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Role of Public Financial Governance Practices on the Performance of Kisumu County Government

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Abstract

Purpose: The study sought to analyze the effect of public financial management practices on the performance of the Kisumu County Government. It entailed assessing how auditing, information technology, regulation, and public engagement in decision-making affect the performance of Kisumu County Government.

Methodology: The study employed Systems Theory as the framework for developing the survey. The target group consisted of 70 participants from Kisumu County Government, such as ICT officers, accountants, finance officials, auditors, the County Secretary, and ward administrators. Data collected from the field were analyzed using the Statistical Package for the Social Sciences (SPSS) through both descriptive and inferential analyses. The results were analyzed and recorded in tabular form.

Findings: All the examined aspects were identified to have a significant effect on the KCG performance; however, auditing practices had the most significant effect compared to information technology, public participation, and regulatory policies. Thus, based on the research outcomes, several factors, such as the explicit possibility of auditing to build trust and identify risks and control issues, affect the efficiency of county governments. In addition, meetings and hearing sessions that involve the public provide input in the budgeting process, enhancing performance.

Unique Contribution to Theory, Practice and Policy: The study recommends that county governments should adopt and follow proper financial structures and processes as stated in the legislation as contained in the Public Financial Management Act. The processes are often audited to ensure compliance and effectiveness.

Keywords: *Performance, Auditing, Information Technology, Regulatory Practices, Public Participation*

INTRODUCTION

Financial performance measures an organization's ability to generate income from its core operations and assets effectively (Shyam & Fernandez, 2017). PFM can be defined as the formulation, implementation, evaluation, and regulation processes that govern public resources through a set of legal provisions that may involve the annual budgeting cycle. As mentioned earlier, PFM systems should cover both the receipt and payment sides. This is also true in this study, where PFM is strictly used in the context of expenditure as used by most scholars. Concerning legal frameworks, it is common for PFM systems to be regulated by specific legal acts, and many countries utilize organic budget laws to achieve this goal. The overall objective of financial management is to achieve the financial welfare of the business owner. This broader goal encompasses other smaller objectives, such as revenue, solvency, and controlling key variables, including cost, price, volume, stock, and capital investment.

Globally, countries such as France have a reliable PFM performance system that supports strong economic management and the efficient provision of services. Hawke (2017) asserts that strong PFM institutions can lead to increased government accountability and efficiency. Likewise, we have financial management performance, which refers to the ability to make informed decisions, plan, and control the financial aspects of the firm within the Canadian context. These include the processes of generating resources, allocating resources, using resources, and finally disbursing the resources. Some of the key areas of financial management in Canada include financial planning and control, financial analysis, accounting, cost management, capital budgeting, and working capital management.

In sub-Saharan Africa, therefore, PFM performance provides the crucial link between the formulation of economic policies on the one hand and their implementation on the other. It plays a role in determining and managing public resources through the crafting of budgets and the setting of fiscal policies. By enhancing aid effectiveness and some budgetary outcomes, a viable PFM system can support macroeconomic stability and development. It also fosters good governance by ensuring that public resources are not embezzled or poorly utilized (Dibie, 2017).

There is therefore pressure both from internal and international sources on the South African government to improve PFM performance across sectors through better policies and practices. A competent public sector is essential for economic growth, social development, and poverty reduction. This is compounded by the need to assess and justify the relevancy and effectiveness of policies and programs under conditions of economic risk. Guinn and Straussman (2018) posit that an effective public sector should prioritize efficiency in garnering revenues, funding, and regulating public goods, as well as maintaining transparency in its dealings with the public and other institutions, such as legislatures and accountability agencies.

Cheruiyota et al. (2017) assert that financial management incorporates managing the financial future of an organization and maintaining proper cash flow. This includes developing and creating a framework for overall financial operations, procuring funds, and distributing them effectively. Institutionally, financial management integrates financial planning with financial control, emphasizing the timing of expenditures and the effective utilization of readily available funds.

In Kenya, the PFMA Act of 2012 aims to enhance the principles of public finance management by establishing sound systems controls over appropriations, and accountability in budget management. These principles offer a guideline for managing resources in the public sector efficiently. Over the last one and a half decades, Kenya has made significant progress in various aspects, including debt management, legislative authority, budgeting, auditing, accountability, procurement, and fiscal policy formulation. To increase accountability and transparency, the government has adopted the PFMRs in areas such as parliamentary oversight, payroll, pensions, revenue, procurement, and internal and external audit (Cheruiyota et al., 2017). This work aims to establish the efficacy of PFM practices in enhancing the performance of county governments in delivering services, given their crucial role in this process.

Problem Statement

Despite the introduction of Public Financial Management (PFM) schemes and reforms in all counties in Kenya, inefficiencies in resource distribution, accountability, and service provision have been the most significant challenge. The County of Kisumu, like many other devolved units, continues to struggle with challenges such as inadequate audit systems, low citizen involvement in budget-making and inefficient use of information technology in financial affairs. Previous studies (Opiyo, 2017; Cheruiyota et al., 2017; Koliba et al., 2018) have outlined the theoretical and operational contributions of the PFM tools on one hand of the coin. However, there has been a dearth of empirical research examining the intertwined factors that affect the performance of County Governments, such as Kisumu County.

Furthermore, the majority of studies focus on either the national level of implementation or individual components of governance (such as IFMIS or audit practices), rather than adopting a systems-based perspective and integrating the components of public participation and regulation. This paper aims to bridge these gaps by evaluating the combined effects of auditing, information technology, regulatory practices, and people's involvement on the performance of Kisumu County, thereby contributing to the existing body of knowledge on subnational financial governance.

The study outcome will benefit officials in county governments, national policymakers, development partners, and scholars interested in devolved governance and the efficiency of public sector provision. The study's results will inform evidence-based change, promoting organizational enhancements that aim to improve spending and service delivery within Kisumu County and other comparable areas.

The Objectives of the Study were

i. To determine the influence of Information technology practices on the performance of Kisumu County Government.
ii. To examine the role of financial auditing practices on the performance of Kisumu County Government.
iii. To find the impact of public involvement in decision-making on the performance of Kisumu County Government.
iv. To determine the influence of Governance practices on the performance of Kisumu County Government.

Significance of the Study

This research contributes to the advancement of New Public Management Theory and Systems Theory by identifying the connection between the predictor and outcome variables. They provide a rich source of information on Public Financial Management practices and institutional performance, addressing the research questions in line with the foundational principles of these theoretical frameworks. The study may help organizations adopt practical approaches to managing public funds, thereby enhancing the performance of county governments. Otherwise, county administrations could build an excellent reputation among the public and surpass similar organizations in other regions of the country by implementing proper policies.

The study outcomes could provide a valuable reference for academics, researchers, and learners concerned with public financial management approaches, county governments' outcomes, or possibly both. The proposed study targeted 70 respondents across Kisumu County Government, specifically ward administrators, ICT officers, accountants, finance officers, county secretaries, and human resource managers. The research was conducted from April to October 2019, spanning seven months.

The interface between the three variables of public participation, auditing, IT systems, and regulatory compliance is the primary determinant of effective governance in county governments (Cheruiyota et al., 2017). Participation of the people fosters ownership that is more substantial over matters of development interest, resulting in more pertinent delivery of services. In the meantime, the robust audit system identifies waste and minimizes losses through effective spending (Opiyo, 2017). Proper budget control and a short procurement turnaround time, facilitated by IT integration such as IFMIS, is a direct way to improve resource use efficiency. The regulatory influence ensures that counties comply with legal instruments, such as the Public Finance Management Act, to promote fiscal discipline. This is because when they operate in a harmonious state and together, they lead to better institutional performance, as evidenced by audit ratings, budget absorption rates, and indices of public satisfaction.

LITERATURE REVIEW

Information Technology Practices

Opiyo (2017) assessed the influence of an Integrated Financial Management Information System (IFMIS) on financial performance. As noted in the study, IFMIS is a fiscal instrument of the government that integrates all aspects of financial management into a single set of tools. It may enhance the accuracy of budget submission by government agencies, help control expenditures by monitoring and reporting on financial operations, and offer public services more efficiently and at a lower cost with IT-based accounting and budgeting systems. Another important aspect of IFMIS is its ability to interface with other automated systems, such as the Integrated Personnel Payroll Data (IPPD) and the Government Payments Solution (G-pay). To provide the Kenyan government with IFMIS software, Oracle Financials, an ERP system, was implemented in 2003. It covered areas such as purchasing, accounts payable, accounts receivable, and cash.

Cullen (2017) evaluated the impact of IFMIS adoption on public expenditure management in Kenya. Specifically, the study focused on IFMIS's accounting, budgeting, and procurement in the context of spending management. The study targeted 103 respondents across five national government ministries, adopting a descriptive survey research approach. Descriptive analysis tools, such as multiple regression and correlation coefficients, along with SPSS analytical tools, were utilized to analyze the data. Thus, the study established that IFMIS has streamlined expenditure control and that IFMIS applications are positively related to public expenditure management in Tanzania. This aspect, however, entails that to enhance the monitoring and control of public spending, a more integrated approach is required for other system modules. This recommends that for IFMIS to be effective, especially after implementation, those implementing the system should undergo adequate training.

In a similar study, Maskell, Baggaley, and Grasso (2016) look at the application of ICT in the management of financial resources in the Pacific SIDs as a component of the good governance agenda. In their studies, they noted that the adoption of IFMIS strengthens states' financial management by enhancing organizational responsibility, cash management, budgeting systems, controls, and financial reporting. The research established that IFMIS aids managers in preparing budgets, assessing performance, balancing cash, inventorying assets, and analysing departmental output. It is for these reasons that the authors suggest the use of this system in PFM to achieve the goals of accuracy, punctuality, and clarity.

Another study by Maskell, Baggaley, and Grasso (2016) on financial performance also examined the impact of IFMIS on supply chain management performance within the Nairobi City County Government. The areas of interest were staff knowledge, company policies and procedures, IT support, and management endorsement. This revealed that NCCG was implementing IFMIS at moderately high levels, with sound infrastructural support, staff training activities, and strong management support backing its effectiveness. However, the County has not reached full preparedness for comprehensive IFMIS implementation. Specifically, the findings indicated that IFMIS has a mediating effect on perceptions of SCM performance in the efficiency, cost, functionality, and quality domains. Recommendations included increasing efforts to build capacity and continuously revisiting policy and procedures to improve IFMIS utilization and enhance accountability among management.

According to Prakash (2015), an IFMIS implies that financial management activities are coordinated under a single authority, allowing for transparency, accuracy, and efficiency. The system accommodates budget formulation, execution, audits, and evaluations, among other aspects of PFM. In this context, IFMIS provides accurate, up-to-date, and relevant financial information while maintaining fiscal responsibility that conforms to international standards for managing public finances.

In recent years, Kenya has undertaken significant enhancements to its Integrated Financial Management Information System (IFMIS), aiming to strengthen public financial management and improve accountability. Starting in 2019, the National Treasury collaborated with the World Bank and other development partners to upgrade IFMIS modules, including the introduction of the Supplementary Payroll System. It expanded direct payment to vendors, steps designed to reduce ghost workers and promote transparency (National Treasury, 2021). A 2022 Auditor General report revealed notable improvements: the incidence of unauthorized spending decreased by 18%, and payment processing times were reduced by 25%, indicating better compliance with procurement regulations (Office of the Auditor General, 2022). Additionally, the rollout of a mobile IFMIS application in 2023 has enabled county-level officials to track budget disbursements in near real-time, helping to identify anomalies and close feedback loops early an improvement that builds public trust in fiscal decision-making. However, recent audits (2023–24) continue to highlight vulnerabilities in user access controls and data validation, particularly in select counties where internal governance frameworks remain weak. These findings suggest that while IFMIS upgrades have enhanced transparency and efficiency, persistent challenges particularly in county-level oversight continue to diminish its overall effectiveness. Strengthening internal governance, investing in user training, and enhancing audit follow-up mechanisms will be critical for ensuring that IFMIS contributes holistically to improved financial stewardship and public service delivery in Kisumu County.

Kenya's IFMIS has been enhanced since 2019 to improve audit compliance and reduce procurement delays. For instance, annual audit query resolution rates increased from 72% (2018) to 88% in 2022, a reflection of better financial controls in counties like Kisumu, where the timely reconciliation of disbursements improved budget transparency. Additionally, the procurement turnaround time from requisition to payment decreased from an average of 45 days in 2019 to 28 days by 2023, primarily due to strengthened IFMIS integration and updated workflows. These improvements lowered unauthorized expenditures by 15% and improved expenditure accuracy by 12% across Ministries. Such tangible gains illustrate how targeted IT investments in IFMIS, combined with real-time reporting and automated approval chains, have directly enhanced public finance efficiency and compliance metrics.

Financial Auditing Practice

In their study, Okiro et al. (2018) investigated the impact of audit committees on the performance of county governments in Kenya. The primary research question of this study was: How do county audit committees impact the performance of county governments? The relationship between these two variables was theoretically analyzed in this study using a conceptual framework grounded on empirical research. A purposive judgmental sampling technique was employed for the study, targeting all 47 county governments in Kenya. Audit committees were selected as the most appropriate level of analysis because they play a crucial role in overseeing the auditing process within organizations. Advanced statistical techniques used in data analysis included hypothesis testing, regression analysis, and Pearson Product-Moment Correlation. The basic properties of the study measures were analyzed using descriptive statistics. The outcome revealed a significant and positive association between audit committees and the performance of county governments. These findings are insightful for managers and policymakers in county governments and demonstrate the necessity of Audit Committees as a mechanism to enhance public sector management and Performance. Additionally, the research offers valuable insights into the role of audit committees and their impact on organizational performance.

This study by Kewo and Afiah (2017) aims to establish the relationship between internal audit controls and financial performance, where internal controls are defined as the processes within an organization that are established, controlled, and monitored by the board, management, or personnel. They include strategies implemented to support effective operations, maintain accurate financial records, and ensure adherence to legal requirements. This underscores that strong internal controls enable organizations to achieve their performance objectives, protect resources, and prevent fraud. They help guide entities in achieving their set goals and objectives, particularly by mitigating risks. Internal controls comprise organizational systems, processes, hierarchies of authority, personnel, and internal reporting systems, all designed to address specific objectives.

Organizational performance is the result of the achievements made towards the goals and objectives set within an organization. The characteristics of an effective organization include striving towards a clear mission, flexibility, customer orientation, entrepreneurial approach, outcome orientation, and sustainability. In such environments, organizations that promote learning and adaptability are more effective, as they enhance organizational success. Thus, performance measures, which can be either tangible or intangible, are relevant to assessing success in such contexts (Solomon, 2017).

Cheruiyot et al. (2017) conducted a study on economic factors that lead to internal control risks and the effects of public reporting of ICDs. Analyzing pre-Sarbanes Oxley Act Section 404 audit data, the study observed that firms reporting ICDs are likely to engage in large and/or highly leveraged business, recent structural reorganizations, higher levels of accounting risk, and constrained resources to enhance internal controls. Such firms engage with leading audit firms, replace their auditors, and experience increased attention from regulatory and institutional investors. It also pointed out that firms that disclose ICDs present lower-quality information compared to firms that only disclose financial statements. According to the market analyses, the firm's market responds in different ways to ICD disclosures about variabilities in firms' operations.

Scott (2017) sought to understand the contribution of auditing practices to enhancing service delivery through the analysis of Value for Money (VFM) audits conducted in Quebec between 1995 and 2002. The study provided evidence that VFM audits had positive effects on the audited agencies and organizations, suggesting that a systematic review of financial and operating data was beneficial for promoting public sector value. Conducting audits was deemed an essential means of preventing fraud, wasteful and abusive practices, as well as reporting errors in the management of public funds. Subsequent studies discussed how audits help prevent corrupt practices in public administration. Studies have shown that the role of audits in preventing corruption and improving service delivery depends on the quality of governance. Democratic and developed countries strive to enhance audit institutions by promoting public accountability and emphasizing the importance of auditing in governance.

Public Involvement

Nyamori, Abdul-Rahaman, and Samkin (2017) summarized the effects of civic education and engagement on County Governments and highlighted the fact that civic literacy, monetary rewards, and the timing of forums tend to influence the way people participate. In their analysis, they found that 68.5 per cent of residents had received civic education, with 86 per cent of attendees noting that the sessions had achieved the intended outcome. According to the study, civic education is crucial in enhancing residents' ability to exercise their constitutional rights and participate in county-level decision-making, thereby influencing county policy. The research evidence is crucial to Kisumu County, as fairness in addressing the people of the society regarding their involvement in the County remains critical for effective, inclusive governance. Nevertheless, the absence of feedback mechanisms that demonstrate how citizens' input is translated into policy would lead to mistrust in financial decisions, as highlighted in the 2022 Auditor General's Report for Kisumu. The sample size of the study was not specified, thereby limiting the extrapolation of the study's findings to Kisumu, unless local studies are conducted to provide a more accurate estimate at a lower level.

Similarly, Munge et al. (2018) examined the mechanism of public engagement in Embu County and found that 74% of the respondents stated that resource allocation significantly impacted their capacity to participate. Nonetheless, it is questionable whether this sample was inclusive of people from other counties, such as Kisumu, which still faces a challenge in achieving parity between male and female participation in the process. The research highlighted the importance of adhering to laws and country standards, which are straightforward in the case of Kisumu

County, where there are implementation lapses in translating participation into policy responses.

Ngugi and Oduor (2015) provided condemning details about structural failures in county-to-party participation. The reality is that most, if not all, counties, such as Kisumu, lack formal legal structures, monitoring and evaluation (M&E) systems, and effective facilitation mechanisms to address participatory governance, despite the constitution mandating them. Remarkably, their study noted that despite the existence of most counties, their approach to conducting Public Participation Forums lacks clear objectives, documentation, and follow-up engagement responses. This not only weakens governance but also reduces confidence in the minds of the people, mainly regarding financial matters. The experience of Kisumu County suggests that these problems exist, as ad hoc forums often fail to accurately portray the impact of citizen input on budgeting or service delivery.

Smith and Wales (2018) confirmed the importance of civic education as a long-term contributor to the reinforcement of democratic culture. An article by them on the jury of citizens asserted that well-informed citizens have a higher chance of meaningful participation in revising governance. Similarly, a Kenyan cross-sectional study demonstrated better constitutional awareness and awareness of reform among recipients of civic education, suggesting that civic education may be a strategic initiative by Kisumu County to promote fuller participation by the people and accountability. Special efforts are, however, required to ensure that marginalized groups and rural wards, where civic activity is distributed unevenly, participate.

Governance Practices

In a decentralized system, Pollitt and Bouckaert (2017) have explored regulatory governance customs through the example of the Indian healthcare sector, explaining how the interaction between federal legislation and individual state legislations occurs through ministries, departments, and statutory agencies. The paper highlighted the role played by socio-political and institutional frameworks in delivering services, including those of civil society and interest groups. Their lessons apply everywhere in the world, but they suggest that in a county such as Kisumu, the importance of inter-agency collaboration and effective civic participation form the basis of responsive governance.

In an analysis of the PFMA framework in Zimbabwe, Maina (2016) also reported that, despite an adequate legal and institutional framework, there was a failure in execution, with efforts that barely made a difference. Regulatory bodies could not afford to repeat the pressure. This applies to Kisumu County, where legal guidelines are in place, such as the Kenya PFMA (2012), but there is limited implementation, especially of performance-based budgeting and subsequent audits. Similar implementation gaps are evident in the recurrent issues with budget absorption and uneven spending, as revealed in the report prepared by the Kenyan Auditor General (OAG, 2021).

Njahi and Njahi (2017) researched regulatory inspection in Wales. They identified a low level of effectiveness in measuring the delivery of public services, indicating that superficial oversight mechanisms do not effectively address the main problems. In the case of Kisumu, this highlights the importance of incorporating audit reports into policy revision cycles, with the assistance of community baraza feedback, to improve regulatory efficiency.

Kenyan-specific studies provide more specific guidance. According to Wanjiku and Kirimi (2020), governance activities related to the PFMA, particularly the transparency of procurements and financial reporting, were positively correlated with the improved performance of Meru and Embu counties. Likewise, Khaemba (2021) noted that ICT-based governance tools, such as the IFMIS, also helped increase transparency in the traceability of expenditures in the Nairobi government, but were hindered by a lack of skill sets and bureaucracies that were deeply entrenched. Kisumu can utilize these lessons by investing in system upgrades, capacity building, and change management.

Financial health, a framework proposed by Peters (2018) on a global scale, encompasses the liquidity, solvency, and operational autonomy of local authorities in Ireland. They are helpful, but such models should be localized to specific regions. The budget reporting in Kisumu continues to face challenges, including late disclosures and inconsistencies between the planning and implementation processes (CRA, 2022). The adaptation of similar benchmarking tools would contribute to the development of an early warning system and enhance monitoring.

For the Kisumu context, the important lesson learnt is that legal and institutional frameworks are not enough. The key factors that decide whether the governance reforms lead to real improvement are implementation fidelity, local adaptations, and active stakeholder involvement. This suggests the need for further research into the specific causes of concern regarding the failure of counties, such as Kisumu, to implement the PFMA despite legal harmonization. It also outlines new research that can be conducted in the future, focusing on digital integration, enforcement methods, and stakeholder responsiveness.

Theoretical Framework

A theoretical framework serves as an organized framework for research by setting out the theories, concepts, and assumptions that inform the study. An interpretive filter enables the results to be synthesized and reconciled with existing knowledge. Theoretical frameworks are essential for expounding and coordinating research goals with conceptualized academic discourse.

Systems Theory

Systems Theory focuses on the relationship between the elements of a system, implying that the alteration of one component affects the entire system. It was informed by the fields of biological and social sciences and regarded organizations, even governmental ones, as complex systems whose multiple components have interrelated components with a unifying mission. Harmony among these aspects is necessary to ensure proper functioning, encompassing policies, processes, and resources. When examining the role of public financial governance practices in the performance of Kisumu County Government, Systems Theory can be relied upon. It is included based on its applicability to decentralized environments, such as the counties in Kenya, where multiple subsystems must work together to facilitate service provision.

Any form of financial governance process undertaken at the public level, such as budgeting, expenditure management, and audits, is observable as a subsystem of the bigger picture of governing counties. These practices have a direct impact on performance, influencing resource allocation, accountability, and the delivery of services. In the case of Kisumu County, the entire financial governance system cannot operate effectively without strong financial governance in at least one subsystem, as this can lead to inefficiencies and poor service delivery. On the other hand, good practices help improve the system's performance in terms of streamlined resource use and trust development between the parties. Using Systems Theory, the study would be able to analyse how financial governance practices interact with other subsystems, such as human resource management and policymaking, to establish their cumulative effects on governance performance in Kisumu County.

The Systems Theory, however, has a shortcoming of oversimplifying the political nature and the creation and flow of power. Although it promotes a comprehensive perspective, it is insufficient to encompass the role of informal networks, political interference, and situational issues that tend to interfere with governance systems in practice.

New Public Management (NPM) Theory

The theory of New Public Management (NPM) has placed a strong emphasis on introducing concepts and practices derived from the private sector to manage public sector organizations. Based on principles such as decentralization, performance measurement, and results-oriented management, NPM emphasizes transparency, customer orientation, and sound financial management. Its presence in the research will be justified by the fact that Kenya has engaged in a constant campaign to drive results-based management and public sector restructuring, as these two trends share similarities with NPM, which focuses on performance and accountability.

In the local context of embracing NPM as applied by the Kisumu County Government, a robust financial governance process, including effective budgeting, transparent expenditure monitoring, and regular scrutiny through the auditing process, is crucial for enhancing organizational performance. Kisumu County can thus achieve greater efficiency in the allocation of its resources and minimize wastage by emulating effective management practices in private organizations by embracing accountability. As an illustration, NPM recommends that Kisumu County adopt performance-based budgeting, where a specific amount of financial resources is allocated to a given outcome and effect. Additionally, implementing competitive procurement procedures and enhancing financial reporting will enhance transparency and minimize corruption, aligning financial governance with the county's performance objectives.

However, NPM has its limitations too. Although its effect is efficiency, it can be at the expense of inclusivity and equity. The focus on measurable outcomes may come at the expense of other, but equally crucial, ends, like community involvement or equality of access to services. In addition, its market-based model may be incapable of addressing the political, social, and cultural peculiarities of an institution such as county government.

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Conceptual Framework

Independent Variable **Dependent Variable**

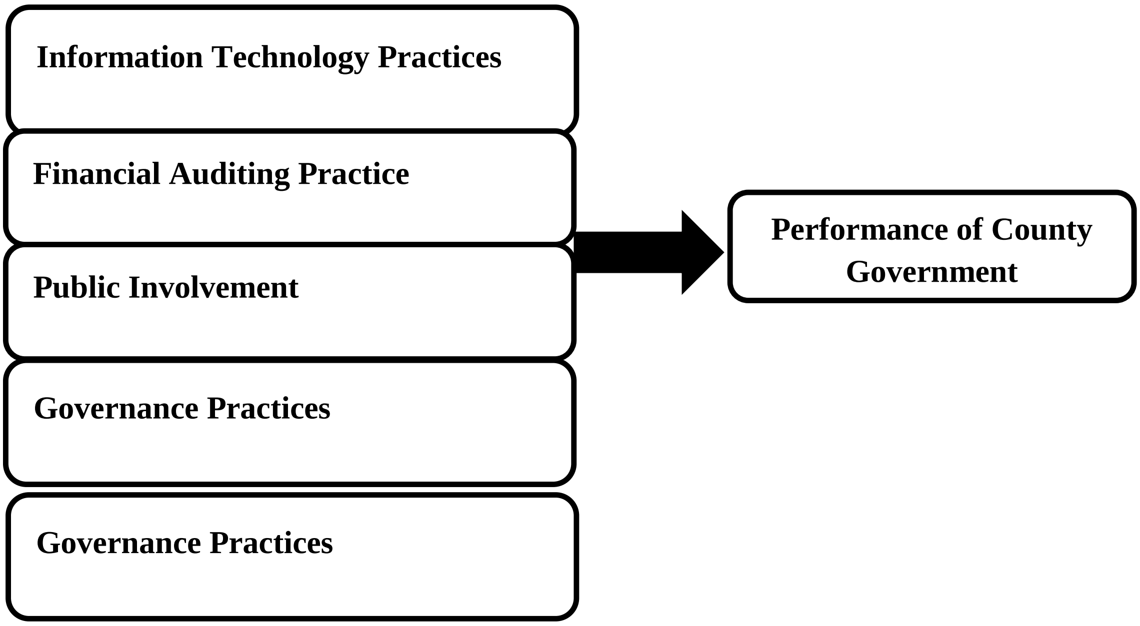

Figure 1: Conceptual Framework

Research Methods

This study employed a survey research design to collect data from participants at a specific point in time. To reiterate, the primary purpose of the questionnaire was to gather information on the subject's condition at the time of consideration. Out of the seventy respondents, most were at the middle management level. The study targeted ICT officers, Accountants, Finance officers, Auditors, the County Secretary, and ward administrators from Kisumu County Government.

A questionnaire was used to collect data from the respondents, incorporating both structured and unstructured questions in the data collection process. The questions posed to study participants required them to respond on a 5-point Likert scale, where 5 represented "Strongly Agree" and 1 represented "Strongly Disagree." The questionnaire was structured into two main sections:

Section A: Determining and recording the gender, age, education level, and number of years in service. These variables have been described to help understand the nature of the sample and how they might affect the view of the concerned respondents.

Section B: Specifically, it aimed at assessing the effectiveness of the PFMA on the performance of the Kisumu County Government. The respondents were asked to indicate the extent of their agreement or disagreement with statements measuring the perceived importance of financial auditing, information technology, regulatory practices, and public participation in decision-making.

A census technique was employed to reach all possible respondents due to the small population, which consisted of 35 ward administrators, 7 ICT officers, 17 accountants, 5 finance officers, 5 auditors, 1 county secretary, and 17 accountants. This enabled the gathering of facts from

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professionals on the public finance management process and its impact on the county's performance.

Self-completion of questionnaires facilitated the gathering of all necessary insights and ensured adherence to the provided instructions. The data collection was conducted immediately after the distribution of the questionnaires, and all completed questionnaires were collected from the participants.

A descriptive analysis of the collected data was conducted using the Statistical Package for the Social Sciences (SPSS). To identify cause-and-effect relationships and underlying reasons, the analysis was based on data available for the study and employed content analysis and retrospective research. The following regression model was created as a result of regression analysis, which was also used to estimate the impact of the independent factors on the dependent variable:

$Y = \text{Intercept} + \beta_1 * X_1 + \beta_2 * X_2 + \beta_3 * X_3 + \beta_4 * X_4 + \text{Error term}$

Where: Y stands for public finance performance, $\beta 0$ stands for the intercept:

X_1=Auditing practices

X_2=ICT practices

X_3=Regulatory practices

X_4 = public involvement

ε represents the Error term

β_1, β_2, and β_3 refer to the estimated coefficients of the independent variable in the context of regression.

RESULTS AND DISCUSSION

Response Rate

The researcher administered 70 questionnaires, of which 63 were completed and returned, yielding a 90% response rate. A response rate of 50% is usually considered average, 60-70% is satisfactory, and a response rate higher than 70% is regarded as good or excellent. Thus, the achieved response rate is highly satisfactory and can be considered excellent, allowing for working with the received data and making correct conclusions.

To assess the impact of the PMF measures on KCG's performance, the study deployed four independent variables and four sub-dependent variables. The performance of Kenyan county governments, measured as a percentage of the contribution from the major economic sectors of manufacturing, agriculture, health, and education, was used as the dependent variable. Such independent variables included information technology, public involvement, auditing, and regulatory practices.

Multiple Regression Analysis

The objective of this study was to establish the correlation between the independent and dependent variables used. The Model summary gives the value of R and R^2, as shown in Table 1. R represents the extent and direction of the linear relationship between the independent variables. At the same time, R^2 gives the proportion of the total variation in the dependent variable that the independent variables can explain. The fit between the model and the research phenomena is highlighted in Table 4.16 below. It was established that auditing, IT, regulation,

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and public involvement had a substantial impact on the level of municipal government performance. These have a relevance of 75.7% as the R2 value of 75.7% indicates the contribution of these factors towards the performance of the county government.

A more accurate measure of how well the linear regression model fits the data is the adjusted R-squared value, which is slightly lower at 0.741. This measure considers the number of independent variables in the model. This modified value shows that the model accounts for 74.1% of the variations in county government performance, while 25.9% remain unaccounted for. These outcomes demonstrate that the implementation of enhanced public financial management practices has significantly contributed to the Kisumu County Government's performance.

This is further corroborated by the ANOVA results presented in Table 2, which show a significant model fit. The p-value of 0.000 was lower than the critical value of 0.05, thereby supporting the rejection of the null hypothesis, which implies that the calculated regression results were significant and could not have occurred by chance. Additionally, the F-statistic value of 45.417 is statistically significant, and the p-value of 0.000 indicates that the independent variables used in this research are good predictors of county government performance.

Table 1: ANOVA Results

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	22.611	4	5.65	45.417	.000[b]
1	Residual	7.218	58	0.124		
	Total	**29.829**	**62**			

$$\mathbf{Y=0.695+0.241X_1+0.291X_2+209X_3+0.153X_4}$$

Table 2: Multiple Regression Models Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.870[a]	.757	.741	.352	1.25

Table 3: Regression Analysis Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	**0.695**	**0.273**		**2.540**	**0.013**
	Financial information technology practices	0.241	0.095	0.236	2.512	0.014
1	Financial auditing practices	0.291	0.075	0.142	3.875	0.000
	Public involvement practices	0.209	0.07	0.188	2.970	0.004
	Financial regulation practices	0.153	0.060	0.182	2.554	0.013

Hypothesis Testing Using the Multiple Regression Model

The research established a week positive relationship between the performance of Kisumu County Government and the implementation of Financial IT. Table 3 presents a regression analysis with a beta coefficient of 0.241 and a significance level of 0.014, indicating a positive and statistically significant relationship between financial IT practices and performance of Kisumu County Government. Consequently, the theory was dismissed. These outcomes are consistent with Opiyo's (2017) study, which investigated the impact of IFMIS integration on financial performance. To enable government organizations to develop accurate budget

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proposals, manage spending, record financial transactions within their organizations, and improve service delivery, most financial management functions are centralized under IFMIS. On the other hand, the relationship between financial auditing and the performance of the Kisumu County Government was determined to be relatively poor. The regression analysis reported in Table 3 suggests that financial auditing practices have a positive impact on performance, which is statistically significant at a 1% level of significance, as indicated by the beta Coefficient of 0.291 and a p-value of 0.000, thereby rejecting the null hypothesis.

Moreover, public participation was also found to have a statistically significant and overall positive effect on KCG performance, with a beta coefficient of 0.209 and a p-value of 0.004, thereby rejecting the null hypothesis. Ngugi and Oduor (2015) stated that public sector financial management is defined by the techniques, principles, and policies that govern the planning, budgeting, forecasting, and control of financial operations to meet organizational goals and objectives.

Regarding the hypothesis relating to governance practices, it was established that the regression outcomes depicted in Table 3 indicated a positive and statistically significant impact on the Kisumu County Government performance measurement, with a beta coefficient of 0.153 and a p-value of 0.013. This led to the rejection of the given hypothesis. The results are similar to those observed by Turley, Robbins, and McNena (2015), who noted that budgets are one of the significant financial control tools that, when properly managed, can facilitate the planning and control of organizational activities during policy implementation in local governance in China. Effective budgeting ensures the efficient expenditure of scarce resources within an organization and identifies key programs and activities that facilitate the successful implementation of policies and strategies. The null hypothesis that there is no significant relationship between public involvement in decision-making and the efficiency of Kisumu County Government was also rejected.

Table 4: Summary of Hypothesis Test Results

HYPOTHESES	BAND P VALUES	DECISION RULE (ACCEPT/REJECT
H_{01} There is no relationship between Information technology practices and the performance of the Kisumu County Government	B_1=0.241, p=0.014<0.05	Rejected the null hypothesis
H_{02} Financial auditing practices have no statistically significant effect on the performance of the Kisumu County Government	B_2=0.291, p=0.000<0.05	Rejected the null hypothesis
H_{03} There is no relationship between Public involvement in decision-making and the performance of the Kisumu County Government	B_3=0.209, p=0.004<0.05	Rejected the null hypothesis
H_{04} There is no relationship between governance practices and the performance of the Kisumu County Government	B_4=0.153, p=0.013<0.05	Rejected the null hypothesis

Discussion

Impact of Financial Information Technology Practices on the Performance of Kisumu County Government

According to the study, it is evident that information technology practices have a positive impact on the performance of Kisumu County Government. Some notable enhancements included the introduction of an audit trail and the adoption of IFMIS for the comprehensive generation of bills, assigning distinct and unique numbers to user departments, as well as enhancing power performance through the implementation of an ICT querying system.

These findings are in concordance with Cullen (2017), whose study focused on the effects of IFMIS on management within the public sector. Cullen found that information systems have transformed business management from traditional methods to modern approaches, as organizations adopt new, efficient financial management systems. IFMIS is an attempt to improve the current methods of governance by enhancing the ways through which financial information is managed and increasing accountability in the public sector. In another study on the impact of IFMIS on public expenditure management in Kenya, the study concentrated on the procurement, budgeting, and accounting components of IFMIS. The idea was to establish how a similar integrated system could help improve the utilization of resources and reduce the misuse of public resources. This research employed a descriptive survey technique with respondents from five national government ministries, and it involved multiple regression analyses, correlation coefficient tests, and statistical analysis using the Statistical Package for the Social Sciences (SPSS). It was established that IFMIS enhanced oversight of Public expenditure in a positive, substantial, and significant manner, with a call to increase the integration of more modules into the system. The study also suggested that enhanced authoring and updated training should be given to the system users.

Alon, Baggaley, and Grasso (2016) examined the role of ICTs in shaping public financial management in the context of Pacific Small Island Developing States, with a focus on achieving good international governance. They observed that the overall goal of IFMIS implementation is to improve the efficiency, facility, and effectiveness of managing state funds and financial resources in line with best practices in expenditure worldwide. The study aimed to evaluate the effectiveness of the components of IFMIS in Kenya, including cash management, budgeting, financial reporting, internal controls, and organizational accountability (Mwalia et al., 2008).

A descriptive method of data collection was employed, and questionnaires were administered to 18 ministries of the national government, supported by secondary data, including budget documents, progress reports, and internal audit records obtained after implementation. Coded for statistical analysis, the study employed both quantitative and qualitative methods to analyze the collected data. The study found that specific organizational and administrative management practices had a significant impact on financial management outcomes in the public sector, including accountability, cash and budgeting systems, internal control, and financial reporting. The study recommended that managers utilize these results for improved planning, budget comparisons, cash management, debt and receivable management, asset efficiency, and departmental performance comparisons.

Effects of Financial Auditing Practices on the Performance of Kisumu County Government

In conclusion, the study's results demonstrate that effective financial auditing practices enhance performance within the Kisumu County Government. This means that auditing enables the provision of assurance, risk identification, and management of weaknesses, as well as the utilization of reports and assessments from the Auditor General to enhance performance. This finding aligns with Ismail et al. (2018), who also investigated the impact of public sector audits and financial control mechanisms on protecting public funds in Sudan. According to their findings, poor accounting and financial control procedures, as well as inadequate internal controls, contribute to corruption in the public sector.

The study also found that factors such as the presence of inadequate qualified accountants, as most public departments have a few employees who conduct financial activities, enhance the prevalence of inadequate accounting records. Another problem that was established was the weakness in internal auditing, which is an essential component of sound internal controls in many governmental establishments. Even when they exist within an organization, internal audits are reasonably weak and substandard. Moreover, according to the research, it was established that most public organizations continue to employ outdated accounting practices, such as manual accounting, in both national and local governments; more than 46% of staff members have not received financial training.

These observations support Cheruiyota et al. (2017), who examined data from firms in auditing prior to the implementation of Section 404 of the Sarbanes-Oxley Act. Some of the issues that they investigated include economic factors that expose firms to internal control risks, incentives for identifying and reporting ICDs, the effect of ICDs on earnings quality, and the impact these disclosures have on markets. Still, the authors found that firms that reported "early" ICDs (before audits became compulsory) appeared to operate under more severe conditions, including recent structural changes, larger account risks, and fewer resources for strengthening internal control. These early disclosing firms were also more likely to engage the services of highly ranked audit firms, were more likely to change their auditors, and were subjected to higher regulatory and institutional investor attention.

Impact of Public Involvement Practices on the Performance of Kisumu County Government

This study reveals that the PIDA principles enhance the performance of Kisumu County Government. Specifically, opinions are collected throughout the budgeting process, particularly from public hearings and meetings, which lead to better performance outcomes. Public awareness and engagement contribute to gaining social acceptance for projects, thereby improving their outcomes. Furthermore, workshops on budgeting help increase employees' knowledge and overall effectiveness at the workplace. Additional training in PFM practices further enhances performance.

In line with this study is the work done by Munge et al. (2018), who examined public engagement in the County Assembly of Embu, one of the 47 County Assemblies in Kenya. They provided information on the various approaches and methods for engaging citizens in governance, as well as the principles governing citizen participation. The study emphasized the importance of creativity over public-legislature involvement, which is merely a show. Consequently, the study revealed that resource allocation influences participation, as 44% of the participants considered it moderate. The response rate was 76% with the majority of the respondents being males (59%).

Public policy and program development involve the participation of multiple stakeholders, including the government, political systems, non-governmental organizations, and the private sector. To encourage citizen engagement in planning and performance management in the County, enabling legislation is critical. Any legislation should meet national standards to foster successful community participation.

The study also noted that the availability of information plays a critical role in shaping public participation in the Embu County Assembly. When people have access to information, it enables them to understand their rights and responsibilities within the governance process. Some of the concerns raised included the issue of limited democratic networks and a call for undertakings that would place greater focus on gender and sustainable development. Thus, apart from identifying the required resources and actors, it is suggested that the knowledge on the influencing factors of governance effectiveness be expanded to other sectors and regions.

Koliba et al. (2018) also emphasized that Kenya can be viewed as pursuing an ambitious decentralization policy aimed at restructuring the roles of government and citizens. However, while legislation has recently focused on promoting public participation, the practice has not been fully embraced across different tiers of government. The study was conducted to understand the reasons behind this gap. The law contemplates a system where people participate in the legislative process at every successive level of the devolved system. Some of these counties have not enacted the necessary legislation to support the act and often use what is referred to as the "Public Participation Forums," which are like a public baraza. A few gaps include the measurement and assessment of these public engagement processes, which are essential for offering feedback to participants after various forums.

Financial Regulatory Practices and Performance of Kisumu County Government

Based on the results obtained in the study, it can be concluded that regulation is beneficial to the performance of Kisumu County Government. This implies that, by ISOA, oversight bodies such as the County Oversight and Accountability, the Independent Policing Oversight Authority, and the Public Procurement Oversight Authority, which are members of professional organizations and comply with public sector accounting standards, improve the effectiveness of county governance.

The findings of this research are also consistent with those of Maina (2016), who examined how legal and institutional mechanisms can enhance PFM effectiveness. The study concluded that, despite Zimbabwe having enacted laws, developed appropriate legal frameworks, and implemented institutional responses, the core issue lies not in the absence of laws but in compliance with the rules. At the same time, it was observed that most oversight organizations charged with monitoring the functions of both the central and devolved governments were inadequately resourced and had weak structures, which inhibited their ability to enhance service delivery. Policies or programs may be evaluated in several ways, including using indicator data to monitor progress, operational evaluation to assess the program's success, and determining whether the observed changes occurred solely due to the program or were influenced by other external variables.

Additionally, the research results corroborate those of Njahi and Njahi (2017), who examined the relative autonomy of Welsh local governments by investigating the oversight responsibilities of the central government. Regarding this study, it also revealed that the inspection measures employed to enhance service delivery performance did not have a profound positive impact, suggesting that such inspections were conducted in sectors with poor performance. According to the study, formal inspections were identified as having the least likely possibility of contributing to positive changes in the delivery of public services. As observed, regulatory authorities tend to act in an advisory position, providing benchmarks and offering suggestions for local service providers to implement their improvement plans.

CONCLUSION AND RECOMMENDATIONS

Conclusion

The proof of confidence from the auditing, as well as the informativeness of risks and management of weaknesses, affirms that it has a positive relationship to performance. Moreover, the setup of an audit file system, the routing of payments through IFMIS, the assignment of user identity numbers to departments, as well as the ICT query system, significantly improved performance.

It also emphasized oversight agencies, such as the County Oversight and Accountability Authority, the Independent Policing Oversight Authority, and the Public Procurement Oversight Authority. They identified membership in professional associations, compliance with public sector accounting standards, and the proper adoption of related policies as key factors positively affecting the county government's performance.

The research also revealed that the use of public hearings and annual general meetings as means of receiving public input regarding the budgeting process has a positive influence on performance outcomes. Public awareness and participation enhance project adoption and results. Budgeting workshops also stand out as another effective practice, as they enlighten employees on budgeting methods and current trends. Lastly, there is a need for community education on proper public financial management practices to contribute to performance improvement.

Recommendation

The study provided several recommendations for the leadership of Kisumu County Government, stakeholders, and policymakers based on its objectives, findings, and conclusions:

- Adoption of Financial Auditing Practices: The study recommends that county governments incorporate effective financial auditing measures into their practices by adhering to the legislative requirements outlined in the PFM Act. This approach will help management gain a broad perspective that facilitates engagement with stakeholders and decision-making processes related to the performance of county governments.
- Continuous Financial Assessment: The study recommends that county governments in Kenya should enhance the quality of their financial plans, ensure steady funding, and regularly review their policies. This practice will help identify whether the current financial forecasting methods are producing measurable improvements.
- Enhancement of Public Participation: Lastly, the study concludes in support of the full adoption of public participation since it completes the process of seeking opinions on the budgeting process. This type of engagement is believed to have the potential to improve performance within the county government significantly.

Areas for Further Research

One limitation arises from the fact that it does not capture the non-financial performance indicators of county governments. Finally, this study may have overlooked other practices that affect the performance of county governments. Therefore, there is a need for more studies to identify other factors that enhance the performance of county governments in Kenya.

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