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Influence of Fiscal Decentralization Reforms on Public Expenditures in the Nairobi City County Government, Kenya

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Abstract:
The Office of Auditor General reports indicate inefficient public expenditures in most county governments in Kenya, despite existence of public financial management reforms. This study examined influence of fiscal decentralization on public expenditures in County governments in Kenya, a case of Nairobi city county government, Kenya. The study was guided by Fiscal Decentralization Theory and Public Expenditure Management Model. The study adopted descriptive survey design, with a target population of 117 senior and middle level management staff of Nairobi City County government, where Taro Yamane's proportional sampling technique formula was used to get a sample size of 91 respondents. Primary data was collected from respondents directly using self- administered structured questionnaires. A pilot study was done on 9 respondents who were not interviewed for the final study. Content validity was used to check instrument validity while reliability of the research instruments was tested by the Cronbach alpha test which is a measure of internal consistency. Data collected was edited, cleaned, and coded; and then SPSS version 24 was used to analyze the data. Descriptive statistical analysis was used to summarize data using frequencies, percentages and means while inferential statistics was computed; that is, Pearson correlation coefficient and regression analysis was computed to test the null hypothesis. Linear regression results indicated that fiscal decentralization reforms had positive and significant effect on public expenditures. The regression analysis further revealed that fiscal decentralization reforms explained up to 62.3% change in public expenditures in Nairobi City County government. The study concluded that fiscal decentralization reforms significantly influence public expenditures in Nairobi City County government. The study recommended that there is need for more fiscal decentralization reforms to enhance public service and execution of budgeted projects. This can be achieved by implementing independent fiscal decentralization committee to check county expenditures as well as effective tax decentralization system to help generate county revenue and check county expenditures.
Key Word*: Fiscal Decentralization, Public Expenditure, Nairobi City County Government, Public Financial management Reforms*

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I. Introduction

Public expenditure reports in most developing and undeveloped countries indicate a lot of financial misuse thus, no value for money despite existence of financial reforms in such countries. To check public use most nations have seen the tremendous change of public monetary administration frameworks. A solid PFM framework is a fundamental part of the institutional structure for a powerful government. Successful conveyance of public administrations is firmly connected with destitution decrease and development, and nations with solid, straightforward, responsible PFM frameworks will in general convey benefits all the more viably and impartially (Lawson, 2015). Public Financial Management envelops profoundly perplexing, specialized assignments and cycles, including macroeconomic guaging, spending distribution, bookkeeping and monetary revealing quality and evaluating. The multifaceted nature of such cycles limits public investigation and gives different freedoms to debasement. The danger of defilement fluctuates between and inside the various phases of the budgetary and recently the obtainment cycle (Lawson, 2015). Matthias and Marie (2014) further affirmed that despite the fact that debasement mostly shows itself in structures that include illicit cash moves at the spending execution level, different strides of the financial plan and acquisition interaction may set out open doors for defilement accordingly prompting no incentive for cash in the swelled public consumptions.

In Kenya, the issues identifying with monetary decentralization and public monetary administration are currently at the focal point of strategy changes following the sanctioning of the Constitution of Kenya (2010). The necessity for changes in the public monetary administration area in Kenya emerged out of past difficulties confronted and holes distinguished that lead to misappropriation of public assets, disparities emerging in asset reallocation broadly and concentrated frameworks of administration with insufficient balanced governance (National Treasury (2018). The PFM changes in Kenya were relied upon to disclose monetary administration more proficient, successful, participatory and straightforward bringing about improved responsibility and better help conveyance to the residents (Society for International Development, 2018). Monetary reports contain data required by financial backers and different clients to empower them settle on educated financial choices. Quality monetary reports are indispensable for clients who require them for speculations as well as for choices of financial nature. The handiness of monetary reports is affirmed when they can epitomize the financial real factors of the association as far as importance, dependability, similarity and introduced in a structure that can be effectively perceived. (IASB, 2015).

Further, in Kenya, another marker that the review branch of most district Governments has fizzled is absence of powerful interior control frameworks. Inward controls allude to measures intended to give sensible affirmation about the accomplishment of a specific element concerning the unwavering quality of monetary revealing, proficiency and viability of tasks just as rebelliousness with key monetary administration changes (Chemeltorit, Namusonge and Wandera, 2016). Absence of suitable inside controls is confirmed by various blunders the regions are making in their monetary detailing. For example, the Auditors Generals report of 2016/2017 uncovered that 24 provinces couldn't represent over Kshs150 billion uncovering a significant good risk in area consumptions. That is, of the best difficulties towards accomplishing responsibility in area governments has been related with absence of legitimate monetary revealing in spite of existing public monetary administration changes. In Kenya, Article 201 of the Kenyan constitution records great administration, straightforwardness, respectability and responsibility as standards and upsides of public money for any open office (Mwenda, 2010).

In Kenya, County Governments place spending plans on the income assortments comprehensive of however not surpassing 5% deficiency financing from other outside accomplices. The spending use in Kenya is restricted as the vast majority of the planned assets are not used thus gotten back to the National depository and the imperatives by the lawful systems makes the acquisition measures moderate consequently surpassing the put forth courses of events for dealing with the spending timetables set. The consumption consideration is dependent upon the medium-term use structure that gives a similarity of National plans and approaches into public use projects inside a specific reasonable medium term macroeconomic and monetary set system (ICPAK, 2015).

ICPAK (2015) noticed that public monetary administration changes require reformist interviews for appropriately settled on choices and consideration of important spending things. Various costing and indecency saw in the planning execution gives helpless results and none utilization of assets put away for uses. To shield planning changes, public cooperation and social monetary gatherings consideration is unavoidable as the Constitution of Kenya, 2010 gives so and obligatorily to be a training for public and County Governments to go along to. This builds mindfulness and improves great government and private and public connections. Further, it makes more mindfulness and comprehension on the ease of use or key needs considered by the important arms of the Government(s). The additional consideration of social working gatherings gives more outer bits of knowledge into the way toward planning and supervising the usage while guaranteeing the key sectorial regions are covered for subsidizing to support development or work with worldwide pointers. This likewise offers help for getting the shortage financing through the guide backing or benefactor subsidizing to certain areas like wellbeing and instruction nonetheless, the use is checked more distinctly than the inner Government checks and reviews as it tends to be halted at any time of location of impropriate in the consumptions (ICPAK 2015).

The requirement for changes in the public monetary administration area in Kenya emerged out of past difficulties confronted and holes recognized that lead to misappropriation of public assets, imbalances emerging in asset rearrangement broadly and brought together frameworks of administration with deficient balanced governance. The PFM changes in Kenya were pointed toward disclosing monetary administration more proficient, successful, participatory and straightforward bringing about improved responsibility and better help conveyance (ICPAK (2019). The essential bearing of the BPS ought to be educated by the approaches illustrated in the different government strategy reports that incorporate the Vision 2030, Medium Term plans, Ministerial and Sectoral Strategic plans just as the Big Four plan. The development methodology, income and use recommendations in a specific monetary year should consider the present status of the worldwide and homegrown economy including the viewpoint of the different macroeconomic factors. In such manner, both the public and province governments need to completely focus on keeping up lower consumptions. This implies staying inside the roofs gave in the Budget Policy Statement and not introducing spending gauges that demonstrate higher consumptions than what was concurred during the BPS.

Statement of the Problem

In Kenya, to improve effectiveness in open use, public monetary changes were intended to check a confuse between income assortments and spending which prompts advantageous financial plans, redistributions of line financial plans and smaller than usual financial plans gauge (Wanyoike, 2015). That is, the PFM Act, 2012 is to guarantee that public funds are overseen at both the public and the district levels of government as per the standards set out in the Constitution; and public officials who are given duty regarding dealing with the accounts are responsible to the general population for the administration of those accounts through Parliament and County Assemblies. The National Treasury report (2018 demonstrate that as per the Kenya's Country Program 2016-2020, Public Finance Management Reform (PFMR) technique is organized along topics: Resource preparation, asset distribution, spending execution, bookkeeping, monetary announcing and survey, free review and oversight, financial decentralization and intergovernmental financial relations, lawful and institutional system, public acquirement changes and IFMIS re-designing. Execution is finished by the important PFM partners, for example, the Kenya Revenue Authority, the Office of the Auditor General, and a few units of the Treasury. The PFMR Secretariat works with and manages the change to ensure both general society and area governments address their employments.

The National Treasury reports (2018) additionally show that necessity for changes in the public monetary administration area in Kenya emerged out of past difficulties confronted and holes recognized that lead to theft of public assets through monetary and acquirement cheats, accordingly imbalances emerging in asset rearrangement broadly and decayed frameworks of administration with lacking balanced governance. All the more curiously, over the couple of long stretches of devolution review reports demonstrate various events of extortion, helpless responsibility and public subsidizes wastage (National Treasury reports2018). Office of Auditor General Reports (2018) likewise showed that toward the finish of each financial year, planned cash implied for advancement projects is gotten back to the exchequer because of restricted spending limit by the areas, more regrettable still, financial status of most districts doesn't mirror the complete improvement spending plan spent.

Further, according to Consolidated County Governments Expenditure reports by PwC (2018) for financial years 2016/2017, there was very high percentage variance in selected items such as finance costs, including loan interest (254%), social security benefits (189%), subsidies (175%), acquisition of assets (111%) indicating a major problem in county governments' public expenditures. In relation to Nairobi County government, the Auditor General's report, 2018 showed that Nairobi County was unable to account for over Kshs 20 billion raising concerns over mismatch between county budgets and county public expenditures thus generally implying that a weak PFM system means that scarce resources are wasted through poor allocations and inefficient public expenditure management (The National Treasury report, 2018). The County received Kshs. 26 billion as the total allocation. This was a variance from the budgeted receipts which were Ksh. 35 billion. Out of the 26 billion allocated to the County, only 23 billion was utilized. A total of 22 billion was spent on recurrent expenditure with a balance of only 1.4 billion being utilized on development expenditure being 6% of the total expenditure. This is contrary to the Public Finance Management regulations (2015) which require that 30% of total amount expended should be on development expenditure. Such high level of underutilization of the development expenditure impacts negatively on the service delivery to the public. Therefore, arising from numerous cases of poor public expenditures in Kenya's devolved government units despite the existence of public financial management regulations, motivated this study to examine the influence of financial management reforms on public expenditures in County governments in Kenya, a case of Nairobi city county government, Kenya.

Hypotheses of the Study

i) $\mathbf{H_0}$: Fiscal decentralization reforms does not significantly influence on public expenditures in the Nairobi city county government.

II. Literature Review

Theoretical Framework

The study was guided by financial decentralization and Public expenditure management model. This hypothesis was progressed by Richard Musgrave during the nineteenth Century (Rondinelli, 1981). The hypothesis holds that financial decentralization is an essential interaction that structures a piece of public administration changes. It involves the decentralization of power, obligation, and responsibility for the administration of public incomes just as consumption to fringe cost focuses and networks. The hypothesis further holds that decentralization of use the board to fringe cost focuses and networks are unavoidable inside the structure of granular perspective to advancement arranging. A definitive objective is to accomplish productivity, adequacy, value, and majority rule government, which might be compelled by an incorporated framework. The hypothesis accepts that decentralizing consumption the board is probably going to animate impartial appropriation of public assets and prod territorial monetary development by infusing public assets in fringe economies (Rondinelli, 1981). The hypothesis further shows that use effectiveness is probably going to improve when networks encompassing expense habitats are associated with fractional financing, the executives and observing use designs (Winkler, 2009) In Kenya's decayed governments, decentralization of use the board places authority, obligation and responsibility in the possession of district CEOs.). However, albeit the power, duty, and responsibility for public consumption the board have been decentralized to district governments, absence of a complete execution structure hampers use effectiveness, prompting wastage of public assets.

Schick (2008) developed a public expenditure management model approved by the World Bank and emphasized a paradigm shift on from the 'due process approach' of conventional budgeting to a broader arena, which highlights the importance of the complex web of actors and institutions involved in the budget process, and of linking expenditure with measurable results in terms of outputs and outcomes. In particular, the Public Expenditure Management (PEM) Model focuses on budget policies, incentives, outputs/outcomes, transparency/accountability, decentralized responsibility, and performance/service delivery. Advocates of the approach emphasize that improvements in public expenditure management require changes in budgetary institutions, the roles of spenders and controllers, the rules under which they claim, allocate and use resources and the information available to them. Adopted by the World Bank, public expenditure management (PEM) model evolved from an emphasis on investment efficiency to a wider recognition of institutions and governance building. Developed in the late nineties and described then as the contemporary approach to budgeting, the PEM approach is more a way of viewing public expenditure management in terms of service delivery and value for money. It stresses the need to understand the rules of the financial management game that govern budget formulation and execution, and the way that institutions influence choice and the achievement of efficiency in government expenditure (World Bank, 2019).

Conceptual Review

The conceptual framework has been developed from existing empirical studies and theoretical underpinning. Independent variable includes; fiscal decentralization while the dependent variable in this study is public expenditure. Figure 1.0 presents the conceptual framework.

Fiscal decentralization reforms
- Decision making power
- Authority over public finance
- Tax decentralization

→

Public Expenditure
- Absorption rates for dev't expenditures
- Value for money
- Absorption rates for recurrent expenditures

Independent Variable **Dependent Variable**

Figure 1.0: Conceptual Framework

Empirical Review

Samadi et al., (2013), concentrated on financial decentralization in clinical colleges and commonplace incomes in the Iranian areas over the period between 2007-2010 utilizing board information strategies and set up cross-sectional reliance among the considered factors. The discoveries uncovered adverse consequence of financial decentralization in the wellbeing areas on the death rate. Martinez, Lago and Saachi (2015) concentrate on monetary decentralization analyzed the legitimate estimation and the possible endogeneity of financial decentralization. The examination considered the effect of monetary decentralization changes on uses in political establishments utilizing a study plan. The investigation discoveries portray a lot of confidence about the achievement of decentralized monetary frameworks as has allegedly been seen in numerous pieces of the world particularly where financial decentralization is very much planned and executed. Nonetheless, the investigation harped on the effect of monetary decentralization on the economy by and large without connecting it on open consumptions, a hole that will be filled by this examination.

Boetti, Piacenza and Turati (2014) study relating monetary independence with spending proficiency of nearby governments in Italy noticed that economies all throughout the planet, executing monetary changes try to increment financial self-rule of the lower levels of governments. The examination utilized an example of 262 Italian districts in Turin territory to research the pretended by charge decentralization part of monetary decentralization, as estimated by the level of financial self-governance in taking care of the expenses of offering fundamental public types of assistance. Depending on non-parametric and parametric methods to look at proficiency exhibitions, the discoveries showed that self-ruling districts with higher portion of current spending covered by own assessments displayed less wasteful practices. The examination additionally demonstrated that the severity of spending limitation because of some financial control rules upgrades spending effectiveness henceforth the requirement for charge decentralization part of monetary decentralization.

Elhiraika (2013) concentrated on how monetary decentralization and public assistance conveyance relate in South Africa utilizing commonplace level information from South Africa. The investigation analyzed what financial decentralization means for essential help conveyance, zeroing in on own-source income since South Africa is overwhelmingly a state described by moderately serious level of monetary decentralizations as far as use obligations and organization. The examination set up that in South Africa, notwithstanding the focal point of sub-public government financing on value and reallocation, colossal abberations exist across areas viewing per capita income just according to capita consumption on wellbeing and instruction.

Neyapti (2015) concentrated on the connection between monetary decentralization and spending shortages in Turkey utilizing board information procedures and inferential measurements showed that financial decentralization has huge negative relationship with spending deficiencies. This is pair with the discoveries of Kis-Katos and Sjahrir (2014) study done in Indonesia inspecting the impacts of the Indonesian decentralization and democratization measure on spending allotment at the subnational level. Likewise, the investigation demonstrated that region size altogether built up the relationship as far as bringing down budgetary deficiencies. The investigation additionally introduced huge proof supporting adverse consequence of income decentralization on spending shortfalls just when there is acceptable administration. In any case, the investigation discoveries forewarned about prompt approach suggestions towards higher monetary decentralization, as this can adversely influence public consumptions because of spending shortages.

Research Gaps

Existing researches on financial management reforms and public expenditures indicates inconsistency in research finding and some researches failing to link adoption of financial management reforms with public expenditures. For instance, Kluvers (2001), Hou, Lunsford, Sides, and Jones (2011), Nkanata (2012) merely researched on budgeting reforms without linking these reforms to public expenditures. Mensah (2013), Hope, Justin and Kang (2016) Ramanna and Sletten (2017) studies did not also link financial reporting with public expenditures; while Samadi et al., (2013) study cautioned on implementation of fiscal decentralization on development projects as this could provide a loophole for budget deficits arising from inefficient public expenditures; and Kis-Katos and Sjahrir (2014) study findings cautioned about immediate policy recommendations towards higher fiscal decentralization, as this can negatively affect public expenditures due to budget deficits. There is irregularity in existing surveyed writing about the connection between monetary administration changes and public consumption. That is, one stream of analysts gives an account of simple reception of chose monetary administration changes in private associations, while another surge of specialists just expressive their discoveries dependent on one boundary of public monetary administration change. All the more thus, proof from investigated writing show that most specialists have not actually connected public monetary administration changes with public consumptions since various looked into explores simply accentuate on the need to receive chose or general monetary administration changes in private associations with not many zeroing in on how open uses in open associations can be handled with compelling execution of public monetary administration changes. This investigation accordingly analyzes impact of public monetary administration changes on open uses in County governments, an instance of Nairobi city district government, Kenya.

III. Material And Methods

This study adopted descriptive survey design. A descriptive survey involves collecting data that answers questions about the participants of the study, thus appropriate when the researcher wishes to provide an accurate representation of persons, events or situations and make inferences about the target population (Saunders et al. 2012). For this study, the target population or those cases that contain the desired information consisted of Supply Chain Officers (13),Internal auditors (9), Accountants (27), Finance officers (33), Directors of departments (17) and Chief officers (18) in Nairobi city county government. The sample size of this study was determined by Taro Yamane's proportional sampling technique formula where out of a target of 117 respondents, 91 were selected using stratified random sampling. This included Supply Chain Officers (10), Internal auditors (7), Accountants (21), Finance officers (26), Directors of department (13) and Chief Officers (14). Structured questionnaires with closed-ended questions were utilized by the researcher. The questionnaires were created in accordance with the study's goals, emphasizing the four variables that were assessed using a Likert scale. The surveys were self-administered using a pick-and-drop method, which is critical for gathering primary data. Out of the 82 administered questionnaires, 69 were returned duly filled ready for coding and analysis. This represents 84.1% response rate. Reliability was established using Cronbach Alpha whereby Fiscal decentralization reforms had an alpha value of 0.817 and Public expenditures had an alpha value 0.869. The regression and correlation analyses were based on the association between two (or more) variables. SPSS version 23 is the computer analysis tool that was used in this study. Analyzed data was organized into models and tables for easy reference.

IV. Result and Discussion

Descriptive Statistics

The sampled respondents were provided with 6 statements related to fiscal decentralization reforms. They were expected to indicate the level of agreement that ranged from 1-strongly disagree, 2-disagree, 3-neutral, 4-agree and 5-strongly agree. Percentages are in parenthesis ( ). The results are as presented in Table 1.0.

Table 1.0: Fiscal decentralization reforms

Fiscal decentralization reforms	5	4	3	2	1	Mean	SD
1.Decentalization of decision-making power has improved county public expenditures	16 (23.2)	32 (46.4)	12 (17.4)	5 (7.2)	4 (5.8)	3.74	1.08
2.There are independent financial management committees to check county expenditures	8 (11.6)	32 (46.4)	8 (11.6)	14 (20.3)	7 (10.1)	3.29	1.21
3.County chief finance officers have absolute authority over county expenditures	12 (17.4)	26 (37.7)	16 (23.2)	7 (10.1)	8 (11.6)	3.39	1.23
4.There is an effective tax decentralization system to help generate county revenue and check county expenditures	8 (11.6)	24 (34.8)	23 (33.3)	7 (10.1)	7 (10.1)	3.28	1.12
5.There is an independent fiscal decentralization committee to check county expenditures	9 (13)	21 (30.4)	16 (23.2)	15 (21.7)	8 (11.6)	3.12	1.23
6. Generally, adoption of fiscal decentralization reforms has helped improve efficiency in county expenditures	8 (11.6)	40 (58)	12 (17.4)	6 (8.7)	3 (4.3)	3.64	0.95
Overall Mean Score						**3.41**	**1.14**

N=69; KEY: 1= Strongly Disagree; 2= Disagree; 3=Uncertain;
4= Agree; 5=Strongly Agree; SD= Standard Deviation.

On the statement that the decentralization of decision-making power has improved county public expenditures, 5.8% strongly disagreed, 7.2% disagreed, 17.4% was neutral, 46.4% agreed and 23.2% (strongly agreed). The statement had a mean and standard deviation (M=3.74; SD=1.08) indicating that decentralization of decision-making power has improved county public expenditures. On the line about that there are independent financial management committees to check county expenditures, 10.1% strongly disagreed, 20.3% disagreed, 11.6% were neutral, 46.4% agreed, 11.6% strongly agreed. The line had a mean and standard deviation (M=3.29; SD=1.21) indicating there are independent financial management committees to check county expenditures. Out of 69 respondents who took part in the study, 10.1% strongly disagreed with the statement that county chief finance officers have absolute authority over county expenditures. Furthermore, 10.1% disagreed with the statement, 23.2% remained neutral, 37.7% agreed while 17.4% strongly agreed. The statement had a mean and standard deviation (M=3.39; SD=1.23) an indicator that county chief finance officers have some absolute authority over county expenditures.

On the statement that there is an effective tax decentralization system to help generate county revenue and check county expenditures, 10.1% strongly disagreed, 10.1% disagreed, 33.3% were neutral, 34.8% agreed while 11.6% strongly agreed. The line had a mean and standard deviation (M=3.28; SD=1.12) an indicator that there is some effective tax decentralization system to help generate county revenue and check county expenditures. Lastly, 30.4% of the respondents agreed that there is an independent fiscal decentralization committee to check county expenditures while 13.0% of the respondents strongly agreed. However, 23.2% of the respondents were undecided with a mean of 3.12 and standard deviation of 1.23. Averagely, the level of budget reforms was at 68.2% mean response (mean=3.41, std. dev. =1.14) rated high as shown in Table 1.0 an implication that fiscal decentralization reforms such as decision making power, authority over public finance and tax decentralization influences public expenditures. Muna (2016) indicated that in the wake of government reform in Kenya, fiscal decentralization has been adopted as a new framework to share fiscal powers and functions between national and county governments. Primarily, the objective for this new approach is to create an effective means to provide efficient basic services such as healthcare, clean water, food, education, security, transport and other pressing community needs. Fiscal decentralization is seen as a package that has huge potential for governance reform and promises to be a prominent means for managing expenditure delivery and revenue mobilization.

The sampled respondents were provided with 6 statements related to public expenditures. They were expected to indicate the level of agreement that ranged from 1-strongly disagree, 2-disagree, 3-neutral, 4-agree and 5-strongly agree. Percentages are in parenthesis ( ). The results are as presented in Table 2.0.

Table 2.0: Public expenditures

Public expenditures	5	4	3	2	1	Mean	SD
1. There are efficient absorption rates for development expenditures	6 (8.7)	26 (37.7)	16 (23.2)	14 (20.3)	7 (10.1)	3.14	1.15
2. There is efficient utilization of county resources	7 (10.1)	32 (46.4)	8 (11.6)	17 (24.6)	5 (7.2)	3.28	1.16
3. There are efficient recurrent operations and maintenance.	8 (11.6)	24 (34.8)	16 (23.2)	14 (20.3)	7 (10.1)	3.17	1.19
4. Development spending reflects value for money	16 (23.2)	26 (37.7)	6 (8.7)	7 (10.1)	14 (20.3)	3.33	1.46
5. There is parity on the share of actual expenditure out of the budgeted expenditure	8 (11.6)	24 (34.8)	23 (33.3)	7 (10.1)	14 (10.1)	3.28	1.12
6. The county's recurrent expenditure does not exceed county total revenue	8 (11.6)	24 (34.8)	8 (11.6)	15 (21.7)	14 (20.3)	2.96	1.37
Overall Mean Score						**3.19**	**1.24**

N=69; KEY: 1= Strongly Disagree; 2= Disagree; 3=Uncertain; 4= Agree; 5=Strongly Agree; SD= Standard Deviation.

The study findings from table 2.0 indicate that out of 69 respondents who took part in the study 8.7% strongly agreed, 37.7% agreed, 23.2% neutral, 20.3% disagreed and only 10.1% strongly disagreed with the statement there are efficient absorption rates for development expenditures. The line had a mean and standard deviation (M=3.14; SD= 1.15), which is an indicator that there is no adequate absorption rates for development expenditures. On the statement that there is efficient utilization of county resources, 7.2% strongly disagreed, 24.6% disagreed, 11.6% were neutral, 46.4% agreed and 10.1% strongly agreed. The statement had a mean and standard deviation (M=3.23; SD=1.16). On the statement that there are efficient recurrent operations and maintenance, 10.1% strongly disagreed, 20.3% disagreed, 23.2% remained neutral, 34.8% agreed while 11.6% strongly agreed (M= 3.17; SD=1.19). This implies that there is some efficiency in recurrent operations and maintenance. Out of 69 respondents who participated in this study, 20.3% strongly disagreed, 10.1% disagreed, 8.7% was neutral, 37.7% agreed and 23.2% strongly agreed that development spending reflects value for money (M=3.33; SD=1.46). This indicates that development spending somehow reflects value for money. Few of the respondents strongly agreed 11.6%, 34.8% agreed that the county's recurrent expenditure does not exceed county total revenue although 21.7% of the respondents disagreed and 20.3% strongly disagreed. The statement had a mean and standard deviation (M=2.96; SD=1.37). Averagely, the level of public expenditure was at 63.8% mean response (mean=3.19, std. dev. =1.24) rated high as shown in Table 2.0. These findings are consistent with Lenard and Ngaba (2020) who revealed that expenditure absorption of County budgets in Kenya is still very poor. In an overview of the problems of budget implementation in Kenyan county governments, the Office of the Controller of Budgets (OCOB) described a range of issues facing the county governments. This included: failure of some county governments to completely implement IFMIS, low absorption of construction funds and failure to file financial statements on a timely basis. Table 3.0 shows recurrent expenditure, development expenditure and total expenditure between financial years 2015/2016 and 2019/2020.

Table 3.0: Public Expenditure in Nairobi City County

Financial Year	Recurrent		Development		Total	
	Budget	Expenditure	Budget	Expenditure	Budget	Expenditure
2015/16	21,209.40	19,784.86	7,878.67	4,166.15	29,088.07	23,951.02
2016/17	23,460.81	21,078.90	11,324.05	3,779.72	34,784.86	24,858.63
2017/18	25,284.30	22,362.22	8,365.39	2,179.31	33,649.69	24,541.53
2018/19	25,662.42	23,497.72	7,405.82	5,900.44	33,068.25	29,398.17
2019/20	28,896.56	21,373.48	8,084.83	1,979.94	36,981.39	23,353.43

Source: Controller of Budget

Figure 2.0 shows the absorption rate for both recurrent and development expenditure between financial years 2015 and 2019/2020 for the county government of Nairobi City. From Figure 2.0, it is evident that absorption rate for development expenditure is lower as compared to that of recurrent expenditure.

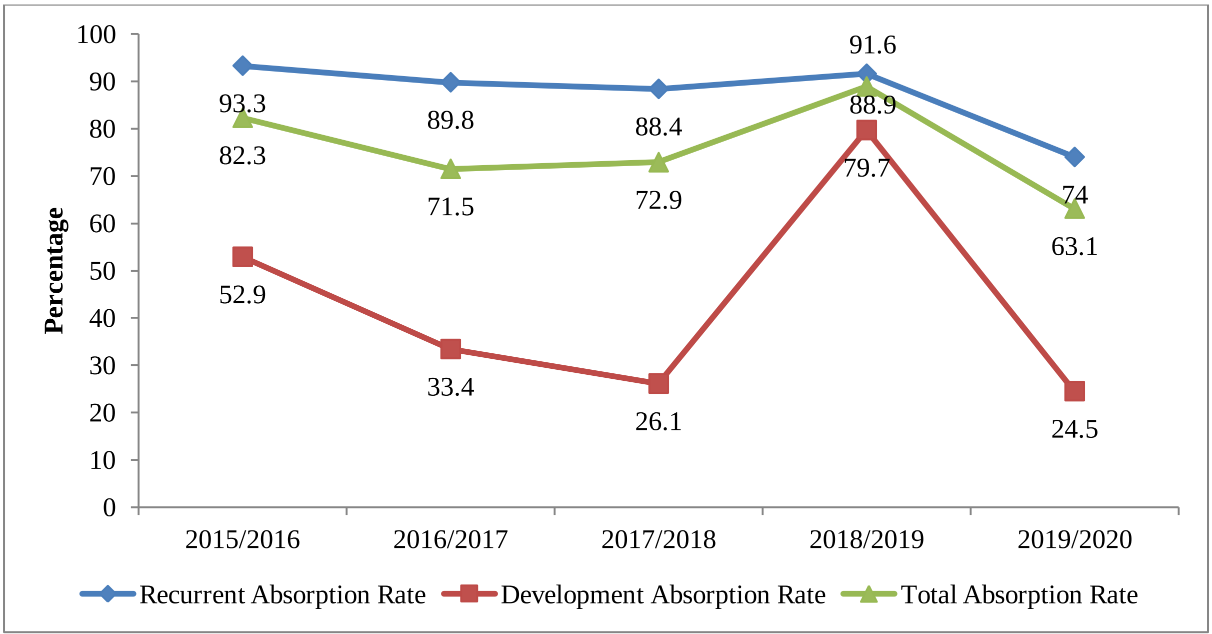

Figure 2.0: Absorption Rate for Recurrent and Development Expenditure
Source: Controller of Budget (2020)

Inferential Statistics

Simple linear regression analysis was conducted to establish direct influence of social distancing measures and financial risk management of public universities in Kenya. The results in Table 4.0 shows R which is the correlation coefficients, R square, F statistics, regression coefficient, significance level among other results.

Table 4.0: Regression Results of Social Distancing Measures on Financial Risk Management

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics: R Square Change	F Change	df1	df2	Sig. F Change
1	.581[a]	.338	.328	.61589	.338	34.205	1	67	.000

a. Predictors: (Constant), Fiscal decentralization reforms
b. Dependent Variable: Public expenditures in the Nairobi city county government

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	12.975	1	12.975	34.205	.000[b]
	Residual	25.415	67	.379		
	Total	38.390	68			

a. Dependent Variable: Public expenditures in the Nairobi city county government
b. Predictors: (Constant), Fiscal decentralization reforms

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1.339	.367		3.646	.001
	Fiscal decentralization	.589	.101	.581	5.848	.000

a. Dependent Variable: Public expenditures in the Nairobi city county government

From the Table 4.0, the value of R^2 is 0.338 shows that fiscal decentralization reforms explains up to 33.8% of variance in public expenditures in the Nairobi city county government. From the ANOVA results, the significance of the model has a value F (1, 67) =34.205, P=0.000. This implies that fiscal decentralization reforms are a useful predictor of public expenditures in the Nairobi city county government. The simple linear regression equation is as shown below

Public expenditures (Y) = 1.339+0.589 (X_3) Fiscal decentralization reforms

The unstandardized regression coefficient value of fiscal decentralization reforms is 0.589 and significance level of p=0.000. This indicated that a unit increase in fiscal decentralization reforms would result to significant increase in public expenditures in the Nairobi city county government by 0.589 units (P<0.01). Hence, there exists a positive and significant influence of fiscal decentralization reforms on public expenditures in the

Nairobi city county government. The results are in agreement with Samadi *et al.*, (2013) who studied on fiscal decentralization in medical universities and provincial revenues in the Iranian provinces over the period between 2007-2010 using panel data methods. It also showed a negative correlation between the fiscal decentralization on public expenditures on physicians, hospital beds but a positive relationship with urbanization and unemployment. Neyapti (2015) studied on the relationship between fiscal decentralization and budget deficits in Turkey using panel data techniques and inferential statistics showed that fiscal decentralization has significant negative correlation with budget deficits.

Majority of the respondents indicated that decentralization of decision-making power has improved county public expenditures and adoption of fiscal decentralization reforms has helped improve efficiency in county expenditures. The findings are in agreement with Boetti, Piacenza and Turati (2014) who indicated that the strictness of budget constraint due to some fiscal discipline rules enhances spending efficiency hence the need for tax decentralization aspect of fiscal decentralization. Elhiraika (2013) studied on how fiscal decentralization and public service delivery relate in South Africa using provincial level data from South Africa. The study established that in South Africa, despite the focus of sub-national government financing on equity and redistribution, huge disparities exist across provinces regarding per capita revenue as well as per capita expenditure on health and education.

V. Conclusion and Recommendation

The findings also concluded that fiscal decentralization reforms have significant influence on public expenditures in the Nairobi city county government. Fiscal decentralization reforms aspect is very important aspect in achieving prudent public expenditure. The study found out that decentralization of decision-making power, and therefore adoption of fiscal decentralization reforms has helped improve efficiency in county expenditures. The study recommended more fiscal decentralization reforms to enhance public service and execution of budgeted projects. This can be achieved by implementing independent fiscal decentralization committee to check county expenditures as well as effective tax decentralization system to help generate county revenue and check county expenditures. However, the pursuit of further fiscal decentralization should be well calculated to ensure both the national and county governments remain relevant

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