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Financial Factors Influencing Budget Implementation In Counties (A Survey of Selected Counties in Kenya)

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Abstract: *A public budget is a forecast of government expenditures and revenues for the ensuing fiscal year and also reflects the policy of the government towards the economy. A budget is so fundamental that it is describe as the single most important document of the government in any fiscal year. This is because, budget management enforces fiscal discipline, fosters macroeconomic stability, improves the portfolio of programmes by rewarding effective and efficient programmes as well as builds a culture of performance and accountability within the government and its spending units. The main objective of these study was to investigate the financial factors affecting budget implementation in Counties in Kenya with anemphasis on the selected counties i.e. Kirinyanga, Muranga, Nyeri and Nyandarua. This was to help determine how budgets are implemented in Kenya Counties and give recommendations based on findings of the study. The study involveda literature review which included a review of budget implementation, theoretical review, an empirical literature in relation to the previous studies related to the research and review of the research gap to be filled. The study also looked into the evolution of budget process from historical to line budgeting and now to the programme based budgets with timelines sets in the New Public Financial Management Act of 2012. The study adopt a descriptive research design which involve a survey of the selectedCounty Government. The target population was 250 employees spread across the entire departments, among others the Clerk to County Assembly, Executive Committee Membersand ChiefOfficers who are accounting officers in various departments and relevant officers who are involved in budget preparation or executions. Where a sample size of 72 respondents was selected. Primary data was collected from the sampled population using questionnaires distributed to the respondents. The dataprovided information that formed the basis for discussion and interpretation of the result. The data from the study wasanalysed using both quantitative and qualitative techniques. The findings was presented using tables for ease of interpretation and to enhance clarity and precision. Analysis was done using Statistical Packages for Social Scientists (SPSS) version 24.The data from the study was analysed using inferential statistics, calculations and correlation analysis where these measures was compared with the existing literature to arrive at the conclusion of the study. The hypothesis was tested using T-test to obtain the P-values and ANOVA at 95% significance and to obtainthe relation between absorption rate and the tested variables, i.e. monitoring, government financial regulation, adequacy of finance and organizational financial policies. The expected outcome was used to identify which factors usually influence budget implementation in Counties. The main theories covered are agency theory in relation to good governance, stewardship in relation to public participation inbudget implementation and capital adequacy, the study found that monitoring, availability of financial resources and financial policies and government financial regulation affect budget implementation to a greater extent.*
Key word: *budget implementation/ execution, absorption rate, supplementary budget, financial regulation.*

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I. Introduction

1.1 Background of the study

Budgeting is the basis of the management control process in nearly all organizations Hansen et al, (2003) and is traditionally described as a common accounting tool that organizations use for implementing strategies Ostergren & Stensaker, (2011). The purpose of budgeting is to give those targets and plans financial values, making the progress easily measurable and to transform the strategic ideas into understandable operative actions Hanninen, (2013). According to Schiavo-Campo and Tomasi, 1999: 33, the budget provides the means for a government to pursue its policy objectives. The word stems from the Middle English word for the king's purse, 'budjet', which contained the public funds. The budgeting process—how public actors plan for the spending of finite public resources—thus lies at the heart of government activity. A budget is a very important tool for management in all organizations. It serves as a tool for planning and controlling the use of scarce financial resources with the aim of achieving organizational goals, Schick (1999).

Money management principles has been around as long as money existed, the idea of a budget is a recent concept, often attributed to the British monarchy in the 1700's. The parliament was put in place to establish some form of check and balances. That time, budgeting was mainly self-serving as the first control were put on the military so that the King could not create a force to overthrow the parliament. However, things were rarely written down, no regular review or any auditing or reporting. As the budget expanded to include more areas of government, the idea of a true budget evolved to mean more accountability and control. Budget institutions stem from the rise of the modern state in Western Europe in the 16th and 17th centuries when the rising costs of warfare were leading to an increase in taxation. A higher tax burden led to public demand for greater accountability: citizens wanted a way to ensure public funds served public interests. This oversight role came to be performed by a parliament containing elected representatives with the responsibility to approve and review the government's use of resources.

A government's forecast of revenue and planned expenditure is laid out in its budget, usually produced on an annual basis. The budget is enacted into a law by the legislature, which authorises the government to spend funds in accordance with a set of appropriations. Usually, a collection of PFM (Public Financial Management) laws and regulations further regulate how the approved budget should be executed. Kiringai and West (2002), recognized the budget as increasingly the key tool for economic management.

Countries tend to have legislation and regulations that specify how the budget document should be prepared and what information it must contain. While some rules and practices differ between countries and continue to elicit lively debate, a fairly extensive body of 'best practice' has emerged with time. An effective budget pursues three objectives; maintaining fiscal discipline, allocating resources in accordance with policy priorities and efficiently delivering services, or 'value for money'. Budgets should be comprehensive, transparent and realistic. In order to promote these objectives, a budget should contain the following elements: a macroeconomic framework and revenue forecast, a discussion of budget priorities, planned expenditure and past outturns, a medium-term outlook and details on budget financing, debt and the government's financial position, PFM Act (2012).

Preparation of the budget usually takes many months and involves all public institutions: the Ministry of Finance manages the process, the Cabinet/President sets or approves the policy priorities, line ministries plan and advocate for their resource needs and the legislature reviews and approves the final plan. Preparation is at the heart of the political process: it is the decision on how to allocate the state's limited resources to competing demands.

A successful budget preparation process combines top-down direction and bottom-up planning. The overall budget envelope and sector/ministry spending ceilings are usually set by the Ministry of Finance and the Cabinet/executive in accordance with policy objectives. These are then communicated to the line ministries, which are responsible for preparing their respective sector budgets. Through an iterative process of review, debate and bargaining, a consolidated budget is hammered out. A budget proposal is then presented to the legislature, where it is debated and negotiated with the executive and eventually passed into law.

In past decades, there have been various innovations in budget formulation, with the aim of increasing the allocative and operational efficiency of budgets. These ideas and practices warrant special attention, as there is still a considerable debate among PFM specialists about whether, when and how implement them, Schiavo-Campo and Tommasi (1999) and Allen and Tommasi (2001).

A public budget is a forecast of government expenditures and revenues for the ensuing fiscal year and also reflects the policy of the government towards the economy Hogye, (2002). According to Pascua, (2005), the budget is so fundamental that it is describe as the single most important document of the government in any fiscal year. This is because, budget management enforces fiscal discipline, fosters macroeconomic stability, improves the portfolio of programmes by rewarding effective and efficient programmes as well as builds a culture of performance and accountability within the government and its spending units.

The broad objectives of public expenditure management are; to achieve fiscal discipline, allocate resources in a way that reflect government policy priorities and deliver public service effectively and efficiently. The components of budget process include preparation, planning, execution, accounting, control, reporting, monitoring and evaluation as well as the existing legal frameworks. Budget is used as performance evaluation tools. Budget are therefore merely a collection of plans and forecasts, Silva & Jayamaha (2012).

According to GOK(2015), the Public Procurement Regulation (2006), Public Finance Management Act (2012) and Public Finance Management Regulation (2015) apply and guide public entities which include government ministries, government agencies, government schools, public universities, state Corporations as well as counties and county enterprises. The main objectives for implementation of the financial guidelines is to maximise economy, promote competition, improve financial prudence, promote integrity and responsibility of public finance, enhance transparency and accountability, restore confidence in the procurement process and facilitate the promotion of the local industry and spur economic development.

In 2013, the government of Kenya made another important progress in public financial management reform by adopting Programme Based Budgeting (PBB). The PBB is accompanied by itemised estimates to guide the Ministries, Departments and Agencies (MDAs), in the implementation of the budget. This is was an important first step and plans are underway to further improve the PBB process especially with regard to programme designs, objectives, performance indicators and annual targets, C. o. B (2013).

Kenya in 2010 promulgated new constitution into law on 27th August 2010. The new constitution introduced major changes in the country's governance framework. A key departure from the earlier system of governance from a highly centralized to a decentralized governance framework, comprising of two levels of government i.e. The National Government and 47 County Governments. Previously, the Executive, through the President and the Cabinet, exercised significant political, administrative and fiscal power control over the National Governments. This is greatly changed with the establishment of the County Governments where the former Local Authority become defunct and their services, assets and liabilities taken over by the County Government, where a County Government is headed by a Governor and a deputy Governor who then elect they executive committee members who act in the same level as a cabinet secretary in the National Government.

Decentralization, as envisaged in the Constitution of Kenya entails sharing of political, administrative and fiscal responsibilities between the National and the County Governments.

Political decentralization involved the transfer of political authority to the local level through the establishment of County Governments as well as electoral and political party reforms.

Administrative decentralization has led to full or partial transfer of functional responsibilities to the County Governments. Functions that have been transferred to the County Governments include Health care services, Water management, Planning, Public Works and Roads in class C&D, Agriculture, Social services and Early Childhood Development, Co-operatives and Industrialisation, Departments of lands, Sports and youth polytechnics, among others. Fiscal decentralization involves transfer of financial authority to the County Governments by reducing the conditions on the intergovernmental fiscal transfer of resources and granting the county government's greater authority to manage the equalization fund allocated to the counties and also generate their own revenue, G. o. K (2010).

The county budget process refers to the process through which county government prepares, approves and implements its budget. In any given year, county budget process consists of three simultaneous activities of reviewing, implementing and planning. As planning for the next year budget is underway, the previous year's budget is being reviewed and the current budget is under implementation. The budget implementation consists of various stages , Preparation of cash flow plans by line departments and county treasury to project the levels of expenditure, revenue and debt; release of funds to the county operation account through warrants; Procurement of goods by departments; Commitment of funds, that is an indication that funds will be spent on particular goods and services and are no longer available for other purposes; Delivery of goods and verification that they meet the terms of the order or contract and Payment for the goods and services, PFMA(2012)

The county budget execution commences when the County Assembly approves the budget estimates and the Governor signs the County Appropriation Act together with the annual General Warrant addressed to CECM. After receiving the warrant, Committee member for finance requisitions for withdrawal from county revenue fund through the office of Controller of Budget (C. o. B), who gives a grant of credit to the Central Bank. The county treasury then coordinates budget execution by mobilizing resources for funding the budgetary requirements and ensuring proper management, control and accounting of the budgetary resources.

The executive committee member for finance ensures each county government entity has an accounting officer by designating the officers as such in line with the guideline of PFMA (2012). The accounting officers on the other hand are responsible for ensuring that budgetary resources are used in way that is lawful and authorized;effective, efficient and economical and also have limited powers to reallocate appropriated funds. The Controller of Budget oversees the implementation of the county budgets by authorizing withdrawals from the County Revenue fund. Executing or entering into commitments can only be done on projects duly approved with effective financial provision in the budget. Departments are expected to strictly adhere to existing tender procedures and processes in the award of contracts in line with the Procurement and Assets Disposal Act (2015), and all expenditures should fall within the limit of the Authority to Incur Expenditure (AIE).

The PFM Act (2012),provides for quarterly and annual reporting by the accounting officers on financial statements for their respective entity, receivers of revenue on revenue received and collected and administrators of county public funds. The consolidated financial statements are to be submitted to the Auditor General three months after the end of a financial year for independent review.

While the sector working groups have the functions of enhancing allocation and efficiency, their role overlaps with both the county treasury and county assembly. Further, critical assessment of spending proposals is lacking and is restricted to the information submitted from the spending units. There is no explicit mechanism to link spending and allocation with detailed policy concern and proposals at the time of budget presentations

and/or implementation. The only system of accounting information available during the spending year is the quarterly budget review but this publication is usually late, Budget Policy (2016).

There is weak links between resources allocated and policy objectives, this is mainly due to weak capacity among MDAs to link resources and policy objectives. As a result spending takes place with little impact on policy objectives. Disjointed reporting, cases of institutional fragmentation between entities to which reports are submitted. In this case non-financial and financial information is submitted to different entities. These study was seeks to fill the knowledge gap by assessing the effect of budget implementation on devolved government functions on County Government.

Budget implementation involves ensuring the proposals made in the budget are effected and that programs incorporated there in are undertaken and implemented effectively. The members of the public are supposed to follow these projects and ensure their proposals are input in the budget and that the resources allocated to them are efficiently utilized. The county citizens are able to hold to account the state actors and county officials who in turn become responsive to the interests of the citizen**.**

1.1.1 Evolution of budgeting system in Kenya

To evaluate the financial performance of any organisation or institution we need to prepare a budget which will evaluate the financial viability of a chosen strategy, which is formalized by preparing an annual budget and there after you monitor the performance against a budget, according to Silva and Jayamaha (2012), budgets are merely a collection of plans and forecast. Shields and Young (1993), states that they reflect the financial implications of business plans, identifying the amount and timing of resources needed.

Sharma (2012), indicates that budget as a benchmark tool for management is used as a task control and provides a comparison of the actual results with the budgeted plans and to take corrective action if necessary. During budget preparation procedures, consideration of alternatives course of action becomes an essential part and lends to increased prudence. A budget allows a goal, a standard of performance to be established with subsequent comparison of actual results with created standard. It requires those involved to be forward looking rather than looking back Scott, (2005). Kenya has gone through various stages of budgetary reforms. This has involved transformation of budgeting methods from incremental to programme (performance) based budgeting.

1.1.2 Line Item Budgeting

Line item budgeting is associated with an input-oriented budget preparation process with detailed ex ante controls and well-defined appropriation rules e.g. rules regulating or forbidding transfers between line items. Within the budget, expenditures are often classified by organisation and economic object of expenditure (line item). Line item budgeting is defined as the process of adjusting the budget by a certain arithmetical factor regardless of outcomes.

This budgeting system has the advantage that analysis of budgets is relatively simple and budget changes are gradual. On the other hand, this system does not provide adequate justification for continuation or elimination of government spending, does not link government spending to services to be delivered, there is no accountability for results, there are no incentives to reduce costs as well as ignores linkage with government policy.

This budget type therefore provides little explanation of why the money will be spent or what will be achieved. Primarily objects of expenditures such as salaries, materials and supplies, and goods and services are the basis for organising expenditures. Normally amounts spent on line items and staffing levels are described as budgetary inputs, PFMA (2012).

In the government, the line item budget and its natural counterpart, line-item control, allow little opportunity for flexibility spending and only allows spending in accordance with the approved budget plan. Line item budgets are generally converted to detailed quarterly and/or monthly spending plans. Accordingly, financial procedures may make it difficult to deviate from the approved plan, Kirira (2013).

1.1.3 Zero Based Budgeting

In the late 1970s, Zero Based Budgeting (ZBB) was introduced as an attempt to improve upon the drawbacks to purely incremental budgeting. ZBB involves costing each activity, programme or vote from scratch every year. The zero based budgeting is not based on the incremental approach and previous figures are not adopted as the base. Zero is taken as the base and a budget is developed on the basis of likely activities for the future period.

In a purely Zero Based Budgeting system all programmes are evaluated each year and must be justified in each fiscal year as opposed to simply basing budgeting decisions on a previous year's funding level. The fact that resources have already been granted to a programme does not necessarily mean that it should be continued. The ZBB approach is used for occasional expenditure reviews, but it is practically impossible to undertake each

year for the preparation of the annual budget. Zero based budgeting is far too complex to undertake for an annual budget submission process, G.o.K (2010).

1.1.4 Programme (performance) Based Budgeting (PBB)

One of the models of budgeting system is Performance Based Budgeting System. According to Robinson and Last (2009), performance-based budgeting system (PBBS) aims to improve the efficiency and effectiveness of public expenditure. Unlike other budgeting system, PBBS use the resources to ensure that it can help in achieving the expected results and outcome based on the targeted area or planning. In simple words, the PBBS is seen as managing for results Marc Robinson and Duncan Last, (2009).

Programme based budgeting is a way that structures the budget information to help decision makers choose among alternatives for providing services. This system uses performance criteria as the basis for budget allocations. Allocations are based on the outputs that a ministry/department/ agency wants to achieve.

Combining a summary level line item budget with the elements from programme based budgeting and performance measurement in a medium term framework has been a powerful combination for explaining and justifying the budget in Kenya. This manner of budgeting provides a method for organising government activities into programmes. By organising its activities in this way, the government can identify alternatives for achieving each goal, to determine the costs and benefits for each alternative, and to select the alternative that is believed will maximise benefits, County Budget Operational Manual (2014).

Thus programme based budgeting instils real performance related transparency into the budget by clearly linking day-to-day programme activities with the long term goals of the agency through; Identifying the operational aims of each programme and activity for the budget year; Budgeting and accounting so that to separate costs and revenues of each programme are shown;Measuring the outputs and performance of activities so that these can be related to activities' costs and to mandate/strategic objectives of the agency;Using the relevant data to establish standards and norms so that costs and performance can be evaluated and Government resources can be used more efficiently; and Long term programmes/projects just like before will be costed for the medium term with clear targets, outputs and outcomes over the three year period clearly and one can trace the outcomes.

1.1.5 Medium term budgeting

Budget preparation under programme budgeting is closely linked with the Medium Term Expenditure Framework (MTEF) in Kenya. Concretely, the links are the following**; t**he MTEF aims to provide a clear medium term fiscal policy framework – in particular, concrete objectives in respect to the budget balance and debt – which provide the overarching context of budget preparation. Under an MTEF, programme expenditure estimates must be prepared for the medium term and not just for the coming budget year.The estimation of the budget baseline is a key tool for improving the quality of the medium term expenditure forecasts which are integral to the MTEF.The MTEF process involves the preparation by Ministries of strategic plans in line with the government's current priorities.On the basis of the strategic plans, Ministries must produce an integrated budget that reflects the cost of policies, MPD (2013).

1.2 Statement of the problem

Over the few years of devolution audit reports have cited numerous instances of fraud, wastage and poor accountability. There have been cases of money budgeted for development projects being returned to the National treasury at the end of the fiscal year. Also there is a growing concern that of the total development budget that is disbursed and is spent do not reflect the level of development, poverty prevalence or access to essential services, Office of Auditor General (2014/15). Nyageng'o (2014) carried out a study to identify determinants of effective budget implementation among local authorities in Kenya. The results of the study revealed that effective budgetary control improves performance of local authorities.

Since the inception of County governments in 2013 general election, there was need for more studies to be done to establish the effectiveness and efficiency of budgetary control and implementation. The reasons for the low absorption could be articulated to include lengthy procurement procedures, stringent donor conditionality and weak reporting. Other hurdles include weak accountability, poor monitoring and tracking systems and inadequate project supervision. The counties had been allocated Sh261 billion in the 2013/2014 budget, whereas Sh160 billion was for recurrent expenditure and Sh100 billion for development. According to the report, which was the first of its kind from the C.o.B, at least 26 counties recorded an absorption rate (actual expenditure as a percentage of approved budget) of more than 61 per cent of their share of the Sh261 billion allocated.

Table 1.1 Absorption rate of County Expenditure

Financial year		2013/14	2014/15	2015/16
Absorption rate	Rec	82.7%	92.4%	91.9%
	Dev	36.4%	62.4%	65.2%
	Overall	63.0%	79.1%	80.4%
	Benchmark	95%	95%	95%

Source: County Governments Budget Implementation Review Reports (2016)

Budget implementation has been marred with many challenges. With the onset of theCounties, there were projects initiated by the defunct local Authorities and had funds allocated to them, some of these projects have been neglected and remain undone due to lack of a policy framework. Commission of Revenue Allocation (CRA) formulae is for funds to be released on quarterly basis but the National treasury releases the funds on monthly basis or delayed due to lack of financial resources. These hinders execution of the budget since the implementation of the projects is a rigorous process involving tendering, selection of projects among other processes and the delay in disbursements consequently hinders implementation of ongoing projects and payment of the same and thus incurring huge pending bills especially towards the close of the financial year. Another challenge is in the absorption capacity of the monies by the Counties this could be attributed by the lengthy procurement modalities. It's absurd that in 2012, for instances the MDA'S returned more than Ksh.100 billion to the Treasury an amount that was nearly equal to the deficit of the same year, G. o. K (2014). Other challenges facing budget implementation are; Poor or non-existent project and contract management capabilities; limited County Assembly capacity to oversee budget implementation, shortages of technical staff and weaknesses in the budget classification system an example is when recurrent expenditure is misrepresented and budgeted as development or salaries presented as other items, from the above data in Table 1.0 it was evident that there are challenges in budget implementation as there is no year with 100% absorption rate or 95% set by the National Treasury as a benchmark rate vide Treasury Circular no.AG.3/088/VOL./(19) dated 7th june, 2013 and as a result results to unutilized fund and project executions, because of low absorption of funds will influence the entire economy from national, county through constituencies not to let the country to develop, it's for these shortcoming that the researcher intended to assess the challenges that affect the implementation of budgets in County Governments.

1.3 Purpose of the Study

The purpose of the study was to access the financial factors that affect budget implementation in the County Government

1.4 Study Objectives

1.4.1 General Objectives

The main objective of this study was to assess the effect of budget implementation in the county governments**.**

1.4.2 Specific objectives

- **i.** To assess the effect of monitoring on effectiveness of budget implementation in Counties
- **ii.** To analyze the effect of availability of financial resources on effectiveness of budget implementation in Counties
- **iii.** To investigate how organizational financial policies affect budget implementation in the Counties.
- iv. To determine if government financial regulations affect the budget implementation in the counties

1.5 Research Hypothesis

Ho 1: Monitoring has no significant effect on the implementation of budget in Counties
Ho 2: The availability of financial resources has no significant in budget implementation in Counties
Ho 3: Financial policies has no significant effect on the budget implementation in Counties
Ho 4: Government financial regulations has no significant effect on budget implementation in Counties

1.6 Justification of the study

The study will be used to inform those charged with budgeting in the County Government on the factors affecting budget implementation in Kenya. It will also be beneficial to Scholar, authors and other researchers in the field who will find the study as a reliable point of reference. In practice, finding and the suggested recommendation will enable the relevant stakeholders in County Government and national government to formulate strategies which if and when implemented will enable them to mitigate budgeting challenges that could otherwise comprise the operation in the counties and more so the selected County Government.

1.7 Limitation of the study

Counties being formed after the promulgation of new constitution 2010, no much data or records for comparable as we entering to their 5th year of operations, so on comparison basis or past history may not be rich. The researcher used secondary data from other countries who have adopted the similar government structure to enrich the research findings and recommendations.

1.8 Assumption of the study

That all the respondents will answer the question in time and all questioners will be returned and therefore no time will be lost in data analysis.

1.9 Scope of the study

The study was conducted in former Central Provinceson selected Counties to investigate the financial factors affecting budget implementation in Counties, with a target population of 250 employees cutting across all departments. It was conducted between the month of December 2016 and March 2017.

II. Literature Review

2.1 Introduction

This chapter contains detailed study of the theories of agency, stakeholder and capital adequacy in relation to governance, public participation and financial adequacy also looks on government financial regulations. Theoretical Review; Empirical Review and finally Conceptualization of budget implementation process and its impact on implementation of the county budgets and development in the counties. It also summarizes the empirical studies from scholars who had carried out their research in the same field of study and highlighted the research gap.

2.1.1 Budget implementation

Budget implementation take place throughout financial year and it's critical for any institution to perform. It's a public expenditure policy and the manner in which public expenditure are managed would impact on budget implementation. It's the actual execution of the budget and application of funds to the planned activities, Kirira (2007). Budgeting process is affected by level of revenues collected and the availability of external resources to bridge the gap associated with the shortfall. Revenue fall short of projected level will affect budget implementation to the extent that expenditures have to be reduced either development or recurrent budget hence affecting service delivery. Budget implementation involves ensuring the proposals made in the budget are effected and that programs incorporated there in are undertaken and implemented effectively. The members of the public are supposed to follow these projects and ensure their proposals are input in the budget and that the resources allocated to them are efficiently utilized. The county citizens are able to hold to account the state actors and county officials who in turn become responsive to the interests of the citizen**.**

Modern financial management demands that we review past performance when allocating new funds, and the budget should speak to how performance has been taken into account in the proposed budget. Wagithi (2013), in her key findings reveal that whereas the Ministry of Finance, Planning and Economic Development attempted to make available at least 95% of the budgetary funds to spending agencies, a number of them could not spend all the cash made available. There are also weaknesses and lags pertaining as to when cash limits are issued and the when funds are actually credited to the accounts of beneficiary institutions, especially local governments. The analysis of the report revealed that many important constraints to enhanced absorption capacity relate to the efficiency of government as a whole, as well asissues internal to individual spending agencies. For some government spending agencies, particularly at the local government level, internal weaknesses in budget execution are the binding constraint. Under financial management, these weaknesses include poor cash management, inconsistent accounting practices and weak internal controls. These was therefore reflected in her recommendations which are grouped into to the four key areas -: financial management, planning processes, procurement practices, sector capacity and human-resource management.

2.1.2 Government Financial Regulations

Financial regulation is a form of regulations or supervision, which subjects financial institution to certain requirements, restrictions and guidelines aiming to maintain the integrity of the financial statements, it may be put forth by the government or non-governmental organisations. Political will can affect greatly financial regulations. Abdala (2000), argues that state can come up with weak regulatory agencies to serve interest of a few, regulatory framework can also contribute to the effectiveness of financial regulations. Naidu (2010), states that in Malysia independent agencies exists thou they are under influence of ministries thereby compromising the autonomy. Kenya under the new constitution 2010, established independents offices and commissions that are mandate to oversee the budget implementation, revenue allocation and auditing of public expenditure. Its

established Office of Controller of Budget which is mandated to oversee budget implementation and authorizes the exchequer releases, the commission of revenue allocation that formulate the formulae of revenue sharing between the National and County government, also established the office of Auditor General which is mandated to do audits in all governments ministries, agencies and departments.

The parliaments in august 2012, also enacted a new Public Finance Management Act 2012 (PFM Act), to provide for the effective management of public finances by National and County Governments, the oversights are established in the National Assemblies, Senate and County Assemblies who enact various laws, rules, regulations and guidelines to run financial affairs of various departments in their mandate prudently. Sappington & Striglitz (1987), negates that the availability of resources and the legitimacy & credibility of regulating agencies also affects the effectiveness of financial regulations. An agency that is perceived as under resourced will find it difficult to assert its autonomy and will also struggle to gain legitimacy. This has an effect on the effectiveness of the undertakings of the agency. If these happens then effectiveness of financial regulations agencies is compromised.

International Federation of Accountants (IFAC) 1999, forms the place of budget in public sector as a means to evaluate whether resources are obtained and utilized in accordance with the legal requirements and provide adequate information for evaluating the government or ‘unit’ performance in terms of cost, efficiency and accomplishments. Moleketi (1999), advocates a budget as an art or science of balancing competing demands for scarce resources at the disposal of the government as it’s expected to be a reflection of government policy, priorities, planning & implementation process for delivery of goods and services so as to improve well-being of its citizenry.

2.2 Theoretical Review

2.2.1 Agency Theory & Good Governance

The Agency theory is probably the most important theory of corporate governance both in private and public organizations. The theory was developed by Jensen and Meckling (1976) but originated from the works of Berle and Means (1932). Agency relationship is defined as a situation where one party (principal) appoints another (agent) to perform services on their behalf and delegates decision making authority to them. The underlying premise of this theory is that those individuals tasked with representation of others should ultimately commit the corporate resources to value maximization for those they represent. The agents are expected to exercise due diligence and care in making corporate decisions and ensure the interests of the principal are safeguarded.

An agency problem arises when there is a conflict of interest between the agents and the principals. This conflict comes into play when the agent makes decisions and policies aimed at self-benefits without considering what value such policies have on the principal’s interests. Moral hazard can occur when the agents take actions in their own best interests that are unobservable and detrimental to the principal. The problem also exists when there is asymmetric information where one party mostly the agent has more information than the principal.

Clearly, this model recognizes the agency costs arising from the separation of ownership and control since both parties are committing to maximizing their own utilities. Advocates of this theory offer their solutions to the agency problem. Scholars like E. Fama and Jensen recommend solutions to prevent corporate governance failures. These recommendations include the removal of restrictions on the market of corporate control to eliminate managements with unsatisfactory performance and the commitment of company resources elsewhere to reduce the agents’ discretionary power, such as debt-financed takeovers and leverage buy-outs, Keasey et al (1997). However, whether the market of corporate control is an efficient mechanism for disciplining management has been hotly debated. Gugler believes that takeovers are not a complete mechanism for resolving the agency problems. Empirical evidence has showed that hostile takeovers only lead to little positive or even negative change in firms’ efficiency. Franks and Mayer also argue that the market for corporate control does not function as a disciplinary devise for poorly performing company, Gugler (2001). According to Raven Scraft and Scherer, there is scant evidence showing improved operating performance after takeovers. The use of debt also attracts mixed views since this may cause debt overhang problem or encourages management to take excessive risks, Vives (2000).

For the purposes of this study, the citizens and the voters are regarded as the principal whereas the politicians, bureaucrats and the policy makers are considered to be the agents. The voters in Kenyan counties elect leaders and politicians, put them in positions of power and delegate decision making authority on them. These leaders are expected to make decisions and formulate policies meant to increase the wealth of the citizens and implement such plans for the betterment of their living standards.

Sometimes a conflict of interest arises when these leaders are elected or appointed in these positions but seek to maximize their wealth and serve their own interests rather than the interests of the citizens who they are supposed to be serving. This conflict of interest may be solved by constant monitoring of decision making, policy formulation and implementation by the citizens to ensure their interests are put into consideration

throughout the process. It may also be solved by offering incentives to good performing agents through re-election, reappointment and general public support. The poor performers may also be punished through threat of replacement, dismissal and lack of support which may be through riots and public demonstrations or picketing.

Good governance is a proper application of the ideals, accountability, efficiency, transparency, etc. of governance. Agbude (2011), state that good governance, as it relates to good should not violate the people fundamental right, should have equitable resource distribution, with a decentralized power sharing, enforcement of rule of law and proper accountability of public funds. Word bank (2001,2006) quoted Agbude and Yartey (2012), rightly emphasising major characteristics of bad governance while trying to understand where you can contrast good and bad governance to comprise failure sustenance private and public resources to enact a framework law and government not giving a conducive environment for development to take place by enhancing such laws and regulations which would foster development rather than impedes its or clipper developments through proper resources allocation of the national resources, which Kenya now is enchained in 2010 constitution by establish the revenue allocation commission to equitability share the national cake. Good governance therefore resembles efficiency and operative public administration, good decision making and adequate management and control of the national resources, Agbude and Yartey (2012), argues that where there is no good governance there will be misappropriate and misuse of public resources as it has been recently witnessed in the chicken gate, NYS and Afya House scandal in Kenya.

It's important that good budgeting shares the same features with good governance .It will entails accountability and transparency in allocation of both social benefits and burden where tax payers' money will be used by those who are not able to pay tax and enjoy the good service of its government, which will entail the welfare of the generality of the people rather than the welfare of particular sector of the society or organization.Selinder (2010), state that the concepts of efficiency in the context of good governance also covers the justiciable use of material resources and the protection of the environment .The component of good governance is efficiency and effectiveness means the processes and institution produce results that meet the needs of the society while making the best use of resources at the disposal.

United nation (2007), Kaufman and Kraay (2008), state that to the value of its citizen, the government must demonstrate effectiveness, efficiency, transparency, accountability and discipline as a major attribute as good budgeting .According to Lasswell (1936), there can be no good budgeting without good governance because good governance is a ground to achieving good budgeting. Kenya promulgated a new constitution in 2010, this has accelerated the impetus for improving governance structures and entrenching reforms, the researcher therefore tested if monitoring has a significant effect on budget implementation.

2.2.2 Theory on Capital Adequacy

Anderson (1996), argues that budgeting process pushes managers to take time to create strategies, targets and goals before activities begin. Budget preparation helps management focus on the next spending month, quarter and the financial year. The budgeting process forces manager to assess current operating conditions and aids in forecasting and implementing changes needed.

Adequate availability of financial resources is one of the determinants of effectiveness. In Economics theories, resources are always inadequate they are scarce with many needs to fulfil them, therefore you cannot attain all sets of goals/plans. In order to finance its projects a government entity or any organisation need to have adequate access to financial resources, and the management should plan and set a budget before implementing the projects, Dunk (2001).

According to Hancock (2009), the organisation must allocate adequate financial resources and other structures that facilitates effective implementation of projects, these resources should be both financial and physical resources. Obadan (2008), argues that government should avoid the temptations of allocating huge budgets amounts to unprepared new projects while ongoing ones are not funded. Only the phase of a project that can be completed in a fiscal year should be financed. Counties have been faced with inadequate funding, lack of priority in the allocation of the funds and allocating too much of its funds to the recurrent expenditure rather than the stipulated in the PFMA (2012),of 30% to be allocated to development expenditure and the 70% to the recurrent expenditure, according to the report from the office of Controller of budget for financial year 2014/15 and 2015/16, there has an increase in uncompleted projects or abandoned across all the counties in Kenya. There is need for adequate prioritizing by counties for funding of the ongoing projects so that they can be completed in time and the areas residence achieve the value for the money on the established projects before the commencement of another new projects. If ongoing projects attract donor funding transparency and accountability will lack and the project cannot continue with the donor supports ends.

Office of the controller of budget has also blamed the national treasury for late disbursements of funds to the counties which either released very late at the closure of financial year or are never disbursed. On the other parts counties has failed to invest in the required infrastructure in form of internets, offices and the right manpower with the required knowledge to prudently and efficiently manage the financial resources therefore

leading to lower budget absorption and poor usage of IFMIS platform. According to Kiringai & west (2012), delays occurs in issuing of resources due to unforeseen changes in revenue collection, emergency expenditure and unplanned activities which lender a country attracting huge amount of pending bills. Budgets have to be revised to accommodate the changes which occurs during the financial year transactions, therefore a need to have supplementary budget, PFMA (2012) gives direction on how votes can be adjusted and an allocation between the votes. Commission on Revenue Allocation (CAR) in every begging of a financial year to set a formulae for revenue allocation between the National and County government according to the poverty level, population, development level, area size indexes and come up with equalization fund which it publish in the Commission Allocation of Revenue Act (CARA).

Budget revision are therefore inevitable, according to Chan (2006), budget must be revised to accommodate changes that alter the composition of the budget or when an over expenditure is unavoidable. In Kenya budget preparation we focus more on the expenditure side and look for ways and formulae's in forms of Finance Act and other legislation to raise the revenue to cover the projected expenditure, most of the time we fail to raise the targeted revenue and therefore ending up with a deficit budget and tries to come up with ways to cover the budget hole, Kiringai & West (2002) in their research noted that forward budgets has not been based on accurate and reliable assessmentsof the aggregate resource envelop, which damage the credibility of budget process due to inconsistency in revenue forecasts as actual revenue fall short of the budgeted one necessity across the board cuts in the appropriated estimates. In the view of these, the researcher intention was to test the significant of financial availability and government financial regulations effect in the budget implementation.

2.2.3 Stakeholder's Theory &Public Participation

The study was also be based on stakeholders' theory whose proponent is Freeman R.E. (1984). The theory posits that Corporations have stakeholders who benefits or are harmed by, and whose rights are violated or respected by corporate actions. Traditionally, a stakeholder is any group or individual who can affect or is affected by the achievement of the organization's objectives, Fontaine, Haarman, & schmid(2006). The concept of stakeholders is a generalization of the notion of stakeholders who themselves have some special claim to the firm, Freeman(1984). The organization should be thought of as grouping of stakeholders and the purpose of the organization should be to manage their interests, needs and viewpoints. This stakeholder management is thought to be fulfilled by the managers of a firm. A common way of differentiating the different kinds of stakeholders is to consider groups of people who have classifiable relationships with the organization, Fontaine, Haarman, & schmid (2006). The main groups of stakeholders are: customers, employees, local communities, suppliers and distributors and shareholders, Friedman & Miles(2006).

Donaldson & Preston (1995), critique of the stakeholders' theory has concluded that the theory is justified in the management literature on the basis of its descriptive accuracy, instrumental power, and normative validity. It descriptive accuracy is grounded on that it presents a model describing what the corporation is; a constellation of cooperative and competitive interests possessing intrinsic value. The instrumental power of this theory is based on the fact that it establishes a framework for examining the connections, if any, between the practice of stakeholder management and the achievement of various corporate performance goals. In addition, the normative validity is based on the fact that the theory is about acceptance of the idea that stakeholders are persons or groups with legitimate interests in procedural and/or substantive aspects of corporate activity regardless of whether the corporation has any corresponding functional interest in them. Secondly, it is posited on the idea that the interests of all stakeholders are of intrinsic value. It's on these bases that stakeholder's theory was relevant to budget implementation.

Kenya after the enactment of 2010 constitution and thereafter the legislation of new Public Financial Management Act 2012, requires that the budget process has to go the public participation where the process will be published and publicise in the Kenya dailies with a wide circulation be it the National or County government. Pierre and Peters (2011) argue that the government should have capability of collecting information on preferences of electorate, in the absence of which it would be difficult to allocate resources efficiently. International government and non-governmental agencies realized more and more that the main reason of many unsuccessful development projects was and still is the lack of active, effective and lasting participation of the intended beneficiaries. Community participation is an important aspect of the vision 2030, because, of its importance in the social and economic pillars is devolution G. o. K (2010). It is anticipated that policy-making, public resource management and revenue sharing especially in devolved funds become key drivers of development, communities will need to be actively engaged so that there is better distribution of resources. In addition to this, there is also a need for a deepened and enhanced consultation and information sharing process in the budgeting, implementation and monitoring and evaluation aspects in development projects, Barasa and Eising (2012).

Barasa and Eising (2012), quotes Butterfoss et al who postulates that people only participate in processes that are beneficial to them, and in instances where the benefits outweighs the costs that are entailed. The benefits include networking opportunities, access to information and resources, personal recognition, skill en-

hancement and a sense of contribution and helpfulness in solving community problems. On the contrary the costs they would be required to incur would include contribution of time required plus the skills and resources. Thus a balance needs to be made so that any effort towards community participation in County Government has a net benefit for participants where there has been witnessed by the low turnout by failure of County Government to do civil education or ignorant of the community who don't want to own the budget by involvement in the making process.

According to K. W. Mugambi & F. S. Theuri (2014),the participative budget has also proved that the intention of having effective tools of participation and the commitment of the Government in doing whatever the population decides is essential to cut the chains and the bureaucratic barriers that separate the society from the State, forming an active and mobilized citizenship.

Mbai (2003) observes that, holding public officers accountable will require that there must be values and norms that public officials shall be required to adhere to. This, in present day Kenya, is well articulated in Chapter Six of the Constitution on Leadership and Integrity, the Public Officer Ethics Act 2003, the Leadership and Integrity Act 2012, and the Civil Service Human Resource Policy of 2016. He further observes that, holding public officers accountable will also require clarity on the kind of retribution that can be applied when the prescribed values and norms are not observed. Holding a County Government and its public officers accountable ensures that those entrusted with leadership positions, public offices, and public resources adhere to publicly agreed norms, standards and goals.

A publication by Institute of Economics Affairs (IEA)-Kenya reviews the status of public participation and existing county public participation and information dissemination frameworks in four counties namely: Isiolo, Kisumu, Makueni and Turkana. The study examines the constitutional and legislative provisions on public participation, frameworks put in place by respective County Governments that facilitate participation in governance, citizen and civil society involvement in county governance and information dissemination frameworks put in place by the four counties.

In particular, the study reviewed provisions in the Constitution and existing legislation on public participation. The study identified frameworks, including processes and platforms put in place by the aforementioned county governments with the objective of facilitating public participation in governance processes. The study further assessed citizen participation and engagement in governance. Finally, the study identified the available information dissemination frameworks in the target counties. The findings in the study informed recommendations to county governments for strengthening citizen participation in governance.

The concept of public participation has been heralded by all democracies as the backbone of democratic governance. Democracy author Spiegel notes that, 'Citizen Participation is the process that can meaningfully tie programs to people. The World Bank defines participation as: 'A process in which stakeholders' influence and share control over development initiatives, decisions and the resources affecting them.

According to ADILI newsletter issue No. 135 public participation creates a balance between governing *for* the people, and governing *by* the people. The concept emphasizes on the need to enhance further inclusion and meaningful participation of citizenry in the process of decision making within governance structures. Harnessed properly, public participation has the potential of playing a significant role and greatly influencing decision making and ultimately improves the governance process. The makers of our constitution considered that public participation emphasizes on concepts like 'more heads are better than one' leading to productive and sustainable change. Indeed, it is part of a 'people first' or 'people centered' methods of management, which avoids centralized hierarchical decision making.

In their paper on public participation: *Kenya's best weapon against graft and poor governance*, Francis Kairu and Mary Maneno notes that public participation aims at bridging the gap between state actors, civil society, private sector and the general public. The duo notes that a society with heavy civic culture participates more in managing their affairs. It is now a legal requirement to consult stakeholders and make development plans and services more responsive to local needs. The responsibility has now increased two fold for the average Kenyan. The rallying call has changed from just ''*haki yetu*'' to ''*haki yetu wajibu wangu*'' Kenyans now have an opportunity to enhance development and service delivery while entrenching governance and accountability. The baby must not be thrown out with the bath water. It's now or never and the merchants of impunity, deplorable leadership and architects of a moribund public service must now be stopped in their tracks, the researcher therefore tested the hypothesis whetherfinancial policies has a significant effects in budget implementation.

2.3 Conceptualization

This paper has conceptualized the research model with the help of the literature review as shown in Figure 2.1 below, the independent variables included while dependent variable in budget implementation in the County Government. It is presumed that the stated independent variables affects budget implementation in the county government in Kenya.

Conceptual framework

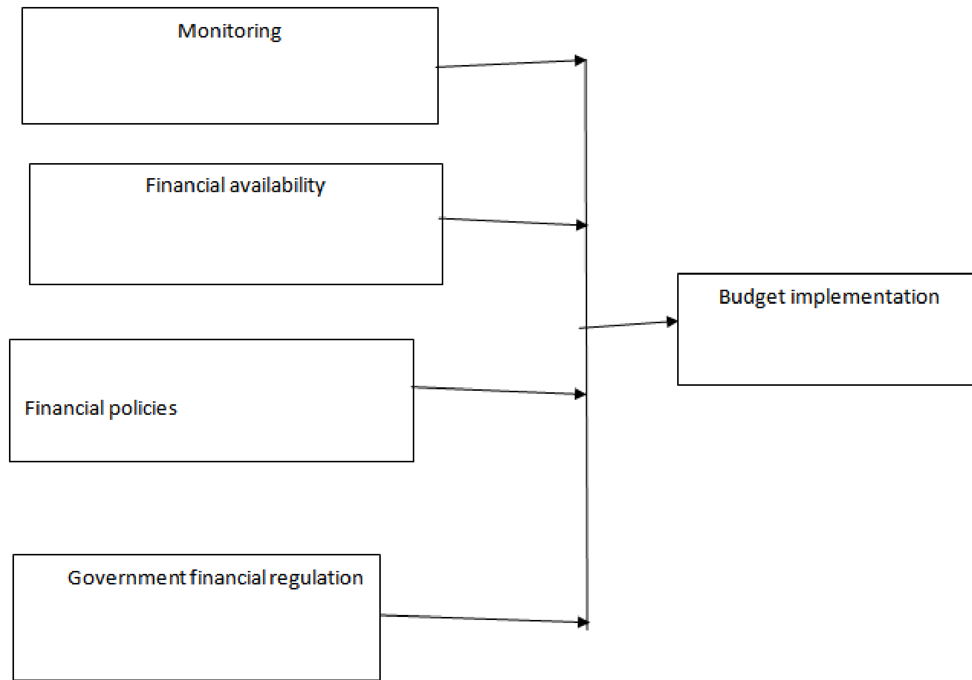

Fig.2.1: Conceptual Framework

Source: Author (2016)

Operational framework

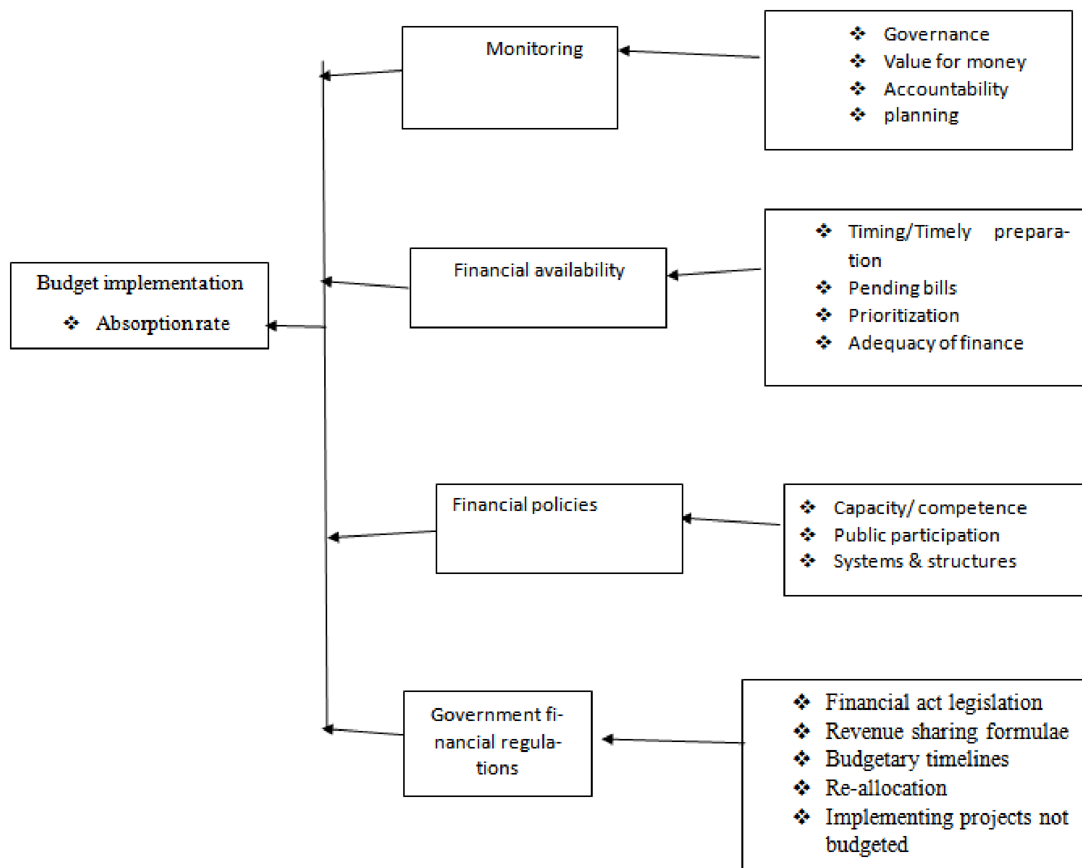

Fig.2.2: Operational Framework

Source: Author (2016)

2.3.1 Monitoring and budget implementation

Management should enhance effectiveness and transparency by establishing a monitoring team to be involved in the process of monitoring and evaluation in budgetary controls Hancock (2009), once the budget has been implemented they need to be monitored and controlled to ensure effectiveness by ensuring that the budget doesn't deviate from the budgeted expenditure with the actuals, where there is deviation it need to be addressed. Governance is a mechanism that are concerned with ways in which all parties interested in the well-being of the firm interested are protected. It attempts to ensure managers safeguard the interest of all stakeholders, It's important that good budgeting shares the same features with good governance .It will entails accountability and transparency in allocation of both social benefits and burden where tax payers' money will be used by those who are not able to pay tax and enjoy the good service of its government, which will entail the welfare of the general people rather than the welfare of particular sector of the society or organization.

2.3.2 Financial availability and budget implementation

Financial management can be defined as management of the finances of an organisation to achieve the financial objectives of that organisation. It consist of financial planning and control, Osman et al (2006). The study adopted variables of financial management practices in budget implementation consisting of internal controls systems, financial reporting/ accounting, information technology and the oversight authorities that include Office of Auditor General, Controller of Budget, Public Accounts/Investment Committee and the Senate. Technologies ensures a more accurate & cost effective knowledge to support decision making, Awe (1997). Increase implementation in usage of information technology has led to increased efficiency & effectiveness of service delivery and as a result there is cost reduction, Schelin (2006). Ability to make financial & management decisions on the basis of accurate & useful information emanates from the correct accounting systems. Financial and budget monitoring reports should not be late and inaccurate, these may led to annual appropriation accounts being delayed and in some respect incorrect, these adversely affects the transparency & accountability of resources utilization, Odipo et al (2005). Good financial management is responsible for not only protecting, developing, using resources, pushing and maintaining economic growth and an increased income, but also managing effectively all natural resources.

2.3.3 Financial policies and budget implementation

To successfully execute its activities, an organisation need to ensure have competent human resources & with skills on efficient & effective means of budgetary control process and procedures, Homgren (2002). Silva & Jayamaha (2012), states that employees plays an integral role in the process of planning, monitoring, control and evaluation of budget implementation which contributes to accountability on the usage of budget.Participants makes budget realistic and workable, to ensure the budget is successfully implemented, management and the employees should work together to ensure that the interest of all stakeholders are fully represented when making key decisions involving budget allocations, Simuyu (2002). Karanja (2011), critiques participation of all stakeholders in budgetary process making as too lengthy and time consuming, but we have to adhere to public participation in budget making as it's enshrined in the 2010 Kenyan constitution. Odipo (2005), argues that councillors do not always formulate strategy that are beneficiary for services delivery to residents they represent these attributed to lack of capacity, interest, incentives & motivation to do so. Sometimes decisions are made informally or casually hence it's very difficult for citizen to have an understanding of standard procedures and for the implementation to put it down in form of actions.

2.3.4 Government Financial Regulations and budget implementation

The enactment of the Government Financial Management Act of 2014 and the PFM Act 2012, Public Financial Management Regulations 2015 and Public Procurements and Disposal Act 2015, and the Establishment of Audit Committee Act 2016, augmented the aforementioned efforts towards realization of an effective and efficient public finance management systems and supportive of public service delivery and social economic development, which had support from world bank with a theme "*Strengthening Public Financial Management through Social Economic Development in Africa*". Mugwe (2011), on the challenges of budgeting in government ministries recommended the need to reform the financial regulations for success in budgeting. Resources are needed to enable the carry out its mandate, including capacity to monitor industry performance and to enforce regulations. The regulator also needs to have sufficient capacity to deal with information asymmetries and strategic behaviour by the regulated firms.

Politicians, public analysts and scholars agree that a well formulated and properly implemented budget has the capacity to promote social-economic well-being of the people, finance economic development and support public service administrations. Government is held accountable to the citizenry on allocation, custody and use of state resources through budget. The above functions are expected to be performed in accordance with the established rules, policies and practices contained in government financial regulations. Concerned efforts are

being made in Africa and other developing world towards maximising benefits accruable from public spending via monumental waves of budget reforms in the public sector, WorldBank (2012). The needs for these reforms were necessitated by perceived unsatisfactory performance when compared with expectations of the budgetary provisions. Budget in the public sector arise from the need to demonstrate accountability with attendant goal of general improvement in the life of people.

2.4 EMPRICAL REVIEW

2.4.1 Effect of monitoring on effectiveness of budget implementation

Evans O. Ondanso (2013), on effect of Financial Performance of manufacturing companies in Nairobi County, the study used a cross sectional research method with a target population of eighteen (18) manufacturing firms listed in the Nairobi Security Exchange by employing a census survey, found out that there are strong positive effect of budgets on financial performances measured by return on assets (ROA), the study recommends that effective budget implementation should be facilitated through capacity building, robust systems and processes prioritization and a close monitoring & evaluation. Also the stakeholders should be involved in the budget execution to enhance the overall budget implementation. Financial management systems should be supported in order to ensure prudent management of funds & adequate sensitization of both the employees and the public, on best financial management practices to enhance the oversight role. In addition manufacturing companies need to establish a strong link between the planning process and budget process.

Wagithi (2013), in her research while investigating factors affecting budget implementation on local authority in Kenya on focus survey of Nyeri Municipality, with a population of 71 employees cutting across board conducted using questioners and adopted a descriptive research design the study found that there were various challenges facing budget planning and control but lack of dynamic structure and lack of integration were the two outstanding drawbacks. On the effect of integrity and ethics on budget implementation and control, the study found that there was clear linkage of funding to outcome with identifiable performance measures. On the effect of financial availability on budget implementation the study found that Nyeri Municipal council was seldom successful in ensuring expenditure prioritization in relation to achievable equitable resource allocation and found out that municipal council had problems of raising revenue and frequent overspending in the recurrent and development budgets. On the effect of quality of manpower and motivation, the study found out that they had minimal effects on budget implementation as the council ensured quality man power by hiring employees considerably with higher education even thou it failed in professional development and on-job training.

Melek, (2007) did a study on the impact of budget participation on managerial performance via organizational commitment. He conducted a study on the top 500 firms in Turkey the results of this study provided a number of contributions to management accounting literature by improving understanding of budget participation and organizational commitment affecting managerial performance. First, according to regression analysis results, this study suggested that the effects of budget participation and organizational commitment by itself on managerial performance are positive and significant second this study found out that the managerial performance scores were found to increase when the interaction score between budget participation and organizational Commitment increase. That is to say high interaction between budget participation and organizational commitment provides appropriate condition, for high managerial performance. However, the results indicated that while improving high organizational commitment feeling of subordinates in firms can lead to increase in their performance, low organizational commitment feeling of subordinates can lead to decreasing in their performance. Similarly the study supported the hypothesis that interaction score between budget participation and organizational commitment varies according to low and high managerial performance. As to this while high interaction between budget participation and organizational commitment is associated with high managerial performance, low interaction score between budget participation and organizational commitment is associated with low managerial performance.

2.4.2Effect of availability of financial resources on effectiveness of budget implementation

Financial decentralization, among other things, refers to the transfer of financial resources from central to local governments taking into account the responsibilities allocated to these institutions. This helps local authorities to manage autonomously their projects in order to promote the welfare of the citizens, Manor (1996). To be genuinely supportive of a financial decentralization process, the basic characteristic should include: transparency of allocation, predictability of the amounts available to local institutions and local autonomy of policy-making on resource utilization, Hanson (1995). Hence, financial decentralization refers to downward transfer; by which central governments cede influence over budgets and financial decisions of local government, Atiklt Assefa (1996).

In thesis paper, "Budgetary & Management Control Practices on how budget is being used as a tool for management in Guinness Nigeria PLC, Amalokwu &Obiajulum (2008), the study described based on qualitative approach as its primary data collection research purpose, data analysis also its critique method. The study had 50

respondents, come up with a conclusion that budget could facilitates the creating and sustaining of competitive advantages by enabling the management functions, i.e. communication and co-ordination, motivation, evaluation, control, decision making, planning and forecasting.

2.4.3 Effect of organization financial policies on budget implementation

Stillman II (2010), describes budgets as political documents reflecting through the allocation of funds, the ultimate desires, interests and power of various groups within the body politic as expressed by elective legislative bodies. In setting up annual budgets, various political participants engage in log rolling comprises and bargains to create a document that by and large mirrors the current priorities of locality, state or nation. Budgets are termed as political because first and foremost, they reflect choices about what services the government should provide and what the citizens are entitled to as members of society and determine who gets what. They also reflect the relative proportion of decisions made for local and constituency purposes and for efficiency, effectiveness and broader public goals and in relation to this it portrays the degree of importance legislators put on satisfying their constituents and legislators willingness to listen to interest group demands. Budgets on the other hand provide a powerful tool of accountability to citizens who want to know how the government is spending their money and if government has generally followed their preferences, hence linking the citizens' preferences with the governments' outcomes.

A survey conducted by Ambetsa(2004), on Budgeting Control Practices by Commercial AirlineOperating at Wilson Airport, Nairobi indicated that the challenges faced in budget evaluation has deficiencies, lack of full participation of all individuals in the preparation of the budget and lack of top management support. He further concludes that airlines operate and use budgets to plan, implement and evaluate their business performance. All enterprises make plans using budgets some in a systematic and formal way, while others in an informal manner but still have some form of budgetary control and budgetary control practices. Therefore the issue is not whether to prepare a budget but rather how to do it effectively.

Research on Budgeting Challenges on National social Security Services (NSSF), by Wamae (2008), aimed at studying challenges of budgeting process and drawing up a budget to be used by an organization and how organisation can effectively face the budget challenges. In a population of nine board members and sixteen senior managers who are concerned with the budget issues. The researcher collected data using questionnaire, observation and interview as main instruments of data collection, from the study it found that the organisation faced challenges when drawing up budget, the biggest including commitments of various head of departments' not taking budget seriously leading to giving ambitious budget which would end up not achieving targets, leading to complaints from the board.

The researcher concluded that budgeting was very effective as they served their purpose in assisting in control in the NSSF, which is used as a means of communicating by management at all level of departments. It also added that the budgeting process faced some challenges which were inability to achieve the required value of business, inadequate authority to spend the allocation, cost inflation, poor participation and coordination of the exercise. The research recommend all units of the organisation to be involved in the budget preparation and enough time is allocated in the preparation.

Nyageng'o (2014), carried out a study to identify determinants to effective budget implementation among local authorities in Kenya. The results of the study revealed that effective budgetary control improved performance of local authorities. Serem (2013), established that there is a weak positive effect of budgetary control on performance of Non-Governmental organizations in Kenya measured by R square at 14.3%. Mwaura (2010), concluded that budgetary participation affects return on capital employed, return on assets to a great extent. Gacheru (2012), in her study of the effects of the budgeting process on budget variance in NGOs in Kenya found out that budget preparation, budgetary control and budget implementation significantly influence budget variance.

2.4.4 Effects of government financial regulations on budget implementation

In the research by Olanrewaja et al (2010), on an assessment of influence of budget process on budget performance in Kwara State Government agencies in Nigeria using explorative survey design covering 33 ministries and departments adopted a sampling technique to select a sample of 150 respondents to who questionnaires were administered and were randomly selected found out that better awareness of budget process has a positive impact on budget implementation. State ministries and departments adhered to budget guidelines to some extent, has effect in the process of budget formulation & execution. The study also observed that there is need to improve the level of awareness among stakeholders on budget implementation which could be done through workshops, seminars etc. organised by incumbent accounting officers, it also found out that state departments need to improve on the level of compliance with due process on budget formulation & implementation by ensuring strict adherence to relevant law guiding budget process, and state departments involved in fund release should fast track the process of release by prompt release of funds without compromising the need for its

prudent use. The study found out that existing budgetary process and budgeting controls should be improved upon within the legal framework of the relevant laws and regulations so as to foster the achievements of ministries and department's budget objectives through improved budgetary controls. It recommended that the Kwara State government to try to achieve strong relationship between budget & actual expenditure by incurring expenditure in line with budget, thereby increasing the citizen welfare through improved level of budget implementation.

Emmanuel, Oydoughan et al (2014), in the study on critique on cash basis of accounting & budget implementation in Nigeria, conducted through a survey in Rivers, Bayelsa & Delta State, using questionnaire to collect primary data from 130 civil servants as respondents, tested the hypothesis using 't'- test based on the relationship between cash basis & budget implementation, cash basis & financial discipline, cash basis & government expenditure and expenditure pattern with investments inflow, found out that cash basis has a positive significant relationship on budget implementation, investment option and expenditure pattern in the public sector, it also revealed that the right basis of accounting when used can bring about effective budget implementation which in turns results in economic growth, development & stabilization in public sector, it can also bring about follow-up on capital projects, the application of the concept of value for money audit and observation of law of integrity in the public sector. The study explains the cash basis of accounting as it affect poor budget implementation and investment option.

Nkabu (2014), in the study on Factors Affecting the Effectiveness of Financial Regulations in Kenya Public Sector, through a descriptive survey research design with a target population of 18 ministries and 47 State Owned Agencies, conducted using questionnaires as main tool of data collection, analysed through a regression model, the study found out that commitments by the relevant ministries to create a strong, efficient, capable regulatory agency affect effectiveness of financial regulations in Kenya public sector to greater extent. In its finding it found out that government create weak regulatory agency that favour certain interest group, it also found out that regulatory framework affect effectiveness of financial regulations in Kenya public sector to a greater extent. It revealed that political interference, poor relations between agency and the regulated firms, state infringing on regulatory jurisdiction and appointments of non-autonomous individuals as main cause of ineffective financial regulations. In the study, resource availability affects effectiveness of financial regulations in Kenya public sectors to a greater extent which collates with Sappington & Stiglitiz (1987), who argued that an agency that is under-sourced will find it difficult to assert its autonomy and will struggle to gain legitimacy thereby being less effective. It also found out that availability of finances for the regulator, sufficiency of capacity to deal with the regulated firms, poor payments of the regulator agencies employers & employees being biased towards the regulated with the interest of future employment affect financial regulation in Kenya public sector to a greater extent.

2.5 Research Gap

Decentralization, as envisaged in the Constitution of Kenya (2010), entails sharing of political, administrative and fiscal responsibilities between the National and the County Governments. Political decentralization involved the transfer of political authority to the local level through the establishment of County Governments as well as electoral and political party reforms. Administrative decentralization has led to full or partial transfer of functional responsibilities to the County Governments. Counties are endowed with various resources from the National Government share, local revenue and donor funded projects, they were formed to increase development and bring closer the services to the people.

Empirical studies done has highlighted issues affecting budget implementation that includes among others; lack of staff capacity, poor participation, poor governance, inadequate investments in various systems and structures, inappropriate use of financial regulations, lack of proper prioritization of expenditure, lack of proper mechanisms and channels to collect revenue hence not achieving the organisational targets and leading stakeholders not to realise value for their money. It's therefore the purpose of these study that the researcher intend to investigate the financial factors that affect budget implementation in Kenyan Counties.

III. Research Methodology

3.1 Introduction

Research methodology is a general approach to studying a research topic. It is the framework underlying the strategy of a research. This chapter presents the methodology, which was used to carry out the study. It describes the type and source of data, the target population and sampling methods and the techniques that were used to select the sample size. It also describes how data was collected and analyzed. The suitable methodology in this study gives the guidelines for information gathering and processing.

3.2 Research Design

Catharine Hakim (1987) classified descriptive survey studies as typical, or selective. Descriptive research method are used when the researcher wants to describe specific behaviour as it occurs in the environment. According to Mugenda and Mugenda (2003), a descriptive study is used to determine who, what, when and how a research topic which is a concern for this study. A research design is the plan and structure of investigating so conceived as to obtain answers to research questions Kothari, (2004). A research design functions as the research blue print for measurement and analysis of data. As such, it is used to show how the major parts of the research project i.e. the samples, measurement of variables, treatments or controls, and methods of assignment work together to try to address the core research questions.

The purpose of this study was to investigate the factors that affect budget implementation, it means it seeks to describe the phenomena as it exists. Therefore, descriptive research design was deemed to be the most appropriate method of doing this research. Various authors recommend the use of descriptive design, Orodho (2003) state thatit can be used to produce information that is of interest to policy makers even in business. The aspect of survey was based on the fact that, the study wasconducted at a specific point in time, and the respondents cut across different departments and no environment was changed.

3.3 Target Population

A population is referred to as the entire set of relevant units of analysis or data. Mugenda and Mugenda (2003) say that target population refers to the population to which a researcher wants to study. The targeted population consisted the officers who are involved in the execution of the budget and those in involved in the budget making process, they include all the chief officer accorded in the public financial management Act (2012) as the accounting officers including clerk to the county assembly and all the executive committee members (CECM's) who are the appointed ministers who run their respective ministries. It also included senior planning officer who are involved in budget making process and are mandated to be involvedin the public hearing and they co-ordinate and run the monitoring and evaluation programme .Another set of important officer are the senior officers in finance department both in the executive arm of government and the county assembly, clerks and members of Public Accounts Investment/ Committees (PIC/PAC) who are mandated to oversee the budget execution and act as the watchdog of the public funds where the primary data was extracted. The population consisted of 250 respondents in County Government of Nyandarua, Murang'a, Kirinyang'a and Nyeri. Secondary data was sought from Ministry of Planning and Devolution, The Treasury, other scholar, books and the internet where correct citation was made on the budgetary process and budget implementation.

Table: 3.3 Target Population

Category	Nyandarua	Nyeri	Murang'a	Kirinyaga	Total	% of Population
Chief officer (Accounting officer)	14	10	14	10	48	19.2
Executive committee member (CEC)	10	10	10	10	40	16
Accountants	15	12	11	15	53	21.2
Principal finance officer	3	2	2	4	11	4.4
Internal auditors	7	7	6	4	24	9.6
Planning officer	7	7	5	6	25	10
Clerks to PIC/PAC	4	6	3	4	17	6.8
MEMBER(PIC/PAC)	8	6	11	7	32	12.8
TOTAL	**68**	**60**	**62**	**60**	**250**	**100**

Source: Human Resource Departments Counties (2016)

3.4 Sampling Procedure and Sample Size

Sampling refers to the systematic selection of a limited number of elements out of a theoretically specified population of elements.The rationale is to draw conclusions about the entire population. According to Orodho (2003), the ultimate test of a sample design is how well it represents the characteristics of the population it purports to. The reason for sampling in this study was to focus on knowledgeable persons, and accessibility of study population and the greater speed of data collection.A sample is a subset of the study population Kothari, (2004). In this respect, therefore, a sample size was calculated from the study population using Nassiuma's (2008) formula as shown:-

$$n = \frac{NC^2}{C^2 + (N-1)e^2}$$

Where:

n = Sample Size
N = Population Size
C = coefficient of variation ($21\% \leq C \leq 30\%$)
e = error margin ($2\% \leq e \leq 5\%$)

Substituting the equation:

$$n = \frac{250(0.3)^2}{0.3^2 + (250-1)0.03^2}$$

n=71.6
n ≈72 respondents

The researcher used stratified sampling technique method of data collection. Strata's was formed from the characteristic of the population and the sample of each strata obtained using the formula:-

$$z = a \div b \times c$$

Where:-

z- Sample of each strata
a- Population of each strata
b- Target population
c- Sample size

Table 3.4 Sample Size

Category	Population	Sample size	% of Population
Chief officer (Accounting officer)	48	14	19.44
Executive committee member (CEC)	40	12	16.66
Accountants	53	15	20.83
Principal finance officer	11	3	4.17
Internal auditors	24	7	9.72
Planning officer	25	7	9.72
Clerks to PIC/PAC	17	5	6.94
MEMBER(PIC/PAC)	32	9	12.5
TOTAL	**250**	**72**	**100**

Source: Author (2016)

3.5 Research Instruments

The researcher used questionnaires as the main instruments for data collection. The questionnaires were for the budget formulators, for the budget implementers and overseers. All questionnaires had both closed and open – ended questions that helped in gathering demographic information of the respondents and information on the factors that affect budget implementation by the method of drop and pick later.

3.5.1 Validity of the instrument

Mugenda and Mugenda (2003) define validity as the degree to which results obtained from analysis of the data actually represents the phenomenon under study. In order to improve validity, the researcherensured that the research instruments are accurate by making the necessary adjustments after conducting a pilot study and ensuring the questions are getting the right response to measure what is intended. Information gathered was also crosschecked with other sources to ensure authenticity and accuracy.Pilot study was carried out to validate the instruments. Based on the analysis of the pre-test, the researcher was able to make corrections, adjustments and additions to the research instruments.As a relative large sample was chosen by using stratified random sampling, the external validity requirement was fulfilled to some extent, with 60.9% validity.

Table 3.5: Case Processing Summary

		N	%
Cases	Valid	42	60.9
	Excluded[a]	27	39.1
	Total	69	100.0

a. Listwise deletion based on all variables in the procedure.

3.5.2 Reliability of the instrument

According to Mugenda and Mugenda (2003), reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials. That is how consistent the scores are for each individual from one administration of an instrument to another and from one item to another. In the study, reliability was assessed by pilot study whereby equivalent-forms method was used. The pilot study involved 10 per cent of the target population. The pilot test was done in Laikipia County Government, Ministry of Finance and Economic Planning which has same roles in budget execution as the other County Government.The reliability was tested using the Cronbach alpha whereby for the judgment for instrument was deemed reliable since the

constructs attained alpha greater than 0.7($\alpha \geq 0.7$)Cronbach's alpha is a measure of internal consistency, that is, how closely related a set of items are as a group. It is considered to be a measure of scale reliability. A "high" value for alpha does not imply that the measure is unidimensional. If, in addition to measuring internal consistency, you wish to provide evidence that the scale in question is unidimensional and additional analyses can be performed. Exploratory factor analysis is one method of checking dimensionality. Technically speaking, Cronbach's alpha is not a statistical test - it is a coefficient of reliability (or consistency). Cronbach's alpha is the most common measure of internal consistency ("reliability"). It is most commonly used when you have multiple Likert questions in a survey/questionnaire that form a scale and you wish to determine if the scale is reliable. If you are concerned with inter-rater reliability.

Cronbach's alpha	**Internal consistency**
$\alpha \geq 0.9$	Excellent
$0.9 > \alpha \geq 0.8$	Good
$0.8 > \alpha \geq 0.7$	Acceptable
$0.7 > \alpha \geq 0.6$	Questionable
$0.6 > \alpha \geq 0.5$	Poor
$0.5 > \alpha$	Unacceptable

Source: Bonett, D. G (2010)

Table 3.6: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.487	.840	35

From the analysis the questionnaires were reliable as the Cronbach's Alpha based on standardized items is greater than 0.7 at 0.840 and therefor acceptable to make a research results that can be relied upon.

3.5.3 Data collection procedure

The researcher obtained permission permit from the NACOSTI before collecting data from the sampled individuals. During the administration of the questionnaires, the researcher made a brief introduction, explaining the nature and importance of the study and assuring the respondents of confidentiality. The respondents were given time to respond to the questions in the questionnaires. The researcher administer questionnaires to the respondents during pilot study and main study and waited for them until they are completely filled and then collect them. The questionnaire contained two major sets of questions; the first part addressed the background information while the latter addressed the study objectives. Regarding the study objectives, the data was collected was on a Likert scale. The questionnaire was used to collect primary data from the respondents. Secondary data was obtainedfrom Ministry of Planning and Devolution, The Treasury, other scholar, books and the internet where correct citation was made on the budgetary process and budget implementation.
The questioners were distributed as follows, using the formulae:-

$$z = a \div b \times c$$

Where:-

z- Sample of each strata
a- Population of each strata
b- Target population
c- Sample size

Table 3.7 Distribution of questioners

Category	Nyandarua	Nyeri	Muranga	Kirinyaga	Total	% of Population
Chief officer (Accounting officer)	4	3	4	3	14	19.44
Executive committee member (CEC)	3	3	3	3	12	16.66
Accountants	4	4	3	4	15	20.83
Principal finance officer	1	0	1	1	3	4.17
Internal auditors	2	2	2	1	7	9.72
Planning officer	2	2	1	2	7	9.72
Clerks to PIC/PAC	1	2	1	1	5	6.94
MEMBER(PIC/PAC)	2	2	3	2	9	12.5
TOTAL	**19**	**18**	**18**	**17**	**72**	**100**

Source: Author (2014)

3.5.4 Regression diagnostics

Before running the regression model, the following regression diagnostics were carried in order to ensure that the requirements for regression analysis were met. This included testing for normality, multicollinearity and Heteroscedasticity as is discussed in the below section.

3.5.4.1 Normality

Logistic regression requires that the assumption of normality be met. A normality test is used to determine whether sample data has been drawn from a normally distributed population (within some tolerance).The Shapiro Wilk statistics was used to determine if the response variable followed the normal distribution. The Shapiro-Wilk test for normality is available when using the Distribution platform to examine a continuous variable.

The null hypothesis for this test is that the data are normally distributed. The Prob < W value listed in the output is the p-value. If the chosen alpha level is 0.05 and the p-value is less than 0.05, then the null hypothesis that the data are normally distributed is rejected. If the p-value is greater than 0.05, then the null hypothesis is not rejected.

The results of this test are presented in figure 3.1: below, the Shapiro Wilk statistics presented confirms that the response variable follows a normal distribution.

Normality

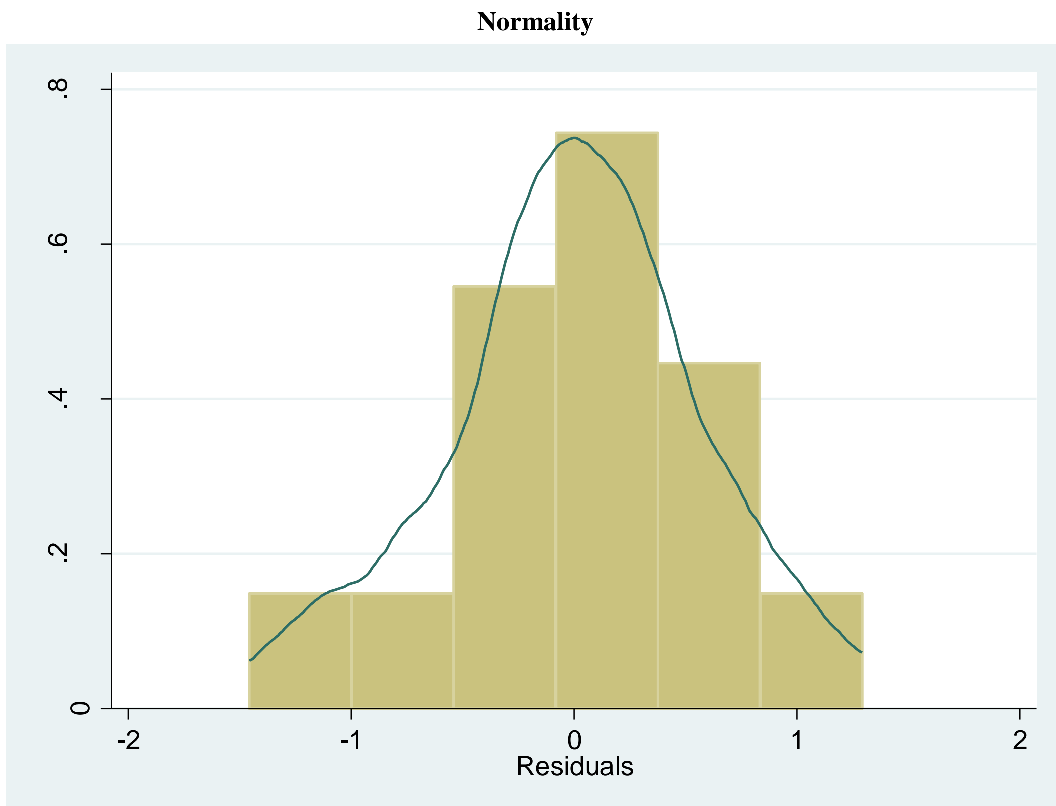

Figure 3.1 Normality

Ahistogram with a normal curve superimposed to show the graphical representation of the results of the normality test was used. The nature of the normal curve follows a standard normal probability curve, thus indicating that the residuals follow a normal distribution as required in the OLS estimation of a regression model.

3.5.4.2 Multicollinearity test

Multicollinearity occurs when the t-statistics for the coefficient are not significant yet the F-statistics is significant which leads to wrong interpretations of regression analysis results. The Variance Inflation Factor was used to check for cases of multicollinearity among the independent variables. The variance inflation factor (VIF) was used to check cases of multicollinearity. Which gave the results of the test result in Table 3.9. The variance inflation factor (VIF) values indicate that there were no cases of multicollinearity in the data ($1.03 \leq VIF \leq 1.64$), and thus the logistic regression analysis could be carried out (Belsley *et al.,* 1980).

Table: 3.9 Multicollinearity

```
. vif

    Variable |       VIF       1/VIF  
-------------+----------------------
FinaPolicies |      1.64    0.609152
Availability |      1.33    0.750757
  Monitoring |      1.27    0.784619
 Regulations |      1.03    0.974305
-------------+----------------------
    Mean VIF |      1.32

.
```

3.5.4.3 Heteroscedasticity

The variance of the residuals is one for regression analysis is expected to be constant. The Breusch-Pagan/Cook-Weisberg test was used to check for Heteroscedasticity of the residuals. The null hypothesis that there was existence of Heteroscedasticity in the residuals was rejected and hence the standard error robust procedure was not carried out.

```
Breusch-Pagan / Cook-Weisberg test for heteroskedasticity
         Ho: Constant variance
         Variables: FinaPolicies Monitoring Availability Regulations

         chi2(4)      =     4.78
         Prob > chi2  =   0.3104
```

3.6. Data Presentation

After collecting, data was presented in the form of tables, frequency tables and percentages. This was done by use of the information obtained from the software statistical packages .Open-ended questions were analysed using qualitative data analysis.

3.7 Data Analysis

This involved interpreting data collected from respondents when the questionnaires were completed by the respondents. The researcher compiled them by use of data editing, data coding and data tabulation. Data analysis was carried out by use of Statistical Package for Social Sciences (SPSS) version 20 software to obtain descriptive statistics and to obtain Inferential statistics that was compared with the existing literature to arrive at the conclusion of the study. Descriptive Statistics (mode, median, mean, variance, standard deviation) was also used to describe the factors affecting budget implementation variables. The following multiple regression model was used to ascertain factors that are significant in predicting budget implementation in the Counties.

$$Y= \beta_0 + \beta_1X_1+ \beta_2X_2+ \beta_3X_3+ \beta_4X_4 +\varepsilon$$

Where:

Y	=	Budget Implementation
β_0	=	Constant
X_1	=	Monitoring
X_2	=	Availability of Finance
X_3	=	Financial Policies
X_4	=	Government Financial Regulation
ε	=	Error Term
$\beta_1, \beta_2, \beta_3, \beta_4$	=	Régression Coefficients for Independent Variables

Table 3.10: Decision Rule Test Table

Objective/ variable	Test	Significance Level	Decision Rule
Budget implementation	Regression analysis	$Y= \beta_0 + \beta_1X_1+ \beta_2X_2+ \beta_3X_3+ \beta_4X_4 +\varepsilon$	strong or weak significant effect on budget implementation
Monitoring	t-test, SD, Mean, Anova test	95% level	P≥0.05%, reject null hypothesis, Mean ≥2.5 effective therefore reject the null hypothesis. F-cal.> sig. value, reject null hypothesis
Availability of Finance	t-test, co-effient of variation, Anova test	95% level	P≥0.05,reject null hypothesis, CV ≤0.25 good and therefore reject the null hypothesis, T cal ≤T crit reject null hypothesis
Financial Policies	t-test, SD, Mean, Anova	95% level (2-tailed)	p≥0.05,reject the null hypothesis, Mean ≥2.5

	test		effective, reject null hypothesis, Z≥1.96 ,reject null hypothesis
Government Financial Regulations	t-test, Anova test	95% level sig. (2-tiled)	t≥1.96 i.e. if t-cal. > t-critical or , P ≤0.05, reject the null hypothesis

Source: Author (2016)

3.8 Ethical Issues

The researcher sought authorization for the use of figures and tables of other published sources. Further the researcherrespected the respondents to the study and further ensured confidentiality of any information given by them. In the study the researcher refrained from plagiarism and paraphrasing without authentic referencing. Schutt and Russell (2006) alluded that in carrying out research the researcher must be guided by ethical considerations affecting the profession.

IV. Results And Discussion

4.1 Introduction

These chapter presents data analysis and finding of the study as set out in the study objectives. The data was gathered from questionnaires as the research instruments. The results of the data has been presented in form of quantitative, qualitative, followed by the discussion which involves explanations, descriptions & interpretations.

4.2 Response Rate

Out of the issued questionnaires to the 72 respondents, 69 of the respondents returned their questionnaires filled translating to 95.83% of the response rate, since the contacted officer are technical officers involved in budget preparation, execution and implementation, they possessed adequate experience with the implication that their opinion would be relied upon, thus the data generated from the questionnaires would be relevant and sufficiently adequate for the study as presented in the below Table 4.1 on how the returned questionnaires were distributed and collected.

Table 4.1 Response Rate

Category	Nyandarua	Nyeri	Murang'a	Kiriny'aga	Total	% of Population
Chief officer (C.O)	4	3	4	3	14	20.29
Executive committee member (CEC)	3	2	2	3	10	14.49
Accountants	4	4	3	4	15	21.74
Principal finance officer	1	0	1	1	3	4.35
Internal auditors	2	2	2	1	7	10.14
Planning officer	2	2	1	2	7	10.14
Clerks to PIC/PAC	1	2	0	1	4	5.80
MEMBER(PIC/PAC)	2	2	3	2	9	13.05
TOTAL	19	17	16	17	69	100

Source: Author (2017)

4.3 Demographic Analysis

Table 4.2 Level of education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		1	1.4	1.4	1.4
	Secondary	2	2.9	2.9	4.3
	College	16	23.2	23.2	27.5
	University	50	72.5	72.5	100.0
	Total	69	100.0	100.0	

From the sample the results show that 72.5% of the respondents were university graduates, 23.2% were from middle level colleges and 2.9% were secondary school leavers.

Table 4.3 Time in current office

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-2years	16	23.2	23.5	23.5
	3-4years	29	42.0	42.6	66.2
	5 and above	23	33.3	33.8	100.0
	Total	68	98.6	100.0	
Missing	System	1	1.4		
Total		69	100.0		

From the results 42% of the respondents have been in the office between 3-4 years, 33.3% have been in the office between 5 years and more and then 23.2% have been in the office between 0-2 years

Table 4.4: Budget planners

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	senior managers in finance and planning departments	9	13.0	13.4	13.4
	senior manager in all departments	15	21.7	22.4	35.8
	senior managers and middle-level managers in all departments	22	31.9	32.8	68.7
	all levels in management	21	30.4	31.3	100.0
	Total	67	97.1	100.0	
Missing	System	2	2.9		
Total		69	100.0		

From the analysis, 31.9% of the respondents stated that senior and middle level managers in all departments are involved in budget planning, 30.4% of the respondents indicated that all levels in management (senior managers, middle level managers and others staff) are involved in budget planning at the county while 21.7% responded that senior managers in all departments are involved in budget planning at the county and 13% of the respondents indicated that only the senior managers in finance and planning departments are involved in budget planning at the county.

Table 4.5: Budget as management tool

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	55	79.7	82.1	82.1
	No	12	17.4	17.9	100.0
	Total	67	97.1	100.0	
Missing	System	2	2.9		
Total		69	100.0		

79.7% of the respondents were satisfied with budget as a management tool in the counties and 17.4 % of the respondents were not satisfied with budget as a management tool in the counties.

Table 4.6: Budget effectiveness

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Fair	10	14.5	16.9	16.9
	Good	37	53.6	62.7	79.7
	very good	11	15.9	18.6	98.3
	Excellent	1	1.4	1.7	100.0
	Total	59	85.5	100.0	
Missing	System	10	14.5		
Total		69	100.0		

53.6% of the respondents rated the effectiveness of budget as good, 15.9% rated it as very good, 14.5% rated it as fair and 1.4%rated it as excellent

4.4: Factors Affecting budget implementation in the Counties

4.4.1 Financial policies

Table 4.7: Agreement level on financial policies effect on budget implementation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	1	1.4	1.5	1.5
	Disagree	2	2.9	2.9	4.4
	Neutral	3	4.3	4.4	8.8
	Agree	36	52.2	52.9	61.8
	Strongly agree	26	37.7	38.2	100.0
	Total	68	98.6	100.0	
Missing	System	1	1.4		
Total		69	100.0		

52.2% of the respondents agreed that financial policies affects budget implementation,37.7 strongly agreed,4.3% of the respondents were neutral, 2.9% disagreed and 1.4% strongly disagreed that, financial policies affected budget implementation in the county governments.

Table 4.8: Agreement level on sufficiency of the budget process

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	1	1.4	1.5	1.5
	Disagree	8	11.6	11.9	13.4
	Neutral	12	17.4	17.9	31.3
	Agree	35	50.7	50.7	82.1
	Strongly agree	11	15.9	16.4	98.5
					100.0
	Total	67	97.1	100.0	
Missing	System	2	2.9		
Total		69	100.0		

50.7% reported that there is sufficient budget process to enable effective budget implementation in the county governments, 17.4% of the respondents were neutral, 15.9% of the respondents strongly agreed while 11.6% disagreed and 1.4% of the respondents strongly disagreed that there is sufficient budget process to enable effective budget implementation in the county governments.

Table 4.9: Public participation in budget preparation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	7	10.1	10.3	10.3
	Neutral	7	10.1	10.3	20.6
	Agree	35	50.7	51.5	72.1
	Strongly Agree	19	27.5	27.9	100.0
	Total	68	98.6	100.0	
Missing	System	1	1.4		
Total		69	100.0		

50.7% of the respondent agreed that there was public participation in budget preparation, 27.5 of the respondents strongly agreed there was public participation, 10.1% of the respondents were neutral on public participation and 10.1 disagreed that there was public participation in budget preparation.

Table 4.10: Agreement level on procurement plans in budget implementation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	3	4.3	4.5	4.5
	Disagree	12	17.4	17.9	22.4
	Neutral	13	18.8	19.4	41.8
	Agree	32	46.4	47.8	89.6
	Strongly agree	7	10.1	10.4	100.0
	Total	67	97.1	100.0	
Missing	System	2	2.9		
Total		69	100.0		

46.4% agreed that procurement plans were followed during budget implementation, 18.8% of the respondents were neutral, 17.4% disagreed, 10.1% strongly agreed and 4.3% strongly disagreed that procurement plans were followed during budget implementation.

Table 4.11 capacity and competency of those involved in budget implementation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	1	1.4	1.5	1.5
	Disagree	4	5.8	5.9	7.4
	Neutral	8	11.6	11.8	19.1
	Agree	42	60.9	61.8	80.9
	Strongly agree	13	18.8	19.1	100.0
	Total	68	98.6	100.0	
Missing	System	1	1.4		
Total		69	100.0		

60.9% of the respondents agreed that the people involved in budget preparation and execution have the necessary capacity and competency, 18.8% strongly agreed, 11.6% of the respondents were neutral, 5.8% disagreed and 1.4% strongly disagreed that the people involved in budget preparation and execution have the necessary capacity and competency.

Table 4.12:Internal Control Systems

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	6	8.7	8.8	8.8
	Neutral	9	13	11.8	20.6
	Agree	42	60.9	61.8	82.4
	strongly agree	11	15.9	16.2	98.5
					100.0
	Total	68	98.6	100.0	
Missing	System	1	1.4		
Total		69	100.0		

60.9% of the respondents agreed that there are enough internal control systems in budget implementation, 15.9% strongly agreed, 13% of the respondents were neutral while 8.7% of the respondents disagreed that there are enough internal control systems in budget implementation.

Table 4.13: Timeframe for reports preparation and budget planning

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	3	4.3	4.4	4.4
	Neutral	3	4.3	4.4	8.8
	Agree	43	62.3	63.2	72.1
	strongly agree	19	27.5	27.9	100.0
	Total	68	98.6	100.0	
Missing	System	1	1.4		
Total		69	100.0		

62.3% of the respondents agreed that there is a set time frame for reports preparation and budget planning, 27.5% strongly agreed, 4.3% were neutral and 4.3% disagreed that there is a set time frame for reports preparation and budget planning.

4.4.2: BUDGETARY MONITORING

Table 4.14: Financial report and reporting effect on budget implementation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	1	1.4	1.5	1.5
	Disagree	9	13.0	11.8	13.2
	Neutral	9	13.0	13.2	26.5
	Agree	38	55.1	55.9	82.4
	strongly agree	11	15.9	16.2	98.5
					100.0
	Total	68	98.6	100.0	
Missing	System	1	1.4		
Total		69	100.0		

55.1% of the respondents agreed that financial reports and reporting affects budget implementation, 15.9% strongly agree, 13.0% of the respondents were neutral, 13.0% of the respondents disagreed and 1.4% strongly disagreed that financial reports and reporting affects budget implementation.

Table 4.15: Oversight authorities effect in budget implementation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	1	1.4	1.4	1.4
	Disagree	5	7.2	7.2	8.7
	Neutral	5	7.2	7.2	15.9
	Agree	37	53.6	53.6	69.6
	strongly agree	21	30.4	30.4	100.0
	Total	69	100.0	100.0	

53.6% of the respondent agreed that there were sufficient oversight authorities, 30.4% strongly agreed, 7.2% of the respondent were neutral, 7.2% disagreed and 1.4% strongly disagreed that the oversight authorities were sufficient to enable effective budget implementation in the county government.

Table 4.16: Effects of IFMIS in budget implementation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	2	2.9	2.9	2.9
	Disagree	7	10.1	10.1	13.0
	Neutral	4	5.8	5.8	18.8
	Agree	32	46.4	46.4	65.2
	strongly agree	24	34.7	33.3	98.6
					100.0
	Total	69	100.0	100.0	

46.4% of the respondent agreed that IFMIS connectivity affects budget implementation while 34.7% strongly agreed, 10.1% disagreed, 5.8% were neutral and 2.9% strongly disagreed that IFMIS connectivity affects budget implementation.

Table 4.17: Good governance is practice in the County

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	4	5.8	5.8	5.8
	Disagree	5	7.2	7.2	13.0
	Neutral	24	34.8	34.8	47.8
	Agree	26	37.7	37.7	85.5
	strongly agree	10	14.5	14.5	100.0
	Total	69	100.0	100.0	

37.7 % of the respondents agreed that good governance is practiced in the County Governments, 34.8 % were neutral, 14.5 % strongly agreed, 7.2% disagreed and 5.8% strongly disagreed that good governance is practiced in the County Governments.

Table 4.18: Achievement of value for money in budget implementation due to monitoring

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	1	1.4	1.5	1.5
	Disagree	5	7.2	7.4	8.8
	Neutral	5	7.2	7.4	16.2
	Agree	41	59.4	60.3	76.5
	strongly agree	16	23.2	23.5	100.0
	Total	68	98.6	100.0	
Missing	System	1	1.4		
Total		69	100.0		

59.4% of the respondents agreed that monitoring to achieve value for money in budget implementation, 23.1% strongly agreed, 7.2% were neutral, 7.2% disagreed and 1.4% strongly disagreed that monitoring to achieve value for money in budget implementation.

Table 4.19: Residents achievement of value of money in the project implemented

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	11	15.9	16.4	16.4
	Neutral	10	14.5	14.9	31.3
	Agree	38	55.1	56.7	88.1
	strongly agree	8	11.6	11.9	100.0
	Total	67	97.1	100.0	
Missing	System	2	2.9		
Total		69	100.0		

55.1 % of the respondents agreed that the residence of the counties achieved value of their money in the projects undertaken in the counties, 15.9% disagreed, 14.5% were neutral and 11.6 % strongly agreed that the residence of the counties achieved value of their money in the projects undertaken in the counties.

Table 4.20: Establishment of Monitoring and Evaluation team

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	2	2.9	2.9	2.9
	Disagree	11	15.9	15.9	18.8

	Neutral	16	23.2	23.2	42.0
	Agree	32	46.4	46.4	88.4
	strongly agree	8	11.6	11.6	100.0
	Total	69	100.0	100.0	

46.4% of the interviewees agreed that there are established monitoring and evaluations team, 23.2% were neutral, 15.9% disagreed, 11.6% strongly agreed and 2.9% strongly disagreed that there are established monitoring and evaluations team.

Table 4.21: Effectiveness of Monitoring and Evaluation team reports on budget implementation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	2	2.9	2.9	2.9
	Disagree	12	17.4	17.6	20.6
	Neutral	20	29.0	29.4	50.0
	Agree	27	39.1	39.7	89.7
	strongly agree	7	10.1	10.3	100.0
	Total	68	98.6	100.0	
Missing	System	1	1.4		
Total		69	100.0		

39.1 % of the respondents agreed that reports from monitoring team are effective in budget implementation, 29.0% were neutral, 17.4% disagreed, 10.1% strongly agree and 2.9% strongly disagreed that reports from monitoring team are effective in budget implementation.

Table 4.22: Alignment of budgets with policy documents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	1	1.4	1.5	1.5
	Disagree	3	4.3	4.5	6.0
	Neutral	15	21.7	22.4	28.4
	Agree	32	46.4	47.8	76.1
	strongly agree	16	23.2	23.9	100.0
	Total	67	97.1	100.0	
Missing	System	2	2.9		
Total		69	100.0		

46.4% of the interviewees agreed that budgets are aligned to MTEF, ADP, CIDP and CBROP, 23.2% strongly agreed, 21.7% were neutral, 4.3% disagreed and 1.4% strongly disagreed that budgets are aligned to MTEF, ADP, CIDP and CBROP

4.4.3: Financial availability

Table 4.23: level of agreement if the county collected targeted local revenue

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	8	11.6	11.6	11.6
	Disagree	34	49.3	49.3	60.9
	Neutral	9	13.0	13.0	73.9
	Agree	18	26.1	26.1	100.0
	Total	69	100.0	100.0	

49.3% of the respondents disagreed that county collected the targeted local revenue, 26.1% agreed, 13.0% were neutral and 11.6% strongly disagreed that county collected the targeted local revenue.

Table 4.24: Funds disbursement to Counties on timely basis

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	9	13.0	13.2	13.2
	Disagree	28	40.6	41.2	54.4
	Neutral	12	17.4	17.6	72.1
	Agree	18	26.1	26.5	98.5
	strongly agree	1	1.4	1.5	100.0
	Total	68	98.6	100.0	
Missing	System	1	1.4		

Total	69	100.0		

40.6% of the respondents disagreed that funds are disbursed to counties on timely basis, 26.1% agreed, 17.4% were neutral, 13.0% strongly disagree and 1.4% strongly agree disagreed that funds are disbursed to counties on timely basis.

Table 4.25 Cash flow management effect on budget implementation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	1	1.4	1.4	1.4
	Neutral	7	10.1	10.1	11.6
	Agree	42	60.9	60.9	72.5
	strongly agree	19	27.5	27.5	100.0
	Total	69	100.0	100.0	

60.9% of the interviewees agreed that cash flow management affect budget implementation in the counties, 27.5% strongly agreed, 10.1 % were neutral and 1.4% strongly disagreed that cash flow management affect budget implementation in the counties.

Table 4.26: Timely preparation of financial reports

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	6	8.7	8.8	8.8
	Neutral	11	15.9	16.2	25.0
	Agree	36	52.2	52.9	77.9
	strongly agree	15	21.7	22.1	100.0
	Total	68	98.6	100.0	
Missing	System	1	1.4		
Total		69	100.0		

52.2% of the respondents agreed that counties prepare financial reports on timely basis, 21.7% strongly agreed, 15.9% were neutral and 8.7% disagreed that counties prepare financial reports on timely basis that counties prepare financial reports on timely basis.

Table 4.27 Budgetary allocation effect on budget implementation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	1	1.4	1.5	1.5
	Neutral	9	13.0	13.8	15.4
	Agree	29	42.0	44.6	60.0
	strongly agree	26	37.7	40.0	100.0
	Total	65	94.2	100.0	
Missing	System	4	5.8		
Total		69	100.0		

42.0% of the respondents agreed that budgetary allocation affects budgetary implementation, 37. 7% strongly agreed, 13% were neutral and 1.4 % disagreed that budgetary allocation affects budgetary implementation.

Table 4.28: Timely Budgets preparation.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	5	7.2	7.7	7.7
	Neutral	3	4.3	4.6	12.3
	Agree	35	50.7	53.8	66.2
	strongly agree	22	31.9	33.8	100.0
	Total	65	94.2	100.0	
Missing	System	4	5.8		
Total		69	100.0		

50.7% of the respondents agreed that budgets are prepared on timely basis, 31.9% strongly agreed, 7.2% disagreed and 4.3% were neutral that budgets are prepared on timely basis.

Table 4.29:Prioritization on the Project identified to be undertaken

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	1	1.4	1.4	1.4
	Disagree	13	18.8	18.8	20.3
	Neutral	12	17.4	17.4	37.7
	Agree	32	46.4	46.4	84.1
	strongly agree	11	15.9	15.9	100.0
	Total	69	100.0	100.0	

46.4% of the interviewees agreed that there are prioritization on the identification of projects to be undertaken, 18.8% disagreed, 17.4% were neutral, 15.9% strongly agreed and 1.4% strongly disagreed that there are prioritization on the identification of projects to be undertaken.

Table 4.30: Effect of Pending bills on budget implementation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	3	4.3	4.3	4.3
	Neutral	3	4.3	4.3	8.7
	Agree	37	53.6	53.6	62.3
	strongly agree	26	37.7	37.7	100.0
	Total	69	100.0	100.0	

53.6% of the respondents agreed that pending bills affects budget implementation, 37.7% strongly agreed, 4.3% disagreed and 4.3% were neutral that pending bills affects budget implementation

4.4.4: FINANCIAL REGULAION ON BUDGET IMPLEMENTATION

Table 4.31: Enactment of Finance Bills

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	3	4.3	4.3	4.3
	Neutral	3	4.3	4.3	8.7
	Agree	37	53.6	53.6	62.3
	strongly agree	26	37.7	37.7	100.0
	Total	69	100.0	100.0	

53.6% of the respondents agreed that the county enacts the County Finance Bill /Act on time, 37.7% strongly agreed, 4.3% were neutral and 4.3% disagreed that the county enacts the County Finance Bill /Act on time.

Table 4.34: Implementation of projects that are not budgeted in financial year

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	12	17.4	18.2	18.2
	Disagree	21	30.4	31.8	50.0
	Neutral	15	21.7	22.7	72.7
	Agree	15	21.7	22.7	95.5
	strongly agree	3	4.3	4.5	100.0
	Total	66	95.7	100.0	
Missing	System	3	4.3		
Total		69	100.0		

30.4% of the respondents disagreed that projects that are not budgeted in the financial year are implemented, 21.7% agreed, 21.7%were neutral, 17.4%strongly disagree and 4.3% strongly agreed that projects that are not budgeted in the financial year are implemented.

Table 4.33: CARA formulae effect on budget implementation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	2	2.9	3.2	3.2
	Disagree	4	5.8	6.5	9.7
	Neutral	12	17.4	19.4	29.0
	Agree	26	37.7	41.9	71.0
	strongly agree	18	26.1	29.0	100.0
	Total	62	89.9	100.0	
Missing	System	7	10.1		
Total		69	100.0		

37.7% of the respondents agreed that CARA formulae affects budget implementation, 26.1% strongly agree, 17.4% were neutral, 5.8% disagreed and 2.9% strongly disagreed that CARA formulae affects budget implementation.

Table 4.34: legal frame work effects on budget implementation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	6	8.7	9.0	9.0
	Neutral	10	14.4	13.4	22.4
	Agree	37	53.6	53.7	76.1
	strongly agree	14	20.3	20.9	97.0
					100.0
	Total	67	97.1	100.0	
Missing	System	2	2.9		
Total		69	100.0		

53.6% of the respondents agreed that legal framework affects budget implementation, 20.3% strongly agreed, 14.4% were neutral and 8.7% disagreed that legal framework affects budget implementation.

Table 4.35: Budgetary timelines in budget implementation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	9	13.0	13.6	13.6
	Neutral	11	15.9	16.7	30.3
	Agree	31	44.9	47.0	77.3
	strongly agree	15	21.7	22.7	100.0
	Total	66	95.7	100.0	
Missing	System	3	4.3		
Total		69	100.0		

44.9% of the respondents agreed that budgetary timelines area followed in budget implementation, 21.7% strongly agreed, 15.9% were neutral and 13.0% disagreed that budgetary timelines area followed in budget implementation.

Table 4.36: Authority to re-allocate fund

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	5	7.2	7.6	7.6
	Neutral	6	8.7	9.1	16.7
	Agree	35	50.7	53.0	69.7
	strongly agree	20	29.0	30.3	100.0
	Total	66	95.7	100.0	
Missing	System	3	4.3		
Total		69	100.0		

50.7% of the respondents agreed that the required authority is sought in case of fund reallocation, 29.0% strongly agreed, 8.2% were neutral and 7.2% disagreed that the required authority is sought in case of fund reallocation.

Table 4.37: Establishment of County Budget Economic Forum

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	4	5.8	6.1	6.1
	Disagree	15	21.7	22.7	28.8
	Neutral	13	18.8	19.7	48.5
	Agree	23	33.3	34.8	83.3
	strongly agree	11	15.9	16.7	100.0
	Total	66	95.7	100.0	
Missing	System	3	4.3		
Total		69	100.0		

33.3% of the respondents agreed that the counties have established County Budget Economic Forum, 21.7% disagreed 18.8% wee neutral, 15.9% strongly agreed and 5.8% strongly disagreed that the counties have established County Budget Economic Forum.

Table 4.38: Establishment of County Internal Audit Committee

		Frequency	Percent	Valid Percent	Cumulative Percent
	strongly disagree	7	10.1	10.4	10.4
	Disagree	12	17.4	17.9	28.4
	Neutral	9	13	11.9	40.3
Valid	Agree	30	43.5	44.8	85.1
	strongly agree	9	13.0	13.4	98.5
					100.0
	Total	67	97.1	100.0	
Missing	System	2	2.9		
Total		69	100.0		

43.5% of the respondents agreed that counties have established Internal Audit Committee, 17.4% disagreed, 13.0% were neutral and 10.1%strongly disagreed that counties have established Internal Audit Committee, 17.4% disagreed

4.4.5 Regression Model

To explain the factors affecting budget implementation the study used multiple regression model of the form

$$Y= \beta_0 + \beta_1X_1+ \beta_2X_2+ \beta_3X_3+ \beta_4X_4 +\varepsilon$$

Where: Y = Budget Implementation, β_0 = Constant, X_1= Monitoring, X_2= Availability of Finance, X_3= Financial Policies, X_4 =Government Financial Regulation, ε =Error Term, $\beta_1, \beta_2, \beta_3, \beta_4$ = Régression Coefficients for Independent Variables. The findings are presented in Table. 4.39

Table 4.39: Regression Model

Budgeteffe~s	Coef.	Std. Err.	t	P>|t|	[95% Conf.	Interval]
FinaPolicies	.447087	.2422159	1.85	0.073	-.0428409	.9370149
Monitoring	-.0663578	.0935026	-0.71	0.482	-.2554846	.1227691
Availability	.5092117	.309045	1.65	0.107	-.1158907	1.134314
Regulations	-.0371992	.0940227	-0.40	0.695	-.227378	.1529796
_cons	-.9655696	1.006481	-0.96	0.343	-3.001369	1.07023

Absorption Rate = 0.447087(Financial Policies)– 0.0663578(Budget Monitoring) +0.5092117(Financial Availability)– 0.0371992(Financial Regulations)-0.9655696(constant)+ 2.71828(error term)

$Y = -0.966-0.372x_1+0.509x_2-0.664x_3+0.447x_4+2.71828$

Table 4.40 : Decision rule test results

Objective/ variable	Test	Sig Level	Decision Rule	Comments
Budget implementation	Regression analysis		$Y=-0.966-0.372x_1$ $+0.509x_2-0.664x_3+0.447x_4$	Financial regulation has a weak significance on budget implementation with a correlation of -0.0372, financial policies a strong positive correlation of 0.4471, financial availability strong positive correlation at 0.509 and budget monitoring with a weak negative correlation at -0.0664
Monitoring	t-test, SD, Mean, covariance, ANOVA test	95%	P≥0.05%, reject null hypothesis, Mean of 2.5, Cov≥0.25effective reject the null hypothesis., T-critical ≥1.96 reject the null hypothesis, F-cal ≥ F-critical then significant reject null hypothesis	Since P≥0.05, we reject null hypothesis. Mean has a mean of 3.831therefore greater than 2.5 and therefore effective, Cov 0.25 is less than 0.25, and we reject the null hypothesis and concluded that monitoring has significant effect in budget implementation. T-cal is 35.388 which is greater that t-critical therefor reject the null hypothesis. F-Calculated is 0.954 which is less than F-critical 2.05 and therefore not significant and we fail to reject null hypothesis that it has significant effect in budget implementation.
Availability of Finance	t-test, Mean, covariance, ANOVA	95%	P≤0.1,reject null hypothesis, mean 2.5, co≤0.25 good and therefore reject	Since p- calculated is less than .01, we reject the null hypothesis. Mean of 3.618125 greater than 2.5, Cov 0.07625 less than 0.25, T-cal is 35.732,therefore effective we reject the null hypothesis and concluded

	test		the null hypothesis, T-critical ≥1.96 reject the null hypothesis, F-cal ≥ F-critical then significant reject null hypothesis	that availability of finance has significant effects in budget implementation. F- calculated is 2.601 which is greater than F-critical 2.11 and therefore significant and we reject null hypothesis, and concluded that it has significant effect in budget implementation
Financial Policies	t-test, Mean, covariance, ANOVA test	95% level (2-tailed)	P≤0.01,reject the null hypothesis, Mean ≥2.5 effective, Cov≤0.25 reject null hypothesis, T-critical ≥1.96 reject the null hypothesis, F-cal ≥ F-critical then significant reject null hypothesis	Since p- calculated is less than .01, we reject the null hypothesis. Mean is3.611 greater than 2.5 therefore effective, T-cal is 35.9625which is greater than 1.96, we reject the null hypothesis and concluded that financial policies has significant effects in budget implementation F- calculated is 2.07 which is less than F-critical 2.18 and therefore not significant and we fail to reject null hypothesis that it has significant effect in budget implementation.
Government Financial Regulations	t-test, covariance, mean, ANOVA test	95% level sig. (2-tiled)	Cov≤0.25 , P ≤0.05,mean ≥2.5 effective, T-critical ≥1.96 reject the null hypothesis, reject the null hypothesis, F-cal ≥ F-critical then significant reject null hypothesis	t-calculated is 23.238which is greater than 1.96, Cov 0.2213is less than 0.25 , mean is 3.7151 which is greater than 2.5, therefore critical we reject the null hypothesis and concluded that governments financial regulations has significant effect in budget implementations. F- calculated is 0.597 which is less than F-critical 2.12 and therefore not significant and we fail to reject null hypothesis that it has significant effect in budget implementation

Source: Author (2017)

V. Summary, Conclusions And Recommedations

5.1 Summary of the study

This chapter presents a summary of the findings from the results of the study and the conclusion made there in, it also presents the recommendations made by the researcher.

The purpose of the study was to investigate financial factors affecting budget implementation in Kenya Counties. The study aimed to achieve the following objectives:-

i) To assess the effect of monitoring on effectiveness of budget implementation in Counties
ii) To analyze the effect of availability of financial resources on effectiveness of budget implementation in Counties
iii) To investigate how organizational financial policies affect budget implementation in the Counties.
iv) To determine if government financial regulations affect the budget implementation in the counties

The study found out that about 31.9% of those involved in budget preparation are in senior and middle level managers and 30.4% indicated that all level of management is involved, it shows that budget preparation is inclusive of all which add up to 62.3% and therefore has a greater level of budget ownership among all departments of the counties. Budget is used as a management tool with 79.7% agreeing with a management tool and 53.6% said budget that are presented are good and therefore effective.

5.1.1 Financial policies results

On level of agreement on financial policies effect on budget implementation 52.2% of the respondents agreed that the policies affect budget implementation with 37.7% strongly agreeing. There is a strong responsive on public participation with 50.7% of the respondents agreeing while 27.5% strongly agreed which sum up to 78.5% views that public is involved in budget preparation. On procurement plans being aligned to the budget 46.4% agreed and 10.1% strongly agreed adding up to 56.5% of agreements following the recommendation of the Office of Controller of Budget that procurement plans and cash flows have to be aligned to the budget to avoid spending with a plan.

On staff capacity and competence, 60.9% of the respondents agreed that people involved in budget preparation and execution has the required capacity and competence and 18.8% strongly agreeing on it which totalled to 79.7% although it need to enhanced to be fully competence and instilled the required capacity in field of operation. County has put internal control mechanism having 60.9% of the respondents agreeing that they have been put in place and 15% strongly agreeing, although 8.7% of the respondents disagreed these show that there are some weakness as they are not full proof and some funds might be syphoned or misappropriated using these loopholes. The budget time frames are followed with 62.3% of the respondents in agreement and 27.5% strongly agreeing adding to a total of 89.8% which a commendable level having in mind that devolved government functions are the new brain child in Kenya government after promulgation of 2010 constitution. It

had a mean of 3.611 which is an indication of having a significant effect in budget implementation with a weak positive correlation of 0.4471 and F-calculated of 2.0697 which led to reject of null hypothesis and adopting alternative hypothesis that financial policies has effect in budget implementation.

5.1.2 Budget monitoring results summary

On monitoring as a factor that effect in budget implementation the researcher found out that financial reports and reporting affect budget implementation with 55.1% of the respondents agreeing and 15.9% strongly agreeing, these can be joined with the improvements of staff capacity and competence since they are the one involved in drawing the budgets and financial reports. There are reported sufficient oversight authority with 53.6% of the respondents agreeing and 30.4% strongly in agreement which a commendable level to improve a check and balance between the executive and legislators as the executive are daily manager of public resources and oversight authority as watchdogs of public monies and it's also a components of good governance.

IFMIS connectivity affect budget implementation with 46.4% of respondents agreeing and 34.7% strongly agreeing, these is a major challenge as the national government has continuously insisted on its usage which has shown a high level of failure at 81.1%, it should be a reliable system with ease of operation and efficiently in guarding public resources rather being a hindrance in its operation. Good governance is practised to some extent at around 52.2%, with 37.7% agreeing and 14.5% strongly agreeing, while a good number 34.8% being neutral on their view.

On whether monitoring achieve value for money, 59.4% of the respondents were in agreement with 23.1% of the respondents strongly agreeing, which also looked on whether residents achieve value for money on project implemented and money allocated to the counties, 55.1% of the respondents agreed and 11.6% strongly agreed totalling to 66.7% which is a good indicator on the county developments. In the most sampled counties, they have established monitoring teams with 46.4% agreeing and 11.6% strongly agreeing, 15.9% disagreed and 2.9% strongly disagreed which is also a factor of concern since according to the Ministry of Planning and Devolution it should be allocated 1% of development budget to carry out the exercise which means resources are not fully utilised and they may be misappropriated, it is also backed up by the results on the effective of monitoring reports as a tool to budget implementation which is far below 50% with 49.2% level of agreements compromising of 39.1% agreeing and 10.1% strongly agreeing that their reports are effective tools in budget implementations. On County budget being aligned to ADP, CIDP, CBROP and other guiding policies, 46.4% of the respondents agreed, while 23.2% strongly agreed which is a good indicator as Counties being guided on written principles and policies rather than free runs by their CEO's. It had a mean of 3.831which was in agreement with the alternative hypotheses that it has a significant effect in budget implementation although had a weak negative correlation of -0.0664 with other budget factors therefore not much significant with a mean F-calculated of 0.954

5.1.3 Financial availability results

On where financial availability has an effective on budget implementation, the researcher started with opinion of local revenue collection where the study found out that 49.3% of the respondents agreed that the counties met the targeted level of local revenue collection with 11.6% strongly agreeing. Funds are lately disbursed to the counties with 40.6% of the respondents disagreeing on timely disbursements, 17.4% neutral and 13.0% strongly disagreeing, therefore funds don't reach to the counties at the expected time for the project implementation and other counties activities. Due to the late disbursements of funds, cash flow managements become an issue to the counties management with 60.9% of respondents agreeing that it affect budget implementation and 27.5% strongly agreeing summing up to 88.4% level of agreement that it affect budget implementation. Even if it's difficult to manage cash flows in the counties preparations of financial reports and analysis is done on timely basis with 52.2% of the respondents agreeing and 21.7% strongly in agreements which is a good indicator of responsibility and accountability which can also be termed as good practice to good governance at a73.9% total agreement.

On budgetary allocation, 42.0% of the respondents agreed that it affect budget implementation with also 37.7% of the respondents strongly agreeing. Therefore County allocation formulae should be reviewed and the indices used to measure the needs of counties resources allocation looked back with precision. Counties prepares budgets on timely basis where 50.7% of the respondents in agreements with 31.9% of the respondents strongly agreeing; they also prioritize in allocating of funds to the identified needy projects during the public participation stage of budget making where 46.4% of the respondents agreeing and 15.9% strongly agreeing adding up to an agreement of 62.3% . Due to the effect of less amount of funds being allocated to the County Governments leading failure to meets their diverse need and poor IFMIS connectivity leading to poor budget absorption Counties are left with on-going projects that are not completed on time and delayed payments which amounts to huge figures of pending bills in the coming financial year and affect budgets of the current year with 53.6% of the respondents agreeing and 37.7% strongly agreeing, therefore pending bills is a major issue high-

lighted as affecting budget implementation in the counties. With a mean level of agreement of 3.61825, a strong positive correlation of 0.509 and F-calculated of 2.601 which resulted in rejection of null hypothesis and accepted the alternate hypothesis that financial availability has a significant effect in budget implementation.

5.1.4 Financial Regulations summary

On effect of financial regulations to budget implementation, Counties enacted Finance Bills in time with 53.6% of the respondents agreeing and 37.7% strongly agreeing. Counties don't implement projects that are not budget with 30.4% of the respondents disagreeing and 17.4% strongly disagreed, although 21.7% of the respondents were neutral and 21.7% agreeing, meaning there is slight diversion of funds by implementing some projects not budgeted for which is against the recommendation of C.o. B and not correcting the same with a supplementary budget. The commission on revenue allocation formulae affect budget implementation to a large extent with 37.7% of the respondents agreeing and 26.1% strongly agreeing, since these formulae is the one used to allocate funds between the National and County Government. The set legal frame work affect budget implementation to a large extent with 53.6% of the respondents agreeing and 20.3% strongly agreeing, e.g. it's a lengthy process to involve the public in budget preparation, go through county assemblies readings, before the budget papers assented to by the Governor and sent to the controller of budget for approval before being uploaded by the National Treasury in the IFMIS systems.

Counties follows budget timelines in budget preparation with 44.9% of the respondents agreeing and 21.7% strongly agreeing, meaning if counties don't stick to the bound timeframes it will results in difficult to budget implementation. They also sought the required approval and authority before reallocation of funds with 50.7% of the respondents agreeing and 29.0% strongly agreeing meaning that they cannot re-allocate funds without approval from the County Assemblies, County Treasury and Controller of Budget which is a good show of following the laid down laws in PFM Act 2012. Most Counties has established budget economic forum in line with recommendation from the office of controller of budget with 33.3% of the respondents agreeing, 15.9% strongly agreed which is about 49.2% total which is a good improvement indicator as it's a new concept which involves key stakeholders in the County including the senator, representative of National government and Members of Parliaments from the constituencies within that County since it will prevent duplication of projects through double funding from CDF and County funds or undertaking similar activities in one region neglecting the others which are not their strongholds. The variable had a mean of 3.715 with a weak negative correlation at -0.0372 and F-calculated of 0.597 which led to the dropping of the null hypothesis and adopting the alternative hypothesis that it has a significance effects on budget implementation in the counties.

5.2 Conclusion

The study found out that budget implementation encountered a lot of challenges including insufficient funds, institutional weakness, method of budget allocation unsatisfactory and implementing projects not budgeted. It also found out that participation in budget preparation is another important issue because it reflects a greater degree of unanimity and ownership from the person involved, which was lacking or inadequate as the public were not well sensitised. Those weak systems and capacities in staff competence was also lacking even if policy and legal frameworks are being improved.

There is need to put strong and adequate infrastructure like internet connection for easy use of IFMIS platform which according to the results affect budget implementation. The budgetary timelines are observed and reports prepared on a timely basis. The results of the decision rules were obtained as follows in results on decision rules.

The study found out that financial availability is the major significant effect in budget implementation, followed by financial polices while as government financial regulation is the least followed by budgetary monitoring effects on budget implementation.

5.3 Recommendations on Research Findings

There is the need to improve the level of awareness to the stakeholders on the budget implementation through seminars, workshops and trainings to be organised not only the current office bearers including accounting officers, accountants, budget officers, internal audit, clerks and members of public account/investment committee but all other involved in budget making/execution, fully public participation being another important issue because it reflects the degree of consensus and ownership from the person involved.

The county governments should also improve the present level of compliance to due process on budget formulation, implementation and execution by ensuring strict adherence to the relevant law guiding the budget process. The Controller of Budget and National Treasury should fast track the process of approving and releasing of the county funds in earnest and prompt without compromising the process so that the County Government can be able to implements its projects and activities in a timely manner.

There should be a strengthened, adequate reporting in financial expenditure & statements, reporting on the status of ongoing projects by strengthening monitoring and evaluation teams. The County Government should also provide adequate physical infrastructure in terms of office space, internet and IFMIS connectivity to avoid disruptions of service delivery. They should also have adequate human resource capacity in budgeting, accounting & procurement to avoid the inaccurate reporting and delayed preparations of budget documents and reports.

An well-established internal control systems, proper planning and control in the County treasuries and establishments of county budgets economic forums to put check and balances to those vested with power of execution and implementation of budgets, public accounts/investments committee should also pass resolutions that are reasonable on any observed expenditure anomalies so as to be implemented and adopted without much resistance from the executive arm of County governments. The Office of auditor general should also be willing to offer the needed advice and guidelines to correct any observed and communicated audit queries in a timely manner to avoid long stand-off between the executive and other oversight authorities like PIC/PAC, C. o. B and the Senate, also for the common mwanachi to gain value for the money through the correct expenditure and implementation of budgeted projects and activities within the stipulated timeframe.

The County Assemblies should also enact, prepare legal frameworks and guidelines in revenue collection, budgetary process and allocating of budgets in terms of recurrent and development within the stipulated law to prevents over expenditure, unauthorised allocation outside the budget, reallocation of budgets, overestimation of revenue and failure to correct it with a supplementary budget, for those anomalies found during the financial year, donor funded projects, conditional grants and to alignments of procurements plans with budgets, cash flows and fund disbursements.

5.4 Recommendations for Further Studies

I. Integrity and ethical issues as to the transparency and accountability in the County Governments budget implementation process
II. The effect of Strengthening Public Financial Management on Financial Performance of Devolved Governments entities in Economic Development in the Counties
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