
Abstract: The main purpose of the study was to establish effects of public financial management practices on performance of Kisumu County Government. The specific objectives of the study were to establish the effect of auditing, Information technology, regulatory practices and public involvement in decision making on performance of Kisumu County Government. The study was guided by System Theory. The researchers employed a survey research design. The target population for the study was composed of ICT officers, Accountants, Finance officers, Auditors, County Secretary and Ward Administrators from Kisumu County Government. And a total of 70 respondents were targeted from Kisumu county. Data collected from the field was imported into a computer programmed statistical package for social sciences (SPSS) for analysis. Both descriptive and inferential statistics was used to analyze the data. The findings were presented in form of tables. The study found that all constructs of the study had a significant effect on performance of Kisumu County Government. The most influential construct was auditing practices, Information Technology, Public involvement and lastly regulatory practices in that order. The study concluded that assurance provided by auditing, Identification of risks and control of weaknesses, reports and opinion provided by auditor general enhances county government performance. Public hearings and meetings collect views regarding budgeting process thereby enhancing performance. The study recommends that the county governments should consider adopting and implementing sound financial management practices as envisaged in relevant legislative framework and particularly Public Financial Management Act and auditing to be done on a regular basis.

Keywords: Auditing practices, Information Technology practices, Governance practices, Public involvement practices, county government Performance.

INTRODUCTION

Financial performance is an absolute measure of how well an institution or a firm can use assets from its primary mode of business and generate revenues (Shyam & Fernandez, 2017). Public Finance Management is the procedures, established by law or regulation, for management of public monies through the budget process, which includes formulation, execution, reporting, and analysis (Emmanuel, 2016). Public Finance Management systems should include management of revenues as well as expenditures. However, in this paper we use the term PFM, following general convention, to refer to expenditures only. PFM systems are generally established by regulations, within a specific legal context. In many cases, an organic budget law comprises mostly of PFM system. The ultimate goal of financial management is to maximize the financial wealth of the business owner(s). This general goal can be viewed in terms of more specific objectives: profitability and liquidity. Profitability management is concerned with maintaining or increasing a business’s earnings through attention to cost control, pricing policy, sales volume, inventory management and capital expenditures (Fickler, Smith & Calabrese, 2018).

In France, strong public financial management performance systems are essential for effective and sustainable economic management and public service delivery. States are effective and accountable when they are underpinned by good PFM institutions and systems. (Hawke, 2017). In Canada, financial management performance is part of the decision-making, planning and control subsystems of an enterprise. The practices include resource generation, resource allocation, and expenditure and resource utilization. There are several components of financial management and include financial planning and control, financial analysis, accounting information, management accounting (pricing and costing), capital budgeting and working capital management among others (Fung, 2012).
In sub-Saharan African countries, public financial management performance is a critical instrument in the implementation of economic policy, and it works by influencing the allocation and use of public resources through the budget and through fiscal policy, in general. A well-functioning PFM system, as defined by certain key indicators, would improve the use of aid as well as overall budget performance, and thus contribute to macroeconomic stability and growth. It would contribute to overall governance through protection of public resources against the risk of expropriation and corruption (Dibie, 2017).

In South Africa, government is facing pressures to improve the policies and practices of their public finance management performance on respective sectors. Indeed, an effective and efficient public sector is a prerequisite to achieving economic growth, social development, and poverty alleviation. This issue is even more salient in an uncertain economic climate, where governments must define and show the effectiveness of their programs and policies. A well-functioning public sector should be able to mobilize revenues, to ensure performance in the delivery of public goods through provision, funding, or regulation, and to openly engage with and accept challenge from citizens, parliaments, and other accountability institutions (Guinn & Straussman, 2018).

Cheruiyot, Oket, Namusonge and Sakwa, (2017), notes that financial management practices involve planning for the future of a business enterprise to ensure a positive cash flow. Financial management involves planning, organizing, directing and controlling the financial activities such as the procurement and the using up of funds of an enterprise. Therefore, from an institutional point of view, the process of financial management is associated with financial planning and financial control. Financial planning sought to quantify various financial resources available and plan the size and timing of expenditures. In Kenya, Public Finance Management Act, 2012 focuses on the basics of financial management practices; such as the introduction of proper financial management systems, appropriations control and the accountability arrangements for the management of budgets. In Kenyan public sector, the management of resources is guided by principles of public finance. All public officers are expected to adhere to the principles in order to utilize the resources effectively. Since then, the country has seen a number of systems changes in budget formulation, public procurement, external audit, revenue collection, budget execution, internal audit, parliamentary oversight, payroll and pensions, debt and guarantee, external resources, accounting and reporting and the macro-fiscal framework (Cheruiyot, Oketb, Namusonge & Sakwa, 2017).

Given the importance of county governments in Kenya, it is critical to establish the efficacy of public financial management practices in dealing with performance County Governments. The Objectives of the Study were

i. To find the effect of financial auditing practices on performance of Kisumu County Government.

ii. To establish the effect of Information technology practices on performance of Kisumu County Government.

iii. To determine the effect of Governance practices on performance of Kisumu County Government.

iv. To find the effect of public involvement in decision making on performance of Kisumu County Government.

Theoretically, this research work adds to the development of the Systems theory as well as New Public Management Theory in light of the predictor and outcome variables of the study. The study relates to the key expositions of the theories of Institutions performance and public financial management practices, and provides pertinent contribution to these theories. Policies on public financial management practices may be useful in specified organizations to make certain effective and efficient county government performance. The given policies may provide opportunities for county governments to have a stronger public position in the nation than their counterpart counties in the country. The findings from this study may also serve as an important point of reference for students, academicians, and researchers within the field of county performance, public financial management practices or both as elucidated herein.

The target population was 70 respondents. These included the human resource managers, administrators, ICT officers, Accountants, Finance officers, County Secretaries and the ward administrators of Kisumu County Government. The study was carried out for a period of seven months, between April to October 2019 in Kisumu County Government.

**LITERATURE REVIEW**

**Financial auditing practices**

Okiro, Samuel, Chege, Chuku and Bulilo (2018) evaluated effect of Audit Committees on the Performance of County Governments in Kenya. The chief objective of this management research study was
to determine the effect of county audit committees on the performance of county governments in Kenya. The study methodology was based on a conceptual framework that elaborates this relationship theoretically based on the exploratory empirical studies. The study used a purposive judgment sampling model. The target population was all 47 county governments in Kenya and the county audit committees was the preferred unit of analysis. Hypotheses were tested using regression analysis and Pearson’s Product Moment Correlation analysis. Descriptive statistics were computed for the study objectives on the main characteristics of the study variables. The study findings revealed that there was a strong relationship between county audit committees and county government performance. Further the findings of this study gave managers and policy makers in the county government an in-depth understanding of the best practices in the management of public sector establishments by the use of county audit committees to promote their performance. In addition, this study significantly contributed to the understanding and use of theories and practice of the correlation between county audit committees and performance of organizations.

According to Kewo and Afiah (2017) in analyzing relationship between internal audit controls and financial performance posited that, internal audit control is broadly defined as a process, affected by an entity’s board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories; effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. Internal control can help an entity achieve its performance and profitability targets, and prevent loss of resources.

Audit committee helps in ensuring that an entity get to where it wants to go, and avoid pitfalls and Internal control involves an organization’s structure, work and authority flows, people and management information systems, designed to help the organization accomplish specific goals. Organizational performance comprises the actual output or a result of an organization as measured gains or goals and objectives. Effective nonprofits are mission-driven, adaptable, customer-focused, entrepreneurial, outcomes oriented and sustainability. Creating flexible, high-performing, learning organizations is the secret to gaining competitive advantage in a world that won’t stand still. Performance measures can be financial or non-financial. Both measures are used for competitive firms in the dynamic business environment (Solomon, 2017).

Ismail, Hasan, Clark and Sadique (2018) sought to establish the role of public sector audit and financial control systems in safeguarding public funds in Sudan. The study alleged that there are a number of factors that encourage financial corruption in the public sector. The study asserted that financial control systems and internal check in majority of public sector units are weak and ineffective. Some of the cited challenges facing public financial management system include the allegation that the entire accounting system is manual at both national level and the states, and that about half of the staff have had no formal training in financial management.

Chenuyota, Ketch, Namusonge and Sakwa (2017) used data prior to audits mandated by section 404 of the Sarbanes-Oxley Act to investigate the economic factors that expose firms to internal control risks, the incentives to discover and report internal control deficiencies (ICDs), the effects of ICDs on earnings quality, and market consequences of making such a disclosure. Relative to those not disclosing deficiencies, firms making “early” ICD disclosures (i.e., prior to mandated audits) typically have more complex operations, recent changes in organization structure, more accounting risk exposure, and fewer resources to investing internal control. Early disclosing firms are also more likely to contract with dominant audit suppliers, change auditors, and face greater monitoring by regulators and institutional investors. Asto deficiency consequences, the results of our earnings quality tests suggest that firms disclosing ICDs typically report low quality financial information. In addition, market tests indicate that the market differentially responds to the disclosure of ICDs conditional on whether the market is already valuing firms from an abandonment option perspective due to their operating uncertainty.

Scott (2017) evaluated the Role of auditing practices in service delivery. The study aimed to examine to what extent Auditor General of Quebec had been achieving this objective of improving service delivery through the Value for Money (VFM) audits conducted in the Canadian province of Quebec from 1995 to 2002. The findings of the study revealed that VFM audits were helpful in the agencies and organizations audited. The study posits that auditing could be defined as a systematic and independent examination of data, statements, records, operations and performances, financial or otherwise of an enterprise for a stated purpose. Auditing has the role to ensure that public funds are not subject to fraud, waste and abuse or subject to error in reporting.

Maina (2016) sought to establish the role of public sector audit and public sector management in Daressalam. The study established that the era of NPM has brought some significant changes in the meaning of public sector accountability. The study revealed that performance auditing is not better established in Brunei. The study concluded that internal audit plays key role in ensuring effective management in public sector. However, the study established the need for today’s
auditors to acquire the requisite technique and skills in computer operations and electronic data processing in order to carry out their work effectively to continually support internal audit effectiveness.

Jespersen (2018) studied the role of Auditing in the Fight against Corruption in public administration. The results of this survey indicate that impacts of audit on corruption control and service delivery differs under differing governance environment. Further results pointed out that free countries not only enhance the capacity of audit institutions and create positive impacts on both corruption control and improvement of service delivery, but improved political rights and civil liberties attributable to quality democracies, equally create necessary internal socio-political dynamic to attach higher priority to the issues of public accountability including audit in every country.

Information Technology Practices

Mwangi, Kiarie and Kii (2018) evaluated integrated financial management information system on financial performance. The study findings reveal that IFMIS is a fiscal tool for government that bundles all financial management functions into one suite of applications. It is an Information Technology (IT) based budgeting and accounting system designed to assist the government entities on how to plan budget requests, spend their budgets, manage and report on their financial activities, and deliver services to the public more efficiently, effectively and economically. One of the basic features of IFMIS is the ability to interface with a number of existing and planned automated systems such as the Integrated Personnel Payroll Data (IPPD) and Government Payments Solution (G-pay). IFMIS software to Kenya government was contracted to oracle financials in 2003. Oracle financials being an Enterprise Resource Planning (ERP) was designed to consolidate the core modules to all ministries, these are: purchasing module, accounts payable module, general ledger module, cash management module and public sector budgeting module.

Opiyo (2017) evaluated effects of Integrated Financial Management Information System. The findings of the study showed that Information systems have changed the traditional way of business management. In the study on the effect of the implementation of IFMIS on public expenditure management by Kenyan government, the specific objectives were; to establish the effect of IFMIS procurement module on public expenditure management, to assess the effect of the IFMIS budgeting module on public expenditure management and to determine the effect of IFMIS accounting module on public expenditure management. The study sought to show how implementation of integrated system could assist management to reduce misuse of public resources through improved public expenditure management. The study adopted descriptive survey design and a sample of 103 respondents from a combined population of 140 drawn from five ministries in the National Governments and analyzed using Multiple Regression model, Correlation coefficient and SPSS software. The analyzed data was used to make conclusions on the study findings. The study presented strong positive and significant relationship between IFMIS applications and the public expenditure management. This shows that IFMIS has greatly improved the management of public expenditure though the study results indicate that there is need for further integration of the system modules to enhance proper monitoring controls of public expenditure. The study suggested that adequate skills to be given to the system implementers.

Cullen (2017) studied the Role of ICTs in Public Finance Management in Pacific SIDs: a Case for Good Governance. The objective of implementing Integrated Financial Management Information System (IFMIS) is to increase the effectiveness and efficiency of state financial management and facilitate the adoption of modern public expenditure practices in keeping with international standards and benchmarks. The study found that organizational accountability systems, cash management and budgeting systems, internal control systems and financial reporting systems positively and significantly influenced the financial management in the public sector. The study recommends that managers can use this information to plan and formulate budgets; examine results against budgets and plans; manage cash balances; track the status of debts and receivables; monitor the use of fixed assets and monitor the performance of specific departments or units.

Maskell, Baggaley and Grasso (2016) in a study on financial performance showed the growth of information technology has transformed the way business is conducted and the internet has revolutionized the way organizations transact externally. The purpose of this study was to identify the effects of IFMIS implementation on the performance of supply chain management in NCCG. Specifically, the study sought to assess the effect of IFMIS on staff competence and skills, organization policies, technological infrastructure and Top management support on supply chain management performance in NCCG. The study was anchored on the institutional theory. The target population consisted of top management staff, ICT, finance and procurement department staff in the NCCG. The study findings showed that there has been a moderate level of implementation of IFMIS in Nairobi City County Government. The staffs in the County possess the required skills, abilities and experience for IFMIS implementation and these are being enhanced by the county’s training and capacity building programs. The study also established that NCCG has both internal and external policies guiding IFMIS implementation and
that the management support for IFMIS implementation in NCCG is strong. NCCG has the required and reliable infrastructure for IFMIS implementation process although it is yet to achieve a reasonable measure of e-readiness status to fully implement IFMIS. Multiple linear regressions showed that the aspects of staff competence and skills, policies, top management support and technological infrastructure in the implementation of IFMIS affect the SCM performance once. The implementation of IFMIS affects SCM effectiveness, cost savings, SCM efficiency, SCM functionality and increased quality in NCCG. The study recommends that the county undertakes extensive capacity building and trainings coped during the early stage of the need assessment process. The study recommended that the county reviews the policy guidelines for more successful implementation of IFMIS with regard to management accountability.

Van der Aalst (2016) established that Integrated financial management information system in public financial management involves a number of steps which are simulated from single point of data entry widely accepted as the basic requirement to accomplish real time financial data or fiscal discipline. This format may use functional structured approach for all financial management functions under one umbrella for the purpose of transparency, accuracy and timeliness. United States Agency for International Development guide considered function of budgeting in PFM as illustrated in figure 1 below. This demonstrated the complex set of various functions of government that may be supported by IFMIS. These include the typical functions that make up the PFM cycle, from budget formulation to budget execution and review, to audit and evaluation of financial performance and results.

Governance practices
Prakash (2015) investigated the influence of regulatory governance practices in steering healthcare service delivery. The purpose of the study was to explore regulation in the devolved India’s healthcare sector and make recommendations needed for enhancing the healthcare services. The study established that statutory regulation and governance standards are formulated by the national parliament and state legislatures and implemented through various ministries, departments, statutory bodies and government administrative machinery, which have their own political economy and are influenced by international bodies and political, economic and social factors. Additionally, the study determined that interest groups, such as the media, community groups, general public and civil society organizations help bridge the gap between the government and citizens by providing an interface for collective action.

Maina (2016) conducted a study that was aimed at establishing the role of legal and institutional framework in improving efficiency of public financial management. The study established that though Zimbabwe has extensive legal and institutional framework, the major factor is not the existence but compliance with the various regulations. The study also revealed that most of the institutions that had the mandate of regulating central and other devolved units of governments were poorly structured and had resource constraints. This made most of the institutions useless in enhancing service provision to the people. Several approaches can be used to evaluate policies or programs. Monitoring tracks key indicators of progress over the course of a program as a basis on which to evaluate outcomes of the intervention. Operational Evaluation examines how effectively programs were implemented and whether there are gaps between planned and realized outcomes. Impact Evaluation studies whether the changes in outcomes are indeed due to the program intervention and not to other factors.

Another study by Pollitt and Bouckaert (2017) on the effect of government regulations on public service delivery was conducted in Wales’ local governments. The study revealed that inspection had no effect on public service performance. This was interpreted to mean that inspection services were carried out in local authorities or within services that were performing poorly. Alternatively, it is possible that formal inspection is the least effective tool available to public sector regulators attempting to elicit positive changes in public service delivery. Findings further revealed that regulatory authorities also played an advisory role by seeking to promote good practice and supporting the home-grown improvement strategies of local authority service providers.

Njahi (2017) in a study related to policy framework on public finance management noted that public financial management practices and its policies ascertain tasks related to policy implementation in publicly supported programs. Public financial management practices have been employed by government to safeguard against misappropriation of public funds. Efficient public financial managers choose the best practices that ensure the success of their organization and safeguard against financial distress and bring turnarounds after an organization has suffered from financial distress.

Ahlers and Schubert (2015) examined effective policy implementation in China’s local state. The study findings showed that budgets are important tools of financial management employed to direct and control the affairs of large and multifarious institutions. In this regard it serves as a tool for planning and controlling the use of scarce financial resources in the accomplishment of organizational goals. The budget is an invaluable aid in planning and formulating policy and in keeping check on its execution. It stipulates which activities and programs should be actively pursued, emphasized or ignored in the period under

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scope, considering the limited financial resources available to the organization.

Turley, Robbins and McNena (2015) studied a framework to assess the financial performance of local governments. The study framework adapted and extended an earlier methodology which included new financial performance measures reflecting considerations in the literature of appropriate financial performance measures for local government units. The study used 14 indicators; five broad financial performance measures were employed, assessing liquidity, autonomy, operating performance, collection efficiency and solvency. The study applies this numerical and narrative analysis of key financial performance indicators to Ireland’s primary local authorities during the recent boom and bust period. Through application of this financial performance measurement framework using a benchmarking methodology, the study identified relatively strong and weak local authority financial performance. It study recommended the adoption of this framework as an extension to the annual financial statements of local authorities to help users more easily assess financial performance and to distinguish between relatively well-performing councils and those showing signs of financial trouble, with a view to early identification of councils in financial difficulty.

Public involvement

Peters (2018) evaluated American public policy, Promise and performance. The study objectives were to assess the extent to which civic education influence public participation in County Governments; to assess the extent to which the provision of financial incentives influence public participation in County Governments and to assess the extent to which scheduling of forums affect public participation in County Governments. The findings of the study showed evidently that civic education plays a major role on the effectiveness of public participation in the County Government. When the residents are enlightened on their rights of participation in the affairs of the County Government, they tend to participate more and demand for their rights. It was also evident from the findings that civic education has been conducted in the County as 68.5 percent of the County residents confirmed having participated in the civic education forum. The civic education forums are mostly conducted by Civil Society Organizations and the County Government. The findings show that civic education has been effective in meeting its intended purpose with 86 percent concurring. The researchers recommendations the following; the County Government should intensify civic education especially among the poorer section of the community. This ensured that their priorities are addressed by the County Government; the County Government should enhance the incentives given to participants during public participation forums. These may include transport refund and lunch allowances and public participation forums should mostly be conducted during weekends.

Nyamori, Abdul-Rahaman and Samkin (2017) covered a study on the County Assembly of Embu legislative as one of the forty seven (47) County Assemblies in Kenya. The different methods of carrying out public participation dealt with in the study and principles of public participation clearly outlined. This study was part of a growing body of research on how the best the governments and governments entities can engage the citizens for meaningful contribution and decision making. Indeed the study reawakened the legislatures into realizing that innovation can be employed in an effort to engage the public rather than the use of tokenism that the citizens are treated to by the legislatures. The number of the respondents was 76%. Majority of the respondents were male (59%). This was an indication that the county assembly of Embu has more males than female. Majority of the respondents 44% indicated that the level of resource allocation to carry out public participation was of moderate extent 74% indicated that the extent to which the respondents thinks the level of resource allocation affects public participation at CAE was of very large extent. Stakeholders may interact with government agencies, political leaders, non-profit organizations and business organizations that create or implement public policies and programs. Availability of enabling legislation means developing laws and regulations providing effect to the prerequisite for effective citizen contribution in growth planning and performance management in the county and such laws and guidelines that observe to minimum national necessities for successful community participation.

The findings of this study specified that public involvement in devolved governance in Embu County assembly was pretentious by access to information. If citizens were capable to contact information on public contribution they become informed on their civil rights to handle the debates of the public participation of the county assembly and also enable them get involved in the devolved governance. Inadequate democratic networks with participants in conniving public participation program(s) and gender analysis practices to help scenarios for sustainable development although County Government identified individuals, resources, organizations, and workers needed to conduct countless facades of public participation. Therefore, further research should be commenced in the reserved sectors and other countries to examine the other factors that affect operative devolved governance.

Munge, Mulupi, Barasa and Chuma (2018) mentioned that Kenya has boarded on a highly determined decentralization that sought to change the relationship between government and citizens. Despite its prominence place in the law, public participation has not been fully actualized in the various levels of the
governments. This research project will try to bring out the reasons why appears to be the case. The law envisages a situation where the public fully engaged in the affairs of legislative procedures at both levels of the governments in the devolved system. The overall image that emerges from literature on this subject is that most counties have not developed enabling legislation to give effect to the provision of the law on public Participation. Consequently Counties have not established structures or developed policies to guide public participation forums. The result is that Counties have therefore been calling public barazas which are christened “Public Participation Forums”. Of great importance is the aspect of monitoring and evaluation of the public participation processes which had hitherto been an issue left at the periphery. This study showed that post public participation forum is also necessary for feedback to the residents.

Koliba, Meek, Zia and Mills (2018) established that Public sector financial management is concerned with the economic behavior of government with regards to the methodologies, rules, regulations, and policies that shape the planning, budgeting, forecasting, coordinating, directing, influencing and governing the inflow and outflow of funds in order to maximize the objective of the institution. In other words, public sector financial management (PSFM) deals with management of government spending, taxation borrowing, public debts, foreign reserves, foreign exchange system, and level of liquidity in the economy and public finance auditing in order to achieve some stated objectives. Government financial management as the branch of financial management concerned with the management of government Journal of Economic and Financial Studies.

Ngugi and Oduor (2015) established the Influence of Citizen Participation on the performance of Makueni County. The study adopted Simple random and purposive research design and the researcher targeted 530 respondents from the county. The sample size for the study was 530 respondents. This comprised of Makueni County Ministries, The Public service board, constituencies, Sub-county wards. For the 10 County Ministries,

Smith and Wales (2018) in a study on Citizens’ juries and Deliberative Democracy found that civic education programmes provide explicit instruction to ordinary citizens about democratic institutions, values, and procedures. The findings of the research found that civic education programmes contribute to the development of a democratic political culture amongst participants. These programmes have been found to significantly increase individuals’ political information, feelings of empowerment, and levels of political participation. In Kenya, individuals who attended civic education workshops were more likely to report increased awareness of the contents of the constitution and of various proposals being discussed to reform the constitution, as compared to people who did not attend workshops.

Knowledge Gap

This study was motivated by both conceptual and contextual knowledge gaps. Conceptually, Okiro, Samuel, Chege, Chetu and Bulilo (2018) evaluated the effects of Audit Committees on the Performance of County Governments in Kenya; Ismail, Hasan, Clark and Sudique (2018) sought to establish the role of public sector audit and financial control systems in safeguarding public funds in Sudan; Mwangi, Kiari and Kii (2018) evaluated integrated financial management information system on financial performance. Prakash (2015) investigated the influence of regulatory framework and policy in steering healthcare service delivery. To fill these empirical and contextual gaps, the study proposed to test the effects of all the dimensions of public financial management practices against all the identified measures of the outcome variable. Outside the African region, Cullen (2017) studied the Role of ICTs in Public Finance Management in Pacific SIDs, Ahlers and Schubert (2015) examined effective policy implementation in China’s local state, Turley, Robbins and McNena (2015) in Ireland, Peters (2018) evaluated American public policy, Promise and performance. Van der Aalst (2016) did his study in United States. Within Africa and Kenya, Nyamori, Abdul-Rahaman and Samkin (2017) covered a study on the County Assembly of Embu, Munge, Mulupi, Barasa and Chuma (2018) did their study for the entire 77 county governments in Kenya, Ngugi and Oduor (2015) did a study to establish the Influence of Citizen Participation on the performance of Makueni County government in Kenya. However, the contextual gap is conducting research in the Kisumu county government within the Kenyan context.

Research Methods

This study employed a survey research design method. The applicability of this type of design meant that collection of data from the participants took place at a given specified time. A survey study collects data in order to answer questions about current status of the subject or topic of study (Orodho, 2013). The target population for the study was ICT officers, Accountants, Finance officers, Auditors, County Secretary, Ward Administrators from the county Government of Kisumu. The target population was therefore 70 respondents comprising mainly the middle level employees from County Government of Kisumu.

The researchers used questionnaire as the main data collection instrument. The questionnaire contained both open and close-ended questions. A 5-point Likert scale questionnaire was the main instrument of data collection for the study. The questionnaire had two
sections. Section A solicited information on demographic data; gender, age bracket, education and number of years of service in the organization. The information intended to collect data describing the sample characteristics in order to include them in the analysis because these characteristics have an effect on respondents’ perception. Section B sought the information on effect of public financial management practices on performance of Kisumu County Government. Responses was rated on a 5-point Likert scale for which 5=Strongly agree, 4=Agree, 3=Fairly agree, 2=Disagree and 1=Strongly disagree. In this section, respondents was given 4 areas on: financial auditing practices, Information Technology practices, regulatory practices and public involvement practices of Kisumu County Government.

The population is small (Kothari, 2014) of, 7 ICT officers, 17 Accountants, 5 Finance officers, 5 Auditors, 1 County Secretary and 35 Ward Administrators a census was used to collect information from the entire population. The reason for taking this composition of population is because they have specific information concerning effect of public financial management practices on performance of Kisumu County Government. The study was administered using the Questionnaire to all the respondents. Instruction on how to respond to the questionnaire was read by participants alone. This ensured that the questionnaire is properly filled. Data collection was done immediately after the administration and all the response sheets was retrieved from the respondents.

Statistical Package for Social Science (SPSS) as a statistical software was used in aiding the analysis of data collected. content analysis and retrospective research designs attempts to explore causes and effect relationships where causes already exists and looks backwards to explain why. Determination of the effect of the predictor variable on the dependent variable was undertaken through regression analysis. Regression model was developed as presented below:

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

Where:
- \( Y \) represents public finance performance
- \( \beta_0 \) represents constant
- \( X_1 \) = Auditing practices
- \( X_2 \) = Information technology practices
- \( X_3 \) = Regulatory practices
- \( X_4 \) = Public involvement
- \( \epsilon \) represents Error term
- \( \beta_1, \beta_2, \beta_3, \beta_4 \) represents Regression coefficients of Independent variable.

### RESULTS AND DISCUSSION

#### Response Rate

The researcher distributed 70 questionnaires and 63 were returned hence the overall response rate was 90%. Kothari (2004) presupposes that a 100 response rate of 50% is seen to be average, 60-70% is looked at being adequate while anything above 70% is considered to be excellent response rate. This response rate was, therefore, considered excellent representative of the respondents to provide information for analysis and generate valid conclusions.

#### Results of Research Findings

In a bid to establish the effects of public financial management practices on performance of Kisumu County Government, the study was arranged around four specific variables and four dependent variables. The dependent variable was performance of county governments in Kenya with education, agriculture, health and manufacturing as sub variables; independent variables were: Auditing practices, IT practices, regulatory practices and public involvement practices.

#### Multiple Regression Analysis

The study sought to determine the relationship between the independent and dependent variables. The findings are represented in Table 1.

Model summary provides the coefficient of determination (R²) which shows proportion of the variance in the dependent variable that is predictable from the independent variable and correlation coefficient (R) shows the degree of association between the dependent and independent variables. The results presented in table 4.16 present the fit of model used of the regression model in explaining the study phenomena. Auditing practices, IT practices, regulatory practices and public involvement practices were found to be satisfactory variables in influencing the performance of county government. This is supported by coefficient of determination also known as the R square of 75.7%. This means that Auditing practices, IT practices, regulatory practices and public involvement practices explain 75.7% of the variations in the dependent variable which is performance of county government. The results further imply that the model applied to link the relationship of the variables was satisfactory.

Adjusted R² is a modified version of R² that has been adjusted for the number of predictors in the model by less than chance. The adjusted R² of 0.741 which was slightly lower than the R² value was exact indicator of the relationship between the independent and the dependent variable because it is sensitive to the addition of irrelevant variables. The adjusted R² indicates that 74.1% of the changes in performance of county government is explained by the model while 25.9% was not explained by the model. This implies that public financial management practices has a positive influence on performance of Kisumu county government, Kenya.
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Table 1. Multiple Regression Models Summary

<table>
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<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of Estimate</th>
<th>Durbin-Watson</th>
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<td>0.757</td>
<td>0.741</td>
<td>0.352</td>
<td>1.25</td>
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</tbody>
</table>

The ANOVA Table 2 for the regression model indicated that the results computed using the regression model were significant, meaning that the regression model had been computed well and not by chance as supported by a p value of 0.000 which is lesser than the critical p value of 0.05. Further, the results imply that the independent variables are good predictors of performance of County Government. This was supported by an F statistic of 45.417 and the reported p value (0.000) which was less than the conventional probability of 0.05 significance level.

Table 2. ANOVA Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>22.611</td>
<td>62</td>
<td>0.352</td>
<td>45.417</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>7.128</td>
<td>58</td>
<td>0.124</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>29.829</td>
<td>62</td>
<td>0.004</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 3 presented study results on statistical significance of each individual regression coefficient. The β coefficients were all significant to be used for multiple regression as follows; financial auditing practices (β1=0.291, p<0.05), IT practices (β2=0.240, p<0.05), regulatory practices (β3=0.153, p<0.05) and public involvement practices (β4=0.209, p<0.05). This an implication that a unit increase in financial auditing practices caused 0.291 unit increase in performance of County government of Kisumu, a unit increase in IT practices caused 0.240 unit increase in performance of County government of Kisumu, Kenya, a unit increase in regulatory practices caused 0.153 unit increase in performance of County government of Kisumu and a unit increase in public involvement practices 0.209 unit caused a unit increase in performance of County government of Kisumu. Therefore the multiple regression model equation was developed from the coefficient as shown in equation 4.1:

\[ Y = 0.695 + 0.291X_1 + 0.241X_2 + 0.153X_3 + 0.209X_4 \]

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>0.695</td>
<td></td>
</tr>
<tr>
<td>Financial auditing practices</td>
<td>0.291</td>
<td>0.142</td>
</tr>
<tr>
<td>IT practices</td>
<td>0.241</td>
<td>0.236</td>
</tr>
<tr>
<td>Regulatory practices</td>
<td>0.153</td>
<td>0.182</td>
</tr>
<tr>
<td>Public involvement practices</td>
<td>0.209</td>
<td>0.188</td>
</tr>
</tbody>
</table>

Hypotheses Testing using the Multiple Regression Model

From the regression model computed in Table 3, the research hypotheses were tested using the significance level of the coefficients. The research aimed to test the hypothesis with an aim of failing to reject or rejecting the relationship between independent and the dependent variables. The research hypothesis for the study included:

H01: There is no relationship between financial auditing practices and performance of Kisumu County Government. The regression results in Table 3 indicate that Financial auditing practices has a positive and statistically significant effect on performance of Kisumu County Government with a beta coefficient of 0.291 and significance of (p=0.014). The study rejected the hypothesis. The findings concur with Maina (2016) sought to establish the role of performance auditing and public sector management in Darisslama. The study established that the era of NPM has brought some significant changes in the meaning of public sector accountability.

H02: There is no relationship between Information technology practices and performance of Kisumu County Government. The regression results in Table 3 indicate that Information technology practices has a positive and statistically significant effect on performance of Kisumu County Government with a beta coefficient of 0.241 and significance of (p=0.014). The study rejected the hypothesis. These results concur with Mwangi, Kiari and Kai (2018) evaluated integrated financial management information system on financial performance. The study findings reveal that IFMIS is a fiscal tool for government that bundles all financial management functions into one suite of applications. It is an Information Technology (IT) based budgeting and accounting system designed to assist the government entities on how to plan budget requests, spend their budgets, manage and report on their financial activities, and deliver services to the public more efficiently, effectively and economically.

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H₀₁: There is no relationship between governance practices and performance of Kisumu County Government. The regression results in Table 3 indicate that governance practices have a positive and statistically significant effect on performance of Kisumu County Government with a beta coefficient of 0.209 and significance of (p=0.004). The study rejected the hypothesis. These results concur with Ahlers and Schubert (2015) examined effective policy implementation in China’s local state. The study findings showed that budgets are important tools of financial management employed to direct and control the affairs of large and multifarious institutions. In this regard it serves as a tool for planning and controlling the use of scarce financial resources in the accomplishment of organizational goals. The budget is an invaluable aid in planning and formulating policy and in keeping check on its execution. It stipulates which activities and programs should be actively pursued, emphasized or ignored in the period under scope, considering the limited financial resources available to the organization.

H₀₄: There is no relationship between public involvement in decision making and performance of Kisumu County Government. The regression results in Table 3 indicate that Public involvement in decision making has a positive and statistically significant effect on performance of Kisumu County Government with a beta coefficient of 0.236 and significance of (p=0.002). The study rejected the hypothesis. These results concur Koliba, Meek, Zia and Mills (2018) established that Public sector financial management is concerned with the economic behavior of government with regards to the methodologies, rules, regulations and policies that shape the planning, budgeting, forecasting, coordinating, directing, influencing and governing the inflow and outflow of funds in order to maximize the objective of the institution. The hypotheses test results were also summarized in table 4.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>β and P values</th>
<th>Decision rule(accept/reject)</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₀₁ Financial auditing practices has no statistically significant effect on performance of Kisumu County Government</td>
<td>β₁=0.291, p=0.000&lt;0.05</td>
<td>Rejected the null hypothesis</td>
</tr>
<tr>
<td>H₀₂ There is no relationship between Information technology practices and performance of Kisumu County Government</td>
<td>β₂=0.241, p=0.014&lt;0.05</td>
<td>Rejected the null hypothesis</td>
</tr>
<tr>
<td>H₀₃ There is no relationship between governance practices and performance of Kisumu County Government</td>
<td>β₃=0.153, p=0.013&lt;0.05</td>
<td>Rejected the null hypothesis</td>
</tr>
<tr>
<td>H₀₄ There is no relationship between Public involvement in decision making and performance of Kisumu County Government</td>
<td>β₄=0.209, p=0.004&lt;0.05</td>
<td>Rejected the null hypothesis</td>
</tr>
</tbody>
</table>

DISCUSSION OF FINDINGS

Effects of financial auditing practices on performance of Kisumu County Government

The study finding also reveals that financial auditing practices have a positive influence on performance of Kisumu County Government. This implies that Assurance provided by auditing, Identification of risks and control of weaknesses and Reports provided by auditor general and opinion provided by Auditor general enhances performance.

The study finding concurs with Ismail, Hasan, Clark and Sadique (2018) who sought to establish the role of public sector audit and financial control systems in safeguarding public funds in Sudan. The study alleged that there are a number of factors that encourage financial corruption in the public sector. The study asserted that financial control systems and inter23nal check in majority of public sector units are weak and ineffective. This is claimed to be occasioned by a shortage or lack of qualified and trained accountants as exemplified by the allegation that in public department, all the financial activities of the concerned organization are conducted by one or two employees. In addition, there is absence of internal auditing which is a crucial component of internal control system in most government departments. In case such exists, it is very weak and ineffective. It is also asserted that there are deficiencies in the accounting system in most public firms. Some of the cited challenges facing public financial management system include the allegation that the entire accounting system is manual at both national level and the states, and that about half of the staff have had no formal training in financial management.

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The study findings also concurs with Cheruiyot, Ketch, Namusonge and Sakwa (2017) who used data prior to audits mandated by section 404 of the Sarbanes–Oxley Act to investigate the economic factors that expose firms to internal control risks, the incentives to discover and report internal control deficiencies (ICDs), the effects of ICDs on earnings quality, and market consequences of making such a disclosure. Relative to those not disclosing deficiencies, firms making “early” ICD disclosures (i.e., prior to mandated audits) typically have more complex operations, recent changes in organization structure, more accounting risk exposure, and fewer resources to investing internal control. Early disclosing firms are also more likely to contract with dominant audit suppliers, change auditors, and face greater monitoring by regulators and institutional investors. As to deficiency consequences, the results of our earnings quality tests suggest that firms disclosing ICDs typically report low quality financial information. In addition, market tests indicate that the market differentially responds to the disclosure of ICDs conditional on whether the market is already valuing firms from an abandonment option perspective due to their operating uncertainty.

Effects of financial information technology practices on performance of Kisumu County Government

The study results also shows that information technology practices has a positive influence on performance of Kisumu County Government. This implies that the use of audit trail system, IFMIS in preparation of payment, unique identification to all user department and the use of ICT Querying system enhances performance.

The study results is in agreement with Opiyo (2017) evaluated effects of Integrated Financial Management Information System. The findings of the study showed that Information systems have changed the traditional way of business management. Modern organizations have been adopting new financial management information systems to be in-line with the new technology. Introduction of IFMIS in the organization acts as a reform towards the governance, financial information and user accountability in the public sector. In the study on the effect of the implementation of IFMIS on public expenditure management by Kenyan government, the specific objectives were; to establish the effect of IFMIS procurement module on public expenditure management, to assess the effect of the IFMIS budgeting module on public expenditure management and to determine the effect of IFMIS accounting module on public expenditure management. The study sought to show how implementation of integrated system could assist management to reduce misuse of public resources through improved public expenditure management. The study adopted descriptive survey design and a sample of 103 respondents from a combined population of 140 drawn from five ministries in the National Governments and analyzed using Multiple Regression model, Correlation coefficient and SPSS software. The analyzed data was used to make conclusions on the study findings. The study presented strong positive and significant relationship between IFMIS applications and the public expenditure management. This shows that IFMIS has greatly improved the management of public expenditure though the study results indicate that there is need for further integration of the system modules to enhance proper monitoring controls of public expenditure. The study suggested that adequate skills to be given to the system implementers.

The was also in agreement with Cullen (2017) who studied the Role of ICTs in Public Finance Management in Pacific SIDs: a Case for Good Governance. The objective of implementing Integrated Financial Management Information System (IFMIS) is to increase the effectiveness and efficiency of state financial management and facilitate the adoption of modern public expenditure practices in keeping with international standards and benchmarks. The main objectives of the study was to analyze the effectiveness of cash management and budgeting systems; financial reporting systems in IFMIS; internal control systems in IFMIS; and the effectiveness of organizational accountability systems in IFMIS on financial management in public sector in Kenya. The study adopted a descriptive research in this study with a targeted population of 18 National Government Ministries in Kenya. The primary data was collected using questionnaire that relates to specific objectives of the study. Secondary data involved past reports such as annual budget data, progress reports and internal audits reports since the system implementation started and had key information that was helpful to the research study. The study used both quantitative and qualitative method of data analysis. Collected data was first coded and then quantitatively analyzed according to statistical information derived from the research questions. Secondary data were derived from desk review of annual information on IFMIS for all variables for a period of three years (2013-2015). The study found that organizational accountability systems, cash management and budgeting systems, internal control systems and financial reporting systems positively and significantly influenced the financial management in the public sector. The study recommends that managers can use this information to plan and formulate budgets; examine results against budgets and plans; manage cash balances; track the status of debts and receivables; monitor the use of fixed assets and monitor the performance of specific departments or units.

Effects of financial regulatory practices on performance of Kisumu County Government

The study results also shows that regulatory practices has a positive influence on performance of
Kisumu County Government. This implies that Oversight authorities for instance, The county oversight and accountability authority, Independent Policing Oversight Authority, and Public Procurement Oversight Authority, Membership to professional bodies by members of county government, Public sector accounting standards board and Enforcement provisions policies enhances performance in county Government.

The study findings agrees with Maina (2016) conducted a study that was aimed at establishing the role of legal and institutional framework in improving efficiency of public financial management. The study established that though Zimbabwe has extensive legal and institutional framework, the major factor is not the existence but compliance with the various regulations. The study also revealed that most of the institutions that had the mandate of regulating central and other devolved units of governments were poorly structured and had resource constraints. This made most of the institutions useless in enhancing service provision to the people. Several approaches can be used to evaluate policies or programs. Monitoring tracks key indicators of progress over the course of a program as a basis on which to evaluate outcomes of the intervention. Operational Evaluation examines how effectively programs were implemented and whether there are gaps between planned and realized outcomes. Impact Evaluation studies whether the changes in outcomes are indeed due to the program intervention and not to other factors.

The study results is also in agreement with Pollitt and Bouckaert (2017) who studied the effect of government regulations on public service delivery was conducted in Wales’ local governments. The study revealed that inspection had no effect on public service performance. This was interpreted to mean that inspection services were carried out in local authorities or within services that were performing poorly. Alternatively, it is possible that formal inspection is the least effective tool available to public sector regulators attempting to elicit positive changes in public service delivery. Findings further revealed that regulatory authorities also played an advisory role by soughing to promote good practice and supporting the home-grown improvement strategies of local authority service providers.

Effects of public involvement practices on performance of Kisumu County Government

The study results also shows that public involvement practices has a positive influence on performance of Kisumu County Government. This implies that public hearings and meetings collect views regarding budgeting process thereby enhancing performance. Community outreach and education leads to larger acceptance of the project and thus enhances performance. Extensive workshop on budget to educate employees on financial spending enhances performance and Training of staff by county Government. Community education on PFM practices enhances performance.

The study results concedes with Nyamori, Abdul-Rahaman and Samkin (2017) covered a study on the County Assembly of Embu legislative as one of the forty seven (47) County Assemblies in Kenya. The different methods of carrying out public participation dealt with in the study and principles of public participation clearly outlined. This study was part of a growing body of research on how best the governments and governments entities can engage the citizens for meaningful contribution and decision making. Indeed the study reawakened the legislatures into realizing that innovation can be employed in an effort to engage the public rather than the use of tokenism that the citizens are treated to by the legislatures. The number of the respondents was 76%. Majority of the respondents were male (59%). This was an indication that the county assembly of Embu has more males than female. Majority of the respondents 44% indicated that the level of resource allocation to carry out public participation was of moderate extent. 74% indicated that the extent to which the respondents thinks the level of resource allocation affects public participation at CAE was of very large extent. Stakeholders may interact with government agencies, political leaders, non-profit organizations and business organizations that create or implement public policies and programs. Availability of enabling legislation means developing laws and regulations providing effect to the prerequisite for effective citizen contribution in growth planning and performance management in the county and such laws and guidelines that observe to minimum national necessities for successful community participation.

The findings of this study specified that public involvement in devolved governance in Embu County assembly was pretentious by access to information. If citizens were capable to contact information on public contribution, they become informed on their civil rights to handle the debates of the public participation of the county assembly and also enable them get involved in the devolved governance. Inadequate democratic networks with participants in conniving public participation program(s) and gender analysis practices to help scenarios for sustainable development although County Government identified individuals, resources, organizations, and workers needed to conduct countless facades of public participation. Therefore, further research should be commenced in the reserved sectors and other countries to examine the other factors that affect operative devolved governance.

The study findings also agree with Munge, Mulupi, Barasa and Chuma (2018) who mentioned that Kenya has boarded on a highly determined decentralization that sought to change the relationship between government and citizens. Despite its
prominence place in the law, public participation has not been fully actualized in the various levels of the governments. This research project tried to bring out the reasons why appears to be the case. The law envisions a situation where the public fully engaged in the affairs of legislative procedures at both levels of the governments in the devolved system. The overall image that emerges from literature on this subject is that most counties have not developed enabling legislation to give effect to the provision of the law on public Participation. Consequently, Counties have not established structures or developed policies to guide public participation forums. The result is that Counties have therefore been calling public barazas which are christened “Public Participation Forums”. Of great importance is the aspect of monitoring and evaluation of the public participation processes which had hitherto been an issue left at the periphery. This study showed that post public participation forum is also necessary for feedback to the residents.

**Conclusions**

The study concluded that Assurance provided by auditing, Identification of risks and control of weaknesses and Reports provided by auditor general and opinion provided by Auditor general enhances performance.

The study also concluded that the use of audit trail system, IFMIS in preparation of payment, unique identification to all user department and the use of ICT Querying system enhances performance.

The study further concluded that Oversight authorities for instance, the county oversight and accountability authority, Independent Policing Oversight Authority, and Public Procurement Oversight Authority, Membership to professional bodies by members of county government, Public sector accounting standards board and Enforcement provisions policies enhances performance in county Government.

The study finally concluded that public hearings and meetings collect views regarding budgeting process thereby enhancing performance. Community outreach and education leads to larger acceptance of the project and thus enhances performance. Extensive workshop on budget to educate employees on financial spending enhances performance and Training of staff by county Government. Community education on PFM practices enhances performance.

**Recommendations**

The study made recommendations to those in-charge of Kisumu county government, stakeholders and policy makers in line with the objectives, findings and conclusions of the study as outlined below;

Firstly, the study recommends that the county governments should consider adopting sound financial auditing practices as envisaged in relevant legislative framework and particularly PFM Act. 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 also 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.

Finally, the study recommends that the county governments should fully implement the public participation to collect views regarding budgeting process which will greatly enhance performance.

**Areas for Further Research**

Further was needed to incorporate other financial and nonfinancial dimensions of county governments’ performance. Moreover, there may be some practices that influence the performance of county governments that are not included in this study. Therefore, further was needed to investigate other practices affecting the performance of county governments in Kenya.

**References**


