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INFLUENCE OF FINANCIAL PLANNING PRACTICES ON THE PERFORMANCE OF COUNTY GOVERNMENTS

A STUDY OF SELECTED COUNTIES IN KENYA

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Abstract

Financial planning practices in county governments nationally are a manifest of the nation's commitment in helping the counties to fully devolve and manage the resources efficiently towards the respective national development. This research project assessed the influence of financial planning practices on the performance of selected county governments in Kenya, a study of selected counties. The study was guided by three specific objectives; to assess the influence of budgeting practice on the performance of county governments, to determine how financial forecasting practices influence performance of county governments and to establish the influence of financing decisions as a practice on performance of county Governments. A descriptive research design was adopted. The target population was 244 respondents. Data was analyzed using descriptive and inferential statistics with the aid of SPSS. A suitable regression model was also generated. From the findings the study established that the policy makers obtained knowledge of the financial sector dynamics and the responses that are appropriate; they therefore obtained guidance from this study in designing appropriate policies that regulated the public finance. The study also established that the head of the county budget *is head of the budget department. The study ascertained that policy makers would obtain knowledge of the financial sector dynamics and the responses that are appropriate; they therefore obtained guidance from this study in designing appropriate policies that regulate the public finance.*

Keywords: Budgeting practices, Financial Forecasting practices, Financing decisions practices, Performance, County Governments, Kenya

INTRODUCTION

Financial planning practices enable a government assess financial situation and sources of finance, determine its objectives, and then formulate financial strategies to achieve those objectives. Government financial planning practice is a kind of process in which government assess its financial situation, determines its objectives and formulates financial strategies on how to achieve those objectives. Meanwhile, government financial planning practice is a process in which a government sets long-term financial goals through provision of infrastructural facilities and service delivery to the public. In the increasingly globalized 21st century, financial planning practice has become more and more complex. In a world where there are few guarantees through financial planning practice, prudent financial management and careful spending can help the government achieve financial goals, (Odeng, 2007).

The financial planning practices grew rapidly during the 1970s as the general trend of prices continued upward. By the late 1970s and into the early 1980's, inflation and interest rates were out of control. Confronted with very high income tax rates, along with the inflation and interest rates American consumers sort for help. The growth for financial planning practices were explosive. What advisors labeled as financial planning consisted mostly of selling to get rich quickly and not raising tax, a few advisors preached the massage of comprehensive financial planning practice as a financial salvation of the American household, (Cooper and Worsham, 2005). American consumers indicate that, historically and globally known, banks have been the major and sometimes the only provider of financial planning services in the community (ABA, 1985).

A government should be managed effectively and efficiently. This implies that the government should be able to achieve its objectives by minimizing the use of resources. Thus managing implies coordination and control of the efforts of government for achieving its objectives, Madura (2007).The process of managing the resources is facilitated when the county government charts its future course of action in advance and takes divisions in a professional manner, utilizing the resources and efforts in a coordinated and rational manner. The systematic approach for attaining effective management performance in financial planning and budgeting, (Coopers and Worsham, 2005). Financial planning practices indicate a government growth, performance and requirements of funds during a given period of time, usually one year.

Financial planning practice is a process of analyzing a government's Investment options and estimating the funds requirement and dividing the sources of funds. Financial planning practices involve, evaluating the current financial condition of government, analyzing the future growth prospects and options, appraising the development options to achieve the stated growth objectives, estimating funds requirement and considering alternative financing options and measuring actual performance with the planned performance, (Pandey, 2010). Financial forecasting is an integral part of financial planning practice as it used past data to estimate the future financial requirements, Coopers and Worsham (2005). Financing alternatives helps in analyzing policy and divide the appropriate means of raising funds, Pandey, (2010)

The government financial planning practice enables the government to understand government revenue and expenditure. The specific objective of financial planning practice is to make best use of governments' resource to achieve financial goals. The sooner the government develops its goals and financial plan to achieve these goals the easier it will be to achieve its objectives. (Madura, 2007) notes that, financial plans are thought to be necessary because of many reasons; the future is uncertain, business can be complex, and risks involved can be tricky to be managed. This study will work under the conceptualization that the counties just like any other county around the globe are faced by both internal and external variables like the environment they exist in, the dynamism of technology and the government and its policy. Such factors affect how the government operates in the sense of great effects on budgets and by extension their financial planning practices strategy (Agarwal *et al,* 2009).

The financial planning practices include; budget and budgetary practices, financial forecasting practices and financing decisions practices. A budget is a plan quantified in monetary terms, prepared and approved prior to a defined period of time, usually showing planned income to be generated and or expenditure to be incurred during that period and the capital to be employed to attain given objectives (Mordi, 2000).

Budgeting involves the preparation of an itemized financial statement showing what the expenditures are going to be over a given period, usually a year. The budget may also show what income the government is likely to generate during the same period. Cole (1996) noted that the fundamental to success of any organization is drawing a budget plan and putting it into operation. Further, notes that creating a budget is important as it enforces an organization to carefully consider the expected demand for its products, services and the resources required to meet the demand. Therefore budgeting is the process of preparing and using budgets to achieve objectives. The budgetary process comprises of budgeting and planning, which provides a formal basis for monitoring and controlling the progress of an organization as a whole, and its components parts (sub-counties) towards the achievement of the objectives specified in the budgeting and planning stages, thus providing feedback necessary to be able to make corrections to current operations and activities in order to meet the objectives and plans. Thus enabling the determination of the performance of the organization in financial, efficiency ratings, infrastructural and service delivery (Odeng, 2007).

Statement of the Problem

Financial Planning practices are intrinsic part of any organization. Finances help organizations to plan wisely so as to enhance efficiency, but most organizations do not take the financial planning practice as a vital aspect in influencing organization (Covaleski *et al*, 2003).The national government has demonstrated a good effort towards financing county governments in Kenya through establishment of counties in 2010.However, many of the established county governments are failing mainly due to poor financial planning practices (Agarwal *et al*, 2009).Financial planning practices can help county governments to properly and successfully manage their current and future status of their units, yet the concept of financial planning scheme has been so silent when these counties were established. Cherington and Cherington (1973) reported negative relationship. Sub-counties in Kisii County, Kenya have not effectively adopted the use of accepted financial planning practices on the performance of county governments despite the benefits of the practices in long-term decision making and planning. The major problem is that, it is not clear the kind of strategies that are influencing financial planning practices among counties in Kenya for them to realize the related benefits; hence this study assessed the influence of financial planning practices on the performance of selected counties in Kenya. This study acknowledges that quite a number of researchers have conducted research in the field of financial planning practices. However, such literature failed to incorporate the need to establish adequate financial planning practices in the counties that are the core providers of infrastructural facilities and essential services to the public. Therefore, this study assessed the problem of resource distribution which is unequal, economic development of infrastructural facilities and major services to the citizens at the sub-county levels. Moreover, the study assessed whether the limited financial literacy in the counties impact negatively in the performance of counties. This study was guided by the general and specific objectives. The general objective of the study was to assess the influence of financial planning practices on the performance of selected County governments in Kenya.

The specific objectives of the study are:

i. To assess the influence of budgeting practice on the performance of selected county governments in Kenya.
ii. To determine how financial forecasting practices influence performance of selected county governments in Kenya.
iii. To establish the influence of financing decisions as a practice on performance of selected county Governments in Kenya.

THEORETICAL REVIEW

Budget Control Theory

The Chartered Institute of Management and Accountants (CIMA) of England and Wales has defined the term budgetary control as an establishment of budgets relating to the responsibilities of the executives of a policy and the continuous comparison of the actual with the budgeted results either to secure by individual action the objective of the policy or to provide a basis for its revision (Webster, 2001).

Budget control is the system of management control and accounting in which all the activities are forecasted and planned in advance to the extent possible and the actual results compared with the forecasted and planned ones. Business executives doing financial planning normally embrace this tool. (Atkinson *et al*, 1997), define budget as a quantitative expression of the money inflows and outflows to determine whether a financial plan will meet organization goal. In most circumstances, a budget is a conventional plan in any government; however, it expresses all the activities in the government. Budget control theory in this study is promised on the basis that key financial planning is expressed in terms of major tools like a budget.

Some of the principal roles of budgeting in management are for planning, control, coordinating, evaluating, directing. Performance improvement, communication and decision making (Grifel, 1993, Zahirul & Peter, 2007). Horngren *et al*, (2008) view management control system as a logical integration of technique for gathering and using information to make planning and control decisions, for motivating employee behaviors, and evaluating performance. The key aspects of this study assess the relationship between financial planning practices and the impact on performance.

Relying on financial measures alone is insufficient to ensure that strategy will be executed successfully. As such, they emphasize the need to observe other factors either external or internal that affects the government and its performance. Anthony and Govindarajan (2004) cited in (Amalokwu and Lawrence 2008) demonstrations that the best way to solve this is to measure and evaluate government executives using multiple measurers non-financial as well as financial.

Today's budget governance structures are essentially the same as those introduced in the late 19th and early 20th centuries when modern budgeting systems were first established. Similarly, the analytical methods and process proposed by rationalists in the 1960s continue to be used today. Indeed, the rationalist approach is still the prevailing paradigm for policy makers. Consequently, an understanding of the various approaches to the budget problem continues to be relevant today, even where the validity of these approaches has subsequently been questioned, and research on these approaches is still ongoing (Musgrave, 1999).

When revenues fall short of the projected level then budget implementation is affected to the extent that the expenditures have to be reduced and some projects and programs postponed altogether. External resources in the form of loans and grants are also factored into the budget following commitment by donors. The funds may however not be available at all as may be released late into the financial year as the budgeted amount may be reduced or a result of some donors refusing to release funds as result of the non fulfillment of donor conditions (Pollitt and Bouckaert, 2004). Over the past sixty years, attempts to resolve the basic budgeting problems have been made. Initially, attention focused on the application of economics in the design of methods which could guide policy makers by defining the basis the guiding principles and criteria for allocation decisions. Subsequently, attempts were made to arrive at a better understanding of budgeting behavior and institutional dynamics, identifying how the process by which resource allocation decisions are and should be made (Musgrave, 1999).

In many countries, budget management focuses on crises and short term decisions. There is often little focus on the medium and long term implications of annual budgets, leading to under-financing of the capital budget. Projects are often selected in order to send political signals, not to maximize benefits. (Manyarkiy, 2006).

Many countries have difficulties in establishing credible and realistic budget envelopes for public and private investments. Uncertainty about whether investment funds will be available undermines ministries' incentives to prepare high-quality project proposals.

Although governments institute budgeting formats in different ways, all governments benefit from its use, and budgeting functions perform an important mechanism in an organizational architecture, (Fruitier *et al*, and 2005). Participation of employees in the process of budget preparation also motivates them to achieve budget goals. Srinivasan (1987) posits that budgets should be used to motivate subordinates to increase their output and efficiency by encouraging their participation during budget preparation. Hopwood's (1972) study contains ample evidence that the association of extrinsic rewards with budgetary achievement is a powerful means to motivate managers. (Bunce and Fraser, 1997) summarize the situation by concluding that the ‘budgeting process is too rigid, too internally focused, adds too little value, takes too much "management time, and encourages the wrong managerial behavior (Bunce & Fraser, l997).

Benefit Theory

Since a pair of 1938 Treasury Department Tax rulings, and another in 1941, Social security benefits have been explicitly excluded from the Federal Income taxation. Amendments on the Act were done in 1983. Beginning in 1984, a portion of Social security benefits have been subject to federal income taxes. According to this Theory, the state should levy taxes on individuals according to the benefit conferred on them (Greenhouse and Bowley, 2011).This means that, the more benefits one derives from the activities of the state, the more he should pay to the government. This theory seeks to ensure that each individuals tax obligations are as far as possible based on the benefits that he or she receives from the enjoyment of the public services (Neil,2000).The application of this theory in Kenya is such that there are various taxes (levies) that are collected in the local jurisdictions, example, in market, bus stands which are collected by various sub counties, at the end this fund is further used to develop various social facilities which results to social benefit to the society, Tobin (1978), Stieglitz (1989), and Summers and Summers (1989).This theory links the study that financial planning practices will be to benefit social security of the citizens.

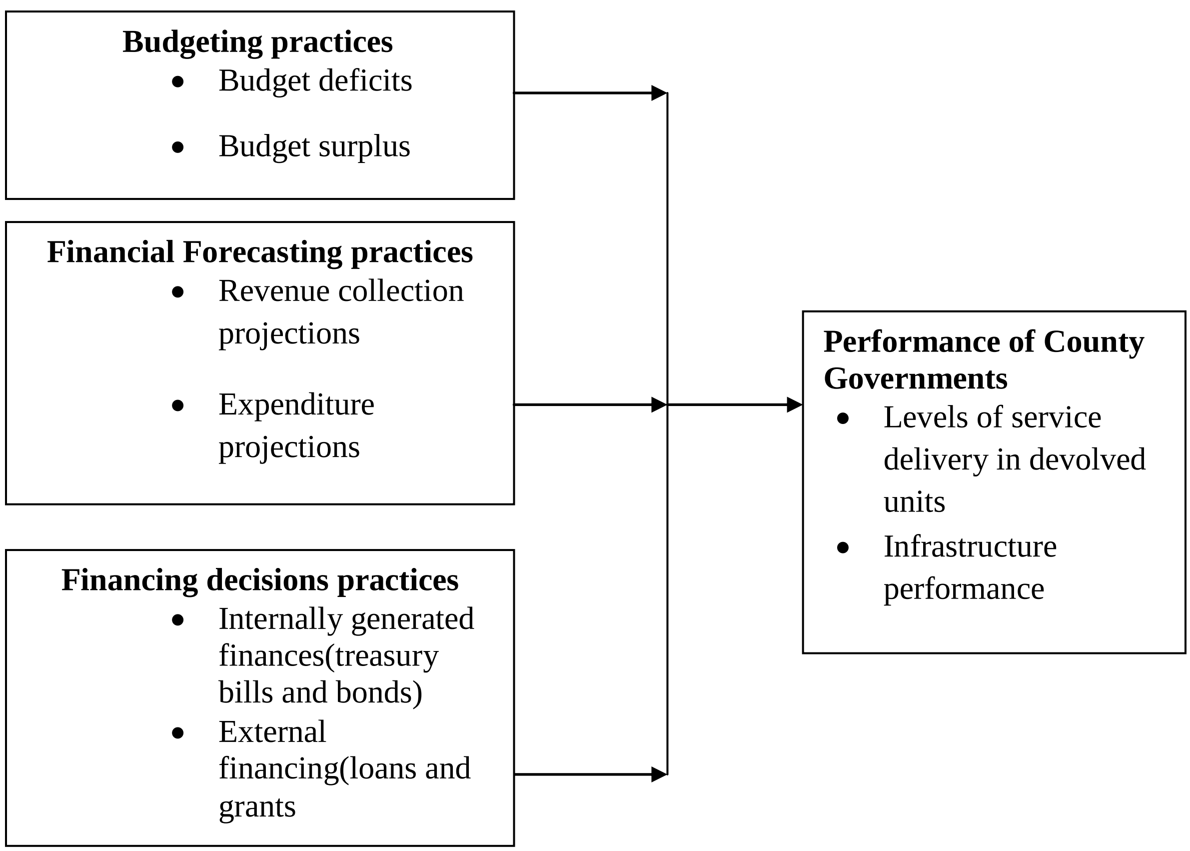
The Sacrifice Theory

Equal absolute sacrifice principle originally introduced by Mill, (1848), Cohen Stuart, (1889) everyone should suffer the same absolute loss of utility, Young, (1990). This theory attempts to determine the burden that rests upon an individual in virtue of his payment of taxes and how much of his or her income remains for purpose of his own subsistence. According to this theory payment of tax is a sacrifice that an individual make towards the support of the government. The measure of such sacrifice is found in the giving up of enjoyments, which is, giving up a portion of individuals means (income) of satisfying wants (consumption), Neil, (2000). Practically the sacrifice theory demand that individuals should only pay tax on that portion of income that is spent on luxuries, the sacrifice should only be in respect of individuals means over and above subsistence, Robbins, Lionel, (1938).Applicability of this theory is conceptually difficult unless it is expressed in terms of income and consumption, Robbins, (1939); Musgrave, (1959).Hence the theory emphasizes that there has to be equal distribution of resources because of the suffering in the loss of utility so when the government is applying its financial planning practices the sacrifice Theory has to be applied, Young, (1990).

Conceptual Framework

The conceptual framework of this study was derived as per the views of different authors. According to Encyclopedia Britannica (2010), a conceptual framework refers to a group of concepts that are broadly defined and systematically organized to provide a focus, rationale, and a tool for the integration and interpretation of information, usually expressed abstractly through word models. In this study, the conceptual framework involves the relationship between Financial Planning practices (independent variable) and performance of county governments (dependent variable)

Figure 1: Conceptual framework



Research Gap

Published works show that a number of studies have been conducted to identify factors influencing financial planning strategy (Horngren *et al*, 1998).These studies were conducted in other countries therefore findings from these studies cannot be attributed in Kenyan institutions mainly the county governments. Several factors identified as having influenced financial planning practices included; cost increment (Cohen and Wheeler 2004),excess expenditure which affect budget implementation (Premchand, 2004) poor management, inadequate resource allocation, legislative restrictions by the government among others. Most of these studies, however, examined the consequences of financial planning process in any organization.

Although there are other numerous studies that have been conducted on sound financial planning and budget used as a planning tool which sets financial goals for the organization, (Webster, 2001) indicates that budgeting provides a basis for judging the financial performance of an organization. Feedback is another important role of budgeting for attaining the expected standards in leadership, staffing and control. It emerges, that no study has been done conclusively on financial planning on the performance of county governments as the rationist approach is still the prevailing approach for policy makers. While studies have been carried out in many countries that management focuses on crises and short term decisions, there is little focus on medium and long-term implications. Thus it is still not clear about the influence of financial planning practices on the county governments. Findley Shiras (1992).

RESEARCH METHODOLOGY

This research problem was studied through the use of a descriptive research design. The target population of the study was 244 respondents in the selected five counties in Kenya

Table 1 Target population and sample size

County	Accountants/ Clerks	Revenue Officers	Administrators	Population	Percentage	Sample Size
Kisii	20	20	13	53	22%	33
Nyamira	20	10	10	40	16%	24
Kericho	20	20	14	54	22%	33
Bomet	20	14	13	47	19%	29
Migori	20	16	14	50	21%	32
Total	**100**	**80**	**64**	**244**	**100%**	**152**

This study employed participatory sampling to select county staff to provide data for the third emphasis of the study. Simple random sampling technique was used to select a sample size of 152 respondents. Data was collected by use of self-administered questionnaires which were hand delivered to the respondents A pilot study was conducted at Kisii County Government through a pre-test sample; the researcher aligned the reliability of the instrument to its consistent in attaining the study objectives in an attempt to answer the research questions. Thus through both pre-test and post-test analysis of the questionnaire the researcher was in a position to rectify and reframe the research items in the questionnaires as to obtain the expected data and intended results when applied in the main study (Sekaran, 2009). This in turn ensured that the validity and reliability of the research Instruments were be observed accordingly and that they were within the required limits. Quantitative data collected was analyzed by the use of descriptive statistics using SPSS (Version 22) and presented through percentages, means, standard deviations and frequencies. The ANOVA technique in the study determined the effect of the model at $\alpha = 0.01$ level of significance. In addition, the study conducted a multiple regression analysis

ANALYSIS AND FINDINGS

The study targeted a sample size of 152 respondents from which 147 filled in and returned the questionnaires making a response rate of 96.7%, this response rate was satisfactory to make conclusions for the study as Hair et al. (1998), states that a response rate of between 30 to 80% of the total sample size can be used to represent the opinion of the population.

Budgeting Practices in county governments

Table 2: Legal issues on budgeting practices and performance of county governments

Statement	Constitution	Legislation	Internal rules	No of formal basis	Mean	Std Deviation
The form and structure of the annual budget.	2	13	31	101	4.24	0.24
The timing of the annual budget process.	6	21	22	98	4.24	0.23
Roles and responsibilities of executive in Budget	8	18	25	96	4.27	0.23
Roles of legislative in formulation	5	14	38	90	4.36	0.25
Rules for use of contingency or reserve funds	7	13	31	96	4.39	0.26
Management and reporting	5	22	33	87	4.36	0.24
Relating to off-budget expenditures.	7	11	26	103	4.28	0.25

The study sought to establish the extent to which legal basing of budgeting practices has enhanced the performance of county governments. From the research findings majority of the respondents agreed that rules for use of contingency or reserve funds as shown by a mean of 4.39, roles of legislative in formulation and management and reporting as shown by a mean of 4.36 in each case, relating to off-budget expenditures as shown by a mean of 4.28, roles and responsibilities of executive in budget as shown by a mean of 4.27 , the timing of the annual budget process and the form and structure of the annual budget as shown by a mean of 4.24 in each case which view echoes the findings of a study by Armitage *et al* (1999) he asserts that the county government in focus will benefit from the documentation and analysis of the government revenue and public expenditure on the problems faced therein, and how the challenges can be overcome when collecting the revenues. The policy makers will obtain knowledge of the financial sector dynamics and the responses that are appropriate; they will therefore obtain guidance from this study in designing appropriate policies that will regulate the sector. The investigation into the nature and principles of state expenditures and states revenue is essential in public finance.

Financial forecasting practices

Table 3: Monitoring compliance with the fiscal rule

Period	Frequency	Percentage
County budget department	35	23.8
County audit department	15	10.2
Legislative/County assembly	24	16.3
Independent body	11	7.5
Strategy department	62	42.2
Total	**147**	**100**

The study sought to determine who is in charge of monitoring compliance with the fiscal rule, from the findings majority of the respondents as shown by 42.2% were of the opinion that the strategy department was in charge of monitoring compliance with the fiscal rule, 23.8% argued that County budget department is in charge of monitoring compliance with the fiscal rule, 16.3% were of the opinion that the legislative/county assembly is in charge of monitoring compliance with the fiscal rule, 10.2% argued that the County audit department was in charge of monitoring compliance with the fiscal rule whereas 7.5% of the respondents indicated that the independent body is in charge of monitoring compliance with the fiscal rule. This study concurs with

(Armitage 1999). He asserts that to perform all these functions adequately and efficiently, the government needs funds from the public. Public finance is that science which deals with the income and expenditure of the government, the sub-counties in focus will benefit from the documentation and analysis of the financial planning practices and the problems faced therein, and how these challenges can be overcome.

Financing Decisions Practices

Table 4: Reallocation of funds between line ministries

Opinion	**Frequency**	**Percentage**
No	97	66.0
Yes, without restrictions	30	20.4
Yes with restrictions	12	8.2
With approval of the finance minister	8	5.4
Total	**147**	**100**

The study sought to determine whether ministers allowed to reallocate funds between line items within their responsibility, from the findings majority of the respondents as shown by 66.0% disagreed, 20.4% indicated that yes ministers are allowed to reallocate funds between line items within their responsibility without restrictions, 8.2% indicated that yes ministers are allowed to reallocate funds between line items within their responsibility but with restrictions whereas 5.4% of the respondents indicated that ministers are allowed to reallocate funds between line items within their responsibility but with approval of the finance minister, this implies that ministers are not allowed to reallocate funds between line items within their responsibility.

Performance of County Governments

The study sought to determine the how performance information generally used by budget department and line ministries, from the finding majority of the respondents strongly agreed that; allocating resources between ministries is the major strategy on how performance information is used as shown by mean of 1.73 and a standard deviation of 0.27, followed by Cutting expenditures as shown by mean of 1.80 and a standard deviation of 0.29, followed by an argument that No impact on decision making as shown by mean of 1.82 and a standard deviation of 0.24, followed by an argument that there is a need to Setting targets for next year as shown by mean of 1.84 and a standard deviation of 0.21 and finally followed by allocating resources between programs and Allocating resources with programs as shown by mean of 1.85 and a standard deviation of 0.28 in each case, the above findings concurs with the study finding by Webster (2001).

Webster asserts that budgeting provides a basis for judging the financial performance of an organization. Feedback is another important role of budgeting for attaining the expected standards in leadership, staffing and control. It emerges, that no study has been done conclusively on financial planning on the performance of county governments as the ratio rationist approach is still the prevailing approach for policy makers.

Table 5: Performance of budget department and line ministries

Statement	**Budget department**	**Line ministries**	**mean**	**Standard deviation**
No impact on decision making	**7**	**4**	**1.82**	**0.24**
Allocating resources between ministries	**22**	**18**	**1.73**	**0.27**
Allocating resources between programs	**67**	**17**	**1.85**	**0.28**
Allocating resources with programs	**18**	**71**	**1.85**	**0.28**
Cutting expenditures	**14**	**7**	**1.80**	**0.29**
Setting targets for next year	**19**	**30**	**1.84**	**0.21**

Regression Analysis

The four independent variables that were studied, explain 69.0% of the influence of financial planning practices on the performance of county governments; a study of selected counties in Kenya as represented by the R2. This therefore means that other factors not studied in this research contribute 31.0% of the influence of financial planning practices on the performance of county governments; a study of selected counties in Kenya. Therefore, further research should be conducted to investigate the other factors to explain the 31% not explained by the factors investigated under this research.

Table 6: Regression Analysis Model Summary

Model	Unstandardized coefficient		Standardized coefficient	Z	Sig
	B	Std error	Beta	T	
Constant	1.584	.424		.916	.007
X_1	.055	.133	.0495	.411	.683
X_2	.325	.143	.205	.278	.028
X_3	.180	.124	.366	1.454	.154

$Y = 1.584 + 0.0495X_1 + 0.2050X_2 + 0.\ 0.3660X_3$

Where; Y = Performance of county governments

X_1 = Budgeting practices

X_2 = Financial forecasting practices

X_3= Financial decisions practice

The researcher conducted a multiple regression analysis and from the above regression model, holding budgeting practices, financial forecasting practices and financial decisions practice constant, performance of county governments would be 1.584. It was found out that a unit increase in budgeting practices would cause an increase in performance of county governments by 0.0495, a unit increase in financial forecasting practices would cause an increase in performance of county governments by 0.2050, also a unit increase financial decisions practice, would cause an increase in performance of county governments by 0.3660. This shows that there is a positive relationship between performance of county governments and budgeting practices, financial forecasting practices and financial decisions practice. The significance value is 0.006 which is less that 0.05 thus the model is statistically significance in predicting how budgeting practices, financial forecasting practices and financial decisions practice influence performance of county governments in Kenya. The F critical at 5% level of significance was 2.109. Since F calculated is greater than the F critical (value = 3.195), this shows that the overall model was significant.

Table 7: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	2.188	24	.547	4.841	.001[b]
1	Residual	4.294	123	.113		
	Total	**6.482**	**147**			

Critical value =2.50

From the ANOVA statics, the study established the regression model had a significance level of 0.1% which is an indication that the data was ideal for making a conclusion on the population parameters as the value of significance (p-value) was less than 5%. The calculated value was greater than the critical value (4.841>2.50) an indication that budgeting practices, financial forecasting practices and financial decisions practice all influence, performance of county governments in Kenya. The significance value was less than 0.05 indicating that the model was significant.

CONCLUSIONS

The study established that, the budgeting practices have a positive significant influence on performance of selected County governments in Kenya. It was also established that policy makers would obtain knowledge of the financial sector dynamics and the responses that are appropriate.

County governments will obtain guidance from this study in designing appropriate policies that will regulate the public finance. Ministries can therefore borrow against future appropriations through investments but with approval, thus the study concludes that the forecasting practices had a positive impact on performance of selected County governments in Kenya.

The study established that, financing decisions practices are useful for the county governments and therefore would obtain guidance from this study in designing appropriate policies that would regulate the sector. The investigation into the nature and principles of a states' expenditures and states' revenues are essential in public finance thus, the study concluded that financing decisions practices had a positive effect on performance of selected County governments in Kenya.

The study revealed that, financial executives still struggled with the need to synthesize financial and non-financial data and performance measurements in a single system in which they would also perform planning, budgeting, forecasting, financial consolidation, reporting and analysis in real time.

RECOMMENDATIONS

Based on the findings, the study recommends that the management on county governments should consider adopting budgeting practices. This will allow the management to create a comprehensive understanding that can be leveraged to influence stakeholders and create better decisions on performance of county governments.

The study recommends that the county governments in Kenya should keep on availing finances as well as re-assessing the financial policies. This will help to identify whether the adopted financial forecasting practices are making any acceptable difference.

The study also recommends that it is very crucial that the county governments in Kenya put in place financing decisions practices; this will help the institutions to gather valuable information that will provide valuable insights in the strategy and the necessary input to find effective responses to optimize the performance of county governments in Kenya.

SCOPE FOR FURTHER STUDIES

This research had intended to assess the influence of financial planning practices on the performance of selected County governments in Kenya. Other research may focus on the relationship between financial practices and financial performance of county governments in Kenya.

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APPENDIX

Questionnaire

Budgeting Practices

Please check all that apply

	Constitution	Legislation	Internal rates	No. of formal rules
The form and structure of the annual budget.				
The timing of the annual budget process.				

Roles and responsibilities of executive in Budget				
Roles of legislative in formulation				
Rules for use of contingency or reserve funds				
Management and reporting				
Relating to off-budget expenditures.				

Financial Forecasting Practices

Please check all that apply

There is no monitoring of compliance with the fiscal rate

County budget department

County audit department

Legislative/county assembly

Independent body

Other, please specify ……………………………………………..

Financing Decisions Practices

Are ministers allowed to reallocate funds between line items within their responsibility?

Check all that apply

No,

Yes, without restrictions

Yes, with restrictions

With approval of the finance minister

Performance Information

How is performance information generally used by the following two actors?

Please check the three most important

	BUDGET DEPARTMENT	LINE MINISTRIES
No impact on decision making		
Allocating resources between ministries		
Allocating resources between programs		
Allocating resources with programs		
Cutting expenditures		
Setting targets for nest year		

Other, please specify …………………………………………………………………………..