EFFECT OF BUDGETING PRACTICES ON THE FINANCIAL ACCOUNTABILITY OF COUNTY GOVERNMENTS IN WESTERN REGION, KENYA

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A Research Thesis Submitted in Partial Fulfilment of the Requirements for the Award of the Degree of Master of Business Administration (Finance Option) of Masinde Muliro University of Science and Technology.

November, 2025

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DEDICATION

I would love to dedicate this work to my husband Dennis, my parents Andrew and Emmy, my siblings Ivan, Clinton and Boyton, my daughter Nadia and my late daughter Natalie.

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ABSTRACT

Budgeting practices are fundamental to the improvement of the financial accountability of public institutions and must be practiced at all times of the year based on sound resource spending. While financial management is devolved across Kenya, county governments continue to experience concerns about aligning the budget with strategic plans, delivering the projects on time, and maintaining fiscal transparency. This research examined the influence budgeting practices have on financial accountability in county governments in Western Region, Kenya. It investigated the effect of budget development processes, budget implementation, budget monitoring and budget adjustments on financial accountability. The study was informed by Public Budget Theory as the main theory, and the Expenditure Theory and Contingency Theory as the supporting theories. It adopted descriptive, correlational, and explanatory research design targeting 262 officers including County Executive Committee Members (CECMs) for Finance, Directors for Budget, Accounting Services, Internal Audit, and Members of County Assemblies. By applying Slovin's formula, 158 respondents were sampled. Using a stratified and simple random sampling 142 MCAs were selected while16 senior officials (4 CECMs and 12 Directors) were sampled using a census method. The data reliability and validity were established using Cronbach's alpha (0.834) and KMO as (0.668–0.775) which were acceptable values. Closed-ended questionnaires were used to collect primary data. Data were analysed using SPSS version 26. Descriptive statistics included mean, percentage, standard deviation and frequency, and inferential statistics included Pearson correlation as well as simple and multiple regression analyses. The study results were presented in tables and graphs. The results showed that budget development processes had a significant and positive effect on financial accountability ($B = 0.685$, $p < 0.001$), budget implementation had a significant positive effect ($B = 0.562$, $p < 0.001$). Likewise, budget monitoring was significantly and positively related to financial accountability ($B = 0.788$, $p < 0.001$). Budget adjustments also had a significant favourable relation with financial accountability ($B=0.591$, $P< 0.001$). The study concluded that strengthening the budgeting practices has a tremendous impact on financial accountability in the county governments. The insights provide value for theory by generalizing the application of budgeting and accountability models into devolved government, as well as for practice, through delivering evidence-based policy. The study recommended that county governments should institutionalize regular budget estimation reviews, enforce procurement timelines, strengthen strategic planning, conduct ongoing audits, encourage and support public participation and improve capacity of the internal audit units and county assembly committees to adequately monitor budget implementation.

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ABBREVIATIONS AND ACRONYMS

ADP: Annual Development Plan

ANOVA: Analysis of Variance

BPS: Budget Policy Statement

CBIRRs: County Budget Implementation Review Reports

CBROP: County Budget Review and Outlook Paper

CDF: Constituency Development Fund

CECM: County Executive Committee Member

CFSP: County Fiscal Strategy Paper

CIDP: County Integrated Development Plan

CRF: County Revenue Funds

ICPAK: Institute of Certified Public Accountants of Kenya

IFMIS: Integrated Financial Management Information Systems

IMF: International Monetary Fund

MCAs: Members of County Assembly

OCOB: Office of the Controller of Budget

OAG: Office of the Auditor General

PBB: Program Based Budget

PEFA: Public Expenditure and Financial Accountability

PFM: Public Finance Management

SPSS: Statistical Packages for Social Sciences

UN: United Nations

USAID: United States Agency for International Development

VIF: Variance Inflation Factor

OPERATIONAL DEFINITION OF TERMS

Budgeting practises:	Procedures and strategies employed by institutions in the management of their resources and when facing economic changes.
Budget development process:	The process of formulating the budget.
Budget implementation:	Putting the approved plans into practice.
Budget monitoring:	Process of ensuring financial resources are spent effectively and are consistent with agreed plans.
Budget adjustments:	Mechanisms for making budgeting changes.
County Government:	A devolved unit of government established under the 2010 Constitution of Kenya to bring service delivery and governance closer to the people.
Financial accountability:	The management of public resources transparently and efficiently by the public sector.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Advocacy for better budgeting practices worldwide has been championed by international bodies like the IMF (International Monetary Fund), United Nations (UN), United States Agency for International Development (USAID), and World Bank. These organizations have consistently called on countries to enhance their budgeting systems for efficiency, transparency, and fairness of resource allocation. Their programmes underlined that budgets are central in providing administrative and policy tools in order to increase financial accountability and good fiscal prudence (Siyanbola, 2013).

Many researches globally indicate well-coordinated budget systems from when the budget is produced, developed, implemented, monitored and adjusted, leading to better financial governance and institutional effectiveness. Anessi-Pessina *et al*. (2020), noted that implementation of effective budgeting systems produces better financial performance across institutions as budgets function as planning, coordination, and control devices. In the United States, the majority of state governments have implemented sophisticated budgetary methods that increase transparency and fiscal responsibility, and therefore accountability (The Pew Charitable Trusts, 2023). Similarly in the United Kingdom, the "Golden Rule" of Budgeting ensures that the present package of payments is balanced or record a surplus, limiting borrowing only to investment purposes and ensuring fiscal prudence (Tetlow *et al*., 2024). In Indonesia, transparent budget processes, particularly in budget development and monitoring, had positive correlations with accountability and institutional performance in local governments (Fathirah *et al*., (2024). Similarly, in Latin America, participatory

budgeting has become a key instrument for improving the welfare of the citizenry by providing efficient prioritization and transparency while they continue to be major problems in administrative effectiveness and performance (Muñoz Salinas *et al*., 2021). Pereira & Melo (2020) also maintain that in Latin America, good budget monitoring systems and input from its members greatly boost governance and public trust.

In the African context studies have found a substantial relationship between budgeting and financial accountability. A study by Asukile & Mbogo (2022) in Tanzania showed budget plans, participation and implementation affect the performance of the budget, and its effect on planning is huge. In South Africa, Gcabashe & Pillay (2025) emphasized improving internal accountability mechanisms in the form of timely audit, reporting and oversight helps local authorities get financially under control even though the weaknesses persist in capacity and weak reporting. Similar results were reported by Sikhakhane (2013) that South Africa's budgeting reforms focuses on transparency and involvement of stakeholders which have encouraged accountable use of public resources.

The four dimensions of budgeting: formulation, execution, monitoring budget and budget adjustment are generally considered as well (Pere *et al*., 2015). The development of a budget has been internationally acknowledged as key to fostering internal control over budget management, effectiveness of service provision, and efficient allocation of resources. Good budget development depends on credible institutions as well as clear rules and public involvement (Andrews, 2010). In the UK, orderly procedure, parliamentary scrutiny and involvement of the general public through public participation and a transparent mechanism ensuring effective management of public resources as part of the process (Heald & Hodges, 2015).

The reform mechanism of Kenya's Public Finance Management (PFM) Act 2012 transferred fiscal authority to county governments undergirded a government-initiated financial management system in an attempt to improve transparency and efficiency in resource management through increased accountability and efficiency. This, however, has been met with budgeting bottlenecks in areas, notably, low level of community participation, poor budget-project congruence and in prioritisation of expenditure (Muriu, 2017).

While public involvement is very important in devolved budgeting practice (Beuermann & Amelina, 2014), most of the counties fail to embed in policy an inclusive engagement which in practice excludes the marginalized and does not give much input to how it affects the budget (Office of the Controller of Budget, 2023). This has diminished the credibility and accountability from the citizenry, having led counties to persistently suffer in the form of over-exploitation and bad fiscal discipline (Nyambori *et al*., 2023). Similar to a general phenomenon among African economies where weak budgetary alignments are a factor in curtailing fiscal performance (Bedasso & Cole, 2019), among Kenyan counties inefficient budget implementation stems from procedural delays, unrealistic revenue projections and a concentration of national transfers (World Bank, 2020). Even though counties with KSh 216 billion annual income can't manage a third of that (Commission on Revenue Allocation, 2022) resulting in service delivery constraints and rising arrears (Auditor General, 2022).

The monitoring of budgets and the oversight on expenditure also demonstrate structural deficiencies in county financial systems. Counties regularly exceed the 30% threshold of recurrent expenditures provided for by the PFM Act, with the percentage of recurrent expenditure reaching 78.4% in 2013/2014, and holding steady at 61.8%

in 2023/2024 (OCOB, 2024). These imbalances compromise fiscal discipline, delay projects, and limit spending on development (Kibet, 2018). The monitoring and evaluation mechanisms are weak due to the delay of financial reporting, low data accessibility and poor staff capacity for using financial systems like IFMIS (Kibunja, 2017; Ondieki & Maende, 2022). Transparency gaps still remain, with counties achieving an average of only 56% on financial openness (International Budget Partnership Kenya, 2023). Yet, the delayed publication of County Budget Implementation Review Reports (Ngari, 2021; KIPPRA, 2021) and technical inefficiencies in financial systems are still undermining accountability. Together, they hinder budget development, implementation, monitoring, and adjustment, jeopardizing the fiscal integrity and overall effectiveness of devolved governance in Kenya.

Part of the mechanism of budgeting changes is budget adjustments, and other elements that also greatly impact financial accountability in County Governments. When supplementary budgets are prepared reasonably and in accordance with established law, they increase accountability by facilitating the responsiveness to actual and unexpected fiscal needs. Although over or incorrect usage of added funds compromises the validity of the budget procedure. The Office of the Controller of Budget (OCOB, 2024) finds, instances where supplementary budgets were used to redirect funds to non-priority expenditure (e.g. legal and transport fees), diverting funds away from critical public services.

In Kenya, the number of supplementary budgets has drastically increased in specific counties. For instance, in the 2024/2025 financial year Supplementary Estimates II authorised an additional KSh 344.8 billion almost three times the original supplementary budget proposal of KSh 67 billion in that regard. Among this, KSh

145.8 billion was earmarked for development projects and KSh 199 billion for recurrent spending, indicating major mid-year budget adjustments (National Treasury and Economic Planning, 2025). Public involvement and oversight in the adjustment process have been few and far between. This has led to criticism concerning the introduction of new projects with insufficient scrutiny, underfunding of existing initiatives, and the absence of a clear rationale behind many of the adjustments made through supplementary budgets (IBP, 2023).

According to the IBP (2023), the national government has for some years passed at least two supplementary budgets each financial year with little meaningful input from the public. However, increasingly vocal support from the public for the identification of proposed changes and for understanding their implications led the Budget and Appropriations Committee of the National Assembly to promote citizen engagement in the process of setting and approving the supplementary budget for the first half of the 2022/2023 fiscal year; a step in the right direction towards transparency. Yearly, additional budgets during the third quarter were being prepared regularly by county governments to prepare for the upcoming fiscal reality (not that budgetary decisions should have been made arbitrarily or at random). However, such reliance on supplementary budgets has been questioned to the extent of fiscal legitimacy and discipline. Over reliance on mid-year changes has the potential to erode the overall transparency, accountability and accountability in the public financial services sector (National Treasury and Economic Planning, 2025).

Kenya's devolution budgeting framework aimed at advancing transparency, fiscal control, and participative governance still suffers from continual inadequacies in the fundamental dimensions of budgeting (development, implementation, monitoring and adjustment) that would otherwise support the achievement of the said targets. A

changing fiscal environment, now seen as the increasing reliance on supplementary budgets and lower citizen involvement, reflects a growing demand for a reconsideration of how budgeting practices cumulatively contribute to budgetary accountability in county governments. Learning about these interrelationships is important for designing effective, transparent, and responsive systems of public financial administration that can facilitate accountability and promote the credibility of devolved forms of governance.

1.1.1 Financial Accountability of County Governments

Financial accountability is the responsibility of public officials and institutions to utilize and report on public resources in a transparent, efficient, and lawful manner (World Bank, 2023). On the part of devolved governance in Kenya, accountability within the county governments is of utmost importance in assuring the public resources to be controlled in a transparent and efficient manner in accordance with policies and legal frameworks (Ijara *et al*., 2020). It deals with how counties budget, allocate and report on public finances, to keep any expenditure within approved budgets and in turn the benefits to the citizens.

The effect budget absorption and quality audit report are the two pillars that contribute to financial accountability. Audit reports quality is vital for ensuring transparency and restoring public trust in county institutions. Most counties still received non quality audit opinions in the financial years 2020/2021 and 2021/2022, even though the audit committees have been established under the provisions of the Public Finance Management (PFM) Act, 2012 (Institute of Certified Public Accountants of Kenya ICPAK, 2024). Ijara *et al*. (2020) further point out that the effectiveness of audit reports is frequently inhibited by insufficient coverage of key financial problems, insufficient responses to audit recommendations, poor follow-up on audit

recommendations, reporting delays in following up on them and a lack of reports that have already been released, issues that undermine financial accountability in County audit work.

One example, for example, in Nairobi County, Kenya, which was reviewed by the Auditor-General (2025), audit reports indicated irregular payments, unauthorized bank accounts, as well as low spending on development funding, with irregular payments, unauthorized bank accounts, and underinvestment in development, which compromises both transparency as well as efficiency. Besides, the county's digitalization of revenue collection and implementation of Integrated Financial Management Information System (IFMIS), continues to face challenges in meeting full compliance with financial regulations (Nairobi City County Government, 2024). These shortcomings illustrate the persistent tension between reform efforts and fiscal management weaknesses in Kenya's capital.

The same holds true in the Western Kenya region (Kakamega County) where challenges regarding financial accountability have been seen also. OCOB (2024) reports had shown project implementation delays and under-utilization of development funds, indicating low absorption of the budget. Statistically, Kakamega, had a 47.5% absorption of the development budget in the 2023/2024 financial year which led to stalled infrastructure projects and health care facilities due to lack of money to for implementation. These inefficiencies not only lower the effectiveness of public spending but also undermine public trust in local financial management mechanisms.

Budget absorption rates reflects county's efficacy in the implementation of its planned activities. High absorption rates show proper usage of allocated resource, whereas low rates imply service delivery inefficiencies and poor execution of development

projects. The OCOB (2024) has indicated a large variation among counties. For instance, the absorption rate for devolved development budgets for Kajiado County report was lower (19.9%) in 2023/2024 financial year, leading to service outages and projects derailment and as a result lack of financial accountability within the county. Counties like Nairobi and Kakamega show that the difference between audit results, budget absorption and compliance with the PFM Act can dictate the financial integrity of devolved governance. Implementing strengthened internal controls, enhancing audit responsiveness, and financial transparency are critical to achieving responsible financial stewardship in Kenya's counties.

1.2 Statement of the Research Problem

Budgeting techniques are core in managing financial resources effectively and accountably within public institutions (Raghunandan *et al*., 2012). They encourage the effective allocation and use of funds while keeping legislation and regulations such as Public Finance Management Act (2012). Kenyan local governments, though crucial in terms of improving fiscal transparency and increasing efficiency, still experience continual financial management that erodes accountability and the delivery of services (KIPPRA, 2023).

In the Western region of Kenya composed of Kakamega, Bungoma, Vihiga and Busia counties, budgetary inefficiency continues to be pervasive, even when the structural fiscal system is in place. In Kakamega County, FY 2023/2024, has attained only KSh 1.44 billion in own-source revenue that was below target of KSh 2.2 billion for a performance level of 65.4%, while Busia County fell short of their target at only 56.9% (AfroCave 2024). The Office of the Controller of Budget (2023) also found that by the end of FY 2022/2023 the local budgets that the counties received only for development were 22.1% inclusive of rural and high-growth regions and recurrent expenditures

represented more than 80% of total spending (Office of the Controller of Budget, 2023). These discrepancies indicate a weak allocation of resources, weak implementation ability and lack of transparency. Likewise, the Office of the Auditor General (2022) reports on ongoing erratic spending, higher unrecorded bills and fragile monitoring systems which compromises fiscal discipline.

Poor budget drafting, sluggish purchases, lack of revenue development and weak surveillance and evaluation have generally attributed these inefficiencies. Counties face low public involvement, non-standard financial reporting and frequent technical breakdown of the IFMIS, thereby further undermining accountability (KIPPRA, 2023; International Budget Partnership, 2023). While Kenya has developed solid legal and institutional systems post Public Finance Management Act (2012), fiscal discipline and transparency are low in the majority of devolved units (National Treasury and Economic Planning, 2024).

There are some international studies that have studied the budgeting practices and financial performance from countries including India, Indonesia, Nigeria, and Ethiopia (Mulani et al., 2013; Syahril & Yanti, 2020; Oladipupo & Olayemi, 2017; Osebo, et al., 2019). Yet most of these are concentrated in specific sectors e.g., local agencies, banks, government projects, healthcare systems, SMEs rather than public governance (Obwaya, 2011; Mbuthia & Omwaga, 2019; Njeru, 2022; Musiega et al, 2023; Wambua, 2024). Existing studies in Kenya identify more closely the linkage between budgeting practices and the performance of the financial system (Mutungi, 2017; Okotchi, et al., 2020; Chepkorir et al., 2021). However, Rizzo & D'Amore (2010), Kamau & Njoroge (2021), Nyambori et al. (2023), for example, explored budgeting and financial accountability, although these approaches focus on limited, devolved county settings while ignoring devolved county contexts.

Thus, there is a major empirical gap on how each budgeting practice specifically (i.e., budget design, implementation, and monitoring) impacts financial scrutiny in county governments' practices of financial accountability. This study aims to fill this gap by investigating the link between budgeting practices and financial accountability in Kenya's Western Region. Understanding these dynamics is fundamental to the establishment of sound fiscal governance, improved oversight and a devolution-centric structure that can effectively accomplish equitable resource allocation and service delivery.

1.3 Objectives of the Study

1.3.1 General Objective

The study sought to primarily investigate the effect of budgeting practices on the financial accountability of county governments in Western Region, Kenya.

1.3.2 Specific Objectives

The study's specific objectives were:

i. To evaluate the effect of budget development process on the financial accountability of county governments in Western Region, Kenya.

ii. To examine the effect of budget implementation on the financial accountability of county governments in Western Region, Kenya.

iii. To analyze the effect of budget monitoring on the financial accountability of county governments in Western Region, Kenya.

iv. To examine the effect of budget adjustments on the financial accountability of county governments in Western Region, Kenya.

1.4 Research Hypotheses

The study was guided by the following hypotheses:

i. H_{01}: Budget development process has no statistically significant effect on the financial accountability of county governments in Western Region, Kenya.

ii. H_{02}: Budget implementation has no statistically significant effect on the financial accountability of county governments in Western Region, Kenya.

iii. H_{03}: Budget monitoring has no statistically significant effect on the financial accountability of county governments in Western Region, Kenya.

iv. H_{04}: Budget adjustments has no statistically significant effect on the financial accountability of county governments in Western Region, Kenya.

1.5 Significance of the Study

The research contributes crucial information in regards to the effects of budgetary procedures on financial accountability in the devolved government structure of Kenya. The research also advances the Public Finance Management (PFM) theory and the empirical research base on fiscal decentralization and accountability in developing economies by looking at budgeting at the county level. Researchers as well as academicians can utilise this evidence to improve theories of resource efficiency and fiscal management in devolved government as a whole.

The results are also important policy and administrative considerations at the national and county level. The insights can be used by the National Treasury, the Office of the Controller of Budget (OCOB), and the Commission on Revenue Allocation (CRA) to craft policy instruments based on evidence that will promote more transparent, better-absorbed budgeting, and increased financial oversight in the local authorities. The empirical research helps county governments in developing better budgeting

procedures, tracking of expenditure, and in fiscal reporting on the government's activities.

Such findings can also inform county leaders and budget monitoring systems, resource allocation and outcomes related to service delivery in various county departments. At the same time, institutions like the Council of Governors (CoG), Office of the Auditor-General, and County Assemblies can use the study's recommendations to advance the institutional accountability structures, enabling accountable oversight, and more nimble budget scrutiny and streamline financial supervision.

1.6 Scope of the Study

The objective of this study was to analyze how budgeting practices such as: budget formulation, implementation monitoring as well as budget adjustments have an impact on financial accountability in county governments in Western Region, Kenya. The study targeted officials directly involved in county financial management, inclusive of County Executive Committee Members (CECMs) responsible for Finance, County Directors of Budget, Directors of Accounting Services and Internal Audit as well as Members of County Assemblies with overall responsibilities for budget oversight.

It was conducted from September to October 2024 only in the Western Kenya Region (Busia, Bungoma, Kakamega and Vihiga counties). The region was chosen by purpose because the counties have sustained low development budget absorption rate and high recurrent expenditure rates indicating the need for fiscal management. According to the Office of the Controller of Budget (OCOB, 2022), for the 2021/2022 financial year, the development budget absorption was at Kakamega (84.5%), Bungoma (73.1%), Busia (62.8%), and Vihiga (67.4%) all significantly lower than those of the other counties like Migori (100%), Kisii (100%), and Siaya (98.4%) of the Nyanza Region.

In addition, consistent accounts confirmed that recurrent expenditure in western counties had exceeded the 30% mark specified in the Public Finance Management Act (2012), with Busia (76.07%), Vihiga (85.02%), Bungoma (81.37%), and Kakamega (67.16%). These patterns suggest recurring challenges in the inefficient consumption of resources, questionable expenditure and lax fiscal prudence, rendering the region an appropriate case for the examination of the impact of budgeting practices on financial accountability in devolved units.

1.7 Limitations of the Study

The study carried with it several limitations, which may have affected the results. One key shortcoming is that responses may be influenced by response bias, a consequence which arises if respondents of certain county offices provide information that is overly favourable to their counties' budgeting and financial accountability. To prevent this kind of bias the researcher assured his respondents that their information would be kept confidential and they would remain anonymous so as to encourage their honest responses. Triangulation was also used to check the reliability of the information received by matching those which responded to the questions with secondary data sources, for example, the reports of the Office of the Controller of Budget (OCOB) and the Office of the Auditor-General (OAG) to make sure that the statements were accurate. The study was also confined to four counties in the Western Region, which may limit generalisation of findings from the Western Region to other regions, but this narrow focus still served the purpose to explore in-depth budget-related and financial accountability troubles in counties showing high fiscal management challenges.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of literature on budgeting practices and financial accountability in county governments. It examines key components of budgeting practices, including budget development, implementation, monitoring and budget adjustments. The chapter also provides a theoretical review grounded in the public budget theory, expenditure theory, and contingency theory, followed by an empirical review that highlights existing gaps in previous studies related to budgeting practices and financial accountability. Finally, the chapter concludes with a summary of the identified research gaps and the presentation of the conceptual framework guiding the study.

2.2 Theoretical Review

The public budget theory (main theory), the expenditure theory and the contingency theory (supporting theories) were adapted to study the problem and the explanation of the relationship between the variables under study.

2.2.1 Public Budget Theory (Main Theory)

The Public Budget Theory (Adams, 1895) provides the background and social basis to describe the motives and rationale for government involvement in the budgeting process. Minja (2019) notes that the theory sees budgeting as both a financial and political mechanism that displays a government's priorities, values, and responsibility to the public. In time, the theory turned from a very basic way of fiscal management to an effective managerial strategy to ensure efficiency, accountability and service delivery (Kanyinga & Okech, 2021).

The theory is based on rational of comprehensive model suggesting that resources should be allocated with the systematic analysis and an evidence-based decision making. This is consistent with the current study's attention to such procedures in county governments, where efficient budget process and allocation transparency are integral to improving financial accountability.

Although, Pfeffer (1992) and more recently Maina and Otieno (2020) criticize Public Budget Theory, which they said tends to be excessively idealistic and leaves out what really happens in practice when politicians and bureaucrats tussle for budgets. The theory highlights both independent variable (budgeting practices) and dependent variable (financial accountability) since it outlines the impact of budgeting processes have on the transparent use of resources by County Government agencies.

2.2.2 Expenditure Theory (Supporting Theory)

The Expenditure Theory is developed by Irene Rubin (1990). It explores the how and why of public institutions' expenditure decisions, how they impact on financial performance and accountability. For the same purpose, the theory classifies the expenditure analysis as normative (what it is that is to be spent) versus descriptive (what is being performed with funds) approaches (Rubin, 2017). The normative helps explain why certain expenditures take precedence and the descriptive approach highlights actual expenditure behaviours; therefore reflecting financial discipline.

Within the confines of county governments, the theory identifies the role of budget implementation and monitoring for ensuring that funds are spent where they are intended and providing accountability. Mechanisms such as Integrated Financial Management Information Systems (IFMIS), County Budget Implementation Review Reports (CBIRRs), and regular audit evaluations are examples that coincide with emphasis in this theory on how funds should be financed accurately (OCOB, 2023).

However, Berg & Karlsson (2014) and Njeri & Oduor (2021) criticize the theory for not adequately accounting factors outside administration, such as political interference or changes in the economic atmosphere which shape budget spending habits. The present study applied Expenditure theory to demonstrate how continuously monitoring budgets and assessing spending can close financial accountability gaps by putting money into what it does in county governments.

2.2.3 Contingency Theory (Supporting Theory)

The Contingency Theory, formulated by Fred Fiedler (1958), argues that no one way to do organizational management or budgeting is effective; the success or failure of a management practice is contingent on the context and the surrounding environment in which it is performed. This indicates that budgeting practices need to be flexible given company size, environmental uncertainty, and strategic goals (Donaldson, 2021).

With regards to county administration, this theory offers the framework to conceptualize budget adjustments. That is, effective budgeting and management depends upon the ability of counties to respond their budgets to the new fiscal realities, including the revenue gap, policy changes or emergencies (Muriithi & Kariuki, 2022).

Bsides Schoonhoven (1981) and Kimani & Kilonzo (2020) criticize Contingency Theory for emphasizing structural and technical changes while neglecting the political, institutional and social considerations of budgeting in public system organisations. Nonetheless, the theory is still applicable because it justified the introduction of budget flexibility as well as budgetary refocused mechanisms like supplementary budgets that can facilitate accountability and efficiency in changing financial situations.

2.3 Conceptual Review

2.3.1 Budgeting Practises

Budgeting is a mechanism for institutions to allocate resources in terms of future revenues and expenditures (Anessi-Pessina *et al*., 2016). It also contributes to the fiscal discipline, financial planning, and decision-making process of organizations as it helps to prioritize resources and effectively managing requests, needs, and liabilities. The practices of budgeting are the procedures and strategies to which institutions resort to for managing resources and adaptation in the face of economic changes (Shawe, 2023). Budgeting practices are integral to public financial management in county governments and have an impact on accountability and service delivery.

2.3.1.1 Budget Development Process

The County budget development process in Kenya is structured around the Public Finance Management (PFM) Act of 2012 and has cycles (planning, formulation, and approval, implementation, and audit). County budgeting is also based on the County Integrated Development Plan (CIDP) & Annual Development Plan (ADP) and is aligned with long-term development plans and fiscal policy frameworks. Revenues are then refined in the County Budget Review and Outlook Paper (CBROP) and County Fiscal Strategy Paper (CFSP) which also add expenditure ceilings, and fiscal aspirations before the item heads to the County Assembly for approval of approved action.

The public is compelled to participate in budgets in order to improve transparency, accountability, and inclusiveness of budgeting (Barasa & Eising, 2012). By involvement in participation forums at village, ward and sub-county level, citizens identify desired developmental priorities, democratic governance and allocation of resources by the public is also promoted (Lu, 2011; Johnson *et al*., 2012). Budget

estimates and the appropriation bill authorizing the expenditure made in conjunction with the County Revenue Fund provide fiscal discipline and aligning expenditures with the County's strategic initiatives (PFM Act, 2012). Forecasting and making sound assumptions are vital to avoid overspending and keep service delivery as planned, which require accuracy and soundness in the estimation of projected results (Rubin, 2017).

However, despite mature systems in place, many counties remain afflicted with unrealistic projections of revenue and a weak stakeholder engagement, eroding accountability. Ongoing empirical (e.g., OCOB, 2023) studies have also failed to sufficiently examine the joint impact of citizen participation and institutional forecasting capacity on financial accountability at the county level and need the further consideration of these factors.

2.3.1.2 Budget Implementation

Budget implementation is when approved plans move into practice. It includes procurement, revenue management, and expenditure management that are essential in delivering developmental outcomes (Rubin, 2017). The Public Procurement and Asset Disposal Act (2015) ensures that public procurement is efficient, transparent and cost-effective. Yet, delays and inefficiencies in procurement have been associated with low uptake of development funds in some counties (Kibet, 2018). Revenue management including accurate forecast and timely distribution of revenues have also been enhanced and transparency has been increased in several counties where it can now be predicted as much as possible with the adoption of automated systems being seen particularly in Nairobi and Mombasa County (KIPPRA, 2021). While expenditure management is about connecting expenditure to strategic priorities and staying fiscally accountable (Kibet, 2018).

While literature emphasizes the significance of successful procurement and optimal revenue management as mechanisms underlying accountability outcomes, limited research has investigated the ways that these factors jointly influence accountability outcomes across counties with varying institutional capacity. This study, therefore, fills that gap by considering budget implementation practices as an element of financial accountability.

2.3.1.3 Budget monitoring

Budget monitoring is effective in ensuring that financial resources are spent effectively and consistent with agreed plans (Rubin, 2017). It uses mechanisms such as regular financial reports, County Budget Implementation Review Reports (CBIRRs) and Integrated Financial Management Information Systems (IFMIS). Regular reporting greatly boosts transparency and the ability of the public to analyse financial performance (Odongo, 2017). CBIRRs, released quarterly by the Office of the Controller of Budget, assess budget implementation, revenue collection and expenditure dynamics (Controller of Budget, 2023).

IFMIS plays a significant role in increasing financial control and a decreasing occurrence of fraud hence increasing in data integrity and transaction visibility (Wainaina & Muturi, 2018; Mwangi & Kimani, 2016). Nevertheless, ongoing technical limitations and insufficient training of the staff have limited its potential (Nyaga & Oloko, 2017). Although technology-based monitoring tools have increased accountability, research has yet to determine whether institutional and human factors influence their effectiveness. The study fills this void by exploring the interplay between monitoring practices and financial accountability across county types.

2.3.1.4 Budget Adjustments

Budget Adjustments have been accompanied by policies of adjustments in the fiscal sphere (International Budget Partnership, 2022), for example, supplementary budgets, which also provide governments the opportunity to react with flexibility to the changing demands of citizens by redirecting funds in the financial allocation process. This is necessary to maintain the fiscal balance and to maintain the services through exceptional situations. But frequent supplementary budgets, as seen currently in a number of counties, can undermine initial planning and oversight procedures (IBP, 2022).

The PFM Act (2012) requires that any supplementary expenditure should be organized in such a way as to correspond with the approved budget and be explained in writing transparently. Even with these stringent safeguards in place, concern is still raised about the compliance with the formal process and loss (mainly of the original budget priorities) even then-bygone priorities. Although it increases flexibility to make budget adjustment, it could lead to the reduction of fiscal discipline in the way of making extreme revisions. This study aims to elucidate this issue, as empirical evidence linking frequency and quality of budget adjustments to financial accountability in Kenyan counties is limited.

2.3.2 Financial Accountability

According to Kimenyi (2013), financial accountability means that the public sector is obliged to manage the financial resources transparently and effectively. It checks that money is spent properly, and that public officers should be held accountable. The Public Finance Management Act (2012) makes accountability processes institutional in county governments through: audit obligations; public disclosure; and the oversight of assemblies. Corruption is a clear problem for its realization (Transparency

International, 2018) and strong financial accountability has proven beneficial with its link to better infrastructure and service delivery (Kimenyi, 2013).

2.3.2.1 Quality of Audit Reports

Independent reviews of financial statements and internal controls are produced as audit reports to promote transparency and credibility in financial reporting (Kimenyi, 2013). Quality audit reports aid in better decision-making, lower financial maladministration and fosters trust in public institutions. However, political corruption and intervention, also diminish the efficiency of audit work (Transparency International, 2018).

Although the relationship between audit quality and accountability has been recognised, there are limited studies examining what are identified to be the contextual factors such as political influences or auditor independence which can influences the audit efficiency under devolved systems. This finding was addressed in this study by examining this relationship among county governments.

2.3.2.2 Budget Absorption Rate

Budget absorption rate measures the proportion of actual expenditure against approved allocations, a critical indicator of fiscal efficiency (World Bank, 2012). High absorption reflects efficient implementation, while low absorption suggests administrative bottlenecks or weak financial management. Reports by the Office of the Controller of Budget (2023) reveal persistent underutilization of development funds in several counties due to procurement delays and poor cash flow management. While previous studies e.g., (Mohamed, 2018) linked absorption rates to service delivery efficiency, limited attention has been given to how budget implementation practices such as procurement and revenue management affect absorption outcomes. This study integrates these dimensions to assess their combined effect on financial accountability.

2.4 Empirical Review

2.4.1 Budget Development Process and Financial Accountability

Budget development process provides the bedrock on which reasonable financial responsibility has been built for institutions at both the public and private levels. It requires the creation, engagement of decision-makers, and alignment of fiscal priorities with strategy. A number of studies have probed this construct, but most of them do not consider it in connection with general budgetary systems nor are they within the public sector itself.

The research carried out by Mulani *et al*. (2013) focused on studying the effect of budgeting process on the performance of SMEs in India using an explanatory design targeting 268 SME firms. The findings indicated a significant positive impact of the budgeting process on performance. The study in question, however, was constrained to the private sector context found in India; hence it did not consider accountability or governance structures characteristic of public institutions. Furthermore, due to the absence of correlational analysis like in the current study, it developed a contextual and methodological gap which this investigation seeks to address by examining public sector budgeting in Kenya's devolved system.

Olomola (2012) employed a descriptive design and examined the ties between budgetary process and accountability in Nigerian local governments. The study also reported a lack of statistically significant relationship between the two variables which indicates weaknesses in process transparency. But it did not analyze different phases of the budget process like formulation and approval and treated budgeting as one single construct. Building on this foundational understanding, the current study aimed to decompose budgeting practices by phase development, implementation, and

monitoring to evaluate the independent and joint impact of budgetary practices on accountability.

Osebo *et al*. (2019) investigated the role of budgeting process in affecting organizational effectiveness in the public finance sector of Ethiopia and found a positive relationship between it and organizational effectiveness that was significant. But the study specifically examined the organizational performance rather than financial accountability and analysed descriptive data, and did not establish causality between the two. So this study filled a variable gap with financial accountability in particular by adopting correlational-causal design for achieving greater inferential validity.

Obwaya (2011) did a Kenyan study of participatory budgeting and performance in local authorities to find that budget participation improve performance. The study was specifically focused on participatory budgeting, and omitted broader features of budgeting practices, like formulation and approval, as well as small sample sizes. This conceptual and population gap is addressed by the present study through wider investigation across the budget development process and a large sample size among multiple counties.

Recent work by Nyambori *et al*. (2023) in Nyamira County confirmed the positive effect of budget formulation on financial accountability. Except it was geographically restricted to one county. This study expanded upon this work by examining several counties in Western Region, Kenya and thus provided a regional comparative perspective with which to discuss the role of budget formation on accountability outputs.

Outside of the public sector, Otley & Ferreira (2020) studied management control systems of multinational enterprises operating across Europe and found that disciplined budget design results in improved accountability and strategic alignment. Although corporate-sounding, their research demonstrated the value of a participatory and evidence-based budgeting mechanism to maintain fiscal discipline. Their work, however, unlike public-sector settings did not directly consider the political and legal limitations that affect government budget writing and this study thereby filled that gap in context.

Further, reviewing budget control of Vietnamese manufacturing companies, Nguyen & Nguyen (2021) observe that the incorporation of employee input in budgeting enhanced both internal efficiency and internal accountability. Their results highlighted importance of inclusivity and ownership when it comes to budget making, a process where people are a part of but often limited in the processes of public budgeting, because it is often rerun by bureaucratic procedures. This study capitalized on those observations to examine how participatory formulation impacts on accountability in Kenyan counties in the context of participatory formulation. Tahir & Razak (2022) examined Malaysian non-profit organizations and financial planning (MNA) and accountability. The study found that detailed budget development increases donor confidence and financial transparency. Nevertheless, it employed qualitative interviews and may lack generalizability. The present study supplemented this by taking a quantitative correlational approach to investigate such relationships in a public-sector setting.

Moreover, Yahya & Bains (2018) explored budget participation and manager accountability in British service businesses and concluded that such decentralized decision-making was responsible for financial behaviour. This finding is borne out of

the system of devolution governance in Kenya, in which county-level budgetary autonomy may either heighten or undermine levels of responsibility based on how budget construction is set up as well as observed.

2.4.2 Budget Implementation and Financial Accountability

Budget Implementation determines if government budget resources are implemented effectively, efficiently and in accordance with approved plans. Therefore it is a crucial engine for financial accountability. However, empirical results on this relationship are not consistent due to heterogeneity of methodological, regional, contextual and sectorial diversity across studies.

Haque & Choudhury (2014) investigated the implementation and accountability of budget in South Asia in terms of budget management and accountability in the case study design used a case study method in South Asian countries (Bangladesh, India, and Pakistan). Researchers conducted document review and key informant interviews with central government officials, policy makers and auditors. The results indicated a positive correlation between implementation efficacy and accountability mechanisms. However, the multinational nature of the study also leads to certain contextual weaknesses, in which South Asia's governance regimes can be significantly different from Kenya's devolved systems of government. This context was addressed in the current study, which locates the analysis within the context of Kenyan county governments, which are also known to have more decentralised budget and accountability frameworks.

Eneje *et al*. (2024) explored accountability and budget implementation in Nigeria's health field with a descriptive cross-sectional design consisting mainly of 200 accountants and finance managers. The results were analysed by regression to determine the relationships between the implementation mechanisms and

accountability outcomes. Results indicated that accountability was negatively impacted by implementation delay, leakages and absence of expenditure tracking. However, the sectoral perspective of the study was narrowly health institutions and did not take into consideration wider public administration or local government dynamics. Filling this sectoral gap, the current study explored implementation processes in Kenya's county governments with a diverse fiscal and governance framework.

In Kenya, Sande *et al*. (2023) used a descriptive design to quantify the impact of budgeting practices specifically, formulation, monitoring, and implementation on financial performance of 47 county governments. The research employed structured questionnaires analysed with descriptive and inferential statistics. Results showed a positive impact of implementing a budget on financial performance. But they concentrated on performance over accountability imposing a conceptual deficit. Building on this, the study linked implementation to accountability outcomes and improve understanding of fiscal responsibility in devolved contexts.

Using a cross-sectional design from three commercial banks and 60 finance officers, Mbuthia & Omwaga (2019) explored budget implementation and financial performance in the Kenyan commercial banking sector. Multiple regression analysis showed a substantial positive effect of budget implementation efficiency and performance when using multiple regression analysis. A private-sector context and banking institutes which are inherently profit-focused, limiting applicability to public-sector accountability measures. The present study sought to fill this contextual gap by examining what role of implementation in the governance-oriented, and by extension of the regulatory environment of county government setting in a way that is context-perspective.

In a descriptive survey design, Njeru & Wanjiru (2020) investigated budget implementation issues that impact financial accountability in county governments. Focus group of finance officers, county assembly members, auditors. Weak supervision, political manipulation and insufficient technical capacity also inhibited the successful implementation and accountability, as reported by the findings. However, the study did not test the relationship between the variables statistically or their direction. This creates a methodological gap which the current study sought to rectify this by applying correlational and explanatory design to establish the magnitude and direction of influence.

Otieno & Ochieng (2018) performed descriptive correlational analysis of the implementation of budget and financial performance for 120 finance and budget officers from county governments in Kenya. The results indicated a statistically significant positive relationship between budget implementation and financial performance. But, like other studies, performance was the dependent variable for these researchers compared with accountability. This concept has the limitation of being not so broad enough, but this study addresses this issue by reframing the analysis of the financial accountability dimension as the primary dependent variable.

Outside of the public sector, Kariuki & Oduor (2022) examined budget implementation and financial accountability of Kenyan NGOs using a mixed-methods approach, both survey and focus group interviews with 45 NGOs. Findings noted that clear spending tracking and regular financial reviews increased accountability and donor trust. Nevertheless, the study focused on non-profit organizations relying on donor funding, leaving a contextual void that this work filled by studying government-funded institutions.

Likewise, Mugo & Mwende (2021) analyzed the utilization of budget and accountability among private manufacturing companies in Nairobi by correlational methodology with a sample of 150 financial managers. Regression analysis revealed that clear implementation guidelines, internal controls and periodic reviews increased accountability they added that external accountability and public audit systems are very important in the setting of government. However, this study did not address the areas outside the public audit frameworks. Thus, the current study extended the framework of accountability into the domain of public governance.

A quantitative survey on budget execution and financial integrity in Malaysian universities was conducted by Abdullah & Ramli (2020). The findings demonstrated a link between budget execution and transparency and internal accountability. But this study was limited to educational institutions and did not incorporate political actors and resource allocation nuances associated with local government budgeting. This study addressed such institutional voids by examining how political power relationships are maintained and strengthened within politically controlled county systems.

2.4.3 Budget Monitoring and Financial Accountability

Monitoring also guarantees the expenditure is within approved levels of budget control and therefore is an important source of accountability. The empirical evidence on this is mixed, with varying institutional contexts, analyses employed, analyses, and governance arrangements being some of the areas with the different kinds of research.

Andrews & Hill (2020) investigated budget monitoring and financial accountability in twelve developing countries and showed that robust monitoring impacts on accountability. However, their general international scope failed to account for

devolved governance structures, which would lead to a contextual gap that the present study filled by situating this discussion in the context of Kenya's county governments.

Musiega *et al*. (2023) investigated budgetary monitoring and accountability in county health sectors in Kenya in a descriptive research design, which ultimately found that poor monitoring reduced effectiveness and transparency. However, the analysis was confined to health which led to a sectoral gap. Extending beyond a single sector, the study examined county government operations across the Western Region of Kenya. Mwangi & Muturi (2019) used a correlational research design to examine the association between budget monitoring and financial accountability in Kenyan counties. They reported a positive relationship between the two variables. This study fills that theoretical and methodological gap by using all the four budget practices as independent variable to explore its impact on accountability performance.

In another study in the literature, Kamau & Njoroge (2021) employed a mixed-methods approach to investigate the relationship between budget monitoring and financial accountability in Nairobi County. The results showed that there was no significant relationship between the two and indicates possible confounding factors that were not considered by the model. This analytical gap is filled with the current investigation utilizing the correlational–causal approach in which a more powerful analysis into variable effects and causal inference was explored.

Chepkorir *et al* (2021), study used a descriptive survey, and found that budget monitoring had a positive impact on financial performance in Kericho County. But focused on performance, not accountability, thus a conceptual gap. Another research in Machakos County, carried out by Ngugi (2015), also investigated how budgetary control affects the performance of CDF projects using a descriptive research design. The study consisted of 24 management staff from eight constituencies and found that

project performance was positively affected by participative budgeting, effective monitoring, planning and budget variance evaluation. Nevertheless, the study was limited to Machakos County but the current study sought to cover county governments in the Western Region of Kenya. Moreover, Ngugi's work had no regard for financial accountability and focused largely on performance results, instead of accountability. Besides, Ngugi didn't have a vast sample size to draw from, which severely limits generalizability, which the current study had a major advantage of exposure to a large county government population, which improved representativeness and inferential validity.

2.2.4 Budget adjustments and financial accountability

Budget adjustment is another key element of the budgeting cycle that allows flexibility and responsiveness to new fiscal realities. It comprises reallocations, revisions and, respond to monitoring and evaluation feedback. The additional budgeting procedures allows enterprises to redress financial projections and make them correspond to the real-world results. In so doing, budget adjustments are much more than just external moderators but a process that is necessary for effective budgeting practices that result in accountability.

Rizzo & D'Amore (2010) examined the relationship between budgeting and financial accountability among public sector in Italy with reference to budget adjustment as one of the possible ways to increase transparency and fiscal accountability. The study employed a descriptive research design on public sector organizations and found that reactive adjustments compromised financial accountability by favouring short-term fiscal fixes over long-term financial management. It was, however, limited to centralized structures of government in Italy while the present study investigated

decentralized county governments in Kenya's Western Region, where fiscal discretion and public participation influence adjustment decision.

Syahril & Yanti (2020), in their study found a relationship between participatory budgeting and financial accountability in Indonesian local governments when the budgets were adjusted. The study used the design of a cross-sectional research with subjects like budget planners, auditors, and financial officers, to find evidence that on-the-spot and data driven budget corrections bolster accountability systems. The investigation was, however, conducted only in Indonesia and treated adjustments as a moderating factor. By contrast, the present research considers budget adjustment as a crucial part of the budgeting activities because the role of budget adjustment in Kenya's devolved fiscal regime is direct regarding accountability.

In Nigeria, Oladipupo & Olayemi (2017) investigated the effect of budgetary control and adjustment mechanisms on financial accountability in public sector institutions. With 150 respondents working within a cross-sectional design, they found that unfettered or politically driven adjustments contributed to inefficiency and corruption. Thereby signifying the need of structured adjustment protocols to ensure accountability. Building on the findings from this study, to examine structured budget adjustment processes within county governments and their direct impact on financial accountability rather than performance.

Using a descriptive design for all 47 counties, Mutungi (2017) investigated the impact of budget adjustments in budgeting and financial performance of devolved governments in Kenya. The results showed that such flexible budget adjustments improved the responsiveness to financial demands, but were often reactionary rather than strategic. But the study centered on financial performance. The present research built on this by further establishing financial accountability as an important factor

while redefining adjustments as components of the budgeting function, bridging the conceptual and contextual gaps.

Wambua (2024), employed a descriptive research design to explore budgeting practices and financial performance of manufacturing SMEs in Nairobi County with a sample of 156 SMEs. Findings showed that budget changes were not significantly associated with performance, implying that firms frequently had weak structured monitoring systems. Although informative, the study was confined to private sector SMEs and focused on performance, not accountability. The present investigation, however, tried to address how systematic adjustment mechanisms inherent in public county budgets support accountability results.

Njeru (2022) analyzed budgeting practices in government-funded projects in Nairobi Metropolitan using a descriptive design in a population of financial officers and project managers. The results showed that budget modifications become key to budget matching with project requirements resulting in better project completion rate. However, the project-oriented context of the study was performance-based and not related to financial accountability. The proposed study aims to fill in these conceptual and contextual gaps by exploring the role of budget adjustments within Western Kenya's county governments as an independent dimension of budgeting practices that is relevant to financial accountability.

2.5 Summary and Research Gaps

Based on the reviewed literature budgeting practices (budget development, implementation, monitoring and adjustments) are vital for enhancing transparency, fiscal discipline and financial accountability in public institutions. In particular, research findings like Andrews & Hill (2020) and Rizzo & D'Amore (2010) reveal the effective means of monitoring and adjusting budgets to improve accountability

worldwide; local studies such as Mwangi & Muturi (2019) and Musiega *et al*. (2023) find analogous effects among Kenyan counties.

However, there are still some gaps in these findings. With most international studies being conducted in non-devolved settings and non-Kenyan county system there are contextual gaps too, especially as most of the data were drawn from non-devolved settings. There were conceptual gaps due to the association of budgeting practices with financial performance and not accountability in most studies. Methodological design gaps were identified most were descriptive without demonstrating causal or correlational relationships. Subnational and territorial disparities remain, with several studies examining specific sectors or counties as limiting generalization.

Finally, there is a theoretical divide: previous studies tended to take a moderating role in budget adjustments, while this study recanted that variable as an independently related variable within budgeting procedures, with attention to direct effect on accountability. To fill in these gaps, the study investigated how development, implementation, monitoring, budget and adjustment are intertwined and how their aggregate impacts financial accountability by examining the causal relationships in county governments in Western Kenya using a correlational–explanatory research design, to establish a stronger empirical relationship between the variables.

Table 2.1: Summary and research gaps

Author & Year	Title	Findings	Research design	Gaps
Mulani, *et al.* (2013)	Effects of the budgetary process on SME's performance: An Exploratory study based on Selected SME's in India.	The budgeting process influenced the performance of SME firms positively.	Explanatory research design.	The study recommends further studies to be done using other methods which the current study has addressed through focusing on descriptive, correlational, and causal research designs. This study also focused on the public sector as recommended.
Olomola (2012)	The relationship between budgetary process and accountability in Nigerian local governments.	Lack of statistically significant relationship between budgetary design process and accountability.	Descriptive research design	Recommended another study to be done decomposing budgeting practices into phase development; development, implementation and monitoring as outlined in the current study.
Obwaya (2011)	The relationship between participatory budgeting and performance of local authorities in Kenya (a case study of the city council of Nairobi).	There was a strong association between budget participation and performance.	Descriptive survey study design.	Population gap to be addressed through focusing on a larger sample size as carried out in the current study.
Sande, *et al.* (2023)	The effect of budgeting practices on financial performance of county governments in Kenya	Budget formulation, budget implementation, and budget monitoring significantly influenced financial performance within county governments in Kenya.	Descriptive research design.	The study recommended linking implementation to accountability outcomes to improve understanding of fiscal responsibility in devolved contexts as addressed in this study.

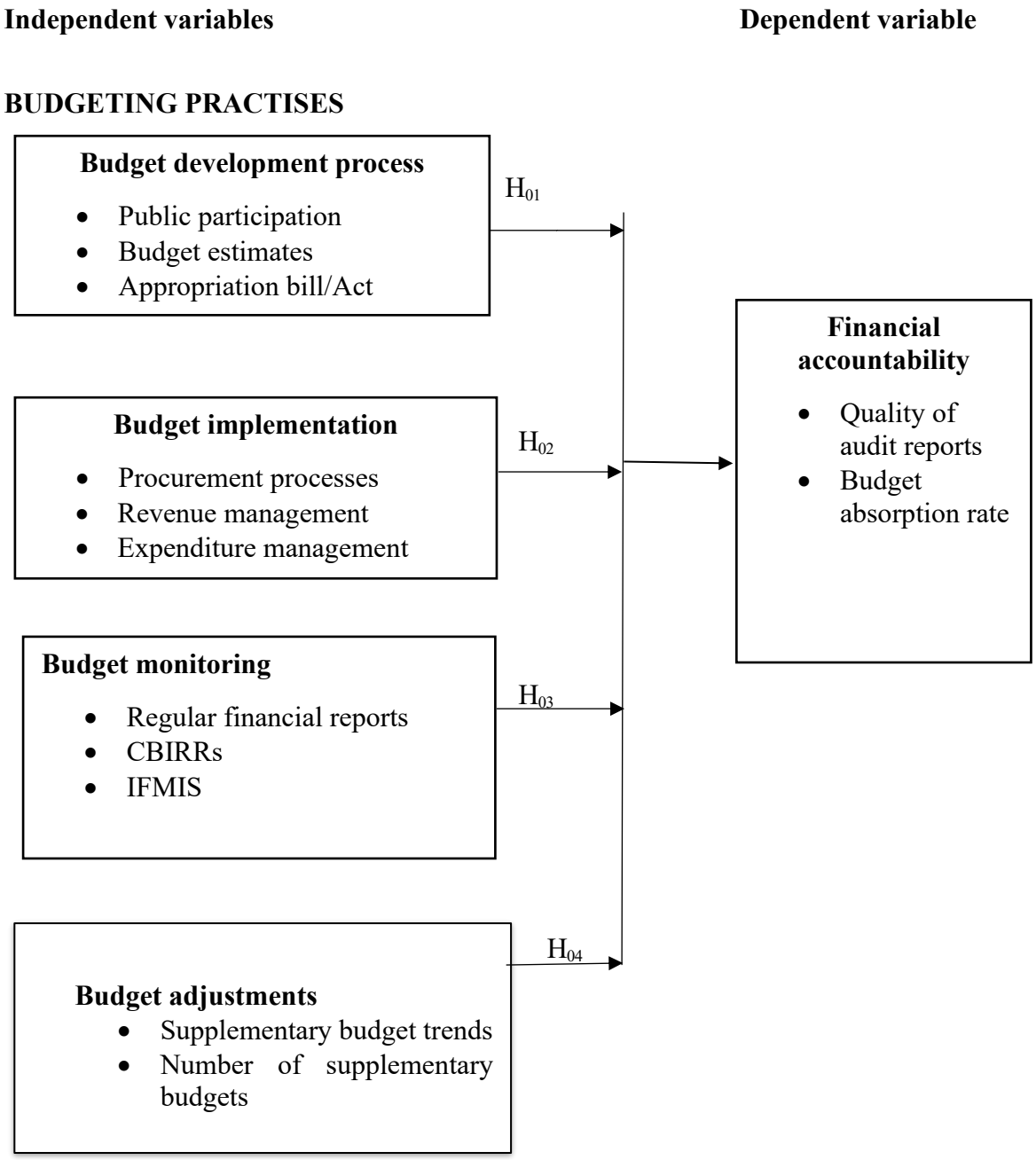
Author & Year	Title	Findings	Research design	Gaps
Mbuthia & Omwaga (2019)	Effect of budgetary control on financial performance of selected commercial banks in Kenya.	Budget implementation, budget planning, budget control, and budget review had a positive and significant influence on the financial performance of the selected commercial banks.	Cross-sectional research design.	The study recommended another study to be done in the public sector as addressed in the current study. The study also recommended further studies to be done using other methods which the current study has addressed through focusing on descriptive, correlational, and causal research designs.
Andrews & Hill (2020)	Budget monitoring, financial accountability, and the challenges in developing countries.	Robust monitoring impacts accountability.	Descriptive research design	Recommended another study to be done accounting for devolved governance structures like the Kenyan context to fill the contextual gap.
Oladipupo & Olayemi (2017)	The Effect of Budgetary Control on Financial Accountability in the Nigerian Public Sector.	Uncontrolled budget adjustments contribute to corruption and inefficiency, weakening the relationship between budgeting practices and accountability.	Cross-sectional research design.	The study incorporated other variables as recommended thus, budget development process, budget implementation, budget monitoring and budget adjustments were considered as independent variables under the current study

Source: Reviewed Literature (2024)

2.6 Conceptual framework

Cooper and Schindler (2014) define the conceptual framework as a structured representation of a research problem outlining the variables, key concepts and their relationships within the research. The research sought to investigate the effect of budgeting practices on the financial accountability of county governments in Western Region, Kenya. It focused on budgeting practises as the independent variable where development process budget, budget implementation budget monitoring and budget adjustments were considered. The research focused on financial accountability as the dependent variable measured by quality of audit reports and budget absorption rate variable.

Figure 2. 1: Conceptual Framework



Source: **(**Sande, Okiro & Omoro, 2023: Otieno & Ochieng, 2019: Okotchi, Makokha & Namusonge, 2020)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter outlines the study area, research design, target population, sample size, sampling procedure, and data collection instruments, reliability, validity and data analysis. It also covers diagnostic test and ethical considerations.

3.2 Study Area

The research was undertaken in four counties in Western Region, Kenya. The counties entail; Kakamega, Busia, Vihiga and Bungoma. Western Region is located on coordinates 0°30′N 34°35′E with a total area of 8304Km^2. The region has a total population of approximately 5,383,936 with a population density of 648.4/km2 (Brinkhoff, 2025) (Appendix VI).

3.3 Research Design

The study embraced descriptive, correlational, and causal (explanatory) research designs. A descriptive design was used to gather factual information regarding budgeting practices, and financial accountability in county governments. Such descriptive research design is suitable when the purpose is to accurately reflect existing phenomena, events, and characteristics of a population (Cooper & Schindler, 2014). For this study, it facilitated understanding of how budgeting mechanisms are implemented, how adjustments are made, and financial discipline in the selected counties.

In examining the public sector budget, the descriptive approach is particularly useful as it offers the procedure for creating and documenting systematic account of budgeting activities, processes, and practices, and does not involve manipulating other

operational aspects. County governments function within a statutory and institutional framework in which fiscal policy decisions are set out in legislation such as the Public Finance Management Act (2012). This is why descriptive analysis is used to achieve an objective description of the current state of budgeting, and findings from this analysis demonstrate gaps between policy and practice. It aids the recognition of cross department compliance, transparency, and accountability patterns, thus providing evidence to support policy recommendations.

A correlational research design was utilized to examine the nature and the strength of the relationship from budgeting activities to financial accountability. It investigated whether there is a statistically significant association of shifts in budgeting practices with changes in accountability levels between counties. Additionally, the explanatory (causal) element helped the researcher examine the extent to which budgeting practices and budget alterations affect financial accountability, aligning with the goal of exploring cause–effect relationships (Saunders *et al*., 2019). This integrated design allowed for both relational and causal explorations into accountability outcomes in devolved units.

3.4 Target Population

A target population is constituted of all the people, entities, units or other elements that represent the study population and that the researcher is able to make inferences about (Mugenda & Mugenda, 2003). The respondents included County Executive Committee members in charge of Finance, County directors for budget, accounting services and internal audit and county assembly members elected and nominated from county governments in Western Region, Kenya as these have a direct involvement in the county budgeting process. The CECMs Finance is the department that develop, implement and manage county budgets and financial policies, MCAs have a major role

in giving county budget approval and provide oversight by ensuring that public funds are utilized efficiently, the director budget prepares and manages the county budget, the director accounting services manages financial record keeping and reporting and the director internal audit supervises the auditing process within the county to promote accountability (Table 3.1).

Table 3. 1: Target Population

The category of county officials	Kakamega County	Bungoma County	Busia County	Vihiga County	Total
CECM-Finance	1	1	1	1	4
MCAs	89	63	54	40	246
Director budget	1	1	1	1	4
Director accounting services	1	1	1	1	4
Director internal audit	1	1	1	1	4
Total	**93**	**67**	**58**	**44**	**262**

Sources: County Assembly of Kakamega (2024); County Assembly of Bungoma (2024); Busia County Assembly (2024); County Assembly of Vihiga (2024)

3.5 Sample Size and Sampling Procedure

A sample size defined by Creswell & Creswell (2017) is merely the subset of the population selected to participate in a study, representative of all characteristics of the entire target group. According to the guidelines, the use of an appropriate sample size is integral for accuracy, reliability, and generalizability of study findings. This study consisted of 262 county officials, drawn from four Western Region counties (Kakamega, Bungoma, Busia, and Vihiga). These included County Executive Committee Members (CECMs) for Finance; Directors of Budget; Directors of Accounting Services; Directors of Internal Audit; and Members of County Assemblies (MCAs), all of whom play a key role in the processes of budgeting for County and maintaining proper budgeting and financial accountability.

Sample size was calculated by Slovin's formula (which is reasonable for population size and limits of error). The formula is expressed as:

$Sn = N/1+N\ (e)^2$

Where:

N = Target population (N = 262)

Sn = Sample size

e = Margin of error (e = 0.05)

Applying the formulae:

$Sn = 262/1+262(0.05)^2$

Sn =158

Therefore, the final sample size was 158 (60%) participants of the population that is statistically satisfactory for descriptive and correlational analysis (Creswell & Creswell, 2017).

Stratified sampling was employed to obtain an accurate representation of all the stakeholder groups. According to their respective roles, the target population was divided into three different strata: CECMs (financial decision-makers), Directors of Budget, Accounting Services, and Internal Audit, and MCAs Members. Considering the small number of CECMs and Directors, which have management importance, the census sampling selection ensured the inclusion of these categories, as they automatically selected all 16 officials (4 CECMs and 12 Directors) (Table 3.2). It ensured key informants included with thorough oversight over budgeting processes. The MCAs, who comprised the largest and most numerous group (246 members) were

recruited by the method using proportionate stratified random sampling; thus representation for sampling is heightened and selection bias minimized. With this method, MCAs selected from each county would be as much as their proportion in the population as a whole.

Table 3. 2: Sample size

The category of county officials	Number of county officials	Sample size
CECMs-Finance	4	4
Directors budget	4	4
Directors accounting services	4	4
Directors internal audit	4	4
MCAs	246	142
Total	**262**	**158**

Sources: County Assembly of Kakamega (2024); County Assembly of Bungoma (2024); Busia County Assembly (2024); County Assembly of Vihiga (2024)

The proportionate allocation formulae was used to determine the number of MCAs to be selected from each county as highlighted below:

n*i* = N*i*/N x *n*

n*i* - sample size of MCAs in a given county

N*i* - total number of MCAs in a given county

N - Total number of MCAs across all the counties

n - Total sample size for the MCAs

Applying the formulae

Kakamega County n*i* = 89/246 x 142 = 52

Bungoma County n*i* = 63/246 x 142 = 36

Busia County n*i* = 54/246 x 142 = 31

Vihiga County n*i* = 40/246 x 142 = 23

Based on this computation, the distribution of MCAs selected per county was: Kakamega (52), Bungoma (36), Busia (31), and Vihiga (23) (Table3.3). Within each county, simple random sampling was then applied to select the specific MCAs to participate, giving every individual an equal chance of inclusion. This method enhanced representativeness, fairness, and reduced bias, thus improving the reliability and validity of the results (Creswell & Creswell, 2017).

Table 3. 3: Sample per category

The category of county officials	**Kakamega County**	**Bungoma County**	**Busia County**	**Vihiga County**	**Total**
CECM-Finance	1	1	1	1	4
Director budget	1	1	1	1	4
Director accounting services	1	1	1	1	4
Director internal audit	1	1	1	1	4
MCAs	52	36	31	23	142
Total	**56**	**40**	**35**	**27**	**158**

Sources: County Assembly of Kakamega (2024); County Assembly of Bungoma (2024); Busia County Assembly (2024); County Assembly of Vihiga (2024)

3.6 Data Collection Instruments

The research's primary data was collected from the respondents through structured questionnaires designed basing on the conceptualized variables of the study. The structured questionnaires were used since they allow quantifiable data, promote uniformity in responses and can be easily administered across a large population sample (Creswell & Creswell, 2017). The questionnaire was concise, well-structured and closed-ended with questions basing on a 5 point Likert scale where, 5 corresponded to Strongly Agree, 4 to Agree, 3 to Fairly Agree, 2 to Disagree, and 1 to

Strongly Disagree for consistency in responses. The questionnaire was categorized into three segments where Part I comprised of demographic information, Part II measurement of study variables and Part III financial accountability.

3.6.1 Data Collection Procedures

Before commencing data collection, the researcher obtained an introduction letter and a recommendation letter from the university, as well as a research permit from NACOSTI, which facilitated access to the county governments and assemblies in Kakamega, Bungoma, Busia, and Vihiga.

Upon securing authorization, the researcher and four trained research assistants (one per county) visited the counties to introduce the study, explain its purpose, and assured respondents of confidentiality and voluntary participation. Data were collected using the drop-and-pick-later technique, which allowed respondents sufficient time to complete the questionnaires without disrupting their official duties. The research assistants were trained on ethical handling of respondents and data to ensure accuracy, confidentiality, and professionalism throughout the process. Follow-ups through phone calls and physical visits were made to ensure timely completion and return of questionnaires, which were verified for completeness and securely stored after collection.

3.7 Pilot study

Mugenda and Mugenda (2003) define a pilot study as a preliminary investigation conducted before the main study to assess the validity and reliability of data collection tools and procedures. The pilot study was conducted in Kisumu County, involving 10% of the total sample (15 respondents) drawn from key categories including the CECM-Finance, MCAs, Director of Budget, Director of Accounting Services, and Director of Internal Audit. Kisumu County was chosen because it shares similar

administrative, fiscal, and governance structures with the counties under study, yet was not part of the main research sample. This ensured that lessons learned from the pilot could be generalized without influencing the main study results. The pilot helped identify ambiguities, unclear questions, and structural weaknesses in the questionnaire. Feedback from respondents guided necessary revisions, improving clarity, reliability, and overall instrument quality. Cronbach's Alpha was applied to test internal consistency, with a threshold value of 0.7 considered acceptable. Values above this benchmark indicated strong internal consistency among items, confirming the questionnaire's suitability for the main study. Results of the pilot test are presented in Appendix III.

3.7.1 Reliability of the research instrument

Creswell and Creswell (2017) define reliability as the extent to which the research instruments generate greater consistent result. The research instrument's reliability was assessed using Cronbach alpha coefficient with a threshold value of 0.7 highlighting acceptable reliability. Ahmad *et al*. (2015) defines Cronbach alpha as a statistical measure evaluating internal consistency with interpretive thresholds as highlighted; $\alpha \geq 0.9$ (excellent), $\alpha \geq 0.8$ (good), $0.6 \leq \alpha < 0.7$ (acceptable), $0.5 \leq \alpha < 0.6$ (poor), and $\alpha < 0.5$ (unacceptable). Therefore, a high threshold value exceeding 0.7 indicated consistency in the instruments adopted in the research for measuring the study variables. In regards to the pilot study, all coefficients exceeded the 0.8 threshold, demonstrating that the research instrument exhibited satisfactory internal consistency across all variables

3.7.2 Validity of the research instrument

Creswell & Creswell (2017) define validity of a research instrument as the extent to which the research instrument accurately measures what it is intended to measure. The

research instrument's validity was determined through content, construct and criterion-related validity, with content validity focusing on the research instrument measuring what it is intended to measure and construct validity focusing on full representation of what the instrument intends to measure. Content validity was assessed through the researcher's supervisors who ensured that the content of the questionnaire aligned with the research objectives. More so, construct validity was assessed using Factor analysis technique where KMO and Bartlett's Test of Sphericity were utilized and a component matrix extracted. KMO test determined the research variables' construct validity, thus allowing the research to decide issues that required more investigation and for what reason. Further, Bartlett's Test of Sphericity evaluated whether or not the samples originated from populations with comparable variances for assessing the degree of sampling adequacy. The components with factor loadings >0.4 were considered for analysis and those < 0.4 were ignored (Creswell & Creswell, 2017). Additionally, criterion-related validity was also considered by comparing the instrument's results with established measures from previous related studies to ensure that it produced consistent and credible outcomes.

3.8 Operationalization of study variables

The study investigated the relationship between budgeting practices (the independent variable) and financial accountability (the dependent variable). The variables of the study were defined and measured as illustrated in Table 3.4 below.

Table 3. 4: Operationalization of study variables

Nature	Variable	Indicator	Measurement	Questionnaire item
Independent	Budget development process	Public participation Budget estimates Appropriation bill/ Act	5 point type likert scale	PART II
	Budget implementation	Procurement processes Revenue management Expenditure management	5 point type likert scale	PART II
	Budget monitoring	Regular financial reports CBIRRs IFMIS	5 point type likert scale	PARTT II
	Budget adjustments	Supplementary budget trends Number of supplementary budgets	5 point type likert scale	PART II
Dependent	Financial Accountability	Quality of audit reports Budget absorption rate	5 point type likert scale	PART III

Source: Reviewed Literature (2024)

3.9 Data Analysis

Following data collection in the field, the gathered questionnaires were thoroughly reviewed to confirm completeness and to minimize any errors. SPSS software version 26 was used in the entry and analysis of the data. Descriptive statistics like mean, percentages, standard deviations and frequencies were used in assessing the general data pattern. Inferential statistics evaluated the relationship between the study

variables. Therefore, inferential statistics entailed Pearson correlation technique and regression analysis which involved simple regression and multiple regression.

Pearson's correlation was used to assess the strength and direction of the linear relationship between the independent and the dependent variables. It established the link between the study variables. Regression analysis quantified the relationship between multiple independent variables and the dependent variable. Therefore, it provided a comprehensive insight into the study variables through identifying the magnitude and significance of each predictor's influence. It was also significance in testing the study hypothesis at a P value (0.05), thus ascertaining if the null hypothesis was rejected or accepted. Both multiple and simple regression were adopted in the study.

Simple regression analysis was conducted to assess how the independent variables influenced the dependent variable. Multiple regression analysis assessed how the independent variables collectively influenced the dependent variable. The data from the findings was presented through tables and models.

The simple regression model used;

$Y= \beta_0+\beta_1X_1$……(i)

$Y= \beta_0+\beta_2X_2$……..(ii)

$Y= \beta_0+\beta_3X_3$……(iii)

$Y= \beta_0+\beta_4X_4$……(iv)

The multiple regression model used;

$Y=\beta_0+\beta_1X_1+\beta_2X_2+\beta_3X_3+\beta_4X_4+\varepsilon$……...(v)

Where Y= Financial Accountability

β_0 = Constant

$\beta_1 - \beta_4$ = Regression coefficient of budgeting practises

X_1 = Budget development process

X_2 = Budget implementation

X_3 = Budget monitoring

X_4 = Budget adjustments

ε= Error term

3.9.1 Diagnostic Tests

Before conducting Pearson correlation and multiple regression analysis, key statistical assumptions were tested to ensure the validity, reliability, and robustness of the results.

Normality assumes that the residuals of the dependent variable are normally distributed around the regression line. This study tested normality using both statistical and graphical techniques. The Kolmogorov–Smirnov and Shapiro–Wilk tests produced p-values greater than 0.05, indicating no significant deviation from a normal distribution (Garson, 2012). In addition, Q–Q plots showed residuals aligning closely to the diagonal line, confirming a normal distribution visually.

Multicollinearity occurs when independent variables are highly correlated, which may distort coefficient estimates and standard errors (Garson, 2012). It was evaluated using the Variance Inflation Factor (VIF) and Tolerance values. All predictors recorded VIF values below 10 and Tolerance values above 0.1, demonstrating the absence of harmful multicollinearity among the independent variables.

Homoscedasticity assumes constant variance of residuals across predicted values (Cattaneo *et al*., 2020). The assumption was assessed through scatterplots of standardized residuals versus predicted values and P–P plots. The plots displayed a random, evenly distributed pattern around zero, implying no major heteroscedasticity concerns and supporting the suitability of linear regression.

Independence of residuals ensures that error terms are not correlated with each other. The Durbin–Watson statistic was used to test for autocorrelation. Values within the acceptable range of 1.5 to 2.5 indicated that residuals were independent and that autocorrelation was not a threat to model validity (Malau, 2018).

3.10 Ethical Considerations

All research activities involving human subjects were ethically conducted, proceeding under strict professional guidelines and with transparency and due regard. National Commission for Science, Technology, and Innovation (NACOSTI) ethical approval was obtained to conduct the study, and relevant county authorities and institutional review committees provided permission prior to data collection. The privacy, confidentiality, and dignity of participants were ensured. Respondents were informed of the purpose, procedures, potential benefits, and that they could opt out at any time without penalty. The study began with informed consent from all respondents to participate, and no respondent was coerced or deceived. No personal identifiers were used in order to secure confidentiality and responses were coded to protect anonymity in data collection tools. Data were securely stored and accessible by the researcher only for academic purposes. Moreover, the ethical principles of respect, beneficence, and justice were adhered to whilst ensuring participants were treated with dignity and their data protected properly without any prejudice or harm to the participants. Additionally, the researcher was scientifically sound by not plagiarizing, fabricating

or misrepresenting data. All reference material was cited properly as per APA referencing standards. Such ethical considerations were necessary to establish credibility, safeguard participants' welfare and enrich the trustworthiness and credibility of the study's results.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

The chapter provides the findings, observation and conclusions of data analysis through regression analysis, Pearson correlation, and descriptive analysis. The data collected for each variable was analysed using SPSS and conveyed through tables and models. The contents of the chapter include, response rate, reliability and validity tests, descriptive statistics results, diagnostic test for linear regression analysis, Pearson correlation analysis and linear, multiple and hierarchical regression analyses.

4.2 Response Rate

The research team issued 158 questionnaires to the sampled respondents, out of which 123 were successfully filled. Therefore, a response rate of 77.85% was achieved. "A suitable response rate is any rate exceeding 49% and not above 59%, an excellent response rate is one above 59% and not exceeding 69%, and an extremely high response rate is above 69% (Champion & Sear, 2009)". Therefore, an extremely high response rate was given to the questionnaires since 77.85% was higher than the required 69%. As a result, the response rate was sufficient to generate reliable research findings from the sampled populations (Table 4.1)

Table 4. 1: Response rate

Questionnaires	Frequency	Response rate (%)
Number of valid responses	123	77.85%
Number of invalid responses	35	22.15%
Total	158	100%

Source: Field Data (2024)

4.3 Reliability and Validity Tests

The reliability and validity test results confirmed that the research instrument was both consistent and suitable for analysis. The Cronbach's Alpha coefficients for all constructs exceeded the acceptable threshold of 0.7, indicating high internal consistency. The Kaiser-Meyer-Olkin (KMO) Measure values were above 0.6, and Bartlett's Test of Sphericity was significant ($p < 0.05$), confirming the adequacy of the data for factor analysis. Furthermore, Communalities and Principal Component Analysis (PCA) revealed that the extracted components explained a substantial portion of the total variance, affirming the validity and robustness of the measurement instrument (Table 4.2, 4.3, 4.4, 4.5).

4.3.1 Reliability Test

Drost (2011), notes that reliability determines the consistency of measurement tools and the extent to which research findings remain stable over time. The reliability tests in the study were performed using Cronbach's Alpha test. Therefore, attaining a value of at least 0.7 meant that the tool would be deemed reliable (Table 4.2).

Table 4. 2:Cronbach Alpha test

Variable	Number of items	Cronbach Alpha	Reliable
Budget development process	6	0.798	Yes
Budget implementation	6	0.888	Yes
Budget monitoring	6	0.788	Yes
Budget adjustments	6	0.835	Yes
Financial accountability	4	0.861	Yes
Overall	**28**	**0.834**	**Yes**

Source: Field Data (2024)

Findings showed Cronbach's alpha values ranged from 0.798 for Budget development process, to 0.888 for Budget implementation, 0.788 for Budget monitoring, 0.835 for Budget adjustments and 0.861 for financial accountability (table 4.2). This indicated

reliability in the research instrument, hence the questionnaire was not revised after being first adopted.

4.3.2 Validity Test

The questionnaire's content validity was assessed through the researcher's supervisors whose advice influenced improvements in the perceptions and contents of the questionnaire. Therefore, the questionnaire was designed towards ensuring that each item was connected and relevant to the main purpose. As a result, inquiries regarding the research were addressed. Further, suggestions made by the supervisors were included in the questionnaire prior to presentation to the participants.

Construct validity for the study was assessed through the factor analysis technique where KMO test was used to allow the research decide issues that needed more investigation and for what reason and Bartlett's Test of Sphericity was adopted to assess the degree of sampling adequacy(Table 4.3).

Table 4. 3: Bartlett's Test and KMO

Variable	Kaiser-Meyer-Olkin Measure of Sampling Adequacy	Bartlett's Test of Sphericity		
		Approx. Chi-Square	Degree of freedom	p-value
Budget development process	0.668	418.370	6	0.000
Budget implementation	0.690	466.702	6	0.000
Budget monitoring	0.670	262.093	6	0.000
Budget adjustments	0.775	234.710	6	0.000
Financial accountability	0.708	368.150	4	0.000

Source: Field Data (2024)

According to Creswell & Creswell (2017), KMO assesses sampling adequacy by determining whether the data is suitable for performing factor analysis. The appropriateness of values for factor analysis is determined through a scale of 0 to 1

with values nearer 1 indicating greater suitability for factor analysis. The KMO score ranged between 0.668 and 0.775, thus indicating an acceptable and relatively high level, approaching 1. Therefore, the data set was suitable for factor analysis.

Bartlett's Test of Sphericity determines whether the correlation matrix of a dataset is significantly different from the identity matrix. This test helps determine whether factor analysis is appropriate. According to Creswell & Creswell (2017), an adequate factor analysis should produce a p-value below 0.05, demonstrating a statistically significant relationship among the variables. Therefore, the Chi-square statistic for the test at a p-value of 0.000 ranged between 234.710 and 466.702 thus, indicating a strong correlation structure for the factor analysis.

The study utilized factor analysis for identification of the underlying dimensions of budgeting practices and their effect on financial accountability of county governments in Western Region, Kenya. As part of the analysis communalities were used in assessing the significance and adequacy of the extracted factors (Table 4.4).

Table 4. 4: Communalities

Communalities	Initial	Extraction
I thoroughly understand the budget development process in our county.	1.000	.921
Our county actively seeks the input of the citizens during the budget development process.	1.000	.286
The budget estimates are realistic and achievable.	1.000	.797
Budget estimates are regularly reviewed in our county to reflect the current financial realities.	1.000	.742
The appropriation bill aligns with the strategic goals of the county.	1.000	.892
Our county has put in place mechanisms for monitoring and implementing the appropriation bill.	1.000	.724

Source: Field Data (2024)

The initial communalities were 1.000, showing that each variable initially accounted for all of its own variance. Following the extraction, the communality values ranged between .286 and .921 indicating that the extracted components accounted for a significant portion of the variance in each variable. The higher communalities suggested effective representation of the variable by the extracted components while the lower communalities suggested that the variable was influenced by additional factors. Overall, the results suggested that the variables were appropriate for additional examination through Principal Component Analysis due to the fact that the extracted components outlined a substantial amount of the variance in each variable. Therefore, Principal Component Analysis was utilized as a data reduction technique for identification of key components of budgeting practices significantly influencing financial accountability in county governments in Western Region Kenya.

Table 4. 5: Component Matrix

Budget development process	Component
I thoroughly understand the budget development process in our county.	.950
Our county actively seeks the input of the citizens during the budget development process.	.523
The budget estimates are realistic and achievable.	.877
Budget estimates are regularly reviewed in our county to reflect the current financial realities.	.815
The appropriation bill aligns with the strategic goals of the county.	.939
Our county has put in place mechanisms for monitoring and implementing the appropriation bill.	.823

Extraction method: Principal Component Analysis

a. 1 components extracted.

Source: Field Data (2024)

The findings display the factor loadings for budget development process after extraction of components using Principal Component Analysis. The factor loadings show the correlation between each variable and the extracted component. They describe the direction and strength of the relationship between the variables and the underlying factors determined through Principal Component Analysis. High factor loadings are an indication of stronger associations between the variables and the components with factor loadings >0.4 being considered for analysis and those < 0.4 being ignored. For this instance, the factor loadings for the single extracted component ranged from .523 to .950 (Table 4.5), all exceeding the threshold of 0.4. Each variable outlines a strong and positive correlation with the extracted component, indicating a close relationship with the underlying factors determined through Principal Component Analysis. Therefore, the identified component reflects a coherent construct encompassing multiple aspects of budget development process. More outcomes can be found in Appendix IV.

4.4 Demographic Results

Table 4.6 shows the results of respondents' i.e. gender, age, level of education, and number of years worked in the county. The outcome of this study was very relevant to study as this helped in determining the diversity, the experience and the perspectives of the respondents involved in budgeting practices and financial accountability in the county governments in Western Region, Kenya.

Table 4. 6: Demographic Results

Characteristics (N=123)	Indicator	Frequency	Percentage
Gender	Male	88	71.5
	Female	35	28.5
Age	18-28 years	6	4.9
	29-39 years	32	26.0
	40-50 years	61	49.6
	Above 51 years	24	19.5
Level of education	Bachelors' degree level	47	38.2
	Certificate level	18	14.7
	Diploma level	30	24.4
	Masters level	27	22.0
	PHD level	1	0.8
Number of years worked in the county	1-3 years	39	31.7
	4-10 years	68	55.3
	Above 10 years	16	13.0

Source: Field Data (2024)

Findings from the study on the gender divide in budgeting and financial accountability that stood out in the analysis is that 71.5 per cent were male and 28.5 per cent were female in that category, which represents a significant gap in budgeting roles of county government in Western Kenya. This complements a finding of Wambua & Gichure (2021), who argued that men are in the centre of financial decision making as cultural and institutional factors render women in financial positions disenfranchised. Similarly, Oduor *et al*. (2020) pointed out that imbalance in gender can contribute to more bias and less transparency in budgeting. Thus, introducing gender diversity generates useful understanding the differences among experiences and reinforces the need to be an advocate for gender-responsive governance.

Among the respondents, most were aged between 40 and 50 years (49.6%), followed by 26% aged 29 and 39 years, 19.5% were over 51 years older and 4.9% being between 18 and 28 years old. This means that the budgeting and financial accountability positions are heavily dominated by middle-aged officers. Njogu & Kariuki (2020) likewise found that the presence of individuals aged 35–55 among financial

management functions are representative of the population in Kenyan counties where these personnel exhibit accumulative expertise and institutional credibility. This age group tends to be more accountable, and have a more strategic view of fiscal procedures, younger officers bring bold thoughts but hold lower leadership positions (Mutua, 2021).

According to the study, 38.2% of respondents had a bachelor's degree, followed by 24.4% with diplomas, 22% with master's degrees, 14.7% with certificates and 0.8% with PhD. Education level strongly influenced respondents' perception of budgeting and financial accountability for county government in Western Kenya. Higher education tends to increase the awareness of fiscal policies, promote transparency and encourage responsible financial management. According to Omondi & Kamau (2020), education enhances understanding of budgeting systems, whereas Mutinda & Njoroge (2021) discovered that educated officials are also more prone to ensure responsibility and data-based decision-making.

The majority of the respondents (55.3%) were employed in the county for 4–10 years which means that they were highly familiar with all of the budgeting practices and the processes of financial accountability in county governments in Western Kenya. The longer tenure, creates greater understanding and awareness of fiscal procedures in an institution, which eventually allows better responses. Similar results were found by Kiptoo & Wanjiru (2020) showed that public service experience enhance level of understanding around budgeting framework and accountability mechanisms. In contrast, long serving employees, with over five years of service were found to possess higher efficiency and compliance with financial rules due to the accumulated institutional learning and experience (Muriithi & Karanja, 2021).

4.5 Descriptive Statistics Results

The descriptive statistics used for the analyses were mean, frequencies, percentages and standard deviation, as these indicated how the study respondents responded. To assess the degree of agreement among respondents, a 5-point Likert scale was used (1 = strongly disagree, 2 = disagree, 3 = fairly agree, 4 = agree, and 5 = strongly agree). The findings of the variables were displayed in tables described them as follows.

4.5.1 Budget Development Process

To assess the respondents' views of budget development practices in county governments in the Western Region of Kenya, multiple statements and response expressed on a five-point Likert scale from 5 = Strongly Agree, 4 = Agree, 3 = Fairly Agree, 2 = Disagree, and 1 = Strongly Disagree. The results are summarized in Table 4.7 with frequencies, percentages, means, and standard deviations.

A majority of the respondents strongly agreed to have a comprehensive understanding of the budget development process in their county (61.8%), agreed with 28.4%, and fairly agreed with 9.8%, whilst none of the respondents disagreed or strongly disagreed. with a mean response of 4.52 and a standard deviation of 0.67, showing high agreement and low variability, suggesting that the respondents had a good knowledge of the budget development process of county governments. This showed that almost all the officials are familiar with budget preparation, which supports efficient fiscal management. This finding is in line with those of Mwangi & Kariuki (2020) in that elevated budget literacy among the devolved government officers facilitates greater transparency and accountability in financial decision-making. In the same vein, Okello & Were (2021) noted that informed personnel lead to more participatory and transparent budget formulation processes.

Table 4. 7: Budget Development Process

No.	Statement	5	4	3	2	1	Mean	Standard deviation
1.	I thoroughly understand the budget development process in our county.	76 (61.8)	35 (28.4)	12 (9.8)	0 (0)	0 (0)	4.52	0.67
2.	Our county actively seeks the input of the citizens during the budget development process.	58 (47.2)	35 (28.4)	18 (14.6)	6 (4.9)	6 (4.9)	4.08	1.12
3.	The budget estimates are realistic and achievable.	58 (47.2)	35 (28.4)	18 (14.6)	6 (4.9)	6 (4.9)	4.08	1.12
4.	Budget estimates are regularly reviewed in our county to reflect the current financial realities.	30 (24.5)	35 (28.4)	35 (28.4)	17 (13.8)	6 (4.9)	3.61	1.01
5.	The appropriation bill aligns with the strategic goals of the county.	18 (14.6)	0 (0)	12 (9.8)	52 (42.3)	41 (33.3)	3.80	1.31
6.	Our county has put in place mechanisms for monitoring and implementing the appropriation bill.	6 (4.9)	18 (14.6)	24 (19.5)	39 (31.7)	36 (29.3)	3.66	1.19

Source: Field Data (2024)

47.2% strongly agree that their county actively seeks citizen input during the budget development process, 28.4% agree, 14.6% fairly agree, 4.9% disagree, and 4.9% strongly disagree. The mean response was 4.08 with a standard deviation of 1.12, indicating high levels of agreement and great variability in perceptions. This indicated that citizen involvement in budgeting but differing degrees of involvement in counties. These results corroborates those of Otieno & Omolo (2018), who stressed that participatory budgeting is encourages inclusivity and public confidence in governance, but noted that levels of participation have varied depending on administrative power and political goodwill.

A majority of the participants (47.2%) strongly agreed budget estimates are realistic and achievable, 28.4% agreed, 14.6% fairly agreed, 4.9% disagreed, and 4.9% strongly disagreed. The average score was 4.08 and the standard deviation was 1.12, showing large agreement, but low consensus variation. This means that most counties develop feasible budgets, but there are discrepancies throughout. This is consistent with results of Wanjiru (2019) revealing realistic budget projections contributes to fiscal discipline and resource efficiency in Kenyan counties.

Additionally, 24.5% strongly agreed that budget estimates are regularly reviewed in their county with the aim of reflecting real financial situation; 28.4 percent agreed, 28.4 percent fairly agreed, 13.8 percent disagreed and 4.9 percent strongly disagreed. Receiving a mean of 3.61, with a standard deviation of 1.01 indicates a moderate agreement level, and some variance in perception. This suggested that reviews take place, but only rarely to capture changes that might affect money. Similarly, the findings corroborates Mutua (2020) which finds that in most of the counties there were no systematic review mechanisms for these institutions that is required to react to these economic trends.

Particularly, 33.3% of respondents strongly disagreed that the appropriation bill is in line with the strategic goals of their county, 42.3% disagreed, 9.8% fairly agreed, none agreed and 14.6% strongly agreed. The mean response was 3.80 with a standard deviation of 1.31, demonstrating strong disagreement with a wide variation among perceptions. This indicated dissatisfaction with how appropriation bills signal strategic priorities. Karanja & Oduor (2019) made similar observations and found weak linkages between the plans and budgets of the various devolved units, which hindered goal alignment.

The other 29.3% strongly disagreed that their counties have mechanisms for monitoring and implementing the appropriation bill, 31.7% disagreed, 19.5% fairly agreed, 14.6% agreed and 4.9% strongly agreed. With a range of values from 1.19 to 3.66 on the mean, the levels of opinions varied considerably, indicating strong opposition. This demonstrated widespread dissatisfaction when it comes to monitoring and implementation mechanisms. This trend correlated with Ngeno & Rono (2021) which reported that insufficient monitoring systems and weak accountability frameworks undermine efficacious budget implementation in county governments.

4.5.2 Budget Implementation

A plurality of statements were posed and responses were rated on a five-point Likert scale to assess respondent's perceptions of budget implementation practices in county governments in the Western Region of Kenya with the following subscales: 5 = Strongly Agree, 4 = Agree, 3 = Fairly Agree, 2 = Disagree and 1 = Strongly Disagree. The summarized results are shown in Table 4.8, showing the frequencies, percentages, means, and standard deviations.

(34.1%) of respondents strongly agreed and 36.6% agreed that procurement processes in their county adequately align with project timelines. Yet, 4.9% fairly agreed, 19.5% disagreed and 4.9% strongly disagreed. The mean response was 3.76 with a standard deviation of 1.25, indicating high agreement, albeit low variability, indicating that procurement processes in most county governments are synchronized with project timeline. This aligns with Ochieng & Karanja (2020) that optimized procurement facilitates smoother project delivery efficiency in devolved units. Contrary to Ngeno & Rono (2021) who noted that despite the progress in many counties, bureaucratic processes and a lack of capacity contribute to procurement delay, matching the low proportion of respondents with disagreement in this study.

Table 4. 8: Budget Implementation

No.	Statement	5	4	3	2	1	Mean	Standard deviation
1.	Procurement processes in our county adequately align with the project timelines.	42 (34.1)	45 (36.6)	6 (4.9)	24 (19.5)	6 (4.9)	3.76	1.25
2.	Our county has put in place mechanisms to address delays in procurement processes.	23 (18.7)	35 (28.5)	29 (23.6)	18 (14.6)	18 (14.6)	3.22	1.32
3.	Our county has put in place efficient and effective revenue management systems.	34 (27.6)	47 (38.2)	12 (9.8)	18 (14.6)	12 (9.8)	3.76	1.25
4.	The revenue management systems have increased revenue collection in our county.	36 (29.3)	33 (26.8)	24 (19.5)	24 (19.5)	6 (4.9)	3.56	1.24
5.	Our county effectively controls spending within the approved budget limits.	47 (38.2)	40 (32.5)	18 (14.6)	6 (4.9)	12 (9.8)	3.85	1.26
6.	The allocation of recurrent expenses in our county crowds out development spending.	36 (29.3)	29 (23.6)	28 (22.7)	24 (19.5)	6 (4.9)	3.53	1.24

Source: Field Data (2024)

In addition, 18.7% of participants strongly agreed that their county had procedures to address procurement delays, 28.5% agreed, 23.6% fairly agreed, 14.6% disagreed, and 14.6% strongly disagreed. The average is 3.22 with a standard deviation of 1.32 showing moderate agreement and variations in perceptions. This points to the importance of counties investing in enhanced measures to address procurement delays. This finding corroborates Mutua (2020), who stated the poor compliance with procurement timelines results in delays in devolved governments. Similarly, Gathungu & Karimi (2021) stated that clearly defined procurement oversight systems increase accountability and minimize inefficiencies.

27.6% of the respondents strongly agreed, and 38.2% agreed that their county had developed efficient and effective revenue management systems. But 9.8% agreed with it fairly, 14.6% disagreed, and 9.8% strongly disagreed. The mean response was 3.76 and the standard deviation is 1.25, consistent with good agreement with moderate perception difference, evidence for better, but not perfect, adoption of good revenue management systems. It is also supported in the study carried out by Wambua & Mutiso (2020), showing that automation of revenue systems has increased accountability and transparency in county governments. Nonetheless, Kibui & Njiru (2019) warned that insufficient training and systems integration issues still limit the full effectiveness of these systems.

Moreover, 29.3% of the respondents strongly agreed that revenue management systems have increased revenue collection in their county, 26.8% agreed, 19.5% fairly agreed, 19.5% disagreed, and 4.9% strongly disagreed. The mean response was 3.56, with standard deviation of 1.24, reflecting a moderate level on the agreement and variability observed in perception. This would imply that while revenue systems do exist but they have limited effect on revenue growth. The finding agrees with Omolo (2021), who argued that revenue leaks continue despite the digitalization interventions.

A significant share of respondents (38.2%) responded with a high level of strong agreement and 32.5% agreed that their county effectively manages spending within defined budget limits. Of this, 14.6% fairly agreed, 4.9% disagreed, and 9.8% strongly disagreed. The mean response (M) of 3.85 with 1.26 standard deviation suggests high agreement and some average perception variability, which also indicates that most counties tend to fiscal discipline. The result is also in line with Wanjiku & Odhiambo (2022), who also observed that the expenditure control measures have increased compliance with fiscal ceilings in the county governments.

Moreover, 29.3% of the respondents agreed strongly that the distribution of recurrent costs in their county crowd out development spending; 23.6% agreed, 22.7% fairly agreed, 19.5% disagreed, and even 4.9% strongly disagreed. The mean response stood at 3.53 (SD = 1.24) showing moderate agreement followed by a degree of perception variation. This means that repeated expenditures restrict resources available for development, as Kilonzo & Waweru (2020) pointed out that wage bills and administrative costs account for most of county budgets and, consequently, reduce capital investments.

4.5.3 Budget Monitoring

An array of statements from the survey were presented and a 5 score Likert scale was employed; 5 were Strongly Agree, 4 Agree, 3 Fairly Agree, 2 Disagree and 1 Strongly Disagree statements to examine respondents attitudes toward budget monitoring in county governments in the Western Region of Kenya. These results, summarized in frequencies, percentages, means and standard deviations, are presented in Table 4.9.

Forty-eight percent (48%) of the respondents strongly agreed whereas 27.6% of the respondents agreed the financial reports available for their respective counties are public. But there were 14.6% who fairly agreed and 9.8% that disagreed, none with a strong disagreement. The mean response was 4.14 and the standard deviation was 1.00 indicating high agreement and a slight inconsistency in perceptions, reflecting that in many county governments the public has access to financial reports. This is consistent with Oduor et al. (2020) who found that increased transparency initiatives in Kenya as per Public Finance Management (PFM) act provided access to fiscal information to citizens. Likewise, Mutua & Wambua (2021) noted that the public sharing of financial reports improves fiscal accountability and confidence of citizenry in county governance. However, Kibet & Rono (2022) warned that not all counties publish

reports on public, accessible platforms on a consistent basis; this may limit the reach of such transparency efforts.

Table 4. 9: Budget Monitoring

No.	Statement	5	4	3	2	1	Mean	Standard deviation
1.	Our county financial reports are accessible to the public.	59 (48)	34 (27.6)	18 (14.6)	12 (9.8)	0 (0)	4.14	1.00
2.	Our county financial reports are timely prepared.	35 (28.4)	28 (22.8)	24 (19.5)	30 (24.4)	6 (4.9)	3.46	1.27
3.	Our county actively engages the public in discussions related to budget implementation performance.	24 (19.5)	40 (32.6)	24 (19.5)	17 (13.8)	18 (14.6)	3.28	1.34
4.	County Budget Implementation Review Reports are timely published, allowing for corrective actions to be undertaken within the financial year.	22 (17.9)	41 (33.3)	30 (24.4)	18 (14.6)	12 (9.8)	3.35	1.22
5.	IFMIS has improved the accuracy of financial reports in our county.	46 (37.4)	53 (43.1)	18 (14.6)	6 (4.9)	0 (0)	4.13	0.84
6.	Employees are adequately trained on the usage of IFMIS in our county.	23 (18.6)	35 (28.5)	35 (28.5)	12 (9.8)	18 (14.6)	3.27	1.29

Source: Field Data (2024)

Further, 28.4% of respondents strongly agreed that their county financial reports are prepared on time, 22.8% agreed, 19.5% fairly agreed, 24.4% disagreed, and 4.9% strongly disagreed. Mean response was rated 3.46 with standard deviation 1.27, showing that moderate agreement existed along with high variability in perceptions. This showed inconsistency where time is a factor in preparation of financial reports in county authorities. These are in agreement with Nyang'au & Obwaya (2021) stating

that delays in report preparation are often due to ineffective internal coordination and capacity gaps in county treasuries. Also, Kariuki (2020) noted that timely financial reporting has been one of the pitfalls for units being devolved, with challenges throughout its own accountability cycles.

19.5% of respondents strongly agreed, 32.6% agreed, 19.5% fairly agreed, 13.8% disagreed, and 14.6% strongly disagreed that their county actively engages the public in discussion of budget implementation performance. The mean response rate for this measure was 3.28 with standard deviation 1.34, indicating moderate agreement and a high degree of range on perceptions and implying low public involvement in the debate about budget implementation. This findings is consistent with Ochieng & Karanja (2020) who observed that no significant citizen involvement in financial oversight exists irrespective of legal obligations. Similarly, Maina (2022) noted that public forums are usually "tokenistic" and therefore do not have any influence on financial transparency.

Furthermore, 17.9% of respondents strongly agreed, 33.3% agreed, 24.4% fairly agreed, 14.6% disagreed, and 9.8% strongly disagreed that the county budget implementation review reports (CBIRRs) are published timely, enabling corrective action in the financial year. Respondents' mean was 3.35 with a standard deviation of 1.22 (moderate agreement and fluctuation in perceptions). This implies that although some counties with timely publications, deficiencies prevent timely mitigation of financial impacts. Similar findings were revealed by Kilonzo & Waweru (2020), who concluded that publishing CBIRRs in a timely manner also negatively affect mid-year review of the fiscal condition and performance adjustments.

A significant proportion of the respondents (37.4%) strongly agreed and 43.1% agreed, respectively, that the Integrated Financial Management Information System (IFMIS)

has facilitated accurate financial reporting in their counties. However, 14.6% fairly agreed and 4.9% disagreed, with no one strongly disagreeing. Overall the mean response was 4.13 with a standard deviation of 0.84 implying high agreement and low variability which implies that IFMIS improves both the accuracy and accountability of the county financial reports. This supports study of Wambua & Mutiso (2020), which concludes that IFMIS increases audit reliability and reduces errors in manually performed financial statements. Similar observations of automation in IFMIS help in reinforcing internal controls and consistency of data across departments (Ouma & Kamau, 2021).

Additionally, 18.6% of respondents strongly agreed, 28.5% agreed, 28.5% fairly agreed, 9.8% disagreed, and 14.6% strongly disagreed that employees are sufficiently trained for use of IFMIS within their county. The mean was 3.27 (SD = 1.29), which implied moderate agreement and high variability in perception. Training is still ongoing, but the training capacity differences are still present. This is aligned with Mutua (2020), who observed that inadequate IFMIS training restricts functional application and leads to data entry mistakes. Likewise, Oduor & Okeyo (2022) also revealed that ongoing capacity building can increase system efficiency and reduce operational risk in decentralized finance systems.

4.5.4 Budget Adjustments

Before data analysis, responses of the respondents on budget adjustment practices in county governments in Western Region of Kenya were gathered, which were presented in the form of statements and rated on the 5-point Likert scale where 5 = Strongly Agree, 4 = Agree, 3 = Fairly Agree, 2 = Disagree, 1 = Strongly Disagree. Results are summarized by (Table 4.10) which included frequencies, percentages, means, and standard deviations.

Table 4. 10: Budget Adjustments

No.	Statement	5	4	3	2	1	Mean	Standard deviation
1.	Supplementary budgets prepared in the county address unforeseen expenditures.	54 (43.9)	39 (31.7)	18 (14.6)	6 (4.9)	6 (4.9)	4.05	1.12
2.	Stakeholders are adequately involved in the preparation of the supplementary budgets.	30 (24.4)	46 (37.4)	35 (28.4)	6 (4.9)	6 (4.9)	3.72	1.04
3.	There is transparency in the approval of the supplementary budgets within our county.	30 (24.4)	23 (18.7)	28 (22.8)	30 (24.4)	12 (9.7)	3.24	1.33
4.	Our county has put in place mechanisms to reduce the need for supplementary budgets.	30 (24.4)	34 (27.7)	24 (19.5)	17 (13.8)	18 (14. 6)	3.33	1.37
5.	The number of supplementary budgets in our county is justified by the dynamic financial needs.	42 (34.1)	51 (41.5)	6 (4.9)	18 (14.6)	6 (4.9)	3.85	1.19
6.	Supplementary budgets are a regular feature in our county.	34 (27.6)	54 (43.9)	12 (9.8)	23 (18.7)	0 (0)	3.80	1.05

Source: Field Data (2024)

From table 4.10 above, the respondents predominantly agreed that supplementary budgets are prepared in their county to cover unexpected expenditures with a strong agreement of (43.9%) and (31.7%). But a large percentage (14.6%) fairly agreed, (4.9%) disagreed, and (4.9%) strongly disagreed. The mean response was 4.05 (standard deviation of 1.12), there was a high level of agreement on the effects of financial accountability. It indicated supplementary budgets compiled in county governments cover unexpected costs. Such findings are consistent with those of Kilonzo & Waweru (2020) who concluded that supplementary budgets are generally required to meet unexpected fiscal requirements caused by revenue variations or emergencies. In a similar vein, Ochieng & Karanja (2021) observed that

supplementary budgets have become a commonly used fiscal mechanism by Kenyan counties to provide budget flexibility as well as service provision during financial instability.

Moreover, a relatively large proportion of the respondents (24.4%) strongly agreed and (37.4%) agreed on how well stakeholders are involved in the preparation of the supplementary budgets. But 28.4% of respondents fairly agreed, 4.9% disagreed and 4.9% strongly disagreed. The mean response was as follows: 3.72 ± 1.04 (D) implying high agreement which also has little variation in the perceptions, which means that the county governments have an adequate involvement of the stakeholders in the preparation of supplementary budgets. This result is in line with Mutua & Wambua (2021), which argues that participatory budgeting is beneficial on fiscal legitimacy and accountability. However Maina (2022) further posited that stakeholder involvement in supplementary budgeting activities is minimal and usually consultative rather than decision-focused.

A large number of the respondents (24.4%) strongly agreed with the statement indicating the existence of transparency in the approval of the supplementary budgets in their locality, (18.7%) agreed, (22.8%) fairly agreed, (24.4%) disagreed and (9.7%) strongly disagreed. The mean response was 3.24 ± 1.33 standard deviation, which signifies moderate agreement with high variability in perception. This indicated that though supplementary budget approval is transparent, there is a need for improvement. This is consistent with Kibet & Rono (2022), who reported that approval processes in many county governments are low in disclosure and oversight. Oduor *et al*. (2020) also reported that weak transparency in supplementary allocations can erode fiscal discipline and public confidence.

In addition, 24.4% of the respondents strongly agreed with the statement that a good means to reduce supplementary budgets has been laid down in their county, (27.7%) agreed, (19.5%) fairly agreed, (13.8%) disagreed, and (14.6%) strongly disagreed. The mean response was 3.33 (standard deviation 1.37), suggesting moderate agreement and high variance in perceptions at large in those levels. This suggests that the mechanisms used to reduce supplementary budget expenditure in county governments are ambiguous. These findings are consistent with Kariuki (2020), which found that weak fiscal forecasting and expenditure controls contribute to repeated supplementary budgets. Wambua & Mutiso (2020) also highlighted the importance of improved planning to manage budget changes and fiscal discipline.

Some 34.1% strongly agreed the number of supplementary budgets in their county is justified by dynamic financial need, (41.5%) agreed. But (4.9%) of them fairly agreed, (14.6%) disagreed and (4.9%) strongly disagreed. Thus, the mean response was 3.85 followed by a standard deviation of 1.19, indicating a high level of agreement and high variety in the perceptions. It indicated that county governments are able to justify supplementary budgets on the back of changing financial requirements. This aligns with the view of Ouma & Kamau (2021) that supplementary budgets offer requisite flexibility to adjust to changing economic conditions, and specifically where revenue assumptions differ from actual income receipts.

In addition, a good percentage of respondents (27.6%) strongly agreed with this statement and a significant majority (43.9%) agreed that supplementary budgets are a common provision of their county. But (9.8%) fairly agreed, (18.7%) disagreed, and none strongly disagreed. The mean rating was 3.80, where the standard deviation 1.05 suggesting that agreement was quite high and perceptions vary low but overall, it would appear that supplementary budgets are widely used in county governments.

These results are consistent with Nyang'au & Obwaya (2021) who have observed that frequent supplementary budgets have been adopted across devolved units, demonstrating continued fiscal flexibility given changing budgetary and service delivery requirements. However, excessive reliance on supplementary budgeting might indicate deficiencies in the development of initial budgets, and forecasting proficiency (Mutua, 2020).

4.5.5 Financial Accountability

To obtain the opinions of respondents on financial accountability processes of county governments in the Western Region of Kenya, a series of statements were given to them and then the response was rated by five-point Likert scale as follows: 5 = Strongly Agree, 4 = Agree, 3 = Fairly Agree, 2 = Disagree and 1 = Strongly Disagree the results were presented as shown in (table 4.1).

Table 4. 11: Financial accountability

No.	Statement	5	4	3	2	1	Mean	Standard deviation
1.	The audit report adequately covered all the critical financial issues in our county.	41 (33.3)	41 (33.3)	11 (9.0)	18 (14.6)	12 (9.8)	3.66	1.34
2.	Our county has addressed the queries raised in the previous audit reports.	18 (14.6)	57 (46.4)	12 (9.8)	18 (14.6)	18 (14.6)	3.32	1.30
3.	Our county consistently achieves high budget absorption rates across all departments.	24 (19.5)	46 (37.4)	12 (9.8)	23 (18.7)	18 (14.6)	3.28	1.36
4.	Our county has put in place a clear accountability framework for addressing low budget absorption.	34 (27.6)	47 (38.2)	12 (9.8)	6 (4.9)	24 (19.5)	3.50	1.44

Source: Field Data (2024)

A large proportion of respondents (33.3%) strongly agreed, an equally high number (33.3%) agreed that audit reports sufficiently addressed important financial issues in their counties. 9.0% fairly agreed, 14.6% disagreed, and 9.8% strongly disagreed. A mean response value of 3.66 (SD = 1.34) suggests moderate agreement with a high variance regarding perceptions, clearly, even though audit report usually covers key financial issues, some improvement is still desired. These results are consistent with those of Oduol *et al*. (2018), who reported that County audit protocols are often constrained in the range and levels of follow-up action, resulting in financial accountability lapses. Additionally, Mwangi & Ngugi (2020) also identified that although significant financial concerns are often found through county audit reports, the enforcement of recommendations is poor because governance structures are often inadequate and oversight is weak.

In addition, 14.6% of respondents strongly agreed and 46.4% of respondents agreed audit reports adequately covered critical financial issues in their counties. With 9.8% fairly agreed, 14.6% disagreed and 14.6% strongly disagreed. Mean (SD = 1.30) score of 3.32 implies moderate agreement but variability, which may reflect inconsistencies on audit query resolution process. Moreover, the mean point of view about 8.22 is low (SD = 0.74), where this score also reflects a very high score in reliability. These results are in agreement with Kanyinga & Mitullah (2021): it is not that many Kenyan counties are poor to implement audit recommendations due to weak internal controls and political interference.

19.5% of the respondents strongly agreed and 37.4% agreed that their county repeatedly achieved high budget absorption rates, however, 9.8% fairly agreed, 18.7%

disagreed and 14.6% strongly disagreed, obtaining a mean of 3.28 (SD = 1.36). Reflecting varied performance across different departments, this finding echoes Office of the Auditor General (OAG) (2022) findings that many counties are underutilizing development budgets due to delayed disbursements of funds and inefficiencies in procurement.

Finally, 27.6% of the respondents strongly agreed and 38.2% agreed that their county had clear accountability frameworks for addressing low budget absorption, while 9.8% fairly agreed, 4.9% disagreed, and 19.5% strongly disagreed. With a mean score of 3.50, indicating moderate agreement with high variability (SD = 1.44) the findings suggest uneven adoption of accountability mechanisms. These findings echoed Wanyama & Wekesa (2023), who argued that counties have achieved some level of accountability while implementation and monitoring of these frameworks is inconsistent between devolved units.

4.5 Diagnostic Tests for Linear Regression Analysis

All diagnostic tests met the key assumptions for linear regression. The VIF and tolerance values indicated no multicollinearity, the Durbin–Watson statistic confirmed independence of residuals, and the Q–Q plots supported approximate normality despite significant normality test results, and the P–P plot confirmed homoscedasticity. Collectively (Table 4.11, 4.12, 4.13, 4.14 and Fig 4.1), these findings justified the application of linear regression analysis as the data satisfied the fundamental statistical assumptions

4.6.1 Multi-Collinearity Test

“Multi-collinearity test determines the existence of a link between several independent elements (Garson, 2012)”. Therefore, tolerance level and (VIF) Variance Inflation Factor were used in assessing the multi-collinearity. A tolerance level of less than 1

and VIF of less than 10 were accepted since they indicate multi-collinearity not being a problem.

Table 4. 12: Multi-collinearity

Variable	Tolerance	VIF
Budget Development Process	.262	3.813
Budget Implementation	.160	6.261
Budget Monitoring	.163	6.130
Budget Adjustments	.315	3.179

Source: Field Data (2024)

Table 4.12 shows the tolerance values being less than 1 and VIF values being less than 10. Therefore, the data set highlighted multi-collinearity not being a problem. This aligns with Field (2018), who stated that such thresholds are acceptable for multiple regression models.

4.6.2 Test of independence

Independence arises when the residuals in a regression model are independent of each other. However, autocorrelation is the lack of independence arising when the residuals are not independent of each other. According to Malau (2018), the lack of autocorrelation is indicated by Durbin-Watson factors ranging from 1.5 to 2.5.

Table 4. 13: Test of independence

Model	Std. Error of the Estimate	Durbin-Watson
1	2.42297	2.371

Source: Field Data (2024)

Durbin Watson statistic was 2.371, thus falling within the acceptable range of 1.5 to 2.5. Table (4.13) highlights that the residuals were approximately independent, thus suggesting the absence of autocorrelation.

4.6.3 Normality Test

The normality test assumes that data are normally distributed with a mean of 0, standard deviation of 1, and a symmetric bell-shaped curve (Garson, 2012). To assess normality, both the Shapiro–Wilk and Kolmogorov–Smirnov tests were conducted, as they are suitable for continuous data and small to medium sample sizes (Table 4.14).

Table 4. 14: Normality Test

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	**df**	**Sig.**	**Statistic**	**df**	**Sig.**
Budget development process	.154	123	.000	.894	123	.000
Budget implementation	.143	123	.000	.888	123	.000
Budget monitoring	.140	123	.000	.948	123	.000
Budget adjustments	.145	123	.000	.938	123	.000
Financial accountability	.257	123	.000	.811	123	.000

a. Lilliefors Significance Correction

Source: Field Data (2024)

Both the Shapiro–Wilk and Kolmogorov–Smirnov tests yielded statistically significant results ($p < 0.05$), suggesting deviation from a perfect normal distribution. However, it is widely acknowledged that these tests are highly sensitive to sample size even small deviations from normality can result in significant p-values when the sample size is large (Ghasemi & Zahediasl, 2012; Razali & Wah, 2011). Therefore, to provide a more balanced assessment, graphical methods such as Q–Q plots were examined.

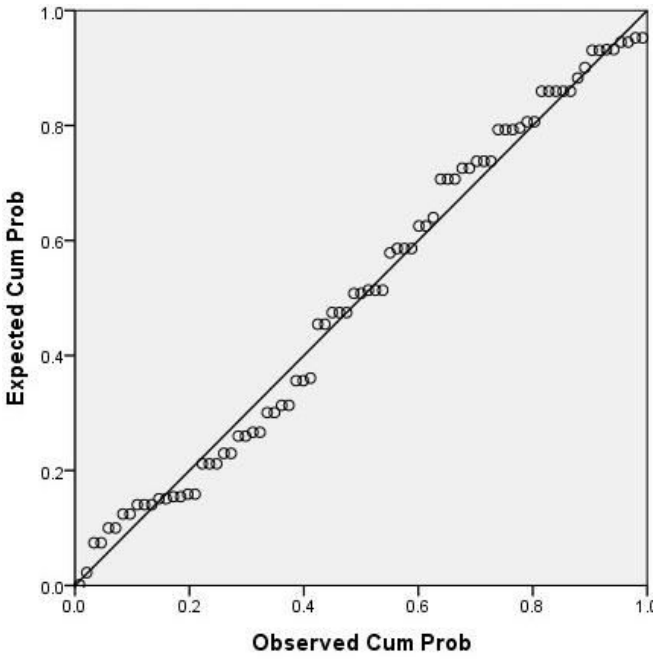
The Q–Q plots (see Appendix II) showed that the data points closely followed the diagonal line, with only minor deviations at the tails. This visual evidence suggests that, despite statistical significance from the normality tests, the data were approximately normally distributed and suitable for parametric analysis. This finding aligns with Loy *et al*. (2014), who recommend the use of graphical methods to

complement formal tests when assessing normality. Thus, considering both statistical and graphical evidence, the data were deemed to meet the assumption of normality sufficiently to justify the use of linear regression analysis, as slight deviations from normality do not materially affect regression robustness.

4.6.4 Homoscedastic Test of Financial Accountability

Homoscedastic test is used in evaluating the residual variance in a regression model ensuring variances of the independent variable are the same and under circumstances where they are not heteroscedasticity issues arise (Cattaneo *et al*., 2020). The study examined homoscedasticity through a (P-P plot) probability-probability plot (Fig 4.1).

Figure 4.1: P-P Plot of Regression Standardized Residual of Financial Accountability



Source: Field Data (2024)

The P-P plot highlights slight deviation of the values from the line of best fit, thus indicating homoscedasticity in the data set utilized within the study. This led to the adoption of the multiple linear regression model.

4.7 Pearson Correlation Analysis

"Pearson correlation quantifies the direction and strength of a linear relationship between two continuous variables (Schober *et al*., 2018)". It produces values ranging from -1 (negative linear correlation) to +1 (positive linear correlation) (table 4.15).

Table 4. 15: Pearson correlation

		Budget development process	**Budget implementation**	**Budget monitoring**	**Budget adjustments**	**Financial accountability**
Budget development process	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	123				
Budget implementation	Pearson Correlation	.839**	1			
	Sig. (2-tailed)	.000				
	N	123	123			
Budget monitoring	Pearson Correlation	.707*	.830**	1		
	Sig. (2-tailed)	.000	.000			
	N	123	123	123		
Budget adjustments	Pearson Correlation	.618**	.593**	.794**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	123	123	123	123	
Financial accountability	Pearson Correlation	.693**	.746**	.841**	.680**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	123	123	123	123	123

Source: Field Data (2024)

Table (4.15) highlighted a statistically positive correlation ($r=0.693$, $p<0.05$) between budget development process and financial accountability. A correlation coefficient of 0.693 at a p-value of 0.000 is below 0.05, thus highlighting statistical significance at 95% confidence level. This leads to an increase in budget development process leading to a commensurate enhancement in financial accountability within county governments in Western Region, Kenya. The findings align with a study by Nyambori *et al*. (2023) on the effect of budgetary control practices on financial accountability of Nyamira County with the specific objective of examining the effect of budget formulation on financial accountability in Nyamira County. Budget formulation heavily influenced financial accountability.

The correlation coefficient of 0.746 at a p-value 0.000 between budget implementation and financial accountability. An indication of financial accountability of county governments in Western Region, Kenya being significantly influenced by budget implementation. The findings are in agreement with a study by Otieno & Ochieng (2018) that examined the relationship between budgetary processes and financial performance of county governments which concluded that budget implementation enhanced financial accountability in county governments.

A correlation co-efficient of 0.841 at a p-value 0.000 demonstrates a positive link between budget monitoring and financial accountability of county governments in Western Region, Kenya. The results align with a study by Mwangi & Muturi (2019) on the effect of budget monitoring on financial accountability in county governments in Kenya. The study's results verified a strong and direct relationship between budget monitoring and the financial accountability of county governments.

The correlation between budget adjustments and financial accountability of 0.680 and a p- value of 0.000 indicating a positive, strong and significant relationship. This

means that improvement of transparency and accountability by the county governments through justified supplementary budgets the increases the level of accountability. A p- value of 0.000 further indicated that there is a strong association between the two variables. This results corroborates Fozzard (2021) who noted that revisions of budget managed well improves the accountability and transparency of public institutions. Nyambori et al. (2023) also added that the Kenyan counties have continuously overseen timely and documented well their supplementary budgets. However some studies including Kibet (2018) argued that excessive and unjustified budget adjustments can derail accountability of financial resources.

4.8 Simple Linear Regression Analysis Results

"Simple linear regression examines the association between two continuous variables where one variable is the independent variable (predictor) and the other variable is the dependent variable (response) (Kim, 2024)". The primary objective of linear regression analysis in the study was predicting the dependent variable's value basing on the independent variable's value.

4.8.1 Effect of Budget Development Process on Financial Accountability

A simple regression analysis was performed to evaluate the effect of budget development process (independent variable) on financial accountability (dependent variable) of county governments in Western Region, Kenya. The study sought to establish the results of the null hypothesis; budget development process has no statistically significant effect on the financial accountability of county governments in Western Region, Kenya (Table 4.16).

Table 4. 16: Regression results of budget development process and financial accountability

Model Summary[a]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.693[a]	.480	.476	3.31487	.480	111.854	1	121	.000

a. Predictors: (Constant), Budget development process

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1229.090	1	1229.090	111.854	.000[b]
	Residual	1329.593	121	10.988		
	Total	2558.683	122			

a. Dependent Variable: Financial accountability

b. Predictors: (Constant), Budget development process

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.149	1.533		1.401	
	Budget development process	.685	.065	.693	10.576	.000

Source: Field Data (2024)

Table 4.16 above indicated an R-squared value of 0.480 suggesting that budget development process accounts for 48.0% variance in financial accountability. Results from ANOVA table highlight the model being significant at 95% confidence level, indicated by F (1,121) =111.854, P 0.000<0.05, thus implying budget development process significantly predicts financial accountability.

The unstandardized regression coefficient of budget development process was 0.685 at a significant threshold of $P<0.05$. This signified that financial accountability would increase by 0.685 units for every unit change in budget development process. The study rejected the null hypothesis; budget development process has no statistically significant effect on the financial accountability of county governments in Western Region, Kenya. These findings indicate that counties with well-structured and participatory budget development processes are more likely to exhibit stronger financial accountability mechanisms.

The regression equation is shown as follows:

Financial accountability = 2.149+0.685 budget development process

The findings presented here confer with Nyambori *et al*. (2023), on a study conducted on the effect of budgetary control practices on financial accountability of Nyamira County with the specific objective of examining the effect of budget formulation on financial accountability. Findings from the study revealed a strong statistical significant relationship between budget formulation and financial accountability. However, the findings of the investigation contradicts a study by Olomola (2012) on the budgetary process and accountability in Nigeria's Local Government Administration. The study's regression analysis indicated the absence of a statistical significant association between the budgetary process and accountability in Nigeria's Local Government Administration.

4.8.2 Effect of budget implementation on financial accountability

A simple regression analysis was performed to examine the effect of budget implementation (independent variable) on financial accountability (dependent variable) of county governments in Western Region, Kenya. The study sought to

establish the results of the null hypothesis; budget implementation has no statistically significant effect on the financial accountability of county governments in Western Region, Kenya (table 4.17).

Table 4. 17: Regression results of budget implementation and financial accountability

Model Summary[a]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.746[a]	.557	.553	3.06074	.557	152.126	1	121	.000

a. Predictors: (Constant), Budget implementation

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1425.138	1	1425.138	152.126	.000[b]
	Residual	1133.545	121	9.368		
	Total	2558.683	122			

a. Dependent Variable: Financial accountability

b. Predictors: (Constant), Budget implementation

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.677	1.017		1.648	
	Budget implementation	.562	.046	.746	12.334	.000

Source: Field Data (2024)

Table 4.17 indicated an R-squared value of 0.557 suggesting that budget implementation accounts for 55.70% variance in financial accountability. Results from ANOVA table highlight the model being significant at 95% confidence level, indicated

by F (1,121) =152.126, P 0.000<0.05, thus implying budget implementation significantly predicts financial accountability.

The unstandardized regression coefficient of budget implementation was 0.562 at a significant threshold of P<0.05. This signified that financial accountability would increase by 0.562 units for every unit change in budget implementation. These results demonstrate that effective and transparent budget execution processes directly enhance financial accountability within county governments. Consequently, the study rejected the null hypothesis that budget implementation has no statistically significant effect on the financial accountability of county governments in the Western Region, Kenya. The regression equation is shown as follows:

Financial accountability = 1.677+0.562 budget implementation

The findings presented here corroborates with a study done by Haque & Choudhury (2014) on budget implementation and financial accountability in South Asia where a positive and significant relationship linking budget implementation to financial accountability was established. However, the findings from this study challenges those of Njeru & Wanjiru (2020) on challenges of budget implementation and their impact on financial accountability within Kenya's county governments, which concluded that budget implementation had no significance influence on financial accountability of county governments in Kenya.

4.8.3 Effect of Budget Monitoring on Financial Accountability

A simple regression analysis was performed to analyse the effect of budget monitoring (independent variable) on financial accountability (dependent variable) of county governments in Western Region, Kenya. The study sought to establish the results of the null hypothesis stating, budget monitoring has no statistically significant effect on

the financial accountability of county governments in Western Region, Kenya (Table 4.18).

Table 4. 18: Regression results of budget monitoring and financial accountability

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.841[a]	.708	.705	2.48668	.708	292.786	1[a]	121	.000

a. Predictors: (Constant), Budget monitoring

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1810.469	1	1810.469	292.786	.000[b]
	Residual	748.214	121	6.184		
	Total	2558.683	122			

a. Dependent Variable: Financial accountability

b. Predictors: (Constant), Budget monitoring

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.276	1.020		3.211	.002
	Budget monitoring	.788	.046	.841	17.111	.000

Source: Field Data (2024)

Table 4.18 above indicated an R-squared value of 0.708 suggesting that budget monitoring accounts for 70.80% variance in financial accountability. Results from ANOVA table highlighted the model being significant at 95% confidence level, indicated by F (1,121) = 292.786, P 0.000<0.05, thus implying budget monitoring significantly predicts financial accountability.

The unstandardized regression coefficient for budget implementation was 0.788 at a significant threshold of $P<0.05$. This signified that financial accountability would increase by 0.788 units for every unit change in budget monitoring. These findings demonstrate that regular oversight, evaluation, and tracking of budget implementation processes greatly enhance the accuracy, transparency, and accountability of financial operations within county governments. The study therefore, rejected the null hypothesis that budget monitoring has no statistically significant effect on the financial accountability of county governments in Western Region, Kenya.

The regression equation is shown as follows:

Financial accountability = 3.276+0.788 budget monitoring

The study's findings conform to a study by Mwangi & Muturi (2019) on the effect of budget monitoring on financial accountability in county governments in Kenya. Findings from the study established a positive and significant relationship linking budget monitoring and financial accountability. However, a study by Kamau & Njoroge (2021) on the limitations of budget monitoring in promoting financial accountability within county governments disagrees with the study's findings by suggesting that budget monitoring had no significance influence in promoting financial accountability in county governments.

4.8.4 Effect of Budget Adjustments on Financial Accountability

A simple regression analysis was performed to analyse the effect of budget adjustments (independent variable) on financial accountability (dependent variable) of county governments in Western Region, Kenya. The study sought to establish the results of the null hypothesis stating, budget adjustments has no statistically significant

effect on the financial accountability of county governments in Western Region, Kenya (Table 4.19).

Table 4. 19: Regression results of budget adjustments and financial accountability

Model Summary[a]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics			
					R Square Change	F Change	df1	df2	Sig. F Change
1	.680[a]	.462	.458	3.37176	.462	104.063	1	121	.000

a. Predictors: (Constant), Budget adjustments

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1183.064	1	1183.064	104.064	.000[b]
	Residual	1375.619	121	11.369		
	Total	2558.683	122			

a. Dependent Variable: Financial accountability

b. Predictors: (Constant), Budget adjustments

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.759	1.310		.579	
	Budget adjustments	.591	.058	.746	10.201	.000

Source: Field Data (2024)

Table 4.19 above indicated an R squared value of 0.462 suggesting that budget adjustments accounted for 46.20% variance in financial accountability. This means that almost half of the changes in financial resources accountability accredited to change in budget adjustment. 53.8% may be due to other factors not included by the

model. An R value of 0.462 represent a strong/ moderate relationship between the two variables.

Results from ANOVA table highlighted the model being significant at 95% confidence level, indicated by F (1,121) = 104.063, P 0.000<0.05. This indicated that regression model was good and that financial accountability is predicted by budget adjustments.

The unstandardized regression coefficient for budget adjustments was 0.591 at a significant threshold of P<0.05. This signified that financial accountability would increase by 0.591 units for every unit change in budget adjustments when all other factors are constant. The positive and statistically significant relationship indicated that timely, transparent and effective budget adjustments incline to prove higher level of financial accountability. The findings align with KIPPRA (2023) that timely and effective budget adjustment enhances financial discipline and strengthens accountability while poor budget adjustments may create loopholes for mismanagement of financial resources and inefficiencies.

The regression equation is shown as follows:

Financial accountability = 0.759 + 0. 591budget adjustments

The equation implied that financial accountability at minimal level will be 0.759 even if there is not improvements in budget adjustments practices, likely due to fiscal mechanisms of control such internal audits and legal requirements. The positive value of 0.591 shows that there is direct relation between budget adjustments and financial accountability. This means that an increase in budgets adjustment by one unit increases financial accountability by 0.591 units. This indicates that counties with open and transparent budget adjustments, who's spending tracks these new priorities and follow

the Public Finance Management (PFM) Act, are likely to be more fiscally responsible and report honestly. The results also substantiate the position of effective budget adjustment in enhancing fiscal responsiveness and monitoring at a theoretical level (Ammons & Roenigk, 2015; KIPPRA, 2023). In a devolved governance context where counties tend to be subjected to dynamic socio-economic challenges, prompt and justified budget adjustments are used by the government to meet unfolding circumstances with due financial attention. Weak or unmonitored adjustments, on the other hand, may result in misallocation of appropriate resources, or unanticipated expenditures and audit queries that create substandard accountability mechanisms (Office of the Auditor General, 2022; International Budget Partnership, 2023).

4.9 Multiple Linear Regression Analysis Results

The study sought to investigate the budgeting practices that influence financial accountability of county governments in Western Region, Kenya. This was achieved using multiple regression analysis. The study's aim was to investigate the effect of each budgeting practice on financial accountability of county governments in Western Region, Kenya with consideration of all the practices in the model. Table 4.20 outlines the findings of the multiple regression analysis.

Table 4. 20: Multiple regression analysis results

Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics			
					R Square Change	F Change	df1	df2	Sig. F Change
1	.693[a]	.480	.476	3.31487	.480	111.854	4	118	.000

a. Predictors: (Constant), Budget development process, Budget implementation, Budget monitoring, Budget Adjustments

ANOVA[a]

Model		Sum of squares	df	Mean Square	F	Sig.
1	Regression	1860.060	4	465.015	78.543	.000[e]
	Residual	698.623	118	5.921		
	Total	2558.683	122			

a. Dependent Variable: Financial accountability

b. Predictors: (Constant), Budget development process, Budget implementation, Budget monitoring, Budget adjustments

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.149	1.533		1.401	.000
	Budget development process	.685	.065	.693	10.576	.000
	Budget implementation	.419	.083	.557	5.074	.000
	Budget monitoring	.661	.080	.706	8.214	.000
	Budget adjustments	.198	.087	.201	2.278	.025

a. Dependent Variable: Financial accountability

Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.853[a]	.727	.720	2.42297	.155	67.472	3	119	.000

a. Predictors: (Constant), Budget development process, Budget implementation, Budget monitoring

ANOVA[a]

Model		Sum of squares	df	Mean Square	F	Sig.
1	Regression	1860.060	3	620.020	105.611	.000[d]
	Residual	698.623	119	5.871		
	Total	2558.683	122			

a. Dependent Variable: Financial accountability

b. Predictors: (Constant), Budget development process, Budget implementation, Budget monitoring

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.149	1.533		1.401	.000
	Budget development process	.685	.065	.693	10.576	.000
	Budget implementation	.419	.083	.557	5.074	.000
	Budget monitoring	.661	.080	.706	8.214	.000

a. Dependent Variable: Financial accountability

Source: Field Data (2024)

The analysis of R square column is an indication of the four budgeting practices accounting for 48.0% of the overall variation in financial accountability in county governments in Western Region, Kenya (R square =.480, P = 0.000) The finding suggested nearly half of financial accountability differences are accredited to effectiveness in budgeting practices. 52% of variability in budgeting practices among county governments in Western Region, Kenya is linked to characteristics not considered in the model. The study utilized the F Ratio to assess the model's significance, specifically its ability to predict budgeting practices with greater accuracy compared to the mean score, which is typically regarded as a baseline estimate.

The F statistics value of 78.543 exceeds one, thus indicating the enhancement from the model fitting being more than the inaccuracies or errors excluded in the model. High F-ratio indicated good data fit for regression equation (F (4,118) = 78.543, P=0.000). The

findings outline the achievements in the final study model towards precisely predicting budgeting practices in county governments in Western Region, Kenya. This demonstrates that the combination of the four budgeting practices significantly enhances the accuracy and reliability of financial accountability in county operations.

The multiple linear regression equation is as follows:

Financial accountability = $2.149 + 0.685X_1 + 0.419X_2 + 0.661X_3 + 0.198X_4$

X_1 = Budget development process

X_2 = Budget implementation

X_3 = Budget monitoring

X_4 = Budget Adjustments

The findings revealed that a unit increase in the budget development process (X_1), budget implementation (X_2), budget monitoring (X_3), and Budget Adjustments X_4 would result in increases of 0.685, 0.419, 0.661, and 0.198 units respectively in financial accountability. This shows that all four budgeting practices have a positive and substantial influence, with budget monitoring having the strongest effect. The results are consistent with the findings of Sande *et al*. (2023), who established that effective budgeting practices, including planning, execution, and monitoring, significantly enhance financial performance and accountability in county governments in Kenya. Similarly, Ng'ang'a & Owuor (2021) found that transparent budgeting systems and continuous oversight mechanisms strengthen fiscal discipline and reduce misuse of public funds in devolved units.

4.10 Secondary Data

4.10.1 Budget Absorption Rate, Expenditure Composition, and Supplementary Budgets for Western Region Counties (FY 2021/22–2023/24)

Table 4.21 displays the performance in absorbing the budget, recurrent and development expenditure, and extent of supplementary budgeting for the four counties in the Western Region of Kenya (Kakamega, Busia, Bungoma, and Vihiga) across the period of 3 years. The outcomes presented important lessons on fiscal discipline, budgetary accountability and budgeting practices in the devolved form of governance.

Table 4.21: Budget Absorption Rate, Expenditure Composition, and Supplementary Budgets for Western Region Counties (FY 2021/22–2023/24)

	FY 2023/24				FY 2022/23				FY 2021/22			
County	**Overall Absorption (%)**	**Recurrent (%)**	**Development (%)**	**Supplementary Budget (KES Billion)**	**Overall Absorption (%)**	**Recurrent (%)**	**Development (%)**	**Supplementary Budget (KES Billion)**	**Overall Absorption (%)**	**Recurrent (%)**	**Development (%)**	**Supplementary Budget (KES Billion)**
Kakamega	81.2	92.5	52.5	**1.9**	87.4	94.3	76.0	**1.6**	82.0	90.0	60.0	**1.3**
Busia	79.0	93.0	48.0	**1.3**	78.1	95.1	41.4	**1.0**	71.0	88.0	55.0	**0.8**
Bungoma	83.0	91.0	61.0	**1.8**	80.0	87.9	71.3	**1.4**	75.0	85.0	58.0	**1.1**
Vihiga	85.0	94.0	66.0	**1.2**	91.8	98.5	75.6	**1.0**	83.0	90.0	65.0	**0.7**

4.10.1.1 Overall Budget Absorption Trends

Overall absorption is consistent, it ranged between 70% to 90% in all counties indicating that budget execution performance is on a moderate to strong footing. However, absorption efficiency has fallen slightly from FY 2022/23 to FY 2023/24. In Kakamega (87.4% to 81.2%) and Busia (78.1% to 79.0%) in particular exhibiting lower efficiency. This decline is mainly due to the late issuance of equitable share from

the National Treasury, procurement bottlenecks, and repeated adjustment of supplementary budgetary resources in circumstances where financial plans are revisited midstream. Vihiga County recorded the highest absorption of the three years, averaging 86.6% overall, indicating relatively more robust budgeting and monitoring and accountability procedures. In contrast, Busia County had the lowest absorption, a mean of 76%, indicating that weaknesses in project implementation and resource application have persisted.

These findings are consistent with the study's findings that monitoring the budget and timely mechanisms of its implementation are effective in increasing financial accountability ($\beta = 0.788$, $p < 0.001$). Counties that have strong monitoring and planning tend to achieve higher absorption and provide more public value per shilling spent.

4.10.1.2 Recurrent versus Development Expenditure

This structural imbalance highlights a serious budgeting issue faced by Kenyan county governments: a disproportionate focus on personnel emoluments, operations, and maintenance as opposed to capital investment. For example, Kakamega accounted for 92.5% of its recurrent budget, but only 52.5% of its development budget in FY 2023/24. Busia similarly absorbed 93% recurrently, but just 48% of its development spending. This level of divide underscores limited fiscal space for development because of fixed wage bills and inadequate revenue mobilisation.

According to Expenditure Theory, public entities tend to favour consumptive expenditures unless the necessary mechanisms of accountability and oversight are in place that can ensure development-oriented fiscal discipline. Vihiga County meanwhile has improved its expenditure balancing relatively, with 66% absorption of development in FY 2023/24 vs 65% for FY 2021/22. These indicated that constant

review and monitoring of budget performance will assist in increasing the efficiency of resource allocation.

4.10.1.3 Supplementary Budgets and Fiscal Adjustments

Supplementary budgets is an important dimension to budgeting practices. The responsiveness and flexibility of counties managing unexpected financial and operational challenges. All counties have shown that their supplementary budgets ranged between KES 0.7 billion and KES 1.9 billion over FY 2021/22 to FY 2023/24, representing 6–12% of their total budgets.

Kakamega County had the largest supplementary budgets (KES 1.3–1.9 billion) as it has complex service delivery obligations and continually shifts between recurrent and development areas. Busia and Vihiga Counties had relatively smaller supplementary budgets, which means tighter fiscal management but also potential rigidity when accommodating emerging needs. Bungoma County's supplementary allocations rose continually, from KES 1.1 billion in 2021/22 to 1.8 billion in 2023/24, indicating efforts to reconcile spending with actual revenues and project implementation tasks.

Despite, supplementary budgets being are a valid form of fiscal adjustment; frequent interventions could suggest flaws in budget development, such as unrealistic revenue projections or poor stakeholder participation in planning. This finding conforms to the regression results of the study showing that the budget development process significantly influences financial accountability ($\beta = 0.685$, $p < 0.001$). Implementing realistic and participatory budgets improves mid-year amendments and expenditure control.

4.10.1.4 Implications for Financial Accountability

The combined pattern of absorption rates and supplementary adjustments shows that financial accountability in Western Kenya counties is improving, notwithstanding structural inefficiencies and planning shortcomings. Counties with proper budget implementation and monitoring frameworks, notably Vihiga and Bungoma counties, absorb funds steadily with very little variance between forecasts and actual outlays. This is consistent with the study findings indicating that budget implementation ($\beta = 0.562$, $p < 0.001$) and budget monitoring ($\beta = 0.788$, $p < 0.001$) are good predictors of accountability behaviour.

In contrast, Busia demonstrates less development absorption and more recurrent rigidity, indicating accountability issues in project prioritization, procurement compliance, and fiscal discipline. Both findings align with the theoretical framework of the study, which emphasizes the context-dependent nature of budgeting and accountability; counties that tailor financial management systems to local realities are more successful in improving fiscal performance.

Broadly, compared with national averages, Western Kenya counties performed slightly above the national mean absorption rate of 77.5% (FY 2022/23) as reported by the Controller of Budget (2024). However, the same problem of low development spending is observed elsewhere in the country with counties such as Turkana (46%), Kisii (53%), and Kiambu (59%), indicating a consumption-intensive fiscal regime nationwide. Nabukeera (2022) finds that the results are consistent with governments such as Nigeria, Uganda, and Tanzania which experience similar issues of weak capital absorption, overreliance on central transfers, and frequent supplementary appropriations. Local governments in countries including Uganda, for example, spent

more than 70% on recurrent items, neglecting developmental programs as found in Western Kenya.

4.11 Hypothesis Results

The results presented in the table (4.22) indicated that all four null hypotheses (H_{01}–H_{04}) were rejected because their corresponding p-values (0.000) were less than 0.05, verifying that the tested relationships were statistically significant. This indicates that the budget development process, budget implementation, budget monitoring, and budget adjustments each have a significant positive effect on financial accountability of county governments in Western Region, Kenya.

It shows that budget development processes have a major impact on financial accountability which is consistent with the findings presented by Kiilu & Ngugi (2022) wherein they indicated that structured and participatory budget formulation enhances transparency and accountability in Kenyan county governments. Maina (2019) mentioned that inclusive budget preparation promotes public trust in local government institutions, leading to improved expenditure control. It shows a clear and consultative budget system makes financial reporting more effective and minimizes misuse of public resources.

Table 4. 22: Hypothesis Results

Hypothesis	Findings	Decision and basis
HO_1: Budget development process has no statistically significant effect on the financial accountability of county governments in Western Region, Kenya.	Budget development process has a statistically significant effect on the financial accountability of county governments in Western Region, Kenya.	Reject 0.000<0.05
HO_2: Budget implementation has no statistically significant effect on the financial accountability of county governments in Western Region, Kenya.	Budget implementation has a statistically significant effect on the financial accountability of the county governments in Western Region, Kenya.	Reject 0.000<0.05
HO_3: Budget monitoring has no statistically significant effect on the financial accountability of county governments in Western Region, Kenya.	Budget monitoring has a statistically significant effect on the financial accountability of county governments in Western Region, Kenya.	Reject 0.000<0.05
HO_4: Budget adjustments has no statistically significant effect on financial accountability of county governments in Western Region, Kenya.	Budget adjustments has a statistically significant effect on financial accountability of county governments in Western Region, Kenya.	Reject 0.000<0.05

Source: Field Data (2024)

The research revealed that financial accountability is influenced significantly by the implementation of budget, as reported by Oladipupo & Olayemi (2017) with the positive effect of approved budgetary allocations on accountability in public institutions. Effective implementation of budgetary plans provides for the effective and proper use of resources according to the set objectives and strengthens the legitimacy of financial management systems.

In addition, the results showed that budget monitoring plays an important role in financial accountability corroborating Mutinda & Kimani (2020) who argued that continuous monitoring of budget ensures early detection and correction of issues. Bovens (2010) similarly noted that compliance checks are crucial for accountability and curtails corruption within public finance.

Finally, the study found that budget adjustments greatly impact financial accountability. This means that changes in budget adjustments will also change financial accountability. This finding is consistent with the reports of Rizzo & D'Amore (2010) and Oladipupo & Olayemi (2017), who noted that adaptive budgetary adjustments are key to fiscal discipline and responsiveness to new priorities. It contrary to Wambua (2024) who found that budget adjustments did not significantly impact financial performance in manufacturing SMEs and a possible result of the differences in context between private and public sector budgeting.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter presents a summary of the study's conclusions, recommendations, key findings, and proposals for future research, all structured around the study's variables.

5.2 Summary of the Findings

The study explored the influence of budget development process, budget implementation, budget monitoring and budget adjustments on financial accountability. The hypotheses were tested with 95% confidence ($p < 0.05$).

5.2.1 Effect of Budget development process on financial accountability

According to the descriptive results the overwhelming majority of respondents expressed positive opinions about how the counties were well-versed with the development of their budget, actively sought citizen input, and developed budget estimates that were realistic and achievable. The strength of correlation analysis indicated the positive relationship between budget development process and financial accountability ($R = 0.693$, $p < 0.05$). The regression indicated a value for R-squared = 0.480, indicating that the budget development process accounted for 48.0% of the variance in financial accountability. It showed that the unstandardized coefficient ($B = 0.685$, $p = 0.000$) of that one-unit improvement in the budget development process increased the financial accountability by 0.685 units. Consequently, the null hypothesis (H_{01}) that the budget development process has no significant effect on financial accountability, was rejected.

5.2.2 Effect of Budget implementation on financial accountability

Descriptive statistics showed that most respondents strongly agreed that procurement procedures were well-aligned with project timelines and that expenses were effectively controlled within approved limits. Correlation results indicated a strong positive association between budget implementation and financial accountability ($R = 0.746$, $p < 0.05$). The R-squared results from regression estimates indicated a value of 0.557 indicating that budget implementation was responsible for 55.7% of variance in financial accountability. The unstandardized coefficient ($B = 0.562$, $p = 0.000$) showed an increase of 0.562 in financial accountability for each unit of budget benefit. Hence, the null hypothesis (H_{02}) that the budget implementation does not significantly affect financial accountability was rejected, indicating that an effective budget implementation significantly improves the accountability of county governments.

5.2.3 Effect of Budget monitoring on financial accountability

The results showed that respondents strongly agreed with the observation that financial reports are public and that IFMIS enhances reporting accuracy in counties. Correlation analysis revealed a strong positive relationship between budget monitoring and financial accountability ($R = 0.841$, $p < 0.05$). The R-squared of budget monitoring was 0.708, indicating that budget monitoring accounted for 70.8% of financial accountability variance (regression). The regression coefficient ($B = 0.788$, $p = 0.000$) indicated a one-unit increase in budget monitoring resulted in a 0.788-unit increase in financial accountability. As a result, the null hypothesis (H_{03}) that budget monitoring does not significantly influence financial accountability was rejected, and consistent monitoring mechanisms significantly improve accountability levels in county governments.

5.2.4 Effect of Budget Adjustments on Financial Accountability

The descriptive findings showed that most respondents strongly agreed that supplementary budgets are prepared in their county to cover unexpected expenditures, where stakeholders are involved hence high transparency. Correlation analysis revealed a positive strong and significant relationship between budget adjustments and financial accountability. An R squared value of 0.462 indicating that 46.2% variance in financial accountability and a regression coefficient (B =0.591, P =0.000) showed that changes in budget adjustments leads to a change in financial accountability. Besides the null hypothesis (H_{03}) Budget adjustments has no significant moderating effect on the relationship between budgeting practices and the financial accountability of county governments in Western Region, Kenya was rejected asserting that proper budget adjustments leads to effective financial accountability.

5.3 Conclusions

Firstly, according to the study budget development helps to increase financial accountability within the county governments. The strong positive association suggests that participatory (and well-organised) budget processes that take account of citizen input, ensure realistic planning of budgets and include transparency have big effects on enhancing financial accountability. It suggested that counties which engage stakeholders and make sure that their budgets are in line with strategic goals will keep their finances prudently monitored and accountable.

Secondly, implementation of budget is very important in encouraging financial accountability in county governments. The overall positive association indicates that by executing budgets effectively, on a timely basis, within expenditure limits, and utilizing resources efficiently, accountability mechanisms are improved. This

illustrates then that accountability is not only contingent on planning but also on whether the approved budgets are followed up and monitored throughout the financial period.

Thirdly, budget monitoring is considered to have the largest impact on financial accountability of the three budgeting procedures explored. With the most significant impact, it is clear that regular monitoring and auditing and digital systems, such as IFMIS, are necessary to achieve transparency, compliance and timely reporting. This suggests that regular control and dynamic financial monitoring are crucial elements to minimize waste of public funds through accountability.

Fourth, the results indicated that budgeting adjustments have a substantial impact on financial accountability of county governments in Western Region, Kenya. Such a positive relationship shows that the effective, well-documented, transparent and inclusive budget alterations support financial accountability.

Overall, the study found that budgeting practices also account for a larger share of variation between county governments' financial accountability in Western Region, Kenya. This indicates that counties with improved budgeting processes from conception, implementation and monitoring of their budgets, are more transparent, efficient and sustainable in accounting. For this reason better budgeting may be found to be crucial to support good governance and to guarantee that public resources are utilised for developmental outcomes.

5.4 Recommendations

County governments should involve citizens, community representatives, and key stakeholders at the formulation stage, develop participatory budgeting in decision making. They implement processes like regularly reviewing budget estimates for

county governments to prevent the bias of budget estimates and assure that they are consistent with financial status-quo economic context. It is also essential to fortify strategic planning by linking the ADPs and CIDPs with the appropriation bill. Furthermore, the county assembly committees and internal audit units should be given authority and resources to effectively oversee the successful implementation of the appropriation bill which will improve fiscal responsibility.

In order to increase financial accountability through execution, county governments should also implement and ensure that firm limits on the length of time an individual procurement stage takes (to reduce delays and cost overruns) in order to build financial responsibility into projects. Audits of revenue management systems should be conducted on a regular basis to monitor or identify inefficiencies and reinforce internal controls to improve revenue collection. Furthermore, it is the counties' duty to apply ceilings for recurrent expenditure so that more of the budget's funds are allocated towards developmental projects and less to administrative costs. Robust internal control measures and the use of performance-based budget management will contribute to prudent financial management.

The study suggested that the submission of financial reports should be subject to statutory timelines by county governments in order to achieve the level of accountability and fiscal transparency of processes. In accordance with the Public Finance Management (PFM) Act, 2012, county governments are advised to implement mechanisms of public engagement based on local broadcasting channels such as radio programs and community barazas for discussions on budget execution and performance. In addition, uniform reporting procedures that meet the national government's policy will bring uniformity and punctuality to CBIRRs reporting.

Ongoing staff training on the IIFMIS should also go on, to develop technical skills and the accuracy of data information utilized for reporting.

The study advises the establishment and implementation of transparent and participatory frameworks for budget adjustment policies for all counties to ensure that budgetary revisions are robustly justified and adequately tracked against financial accountability and service delivery priorities.
The development, implementation, monitoring and adjustments of budgets must operate as interconnected processes to deliver accountability in a holistic manner. Governments at the county level should establish coordination mechanisms to encourage feedback from all departments through regular monitoring, ensuring that lessons drawn will inform future budgeting and implementation strategies.

At the same time the National Treasury, Office of the Controller of Budget, and Auditor-General must reinforce compliance of financial regulations by consistently conducting audits and penalizing non-conformists. Policies should also reinforce reporting frameworks and put a sound financial officer capacity-building program into place as part of an institutional change to bring uniform requirements for reporting among all counties.

5.5 Contribution to Theory

The theoretical aspects of the study were the affirmation and extension of three prominent theories, Public Budget Theory, Expenditure Theory, and Contingency Theory. It confirmed Public Budget Theory by showing that the transparent and participatory budget development process contributes to financial accountability supporting the notion that inclusive budgeting has the effect of generating fiscal responsibility. It builds on the Expenditure Theory by evidencing that being efficient in implementing a budget not just in spending it will drive accountability in public

finance. Additionally, the Contingency Theory was also corroborated, supported, and extended in part, on the basis of the results which determined that the extent to which effective decision-making based on budgeting strategies depends upon contextual elements (e.g. institutional capabilities and political oversight). The budget changes underscored how flexible fiscal management reinforces the link between planning and accountability. In summary, the study synthesised these theories to an integrated picture of the dynamic relationship between budgeting dynamics and financial accountability in a devolved governance context.

5.6 Suggestion for Further Research

Basing on the limitations and scope of the study, suggestions are made for a study to be done on budgeting practices and the financial accountability of county governments in other regions of Kenya. Secondly, similar studies can be conducted focusing on different sectors like the healthcare and the banking and finance sectors. Lastly, a similar study can also be done with focus on other data collection methods like key informant interviews and focused group discussions.

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APPENDICES

APPENDIX I: Questionnaire

Dear respondent,

I am a post graduate student pursuing a Masters of Business Administration degree in Finance at Masinde Muliro University of Science and Technology. I am undertaking a research study titled '**Effect of Budgeting Practises on the Financial Accountability of County Governments in Western Region, Kenya**'. I humbly request you to participate in the study as a respondent.

Clares Owate

0708570884

Please tick (✓) in the boxes given

PART I: DEMOGRAPHIC INFORMATION

1. What is your gender?

Male [ ]

Female [ ]

2. Mention your age bracket in years.

18-28 [ ]

29-39 [ ]

40-50 [ ]

Above 51 [ ]

3. What is your highest level of education?

Certificate level [ ]

Diploma level [ ]

Bachelors' degree level [ ]

Masters level [ ]

PHD level [ ]

4. How many years have you worked in the county?

1-3 years [ ]

4-10 years [ ]

Above 10 years [ ]

PART 11: MEASUREMENT OF STUDY VARIABLES

Section A: Budget development process

To what extent do you agree with the following statements? *(Tick (✓)in the appropriate box)*						
S/N	**Statement**	**Strongly agree (5)**	**Agree (4)**	**Fairly Agree (3)**	**Disagree (2)**	**Strongly Disagree (1)**
5.	I thoroughly understand the budget development process in our county.					
6.	Our county actively seeks the input of the citizens during the budget development process.					
7.	The budget estimates are realistic and achievable.					
8.	Budget estimates are regularly reviewed in our county to reflect					

	the current financial realities.					
9.	The appropriation bill aligns with the strategic goals of the county.					
10.	Our county has put in place mechanisms for monitoring and implementing the appropriation bill.					

Section B: Budget implementation

To what extent do you agree with the following statements? *(Tick (✓)in the appropriate box)*						
S/N	**Statement**	**Strongly agree (5)**	**Agree (4)**	**Fairly Agree (3)**	**Disagree (2)**	**Strongly Disagree (1)**
11.	Procurement processes in our county adequately align with the project timelines.					
12.	Our county has put in place mechanisms to address delays in procurement processes.					
13.	Our county has put in place efficient and effective revenue management systems.					
14.	The revenue management systems have increased revenue collection in our county.					
15.	Our county effectively controls spending within the approved budget limits.					
16.	The allocation of recurrent expenses in our county crowds out development spending.					

Section C: Budget monitoring

To what extent do you agree with the following statements? *(Tick (✓)in the appropriate box)*						
S/N	**Statement**	**Strongly agree (5)**	**Agree (4)**	**Fairly Agree (3)**	**Disagree (2)**	**Strongly Disagree (1)**
17.	Our county financial reports are accessible to the public.					
18.	Our county financial reports are timely prepared.					
19.	Our county actively engages the public in discussions related to budget implementation performance.					
20.	County Budget Implementation Review Reports are timely published, allowing for corrective actions to be undertaken within the financial year.					
21.	IFMIS has improved the accuracy of financial reports in our county.					
22.	Employees are adequately trained on the usage of IFMIS in our county.					

Section D: Budget Adjustments

To what extent do you agree with the following statements? ***(Tick (✓)in the appropriate box)***						
S/N	**Statement**	**Strongly agree (5)**	**Agree (4)**	**Fairly Agree (3)**	**Disagree (2)**	**Strongly Disagree (1)**
23.	Supplementary budgets prepared in the county address					

	unforeseen expenditures.					
24.	Stakeholders are adequately involved in the preparation of the supplementary budgets.					
25.	There is transparency in the approval of the supplementary budgets within our county.					
26.	Our county has put in place mechanisms to reduce the need for supplementary budgets.					
27.	The number of supplementary budgets in our county is justified by the dynamic financial needs.					
28.	Supplementary budgets are a regular feature in our county.					

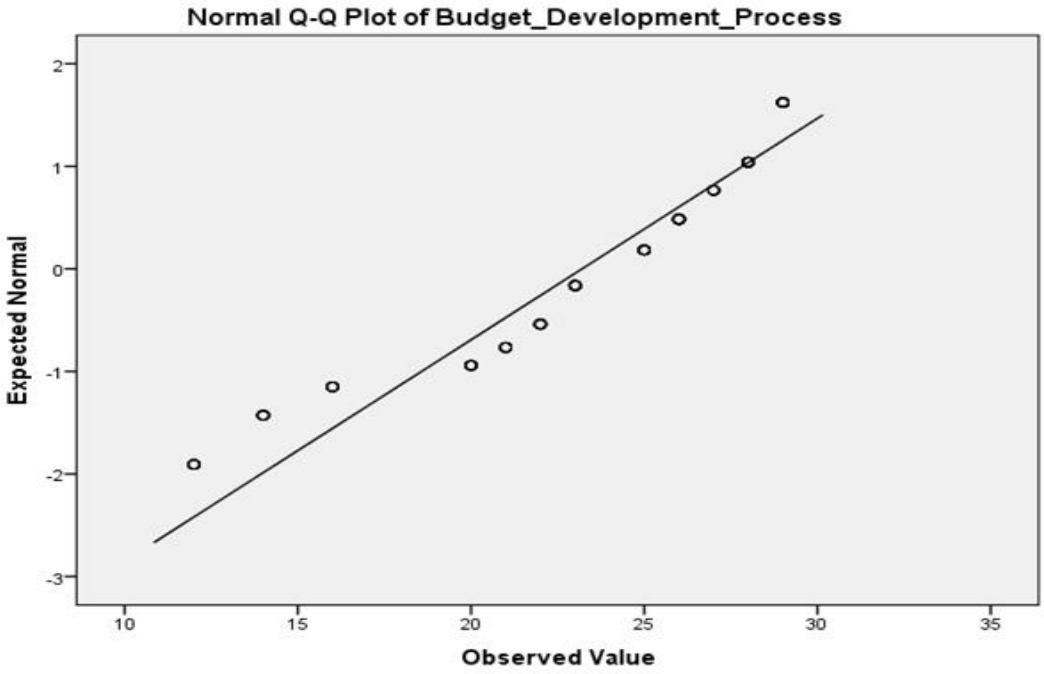
PART III: FINANCIAL ACCOUNTABILITY

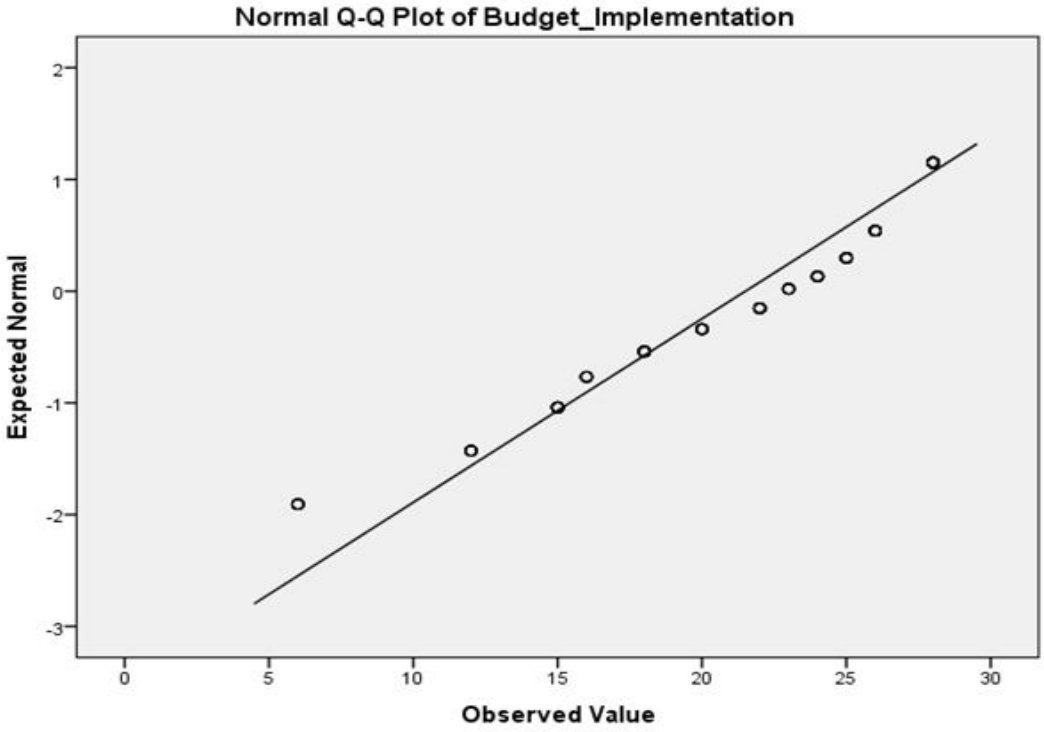
To what extent do you agree with the following statements? *(Tick* (✓)*in the appropriate box)*						
	Statement	**Strongly agree (5)**	**Agree (4)**	**Fairly Agree (3)**	**Disagree (2)**	**Strongly Disagree (1)**
29.	The audit report adequately covered all the critical financial issues in our county.					
30.	Our county has addressed the queries raised in the previous audit reports.					
31.	Our county consistently achieves high budget absorption rates					

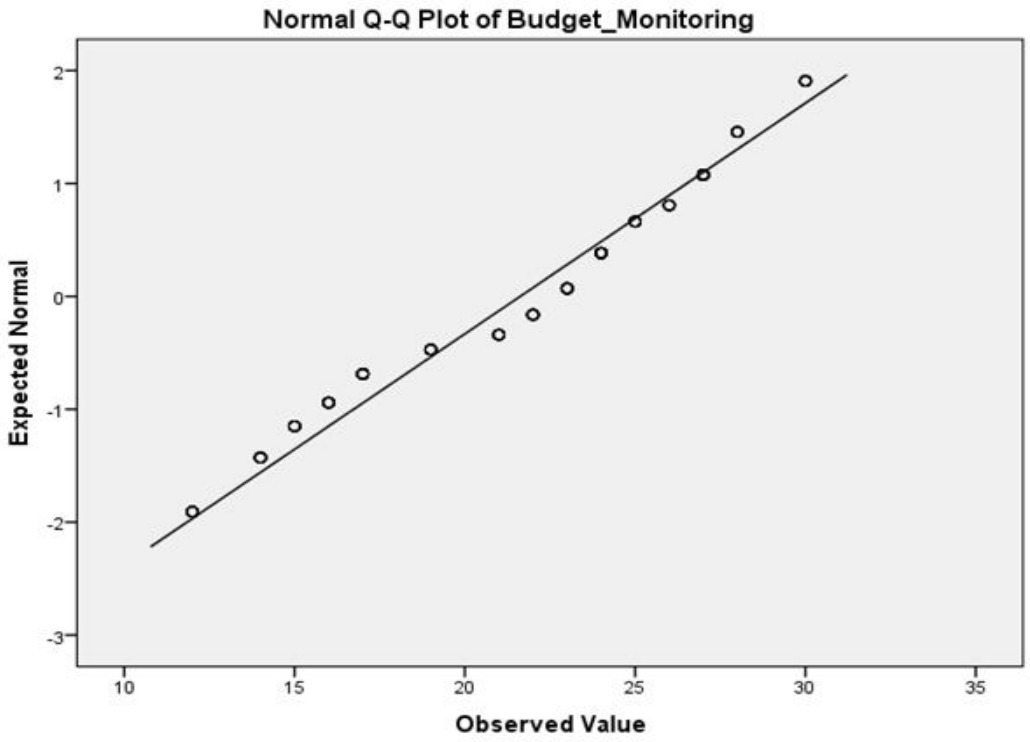
	across all departments.					
32.	Our county has put in place a clear accountability framework for addressing low budget absorption.					

Thank you for your participation.

APPENDIX II: Q-Q Plots






Normal Q-Q Plot of Budget_Monitoring
Expected Normal
Observed Value
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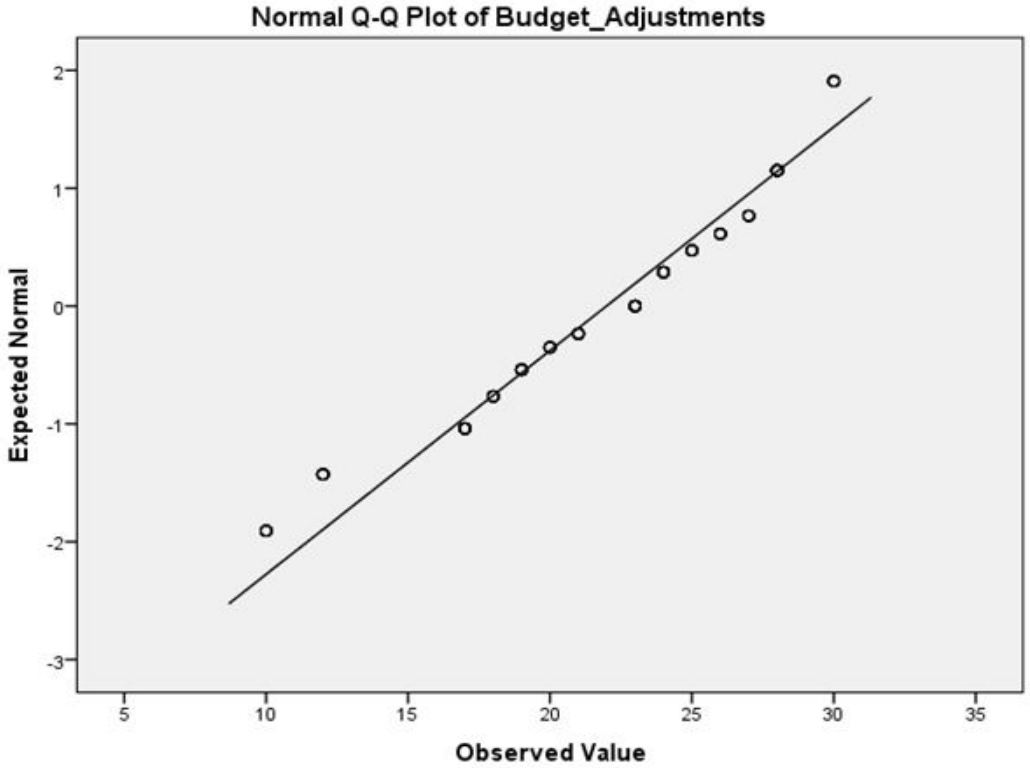
0
-1
-2
-3
10
15
20
25
30
35


Normal Q-Q Plot of Budget_Adjustments
Expected Normal
Observed Value
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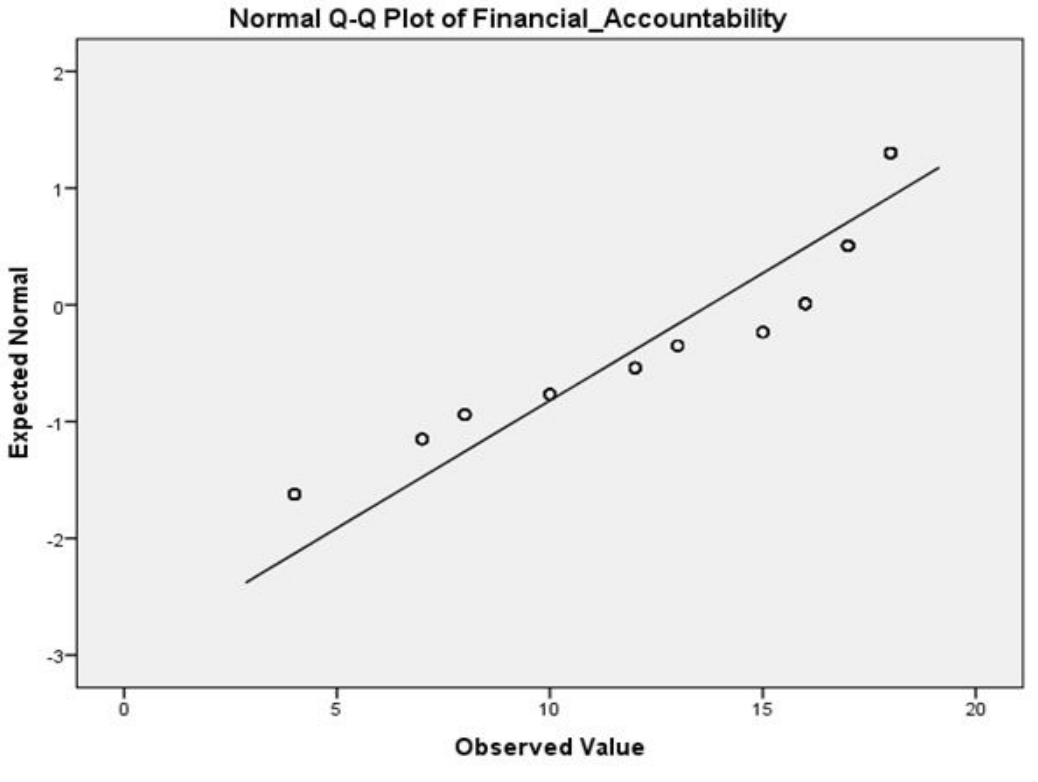
0
-1
-2
-3
5
10
15
20
25
30
35


Normal Q-Q Plot of Financial_Accountability
Expected Normal
Observed Value
2
1
0
-1
-2
-3
0
5
10
15
20

APPENDIX III: Pilot Study Reliability Test

Variable	Number of items	Cronbach Alpha	Reliable
Budget development process	6	0.825	Yes
Budget implementation	6	0.729	Yes
Budget monitoring	6	0.731	Yes
Budget adjustments	6	0.859	Yes
Financial accountability	4	0.718	Yes
Overall	**28**	**0.772**	**Yes**

APPENDIX IV: Validity Results

Budget implementation	Component
Procurement processes in our county adequately align with the project timelines.	.739
Our county has put in place mechanisms to address delays in procurement processes.	.838
Our county has put in place efficient and effective revenue management systems.	.876
The revenue management systems have increased revenue collection in our county.	.805
Our county effectively controls spending within the approved budget limits.	.835
The allocation of recurrent expenses in our county crowds out development spending.	.705

Budget monitoring	Component
Our county financial reports are accessible to the public.	.851
Our county financial reports are timely prepared.	.478
Our county actively engages the public in discussions related to budget implementation performance.	.761
County Budget Implementation Review Reports are timely published, allowing for corrective actions to be undertaken within the financial year.	.680
IFMIS has improved the accuracy of financial reports in our county.	.685
Employees are adequately trained on the usage of IFMIS in our county.	.613

Budget adjustments	Component
Supplementary budgets prepared in the county address unforeseen expenditures.	.465
Stakeholders are adequately involved in the preparation of the supplementary budgets.	.688
There is transparency in the approval of the supplementary budgets within our county.	.686
Our county has put in place mechanisms to reduce the need for supplementary budgets.	.583
The number of supplementary budgets in our county is justified by the dynamic financial needs.	.792
Supplementary budgets are a regular feature in our county.	.467

Financial accountability	Component
The audit report adequately covered all the critical financial issues in our county.	.729
Our county has addressed the queries raised in the previous audit reports.	.774
Our county consistently achieves high budget absorption rates across all departments.	.605
Our county has put in place a clear accountability framework for addressing low budget absorption.	.727

APPENDIX V: NACOSTI Approval

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: 468217

Date of Issue: 13/September/2024

RESEARCH LICENSE



This is to Certify that Ms.. Clares Owate of Masinde Muliro University of Science and Technology, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Bungoma, Busia, Kakamega, Vihiga on the topic: EFFECT OF BUDGETING PRACTICES ON THE FINANCIAL ACCOUNTABILITY OF COUNTY GOVERNMENTS IN WESTERN REGION OF KENYA for the period ending : 13/September/2025.

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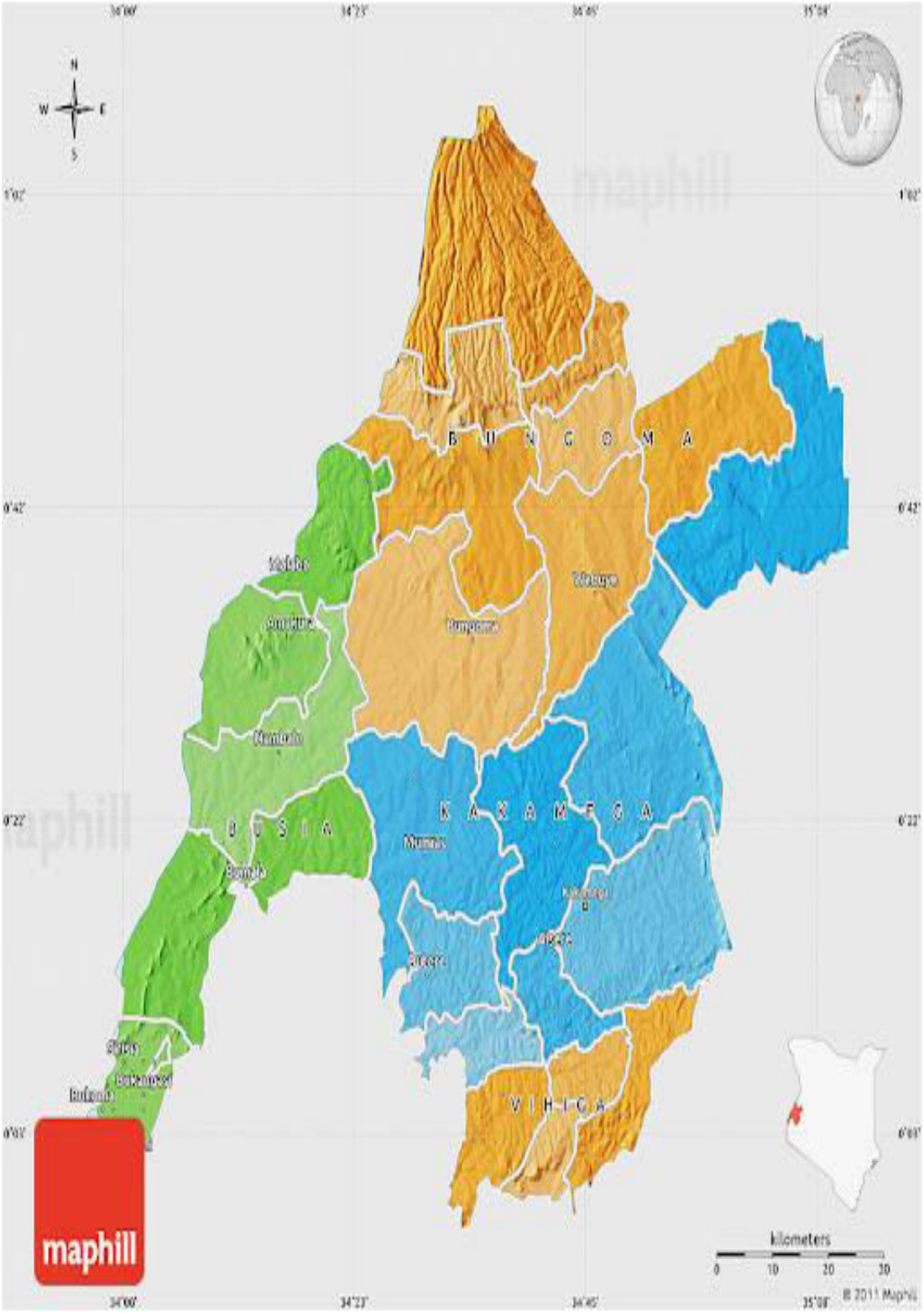
APPENDIX VI: Map of Western Region, Kenya



Source: Maphill (2011)