PUBLIC FINANCIAL MANAGEMENT PRACTICES AND BUDGET ABSORPTION AMONG THE COUNTY GOVERNMENTS OF KENYA

BY

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MASTER OF SCIENCE IN COMMERCE (FINANCE AND INVESTMENT)

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DECLARATION

Declaration by the Student

I declare that this dissertation is my original work and has not been previously published or submitted elsewhere for award of a degree. I also declare that this dissertation contains no material written or published by other people except where due reference is made and author acknowledged**.**

Wangui Maureen Njambi KCA 09/03691

Sign……….. Date…………...

I do hereby confirm that I have examined the master's dissertation of

Wangui Maureen Njambi

And have certified that all revisions that the dissertation panel and examiners recommended have been adequately addressed

Sign: …….…………….………… Date: ……………………..……....

Dr. Patrick Nyatete

ABSTRACT

The rise of the public sector has concentrated primarily on public finances, neglecting the significance of public engagement in successful fiscal management methods. For example, it has been determined that the Kenyan county governments exhibit poor performance, as indicated by a low absorption of the recurring and development budgets, estimated at 39.8% and 26.1% correspondingly, against an anticipated absorbing rate of 50.0%. Therefore, this research seeks to examine the effect of public financial management practices on budget absorption among the county governments of Kenya. The specific objectives were to establish the effect of budget planning, revenue management practice, procurement processes and asset management practice on budget absorption. The study adopted descriptive research design. The population of study comprised of 47 county governments in Kenya. The unit of analysis was counties and unit of observation was 1 representative from finance department from the County Government and 1 representative from budget office from the County Assembly in each of the 47 county governments. Sampling design was purposive sampling giving sample population of 94 respondents. The data collection instrument was questionnaire. Questionnaires were validated under content, face validity and structure. Reliability tests were subjected to Alpha Coefficient with threshold value of 0.7. The data was evaluated using descriptive statistics to determine frequencies, mean, and standard deviation. Finally, employ inferential analytic techniques, such as regression and correlation analysis, to determine relationship between variables. The presentation utilized tables. From the findings, the study established that there was a strong positive linear relationship between budget planning and budget absorption among the county governments with level of significance (r=0. 960), a statistically significant and positive linear association between revenue management practice on budget absorption among the county governments was (r=0.982), there was a strong positive linear relationship between procurement processes and the budget absorption among the county governments (r=0.855). Lastly, the findings indicated a moderate positive linear relationship between the asset management practice and the budget absorption among the county governments (r=0.947). In conclusion, budget absorption among the county governments of Kenya was influenced by public financial management practices that play a central role in the planning, allocation, and utilization of public funds. Weaknesses in PFM systems such as delayed budget approvals, poor expenditure controls, and inadequate financial reporting have led to inefficiencies in the execution of planned activities. The study recommends that financial management officers in county governments in Kenya should enhance capacity building for planning and finance officers through regular training on budget formulation and forecasting techniques. To overcome constraint on revenue management practices, county governments should invest in automating revenue collection systems to enhance efficiency, accuracy, and accountability. The study recommends that management in the county governments should streamline procurement processes by adopting digital procurement systems to improve speed, transparency, and accountability. Lastly, county governments should establish and enforce clear asset management policies and frameworks that guide acquisition, maintenance, and disposal of assets. Developing and regularly updating digital asset registers can improve visibility and planning for asset use.

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DEDICATION

I wish to convey my profound appreciation to my esteemed family for their invaluable assistance and support especially Joseph, my husband and Shalitah my lovely daughter. They have been a source of motivation to pursue my MBA with consistency.

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LIST OF ABBREVIATIONS/ACRONYMS

AEB	Absorption of Expenditure Budgets
AICPA	American Institute of Certified Public Accountants
ASWLGA	Akoko South-West Local Government Area
BP	Budget planning
CEC	Corruption Eradication Commission
CRA	Commission on Revenue Allocation
DAT	Direct Assessment Tax
FPM	Financial Position Monitoring
GDP	Gross Domestic Product
IDASA	Institute for Democracy in South Africa
LGAs	Local Government Areas
MDAs	Millennium Development Authority
OCoB	Office of Controller of Budgets
PFM	Public Financial Management
PLS-SEM	Partial Lease Square-Structural Equation Model
PMS	Performance Measurement System
SEM	Structural Equation Model
SMEs	Small and Medium Enterprises
ZBB	Zero-Based Budgeting

OPERATIONAL DEFINITION OF TERMS

Asset Management Practice	Methodical procedure for the development, operation, maintenance, enhancement, and disposal of assets in a fiscally efficient manner (Alouis, 2020).
Budget Absorption	The extent to which allocated funds within a budget are effectively used or spent by an organization, government, or institution during a specified period (Nurhyati & Djuminah, 2021).
Budget planning	Denotes the methodical procedure of formulating, administering, and supervising the financial strategy of an organization, government, or individual for a designated timeframe, usually a fiscal year (Shields & Young, 2022).
County Governments	Sub-national administrative entities responsible for managing and governing specific geographic areas within a country and operate at an intermediate level between national or central governments and local governments (Zaman & Cristea, 2020).
Procurement processes	Denotes the systematic procedure via which companies and governments procure goods, services, or works from external sources, encompassing planning, sourcing, negotiating, and purchasing (Anohene, 2019).

Public Financial Management	Processes, policies, and systems used by governments to manage public funds efficiently, transparently, and accountably such as revenue collection, budgeting, spending, and financial reporting (Emojorho, 2023).
Revenue Management Practice	Strategic process of forecasting, collecting, and optimizing revenue generation for an organization, government, or business (Emojorho, 2023).

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Budget absorption refers to the extent to which allocated funds in a budget are utilized within a given period. It measures the efficiency and effectiveness of spending relative to the planned budget (Achim & Borlea, 2018). According to Carling (2017), budget absorption in counties refers to the extent to which allocated funds in a county's budget are actually utilized or spent within a specific period, typically within a fiscal year. Inekwe (2019) indicated that budget absorption is a measure of the efficiency and effectiveness of a county's financial management and its ability to implement planned activities, projects, and service through comparing the funds allocated in the budget to the actual expenditures.

According to Alouis (2020) high budget absorption means most of the allocated funds were spent, while low absorption indicates underutilization of funds. Azlina and Julita (2021) claim that evaluating the county's financial management practices, including procurement processes, financial reporting, and accountability mechanisms. Effective financial management contributes to higher budget absorption. Mogues and Do Rosario. (2020) emphasized that analyzing the impact of budget absorption on the delivery of services to the community. Higher absorption rates typically indicate better service delivery, while lower rates may point to gaps in providing public services.

Public Financial Management (PFM) practices according to Ngulube (2018) define as the processes, systems, laws, regulations, and institutions through which public funds are managed. Effective PFM practices are essential for ensuring that government resources are used efficiently, transparently, and accountably to achieve desired policy outcomes. Hirst (2021) listed the key components of PFM practices include budget formulation, budget execution, accounting and reporting, internal controls and audit, procurement, revenue management, debt management, transparency and accountability among other practices.

The American Institute of Certified Public Accountants (AICPA) revised the statement on internal controls, effective for financial statement audits. Consequently, developing nations such as Indonesia encounter a comparable issue in budget absorption termed slow back loaded, characterized by low absorption rates at the beginning to mid-fiscal year, followed by a sharp increase towards the end (Zaman & Cristea, 2020). The impact of budget planning and execution on budget absorption at the Forest Area Consolidation Center in the Sumatra Region is articulated. The result highlighted the factors of the oversight, Budget Politics, Budget Planning, Human Resources, and Procurement of Goods and Services about the Absorption of Expenditure Budgets (AEB) in OPD, indicating that budget planning influences the absorption of expenditure budgets (Shields & Young, 2022).

The United Kingdom possesses operational entities including the National Audit Office and the Audit Commission, which serve as main audit authorities to enhance accountability in financial allocations (OECD, 2020). In Pakistan, budgetary allocation is implemented throughout all public sectors using the instrumental approach. The process has encountered problems, including discrepancies between public aspirations and government policy implementation. The Pakistani government implemented a strategy to evaluate departmental performance by studying historical budget allocation trends and development initiatives to ensure efficient budgetary distributions (Kimei, 2022).

Significant public money necessitates considerable obligations. In the first quarter of 2020, the allocation of funding from Nigeria's Central Government for South Sulawesi Province amounted to 20.60 trillion, indicating a 1.65% rise from the previous year. In the first quarter of 2020, the absorption rate of funds rose from 14.32 percent the year before to

15.94 percent. The implementation of augmented budgets requires careful financial management and responsibility at every stage, from financial reporting to planning. A key goal of public sector reform is accountability, which measures an organization's continuous performance in achieving its goals (Rahmawati, Bunyamin & Dahlan, 2024).

The Corruption Eradication Commission (CEC) received 169 allegations of fund theft in South Sulawesi (CEC, 2020). These encompassed fraudulent acts, increases in quantity or price, non-compliant accountability reports, unlawful expenditures, and the utilization of funds for personal or group objectives. This illustrates a necessity for enhanced financial responsibility, evidenced on budgetary discrepancies resulting from money disbursements that do not align with budget allocations (Corruption Eradication Commission [CEC], 2020).

Since enactment for Public Finance Management Act 1 of 1999 (PFMA), budgeting process has been optimized within the provincial and national government agencies of South Africa. This is due to the South African National Treasury supplying ministries with budget absorption standards and templates for budget drafting that they must follow. The budget information is being given promptly in compliance with the PFMA schedules. Although the templates promote consistency, it may also be contended that they foster an environment where government personnel are 'spoon-fed' (Institute for Democracy in South Africa [IDASA] 2023).

The 2010 Constitution of Kenya ushered in a devolved system of governance that created 47 county governments, each mandated to manage public resources and deliver services at the local level. Public financial management became central to this framework since counties were tasked with planning, budgeting, collecting revenue, procuring goods and services, and managing public assets to support effective service delivery. Despite increased resource allocation, many counties have struggled to fully absorb their budgets, which affect the implementation of development projects.

For example, in the 2022/2023 financial year, the Controller of Budget reported that counties absorbed only 78.7 percent of their total budgets, with recurrent expenditure accounting for the largest share, leaving development budgets underutilized (Controller of Budget, 2023). Weak budget planning, inefficient revenue collection systems, procurement delays, and poor asset management practices have been identified as key contributors to this problem (Institute of Economic Affairs, 2021). These challenges raise concerns about the effectiveness of public financial management practices in enhancing budget absorption at the county level.

The Controller of Budget's report for the first half of the 2023/24 financial year revealed that 21 counties absorbed less than 10% of their revenue on development projects. Counties like Kisii, Nairobi, and Machakos absorbed as little as 2.9%, 3.3%, and 3.5% of their budgets, respectively, on development. Conversely, counties such as Narok and Uasin Gishu demonstrated better performance with absorption rates of 52.4% and 27%, respectively. The report also highlighted that counties spent Kshs 98.13 billion, or 58% of their revenues, on personnel emoluments, indicating a disproportionate allocation towards recurrent expenditures (Sande, Okiro & Wanjare, 2024).

The report by the Office of Controller of Budgets (OCoB) on Annual County Governments Budgets Implementation (2020) indicated that the total approved budget projections for the 47 County Governments amounted to Kshs. 499.62 billion, with Kshs. 187.98 billion (37.6%) allocated for development expenditures and Kshs. 311.63 billion (62.4%) for recurrent expenditures. In accordance with Section 107 (2(B) of the PFM Act, 2012, which mandates that a minimum of 30% of budgeted resources be allocated for capital initiatives, the overall spending allocation for development adheres to this stipulation. County Governments projected an allocation of Kshs. 316.5 billion as their equitable share of National Tax Revenue, Kshs. 22.9 billion in total conditional grants from the National Government, Kshs. 39.09 billion in loans and grants from development partners, Kshs. 54.9 billion from their Own Revenue Sources, and Kshs. 51.23 billion in residual funds from FY 2018/19 to support their budgets.

1.1.1 Public Financial Management Practices

Public Financial Management (PFM) practices refer to the systems, processes, and procedures used by governments to manage public resources. These practices ensure that public funds are used efficiently, effectively, and transparently (Emojorho, 2023). Fortuna (2021) defines PFM practices as the mechanisms and systems through which a government manages its fiscal policies, encompassing the collection of revenue, allocation of resources, and control of public expenditures to promote economic stability and growth. Kähäri, Juuti and Jantunen (2019) stated that PFM practices involve the day-to-day activities and technical procedures used by government agencies to manage public funds efficiently. This includes budgeting, accounting, financial reporting, procurement, and internal controls. Mogues and Do Rosario (2020) affirm that PFM practices encompass the administrative functions and processes that governments use to manage public finances. This covers the functions and duties of several government agencies and representatives in managing the gathering, distribution, and application of financial resources.

According to Hamilton *et. al.* (2019), budget planning refer to the methods and processes used by organizations, particularly governments, to plan, prepare, execute, and monitor their budgets. These practices ensure that financial resources are allocated effectively to meet organizational goals and objectives. Key components of budget planning include expenditure controls, debt repayment and budget approvals.

According to Boadway and Shah (2021), revenue management practices refer to the systematic processes and strategies that organizations, particularly governments, use to forecast, collect, monitor, and optimize their income from various sources. These practices aim to ensure a stable and predictable flow of funds, which is crucial for effective financial planning and management. The components of Revenue management practices in this study constituted the financial reporting, inter-governmental transfers and own county revenues.

According to Hessels and Terjesen (2018), procurement processess refer to the methods and procedures governments use to acquire goods, services, and works from external suppliers. By following legal and regulatory standards, those processes seek to guarantee that procurement procedures are equitable, open, effective, and cost-effective. Therefore, in this study, the practices included contract adherence, ethics and integrity and competitive bidding.

Asset management practices refer to the strategies, processes, and activities that governments use to oversee, maintain, and optimize the use of public assets. These assets include physical infrastructure (such as roads, bridges, and buildings), natural resources (such as parks and forests), and financial assets (such as investments and reserves) (Van, & Sudhipongpracha, 2018). Making sure that these assets offer the public the most value possible while being managed effectively and sustainably is the aim of asset management (Tily, 2019). The practice under the asset management practice comprises of liquidity management, asset disposal policies and inventory management.

1.1.2 Budget Absorption in Counties in Kenya

Budget absorption refers to the extent to which allocated budget funds actually get utilized within a given fiscal period. It indicates how effectively a government or organization is able to implement its planned expenditures (Acharya, 2018). Budget absorption refers to the efficiency with which a government or organization converts allocated financial resources into actual outputs and outcomes. It assesses the ability to execute planned programs and projects within the budgetary constraints and timelines (Anohene, 2019).

Budget absorption refers to effectiveness with which programmatic and project-specific funds are utilized in achieving the intended objectives and delivering services. It assesses how well program goals are met through effective use of allocated resources (Anohene, 2019). Budget absorption is the measure of the degree to which allocated funds are expended on planned projects and activities. High budget absorption signifies that most of the allocated budget is used effectively, while low budget absorption indicates underutilization of resources.

Ahmad and Ahmad (2022) investigated the challenges of budget development and implementation in Jordan, identifying insufficient comprehension of the importance of budgets and unrealistic projections as barriers to these processes. According to Onyiah, Ezeamama, and Ugwu (2021), Nigerian budget implementation reforms showed that poor project planning, design, and conceptualization had a negative impact on resource management and that poor budget implementation made it more difficult to achieve development goals, as evidenced by the large number of abandoned projects. Mkasiwa (2023) asserts that issues with budget implementation can be most effectively resolved by budgetary changes under the New Public Management (NPM) framework that encompasses

Kiilu and Ngugi (2024) assert that good budget implementation enhances the coherence of budget operations, establishing stronger connections between annual appropriations and medium-term policy objectives. According to Kadenge (2021), in Kenya, county governments implement their budgets after each county's supplemental budget has been approved. The Kenyan counties expect to receive revenues from the fair distribution of resources produced nationally to support the budget, including conditional and unconditional grants, as well as generating local revenues. Kanyange, Kimani, and Yvergniaux (2022) contended that, regarding execution, each county assigns economic sectors (ministries) the responsibility of providing services that fulfill the wants of the populace. Legislation pertaining to the various economic sectors varies by county and is determined by the public needs that county governments are required to answer.

1.1.3 Public Financial Management Practices and Budget Absorption in Counties in Kenya

Public Financial Management (PFM) practices in Kenya's counties have a significant impact on budget absorption rates, particularly concerning development expenditures. According to the Controller of Budget's report for the first half of the 2024/25 financial year, counties collectively spent KSh 33.60 billion on development projects, representing only 16% of the total annual development budget of KSh 211.53 billion. This marks an increase from the 12% absorption rate recorded during the same period in the 2023/24 financial year. Notably, Mandera County achieved the highest development budget absorption rate at 32%, while counties like Nairobi, Kisumu, and Nakuru reported significantly lower rates, with some as low as 5% (Controller of Budget, 2024).

Several factors contribute to the low budget absorption rates observed in many counties. A study by the Kenya Institute for Public Policy Research and Analysis (KIPPRA) highlights challenges such as inadequate technical capacities, weak internal audit systems, and low levels of transparency in PFM systems. Additionally, delays in procurement processes and misallocation of funds further exacerbate the problem. These systemic issues hinder the effective utilization of allocated funds, thereby impeding the implementation of development projects and service delivery at the county level (Kenya Institute for Public Policy Research and Analysis, 2023).

To address these challenges, a comprehensive approach is necessary. Owuor, 2024) established that the joint effect of budget planning, public participation, and automated revenue collection systems significantly enhances the financial performance of county governments . Implementing reforms that strengthen PFM systems, enhance transparency, and build technical capacities can improve budget absorption rates. Such measures are crucial for ensuring that counties effectively utilize allocated funds to deliver essential services and promote sustainable development.

1.1.3 The County Governments of Kenya

The Republic of Kenya functions as a unitary state partitioned into 47 counties, each possessing a semi-autonomous government. The 2010 Constitution of Kenya introduced this system of county governments as a novel type of devolved governance, supplanting the former province administrations. The counties are geographical entities defined by the dimensions and borders established by the 1992 districts. The national government and county governments collaborate closely, as specified in Article 6, subsection 2 of the Constitution of Kenya (Kangu, 2019), based on a comprehension of the legal framework for devolution in Kenya.

Each county administration in Kenya comprises two branches: the County Assembly and the County Executive. While the County administrative exercises administrative authority, the County Assembly is in charge of the county government's representation, legislation, and oversight functions. According to Kenya's constitutional framework for devolution, the County Executive is headed by a County Governor who is chosen democratically by the people (Kangu, 2019).

The County Executive is tasked with implementing county government tasks in accordance with the Fourth Schedule of the Constitution of Kenya (2010). This include the management, coordination, and accountability for all county government resources, the functions of county administration, and the provision of devolved services. The County Assembly is composed of elected legislators from the wards within the county. Members of the County Assembly (MCAs) act as representatives within the County Assembly.

In Kenya, county administrations are responsible for executive functions (as outlined in Article 183), county legislation (as stipulated in Article 185 of the Kenyan Constitution), and duties included in the Constitution's fourth schedule. According to Kenya's constitutional framework for devolution, the goal of county governments is to increase justice in the distribution of resources, decentralize decision-making and the provision of services to citizens, and enable the realization of the right to self-determination (Kangu, 2019).

Budgets are primarily financed by the equitable distribution of national revenues from the central government, supplemented by extra allocations (conditional or unconditional) from the national government's revenue share, locally created resources, financing through debt, grants, and contributions from foreign investment partner and donors. County governments frequently compile their consolidated annual budgets, budget policy documents, fiscal policy papers, and associated implementation plans, which are then submitted to the national government. Subsequently, the Commission on Revenue Allocation (CRA) allocates resources to the counties (Commission on Revenue Allocation (CRA) 2022).

The CRA together with other stakeholders evaluates and examines proposed budgets, distributing funds to county governments equitably according to criteria like population, land area, fiscal prudence, poverty levels, and contribution to national revenue. The specific criteria that affect the distribution of state resources are taken into consideration by the CRA formula for revenue allocation to county governments (CRA, 2022).

1.2 Statement of the Problem

Budget absorption, or the efficient and effective use of allocated funds by county governments, ensures that funds are used to provide essential services such as healthcare, education, infrastructure, and public safety. This leads to improved quality of life for residents (Hirst, 2021). Efficient use of budget funds can stimulate local economic growth through investments in infrastructure, job creation, and support for local businesses. When county governments effectively absorb their budgets, it promotes accountability and transparency in financial management, reducing the likelihood of corruption and mismanagement (Alouis, 2020).

However, budget absorption rates among Kenyan county governments have remained persistently low despite increased allocations from the national government. According to the CoB (2021), counties absorbed an average of 67% of their development budgets, raising concerns about their ability to implement planned projects and improve public service delivery. Inefficient PFM practices, including poor budget planning, procurement delays, and weak monitoring mechanisms, have been cited as key contributors to this problem (World Bank, 2018). The inability to fully utilize budgeted funds hampers infrastructural development and the provision of essential services, undermining the objectives of devolution. Muthui et al. (2023) demonstrated that Kenyan county governments exhibit poor performance, as indicated by a low absorption of recurrent and development budgets, estimated at 39.8% and 26.1% respectively, despite an anticipated absorption rate of 50.0%. According to Controller of Budget (2024), a report on 21 Counties spend less than 10pc Budget on Development showed that Ksh. 119.29 billion allocated by the Exchequer for the first half of the financial year 2019/2020, only Ksh. 103.7 billion was expended, with a portion of the expenditure remaining unaccounted for.

The local revenue target has been a challenge for the 47 counties to reach. A report by the office of controller of budgets financial year 2019/2020, states that there was no county government that attained revenue collection target. Different challenges do face these counties from reaching the target. It is caused by lack of transparency in the execution process. Mutungi (2021) revealed that the procurement process sometimes is longer than the expected time creating time lags. The estimated real budgets allocated to projects also take a lot of time. Contractors and suppliers are not paid on time thus prolonging the procurement process. Poor planning also contributes to poor budget absorption and it is a problem that is also experienced by the national government. The mentioned challenges can be categorized as lack of good operational plans which has great effect on the recurrent funds. They always increase the recurrent funds in any administration. This means that the same projects are budgeted for under both capital and recurrent expenditure.

There are studies that were carried out to address the subject of public financial management practices and budget absorption. Mohamad, Ritchi, and Avianti (2020) examined the factors influencing asset management efficacy and its effect on the equity of asset presentation in West Java Province, Indonesia. However, contextual gap was observed based on geographical disparities with different policy practices. Similarly, Ayodeji (2024) analyzed Internally Generated Revenue and its effect on budget execution in various selected states in Nigeria. Using secondary data from 2013 to 2022, the study used an ex-post facto methodology. However, methodological gap was observed since the study focused on secondary data aided by post facto methodology while current research focuses on primary data aided by descriptive methodology.

Locally, a study by Muthomi (2021) focused on relationship between budget absorption and economic growth in Kenya. Cheboi (2019) did a study on budget implementation and financial performance of the county government of Elgeyo Marakwet, Kenya while Ngai (2021) addressed budget planning and absorption rate of devolved funds by County Government of Nyeri. Still Obwaya (2020) examined the relationship between participatory budgeting and performance of local authorities in Kenya and Ocharo (2019) focused on effect of budget execution on the performance of counties in Kenya. Several studies have examined public financial management in Kenya, often focusing on compliance with regulations or broad fiscal performance, but there is limited empirical evidence that systematically examines how specific financial management practices, such as budget planning, revenue management, procurement processes, and asset management, influence budget absorption at the county level. This gap makes it difficult for policymakers to understand which areas of public financial management require targeted reforms to improve expenditure efficiency. Addressing this gap is critical to ensuring that devolved funds translate into tangible development outcomes for citizens.

1.3 Objectives of the Study

This research aimed at addressing the objectives as well as specific objectives.

1.3.1 General Objectives

The general objective of this study aimed to examine the effect of public financial management practices on budget absorption among the county governments of Kenya.

1.3.2 Specific Objectives

i. To examine the influence of budget planning on budget absorption among the county governments of Kenya.

ii. To establish the effect of revenue management practice on budget absorption among the county governments of Kenya.

iii. To evaluate the effect of procurement processes on budget absorption among the county governments of Kenya.

iv. To establish the effect of asset management practice affects budget absorption among the county governments of Kenya.

1.4 Research Questions

Specific objectives of the study were addressed as follows;

i. How does budget planning affect budget absorption among the county governments of Kenya?

ii. To what extent does revenue management practice affect budget absorption among the county governments of Kenya?

iii. What effect does procurement processes have on budget absorption among the county governments of Kenya?

iv. How does asset management practice affect budget absorption among the county governments of Kenya?

1.5 Justification of the Study

According to the report of the Auditor General on the financial statements of county governments for the year that ended on June 30, 2018, there were discrepancies between the records of IFMIS and the disclosure of financial statements, a mismatch between accounts payables and bank statements for deposits account, a discrepancy between the financial figures on pending bills and the schedules that accompanied the bills, discrepancies between cash and cash equivalents and the bank balances that accompanied them, and the non-verification of enormous outstanding impresses. These findings demonstrate that IFMIS is appropriate for bringing to light instances of financial misappropriation in county governments (GoK, 2018).

According to Owuor (2018), the absence of adequate accounting systems and inadequate controls at the county level have consistently made it easier for the public funds that have been allotted to be misused. This resulted in a slowdown in the delivery of services and overall performance of the county governments. According to the most recent information provided by the Office of the Controller of Budget (Budget Implementation Review Report) for the first six months of the fiscal year 2023-24, for example, the rate of absorption of development funds by Ministries, Departments, and Agencies is estimated to be 25.2%. The weak financial management practices have contributed to low absorption of development budgets, stalled infrastructure projects, and delayed delivery of essential services (Controller of Budget, 2023). This has also led to the accumulation of pending bills and compromised fiscal discipline across counties. Examining how these specific practices influence budget absorption provides evidence needed to guide reforms that can enhance public resource utilization and improve development outcomes at the county level.. By examining how budget planning, revenue management, procurement processes, and asset management practices affect budget absorption, this study provides evidence that can inform reforms aimed at improving fiscal discipline, enhancing service delivery, and promoting sustainable development at the county level. Hence, this prompted a study on effect of public financial management practices on budget absorption among the county governments of Kenya.

1.6 Significance of the Study

This study addresses significance of research in terms of significance to policy, significance to practices, significance to theories and other researchers.

1.6.1 Contribution to Knowledge Policy

This study contributes to the existing body of knowledge on public financial management and budget absorption, offering practical insights for policymakers and county administrators. By identifying key challenges and proposing viable solutions, the research aims to enhance fiscal discipline, promote efficient resource utilization, and improve service delivery at the county level.

1.6.2 Contribution to Practice

A research on PFM and budget absorption can significantly contribute to the improvement of governance, service delivery, and overall socio-economic development at the county level. Studies can offer useful advice for creating, putting into practice, and enhancing budget systems to improve the lives of residents. It can also emphasize how crucial budgetary principles are to other facets of sound public governance, such as honesty, transparency, achieving strategic objectives, and fostering public-government confidence. Understanding PFM may lead to better allocation of resources, ensuring that funds are directed towards priority areas.

1.6.3 Contribution to Theories

Research on PFM and budget absorption in county governments is crucial since it may inform a variety of theoretical frameworks by providing empirical data and insights that can refine and expand these theories. For public choice theory, it examines how public decisions are made and how public resources are allocated. Research on PFM and budget absorption in county governments can provide insights into how county officials prioritize and allocate resources, how resources are utilized and the impact of bureaucratic behavior on budget absorption. For Principal-Agent Theory, this theory focuses on the relationship between principals (citizens or higher government authorities) and agents (county officials or administrators). Research in this area can shed light on how well county governments adhere to financial regulations and standards and the effectiveness of oversight mechanisms in ensuring proper budget absorption.

1.6.4 Other Researchers

Research on public financial management (PFM) and budget absorption in county governments is significant for other researchers because they can develop evidence-based recommendations for improving budget absorption rates, ensuring that allocated funds are effectively utilized for intended purposes. It offers other researchers a basis for comparing different governance models and financial management practices across various counties and potentially across different countries.

1.7 Scope of the Study

In this study, the aim of research was to examine effect of public financial management practices on budget absorption among the county governments of Kenya. The study focused on 47 county governments in Kenya, examining their financial management practices and budget absorption rates over the past five financial years. Data was collected from government reports, policy documents, and interviews with key stakeholders who aided in addressing the influence of budget planning, revenue management practice, public finance procurement processes and influence of public asset management practices on budget absorption among the county governments of Kenya. In terms of timeline, the study was completed within six months.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter comprises of theoretical review, empirical literature, summary, research gaps and conceptual framework.

2.2 Theoretical Review

This research study is anchored on the following theories; Public Finance theory,' Keynesian theory, Stakeholder theory and Stewardship theory.

2.2.1 Public Finance Theory

Public Finance Theory was formulated by Richard Musgrave in 1959. It studies government revenue, expenditures, and debt management to achieve economic stability and social welfare. The theory emphasizes efficient resource allocation, income redistribution, and macroeconomic stability through taxation, public spending, and borrowing (Musgrave, 1959). It supports government intervention to correct market failures, ensuring that public goods and services such as infrastructure, education, and healthcare are adequately funded for societal benefit.

Public Finance Theory assumes that governments act in the public's best interest by ensuring financial accountability and transparency. It presumes that well-structured internal controls reduce inefficiencies, fraud, and misallocation of resources. The theory also assumes that taxation and public spending are managed to balance economic growth and stability. In internal control strategies, it underlines the need for budgetary discipline, financial reporting, and regulatory compliance to optimize public resource utilization while minimizing corruption and financial mismanagement (kisaka, 2021).

Critics argue that Public Finance Theory often assumes rational government behavior, overlooking political influences and inefficiencies in public spending. It may also focus too heavily on taxation and redistribution, potentially discouraging private sector investment. Another critique is its reliance on government intervention, which can sometimes lead to excessive bureaucracy and inefficiencies. Additionally, the theory struggles to address real-world complexities such as tax evasion, budget deficits, and global economic interdependencies, limiting its applicability in diverse financial environments (Kryeziu (2021).

Public Finance Theory provides the framework for understanding how governments mobilize, allocate, and utilize resources to meet public needs. In county governments, this theory guides the budgeting process through principles such as transparency, accountability, and participatory decision-making. It emphasizes the need for counties to align expenditures with citizens' priorities, ensure equitable distribution of resources across sectors and regions, and avoid fiscal deficits. In practice, county governments in Kenya are expected to develop Medium-Term Expenditure Frameworks (MTEFs), implement program-based budgeting, and engage the public in budget formulation, all of which are rooted in Public Finance Theory in order to ensure budgeting supports economic development and service delivery.

2.2.2 Keynesian Theory

Keynesian Theory, rooted in the ideas of British economist John Maynard Keynes, emerged in 1936, primarily as a response to the Great Depression; Keynesian Theory posits that aggregate demand and total spending in the economy by the government is the primary driver of economic growth and employment levels. Keynesians argue that government spending has a multiplier effect. When the government spends money, it increases income for those who receive the payments (through salaries, contracts, or welfare benefits). These recipients then spend a portion of their income on goods and services, further boosting demand. The initial government expenditure, therefore, leads to a larger overall increase in economic activity based on government budgets (Keynes, 1978).

The assumption of Keynesian theory as stated by Rotheim (1988) advocates for active government intervention in the economy, particularly during downturns. It assumes that government policies, such as fiscal stimulus and public spending, can effectively boost aggregate demand and mitigate the effects of recessions. This contrasts with classical economics, which emphasizes minimal government involvement. Still, Balogh (2009) claim that Keynes recognized that economic agents operate under conditions of uncertainty and that their expectations about the future significantly influence their current economic decisions.

One of the most notable criticisms emerged during the 1970s when many economies experienced stagflation a combination of high inflation and high unemployment. Critics argued that Keynesian policies, which typically advocate for increased government spending to stimulate demand, were ineffective in this scenario. Instead of alleviating unemployment, these policies appeared to exacerbate inflation, leading to a re-evaluation of Keynesian demand management strategies (Pilling, 1986). Still, Milton Friedman and other monetarists challenged the Keynesian emphasis on fiscal policy, arguing that monetary policy should play a more central role in managing the economy. They contended that controlling the money supply is more effective than government spending in influencing economic activity (Arestis & Sawyer, 2002).

The application of Keynesian theory to revenue management in government emphasizes countercyclical fiscal policies to stabilize the economy. According to Keynes, during economic downturns, governments should increase spending and reduce taxes to stimulate demand, while in periods of economic growth, they should cut spending and raise taxes to prevent inflation. In revenue management, this approach guides governments in adjusting taxation, public borrowing, and expenditure to ensure economic stability. For instance, during recessions, governments may implement tax cuts or subsidies to enhance disposable income, thereby increasing consumer spending and business investments, which ultimately generate more revenue. Conversely, in periods of high economic growth, higher taxes and reduced public spending help control inflation and ensure long-term fiscal sustainability. This dynamic fiscal approach aligns with Keynesian principles, ensuring optimal revenue collection while fostering economic stability.

2.2.3 Stakeholder Theory

Stakeholder Theory**,** proposed by Edward Freeman in 1984, states that organizations should consider the interests of all stakeholders, not just shareholders, in decision-making. It argues that organizations have a responsibility to balance the needs of various groups, including employees, customers, suppliers, investors, communities, and regulators. The theory emphasizes sustainability, long-term value generation, and ethical corporate practices, which opposes the conventional shareholder-focused strategy. According to this theory, organizations that actively engage and address stakeholder concerns can achieve greater trust, improved reputation, and long-term success (Freeman, Harrison & Zyglidopoulos, 2018).

Stakeholder Theory is based on the assumption that organizations operate within a network of diverse stakeholders, including employees, suppliers, customers, regulators, and communities, whose interests must be considered in decision-making (Donaldson & Preston, 1995). Unlike traditional profit-driven models, the theory assumes that organizations should create value not only for shareholders but for all stakeholders, as their well-being directly impacts long-term success. Mitchell, Agle and Wood (1997) also posits that stakeholders have legitimate claims and rights, meaning companies must engage with them fairly, ethically, and transparently. Additionally, Sternberg (1997) posits that theory assumes that maintaining strong stakeholder relationships enhances an organization's sustainability, reputation, and competitive advantage. Ethical and social responsibilities are also central to this theory and sustainable business practices.

Stakeholder Theory has faced several criticisms despite its widespread acceptance in modern business practices. Sundaram (2004) assert that one major criticism is that it lacks clear guidelines on how to prioritize conflicting stakeholder interests, making decision-making complex and subjective. Jensen (2001) assert that unlike shareholder theory, which focuses on maximizing profits, Stakeholder Theory does not provide a concrete measure of success, leading to challenges in performance evaluation. Some also claim that the theory is overly idealistic, assuming that businesses can balance ethical responsibilities and financial goals without trade-offs.

Stakeholder Theory is highly applicable to procurement processes as it emphasizes the need to balance the interests of various stakeholders, including suppliers, customers, employees, regulatory bodies, and the broader community. In procurement, organizations must go beyond cost reduction and efficiency to consider ethical sourcing, environmental sustainability, and supplier relationships. For example, procurement decisions should align with corporate social responsibility (CSR) goals by selecting suppliers that adhere to fair labor practices, environmental regulations, and quality standards. Additionally, engaging stakeholders through transparent communication and collaboration fosters trust, reduces risks, and enhances long-term supplier partnerships. By integrating Stakeholder Theory into procurement, organizations can achieve not only financial objectives but also social and environmental responsibility, ultimately strengthening their reputation and competitive advantage.

2.2.4 Stewardship Theory

In 1991, James Davis and Lex Donaldson created the Stewardship Theory. According to stewardship theory, leaders and managers take on the role of responsible stewards of a firm, putting stakeholders' long-term interests ahead of their own. The theory emphasizes collaboration, shared goals, and strong relationships between management and stakeholders, leading to higher performance, innovation, and sustainable growth. It eliminates the need for strict controls and oversight by assuming that managers acted in the best interests of the business when given liberty and support (Davis, Schoorman & Donaldson, 1993).

Stewardship Theory is based on several key assumptions that distinguish it from other management theories, such as Agency Theory. Eisenhardt (1989), it assumes that managers and executives are intrinsically motivated to act in the best interests of the organization, prioritizing long-term success over personal gain. Unlike Agency Theory, which views managers as self-serving agents requiring oversight, Stewardship Theory assumes that leaders derive satisfaction from organizational achievements and personal growth. Schoorman and Donaldson (1997) assumed that trust and empowerment enhance performance, meaning that when managers are given autonomy and responsibility, they are more likely to make ethical and strategic decisions that benefit all stakeholders. Van Slyke (2007) the theory assumes that there is a natural alignment between the goals of managers and the organization, reducing the need for excessive controls, monitoring, and incentives.

Critics argue that the theory underestimates the risk of self-interest, as asset managers may prioritize personal incentives, firm profits, or short-term gains over long-term value creation. The lack of strong accountability mechanisms can lead to poor governance, mismanagement, or conflicts of interest, especially when oversight is minimal (Allen & Hayes, 2010). The theory also fails to provide clear performance evaluation metrics**,** making it difficult to assess whether asset managers are truly acting as stewards of investor wealth. Ultimately, while Stewardship Theory encourages ethical and responsible asset management, its lack of rigorous control measures makes it vulnerable to financial risks, inefficiencies, and governance failures (Hernandez, 2012).

Stewardship Theory emphasizes the responsibility of managers to act as stewards who prioritize the long-term interests of stakeholders over personal gains. In managing government assets, this theory advocates for public officials to act in the best interest of citizens by ensuring accountability, transparency, and sustainability in asset utilization. Government stewards must implement policies that maximize public value, prevent resource mismanagement, and promote efficiency in asset allocation. This includes maintaining infrastructure, ensuring equitable access to public resources, and making investment decisions that enhance economic development. By fostering trust and ethical governance, Stewardship Theory helps safeguard public assets for both current and future generations.

2.3 Empirical Review

This empirical literature addresses relationship between budget planning, revenue management practices, procurement processes and asset management practices on budget absorption (Gujarati, 2020).

2.3.1 Budget Planning and Budget Absorption

Sofyani and Yogyakarta (2018) on whether performance-based budgeting has a correlation with performance measurement systems with evidence from local government in Indonesia. The aim of this study was to empirically assess variables related to the implementation of Performance Measurement System (PMS) and Performance-Based Budgeting (PBB) in the Special Region of Yogyakarta, Indonesia. The study switched from quantitative to qualitative analysis using a mixed-methods approach with a sequential explanatory procedure. The results showed that while education had a positive influence on PBB efficacy, information system constraints had a negative one, and some PBB manual operations were not made possible by information technology.

The study done by Heald and Hodges (2020) focused on the accounting, budgeting and fiscal impact of COVID-19 on the United Kingdom. The information came from a number of reliable sources that present actual and anticipated government income and outlays as the crisis worsens. The first quarter of the crisis (April–June 2020) saw a 36% increase in government spending and a 12% decline in government revenues compared to the previous year. At 99.6% of GDP, or £1,984 billion, the government's debt reached its highest level since March 1961 (ONS, 2020c). According to the OBR (2020c) central scenario, the pandemic was expected to have the biggest impact on UK public finances in 2020–2021, raising public sector net debt to £2,205 billion (104.1% of GDP) and causing a record budget deficit of £322 billion. As the pandemic abated, it was anticipated that government financial reporting would improve. In one of the most centralized democracies in the world, the relationship between high debt levels and impending interest rate increases prompted a new era of fiscal austerity and strengthened the consolidation of public power and economic decision-making.

Analysis by Krzysztof, Agnieszka and Piotr (2021) focused on the models of participatory budgeting in Poland. A study of Poland's participatory budgeting procedures was presented in the work. Building on previous research, this study investigated the Polish participatory budgeting model using Sintomer's typology of participation models. This study looked at 49 cases of participatory budgeting being successfully implemented in Western Poland, mostly in the province of Wielkopolska and its neighbouring provinces. The findings showed that, contrary to Sintomer's suggestion, none of the towns in the research had a participatory budgeting approach that was essentially uniform. The approaches used in the municipalities under investigation were categorized as part of the patchwork participatory budgeting paradigm.

The study conducted by Oyinloye (2021) focused on the determinants of effective budget practices, evidence from ministries, departments and Agencies in Kwara State, Nigeria. In order to determine the elements that influence effective budget procedure, primary data from self-administered questionnaires was analyzed using the Partial Lease Square-Structural Equation Model (PLS-SEM). At a significance level of 0.05%, this study's findings showed a strong positive link between successful budget methods and public engagement. The results of the study showed a strong and statistically significant relationship between staff competency, information technology, external pressure, and involvement of the public and efficient budget execution. However, there is theoretical gap since the study adopted whereas the current research focuses on Public Finance Theory as anchorage theory.

A study done by Adebayo and Damilola (2020) focused on financial resource management in the Nigerian public sector. It is believed that better performance, accountability, and reporting practices in the public sector result from the implementation of highly effective and efficient financial control systems. This study's goal is to assess the effectiveness of financial control in Nigeria's public sector, with an emphasis on the Akoko South-West Local Government Area (ASWLGA). Both descriptive and econometric analytical techniques were used in the study to achieve the stated objectives. The results of the study show that ASWLGA's level of financial management is robust and adequate to reduce money theft. The study additionally shows that financial control is economically efficient.

Asukile and Mbogo (2022) carried a study on Influence of Budgetary Practices on Budget Performance of Local Government Authorities in Tanzania. The Ilala Municipal Council used a survey research design for this investigation. The Statistical Package for Social Science (SPSS) version 23 was used to do the quantitative evaluations of the information gathered from the questionnaire. Simple regression analysis, correlation analysis, and exploratory factor analysis (KMO and Bartlett's Test of Sphericity) were employed. The results of the study point to a clear and favourable relationship between budgetary performance, budget implementation, participatory budgeting, and budget planning. The findings of the research had ramifications for a number of actors and stakeholders engaged in budgetary operations, especially in Tanzania. Additionally, it provided fresh perspectives on budget procedures and performance metrics that could be applied to improve Local Government Areas' (LGAs') budget performance. Local Government Area (LGA) those who make decisions should give top priority to putting policies into place that improve budget operations' efficiencies by addressing the benefits and drawbacks of past experiences.

Kathoni (2022) investigated the impact of budgeting procedures on the success of government-funded projects in the Nairobi Metropolitan area, Kenya. Assessing the impact of budget planning, involvement, budgetary administration, and budget reviews were the four main goals of the study. The methodology used in the present investigation was descriptive in nature. All 60 government-sponsored projects in the Nairobi Metropolitan Area were the focus of the analysis. Because the target population was manageable, the inquiry used a census technique. A questionnaire was used to gather primary data. Descriptive and inferential statistics were used to analyse the data that was gathered. The study used a regression model and selected the model using the VIF test. Tables, charts, and graphs were used to display the findings that became public. The study found that planning a budget had no discernible impact on project performance, with a p-value of 0.189 over the statistically significant level of 0.05.

The research by Mbogo, Macharia, and Olando (2021) examined the influence of budgeting methodologies on the financial performance of small and medium enterprises in the manufacturing sector in Nairobi County, Kenya. This study used data from a self-administered cross-sectional survey with a descriptive research design. Data gathered from a questionnaire given to a randomly chosen sample of 156 manufacturing SMEs in Nairobi was subjected to a study using structural equation modelling. The findings showed that small and medium manufacturing enterprises' (SMEs') financial performance was considerably and favourably impacted by budgeting techniques. The findings of this study show that the application of strategic budgeting techniques, such as cash flow preparing (BP), cash flow management (BC), resource allocation (BRA), coordination of activities (AC), and financial position monitoring (MFP), can enhance the financial performance of small and medium-sized businesses (SMEs) in the manufacturing sector.

Kamau, Rotich, and Anyango (2020) investigated the impact of the budgeting process on the budget performance of state businesses in Kenya, specifically focusing on Kenyatta National Hospital. The study's design was descriptive. The 450 employees of Kenyatta National Hospital who took part in budget planning were the focus of the study. The 72-person study sample size is determined by applying a certain formula. The content validity of a questionnaire was assessed by an expert, and its reliability was determined through test-retest processes. For quantitative data, the study used descriptive statistics, and for qualitative data, it used methodical content analysis. According to this study, State Corporations' involvement in budgetary matters has a direct impact on how well they function financially in Kenya. The study showed that the success of State Corporations in Kenya is greatly impacted by the sophistication of their budgeting. The results of the study show that the level of budgetary stakeholder participation had the biggest impact on Kenyan State Corporations' budget performance.

2.3.2 Revenue Management Practice and Budget Absorption

A research by Karam (2022) examined the implementation of dynamic revenue management in hotels during the Covid-19 pandemicValue stream and wavelet coherence approaches were used in the study's analysis of the Hotel Rajasthan instance in Moti Doongari Roa, India. Using time-series data, semi-structured interviews, and self-administered questionnaires, a multiple case study including 31 upscale hotels in Egypt was conducted. Both short- and long-term, as well as throughout various recurrence cycles, substantial causal correlations between hotel management techniques and hotel efficiency were found. However, this link did not affect the long-term dynamic pricing operation. There are no obvious causal relationships between Covid-19 and hotel efficiency, according to the overtime spectra. This suggests that the damage may have been lessened to some extent by the adaptive measures implemented in response to COVID-19.

Ayodeji (2024) analyzed Internally Generated Revenue and its effect on budget execution in various selected states in Nigeria. Using secondary data from 2013 to 2022, the study used an ex-post facto methodology. Data were gathered from 24 states, four of which were chosen from each of Nigeria's six geographical zones. The National Bureau of Statistics and the appropriate state boards of Internal Revenue Authorities provided the statistics. Both descriptive and inferential statistical methods were used in this investigation. According to a coefficient of 0.0807 ($p=0.608>0.05$), the analysis showed that road tax (ROD) has a positive but statistically negligible impact on capital spending in some Nigerian states. On the other hand, a coefficient of 0.488 ($p=0.005<0.05$) indicates that the direct assessment tax (DAT) has a positive and statistically significant impact on capital spending in some Nigerian states. The data analysis showed that in several Nigerian states, locally produced revenue had a statistically significant impact on budget execution.

Maingi, Alala, and Iravonga (2023) investigated the impact of integrated financial management information revenue systems on financial management within County Governments in Kenya. Both descriptive and causal methods were used in the study. The survey involved 302 employees from the Treasury Departments of the County Governments of Bungoma, Kakamega, Busia, Vihiga, and Trans-Nzoia. Procurement officers, internal auditors, financial analysts, finance officers, and revenue personnel were among those named individuals. Stratified random selection was used to pick the participants. The initial data was collected using questionnaires. Both descriptive and inferential methods were used in the data analysis. Depending on the income strategy used, the results showed significant variations in the financial management of Western Kenyan County Governments ($R2 = 0.443$, P 0.0001). For the IFMIS revenue system, a regression coefficient of 0.670 was obtained at a significance level of $P<0.05$. According to this figure, there was a corresponding 0.670 unit difference in financial management between the Western Kenyan county governments for every unit change made to the IFMIS revenue system. The study showed that Kenyan county governments' financial procedures had been seriously affected by the IFMIS revenue system.

Sande, Okiro, and Ojera (2023) examined the combined impact of budgeting methods, public engagement, and automated revenue collecting systems on the financial performance of County Governments in Kenya. Ex-post facto research methodology and a pragmatic research attitude were used in this study. Kenya's 47 county government entities make up the target cohort. Budget controllers from 45 Kenyan county administrations were surveyed using a questionnaire. This study performed regression and correlation analysis using both descriptive and inferential statistics. The results showed that the combined impact of automated revenue collection technology, public involvement, and budget procedures on Kenyan county governments' financial health greatly outweighed the impact of budget practices alone ($R2 = 0.566$, $F = 37.384$, $p < 0.05$). Furthermore, this result was supported by the R-squared value exceeding the connection between budget methods and financial performance (0.437). However, there was methodological gap since the current study did not use descriptive research design as the main research design.

Nasimiyu, Wanyama and Wafula (2024) the Impact of Control Environment on Revenue Generation in County Governments of Western Kenya. Purposive sampling and a descriptive research approach were used in this study to collect data from a sample of 228 employees who worked in the internal control and revenue departments of four different county governments. The findings show that the organizational structure, the distribution of authority and responsibility, the commitment of management to competency, and the existence of integrity and ethical standards all significantly improve revenue creation. The results of the study show that enhancing revenue-generating performance requires a strong control environment. The current study improves knowledge of revenue generation and internal controls in the context of devolved governments in developing countries.

Murimi (2022) examined the factors influencing revenue management methods and their impact on the financial performance of star-rated hotels in Kenya. The study used a cross-sectional survey design and a quantitative technique. A sample of 138 revenue managers from 215 carefully selected star-rated hotels participated in the study. Self-administered questionnaires were used to collect data; these were verified by a preliminary survey consisting of thirty-two items, and the Cronbach's Alpha test was used to assess their reliability. According to the results for goal one, the following aspects of revenue management contribute to the variation in revenue management practices: pricing strategies (17.6%), RM tools (20.6%), RM policy and implementation (20.9%), and the state of RM practice (40.1%). The results of the study show a relationship between financial performance, revenue management techniques, and factors influencing revenue management. The study concluded that tackling the alignment between important variables and hotel financial performance in Kenya is necessary for the application of revenue management strategies and the discovery of practical solutions for lowering hotel occupancy rates.

2.3.3 Procurement processes and Budget Absorption

The study conducted by Nurhyati and Djuminah (2021) investigated the effects of e-procurement on budget absorption within Indonesian local government, specifically focusing on cases from the East Java Provincial Government. Both primary and secondary data sources were used in the study. A sample of 71 units from the East Java Provincial Government's Local Government Work Unit (SKPD) was investigated in the present research. The findings show that by simplifying the process of acquiring products and services, electronic procurement technology improves the effective distribution of resources. The quality of goods and services acquired as well as the procurement process are negatively impacted by the use of e-procurement technologies. The efficiency of purchasing goods and services is negatively impacted by the use of e-procurement technologies. However, because technology users' views towards its use are waning, the deployment of e-procurement technology has little effect on budget absorption through the procurement performance of goods and services.

A research by Mwaiseje and Changalima (2020) examined procurement planning as a strategic instrument for enhancing public procurement efficacy. An analysis of certain government procurement institutions' experiences in Dodoma, Tanzania. A standardised survey questionnaire was used to collect data from 146 respondents who were specifically selected from a variety of public procurement organisations in Dodoma, Tanzania. A binary logistic regression model inside a cross-sectional framework was then used to analyse the data. The strategic function of procurement planning has a major impact on the effectiveness of public procurement, according to research findings. The effectiveness of public procurement and a number of procurement planning determinants were examined using the binary logistic regression model. The predictors included following procurement laws and regulations during planning ($p = 0.016$), executing established procurement plans ($p = 0.039$), involving users as stakeholders and important institutional participants in public procurement ($p = 0.033$), and having a sufficient budget ($p = 0.042$). According to the study, public procurement organizations can employ procurement planning to increase public procurement efficiency.

Njoi (2020) did a study on the impact of public procurement management methods on the absorption of development budgets inside government departments in Kenya. The research design used in this study was descriptive. Every government agency in the nation was the target of this poll. 1,045 workers in the accounting and finance division and other positions responsible for budget creation and implementation in 18 federal ministries made up the population under study. A sample of 209 workers from all assigned departments participated in the study. The quantitative data was analysed by the researcher using both descriptive and inferential statistics. According to the majority of respondents, financial control with relation to budgetary absorption was greatly impacted by management efficiency. The majority of participants stated that, out of all the elements evaluated when it came to budget management, creating a clearly defined budgeting process that aligns with strategic objectives and procurement criteria had the biggest impact.

An analysis by Nyagah and Mugambi (2024) examined the impact of public procurement legislation on the successful execution of projects, specifically analyzing the Kisauni Constituency Development Fund through a case study. The study made use of primary data that was gathered from individuals in four different categories. Individual project committees, suppliers, the Constituency Development Fund Tender Committee, and the Constituency Projects Tender Committee. Stratified random selection was used to choose the study sample. A sample of 44 people was interviewed in-person and given questionnaires in order to collect primary data. Tables, graphs, and pie charts were used to display the data analysis results, along with an explanation of the conclusions. According to the analysis, Kisauni CDF's public procurement was characterized by a substantial implementation of the public financial management system; however procurement unit had low levels of expertise, insufficient adherence to public regulations, and ineffective Public Procurement Regulatory Authority (PPRA) supervision.

A study conducted by Okuku and Oloko (2024) focused on the procurement processess and performance of road projects in Kisumu West-Sub County, Kisumu County, Kenya. The research was conducted utilising survey methods. A stratified selection strategy was used to select 77 individuals from a target population of 500. Data were collected using a self-reporting questionnaire. The data was analysed using a multiple regression model, and the results were presented in the form of tables and graphs. The findings revealed that 55.3% of participants strongly agreed on the importance of planning on project performance. According to the research findings, procurement planning and information technology have an impact on project performance. The recommendations are as follows. Kisumu Sub-County should employ more effective procurement planning measures for road projects to achieve their timely completion and improve procurement performance. Furthermore, they should implement and integrate their procurement process with contractors to reduce the bidding process and thereby increase procurement performance inside the county.

2.3.4 Asset Management Practice and Budget Absorption

Mohamad, Ritchi, and Avianti (2020) examined the factors influencing asset management efficacy and its effect on the equity of asset presentation in West Java Province. Analysing asset management's efficacy and its effect on equity of asset representation in the balance sheet of local government operations was the goal of this study. Participants in the 2019 study worked for local government organizations in 27 municipalities in the province of West Java, managing goods. The products management system used the Google Forms application to disseminate and collect 172 surveys. Using multiple linear regression models that are constructed using the SPSS program, this research methodology makes use of quantitative methodologies. The results of the study show that a number of factors, such as management commitment, asset management staff competency, internal controls, and the implementation of regional asset management information systems, can influence asset management performance. The equity of asset representation on the local government balance sheet is directly impacted by the effectiveness of regional asset management.

This research conducted by Maletič, Maletič, and Gomišček (2019) investigated the mediating role of physical asset management in the relationship between sustainability and operational success. Increases in industrial companies' productivity, an analysis of how physical asset management functions as a mediator in the connection between operational efficiency and sustainability. This study, which was based on empirical information gathered from questionnaires in the European nations of Greece, Poland, and Slovakia, used mediation analysis to address the research problem. The degree to which sustainability has an indirect impact on operational performance through physical asset management was assessed using an

SPSS macro. The results of this study suggest that the relationship between operational effectiveness and sustainability is mediated by physical asset management. Significant new information about methods that can improve operational performance is provided by this study. The results clarify how businesses can use sustainability and physical asset management concepts to get better operational performance.

Olanrewaju (2020) investigated the impact of public sector fund management techniques on the prevention and detection of fraud: Evidence from Kwara State, Nigeria. Partial Least Squares Structural Equation Modelling was used to analyse the primary data obtained through questionnaires. At a significance level of 0.05%, the data shows a strong positive correlation between cash consolidation and fraud detection and prevention ($t=5.824$, $p=0.000$). At a 0.05% significance level, there is a substantial positive correlation ($t=3.465$, $p=0.001$) between the prevention and detection of fraud and the consolidation of government bank accounts. In terms of preventing and detecting fraud, the study showed a strong, positive, and substantial correlation between cash consolidation, financial management, and the unification of government bank accounts.

A study conducted by Wambugu, (2023) examined asset management system in the Government of Kenya. This work took a case study approach as its research methodology. Personnel working for the Ministry of Finance were the research's target population. Using a stratified random selection technique, 70 respondents in total were chosen from each stratum. Both quantitative and qualitative data were used in this investigation. When gathering quantitative data, a semi-structured questionnaire was used. The analysis revealed that asset management in the government lacked integration across departments, resulting in the procurement department being primarily responsible for such management. Challenges identified to impede the deployment process of AMS include inadequate integration of operations across departments, absence of standards in categorizing/cataloging of assets, limited flexibility in the operation of AMS, and an inadequate design of the asset management model.

2.3.5 Public Financial Management Practices and Budget Absorption

The analysis by Nurfadila, Pratiwi and Sukmawijay (2023) aimed at examining the determinants of budget absorption: The function of regulation as a moderator. The objective of this study was to investigate the factors that influence budget absorption, namely budget planning and budget implementation. A quantitative descriptive approach with hypothesis testing using SPSS software was employed in the investigation. The research findings conclusively shown that budget planning had a beneficial impact, whereas budget execution had an adverse impact on budget absorption. Meanwhile, the results of this study suggest that regulation does not have a moderating impact on the connection. However, in the context of budget implementation, regulation does indeed have a moderating impact. The research suggests the need of understanding the elements of budget absorption in order to efficiently and effectively absorb the allocated money for the benefit of the public.

A study by Bosibori, Omoro and Kinyua (2023) examined the effect of budget utilization and performance of County Governments in Nyanza Region, Kenya. The research employed a descriptive survey methodology, specifically focusing on the counties of Siaya, Kisumu, Migori, Homabay, Kisii, and Nyamira. The analysis employed secondary data obtained from the Office of the Controller of Budget and Office of the Auditor General, spanning six financial years from 2015/2016 to 2020/2021. The work employed descriptive statistics to gather, examine, and undertake regression analysis of the data. A regression analysis was conducted on the regressed data using SPSS to identify several models. The research concluded that allocating funds towards development exhibited a favorable influence on service delivery, but insufficient allocation towards development expenditure had an adverse effect on service delivery.

A study by Osundwa and Jemaiyo (2023) examined the managerial elements influencing implementation of the budget and performance in county governments in Kenya. This study sought to investigate the relationship between managerial characteristics and the efficient implementation of budgets in county governments in Kenya. Moreover, the study may assist the administration in developing policies pertaining to the administrative necessities of ministries and agencies. The literature evaluation may also assist the legislature in developing appropriate instruments to accurately monitor and improve the flow of resources and their use. The review of literature allows the public and other stakeholders to get a deeper understanding of how public funds are used. This understanding helps to demonstrate accountability and transparency in public spending, so enhancing confidence in the financial information of the government through IFMIS reporting.

2.4 Summary of Empirical Literature and Research Gaps

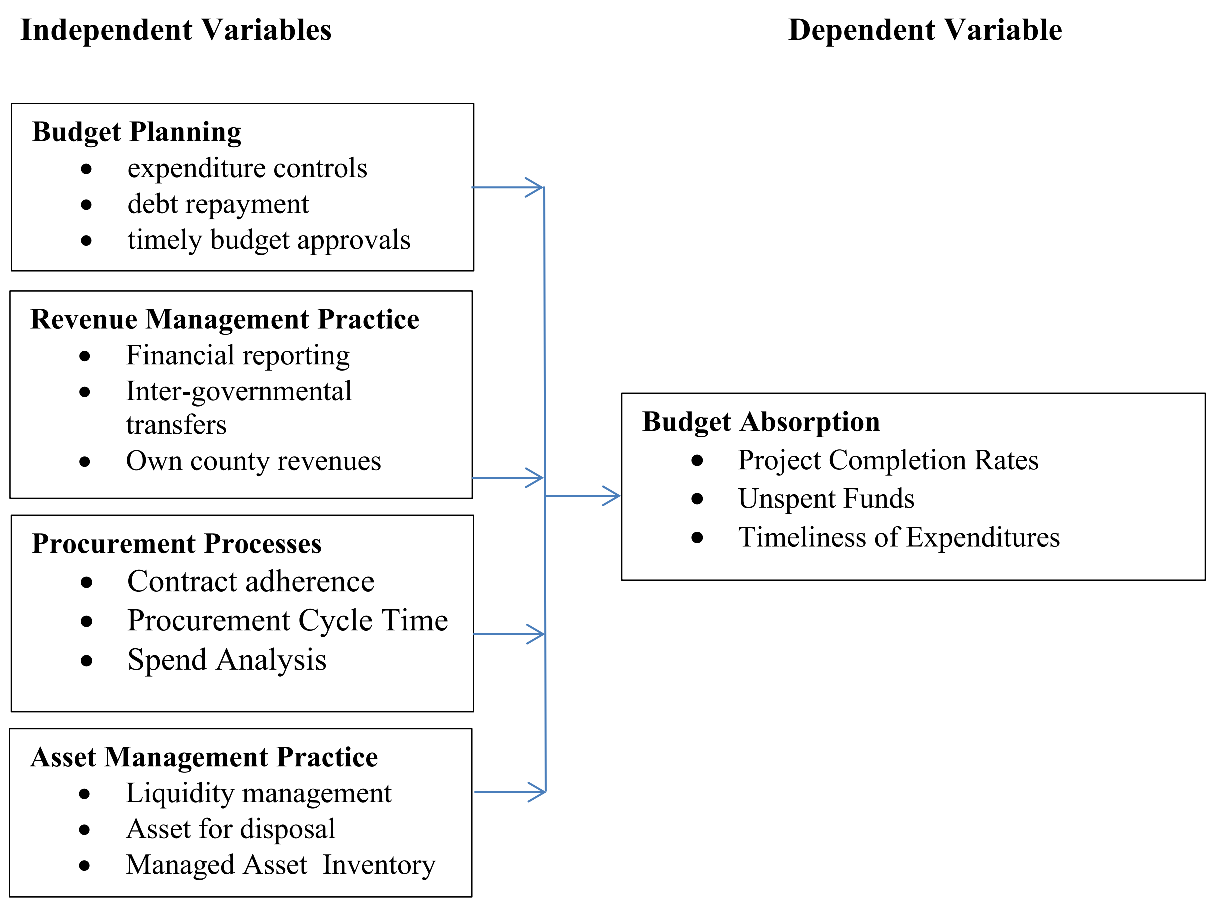
The summary and research drawn from the literature acknowledges contributions provided by other scholars. However, there are notable gaps observed and are addressed as follows; the studies conducted by Karam (2022) addressed implementing dynamic revenue management in hotels during Covid-19: value stream and wavelet coherence perspectives; a case of Hotel Rajasthan, Moti Doongari Roa, India while Oyinloye (2021) focused on the determinants of effective budget practices: evidence from ministries, departments and Agencies in Kwara State, Nigeria and Ayodeji (2024) examined Internally Generated Revenue and its Impact on Budget Implementation in Some Selected States in Nigeria**.** The study adopted ex-post facto research design using secondary data covering a period of 10 years (2013 to 2022). However, from these studies, there are contextual gaps in the sense that they were based on foreign nations whose policy practices may not necessarily be similar to Kenyan context that is about public financial management practices on budget absorption.

The study conducted by Oyinloye (2021) focused on the determinants of effective budget practices, evidence from ministries, departments and Agencies in Kwara State, Nigeria and adopted Partial Lease Square-Structural Equation. However, there was theoretical gap since the study adopted whereas the current research focuses on Public Finance Theory as anchorage theory. Sande, Okiro, and Ojera (2023) examined the combined impact of budgeting methods, public engagement, and automated revenue collecting systems on the financial performance of County Governments in Kenya. Ex-post facto research methodology and a pragmatic research attitude were used in this study. However, there was methodological gap since the current study did not use descriptive research design as the main research design. The studies conducted by Kathoni (2022) examined effect of budget planning on performance of government funded projects in Nairobi Metropolitan, Kenya. The study was guided by four objectives namely; to assess the effects of budget planning, participation, budgetary control and budget review. A study conducted by Mbogo, Macharia, and Olando (2021) investigated the impact of budgeting techniques on the financial performance of small and medium manufacturing firms in Nairobi County, Kenya. This study aims to examine the impact of budgeting procedures, encompassing cash flow planning (BP), resource allocation (RA), and coordination of tasks (AC). However, there is conceptual gaps noted consider that the area of focused based on study objectives were differed with the current study which focuses on budget planning, revenue management practice, procurement processess and asset management practices.

2.5 Conceptual Framework

It is a framework that guides and supports the study and is made up of ideas, presumptions, expectations, beliefs, and theories. It links the important variables, factors, or concepts that was investigated or tested, giving the study a clear framework and directing the research process (Gujarati, 2020).

The conceptual framework shows the independent variables comprising of budget planning measured in terms of expenditure controls, debt repayment and timely budget approvals. There is revenue management practice measured in terms of financial reporting, inter-governmental transfers and own county revenues. Still, there is procurement processes under the indicators comprising of contract adherence, procurement cycle time as well as spend analysis. There is asset management practice, liquidity management, asset for disposal and managed asset inventory. The framework also comprises of dependent variable which is budget absorption comprising of project completion rates, unspent funds and timeliness of expenditures.



Source: Author (2025)

FIGURE 1

Conceptual Framework

2.6 Operationalization Framework

The process of defining and measuring variables and concepts in a way that allows them to be empirically studied and analyzed by involving translating abstract concepts into specific, measurable indicators and procedures that can be used to collect and analyze data (Holborn & Langley, 2019).

TABLE 1

Operationalization Framework

Variables	Indicators	Scale	Data Collection Instruments
Budget planning	• expenditure controls • debt repayment • timely budget approvals	Likert Scale	Questionnaires
Revenue Management Practice	• Financial reporting • Inter-governmental transfers • Own county revenues	Likert Scale	Questionnaires
Procurement Processes	• Contract adherence • Procurement Cycle Time • Spend Analysis	Likert Scale	Questionnaires
Asset Management Practice	• Liquidity management • Asset for disposal • Managed Asset Inventory	Likert Scale	Questionnaires
Budget Absorption	• Project Completion Rates • Unspent Funds • Timeliness of Expenditures	Likert Scale	Questionnaires

Source: Research Data (2025)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter constitutes the research design, target population of study, sample size and sampling design, data collection instruments, analysis of data, pilot study and lastly data analysis and presentations.

3.2 Research Design

A design constitutes a framework or strategy whereby the researcher devises in conducting a study or investigation. It outlines the overall approach and methodology used in collecting, analyzing, and interpreting data to address a particular research question or hypothesis. Therefore, a well-designed research study usually includes decisions about the research method, sampling strategy, data collection techniques, and data analysis procedures (Lyon, 2019).

This study adopted descriptive research design. Glen (2020) claims that descriptive research is a type of research methodology that aims to describe the characteristics, behaviors, or conditions of a particular phenomenon or group of interest without manipulating variables or establishing causal relationships. It can be the first step in investigating a topic, the design assist researchers in gaining a better knowledge of the study problem, identifying relevant factors, and generating hypotheses for further examination. According to Kothari (2019), descriptive research design is suitable for studies that seek to describe the characteristics of a particular phenomenon or explore relationships between variables as they occur naturally, without altering the environment. For this case, effect of public financial management practices on budget absorption among the county governments of Kenya.

3.3 Target Population

Population of study constitutes the entire collection of people or cases that a researcher is interested in investigating and forming conclusions about through the course of their investigation. It is a representation of the more comprehensive objective of the inquiry, from which a sample is chosen in order to draw conclusions or generalizations about the wider group (Gujarati, 2020). The target population for the study comprised the 47 county governments in Kenya. These counties represent the administrative units established under the Constitution of Kenya 2010, which created a devolved system of governance. The official list of the 47 counties is provided by the Government of Kenya through the Kenya Law website and the Council of Governors (Council of Governors, 2023; Constitution of Kenya, 2010).

The unit of analysis was 47 counties and unit of observation was 1 representative from finance department in the county government and 1 representative from budget office from the county Assembly in each of the 47 county governments as shown in Appendix I: List of 47 counties. The mode of engagement was physical for all accessible neighboring counties and those spread out, the researcher emailed questionnaires to respondents by use of Google Forms. The justification is based on the notion that this population is appropriate because these officers are directly involved in the implementation of financial management practices and are knowledgeable about factors influencing budget absorption at the county level. This gave a population of 94 respondents.

3.4 Sample Size and Sampling Technique

Sampling is the procedure of choosing a subset of individuals, cases, or attributes from a broader population to conduct research and draw conclusions about that group. Sampling is a crucial component of research design since it influences the validity, reliability, and generalizability of study results. The study adopted purposive sampling design. Glass and Hopkins (2018) defined purposive sampling as a non-probability sampling method in which researchers intentionally choose respondents or cases based on certain traits or parameters that are pertinent to the study question or objective. Purposive sampling does not employ random selection. Instead, the researcher's judgment and experience are used to pick participants.

The study adopted purposive sampling to select respondents who are directly involved in public financial management functions within county governments. This included officers in budget planning, revenue management, procurement, and asset management departments (Krishnaswami, 2018). Purposive sampling is appropriate because it enables the researcher to deliberately target individuals who possess relevant knowledge and experience that are critical for addressing the study objectives (Etikan, Musa, & Alkassim, 2016). By focusing on those with direct responsibilities and expertise, the study ensures that the data collected is both rich and contextually relevant.

The sampling frame consisted of departmental staff lists obtained from selected counties. Counties were purposively selected based on criteria such as geographical diversity (urban and rural) and budget absorption performance (high, medium, and low) as indicated by the Controller of Budget reports. This ensures that different contexts are represented, improving the breadth and applicability of the findings. Within each selected county, officers holding key positions in finance-related departments were purposively chosen to guarantee that the information gathered reflects actual financial management practices.

Purposive sampling is justified in this study because it allows for the inclusion of respondents who are best placed to provide accurate and in-depth insights into how financial management practices influence budget absorption, which may not be achievable through random selection methods (Palinkas *et al.,* 2015). This method enhances the validity of the findings by ensuring that data is collected from knowledgeable and relevant participants (Glass & Hopkins (2018).

Therefore, the study selected 1 representative from finance department in the county government and 1 representative from budget office from the county Assembly in each of the 47 county governments involved in the subject of finance and budgeting. This gave a population of 94 respondents.

3.5 Data Collection Instruments

The data collection instruments constituted the systematic processes, procedures and tools that researcher's use in gathering information or data for research, analysis, or decision-making purposes (Orodho & Kombo, 2019). This study adopted questionnaire as the primary data collection method. Advantages of questionnaires as stated by Mugenda and Mugenda (2003) shows that questionnaires allow once designed, to be distributed to many people simultaneously, saving time and resources compared to other data collection methods. They can be administered to multiple participants simultaneously, whether in person, by mail, over the phone, or online, making them efficient for gathering data from diverse populations. Still, data obtained by use of questionnaires yield quantitative responses that can be easily quantified, summarized, and analyzed statistically.

3.6 Data Collection Procedures

The KCA University's graduate school provided an official introduction letter to present the researcher to the respondents, outlining the purpose of the specified research. The researcher adopted mix approach to collection procedures. For accessible counties, the researcher physically delivered questionnaires. However, for other counties, the researcher emailed questionnaires to respondents by use of Google Forms and requesting them to fill out and then picking them up for the final analysis.

3.7 Pilot Study

It is the extent to which a research study meets established standards of validity and reliability of research instrument adopted (Lyon, 2019).

3.7.1 Validity of Research Instrument

In accordance with the definition provided by Mugenda and Mugenda (2003), validity test pertains to its ability to appropriately assess the desired construct, by evaluating whether the instrument accurately measures the intended construct or notion, and if the inferences made from the instrument's outcomes are valid and significant. The tests range from validity on appearance and validity on contents for the research instrument that was carried out by the supervisor and research professionals. Over the course of the study, an analysis of the content, sequence, format and structure was carried out, in addition to an evaluation of the clarity of the questions and instructions. Prior to the surveys being distributed to the remaining participants, the viewpoints of the respondents was appropriately addressed, and the questionnaires underwent necessary revisions before distributing to respondents.

3.7.2 Reliability of Research Instrument

This constituted the consistency, stability and accuracy of its measurements over repeated administrations or observations of produced data. Due to the normally high level of consistency that is displayed in the data received from a reliable instrument across several tests, it is required to conduct an evaluation of the instrument's reliability (Glass & Hopkins, 2018). According to van Teijlingen and Hundley (2019), pilot studies play a critical role in improving the quality and efficiency of research by helping to refine instruments and detect potential problems early. They allow researchers to test the appropriateness of data collection methods, the reliability of instruments, and the suitability of the sampling strategy, thereby increasing the likelihood of obtaining valid and reliable data in the main study.

For the purpose of determining the reliability of the instruments, a subset of the whole sample size, particularly 10% percent (9) staff in county government for pre-test was selected. They was utilized in the execution of a pilot study from randomly selected county to represent the rest, and the responses they provided was utilized to determine whether or not the questions was adequately designed.

The study made use of internal consistency to undertake reliability tests. According to Bray and Maxwell (2019) argument, the Cronbach alpha value of an instrument must be greater than 0.7 for it to be considered to have adequate internal consistency. A confidence level of 95% was used in the calculation of the Cronbach's Alpha Coefficient, which was performed by the researcher using the results that was received from the pilot study. The data that was gathered from the pilot exercise was then entered into a computer system, and the Cronbach's alpha coefficient was determined with the help of the Statistical Package for the Social Sciences (SPSS) software, namely version 26. Questionnaire, which had a Cronbach's alpha value that is greater than 0.7, was regarded as reliable for use with the sample, and it did not undergo any further modifications

3.8 Data Analysis and Presentations

Data analysis involves methodically analyzing data sets to find underlying patterns or trends by using statistical approaches to make judgment (Trochim, 2019). Quantitative methods were used for data analysis. The procedure entails examination of information that was gathered using closed-ended questions. The use of computer tools, notably Statistical Package for the Social Sciences (SPSS), aided this analysis. This entailed descriptive analysis to generate frequencies, percentage ratings, mean and standard deviation.

The study also adopted inferential analysis. This entailed correlation analysis which was utilized to assess the degree of association among selected variables. Therefore, correlation coefficient of zero indicates absence in a linear relationship. Conversely, a correlation coefficient of ±1.0 indicates a complete positive or negative association. The values were interpreted on a scale ranging from 0, indicating no relationship, to 1.0, representing a perfect relationship. The study also adopted regression analysis in order to establish collective effect to the study variables (independent and dependent variables) and the model is precisely stated;

$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$:

Where;

Y = is the dependent variable, budget absorption;

Whereas X is a set of independent variables of public financial management practices measured against the dependent variable, budget absorption.

α = Constant term,

$\beta_1, \beta_2, \beta_3, \beta_4$ = Regression coefficients of X_1, X_2, X_3 and X_4

X_1 = budget planning;

X_2 = revenue management practice;

X_3= procurement processes,

X_4= asset management practice,

ε = Error term

3.9 Diagnostic Tests

Statistical methodologies employed to assess the validity, reliability, and suitability of a model or analysis. These tests assist in identifying problems, validating assumptions, and ensuring the accuracy and reliability of the analysis results (Kitchenham & Pfleeger, 2018).

3.9.1 Normality Tests

Normality tests, as outlined by Glass and Hopkins (2018), are statistical methods employed to ascertain if a dataset adheres to a normal distribution, sometimes referred to as a Gaussian distribution. A normal distribution is a prevalent continuous distribution of probability distinguished by its bell-shaped curve, which is symmetrical about the mean. Normality tests help guide decisions in statistical modeling and analysis, ensuring appropriate methods are applied based on the data distribution. The Shapiro-Wilk Test was adopted. The purpose was to assess whether a sample comes from a normally distributed population.

3.9.2 Linearity Tests

To determine whether two variables or more variables in a dataset have a linear connection, linearity tests are utilized. A fundamental premise of many statistical methods, including linear regression, is linearity, which states that variations in the independent variable or variables cause corresponding variations in the dependent variable. According to linear models, a straight line can depict the relationship between the input variables (predictors) and the output variable (response). If the assumption of linearity is violated, the model may not accurately describe the data, leading to biased results and poor predictions (Trochim, 2019). The Scatter Plot was applied in the study to visually assess the linearity between two continuous variables. A straight-line pattern suggests linearity while a curved or dispersed pattern suggests a non-linear relationship.

3.9.3 Multicollinearity Tests

Multicollinearity tests are statistical techniques used to identify multicollinearity in a dataset, especially in regression analysis, according to Lehman and Hatcher (2020)., occurs when two or more independent variables in a regression model have a high correlation with one another, indicating that they offer duplicate information about the dependent variable. This may result in issues with coefficient estimation, lower model precision, and make it more challenging to identify the distinct impact of each predictor. The Variance Inflation Factor (VIF) was used in the test to quantify the extent to which multicollinearity has inflated the variance of a regression coefficient.

3.10 Ethical Considerations

Ethical considerations in research constitute principles that guide researchers to conduct their work responsibly and with integrity. These considerations were designed to protect research participants, ensured the accuracy and reliability of data, and maintained public trust in research (Glen, 2020).

3.10.1 Informed Consent

It is the consideration made to respect the autonomy and right to make an informed decision about respondents' participation (Krishnaswami, 2019). In order to accomplish this, the researcher sought to secure the necessary approval from the graduate school of KCA University as well NACOSTI clearance and letter introduction to the management concerned at the County Governments in order to have some of the staff members participate in the study. The informed consent was helpful in ensuring that this research study is effectively completed, which is necessary to ensure that the findings that was obtained in the subsequent phases do not violate the regulations and rules that are established while conducting research work.

3.10.2 Voluntary Participation

It is the process of guaranteeing that persons voluntarily participate in a study, free from compulsion or improper influence (Kerlinger, 2019). To ensure voluntary participation of respondents free from coercion, the researcher adhered to ethical principles that promote autonomy and informed consent. First, the researcher provided clear, detailed information about the study, including its purpose, procedures, potential risks, and benefits, allowing respondents to make an informed decision. Participation was entirely optional, with no pressure, threats or incentives that unduly influence a person's decision to take part. Respondents were informed that they had the right to withdraw at any time without facing any consequences. Still, consent forms openly stated that participation is voluntary and should be signed only after the respondent fully understands the study. If vulnerable groups are involved, extra was taken to ensure that their participation is free from external influence.

3.10.3 Confidentiality

According to Bray and Maxwell (2020), confidentiality is defined as the adherence to the principle that any identified information would not be made accessible to or accessed by any other individual besides the researcher. As a researcher, it is of utmost importance to take into consideration the wording of the results in order to guarantee that there is no possibility of individuals being identified, despite the fact that those individuals' names were not used throughout the data collection exercise. The confidentiality assurance was enforced to ensuring that there were no identifiers that could link respondents to the questionnaire used in data collection.

3.10.4 Data Protection

The researcher secured soft copy data using encrypted storage, password protection, to prevent unauthorized access or data breaches. Physical documents were stored in locked cabinets with limited access to authorized personnel only. Additionally, the researcher implemented data anonymization techniques to protect participants' identities and adhere to institutional and legal guidelines on data privacy. Proper disposal methods, such as shredding physical documents and permanently deleting digital files when no longer needed, ensured data is not accessed and used for wrongful purposes.

3.10.5 Community Considerations

The researcher sought to protect the community by maintaining confidentiality and avoiding misrepresentation of data that was obtained from the county. The researcher also shared findings that contributed to local development or policy improvements. Respecting traditions, using appropriate language, and ensuring inclusive participation further reinforced ethical integrity, fostering trust between researcher and the community.

CHAPTER FOUR

FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents the findings and discussions. The chapter addressed the response rate, demographic analysis, descriptive analysis and inferential analysis.

4.2 Response Rate

The analysis on response rate is presented in Table 4.2.

TABLE 4.2

Response Rate

Category	Frequency	Percentage
Response	82	87
Non-Response	12	13
Total	**94**	**100**

Source: Research Data (2025)

The response rate is a metric that quantifies the number of questionnaires that have been distributed, taking into account both the returned and non-returned questionnaires. Table 2 presents the distribution of 94 questionnaires among respondents. Of these, 82 questionnaires were successfully completed and returned, accounting for 87% of the total. Conversely, 12 questionnaires were not returned, representing 13% of the total. According to the findings of Mugenda and Mugenda (2008), it is considered sufficient for analysis and reporting purposes to have a response rate of 50%. A response rate of 60% is deemed as good, while a response rate of 70% or higher is regarded as great. According to the findings of this study, achieving a response rate of 87% was deemed to be exemplary for final analysis.

4.3 Pilot Test Results

The reliability of research instruments results was shown as provided;

TABLE 3

Pilot Test Results

Variables	Registered Items	Values of Cronbach $\alpha > 0.7$	Alpha Verdict
Budget planning	8	0.982	Approved
Revenue Management Practice	8	0.974	Approved
Procurement Processes	8	0.973	Approved
Asset Management Practice	8	0.979	Approved
Budget Absorption	8	0.979	Approved

Source: Research Data (2025)

In this study, the need for the Cronbach's alpha test arose from the importance of ensuring reliability in research instruments, particularly those that use multiple items to measure a single construct, such as questionnaires. The outcome in Table 3 yielded the following results: budget planning generated a coefficient of 0.982, for revenue management practices, it generated a coefficient of 0.974 while procurement processes generated a coefficient of 0.973. Furthermore, it was discovered that asset management practices yielded a coefficient of 0.979 and lastly, budget absorption generated a coefficient value of 0.979, all of which were judged as satisfactory. Consequently, all of the variables had an internal consistency measurement greater than 0.7. It was shown by the results that all of the items in data collection instruments were approved.

4.4 Demographic Analysis

Demographic analysis is essential in research as it provides critical insights into the characteristics of a study population, such as gender, education level work experience and other elements.

4.4.1 Gender

Gender presentation was provided in Table 4.

TABLE 4

Gender Response

	Category	Frequency	Percent
Valid	Male	42	51.2
	Female	40	48.8
	Total	**82**	**100.0**

Source: Research Data (2025)

The gender data presented in Table 4 served as the basis for the research findings. The results showed that the vast majority of participants 51.2% self-identified as male, whilst a somewhat lower percentage 48.8% self-identified as female. The study's conclusions show that there was a suitable level of gender balance in the research study.

4.4.2 Job Experience of Respondents

The presentation of job experience was provided in table 5. The aim was to establish the relationship between the work experience and level of understanding the research subject.

TABLE 5

Job Experience

	Category	Frequency	Percent
Valid	Less than 1 year	9	11.0
	1-4 years	13	15.9
	5-7 years	15	18.3
	8-10 years	33	40.2
	Over 11 years	12	14.6
	Total	82	100.0

Source: Research Data (2025)

This study's analysis focused on the respondents' job experiences working for county administrations. Table 5 shows that a total of 11.0% of the participants had less than a year of work experience. Furthermore, analysis revealed that 15.9% of participants stated that they had been in their positions for 1-4 years. Additionally, the other respondents (18.3%) claimed to have a work experience of 5-7 years, whilst 40.2% of participants had job experience spanning from 8-10 years. Lastly, 14.6% of the population had over 11 years of work experience. The results show that overall majority respondents had significant duration of work experience who were considered to be in position to address the subject of study; public financial management practices and budget absorption.

4.4.3 Education Level of Respondents

Presentation based on education level was provided in Table 6.

TABLE 6

Education Level

	Category	Frequency	Percent
Valid	Diploma level	7	8.5
	Bachelor's degree	32	39.0
	Master’s degree	23	28.0
	postgraduate degree	11	13.4
	other certifications	9	11.0
	Total	**82**	**100.0**

Source: Research Data (2025)

The individuals' educational attainment level was the main focus of the data analysis in Table 6. From the analysis, a total of 8.5% of the respondents had diploma, 39.0% had a bachelor's degree, 28% had a master's degree, 13.4% had a postgraduate degree, and 11% had other certificates, according to the data. The majority of the participants in this study were university graduates, indicating that the sample group had a high degree of understanding the relationship between public financial management practices and budget absorption among the county governments of Kenya.

4.5 Descriptive Statistics

The purpose of this study was to determine how public financial management practices had impacted budget absorption among the county governments of Kenya.

4.5.1 Budget Planning Practice

The study sought to establish the influence of budget planning practice on budget absorption among the county governments of Kenya.

TABLE 7

Descriptive analysis on Budget Planning Practice

Statement	N	Minimum	Maximum	Mean	Std. Deviation
Expenditure controls limits the ability of county departments to reallocate funds where necessary.	82	1.00	5.00	2.94	.775
With expenditure controls, unnecessary expenses are eliminated to spend county funds on priority areas only	82	1.00	5.00	2.90	.764
Expenditure controls has ensured funds are spent according to budget allocations and predefined guidelines by the county.	82	1.00	5.00	2.93	.750
Debt repayments, especially interest payments on loans, reduce portion of the budget that can be allocated to development projects	82	1.00	5.00	2.95	.752
Large debt repayments lead to cash flow constraints, limiting counties ability to disburse funds for other sectors.	82	1.00	5.00	2.89	.737

Excessive debt repayment limits government's ability to borrow more for development projects.	82	1.00	5.00	2.90	.840
If budget approvals are delayed, projects and activities dependent on that budget cannot commence on time.	82	1.00	5.00	2.95	.752
Approved budgets reflect the entity's capacity to absorb the funds	82	1.00	5.00	2.89	.754
Overall Mean					

Source: Research Data (2025)

The analysis on Table 7 revealed expenditure controls limits the ability of county departments to reallocate funds where necessary. This was confirmed by majority of respondents who agreed and represented by (M=2.94, SD=0.775). However, majority disagreed that with expenditure controls, unnecessary expenses are eliminated to spend county funds on priority areas only. This was confirmed by those who disagreed as shown by (M=2.90, SD=0.764). In the analysis it was noted that majority agreed that expenditure controls had ensured funds were spent according to budget allocations and predefined guidelines by the county with (M=2.93, SD=0.750). Similarly, majority agreed that debt repayments, especially interest payments on loans, reduce portion of the budget that can be allocated to development projects with (M=2.95, SD=0.752).

The study also showed that large debt repayments lead to cash flow constraints, limiting county's ability to disburse funds for other sectors as supported by majority of respondents who agreed with (M=2.89, SD=0.737). The study found that excessive debt repayment limits government's ability to borrow more for development projects with (M=2.90, SD=0.840). Further analysis showed that if budget approvals are delayed, projects and activities dependent on that budget cannot commence on time with (M=2.90, SD=0.840).

Lastly, majority were in agreement that approved budgets reflect the entity's capacity to absorb the funds within county projects as shown by (M=2.89, SD=0.754).

The analysis drawn from the analysis revealed that budget planning practice had notable influence on budget absorption among the county governments of Kenya. This emanates from the notion that expenditure controls limit the ability of county departments to reallocate funds where necessary. This is built up by late release of funds from the national government, which disrupted the implementation timelines of planned activities. Inadequate capacity among county staff to prepare realistic and detailed budgets also led to poor alignment between plans and actual financial needs. Additionally, limited stakeholder engagement during the planning process resulted in budgets that did not fully reflect local priorities, reducing community support and slowing implementation. Political interference further distorted planning by shifting focus toward short-term or politically motivated projects rather than long-term development goals. These constraints collectively contributed to low budget absorption rates, uncompleted projects, and inefficient use of public resources. Some of the results were considered similar Kamau, Rotich, and Anyango (2020) who found that the level of budgetary stakeholder participation had the biggest impact on Kenyan State Corporations' budget performance.

4.5.2 Revenue Management Practice

The presentation constituted that results based on a study showing the influence of revenue management practice on budget absorption among the county governments of Kenya.

TABLE 8

Descriptive analysis on Revenue Management Practice

Statement	N	Minimum	Maximum	Mean	Std. Deviation
Counties with higher own-source revenues (taxes, fees, and charges generated locally) have greater financial independence.	82	1.00	5.00	2.93	.750
Financial reporting provides regular updates on budget performance, allowing county managers to track expenditures in real time	82	1.00	5.00	2.98	.769
Accurate financial reports inform county decision-makers about current budget usage, enabling them to reallocate resources effectively.	82	1.00	5.00	2.91	.789
Adequate inter-governmental transfers matching financial needs of counties ensure projects are funded, improving the rate of absorption.	82	1.00	5.00	2.89	.770
Predictable inter-governmental transfers enable counties to plan by allocating resources efficiently	82	1.00	5.00	2.83	.750
County governments receiving inter-governmental transfers face strict reporting and accountability requirements.	82	1.00	5.00	2.94	.726
Financial reporting has ensured that all county expenditures are accurately recorded and monitored	82	1.00	5.00	2.93	.750
Own county revenue increase a county's ability to fund capital-intensive projects enabling better budget absorption	82	1.00	5.00	3.00	.703
Overall Mean				**3.513**	**1.421**

Source: Research Data (2025)

The data provided was drawn from Table 8 showing the results of the findings based on the influence of revenue management practice on budget absorption among the county governments of Kenya. Results showed that Counties with higher own-source revenues (taxes, fees, and charges generated locally) have greater financial independence as supported by majority of respondents represented with (M=2.93 SD=0.750). It was established that financial reporting provides regular updates on budget performance, allowing county managers to track expenditures in real time with as agreed by majority and represented by (M=2.98, SD=0.769). Still, further analysis confirmed from majority who strongly agreed that accurate financial reports inform county decision-makers about current budget usage, enabling them to reallocate resources effectively as confirmed by (M=2.91, SD=0.789).

In the analysis, results showed that adequate inter-governmental transfers matching financial needs of counties ensure projects are funded, improving the rate of absorption with (M=2.89, SD=0.770). The study also showed that predictable inter-governmental transfers enable counties to plan by allocating resources efficiently with (M=2.914, SD=1.693). The analysis showed that county governments receiving inter-governmental transfers face strict reporting and accountability requirements with (M=3.548, SD=1.032). The results also showed that financial reporting has ensured that all county expenditures are accurately recorded and monitored as revealed by (M=2.182, SD=1.572). Lastly, results revealed that own county revenue increase a county's ability to fund capital-intensive projects enabling better budget absorption with (M=3.865, SD=1.600).

The analysis drawn from the analysis revealed that revenue management practice had notable influence on budget absorption among the county governments of Kenya. This implied that weak revenue collection systems, including outdated databases, poor enforcement mechanisms, and reliance on manual processes, further limited revenue mobilization. Results led to the understanding that there was inadequate accountability and transparency in revenue handling, resulting in leakages and mismanagement of funds. These revenue management constraints undermined financial planning and limited the availability of resources needed for timely and effective budget absorption. Results were contrary to Nasimiyu, Wanyama and Wafula (2024) who found that organizational structure, the distribution of authority and responsibility, the commitment of management to competency, and the existence of integrity and ethical standards all significantly improve revenue creation.

4.5.3 Procurement Processes

The presentation constituted that results based on a study showing the influence of procurement processes on budget absorption among the county governments of Kenya.

TABLE 9

Descriptive Analysis on Procurement Processes

Statement	N	Minimum	Maximum	Mean	Std. Deviation
Contracts adherence specifies allocation of county resources in a way that matches the project's needs	82	1.00	5.00	2.88	.710
Non-compliance with quality standards leads to additional costs for corrections, distorting budget absorption plans of counties.	82	1.00	5.00	2.80	.744
Contracts establish clear terms of accountability, requiring contractors to deliver on specific targets for the counties.	82	1.00	5.00	2.95	.815
Shorter procurement cycles enable quicker acquisition of goods and services, allowing county funds to be used within the planned budget period	82	1.00	5.00	2.94	.726
Faster procurement cycles facilitate timely county project implementation resulting in efficient budget absorption	82	1.00	5.00	2.88	.807
Spend analysis enables counties to prioritize their procurement budgets based on strategic goals	82	1.00	5.00	2.87	.798

Spend analysis provides a clear picture of where budgeted funds are going, improving transparency and accountability in counties	82	1.00	5.00	2.96	.808
Insights from spend analysis, counties makes informed financial decisions and adjust their intended budgets for absorption	82	1.00	5.00	2.83	.734
Overall Mean				**3.312**	**1.435**

Source: Research Data (2025)

The results based on a study showing the influence of procurement processes on budget absorption among the county governments revealed that contracts adherence specifies allocation of county resources in a way that matches the project's needs. This was confirmed by majority of respondents in total support as shown by (M=2.88, SD=7.10). The results revealed that non-compliance with quality standards leads to additional costs for corrections, distorting budget absorption plans of counties as shown by (M=2.80, SD=0.744). Other study findings as confirmed by majority of respondents who agreed showed that contracts establish clear terms of accountability, requiring contractors to deliver on specific targets for the counties as shown by (M=2.95, SD=0.815). It was also established that shorter procurement cycles enable quicker acquisition of goods and services, allowing county funds to be used within the planned budget period with (M=2.94, SD=7.26).

Respondents who were majority strongly disagreed to the statement that faster procurement cycles facilitate timely county project implementation resulting in efficient budget absorption with (M=2.88 SD=0.807). Results revealed that spend analysis enables counties to prioritize their procurement budgets based on strategic goals with (M=2.87, SD=0.798). Similarly, respondents disagreed to the idea that spend analysis provides a clear picture of where budgeted funds are going, improving transparency and accountability in counties as shown by (M=2.96, SD=0.808). Lastly, from majority of respondents who agreed, it was a confirmation that insights from spend analysis, counties makes informed financial decisions and adjust their intended budgets for absorption as indicated by (M=2.83, SD=0.734).

From the study findings, results showed that procurement processes had great influence on budget absorption among the county governments of Kenya. Results implied that lengthy procurement procedures, which was found cause delays in project implementation and lead to the underutilization of allocated funds. In the county governments, the frequent cases of non-compliance with procurement laws and guidelines had often been influenced by political interference and corruption, result in irregularities that stall or cancel procurement activities thereby slowing down the process. Disputes in tendering and favoritism in awarding contracts also contribute to inefficiencies and stalled projects. These challenges disrupt the timely execution of development initiatives and reduce the counties' ability to absorb their budgets effectively within the fiscal year. The findings were agreeable to Nyagah and Mugambi (2024) who established that Kisauni CDF's public procurement was characterized by a substantial implementation of the public financial management system; however procurement unit had low levels of expertise, insufficient adherence to public regulations, and ineffective Public Procurement Regulatory Authority (PPRA) supervision.

4.5.4 Asset Management Practice

The study sought to establish the influence of asset management practice on budget absorption as shown in Table 10.

TABLE 10

Descriptive Analysis on Asset Management Practice

Statement	N	Minimum	Maximum	Mean	Std. Deviation
Liquidity management has enabled effective utilizations of county funds within the fiscal year	82	1.00	5.00	2.90	.764
By forecasting cash flow requirements, county governments are able to allocate resources where they are most needed	82	1.00	5.00	2.87	.750
Liquidity management has enabled identification and mitigation of financial risks that affect budget absorption	82	1.00	5.00	2.94	.709
Disposing of assets that are costly to maintain can result in significant cost savings by the county government	82	1.00	5.00	2.89	.786
Proceeds from asset disposal are reallocated to other priority areas that require funding thereby meeting budgetary goals.	82	1.00	5.00	2.90	.811
Proper disposal of assets can improve financial reporting accuracy by removing outdated asset entries leading to better budget monitoring.	82	1.00	5.00	2.91	.689
Managed asset inventory eliminates duplicate assets enabling budgetary allocations that are accurately aligned with actual county needs.	82	1.00	5.00	2.98	.737
The asset management system enhances transparency in how county assets are acquired, used, and disposed of.	82	1.00	5.00	2.95	.718
Overall Mean				**3.534**	**1.398**

Source: Research Data (2025)

The study findings based on a study showing the influence of asset management practices on budget absorption among the county governments showed that liquidity management has enabled effective utilizations of county funds within the fiscal year as indicated by (M=2.90, SD=0.764). The study revealed that by forecasting cash flow requirements, county governments are able to allocate resources where they are most needed as shown by (M=2.87, SD=0.750) representing majority of respondents who disagreed. The study established that liquidity management has enabled identification and mitigation of financial risks that affect budget absorption as supported by majority who strongly agreed and evidenced by (M=2.94, SD=0.709). The results showed that disposing of assets that are costly to maintain can result in significant cost savings by the county government as shown by (M=2.89, SD=0.786).

The other majority of respondents agreed that proceeds from asset disposal are reallocated to other priority areas that require funding thereby meeting budgetary goals as shown by (M=2.90, SD=0.811). The study established that proper disposal of assets can improve financial reporting accuracy by removing outdated asset entries leading to better budget monitoring as provided by (M=2.91, SD=0.689). Results revealed that managed asset inventory eliminates duplicate assets enabling budgetary allocations that are accurately aligned with actual county needs as provided by (M=2.98, SD=0.737). Majority of respondents who were in agreement confirmed that the asset management system enhances transparency in how county assets are acquired, used, and disposed of as indicated by (M=2.95, SD=0.718).

From analysis, it was noted that asset management practice had notable influence on budget absorption among the county governments of Kenya. The study findings implied that that issues in asset management practice during budget absorption stems primarily from systemic weaknesses and institutional inefficiencies. Results showed that counties could be operating without fully functional asset management systems, leading to issues of record-keeping and absence of visibility over existing assets. This absence of reliable asset registers complicates planning and budgeting for maintenance or replacement, resulting in the underutilization or neglect of public assets. Senior personnel interferences and weak internal controls could also be contributing to the misappropriation or misuse of assets. These issues disrupt the alignment of asset planning with budget execution, delaying project implementation and lowering the rate of budget absorption. Results were contrary to Maletič, Maletič, and Gomišček (2019) who indicated that businesses can use sustainability and physical asset management concepts to get better operational performance.

4.5.5 Budget Absorption

The presentation constituted that results based on a study showing state of budget absorption among county governments of Kenya.

TABLE 11

Descriptive Analysis on Budget Absorption

Statement	N	Minimum	Maximum	Mean	Std. Deviation
County projects within budget are less likely to face financial constraints leading to faster completion rates	82	1.00	5.00	2.98	.816
Effective budget absorption minimizes the risk of financial disruptions improving the chances of timely completion of county projects	82	1.00	5.00	2.99	.778
Budget absorption alignment supports the achievement of project deliverables on schedule, leading to higher completion rates of county projects	82	1.00	5.00	2.91	.773

County government agencies with limited administrative capacity struggle to effectively spend their budgets	82	1.00	5.00	2.94	.709
Regular reviews of new regulations require additional approvals or processes which delay spending resulting in unspent funds.	82	1.00	5.00	2.89	.754
County budget cuts have led to under spending when projects are scaled back or postponed.	82	1.00	5.00	2.89	.737
Planning by county government has minimized delays ensuring that funds are used in a timely manner.	82	1.00	5.00	2.89	.832
Timely reporting allows for corrective actions to be taken by counties, thereby improving the timeliness of expenditure.	82	1.00	5.00	2.95	.768

Source: Research Data (2025)

The analysis provided showed the state of budget absorption in county government. Based on the responses obtained, the results revealed that county projects within budget are less likely to face financial constraints leading to faster completion rates. This was supported by majority of respondents as shown by (M=2.98, SD=0.816). The study also revealed from majority of respondents who were in total support that effective budget absorption minimizes the risk of financial disruptions improving the chances of timely completion of county projects as indicated by (M=2.99, SD=0.778). The study revealed that budget absorption alignment supports the achievement of project deliverables on schedule, leading to higher completion rates of county projects as proven by (M=2.91, SD=0.773).

Respondents agreed that county government agencies with limited administrative capacity struggle to effectively spend their budgets as noted by (M=2.94, SD=0.709). Still, majority of respondents agreed that regular reviews of new regulations require additional approvals or processes which delay spending resulting in unspent funds as proven by

(M=2.89, SD=0.754). Results revealed that county budget cuts have led to under spending when projects are scaled back or postponed as proven by (M=2.89, SD=0.737). The analysis showed that planning by county government has minimized delays ensuring that funds are used in a timely manner as indicated by (M=2.89, SD=0.832) and this was also supported by majority of respondents who agreed and claimed that timely reporting allows for corrective actions to be taken by counties, thereby improving the timeliness of expenditure as provided by (M=2.95, SD=0.768).

From the study findings, budget absorption among the county governments of Kenya was influenced by public financial management practices that play a central role in the planning, allocation, and utilization of public funds. Weaknesses in PFM systems such as delayed budget approvals, poor expenditure controls, and inadequate financial reporting have led to inefficiencies in the execution of planned activities. Some counties had misalignment between budget plans and actual expenditures, coupled with delays in fund disbursement from the national government, have stalled implementation of development projects. The study also found that limited transparency, weak internal audit functions, and lack of accountability in financial processes have contributed to mismanagement and underutilization of resources. These challenges in PFM practices have directly undermined timely and effective budget execution, resulting in low budget absorption rates and poor service delivery at the county level. These findings corroborated with those that were provided by Nurfadila, Pratiwi and Sukmawijay (2023) who claimed that budget planning had a beneficial impact, whereas budget execution had an adverse impact on budget absorption.

4.6 Analytical Model Diagnostic Tests

The inferential studies covered correlation and regression analysis as shown.

4.6.1 Normality Test

Normality tests were performed to verify that the residuals were normally distributed, as required for valid inference in regression analysis. Histograms, P–P plots, and formal statistical tests such as Shapiro–Wilk were used to check this assumption. If the significance value of the test was greater than 0.05, the residuals were considered normally distributed; values below 0.05 suggested deviations from normality.

TABLE 12

Normality Test

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Budget planning	.239	82	.000	.857	82	.000
Revenue Management Practice	.283	82	.000	.852	82	.000
Procurement processes	.288	82	.000	.833	82	.000
Asset management practice	.270	82	.000	.858	82	.000

a. Lilliefors Significance Correction

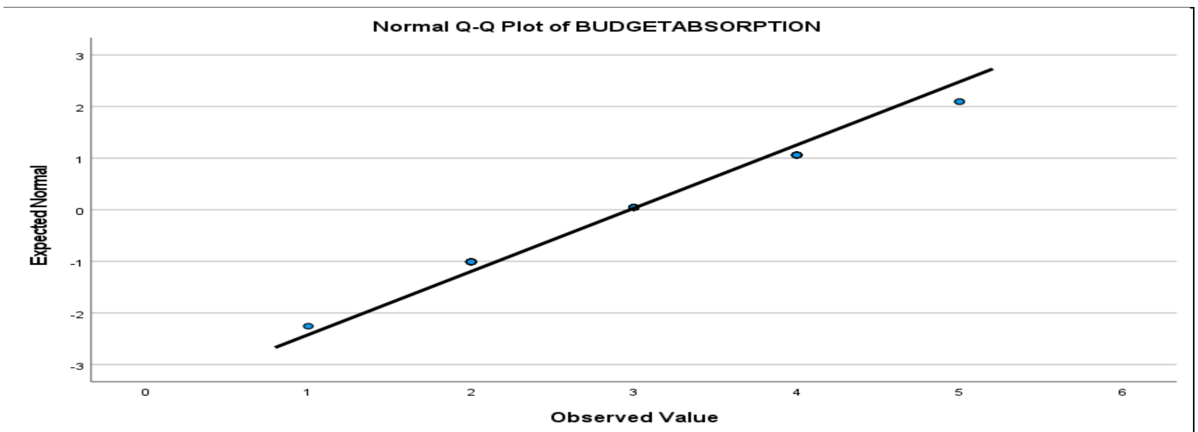
The Shapiro-Wilk test results indicate that all variables have significance values (p = 0.000), which are below the 0.05 threshold. This leads to the rejection of the null hypothesis that the data are normally distributed. Therefore, Budget Planning, Revenue Management Practice, Procurement Processes, and Asset Management Practice all deviate from normality. Given this, parametric tests that assume normal distribution may not be suitable, and alternative non-parametric methods or data transformation should be considered for further statistical analysis.

4.6.2 Linearity Test

A linearity test was carried out to verify whether the relationship between each independent variable and the dependent variable followed a linear pattern. Regression analysis assumes a linear relationship, and any significant deviation from linearity may lead to incorrect conclusions. Linearity was assessed using scatter plots and residual plots to visually inspect the relationships, supported by statistical tests where appropriate.

FIGURE 2

Linearity Test Result



Source: Research Data (2025)

The presentation shown on figure 2 focused on determining linearity test using Quantile-Quantile plot. The Q-Q (Quantile-Quantile) plot for Budget Absorption compares the observed values to the expected normal distribution values. In assessing linearity through this plot, there us checking of how closely the data points align with the diagonal reference line.

From the plot, the data points fall almost perfectly along the diagonal line, with only minimal deviations at the lower and upper ends. This alignment indicates that the distribution of Budget Absorption closely follows a straight-line pattern, suggesting that the assumption of linearity is met. The slight deviations at the extremes are common and not large enough to suggest a violation of linearity or normality. This can be concluded tha The Q-Q plot shows that the relationship between the observed and expected values is linear, meaning the model's linearity assumption is satisfied. This supports the suitability of using linear regression or similar parametric analyses for the data.

4.6.3 Multicollinearity Tests

A multi-collinearity diagnostic was performed to ensure the validity of the regression model. The analysis involved checking Variance Inflation Factor (VIF) and Tolerance values for each independent variable. A VIF value greater than 10 or a Tolerance value below 0.1 would indicate a potential multi-collinearity problem. These thresholds guided the interpretation of the test results.

Table 13

Multicollinearity Tests

		Collinearity Statistics	
Model		**Tolerance**	**VIF**
1	(Constant)		
	Budget Planning	.427	2.343
	Revenue management practice	.494	2.026
	Procurement processes	.456	2.195
	Asset management practice	.484	2.068

Source: Research Data (2025)

The collinearity statistics show that all variables have tolerance values above 0.1 and Variance Inflation Factor (VIF) values below the common cutoff of 10, with VIFs ranging from 2.026 to 2.343. These results indicate that multi-collinearity is not a serious concern in the model, as the predictor variables are not excessively correlated with each other. Therefore, all four variables; Budget Planning, Revenue Management Practice, Procurement Processes, and Asset Management Practice can be retained in the regression analysis without the risk of inflated standard errors or unstable coefficient estimates.

4.7 Inferential Analysis

The inferential studies covered correlation and regression analysis as shown.

4.7.1 Correlation Analysis

The statistical procedure known as correlation analysis is utilized to determine the strength and the direction of the linear relationship that exists between more than one variable for the purpose of comparison. Lehman and Hatcher (2020) highlighted the significance of a Pearson correlation matrix as a tabular representation of Pearson correlation coefficients among a group of variables. The Pearson correlation coefficient, commonly represented as "r," has a scale from -1 to 1. Specifically, a value of r = 1 signifies a flawless positive linear relationship, while r = -1 signifies a perfect negative linear relationship. On the other hand, an r value of 0 shows the absence of a linear relationship. Hence, in a particular study, if the Pearson coefficient is below 0.3, the relationship is deemed to be weak. Conversely, when the correlation coefficient exceeds 0.5, it indicates a strong correlation among the variables under investigation. The correlation analysis is presented in Table 14.

TABLE 14

Correlations Analysis

		Budget planning	Revenue management practice	Procurement processes	Asset management practice	Budget absorption
Budget planning	Pearson Correlation	--				
	N	82				
Revenue management practice	Pearson Correlation	.650**	--			
	Sig. (2-tailed)	.000				
	N	82	82			
Procurement processes	Pearson Correlation	.637**	.633**	--		
	Sig. (2-tailed)	.000	.000			
	N	82	82	82		
Asset management practice	Pearson Correlation	.657**	.548**	.639**	--	
	Sig. (2-tailed)	.000	.000	.000		
	N	82	82	82	82	
Budget absorption	Pearson Correlation	.739**	.764**	.656**	.630**	--
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	82	82	82	82	82

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Research Data (2025)

Table14 presents the findings indicating a strong positive linear relationship between budget planning and budget absorption among the county governments with level of significance ($r=0.\ 739$, $p<0.001$). The analysis conducted also demonstrated the presence of a statistically significant and positive linear association between revenue management practice on budget absorption among the county governments was ($r=0.764$, $p<0.001$). Still, the findings showed that there was a strong positive linear relationship between procurement processes and the budget absorption among the county governments ($r=0.656$, $p<0.001$).

Lastly, the findings indicated a moderate positive linear relationship between the asset management practice and the budget absorption among the county governments ($r=0.630$, $p<0.001$). The results implied that public financial management practices through budget planning, revenue management practice, procurement processes and asset management practice is crucial for enhancing budget absorption among the county governments of Kenya.

4.7.2 Regression Analysis

The statistical method known as regression analysis was employed to investigate the relationship that exists between a number of independent variables, also known as predictors, and a dependent variable, otherwise known as the outcome or response variable). Thus, enables to make data-driven decisions, uncovering relationships in data, and predicting outcomes (Kitchenham & Pfleeger, 2020).

The regression analysis addressed multiple linear as shown in Table 15.

TABLE 15

Multiple Linear Regression Analysis Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.839[a]	.704	.688	.456

a. Predictors: (Constant), Asset management practice, Revenue management practice, Procurement processes, Budget planning

Source: Research Data (2025)

In reference to table 15 for the findings that were based on the coefficient of determination, which is also referred to as R squared. This statistical measure serves as an indicator of how well the model fits the data and how well it can explain the data. The R squared value indicates that budget planning, revenue management practice, procurement processes, and asset management practice are responsible for approximately 0.704% of the observed R square value variations (70.4%) in budget absorption among the county governments. However, it is essential to keep in mind that the remaining percentage of variability, which accounts for 29.6% of the total, is attributed to additional factors that were not included in the model.

4.7.3 Analysis of Variance

The variance was presented in Table 16, as shown; the ANOVA is used to determine if the observed variability between group means is greater than the variability that exists within each group independently. If the between-group variability is significantly higher, it suggests that group membership influences the outcome, indicating a real effect rather than random variation.

TABLE 16

Analysis of Variance (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	37.972	4	9.493	45.744	.000[b]
	Residual	15.979	77	.208		
	Total	53.951	81			

a. Dependent Variable: Budget Absorption

b. Predictors: (Constant), Asset management practice, Revenue management practice, Procurement processes, Budget planning

Source: Research Data (2025)

Reference table 16 for a presentation utilizing the statistical approach known as statistical analysis of variance (ANOVA) to evaluate significance of model. This analysis sought to determine whether a significant association exists between budget absorption among the county governments and four specific public financial management practices: budget planning, revenue management practice, procurement processes and asset management practice. Therefore, ANOVA test results had an F-value equal to 45.744 and the P-Value equal to 0.000. This makes it possible for predictor variables comprising of budget planning, revenue management practice, procurement processes and asset management practice account for reasonable proportions of the variation in budget absorption among the county governments of Kenya. The study established that public financial management practices can be expressed further by comparing the regression sum square 37.972 and the residual sum of squares with 15.979, which confirms that the model of regression constitutes a significant share of the overall variance in relations to budget absorption among the county governments of Kenya.

4.7.4 Regression Coefficient

When all other variables are held constant, the regression coefficients offer an estimated value of the amount by which the dependent variable is anticipated to vary in response to a change of one unit in the independent variable. This enables analysts to have a better understanding trajectory of the effect that each predictor has on the outcome.

TABLE 17

Regression Coefficient Results

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-.085	.238		-.358	.722
	Budget planning	.330	.100	.313	3.301	.001
	Revenue management practice	.460	.096	.423	4.791	.000
	Procurement processes	.127	.106	.111	1.206	.032
	Asset management practice	.130	.095	.122	1.365	.006

a. Dependent Variable: Budget Absorption

Source: Research Data (2025)

$$\mathbf{Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon:}$$

$$\mathbf{Y = -0.085 + 0.330 + 0.460 + 0.127 + 0.130}$$

The multiple regression results illustrated in Table 17 established that if all other factors are held constant, budget absorption among the county governments of Kenya would be at -0.085, the negative change and with all other variables held at zero, the regression results show that budget planning has a positive and statistically significant effect on budget absorption among county governments (B = 0.330, t = 3.301, p = 0.001). The positive unstandardized coefficient implies that a one-unit improvement in budget planning is associated with a 0.330 increase in budget absorption, holding other factors constant. The t-value of 3.301 is greater than the critical value at the 5% significance level, and the p-value is less than 0.05, confirming that the relationship is significant. This suggests that counties with stronger planning practices are more likely to utilize their budgets effectively

Revenue management practice also shows a positive and statistically significant influence on budget absorption (B = 0.460, t = 4.791, p < 0.001). The coefficient indicates that a one-unit increase in revenue management practices is expected to increase budget absorption by 0.460 units, when other variables are held constant. The relatively high t-value reflects a strong effect, and the p-value of 0.000 indicates a highly significant relationship. This finding implies that counties that strengthen their revenue mobilization, collection, and management practices are better positioned to utilize their budgets effectively.

The results further reveal a positive but weaker effect of procurement processes on budget absorption (B = 0.127, t = 1.206, p = 0.032). The coefficient suggests that improvements in procurement practices lead to an increase of 0.127 units in budget absorption. Although the t-value is relatively low, the p-value of 0.032 is below the 0.05 threshold, indicating that the relationship is statistically significant. This means that while procurement processes do affect budget absorption, their impact is less pronounced compared to budget planning and revenue management practices.

Asset management practice has a positive and statistically significant effect on budget absorption as well (B = 0.130, t = 1.365, p = 0.006). The coefficient implies that better asset management leads to an increase of 0.130 in budget absorption. Although the t-value is modest, the p-value is below 0.05, which confirms the significance of the relationship. This indicates that efficient tracking, utilization, and maintenance of assets support better budget execution at the county level.

Overall, the findings indicate that all four public financial management practices budget planning, revenue management, procurement processes, and asset management have positive and statistically significant effects on budget absorption in Kenyan county governments. Among these, revenue management practice shows the strongest influence, followed by budget planning. This highlights the importance of strengthening financial planning and revenue systems as a strategy to enhance the effective utilization of county budgets. Weaknesses in PFM systems such as delayed budget approvals, poor expenditure controls, and inadequate financial reporting have led to inefficiencies in the execution of planned activities. Some counties had misalignment between budget plans and actual expenditures, coupled with delays in fund disbursement from national government, have stalled implementation of development projects.

The study also found that limited transparency, weak internal audit functions, and lack of accountability in financial processes have contributed to mismanagement and underutilization of resources. These challenges in PFM practices have directly undermined timely and effective budget execution, resulting in low budget absorption rates and poor service delivery at the county level. These findings corroborated with those that were provided by Nurfadila, Pratiwi and Sukmawijay (2023) who claimed that budget planning had a beneficial impact, whereas budget execution had an adverse impact on budget absorption

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the conclusion of from the findings, recommendations and recommendations for further studies.

5.2 Summary of Findings

The summary of findings is provided is shown;

5.2.1 Budget Planning

The summary shows that budget planning practices significantly impacted budget absorption among the county governments of Kenya. This arises from the concept that expenditure limitations restrict county agencies' capacity to reallocate cash as needed. The delayed disbursement of funding from the national government has hindered the execution timeframes of scheduled tasks. The insufficient competence of county officials to formulate realistic and thorough budgets resulted in a misalignment between planned and actual financial requirements. Furthermore, inadequate stakeholder engagement throughout the planning phase led to budgets that inadequately represented local interests, diminishing community support and hindering implementation. Political influence further skewed planning by redirecting attention to short-term or politically driven projects instead of long-term developmental objectives. These constraints collectively resulted in low budget absorption rates, incomplete projects, and inefficient utilization of public resources.

5.2.2 Revenue Management Practice

In summary, it was noted that revenue management practices significantly affected budget absorption across the county governments of Kenya. This indicated an overestimation of municipal revenue projections, resulting in budget deficits and obstructing the implementation of intended projects. Inadequate revenue collection methods, characterized by obsolete databases, ineffective enforcement procedures, and dependence on manual processes, further constrained revenue mobilization. The findings indicated a deficiency in accountability and transparency regarding income management, leading to financial leakages and misappropriation of cash. The revenue management limits compromised financial planning and restricted the availability of resources necessary for prompt and efficient budget absorption.

5.2.3 Procurement Processes

It was established from the findings that procurement practices had a role on budget absorption across the county administrations of Kenya. Results indicated that protracted procurement processes caused delays in project completion and resulted in the underutilization of allotted funds. In county governments, recurrent instances of non-compliance with procurement regulations and norms have frequently been exacerbated by political intervention and corruption, resulting in irregularities that impede or annul procurement processes, thereby decelerating the process. Conflicts in tenders and partiality in contract allocation further exacerbate inefficiencies and impede project progress. These problems hinder the prompt implementation of development programs and diminish the counties' capacity to appropriately utilize their finances within the fiscal year.

5.2.4 Asset Management Practice

The summary obtained from the findings revealed that asset management practices significantly influenced budget absorption among the county governments of Kenya. The study findings indicated that problems in asset management practices during budget absorption generally arise from systemic deficiencies and institutional inefficiencies. Results indicated that counties may operate without completely effective asset management systems, resulting in record-keeping challenges and a lack of visibility over existing assets. The lack of dependable asset registers hinders planning and budgeting for upkeep or replacement, leading to the underutilization or neglect of public assets. Interference by senior workers and inadequate internal controls may also contribute to the misappropriation or misuse of assets. These challenges hinder the synchronization of asset planning with budget execution, postponing project implementation and diminishing the pace of budget absorption.

5.3 Conclusion

In conclusion, Kenyan county governments' budget absorption was greatly affected by budget planning. The idea is that expenditure limits county agencies' fund reallocation. The national government's delayed funding has slowed task completion. Still, poor stakeholder engagement throughout planning resulted to budgets that didn't match local interests, reducing community support and impeding execution. These limits led to low budget absorption, incomplete projects, and wasteful public resource use.

The study concluded that revenue management techniques greatly reduced Kenyan county government budget absorption. Outdated databases, weak enforcement, and manual processes hampered tax collection. Income management accountability and transparency were lacking, resulting in financial leakages and cash embezzlement. Revenue management limits hindered financial planning and budget absorption by limiting resources.

It was concluded that procurement methods affected Kenyan county budget absorption. Results showed that lengthy procurement delays delayed project completion and underutilized expenditures. Political influence and corruption have often increased non-compliance with procurement legislation and standards in county governments, resulting in irregularities that slow or stop procurement processes. These issues slow development program implementation and reduce counties' fiscal year financial management.

The findings showed that asset management techniques greatly affected Kenyan county governments' budget absorption. Systemic and institutional inefficiencies cause budget absorption asset management issues. Results showed that counties may not have adequate asset management systems, causing record-keeping issues and asset visibility issues. Unreliable asset registrations make planning and budgeting for maintenance and replacement difficult, resulting in underutilization or neglect of public assets. These issues delay project completion and slow budget absorption by disrupting asset planning and budget execution.

5.4 Recommendations of the Study

The study recommends the following;

5.4.1 Budget Planning

From the findings, County governments in Kenya have faced several constraints in budget planning practices that negatively impact budget absorption. One major constraint is the delay in budget preparation and approval, which shortens the implementation window and affects timely execution of projects. Inaccurate revenue forecasting often leads to unrealistic budgets that cannot be fully implemented. Therefore, the study recommends that financial management officers in county governments in Kenya should enhance capacity building for planning and finance officers through regular training on budget formulation and forecasting techniques. Strengthening public participation and stakeholder engagement can ensure that budgets reflect real community needs and priorities. Counties should also adopt integrated financial management systems that support real-time planning, monitoring, and evaluation of budget performance. Establishing clear timelines and adhering to legal frameworks for budget approval will help avoid delays, while minimizing political interference in budget decisions can promote more objective and development-focused planning.

5.4.2 Revenue Management Practice

The results revealed that a common challenge is the overestimation of local revenue targets, which creates unrealistic budgets that cannot be fully financed. Weak revenue collection systems characterized by manual processes, limited automation, and poor enforcement have led to inefficiencies and revenue leakages. As result, this research recommends that to overcome these constraints, county governments should invest in automating revenue collection systems to enhance efficiency, accuracy, and accountability. Strengthening capacity through training and recruitment of skilled personnel in revenue administration is essential. Realistic revenue forecasting based on historical data and economic trends should guide budget planning to prevent overambitious targets. Counties should also implement strong internal controls and transparent reporting mechanisms to minimize leakages and foster public trust. Enhancing coordination between departments involved in revenue generation and utilization will ensure timely availability of funds and improve overall budget absorption.

5.4.3 Procurement Processes

From the findings, it was noted that lengthy and bureaucratic procurement procedures often lead to delays in project implementation, resulting in unspent funds at the end of the fiscal year. Non-compliance with procurement regulations, frequently influenced by corruption and political interference, undermines transparency and efficiency. As a result, the study recommends that management in the county governments should streamline procurement processes by adopting digital procurement systems to improve speed, transparency, and accountability. Strengthening the capacity of procurement staff through targeted training on public procurement laws and best practices is essential. Enhancing procurement planning by aligning it with the budget cycle and project timelines can also prevent last-minute rushes and delays. Finally, enforcing strict penalties for corruption and political interference in procurement will help restore integrity and efficiency in the process, thereby improving budget absorption.

5.4.4 Asset Management Practice

From the findings, asset management practice during budget absorption among county governments of Kenya faces challenges due to weak institutional frameworks, poor record-keeping, and lack of strategic planning. Many counties do not maintain updated and comprehensive asset registers, making it difficult to track, value, and plan for the use, maintenance, or disposal of assets. Therefore, the study recommends that, county governments should establish and enforce clear asset management policies and frameworks that guide acquisition, maintenance, and disposal of assets. Developing and regularly updating digital asset registers can improve visibility and planning for asset use. Capacity-building programs should be implemented to equip staff with the necessary skills in asset management and valuation. Strengthening internal controls and conducting regular audits can enhance accountability and minimize misuse of public assets. Moreover, integrating asset management into the overall budget planning and implementation process will ensure better coordination and support efficient budget absorption.

5.4.5 Recommendations for Further Research

The study majored on the effect of public financial management practices on budget absorption among county governments in Kenya. However, the study is considered not conclusive enough considering that there could be other aspects of public financial management practices that could impact budget absorption. Therefore, future studies could examine the role of political interference and leadership accountability in influencing budget absorption rates, as these factors often impact financial decision-making and implementation. There is also need to carry out comparative studies between counties with high and low absorption rates could help identify best practices and systemic weaknesses.

lternatively, research could also focus on the impact of capacity building, technological adoption (such as integrated financial management systems), and timely disbursement of funds on improving budget utilization. Longitudinal studies tracking changes over time would provide insights into the sustainability of public financial reforms and their long-term effects on county performance.

5.5 Limitation of the Study

The study encountered the following challenges;

5.5.1 Data Collection Challenges

Data collection challenges in county governments pose a significant limitation to academic research, primarily due to issues such as limited access to reliable and up-to-date data, bureaucratic delays, and reluctance by officials to share sensitive financial or administrative information. These obstacles can affect the accuracy and comprehensiveness of research findings, especially when examining topics like public financial management and budget absorption. As delimitation, the researcher had to assure respondents especially those that demonstrated willingness to provide relevant data to have a successfully conducted research study.

5.5.2 Complexity in Data Management

One of the initial challenges faced was managing large datasets, which proved to be overwhelming and demanded substantial computational power along with advanced data management tools. Such datasets often contain inconsistencies, errors, or missing entries that require thorough cleaning. As the dataset size increased, the cleaning process became more complex and time-consuming, heightening the chances of missing errors. Nevertheless, appropriate data cleaning and verification measures were implemented, leading to the successful completion of the analysis within the allocated timeframe.

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APPENDICES

APPENDIX 1: The 47 COUNTY GOVERNMENTS OF KENYA

Code	County	Former Province	Area (km^2)	Population (2009 Census)	Population (2019 Census)	Capital	Postal Abbreviations
1	Mombasa	Coast	212.5	939,370	1,208,333	Mombasa	MSA
2	Kwale	Coast	8,270.3	649,931	866,820	Kwale	KWL
3	Kilifi	Coast	12,245.9	1,109,735	1,453,787	Kilifi	KLF
4	Tana River	Coast	35,375.8	240,075	315,943	Hola	TRV
5	Lamu	Coast	6,497.7	101,539	143,920	Lamu	LMU
6	Taita–Taveta	Coast	17,083.9	284,657	340,671	Wundanyi	TVT
7	Garissa	North Eastern	45,720.2	623,060	841,353	Garissa	GRS
8	Wajir	North Eastern	55,840.6	661,941	781,263	Wajir	WJR
9	Mandera	North Eastern	25,797.7	1,025,756	867,457	Mandera	MDR
10	Marsabit	Eastern	66,923.1	291,166	459,785	Marsabit	MRS
11	Isiolo	Eastern	25,336.1	143,294	268,002	Isiolo	ISL
12	Meru	Eastern	7,003.1	1,356,301	1,545,714	Meru	MRU
13	Tharaka-Nithi	Eastern	2,609.5	365,330	393,177	Kathwana	TNT
14	Embu	Eastern	2,555.9	516,212	608,599	Embu	EMB
15	Kitui	Eastern	24,385.1	1,012,709	1,136,187	Kitui	KTU
16	Machakos	Eastern	5,952.9	1,098,584	1,421,932	Machakos	MCK
17	Makueni	Eastern	8,008.9	884,527	987,653	Wote	MKN
18	Nyandarua	Central	3,107.7	596,268	638,289	Ol Kalou	NDR
19	Nyeri	Central	2,361.0	693,558	759,164	Nyeri	NYR
20	Kirinyaga	Central	1,205.4	528,054	610,411	Kerugoya	KRG
21	Murang'a	Central	2,325.8	942,581	1,056,640	Murang'a	MRG
22	Kiambu	Central	2,449.2	1,623,282	2,417,735	Kiambu	KMB
23	Turkana	Rift Valley	98,597.8	1,100,399	1,504,976	Lodwar	TRK
24	West Pokot	Rift Valley	8,418.2	512,690	621,241	Kapenguria	WPK

25	Samburu	Rift Valley	20,182.5	223,947	310,327	Maralal	SBR
26	Trans-Nzoia	Rift Valley	2,469.9	818,757	990,341	Kitale	TNZ
27	Uasin Gishu	Rift Valley	2,955.3	894,179	1,163,186	Eldoret	UGS
28	Elgeyo-Marakwet	Rift Valley	3,049.7	369,998	454,480	Iten	EMK
29	Nandi	Rift Valley	2,884.5	752,965	885,711	Kapsabet	NDI
30	Baringo	Rift Valley	11,075.3	555,561	666,763	Kabarnet	BRG
31	Laikipia	Rift Valley	8,696.1	399,227	518,560	Rumuruti	LKP
32	Nakuru	Rift Valley	7,509.5	1,603,325	2,162,202	Nakuru[8][9]	NKR
33	Narok	Rift Valley	17,921.2	850,920	1,157,873	Narok	NRK
34	Kajiado	Rift Valley	21,292.7	687,312	1,117,840	Kajiado	KJD
35	Kericho	Rift Valley	2,454.5	752,396	901,777	Kericho	KRC
36	Bomet	Rift Valley	1,997.9	730,129	875,689	Bomet	BMT
37	Kakamega	Western	3,033.8	1,660,651	1,867,579	Kakamega	KKG
38	Vihiga	Western	531.3	554,622	590,013	Mbale	VHG
39	Bungoma	Western	2,206.9	1,375,063	1,670,570	Bungoma	BGM
40	Busia	Western	1,628.4	743,946	893,681	Busia	BSA
41	Siaya	Nyanza	2,496.1	842,304	993,183	Siaya	SYA
42	Kisumu	Nyanza	2,009.5	968,909	1,155,574	Kisumu	KSM
43	Homa Bay	Nyanza	3,154.7	963,794	1,131,950	Homa Bay	HBY
44	Migori	Nyanza	2,586.4	917,170	1,116,436	Migori	MGR
45	Kisii	Nyanza	1,317.9	1,152,282	1,266,860	Kisii	KSI
46	Nyamira	Nyanza	912.5	598,252	605,576	Nyamira	NMR
47	Nairobi	Nairobi	694.9	3,138,369	4,397,073	Nairobi	NBI
			581,309.0	**38,610,997**	**47,564,296**	**Nairobi**	

APPENDIX II: INTRODUCTION LETTER

Wangui Maureen Njambi

KCA University

Thika Road, Ruaraka

Nairobi City County

Dear Respondent;

Ref. **Intention to Collect Data**

Please find enclosed a questionnaire designed to collect data for my research study entitled: "**Public Financial Management Practices and Budget Absorption among the County Governments of Kenya**." In light of the aforementioned, I kindly need your assistance and thoughtful consideration in responding to each inquiry contained within this survey. Please be assured that any information you provide will be handled with the highest confidentiality.

I express my sincere gratitude for generously allocating your valuable time and exerting considerable effort in sharing your insights.

Yours Sincerely

Wangui Maureen Njambi

KCA 09/03691

APPENDIX III: INFORMED CONSENT

INFORMED CONSENT FOR RESEARCH PARTICIPATION

Introduction
You are invited to participate in a research study. This document provides information about the study so that you can make an informed decision about your participation. Please take the time to read the information below. If you have any questions, feel free to ask the researcher.

Purpose of the Study

The purpose of this study is to examine the effect of public financial management practices on budget absorption among the county governments of Kenya. The research is being conducted to determine how budgeting practices influence budget absorption, assess the impact of revenue management practices on budget absorption, and evaluate the influence of procurement practices on budget absorption and establish the effect of asset management practices on budget absorption. The Researcher hopes to learn about the public financial management practices and how they correlate to budget absorption.

Study Procedures
If you agree to participate, you will be asked to complete a questionnaire which includes questions about your organization budgeting practices, revenue management practices, procurement practices, asset management practices and budget absorption in your County Government entity. The questionnaire will take approximately 30-40 minutes to completely fill it. Your participation is entirely voluntary and one may withdraw with any negative consequences.

Potential Risks and Discomforts
There may be some risks associated with participation in this study. These risks may include disclosure of sensitive information during data collection, discomfort from answering sensitive or probing questions, participants may fear repercussions if they provide honest feedback about their practices. Every effort will be made to minimize these risks, and you can withdraw from the study at any time without penalty.

Potential Benefits
While participating may not directly benefit you, the results of this study may contribute to new knowledge or advancement of knowledge in the effects of public financial management practices and budget absorption in the County Governments of Kenya.

Confidentiality
Your participation will be kept confidential. Any data collected will be stored securely and only accessible to the research team. Your identity will not be revealed in any publication or presentation resulting from this research.

Voluntary Participation
Participation in this study is completely voluntary. You have the right to withdraw from the study at any time without any negative consequences or loss of benefits to which you are otherwise entitled.

Questions
If you have any questions about this study, your participation, or your rights as a participant, please contact the principal investigator at njambi73@gmail.com Or +254729266435.

Consent
By signing below, you indicate that you have read the information provided above, understand the

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purpose and procedures of the study, and voluntarily agree to participate. You can withdraw from the study at any time without penalty.

Participant Statement:

I, the undersigned, consent to participate in this study.
Name of Participant: ____________________________
Signature of Participant: ____________________________
Date: ____________________________

Researcher (Principal Investigator –P1) Statement:

I, the undersigned, confirm that I have explained the nature of this study to the participants, answered all questions, and ensured that they understand the information provided.
Name of Researcher: ____________________________
Signature of Researcher: ____________________________
Date: ____________________________

APPENDIX IV: QUESTIONNAIRE

My name is **Wangui Maureen Njambi** of Registration Number **KCA 09/03691**, a master's research student at KCA University. The research seeks to establish; **Public Financial Management Practices and Budget Absorption among the County Governments of Kenya**

Kindly fill out the questions according to the instructions given. The information given is for academic purposes only and will be treated as very confidential.

PART A: General Information

1. Gender

Male [ ]

Female [ ]

2. How long have you worked in your County Government

Less than 1 year [ ]

1-4 years [ ]

5-7 years [ ]

8-10 years [ ]

11 years over [ ]

3. Level of education

Diploma Level [ ]

Bachelor's degree [ ]

Master's degree [ ]

Postgraduate Graduate [ ]

Other Certifications [ ]

NOTE: The scale is as follows; 5-(SA) strongly agree, 4-(A) agree, 3-(N) neutral, 2- (D) disagree, 1(SD)-strongly disagree.

PART B: Budget planning and Budget Absorption among the County Governments

Select by ticking on the appropriate statement you agree with, based on the effect of budget planning.

Statement	**5** **SA**	**4** **A**	**3** **N**	**2** **D**	**1** **SD**
a. Expenditure controls limits the ability of county departments to reallocate funds where necessary.					
b. With expenditure controls, unnecessary expenses are eliminated to spend county funds on priority areas only.					
c. Expenditure controls has ensured funds are spent according to budget allocations and predefined guidelines by the county.					
d. Debt repayments, especially interest payments on loans, reduce portion of the budget that can be allocated to development projects					
e. Large debt repayments lead to cash flow constraints, limiting counties ability to disburse funds for other sectors.					
f. Excessive debt repayment limits government's ability to borrow more for development projects.					
g. If budget approvals are delayed, projects and activities dependent on that budget cannot commence on time.					
h. Approved budgets reflect the entity’s capacity to absorb the funds					

PART C: Revenue Management Practice and Budget Absorption among the County Governments

Select by ticking on the appropriate statement you agree with, based on the effect of revenue management practice.

Statement	5 SA	4 A	3 N	2 D	1 SD
a. County with higher own-source revenues (taxes, fees, and charges generated locally) have greater financial independence.					
b. Financial reporting provides regular updates on budget performance, allowing county managers to track expenditures in real time					
c. Accurate financial reports inform county decision-makers about current budget usage, enabling them to reallocate resources effectively.					
d. Adequate inter-governmental transfers matching financial needs of counties ensure projects are funded, improving the rate of absorption.					
e. Predictable inter-governmental transfers enable counties to plan by allocating resources efficiently					
f. County governments receiving inter-governmental transfers face strict reporting and accountability requirements.					
g. Financial reporting has ensured that all county expenditures are accurately recorded and monitored					
h. Own county revenue increase a county's ability to fund capital-intensive projects enabling better budget absorption					

PART D: Procurement processes and Budget Absorption among the County Governments

Select by ticking on the appropriate statement you agree with, based on the effect of procurement processes.

Statement	5 SA	4 A	3 N	2 D	1 SD
a. Contracts adherence specifies allocation of county resources in a way that matches the project's needs					
b. Non-compliance with quality standards leads to additional costs for corrections, distorting budget absorption plans of counties.					
c. Spend analysis enables counties to prioritize their procurement budgets based on strategic goals					
d. Shorter procurement cycles enable quicker acquisition of goods and services, allowing county funds to be used within the planned budget period.					
e. Faster procurement cycles facilitate timely county project implementation resulting in efficient budget absorption					
f. Contracts establish clear terms of accountability, requiring contractors to deliver on specific targets for the counties.					
g. Spend analysis provides a clear picture of where budgeted funds are going, improving transparency and accountability in counties					
h. Insights from spend analysis, counties makes informed financial decisions by adjusting their intended budgets for absorption					

PART E: Asset Management Practice and Budget Absorption among the County Governments

Select by ticking on the appropriate statement you agree with, based on the effect of Asset Management Practice.

Statement	5 SA	4 A	3 N	2 D	1 SD
a. Liquidity management has enabled effective utilizations of county funds within the fiscal year.					
b. By forecasting cash flow requirements, county governments are able to allocate resources where they are most needed					
c. Liquidity management has enabled identification and mitigation of financial risks that affect budget absorption					
d. Disposing of assets that are costly to maintain can result in significant cost savings by the county government					
e. Proceeds from asset disposal are reallocated to other priority areas that require funding thereby meeting budgetary goals.					
f. Proper disposal of assets can improve financial reporting accuracy by removing outdated asset entries leading to better budget monitoring.					
g. Managed asset inventory eliminates duplicate assets enabling budgetary allocations that are accurately aligned with actual county needs.					
h. The asset management system enhances transparency in how county assets are acquired, used, and disposed of.					

PART F: Budget Absorption among the County Governments

Select by ticking on the appropriate statement you agree with, based on the budget absorption among the county Governments.

Statement	**5 SA**	**4 A**	**3 N**	**2 D**	**1 SD**
a. Planning by county government has minimized delays ensuring that funds are used in a timely manner.					
b. County projects within budget are less likely to face financial constraints leading to faster completion rates					
c. Budget absorption alignment supports the achievement of project deliverables on schedule, leading to higher completion rates of county projects					
d. County government agencies with limited administrative capacity struggle to effectively spend their budgets					
e. Regular reviews of new regulations require additional approvals or processes which delay spending resulting in unspent funds.					
f. County budget cuts have led to under spending when projects are scaled back or postponed.					
g. Effective budget absorption minimizes the risk of financial disruptions improving the chances of timely completion of county projects					
h. Timely reporting allows for corrective actions to be taken by counties, thereby improving the timeliness of expenditure.					

Thank you for your participation

APPENDIX V: BUDGET PROPOSAL

	ITEM	RESOURCE MATERIAL	TOTAL COST
1	Proposal writing Preparation and Correction	Stationery foolscap Pen, photocopying, Typesetting, printing	2000 2000 10, 000
2	Preliminary Preparation for field Work	Transport cost, note books Lunch	7000 2000 2000
3	Pilot study pre- Testing questionnaire	Typesetting and printing, Photocopying, Travelling	3000 5000 4000
4	Data organization and analysis	Stationery, printing Papers, flash disk	2000 3000 3000
5	Research and Consultation	Traveling and accommodation, Library cards, Photocopying and Computer use	1000 1000
6	Carrying out Research survey	Photocopying Questionnaire Traveling to schools And offices, other Stationery, Accommodation & Lunch	10000 15,000 1000 40,000
7	Data organization	Printing papers, Computer use, Binding copies	3000 2000 8000
8	Miscellaneous		15, 000
	TOTAL		**150, 000**

APPENDIX VI: WORK PLAN 2024-2025

ACTIVITY	May 2024	June 2024	July 2024	August 2024	January 2025	February 2025	March 2025	April 2025
Project registration								
Orientation meeting								
Produce research topics to share with supervisor								
Develop proposal								
Introduction, literature review, Research methodology								
Proposal defense								
Questionnaire Pilot testing								
Data collection								
Analysis of findings								
Meeting with supervisor								
Recommendations								
Preparation of final report								
Submission of Project Report								