicating that if budgeting process, internal control, governance practices, procurement practices were held constant, the performance of the county would be 99.640 units. The adopted model in the study was $Y = 99.640 + 0.158X_1 + 1.328X_2 + 1.664X_3 + 1.626X_4 + \epsilon$. The interpretation of the model is presented in the subsequent paragraphs.

The findings in Table 4.14 indicates that relationship between budgeting process and performance of the county was positive and significant ($B_1 = 0.158$, sig=0.000). The results also indicate that one unit change in the budgeting process would result to 0.158 units changes in the performance of the county. The results indicate that budgeting process positive change would result to the positive changes in the performance of the county. The findings in Table 4.14 indicates that the relationship between internal control practices and performance of the county was positive and significant ($B=1.328$, sig=.000). This indicates that a positive change internal control practices will result to a positive change in the performance of the county. The study also indicates that one unit change in the internal control practices would result to 1.328 units changes in the performance of the county.
Results in the table 4.14 indicates that the relationship between governance practices and the performance of the county was positive and significant (B=1.664, sig=0.000). A positive unit change in governance practices would result to the positive change in the county performance. A unit change in governance practices would result to 1.664 units changes in the county performance. The findings in table 4.14 indicates that the relationship between procurement practices and county performance was positive and significant (B=1.626, sig=.000). This indicates that a positive change procurement practices will result to a positive change in the performance of the county. The study also indicates that a unit change in the procurement practices would result to 1.626 units changes in county performance.
CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This section summarizes the research results that were obtained from the analysis that was based on specific goals, the conclusions that were drawn, the suggestions that were drawn and, ultimately, the areas suggested for further investigation.

5.2 Summary of the Findings

The first basic aim was to investigate how budgeting practices (BP) affect Garissa county government performance. The study question came from this aim; what are the effects of budgeting practices on county government performance. The findings showed that there was a strong statistically significant relationship between the two variables with budgeting practices and performance at the Garissa County. Budgeting Practices include assessing government's current financial position, reviewing potential growth opportunities and options, determining development options for achieving defined growth targets, evaluating funding needs, and exploring alternative funding options, and comparing real performance against expected performance. Budgeting Practices include planning practices and organizational procedures, financial modeling practices and policy making procedures.

Budgeting thus helps the treasury of a county government to prepare, make appropriate decisions, and agree on a county government's purpose and course. Nevertheless, the study found that although the county of Garissa used the Integrated Development Plan as its primary planning document for all the projects and services, timely disbursement and resource distribution remained the key means of their execution.
The second specific objective was to examine how internal control practices (ICP) influence the performance of Garissa county government. The findings showed there was a statistically significant positive relationship between the two variables with ICP and county government performance. Internal control practices that involve management activities, control environment, internal audits are primarily intended to improve performance efficiency, either directly or indirectly, by enhancing transparency among information providers within an organization. Therefore, an efficient internal control for any county governments unmistakably correlates with the performance of county governments in reaching their target amount of revenue. This will include; a regular review of the reliability and quality of financial and operational information; a review of the safeguards used to protect assets; an evaluation of employee compliance with government policies, procedures and relevant laws and regulations; an evaluation of the efficiency and effectiveness with which county governments achieve their goals.

The third specific objective was to investigate how governance practices (GP) influence the performance of Garissa county government. The findings showed there was a statistically significant positive relationship between the two variables with GP and Garissa county government results. The private sector corporate governance model does not vary significantly from the principles of public financial governance. Just as corporate governance in the private sector in the early 1990s aimed at strengthening corporate management, increasing accountability and transparency, restoring shareholders’ trust, corporate governance by public authorities seeks to establish and strengthen management and control processes, assume and fulfill public personality obligations (politics).
The fourth specific objective was to establish how Procurement Practices (PP) influence the performance of Garissa county government. The results found a positive statistical significance between the two variables with PP and performance of county government. As a means of optimizing the economy and productivity, encouraging competitiveness and ensuring equal treatment of suppliers, encouraging the honesty and fairness of procurement procedures, increasing transparency and accountability in those procedures, increasing public confidence in those procedures, promoting local business and promoting economic growth, the public procurement process is still facing various people. Corruption, deception, inefficiency and unaccountability also marred the entire procurement system. Gigantic quantities of public money are lost in all these situations. Furthermore, given the presence of the devolved funds, internal inefficiencies in their management made them unable to achieve the desired outcomes.

5.3 Conclusions
The study concluded that there was a statistically significant positive relationship between budgeting practices and County performance. It has also been developed that policy makers should gain awareness of the complexities of the financial sector and the correct responses. The study found that funding decision-making activities are useful to county governments and should therefore gain guidance from this study in developing effective policies to control the field.

Likewise, the report concludes there is a statistically significant positive relationship between the County's internal control practices and performance. Investing in successful internal control mechanisms results in better efficiency from the county governments. While internal audit is one field with expertise in evaluating the effective use of public financial resources
and helping improve transparency and efficiency, the role of internal audit in improving the process of public financial management has received little attention from the public authorities. County governments therefore had to invest entirely in robust internal control structures which will help reduce fraud.

The researcher also concludes that procurement activities and county results have a strong positive relationship. The study concludes that the successful implementation of procurement procedures in a county government affects the efficiency of its county. Factors of procurement policies such as level of compliance with the Public Procurement and Asset Disposal Act 2015, procurement planning, county executive support, budget allocation and the preparation of progress reports on procurement, procurement record management practices and the type of procurement strategies employed greatly affect the county government's performance.

The study concluded that the relationship between the governance practices and county government efficiency is positive and statistically important. The goal of good public financial governance practices is accomplished when institutions show their public transparency at the national and county level and perform their business within appropriate ethical criteria. This presentation will take the form of appropriate financial statements, both internally and externally, as well as promoting unqualified public discussion on these financial results. Good corporate governance in the public sector means that elected officials must be made up of individuals with the expertise, capacity and willingness to perform their duties in compliance with national goals and values.
5.4 Recommendations for Policy Implication

The report recommends that Kenya's county governments should continue to use finance and re-evaluate financial policies. This will help to determine whether the approaches implemented in budgeting practices make any reasonable difference. The study also suggests that it is very critical that the county governments in Kenya adopt budgeting and financing decision-making practices; this will help institutions collect useful information that will provide useful insights into the plan and the required feedback to find appropriate responses to improve county governments' performance in Kenya.

The study suggests that the county governments should consider implementing sound budgeting practices as contemplated in the applicable legislative structure and particularly the PFM Act. This will allow the management to build a holistic understanding that can be leveraged to influence stakeholders and make informed decisions about county government results.

In relation to internal control practices, in order to ensure effective financial management and reporting in public offices, there should be strict adherence to the legislative structure of the nations in terms of the preparation and presentation of financial statements, submission and analysis, and prompt reporting by the Auditor General to the Public Account Committee of the National Assembly. The financial statements should also be issued in a timely manner for easy access by the citizens. In addition, the national government would create an external agency to periodically audit the performance of the county governments.

To ensure that procurement policies facilitate successful implementation of procurement practices in the majority of Kenyan county governments, both county executive and county
assembly institutions should strengthen enforcement, develop and enforce better procurement policies on the level of enforcement with procurement regulations. Using efficient procurement processes, strengthen management-stakeholder partnerships and use better methods of handling public resources.

The study suggests the following in regard to governance practices; to encourage transparency, efficiency, effectiveness, honesty, responsibility at the level of county governments, there must be an efficient agency responsible for financial governance separately and independently of management. The leadership of county governments will be clear and accessible with prompt and correct disclosure of information relating to all economic and other activities taking place in their respective parts and departments.

5.5 Sugges[tions for Areas of Further Research

The study suggests that a study on effect of financial management practices on another county in Kenya to be done. Other factors other than the four used to measure financial management practices should be considered. Effects of use of International Financial Reporting Standards (IFRS) and standards on accounting practices should be considered in further review.
REFERENCES


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TIK. (2014). *Budget Making in Kenya -What the law says, all you need to know about the budget making process in Kenya*.


APPENDICES

APPENDIX I: INTRODUCTION LETTER

Ismail Dubat

I am a master student in Public Policy and Administration at the University of Kenyatta. I am carrying out a research entitled, Effects of Financial Management Practices on Results, A Garissa County Study. You were chosen as one of the study participants. Please answer as truthfully as possible the questions below. Your answer will only be used for this report. The information given is considered strictly confidential.

Ismail Dubat.
Appendix II: Research Questionnaire

Section A: Background Information

1. Your gender: Male [ ] Female [ ]

2) Education level (Kindly tick appropriately)
   Graduate [ ]
   Postgraduate [ ]

3) Professional qualification (Kindly tick appropriately)
   CPA [ ] CIFA [ ] CIPS [ ]

4) Job Title (Kindly tick appropriately)
   Accounting Officer [ ]
   Director [ ]

5) Duration of time employed at the county government (Kindly tick appropriately)
   Less than 1 year [ ] 1-2 years [ ] 2-3 years [ ] Over 3 years [ ]

Section B: Performance of County Government

<table>
<thead>
<tr>
<th>STATEMENT</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>PCG1 Over the past four years, the county government has consistently</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>achieved the annual local revenue goal.</td>
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</tr>
<tr>
<td>PCG2 The county government has sufficient staff to administer and collect</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>own revenue sources.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PCG3 The own-revenues sources of county government is cost effective and</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>adequately covered by a legal framework.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PCG4 The county government has a debt collection unit that follow</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>taxpayers who have defaulted or delayed in paying tax/fees.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PCG5 Outsourcing has led to better revenue administration performance</td>
<td></td>
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</tr>
<tr>
<td>compared to collection by the county.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PCG6 Automation of revenue collection operations has increased</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>collections and reduced leakages.</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>PCG7 The county has enhanced food security through improved veterinary</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>services, increased crop and livestock production.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PCG8 The county provides affordable and accessible healthcare services.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

PCG 9. Suggest ways that can be instituted to improve performance of your county government.............

...........................................................................................................................................
...........................................................................................................................................

79
**Section C: Budgeting Practices**

<table>
<thead>
<tr>
<th>STATEMENT</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>BP1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The process of preparing the planning documents (CIDP, ADP, CFSP, and Budget) is consultative.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BP2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The county budget is linked to the ADP and CIDP.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BP3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Departmental budgets are focused on ADP and CIDP priorities.</td>
<td></td>
<td></td>
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<td>BP4</td>
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<tr>
<td>The budget of the county is enforced by the House as approved.</td>
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<tr>
<td>BP5</td>
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<tr>
<td>What is budgeted for is paid for in my department.</td>
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<td>BP6</td>
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<tr>
<td>There is timely disbursement of resources to my department.</td>
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<td>BP7</td>
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<tr>
<td>This strategy involves an overview of the financial situation, estimates of revenues and expenditures and of debt status and an affordability overview.</td>
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<td>BP8</td>
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<tr>
<td>Monthly and annual budget variance reviews are conducted by the County Government.</td>
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</tbody>
</table>

BP9. Suggest other ways to improve in Budgeting Practices to enhance performance of county governments in Kenya……………………………………………………………………

**Section D: Internal Control Practices**

<table>
<thead>
<tr>
<th>STATEMENT</th>
<th>SD</th>
<th>D</th>
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</thead>
<tbody>
<tr>
<td>IC1</td>
<td></td>
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<tr>
<td>Activities in the Audit Committee are carried out as planned</td>
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<td>IC2</td>
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<tr>
<td>Finding and reporting of control deficiencies are rewards</td>
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<td>IC3</td>
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<tr>
<td>The audit team has divided tasks and responsibilities (bookkeeping, transactions, monitoring and auditing)</td>
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<td>IC4</td>
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<tr>
<td>Access through passwords, lockouts and electronic access is controlled to various parts of an accounting system.</td>
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<td>IC5</td>
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<td>Robust access control mechanisms discourage fraudulent access attempts</td>
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<td>IC6</td>
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<tr>
<td>Physical audits are also performed on any tangible object, such as inventories, supplies and equipment, recorded in the accounting system.</td>
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<td>IC7</td>
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<td>Such transactions must be approved by specific managers / officers</td>
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<td>IC8</td>
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<tr>
<td>The county has structured financial transaction records such as invoices, internal supply orders, inventory receipts and reports on travel expenses to keep track of the record over time.</td>
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</table>
IC9. Suggest other forms of internal control practices that can be implemented in order to increase the performance of county government.

SECTION E: PUBLIC FINANCIAL GOVERNANCE PRACTICES

<table>
<thead>
<tr>
<th>STATEMENT</th>
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<td>GP1</td>
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<td>GP2</td>
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<td>GP7</td>
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<td>GP9</td>
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</table>

GP10. In your opinion, suggest Public financial governance practices that can be instituted by the county government to enhance their performance………………………………….
………………………………………………………………………………………………
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SECTION F: PUBLIC FINANCE PROCUREMENT PRACTICES

Please indicate the extent of your agreement with the listed statements about Public finance procurement practices of county government.
<table>
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<th>STATEMENT</th>
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</thead>
<tbody>
<tr>
<td>PP1</td>
<td>The county government conforms to the existing public procurement and asset disposal act and its regulations.</td>
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<td>PP2</td>
<td>The county government utilizes the e-procurement module which is aimed at improving financial performance.</td>
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<td>PP3</td>
<td>The county’s overall supply chain management system is effective in sourcing and payment of goods, works and services.</td>
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<tr>
<td>PP4</td>
<td>The county’s procurement process is time sensitive.</td>
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<td>PP5</td>
<td>The responsibilities between contracting staff, the suppliers of the goods and/or services, and the beneficiaries of payments are divided.</td>
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<tr>
<td>PP6</td>
<td>In compliance with clear public procurement guidelines, criteria that are above a certain financial level are typically released.</td>
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<td>PP7</td>
<td>Competition is used to acquire goods and services.</td>
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<tr>
<td>PP8</td>
<td>Purchasing is based on value for money.</td>
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<tr>
<td>PP9</td>
<td>The price quoted and terms of payment are clearly negotiated to avoid non-delivery and partial-deliveries which lead to stock-outs.</td>
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<tr>
<td>PP10</td>
<td>We are required to prepare procurement plans in time for consolidation in line with annual budget estimates</td>
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</tbody>
</table>

PP10. In your opinion, indicate the public finance procurement practices that can be implemented to improve the performance of county government……………………

………………………………………………………………………………………………………………………………………………………….

…………………………………………..

THANK YOU FOR YOUR SUPPORT
KENYATTAT UNIVERSITY
GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke
Website: www.ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 810901 Ext. 4150

Internal Memo

FROM: Dean, Graduate School
DATE: 21st May, 2020

TO: Ismail Dubat
C/o Public Policy & Administration Dept.

REF: C153/CTY/PT/33241/2014

SUBJECT: APPROVAL OF RESEARCH PROJECT PROPOSAL

This is to inform you that Graduate School Board at its meeting of 20th May, 2020 approved your Research Project Proposal for the MPPA Degree Entitled, “Effect of Financial Management Practices on Performance of County Governments in Kenya: A Case of Garissa County”.

You may now proceed with your Data Collection, Subject to Clearance with Director General, National Commission for Science, Technology and Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking Forms per semester. The form has been developed to replace the Progress Report Forms. The Supervision Tracking Forms are available at the University’s Website under Graduate School webpage downloads.

Thank you.

ELIJAH MUTUA
FOR DEAN, GRADUATE SCHOOL

cc: Chairman, Public Policy and Administration Department.

Supervisors:

1. Prof. David Minja
C/o Department of Public Policy and Administration
Kenyatta University
KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke
Website: www.ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 8710901 Ext. 57530

Our Ref: C153/CTY/PT/53241/2014

DATE: 21st May, 2020

Director General,
National Commission for Science, Technology and Innovation
P.O. Box 30623-00100
NAIROBI

Dear Sir/Madam,

RE: RESEARCH AUTHORIZATION FOR ISMAIL DUBAT - REG. NO. C153/CTY/PT/53241/2014

I write to introduce Mr. Ismail Dubat who is a Postgraduate Student of this University. He is registered for MPPA degree programme in the Department of Public Policy and Administration.

Mr. Ismail intends to conduct research for a MPPA Project Proposal entitled, “Effect of Financial Management Practices on Performance of County Governments in Kenya: A Case of Garissa County”.

Any assistance given will be highly appreciated.

Yours faithfully,

PROF. ELISHA KIMANJU
DEAN, GRADUATE SCHOOL

DK/em