

# PUBLIC FINANCIAL MANAGEMENT PRACTICES AND PERFORMANCE OF SELECTED COUNTY GOVERNMENTS IN KENYA



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## ABSTRACT

Although county governments were introduced for devolution, misappropriation and corruption hinder this objective. This study aimed to examine how financial management practices affect the performance of Central Rift County governments. The research was informed by agency, institutional, and stewardship theories. A descriptive research design was used. The target population was employees within Nakuru County's public finance sector. A census of all 80 employees was done, and a Cronbach alpha of 0.7 was used to determine the reliability of the research instruments. Secondary data was collected from published materials from county and government agencies. Data was analyzed through the statistical package for social sciences to provide inferential and descriptive statistics. The study revealed that county governments use budget implementation, regular reviews, and monitoring to improve compliance and performance. There was a moderate positive and statistically significant correlation between public budgeting on the performance of Central Rift County governments ( $r = 0.443$ ;  $p < 0.05$ ); an average positive and statistically significant correlation between public financial reporting on the performance of Central Rift County governments ( $r = 0.441$ ;  $p < 0.05$ ); a moderate positive correlation between public revenue mobilizations on the performance of Central Rift County governments ( $r = 0.441$ ;  $p < 0.05$ ), and a moderate positive correlation between public finance procurement on the performance of central rift county governments ( $r = 0.441$ ;  $p < 0.05$ ). There is a need to realign the budget processing and reporting format in conformity with IPSAS reporting standards.

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## INTRODUCTION

The importance of evaluating the performance of county governments has been underscored. Turley, Robbins, and McNena (2015) note that assessing local governments' performance helps distinguish well-performing and local county governments in dire financial difficulties. This distinction is significant in replicating practices of well-to-do countries in those undergoing economic distress. Britain Greasley, John, and Wolman (2011) note that variegated factors economically give some countries peculiar advantages. Regardless, county governments employ different strategies to meet this gap. In Indonesia, Adler et al. (2012) note that the performance of county governments depends on regulatory requirements such as internal controls and budgeting, which enhance the effectiveness of governance. Regionally, countries such as Nigeria, Uganda, South Sudan, and South Africa have embraced local governments to improve social delivery. It is the case that local governments in Nigeria, as Agba, Akwara, and Idu (2013) note, need to improve service delivery. Despite significant financial allocations, Nigerian local governments still need to justify their continued office tenure in aspects related to socio-economical standards of measurable growth.

Tumushabe, Muyomba-Tamale, and Mushemeza (2010) note the significance of monitoring and assessing the periodic performance of county governments using such means as the balanced scorecard, ensuring the tracking of point socio-economic progress. In Tanzania, local governments in the form of municipalities have been created to enhance quality service delivery. According to Lerno (2016), county governments in Kenya still need to record better performance regardless of robust public financial management practices. Considering Kibunja (2017), citizens hold Kenyan county governments accountable for allocating, using, and custody of resources.

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Many countries have adopted a unifying form of PFM. The unification covers major policy questions such as the fiscal position of the government, operational issues, and the provision of specific services (Cangiano et al., 2013). According to Mathenge and Muturi (2017), public financial management is concerned with ensuring the availability of funds effectively and efficiently to benefit citizens. The PFA requires every county to outline a development plan that reflects its priorities. The method includes strategic priorities and programs the county wants to implement, details of how the program will contribute to the development of the county, measurable indicators, and budget allocated (Cheruiyot, 2018). Lastly, the performance of county governments in Kenya can be measured through the effective and efficient use of county resources to implement infrastructure and improve health, education, and trade (Lerno, 2016). The county executive for finance is responsible for managing funds allocated and collected by the county. The CoK 2010 also established different public finance management institutions such as the Commission for Revenue Allocation (2018), the Office of the Controller of Budget (COB), and the Salaries and Remuneration Report. The mandate of the Auditor General was also expanded under the new constitution to cover auditing of counties.

According to the Commission of Revenue Allocation (2018), county governments receive a share of revenue based on population, poverty, land area, fiscal effort, and development factors. Each factor determines the amount of funds each county receives from the national government. Counties are expected to provide the auditor general with financial statements, which are audited and published. Notably, these published reports provide a basis for future revenue allocations. According to Njahi (2017), financial management remains the lifeblood of organizations. Despite guidance provided in the PFM Act of 2012, county governments will need help in financial management. For example, some county assemblies maintain manual ledgers despite the PFM Act of 2012 requirement that all financial transactions be processed electronically through IFMIS (Office of Auditor General, 2018).

In Nakuru County, the Auditor General provided a qualified audit opinion based on over Kshs 30 million variances between IFMIS and financial statements and non-disclosure of legal costs. Nakuru needs to be more utilized over Kshs 200 million in its budget for 2018/2019 (Office of the Auditor General, 2018). Laikipia exhibits variances in financial statements, IFMIS, and unrecorded revenues. Similarly, Baringo County received an adverse opinion due to aspects such as inaccurate statements of cashflows and understatement of assets. In Nyandarua County, the pending bills have significantly increased from 380 million in 2016/2017 to 740 million in 2017/2018, partly due to unconfirmed pending bills (Office of the Auditor General, 2018). The current study seeks to examine the effect of financial management practices on the performance of counties in Kenya.

This study will answer the research question: how do public financial management practices affect the performance of counties in Kenya? The following are the objectives of the study:

- To determine the effect of public budgeting on the performance of CRCGs.
- To establish the effect of public financial reporting on the performance of CRCGs.
- To find out the effect of public revenue mobilization on the performance of CRCGs.
- To establish the effect of public finance procurement on the performance of central rift county governments.

## LITERATURE REVIEW

### Theoretical Review

The three theories that inform the current study are the agency, stewardship, and institutional theories.

#### *Agency Theory*

The agency theory remains one of the foremost financial theories explaining the relationship between different organizational stakeholders. According to Wolk, Dodd, and Rozycki (2008), the agency theory predicts and expounds the behavior of groups involved with an organization. One of the major agency relationships is between the managers' faction and the stockholder of an enterprise. Managers are appointed by the owners of a firm to govern the firm's interests, thus setting up an agency relationship. Owners are interested in maximizing return on investment. In contrast, managers have a wider range of economic interests, such as compensation. Due to the potential conflict, owners are forced to contract the managers in such a way that reduces such disputes (Wolk et al., 2008). Costs are met in monitoring agency contracts with the management and auditing fees. Additionally, the agency highlights that a conflict between owners and managers can be mitigated through financial reporting. Regular financial reporting is one approach titleholders can use to supervise employment agreements with managers. Auditors then independently verify the reports (John et al., 2014). Overall, this theory applies to the current research in several ways.

In Kenya, the county government receives annual budgetary allocations from the national government. Moreover, the county governments also generated revenues to meet development and recurrent expenditures. Therefore, county government officials ensure that funds are used prudently to meet development aims. The national audit office also regularly audits the financial reports to find that the county government uses funds effectively (Njahi, 2017). Therefore, the principals in this case are taxpayers in each county government. At the same time, the officials are the agents who are expected to use revenues effectively to meet each county's social and development goals.

#### *Institutional Theory*

The institutional theory emphasizes that organizational environments are vital in shaping the structure and actions. According to Scott (2005), managerial decisions are driven by goals for efficiency and cultural and social factors. The theory focuses on the deeper and more resilient determinants of the economic behavior of institutions. One of the areas in which institutional theory has been applied is the budgeting process. Researchers have focused on how public organizations balance societal visions and political projects. According to Covalleski et al. (2003), the theory applies the budgeting process in

resource negotiating and mobilizing to conduct goals. The pillars of institutions advanced by this theory include regulatory, normative, and cultural cognitive. The balance between these pillars ensures an organization realizes its service delivery goals.

The theory is relevant to this study in aspects such as the implementation of procurement law as well as budgeting. According to Cheruiyot (2018), the county government in Kenya has received over Ksh.1 trillion from the national government to ease the achievement of goals. Therefore, deciding the practices the county government uses to ensure proper use of the funds to realize service delivery and development goals is necessary.

## **Empirical Review**

### ***Budgeting***

Kathungu (2016) examined the impact of budgeting use on the financial performance of county government. Specifically, the author focused on budgeting and revenue collection of the county governments. Kathungu (2016) argues that budgets provide county governments with a platform for reporting outcomes at the end of the budget year. Regarding research design, the author used a descriptive approach to set up the connection between variables. Additionally, primary data for the study was amassed through defined questionnaires distributed among the 70 respondents. Secondary data was sourced from the Auditor General's 2013, 2014, and 2015 reports. The finding of this study shows that budgeting aspects such as county revenues, county expenditures, and resources positively affected financial performance. However, the analysis assumes that budgeting is the only factor influencing the performance of Kenya's county governments.

Kibunja (2017) looks at the impact of the budgetary procedure on the financial performance of Muranga County. The author specifically focused on planning, implementation, monitoring, and assessment. The inquiry used a non-experimental descriptive research approach to gather data from 83 participants. Moreover, the respondents supplied primary data through self-administered questionnaires, while audited financial statements provided secondary data. The results from the study show that budgeting affects the financial performance of county governments. Additionally, the author concludes that counties must increase public participation in budgeting to enhance financial performance (Kibunja, 2017). Nevertheless, the study does not examine other public fiscal management approaches that affect performance. At the same time, Mutungi (2017) examines the effects of budgeting and budgetary controls on the financial performance of devolved systems of governments in Kenya. The study employed a descriptive research approach to decide the variables' relationships. The results of this study implied that counties without proper budgetary processes face challenges in financial performance. One of the strengths of this study is that it examines the performance of all county governments in Kenya. However, the analysis must account for other fiscal management approaches affecting performance.

### ***Internal Controls***

Onyango (2014) conducted a study to determine the effect of internal controls on the performance of developed governments in Kenya. This study's findings show that most county governments must implement modern internal control systems to enhance financial performance. At the same time, Lerno (2016) tries to set up the relationship between internal controls and the implementation of county governments. The research findings show that most respondents needed help understanding the relationship between internal controls and performance. The author concluded that although county governments had implemented internal control systems, more was needed to improve performance. Cheruiyot, Namusonge, and Sakwa (2018) examine how internal control practices influence the performance of county governments in Kenya. The study sampled the version of ten county governments and employed primary and secondary data. The study revealed that those with strong internal controls proved improved financial performance among the county governments sampled.

Ahmed and Ngang'a (2019) examined the subject from the perspective of county government in the coastal region. A descriptive research design was applied to the research. Additionally, the author collected primary data from 40 respondents in Mombasa, Kilifi, Kwale, and Taita Taveta. The study confirmed that only risk management played a vital role in the performance of county governments.

### ***Revenue Mobilization***

Development Initiatives (2018) states that a sound revenue system for county governments is a prerequisite for success in Kenya's fiscal decentralization goal. Biwott (2017) examines how revenue mobilization can influence the socio-economic development of county governments in Kenya. The study focuses on revenue mobilization practices such as county collections, revenue infrastructure, and training and how they affect the outcome of counties in the north rift region. Cheruiyot (2018) focused on the effect of public fiscal management practices on the performance of county governments. The study examined how financial planning and budgeting, internal control, public financial procurement, revenue mobilization, and general economic governance practices influence the performance of county governments in Kenya. The study showed that internal controls influenced financial performance significantly compared to other factors.

In another study, Madegwa, Makokha, and Namusonge (2018) focus on how revenue collection affects the performance of the county government of Trans Nzoia. A descriptive research design was employed to set up the connection between the variables in the study. Primary as well as secondary data was used. The study shows that revenue collection automation can enhance county governments' performance.

### ***Public Finance***

In one study, Mbae (2014) examines how public procurement law affects the performance of the Machakos County government. A descriptive research design was used by the author in this study. Moreover, structured questionnaires were used to collect data from the respondents in this study. The results show that although procurement processes and laws have

increased transparency, they have also reduced the speed of goods acquisition by counties. He concludes that county governments should continue to embrace procurement practices to improve performance. In another study, Ndiiri (2016) examined the effect of e-procurement on the performance of devolved governments in Kenya. A descriptive research design was adopted by the author in this study. Primary data for this study was sourced through semi-structured questionnaires, while secondary data was sourced from the procurement portals. The results show that e-procurement has enhanced the performance of county governments due to increased transparency.

Additionally, Cherotich (2018) examines how effective procurement practices can enhance the performance of the Kericho County government. The study focused on procurement planning, fiscal management, and professionalism. A closed-ended questionnaire was used to collect information from the respondents. The results showed statistical significance between procurement practices and the performance of the Kericho County government.

### MATERIALS AND METHODS

The research employed a descriptive research design. This research design is usually structured and specifically designed to measure the characteristics described in the research questions. Data collection in this design involved a structured process whereby the researcher can use questionnaires to ask the participants questions on items related to the research questions (Hair Jr, 2015). The target population for this study was employees working in the treasury section of the central Rift county governments. The study conducted a census of all the respondents in the target population. The census approach was ideal for this study as the number of respondents was less than 100. Moreover, the census approach ensured that the researcher obtained views from different departments involved in diverse public finance management practices in the counties.

The study collected primary data based on the research questions. The researcher collected preliminary data through self-administered questionnaires. According to Kothari (2009), questionnaires were sent to the respondents, who were expected to read and understand and then supply answers. The reliability of the questionnaire was decided through a pilot study. According to Bryman and Bell (2015), a pilot study consisted of ten percent of members of the study population. The data from the pilot study was statistically analyzed to obtain the Cronbach alpha coefficient. A Cronbach reliability coefficient of 0.7 was the yardstick for deciding the instrument's reliability. The researcher determined the validity of the instrument in two ways. Firstly, the researcher sought the supervisor's opinion on the terminologies employed in the questionnaire. Additionally, the researcher sought industry experts' opinions to decide if proper language was used based on the research questions.

The study used descriptive and inferential statistics to analyze data. Specifically, the researcher used the Statistical Package for Social Sciences (SPSS) as the primary data analysis tool. A multiple regression equation proved below determined the relationship between the independent and dependent variables.

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

Where:

Y= Performance of county governments

$\beta_0$  -Constant

$X_1$ -Public Budgeting

$X_2$ - Public financial reporting

$X_3$ -Public Revenue mobilization

$X_4$ -Public finance procurement

$B_1, \beta_2, \beta_3,$  and  $\beta_4$ - parameters to be estimated

Once data analysis was done, data was presented through tables and charts to underline the connection between the independent and dependent variables of the study.

### RESULTS

#### Public Budgeting on Performance of CRCGs

The respondents were asked to rate how much they agreed that public budgeting affected how well the CRCGs performed. The results are shown in Table 1.

Table 1. Public Budgeting on Performance of CRCGs

Items	SA %	A %	U %	D %	SD %	Mean	Std
Your county uses budget estimates to enhance financial management and performance.	26	47	17	10	0	3.887	0.907
The County government utilizes budget planning to improve financial performance.	37	45	13	5	0	4.113	0.870
Our government uses budget controls to enhance financial performance.	55	42	3	0	0	4.516	0.565
We often use budget implementation and monitoring to enhance performance.	57	37	6	0	0	4.500	0.621
Our government does regular budget reviews to improve compliance and overall performance.	39	44	11	6	0	4.145	0.866

With a mean of 3.887, most respondents (73%) agreed that the county uses budget forecasts to improve fiscal management and performance. The results also showed that most respondents (82%) agreed, with a mean of 4.113, that the County government uses budget planning to enhance financial performance. Additionally, most respondents (97%) agreed, with a mean of 4.516, that the government employs budget constraints to improve financial performance. The results also showed that most respondents (94%) agreed that the county government often uses budget implementation and checking to improve performance, with a mean score of 4.500. With a mean of 4.145, most respondents (83%) also agreed that the government conducts frequent budget reviews to boost compliance and overall performance. The standard deviation varied from 0.565 to 0.907, showing insignificant variation among the responses concerning the mean.

### Public Financial Reporting on the Performance of CRCGs

The respondents were asked to rate how much they agreed that public financial reporting affected how well central rural county governments performed. The results are shown in Table 2.

Table 2. Public Financial Reporting on Performance

Items	S A	A	U	D	SD	Mean	Std
	%	%	%	%	%		
<b>Our county provides regular financial reports to enhance performance and compliance.</b>	52	39	9	0	0	4.419	0.667
<b>Our county government published service and operational reports to improve performance</b>	37	31	19	13	0	3.887	1.073
<b>We often conduct regular risk assessments to improve performance.</b>	44	40	6	10	0	4.177	0.932
<b>Our county government uses financial systems and standardized financial documentation to improve performance.</b>	37	39	10	14	0	3.984	1.032
<b>The county government presents annual financial statements for auditing and reporting</b>	42	39	11	8	0	4.145	0.921

Most respondents (91%) agreed that the county produces frequent financial reports to improve performance and compliance, with a mean score of 4.419. With a mean of 3.887, most respondents (68%) agreed that the county government issued service and operational reports to enhance performance. With a mean of 4.177, most respondents (84%) agreed that the county government often conducts routine risk assessments to improve performance.

With a mean of 3.984, respondents (76%) agreed that the county government employs financial systems and standardized financial paperwork to enhance performance. Most respondents agreed with the issues, as shown by the standard deviation, which varied from 0.667 to 1.073. The research supports Hou & Gopala's (2015) claim that financial reporting might affect crucial choices like grant applications.

### Public Revenue Mobilization on Performance of CRCGs

The respondents were asked to rate how much they agreed that public revenue mobilization affected how well the CRCGs performed. The results are shown in Table 3.

Table 3. Public Revenue Mobilization on the Performance

Items	S A	A	U	D	SD	Mean	Std
	%	%	%	%	%		
<b>We collect county revenue through fees and fines to improve service delivery.</b>	47	34	13	6	0	4.210	0.908
<b>We utilize revenue administration and automation measures to enhance the overall performance of our county government</b>	50	31	15	5	0	4.258	0.886
<b>We have revenue enforcement staff to improve collection and administration measures.</b>	44	53	3	0	0	4.403	0.557
<b>We have foreign partners who provide grants for different projects in our county.</b>	37	44	16	3	0	4.145	0.807
<b>We often introduce new revenue measures through taxation and fines in our county.</b>	44	50	6	0	0	4.371	0.607

Most respondents (81%) agreed, with a mean score of 4.210, that the county government should raise money via taxes and penalties to enhance service delivery. With a mean of 4.258, most respondents (81%) also said that the county should use automation and revenue administration strategies to improve the overall performance of our county government. With a mean of 4.403, most respondents (97%) also agreed that their revenue enforcement team is improving their collection and administration procedures.

A large majority of respondents (81%) agreed, with a mean of 4.145, that the county administration had international partners that contribute money for various initiatives in our county. With a mean of 4.371, the majority (94%) agreed that the county administration often implements new revenue methods via taxes and penalties.

### Public Finance Procurement on the performance of CRCGs

The respondents were asked to rate how much they agreed that public finance procurement affected how well the CRCGs performed. The results are shown in Table 4.

Table 4. Public Finance Procurement on the Performance

Items	S	A	U	D	SD	Mean	Std
	%	%	%	%	%		
We have automated tender application procedures in the county.	37	34	10	16	3	3.855	1.185
We often use procurement planning in our county to enhance performance.	55	34	8	3	0	4.403	0.778
We follow all procurement processes and laws provided in the Public Procurement Act.	44	46	7	3	0	4.307	0.738
We ensure compliance with all our public finance procurement activities.	37	44	16	3	0	4.145	0.807
We publish all public finance procurement information on our website to improve performance.	55	33	7	5	0	4.387	0.869

Most respondents (71%) agreed, with a mean score of 3.855, that the county administration had automated tender application processes. With a mean of 4.403, most respondents (89%) also agreed that the county government often uses procurement planning to improve performance. With a mean of 4.307, they also agreed (90%) that the county government adheres to all regulations and procedures outlined in the Public Procurement Act.

Additionally, most respondents (81%) agreed, with a mean of 4.145, that the county government assures compliance with all public financial procurement operations. With a mean score of 4.387, most respondents (88%) also agreed that the county government should show all information on general financial procurement on its website to enhance performance. Most respondents, as offered by the standard deviation range of 0.738 to 1.185, agreed with the problems.

### Inferential Statistics

#### *Public Budgeting on Performance of CRCGs*

The study looked to decide the relationship between public budgeting and the performance of CRCGs. The findings of the study are shown in Table 5.

Table 5. Public Budgeting on Performance of CRCGs

		Performance of CRCGs
Public Budgeting	Pearson Correlation	.443**
	Sig. (2-tailed)	.000
	N	62

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

According to the findings, the research found a statistically significant moderately favorable link between public budgeting and the performance of central rift county administrations ( $r = 0.443$ ;  $p 0.05$ ). This suggests that public budgeting helps the CRCGs operate better.

#### *Public Financial Reporting on the Performance*

In addition, the research intended to decide if public financial reporting and the performance of CRCGs were related. Table 6 displays the study's conclusions.

Table 6. Public Financial Reporting on the Performance

		Performance of CRCGs
Public Financial Reporting	Pearson Correlation	.441**
	Sig. (2-tailed)	.006
	N	62

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

According to the research findings, there was a statistically significant relationship between the performance of the CRCGs and public financial reporting ( $r = 0.441$ ;  $p 0.05$ ). This suggests that improved public financial reporting will help the CRCGs function better.

#### *Public Revenue Mobilization on the Performance*

The research also looked at the relationship between the performance of CRCGs and the mobilization of public resources. Table 7 supplies a summary of the correlation analyses' findings.

Table 7. Public Revenue Mobilization on the Performance

		Performance of CRCGs
Public Revenue Mobilization	Pearson Correlation	.441**
	Sig. (2-tailed)	.000
	N	62

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

In Table 7, there is a moderate relationship between public income mobilizations and the effectiveness of CRCGs. ( $r = 0.441$ ;  $p < 0.05$ ). The correlation analysis showed that improved public income mobilization enhances CRCGs' performance.

**Public Finance Procurement on the Performance**

The research also looked at the relationship between public finance procurement and the performance of CRCGs. The results of the correlation analysis are outlined in Table 8.

Table 8. Public Finance Procurement on the Performance

		Performance of CRCGs
Public Finance Procurement	Pearson Correlation	.441**
	Sig. (2-tailed)	.000
	N	62

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

According to the research, Table 8 ( $r = 0.441$ ;  $p 0.05$ ) found a favorable link between public finance procurement and the effectiveness of CRCGs. The correlation analysis showed that greater public finance procurement enhances CRCGs' operational efficiency.

**Regression Analysis**

The performance of the CRCGs was assessed using a regression analysis of the combined effects of public budgeting, public financial reporting, general income mobilization, and public finance procurement.

Table 9. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Sig. F Change
1	.878 <sup>a</sup>	.770	.749	.3873	.000

The study's R-squared value was 0.770, showing that the four independent variables—public budgeting, public financial reporting, general revenue mobilization, and public finance procurement—can explain 77.0% of these four variables. At the same time, other factors can account for the remaining 23.0%.

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	28.563	4	7.141	47.607	.000 <sup>b</sup>
	Residual	8.532	57	.150		
	Total	37.095	61			

a. Dependent Variable: Performance of CRCGs.

b. Predictors: (Constant), public budgeting, public financial reporting, general revenue mobilization, and public finance procurement.

The variance model effectively predicts how the four independent variables—public budgeting, public financial reporting, general revenue mobilization, and public finance procurement—influence the performance of CRCGs because the results showed that the p-value was 0.000, which is less than 0.05. Additionally, the F-value of (47.607) shows that the model successfully predicted how the independent factors affect the dependent variable.

Table 10. Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.038	.145		.260	.796
	Public Budgeting	.596	.107	.548	5.578	.013
	Public Financial Reporting	.233	.081	.245	2.877	.006
	Public Revenue Mobilization	.245	.104	.179	2.356	.022
	Public Finance Procurement	.323	.106	.360	3.052	.003

The overall significant test findings for the proposed research model are shown in Table 10. The results' interpretations are based on the regression model listed below.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4$$

Therefore,

$$Y = 0.038 + 0.596 X_1 + 0.233 X_2 + 0.245 X_3 + 0.323 X_4$$

The value of the performance of the CRCGs will be 0.038 when the independent variables are kept constant, according to the intercept (0). Additionally, a unit increase in public budgeting would result in a 0.596 gain in the performance of CRCGs, all other independent variables being held constant. Keeping all other independent variables equal, an increase in public financial reporting would increase CRCGs' performance by 0.233 units.

Additionally, a unit increase in public revenue mobilization would result in a 0.245 improvement in the performance of CRCGs, all other factors being held constant. A unit increase in public finance procurement would, in the end, result in a 0.323 improvement in the performance of CRCGs, all other factors being held constant. Public budgeting, followed by public finance procurement, general revenue mobilization, and general revenue mobilization, are the factors that have the most impact on the performance of CRCGs.

## **DISCUSSIONS**

According to the investigation, the county utilizes budget projections to improve financial management and performance. The research also showed that the county administration uses budget planning to enhance financial performance. The study also showed that the county government uses budget constraints to improve financial performance. The findings on the impact of budgeting are supported in other studies. For example, Musiega et al. (2023) found that budget credibility enhances the efficiency of public sector organizations. These findings are supported by Mauro et al. (2020) who also underline the importance of budgeting on public sector organizations' performance. Moreover, the research also demonstrated that the county administration often monitors and implements budgets to improve performance. The study also showed that the county government conducts regular budget reviews to boost performance and compliance.

The study's conclusions showed that the county government produces frequent financial reports to improve compliance and performance. The research also showed that the county administration released operational and service reports to boost efficiency. The research supports Garcia-Lacalle and Torress (2021) claim that financial reporting might affect crucial choices like grant applications.

The survey also showed that the county regularly assesses risks to boost performance. The research also showed that the county government employs standardized financial paperwork and financial systems to enhance the performance of county governments. Annual financial accounts for the county government are presented for review and reporting. These findings align with other studies such as Kong et al. (2018) and Cedergren et al. (2022), who underline the importance of risk management in the performance of public sector organizations.

According to the study's results, the county government raises money via fines and fees to provide better services. The research also showed that the county uses automation and revenue administration strategies to improve the performance of county governments. Additionally, the research found that county governments employ revenue enforcement personnel to enhance procedures for collection and administration. The investigation also showed that the county governments have international partners that provide money to various county programs. The research also showed that the county often implements new revenue-generating techniques in our county via taxing and penalties.

The results also indicate that the county government has automated tender application processes. The research also showed that the county government often uses procurement planning to improve performance. Indeed, Muthee and Mang'ana (2021) and Asatiani (2022) found that automation improves the performance of public sector organizations. The survey also showed that the county government usually complies with all regulations and procedures outlined in the Public Procurement Act regarding procurement. The report also showed that the county governments ensure all our public finance procurement operations comply. The survey also found that the county governments post all information on public finance procurement on their websites to increase efficiency.

## **CONCLUSIONS**

According to the research, county governments often use budget implementation and checking to improve performance. The research also concluded that the county governments conduct regular budget reviews to boost performance and compliance. The study also found a statistically significant moderately favorable association between public budgeting and implementing central rift county governments.

The research found that county governments regularly assess risks to boost performance. The research also concluded that the county government employs standardized financial documentation and financial systems to enhance performance. According to the findings, the study concluded that the county administration gives yearly financial accounts for reporting and auditing. Additionally, the research found a somewhat favorable and statistically significant association between the performance of central rift county governments and public financial reporting.

According to the study's findings, the county government has revenue enforcement personnel to enhance procedures for collection and administration. Furthermore, the investigation concluded that the county governments have international partners supplying money to various initiatives. The research also concluded that the county governments often implement new revenue strategies via taxing and penalties. Additionally, the research found a favorable association between the performance of central rift county administrations and public revenue mobilizations.

According to the study's findings on the impact of public finance procurement on the performance of county government, the study concluded that county governments often follow all rules and procedures outlined in the Public Procurement Act. The study concluded that the county government must follow all public financing procurement activities. To increase performance, the study also concluded that the county government supplies all information on general financial procurement on its website. In the end, the analysis found a moderately favourable association between public finance procurement and the performance of central rift county governments.



Regarding public budgeting, the research recommended that the government should pinpoint its weak points. Regarding budgeting, identifying its weak points enables the administration to distribute resources in a beneficial and long-lasting way. One of the main goals of creating a government budget is to achieve this. The government must ensure that money gets to where it is most needed. As a result, the government may demonstrate effective governance and achieve economic stability by analyzing historical data to identify portions of society that require economic welfare programs and then executing such policies.

The study's conclusion on financial reporting was that performance data for government ministries and counties must be improved. Promoting accountability among the counties and government agencies is necessary. The requirement to inform individuals how government ministries and counties use resources must be met. Improvements in record keeping are required, including an audit that enables the requirement that all accounts be traced to their source documents and a clearer legal foundation for budgets that adhere to the IPSAS reporting structure. Meetings to plan for budgets and to encourage information accountability for voters and the broader public need to be improved. The budget processing and reporting format must be updated to comply with IPSAS reporting requirements.

The study's recommendation for revenue mobilization was that the county government take steps to produce an annual surplus of revenues over expenses. In this instance, the excess might be utilized to compensate investors who give the counties fresh long-term finance. Additionally, county governments must ensure that all operating enterprises are properly licensed and recorded in the county revenue databases. The county governments should provide enough parking spaces and organize them appropriately before raising parking levies.

To successfully contribute to local growth, county governments must reform and strengthen their current methods for raising money. The county governments should also search for creative approaches to raise money. For this to be effective, the revenue mobilization strategy must be modified to combat dishonesty in revenue mobilization and other revenue leakages at all stages of revenue collection.

Taxes and fees are used to fund county governments. Innovative methods of revenue collecting may be used to improve county structures, workforce planning, training, new management compensation methods, overall quality management, and collaboration among management and employees.

Since the study focused on the public financial management practices and performance of selected county governments, there is a need to conduct a similar study on the Public financial management practices and socio-economic development.

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