Abstract:

The financial management reforms on public expenditure implemented under the preceding Strategy 2013-2018 were designed around functional themes based on the budget cycle. The reforms are aimed at ensuring both fiscal efficiency and discipline in the use of public finances for the betterment of the Kenyan people. This study examined influence of public financial management reforms (budget reforms and financial reporting reforms) on public expenditures in the County Governments of the Western Region of Kenya; Kakamega, Vihiga, Busia and Bungoma County Governments. The study utilized a descriptive survey design. The study targeted 65 Chief Officers from the four Counties in the Western Region. A total of 65 respondents were used as the sample size. Primary data was obtained using self-administered structured questionnaires. A pilot study was conducted in the County Government of Kisumu, which borders the study area. The Cronbach alpha test, which is a measure of internal consistency, was used to evaluate instrument validity, while the Cronbach alpha test, which is a measure of internal consistency, was used to assess the dependability of the research instruments. The obtained data was edited, cleaned, and coded before being analyzed using SPSS version 24. Descriptive statistical analysis was used to summarize data using frequencies, percentages and means. Pearson correlation coefficient was computed to test if there was correlation between variables while multiple linear regression model was utilized to determine relationships between the independent and dependent variables. Results based on the fitted model indicated that budget reforms had positive and significant effect on public expenditures. Financial reporting reforms had a positive and significant effect on public expenditures. On the other hand, the regression analysis revealed that the public financial management reforms explained up to 78.0% change in public expenditures in five counties from western region of Kenya. The study concluded that public financial management reforms significantly influence public expenditures in five counties from western region of Kenya. The study recommended that there is need to establish budget stabilization fund through an Act of Parliament. This fund will go a long way to enhance the practicability of exchequer release to the spending units. Budget stabilization fund can be used to make sure that there are no delays in budget execution and programme implementation. The study recommended that County Governments should hasten the adoption of International Public Sector Accounting Standards and at the same time operationalize Treasury Single Account to enhance transparency and accountability in their expenditures. Further, more reforms should focus on disclosure of public sector financial information and fair reporting of service concession agreements in order to improve transparency in public expenditure.

Keywords: Public Financial Management Reforms, Public Expenditure, Western Region and County Government of Kakamega, Vihiga, Busia and Bungoma.