SELECTED FACTORS AND BUDGET IMPLEMENTATION IN NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NG-CDF) IN NYAMIRA COUNTY, KENYA

Thomas Oyaro Kimong'o[1], Dr. Jane Queen Omwenga, Phd[2]

[1,2]Jomo Kenyatta University of Agriculture and Technology,Nairobi,Kenya

Abstract: The National Government Constituency Development Fund (NG-CDF) was established under the NG-CDF Act 2015 as amended in 2016 to address poverty and regional imbalances by dedicating a minimum of 2.5% of the National Government share of annual revenue towards community driven development projects in each of the country's parliamentary jurisdictions - the constituencies identified and implemented at grassroots level. Even though there is a budget calendar with elaborate budgetary process carried out by the Fund at the Constituency every fiscal year, with the aim of having minimal budget variances, there is statistical evidence to show that the Fund's implementation is still poor because budgets are not properly linked to the budget planning process and approved policies. This leads to huge variances and incomplete or poorly-done projects. The main objective of this study will therefore be to evaluate the factors affecting budget implementation in NG-CDF in Nyamira County, Kenya. The study will be guided by the following specific objectives; to establish the effect of monitoring and evaluation on implementation of budgets in NG-CDF in Nyamira County, Kenya; to examine the effect of internal controls on implementation of budgets in NG-CDF in Nyamira County, Kenya; to determine the effect of budget skills competency on implementation of budgets in NG-CDF in Nyamira County, Kenya; and, to find out the influence of accuracy of budget estimates on implementation of budgets in NG-CDF in Nyamira County, Kenya. The study will adopt a descriptive research design. The target population for the study will be 76 consisting of; the 4 NG-CDF Fund managers from the four constituencies in the County, the 20 NG-CDF Committee members from the 4 counties (five from each constituency) and the 50 Chair and Secretaries of the Project Management Committee of the 25 NG-CDF projects in the County that were carried out in the financial year 2019/2020. The study will use purposive sampling technique to select the sample of 76 respondents. The data will be collected using questionnaires. The instrument will be tested for reliability using the Cronbach's Alpha, while validity will be tested using the Content Validity index. The data collected will be analysed using descriptive statistics of the weighted means, mode and standard deviation and inferentially using correlation and regression analysis with the help of the computer software Statistical Package of Social Sciences Version 24. The results of analysis will be represented in graphs, pie charts and tables. These findings are expected to benefit the policy makers in the NG-CDF in making workable budget policies. Future scholars are also likely to benefit from the findings in their theory formulation

Keywords: monitoring and evaluation, internal controls, budget skills competency, accuracy of budget estimates.

I. INTRODUCTION

1.1 Background of the Study

Implementation of budgets is one of the most successful and useful management accounting techniques that can reap better rewards if properly understood and implemented (Kamau, Rotich, & Anyango, 2017). In USA, the budget process begins almost one and half years prior to the commencement of the fiscal year when the Office of Management and Budget (OMB) issues a letter to departments in April, known as planning guidance. The budget consists of estimates on spending, revenue, information on the performance of the economy and legislative and policy recommendations (Congressional Research Service, 2013).

Money management principles have been around as long as money existed; the idea of a budget is a re-cent concept, often attributed to the British monarchy in the 1700's. The parliament was put in place to establish some form of check and balances. That time, budgeting was mainly self-serving as the first control was put on the military so that the King could not create a force to overthrow the parliament. However, things were rarely written down, no regular review or any auditing or reporting. As the budget expanded to include more areas of government, the idea of a true budget evolved to mean more accountability and control. Budget institutions stem from the rise of the modern state in Western Europe in the 16th and 17th centuries when the rising costs of war-fare were leading to an increase in taxation. A higher tax burden led to public demand for greater accountability: citizens wanted a way to ensure public funds served public interests. This oversight role came to be performed by a parliament containing elected representatives with the responsibility to approve and review the government's use of resources.

The ninth Parliament of Kenya introduced the Constituency Development Fund (CDF) in 2003 with the passage of the CDF Act 2003. The National Government Constituency Development Fund (NG-CDF) was established under the NG-CDF Act 2015 as amended in 2016. The Fund is managed by the NG-CDF Board, which is a body corporate established pursuant to sections 14, 15 and 16 of the Act. At constituency level, the day-to-day management of the Fund is vested on the National Government Constituency Development Fund Committee. The objective of the Fund is to address poverty and regional imbalances by dedicating a minimum of 2.5% of the National Government share of annual revenue towards community driven development projects in each of the country's parliamentary jurisdictions - the constituencies identified and implemented at grassroots level. The fund aims to control imbalances in regional development. Its aim is also to address and stimulate grass root development. It targets all constituency-level development projects, particularly those aiming to combat poverty at the grassroots. In essence, the Fund provides individuals at the grassroots the opportunity to make expenditure and investment choices that maximize their welfare in line with their needs and preferences.

The Fund can therefore be considered as a National Government scheme that provides communities with the opportunity to make spending and investment decisions that maximize social welfare. It is an example of what is generally referred to as Community Driven Development (CDD) initiatives that empower local communities by providing tangible funds. Unlike other development funds that filter from the central government through larger and more layers of administrative organs and bureaucracies, the funds under this program go directly from the National Government to local level.

The Fund is one of the Government's initiatives aimed at transforming Kenya into a medium income economy by 2030 and the attainment of the Sustainable Development Goals by 2015. It has enabled Kenyans to experience the value of Government money and the common person can now directly take part in deciding on development matters of their areas. However, a report by KIPPRA (2018) lists the four constituencies of Nyamira County; West Mugirango, North Mugirango, Borabu and Kitutu Masaba as among the constituencies that have a high number of uncompleted projects which indicates budget variances. This is despite the fact that the project committees prepare budgets every fiscal year. The specific factors affecting budget implementation in the projects are not known. The present study will therefore seek to evaluate the factors affecting budget implementation in NG-CDF in Nyamira County, Kenya.

1.2 Statement of the Problem

The government of Kenya has invested heavily in the NG-CDF funded projects since the projects are a key pillar for economic investment as outlined in Kenya's Vision 2030. In the four constituencies of Nyamira County, a total of KES 1.2 billion has been allocated to projects financial year 2003/2004 to the financial year 2018/2019. Despite this huge allocation, out of a total 634 projects initiated, only 298 were well-built and completed, representing only 47%. This is in

spite of there being budget preparations every fiscal year. This may be because budgets are not properly linked to the budget planning process and approved policies.

The incompatibility between expenditures and revenues does not end which leads to mini-budgets, supplementary budgetary estimates and reallocations of budget lines. The above if not checked will affect overall long-term implementation of budgets in NG-CDF resulting to inadequate service delivery to patients. Previous studies done in Kenya on budgetary process were not exhaustive. Kihara (2013) studied the factors affecting the implementation of strategic performance measurement system of parastatals in Kenya concentration on one aspect of strategic performance, while Gachithi (2010) focused on factors influencing budget implementation in public institutions in Kenya giving an overview of institution and the budgetary process it adopts. The study by Njagi and Malel (2012) examined the relationship between time management strategies and job performance in organizations concentrating on parastatals while Maritim (2013) examined the effect of budgetary process on budget variances. It is evident from the above studies that factors affecting implementation of budgets have received a relatively low attention. Thus, this study therefore sought to fill this gap by determining the factors affecting budgets implementation in devolved funds using the NG-CDF in Nyamira County, Kenya as a case study.

1.3 Research Objectives

The general objective of this study was to evaluate the factors affecting budgets implementation in devolved funds in Kenya using a case study of NG-CDF in Nyamira County, Kenya.

1.3.1 Specific Objectives

i. To establish the effect of monitoring and evaluation on budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya,

ii. To examine the effect of internal controls on budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya,

iii. To determine the effect of budget skills competency on budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya,

iv. To find out the influence of accuracy of budget estimates on budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya.

1.4 Research Questions

i. What is the effect of monitoring and evaluation on budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya?

ii. What is the effect of internal controls on budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya?

iii. How does the budget skills competency affect budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya?

iv. What is the effect of accuracy of budget estimates on budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya?

1.5 Justification of the Study

This study's findings will guide the government on allocation of resources and evaluate its relevance on budget implementation in devolved funds of NG-CDF in general through agencies such as Auditor General and Ministries. The study findings will increase efforts to improve understanding of expenditure control and implementation of budgets combined with increased flexibility for managers in return for stronger accountability for the results, so as to enable them give better service delivery.This study findings and recommendations will enlighten the stakeholders to appreciate the existence of NG-CDF and give a benchmark of evaluating their implementation of budgets in the efficient service delivery. This study findings will shed more light to the scholars on factors affecting implementation of budgets in NG-CDF, thus establish the basis of research gaps for further study.

1.6 Scope of the Study

The study will be carried out at NG-CDF projects in Nyamira County, Kenya. The study will involve the staff in NG-CDF projects of Nyamira County. The study will collect data on the effect of monitoring and evaluation, internal controls, budget skills competency and accuracy of budget estimates on implementation of budgets in NG-CDF projects of Nyamira County. The study will take a duration of nine months.

2. LITERATURE REVIEW

2.1 Theoretical Review

A theory is an explanation of some aspect of phenomenon. Theories have practical value because they are used to better understand, predict and control various phenomena. The main aspect of theory is to inform practice. It has been said that there is nothing as practical as a good theory. Leadership and Organizational performance draws upon numerous theories some of which are discussed in this study. The theoretical framework will therefore guide the research, determining which factors to be measured and what statistical research will look for. This study is based on the following theories.

2.1.1 Goal Setting Theory

Goal setting theory was developed inductively within industrial organization psychology over a 25-year period based on same 400 laboratories and field studies (Locke & Latham, 2002). Goal setting is effective on any task where the person has control over his or her performance. Locke and Latham (2002) predicted that participation would enhance goal commitment.

This main effect of participation in decision making on performance was completely mediated by self- efficacy and task strategy. Locke, Alavi, and Wagner (1997) reviewed all the reviews and controversies regarding participation in decision making. They concluded that participation in decision making is more fruitfully conceived as a method of information exchange or information sharing rather than as a method of gaining goal commitment.

In discovering goal mechanism, Locke and Latham (2002) documented the directive effect of goals by showing that when feedback is given for multiple performance dimensions, performance only improves on those dimensions for which goals are set. The effort dimension was validated implicitly by showing that people with hard goals work harder, and later others did study involving direct ratings of effort. Direction, intensity and persistence, of course, are the three aspects of motivated action. Each of these mechanisms is easily verifiable by introspection. Knowledge is another goal mechanism.

Motivation without cognition is useless. Conversely, cognition without motivation is also useless because the individual will have no desire to act on what is known. A budget is a way of setting an organization at goals for a specific period of time (Locke & Latham, 2002). Budgets should therefore be set to a standard that is quite challenging for employees to achieve, obtaining a high standard set goal creates a sense of efficiency and this will bring about yearn to achieve more. This theory is relevant to monitoring and evaluation of budgets to the organisation

2.1.2 Systems Theory

Elliot (1992) developed systems theory by looking at related and interacting components, which work together to achieve a desired purpose or set of objectives. Wang (2002) refers to information in the sense that assuming information does not necessarily involve any conscious mind, and patterns circulating (due to feedback) in the system can be called information. In other words, it can be said that information in this sense is something potentially perceived as representation, though not created or presented for that purpose. According to Kang'ethe (2002), a system is a group of related and Interacting components, which work together to achieve a desired purpose or set of objectives.

The need for efficiency and effectiveness therefore brings forth another need of ensuring harmony and synergy between the human resource as the core resource that controls other resources on the one hand and the other tools of trade, in particular modern ICT on the other hand so as to realize the objectives of office secretarial management. There is therefore the clear need to understand the perception of human resource and areas with potential for conflict in the course of interaction between the human resource and modern ICT. When computer and communication technologies are combined, the result is information technology systems, or "InfoTech". Information technology is a general term that describes any technology that helps to produce, manipulate, store, communicate, and/or disseminate information. Presumably, when speaking of information technology as a whole, it is noted that the use of computers and information are associated (Wang, 2002). This theory supports the influence of budget information system on implementation of budgets in NG-CDF to the organisation.
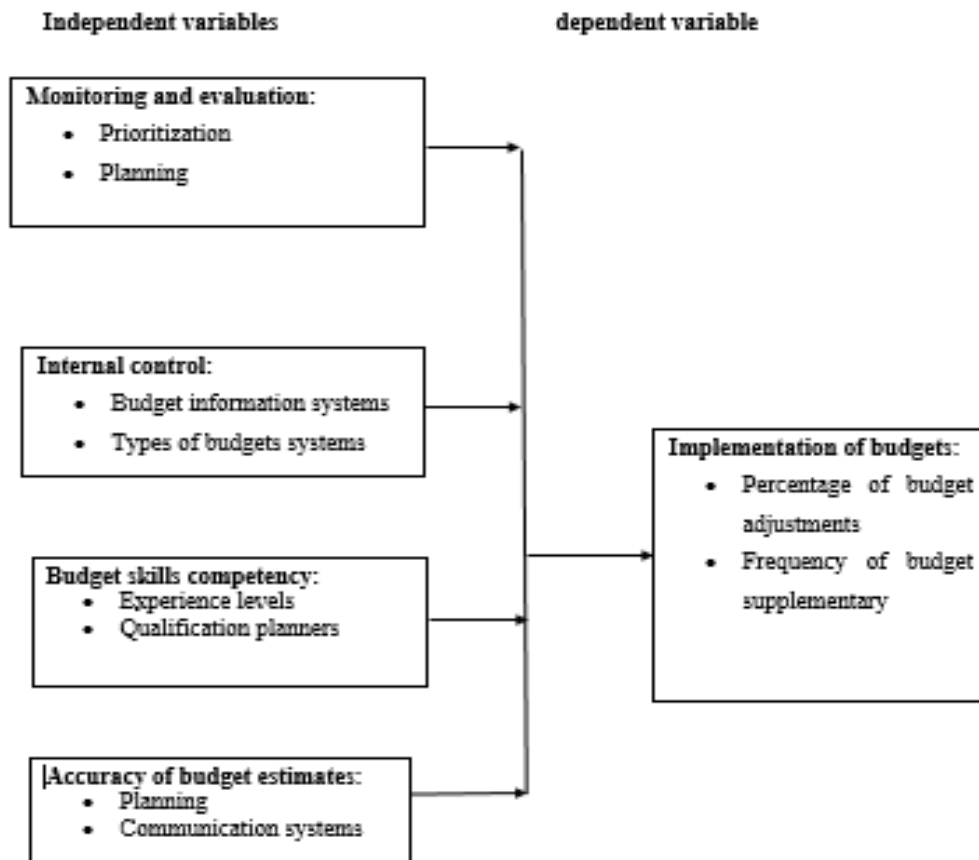
2.2 Conceptual Framework

Figure 2.1: Conceptual Framework

2.3 Empirical Literature Review

This section reviews the previous studies on the effect of budget planning on implementation of budgets in NG-CDF such as the Monitoring and evaluation, internal controls, budget skills competency and accuracy of estimation on implementation of budgets.

2.3.1 Monitoring and evaluation

According to the study by Kimungunyi, Memba, and Njeru (2015), if budgeting is administered wisely, it drives management planning, provides best framework for judging performance and promotes effective communication and coordination among various segments of business organizations. They established that most people will perform better and make greater attempts to achieve a goal if they have been consulted in setting the goal.

The idea of participative budgeting is to involve employees throughout an organization in the budgetary process (Kimungunyi, Memba, & Njeru, 2015). Budgetary participation is expected to be a crucial channel to improve the information exchange and sharing among all levels of management and when this process is pursued by a firm, it is expected that the realization of the set target is improved. It was noted that for implementation of effectively occur, a planning horizon must be set (Kimungunyi, Memba, & Njeru, 2015).

Koech (2015) opines that by planning, problems are anticipated and solutions thought. This helps to reduce on costs and achievement of goals is enhanced. When budgeting, outcome goals and objectives are linked to programmes, budgets cover all the aspects of the organization's mission and that managers set priorities for the coming year at budget committees.

As organizations mature, organization leaders implement operating budgets, which project revenues and expenditures, typically for the next year, and incorporate sales forecasts and production schedules (Samuelsson, Andersén, Ljungkvist, & Jansson, 2016). As the organization continues to mature, leaders use capital budgets to plan capital expenditures of major assets such as buildings and equipment for multiple years (Samuelsson, Andersén, Ljungkvist, & Jansson, 2016). Leaders also begin to implement strategic budgets, which project resources for several years based on strategic plans (Sponem & Lambert, 2016)

2.3.2 Internal Control

Kimungunyi, Memba, and Njeru (2015) argued that financial control is achieved by designing systems and procedures to suit the specific needs of an organization. In this study, it was noted that most NGOs in the health sector had computerized budgetary systems, while a few had manually operated budgetary systems. The study found out that effective and efficient budget execution and accounting processes must be computerised and supported by modern and adequately maintained software applications and hardware.

The study by Chado (2015) found that cash management and budgeting systems positively and significantly influence the financial management in the public sector. The study further concludes that security, reliability, macro-fiscal forecasting and budget preparation and approval influence the financial management in the public sector to a great extent. The study found out that budget information system can improve public finance management by enhancing confidence and credibility of the budget through greater comprehensiveness and transparency of information.

The budget preparation process is a time to question how resources are being used and if they could be used more effectively or efficiently (Lianabel, 2016). Departmental spending should be directly tied to the objectives, strategies, and action plans for the budget year and aligned with organization's strategic plan. Managers should identify and document the operating assumptions that drive their spending levels. Each line item should have a reasonable basis of estimation, such as sales or production volumes, number of employees, percentage of salaries, and cost per employee, among others. The needs of budgetary guidelines as well as reflect a seemingly contradictory demand of estimators from all levels of budgeting on intuitiveness, speed and good arrangement of the system (Kolesár, 2017). BIS gives all those who are involved and have access to the budgetary processes comfort of full support of the processes that are associated with the budget preparation, modification, control and assessment and whole array of extra tailor-made functionalities. BIS also is needed for computerized implementation information system for cost allocation.

This budget type therefore provides little explanation of why the money will be spent or what will be achieved. Primarily objects of expenditures such as salaries, materials and supplies, and goods and services are the basis for organizing expenditures. Normally amounts spent on line items and staffing levels are described as budgetary inputs, PFMA (2012).

In the government, the line item budget and its natural counterpart, line-item control, allow little opportunity for flexibility spending and only allows spending in accordance with the approved budget plan. Line item budgets are generally converted to detailed quarterly and/or monthly spending plans. Accordingly, financial procedures may make it difficult to deviate from the approved plan(Kirira, 2013).

2.3.3 Budget Skills Competency

Budget skills competency is the ability to carry out the budgetary processes such as planning, formulation and execution of a budget. It involves qualifications and experience of budget planners. Managers for organizations should know how to prepare a departmental budget, a quantification of the resources you require to achieve the objectives and actions plans for the next fiscal year. It is not a formality to satisfy the demands of top management, lenders, or investors. To successfully execute its activities, an organisation need to ensure have competent human resources and with skills on efficient and effective means of budgetary control process and procedures, Silva & Jayamaha (2012), states that employees plays an integral role in the process of planning, monitoring, control and evaluation of budget implementation which contributes to accountability on the usage of budget.

In the study of Kimungunyi, Memba, and Njeru (2015), it was observed that during favourable economic conditions, many organizations embrace training and development than during unfavourable economic conditions. The study deduced that when the organizations are not being accountable, lack cooperation and/or participation and a lack understanding of the budgeting process or what's required, this was to be compounded by the inability to meet deadlines, padding their budgets/providing unrealistic numbers and can cause sheer ignorance of the importance of budgeting by the organizations.

Kipkoech and Silikhe (2017) suggested that to successfully execute its activities, the organization should ensure that it has competent human resource with knowledge and skills on efficient and effective means of budgetary control processes and procedures hence improvement in financial performance. All individuals responsible for achieving results should be consulted in the formulation of budgets. No system of budgetary control can succeed without the mutual understanding of superiors and subordinates.

Cash flow budget is used to assess whether the organization has sufficient cash to fulfil regular operations and/or whether too much cash is being left in unproductive capacities Mugwe (2011), on the challenges of budgeting in government ministries recommended the need to reform the financial regulations for success in budgeting. Resources are needed to enable the carry out its mandate, including capacity to monitor industry performance and to en-force regulations. The regulator also needs to have sufficient capacity to deal with information asymmetries and strategic behaviour by the regulated firms. Budget planning involves timely preparation of the budget and prioritization of the projects to implement. The process of using budgets to develop financial forecasts, which can include cash budgets, sales budgets, operational budgets, capital budgets, strategic budgets, and budgeted financial statements (Bedford & Malmi, 2015).

2.3.4 Accuracy of Budget Estimates

Any good budget process needs to attain three important objectives, namely, maintenance of fiscal discipline, attaining allocation efficiency, and operational or technical efficiency Attainment of fiscal discipline has been the main goal of budget reforms. Enlargement of the legislature's role in budgeting is a new contemporary issue to budgetary approaches. With legislative budgeting, new responsibilities must be accommodated both to longstanding appropriation processes, and to political relations with government. The purpose of budgeting is to give those targets and plans financial values, making the progress easily measurable and to transform the strategic ideas into understandable operative actions (Aidi, & Omwenga, 2021).

If there is going to be an over- or under-spend of the budget, then the time to know about it is as soon as possible. A small over-spend on say simulation equipment in the first quarter may turn into a massive over-spend by the end of the financial year. Corrective action taken into the first quarter may well be effective; action taken in the last quarter is unlikely to have much effect. The difference between actual spend and planned spend is called the variance (Walsh, 2016).

BIS provides comprehensive support for all estimators' activities concerning budget preparation, modification and control at all hierarchical levels (Kolesár, 2017). The system makes the routine activities such as aggregating, checking-up the classification validity, or submitting the information automated. The information from the system can be retrieved through user's interface and exported for analysis to MS Excel instantly. Apart from the budget management main procedures, the BIS also support several follow-up processes in the areas such as consolidation, classification management, share register, non-financial parameters management, or transferring within the public administration sector.

Capital expenditure budget is the budget whereby the operating expenses have to be budgeted on the basis of the activity of the organization units and also includes the following sub-budgets; repairs and maintenance expenses, transport cost, safari expense and other expenses. The earliest and most basic form of budgeting used by organizations is the cash budget, which projects cash inflows, outflows, and cash needs (Karadag, 2015). Organization leaders adopt cash budgets first because of their relative simplicity and the importance of cash management for survival.

2.3.5 Implementation of Budgets

Implementation of budgets is indicated by implementation of budgeted projects and accountability of what has been implemented according to the budget. It entails budget variations over time, frequency of supplementary budget and percentage of budget adjustment. When a budget is created, a map is designed to guide in deciding what things are needed to allocate money to each month (Uyeno, 2016). Sometimes it may be difficult to adhere to a budget, which is an indicator that either the budget was not realistic, or that there is need to cut back expenses or make more money. The trick to sticking with a budget is to make it an emotional investment, which will help to commit to financial plans.

A study by Cheruiyot, Oketch, Namusonge, and Sakwad (2017) states that budgets are important tools of financial management employed to direct and control the affairs of large and multifarious institutions. They are used not only by governments, where budgeting had its origins, but in other public bodies, in industry and commerce and in private families. A budget is a basic tool in management. It stipulates which activities and programs should be actively pursued, emphasized or ignored in the period under scope, considering the limited financial resources available to the organization.

Budgeting is the basis of the management control process in nearly all organizations and is traditionally described as a common accounting tool that organizations use for implementing strategies (Abdi, Omwenga, & Guyo, 2022). The study of Mathenge and Muturi (2017) proposes that annual budget implementation has significant effect on financial performance among public organizations in Kenya. The revelation that annual budget implementation had a positive effect on financial performance, was a good indication that increase in proper annual budget implementation management motivates good performance in the organizations. This found to have a statistically significant effect on financial performance in the organizations.

Kebenei (2012) studied the perceived effect of leadership on the performance of CDF with particular reference to the leaders' knowledge on financial matters. The research was aimed at addressing the concept of leadership on financial and social aspects of devolved funds. The research was carried out by using a descriptive research design. Among the variables of financial leadership that the research considered was leadership in financial planning using cash flow projection. It was established that leadership in financial planning matters was significantly related to the performance of CDF committees. The study recommended that cash flow projection be embraced by the CDF leadership to ensure the success of the projects.

2.4 Critique of Literature

The study by (Kimungunyi, Memba, & Njeru, 2015) discussed about the effect of budgetary process on financial performance of NGOs in Health Sector in Kenya. This study gave an outline on the effect of budget planning, budget information system and budget skills competency on financial performance of NGOs in Health Sector in Kenya. The study failed to give clear information about the inadequacy of computerized budgetary system in organizations. It emphasized mostly in NGOs and did not elaborate on the factors affecting implementation of budgets in NG-CDF in Kenya. This forms the basis of this study. Koech (2015) studied on the effects of budgetary control on the financial performance of selected manufacturing companies in Kenya. This study emphasized on how budget planning could reduce on costs and enhance achievement of goals. However, the study does not discuss on the factors affecting implementation of budgets in NG-CDF in Kenya. There is need to study on the effect of budget planning on implementation of budgets in NG-CDF of Kenya. The study of (Chado, 2015) involved the effect of integrated financial management information system on the financial management of public sector in Kenya. The study suggested that budget information system can improve public finance management by strengthening confidence and credibility of the budget through greater comprehensiveness and transparency of information. The study did not give clear relationship between budget information system and implementation of budgets in NG-CDF in Kenya. Njeri, and Omwenga, (2019). opined that the competent human resource with skills and knowledge on budgetary control process and procedures could improve financial performance. This study was limited to the influence of budgetary control system on financial performance of ALMASI Beverages Group Limited, Kenya. The study did not consider the effect of budget skills competency on implementation of budgets in NG-CDF in Kenya, particularly in Nyamira County.

2.5 Research Gaps

The study of Kimungunyi, Memba, and Njeru (2015) emphasized on the effect of budgetary process on financial performance of NGOs in Health Sector in Kenya, while this study will emphasize on the factors affecting implementation of budgets in NG-CDF in Kenya, taking a case of organizations in Nyamira County. This study will also elaborate on the effect of budget planning, budget information system and budget skills competency, which was not made clear on the study by Kimungunyi, Memba, and Njeru (2015). The study by Koech (2015) involved effects of budgetary control on the financial performance of selected manufacturing companies in Kenya while this study will be based on the effect of budgetary process on implementation of budgets in NG-CDF in Kenya, specifying the case of organizations in Nyamira County. This study will give details on the effect of budget planning, which was not done on the study by Koech (2015).

Chado (2015) only involved the effect of integrated financial management information system on the financial management, but this study will be specific on budget information system and its effect on organizations implementation of budgets. The study will not generalize on the implementation of budgets in public sector but this study will specify on the implementation of budgets in organizations.

Kipkoech and Silikhe (2017) discussed on the financial performance of ALMASI Beverages Group Limited, Kenya while this study will involve implementation of budgets in NG-CDF in Kenya using a case of organizations in Nyamira County.

This study will give better understanding of budget skills competency that was not emphasized by the study of Kipkoech and Silikhe (2017). This study will show how the level of training on budgeting will affect the implementation of budgets in organizations. Therefore, to fill the highlighted gaps this study will provide the information on the factors affecting implementation of budgets in NG-CDF in Nyamira County, Kenya.

3. RESEARCH METHODOLOGY

3.1 Research Design

Cooper and Schindler (2011) posit that research design enables the researcher in allocation of limited resources by posing crucial choices in methodology. Kothari (2009), on the other hand, clarify that the design includes an outline of what the researcher will do from writing hypothesis and its operational implications to the final analysis of data. This study adopted cross-sectional survey design using both quantitative and qualitative approaches. Quantitative approach emphasizes measurement and data is analyzed in a numerical form to give precise description. According to Mugenda and Mugenda (2003), quantitative approach also known as the scientific method has traditionally been considered as the traditional mode of inquiry in both research and evaluation. Quantitative approach places emphasis on methodology, procedure and statistical measures to test hypothesis and make predictions.

3.2 Target Population

The target population for the study was 75 consisting of the 25 oversight officers and the 50 Chairpersons and Secretaries of the Project Management Committee of the 25 NG-CDF projects in the County that were carried out in the financial year 2019/2020 (in Appendix II).

3.3 Sample and Sampling Technique

According to Charles and Omwenga, (2018). a sampling design is a procedure of selecting a sample from a listing of all elements in the population from which the sample is to be drawn. Since the study population is small, the study used a census of the 75 respondents.

3.4 Data Collection Instruments

The researcher used a self-administered five-point Likert Scale questionnaires as research tools to collect data from the respondents. This approach is considered to be the most appropriate for this research because the respondents are literate and it will enable the researcher to collect as much data as possible. Moreover, questionnaires make data analysis easier (Fisher, 2004).

3.5 Pilot Testing

A pilot study is a small scale preliminary research conducted to evaluate the feasibility and other constraints and improve the study design and data collection instruments before performing the final full-scale research (Thabane *et al.*, 2010). The reason for piloting is to pre-test the research procedure, determine the effectiveness and accuracy of the questionnaire in addressing the objectives, identifying the best methods available to do the study, the resources, etc. Piloting was done, therefore, to enhance the quality of the research..

3.6 Data Collection Procedure

The main method of data collection was administering the self-administered questionnaires. Before going to the field to collect data, the researcher first acquired an introduction letter from JKUAT Kisii CBD Campus before going to the area of study where permission was sought and then appointments made for the day of data collection according to the convenience of the respondents. The researcher used research assistants to collect data since the area of study is wide and for the need to interpret some questions to the respondents in case of illiteracy.

3.7 Data Analysis and Presentation

After data collection, the data was cleaned and coded. The data was analysed descriptively using the weighted mean and standard deviation with the aid of a computer Programme Statistical Package for Social Sciences (SPSS). The research findings will be presented using tables and figures.

4. RESEARCH FINDINGS AND DISCUSSION

4.1 Response Rate

The total number of questionnaires distributed were 67. These questionnaires were selfadministered to oversight officers. A total of 65 questionnaires were returned properly completed (Table 4.1). This represented an overall response rate of 97.01% (Table 4.1). According to Kothari (2007), a response rate of 50% is acceptable to analyse and publish, 60% is good, 70% is very good and beyond 80% is an excellent response rate. Saunders, et al., (2003) on the other hand indicate that 30 to 50 percent response rate is reasonable enough for statistical generalizations. Babbie and Benaquisto (2009) stated that a response rate of 50% is adequate while Bailey (1987) set an adequate response rate at 75%. Mugenda (2008) avers that a response rate of 50% is adequate, 60% and above good, and above 70% very good. Therefore, 97.01% response rate achieved in this study was excellent for subsequent data analysis.

Table 4.1: Response Rate

Response	Respondents	Percentage
Returned Questionnaires	65	97.01
Non- Returned Questionnaires	2	2.99
Total	**67**	**100**

4.2 Results of the Pilot Study

Pilot study was conducted before the commencement of the actual study. This was done to avoid misleading, in appropriate or redundant questions. The pilot study was carried out using 8 respondents from the 75 respondents. This was 10% of the sample size for the actual study (75).

The pilot study obtained a response rate of 100% whereby all the 8 respondents dully filled the questionnaires and gave them back for analysis. This was considered adequate for analysis. The results for the response rate are presented in Table 4.2 below.

Table 4.2: Response Rate for the Pilot Study

Targeted Sample		Response	
Frequency	Percentage	Frequency	Percentage
8	100%	8	100%

4.3 Reliability of the Data Collection Instrument

The first test carried out for the collected data after the pilot study was the test for reliability. Reliability refers to the consistency of scores or answers from one administration of an instrument to another, and from one set of items to another. For this study, Cronbach's Alpha (α) was used to test for the instrument reliability. A coefficient of 0.00 means the measurement is not consistency while a coefficient of 1.00 means the instrument is perfectly consistent. However, as Nunally (1978) contends, a general rule for measuring Cronbach's should be above 0.7, meaning that there exist a high and realistic degree of internal consistency in the responses

Table 4.3: Principal Factor Analysis (PCA) for Study Variables

Variable	Factor Loadings	Number of Items	Verdict
Monitoring and Evaluation	0.859	6	Reliable
Internal Controls	0.745	7	Reliable
Budget Skills Competency	0.751	6	Reliable
Accuracy of Budget Estimates	0.707	5	Reliable
Implementation of Budgets	0.759	5	Reliable

4.4 Demographic Information

This highlights the demographic information of the respondents that includes gender, age education level and job tenure working for the NG-CDF. The findings are presented in Table 4.4 The study sought to assess the demographic information of the respondents. Demographic information aides in the laying of social, economic foundations that might influence the direction of the investigation.

Table 4.4: Demographic Information

		Frequency	Percent
Gender	Male	42	64.62
	Female	23	35.38
	Total	65	100
Age	21-30	4	6.15
	31-40	25	38.46
	41-50	26	40.0
	50 and above	10	15.38
	Total	65	100
Level of education	O/A Level	21	32.31
	Certificate/Diploma	13	20.00
	Bachelors	28	43.08
	Post Graduate	3	4.62
	Total	65	100
Job tenure working for the NG-CDF	1-5 years	20	30.77
	5years-Above	45	69.23
	Total	65	100

Table 4.4 above presents the distribution of the gender of respondents. The table indicates that the majority (64.62%) were male while 35.38% were female. This means that NG-CDF are male dominated.

Most of the respondents (40.0%) were in the age bracket of 41-50 years, 15.38% were over 50 years, 38.46% were in the age bracket of 31-40 years and 6.15% were between 21 to 30 years. It can be said that most of the employees are in the age bracket of 31 to 50 years.

The study sought to establish the respondents' level of education. 32.31% of the respondents had O/A levels, 20.00% of the respondents had certificate/Diploma, 43.08% had a Bachelor's degree while 4.62% of the respondents had post graduate degree. The well-educated respondents mean that they were well informed and furnished this study with better information which added value.

In terms of the Job tenure working at NG-CDF, 30.77% of the respondents noted that there are between 1-5 years, while 69.23% stated that there are employees in the range of 5years-Above It can be concluded that majority of the respondents noted that they have worked at NG-CDF for more than 5 years and above

4.5 Descriptive Analysis of the Study Variables

The purpose of descriptive statistics is to enable the researcher, to meaningfully describe a distribution of scores or measurements using indices or statistics. The type of statistics or indices used depends on the types of variables in the study and the scale of measurements. The study used mean average; percentages and deviations to present the study findings. The general objective of this study was to to evaluate the factors affecting budgets implementation in devolved funds in Kenya using a case study of NG-CDF in Nyamira County, Kenya. The study analysed descriptive statistics for the following observed variables: monitoring and evaluation, internal controls, budget skills competency, accuracy of budget estimates on budget implementation in devolved funds

Descriptive Analysis of the effect of monitoring and evaluation on budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya

Respondents were asked different questions with an aim to determine the effect of monitoring and evaluation on budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya. Their responses were rated on a 5 points likert-scale in which they either stated strongly disagreed, disagreed, neutral, agreed or strongly agreed. The results are as shown in Table 4.4. The results from the study revealed that, 30.9% strongly agreed that the County has Long-term and short-term Budget Plans, 37.5% of them agreed, 4.4% strongly disagreed while 27.2% of the respondents were neutral on this item. The mean value for this item was 3.9 and standard deviation was 0.988. The results meant that County has solid Long-term and short-term Budget Plans.

Also, the study found that 15% of the respondents strongly agreed that county budgets have clear goals and objectives, 21.3% of them agreed, 15.4% disagreed while 52.2% of the respondents were neutral. These results summed up to a mean of 2.28 and standard deviation of 0.853. It was therefore concluded that county budgets have clear goals and objectives.

Moreover, the study sought to find out if County budgets cover all the aspects of our Mission Statement. The findings indicated that 9.6% strongly agreed, 32.4% agreed, 18.4% disagreed and 39.7% were uncertain concerning this question. The question had a mean of 3.33 and standard deviation of 0.887.

The research further sought to find out if when budgeting, outcome goals and objectives are linked to programmes. The results indicated that 9.6% strongly agreed that there is provision of standardized operations for key processes, 28.7% agreed, 39% disagreed while 22.1% of them were neutral. These results summed up to a mean of 3.07 and standard deviation of 1.044, meaning that when budgeting, outcome goals and objectives are linked to programmes.

Besides, the study probed the respondents whether in Nyamira County there is set priorities for the coming year at budget committees. The results revealed that 19.9% of the respondents strongly agreed, 50.7% of them agreed, 11.8% disagreed while 17.6% strongly disagreed. These statistics summed up to a mean of 3.79 and standard deviation of 0. 898. It can therefore be concluded that Nyamira County set priorities for the coming year at budget committees.

Finally, 19.1% of the respondents strongly agreed that all departments prepare budget plans prior to the budget year, 41.9% agreed, 16.2% disagreed and 22.8% of them were neutral. The item realized a mean of 3.64 and standard deviation of 0.971, revealing that all departments prepare budget plans prior to the budget year.

The results on effect of monitoring and evaluation on budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya summed up to a mean of 3.44 and standard deviation of 0.490 implying that gaps exists regarding monitoring and evaluation on budget implementation in devolved funds for NG-CDF in Nyamira County especially with aspects relating to the Prioritization and Planning.

Table 4.5: Descriptive Analysis of the effect of monitoring and evaluation on budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya

		SD	D	N	A	SA	Mean	Std. Dev
Our County has Long-term and short-term Budget Plans	%	4.4	0	27.2	37.5	30.9	3.9	0.988
Our budgets have clear goals and objectives	%	0	15.4	52.2	21.3	11	2.28	0.858
County budgets cover all the aspects of our Mission Statement	%		18.4	39.7	32.4	9.6	3.33	0.887
When budgeting, outcome goals and objectives are linked to programmes	%	0.7	39	22.1	28.7	9.6	3.07	1.044
We set priorities for the coming year at budget committees.	%	0	11.8	17.6	50.7	19.9	3.79	0.898
All departments prepare budget plans prior to the budget year	%	0	16.2	22.8	41.9	19.1	3.64	0.971
Monitoring And Evaluation							3.44	0.490

Descriptive Analysis of the effect of internal controls on budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya

The respondents were probed on various indicators of internal controls on budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya. Their responses were rated on a 5 points likert-scale in which they either stated strongly disagreed, disagreed, neutral, agreed or strongly agreed.

The results were highlighted in table 4.5. The respondents were asked whether Expenses/costs/allocation to cost centres are regularly tracked. The findings were such that 30.9% strongly agreed, 37.5% agreed, 4.4% strongly disagreed and 27.2% of them were neutral. The item realized a mean of 3.90 and standard deviation of 0.99 an indication that expenses/costs/allocation to cost centres are regularly tracked.

To find out if revenue collection and disbursement is done regularly. From the findings, 9.6% of the respondents strongly agreed that revenue collection and disbursement is done regularly, 42.6% of them agreed, 19.1% disagreed while 28.7% of the respondents were neutral. The mean value of 3.43 was a confirmation that the revenue collection and disbursement is done regularly.

As well, the respondents were asked whether cash projections are used always. The findings were such that 17.6% of them strongly agreed, 25.7% agreed, 19.9% disagreed and 36.8% of the respondents were neutral. The item realized a mean of 3.41 and standard deviation of 1.00, implying that Cash projections are used always.

Besides, the study enquired if there is an automated bank reconciliation. The findings indicated that 23.5% of the respondents strongly agreed, 50.7% of them agreed, 6.6% of them disagreed while 14.7% of the respondents were neutral. The results summed up to a mean of 3.82 and standard deviation of 1.01 implying that there is an automated bank reconciliation.

The study further sought to ascertain whether the county there is a computer implementation information system for cost allocation. The results on this item revealed that 33.1% of the respondents strongly agreed, 40.4% of them agreed, 1.5% strongly disagreed, 8.1% disagreed while 16.9% of the respondents were neutral. This summed up to a mean of 3.96 and standard deviation of 0.98. The results indicate that county there is a computer implementation information system for cost allocation.

Finally, 74.3% of the respondents strongly disagreed that there is office of oversight audit committee for devolved funds. The results conform with the aggregate mean of 1.26 and a standard deviation of 0.44.

Overall, the findings on effect of internal controls on budget implementation in devolved funds for NG-CDF in Nyamira County had a mean of 3.71 and a standard deviation of 0.60. The results suggest that most of the respondents agreed that effect of internal controls on budget implementation in devolved funds for NG-CDF in Nyamira County. Consistent with the results, Vickery et al., (1999) found out that effect of internal controls on budget implementation in devolved funds for Counties in Nigeria

Table 4.6: Descriptive Analysis of the effect of internal controls on budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya

		SD	D	N	A	SA	Mean	Std. Dev
Expenses/costs/allocation to cost centres are regularly tracked	%	4.4	0	27.2	37.5	30.9	3.90	0.99
Revenue Collection and Disbursement is done regularly	%	0	19.1	28.7	42.6	9.6	3.43	0.91
Cash projections are used always	%	0	19.9	36.8	25.7	17.6	3.41	1.00
There is an automated bank reconciliation	%	4.4	6.6	14.7	50.7	23.5	3.82	1.01
In the organization there is a computer implementation information system for cost allocation	%	1.5	8.1	16.9	40.4	33.1	3.96	0.98
There is office of oversight audit committee for devolved funds	%	74.3	25.7	0	0	0	1.26	0.44
internal controls							3.71	0.60

Descriptive Analysis of the effect of budget skills competency on budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya,

The respondents were probed on various indicators of effect of budget skills competency on budget implementation in devolved funds. Their responses were rated on a 5 points likert-scale in which they either stated strongly disagreed, disagreed, neutral, agreed or strongly agreed. The results were shown in table 4.6.

The study sought to find out if the budget planners in the organizations are highly qualified. The respondents were thus asked to respond accordingly. 30.9% strongly agreed, 33.1% agreed, 1.5% disagreed while 34.6% of them disagreed. The item realized a mean of 3.93 and standard deviation of 0.85, revealing that the budget planners in the organizations are highly qualified.

Regarding whether or not the budget planners have much experience in budgeting, 18.4% of the respondents strongly agreed, 32.4% of them agreed, 11.8% disagreed while 37.5% of the respondents were neutral. These results summed up to a mean of 3.57 and standard deviation of 0.92, meaning that the budget planners have much experience in budgeting.

The respondents were also asked to state whether there is budgets are planned in conjunction with external experts. The results showed that 41.9% of the respondents strongly agreed, 48.5% of the respondents agreed though 9.6% of the respondents were neutral on this item. The results summed up to a mean of 4.32 and a standard deviation of 0.64, implying that the budgets are planned in conjunction with external experts.

Furthermore, 34.6% of the respondents strongly agreed that the budget planners are regularly trained on budgeting skills, 27.9% agreed, 1.5% disagreed while 36% were not sure. The results conform with the aggregate mean of 3.96 and standard deviation of 0.88.

Finally, 33.8% of the respondents affirmed that there are regular budget planning seminars, 30.9% agreed while 30.1% were neutral. Evidently, the firm has purchasing/financial systems as confirmed by a mean of 3.93 and a standard deviation of 0.92.

In a nutshell, the findings on effect of budget skills competency on budget implementation in devolved funds had an aggregate mean of 3.75 and standard deviation of 0.34 implying that the respondents were agreeable on most items on effect of budget skills competency on budget implementation in devolved funds. The results corroborate that of Song and Panayides (2008) which found that effect of budget skills competency on budget implementation of national government projects in Ghana.

Table 4.7: Descriptive Analysis of the effect of budget skills competency on budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya

	SD	D	N	A	SA	Mean	Std. Deviation
The budget planners in the organizations are highly qualified	%	0	1.5	34.6	33.1	3.93	0.85
The budget planners have much experience in budgeting	0	11.8	37.5	32.4	18.4	3.57	0.92
The budgets are planned in conjunction with external experts	0	0	9.6	48.5	41.9	4.32	0.64
The budget planners are regularly trained on budgeting skills	0	1.5	36	27.9	34.6	3.96	0.88
There are regular budget planning seminars	3.7	19.9	29.4	33.1	14	3.34	1.06
Budget Skills Competency						3.75	0.34

Descriptive Analysis of the effect of accuracy of budget estimates on budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya

Respondents were asked different questions with an aim to determine effect of accuracy of budget estimates on budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya. Their responses were rated on a 5 points likert-scale in which they either stated strongly disagreed, disagreed, neutral, agreed or strongly agreed.

The results are budgets in your department are in most cases accurate. Results indicated that 35.3% of the respondents strongly agreed, 30.1% of them agreed, 24.3% disagreed, 2.2% strongly disagreed while 8.1% of the respondents were

neutral. The results summed up to a mean of 3.72 and standard deviation of 1.24, indicating that there is the budgets in your department are in most cases accurate.

To find out if the planning of the budgets is always aimed at attaining accuracy. The findings revealed that 24.3% of the respondents strongly agreed that the planning of the budgets is always aimed at attaining accuracy, 59.6% agreed, 9.6% disagreed while 4.4% were not sure. The item realized a mean of 3.94 and a standard deviation of 0.93 a clear indication that the planning of the budgets is always aimed at attaining accuracy.

Finally, 30.1% of the respondents strongly agreed that there is all budgets have always achieved minimum variances, 37.5% agreed, 7.4% disagreed whereas 24.3% were neutral. Overall, the item had a mean of 3.89 and standard deviation of 0.95 implying there is all budgets have always achieved minimum variances.

In general, the results on effect of accuracy of budget estimates on budget implementation in devolved funds for NG-CDF in Nyamira County had a mean of 3.68 and a standard deviation of 0.70. The results are in tally with that of Yang et al. (2009) which noted that accuracy of budget estimates can significantly lead to superior customer service performance and financial performance.

Table 4.8: Descriptive Analysis of the effect of accuracy of budget estimates on budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya

	SD	D	N	A	SA	Mean	Std. Dev
The budgets in your department are in most cases accurate	2.2	24.3	8.1	30.1	35.3	3.72	1.24
The planning of the budgets is always aimed at attaining accuracy	2.2	9.6	4.4	59.6	24.3	3.94	0.93
The budgeting information system is always accurate	2.9	4.4	15.4	40.4	36.8	4.04	0.98
The skills competency are aimed at achieving accuracy in budget estimates	0.0	11	28.7	27.2	33.1	3.82	1.02
All budgets have always achieved minimum variances	1.5	4.4	15.4	47.8	30.9	4.02	0.88
Accuracy Of Budget Estimates						**3.68**	**0.70**

4.6 Implementation of Budgets

The respondents were probed on various indicators of Implementation of Budgets. Their responses were rated on a 5-points likert-scale in which they either stated strongly disagreed, disagreed, neutral, agreed or strongly agreed. The results were illustrated in table 4.8.

When asked whether the budgets have always been followed when plans have been made, 17.6% of them strongly agreed, 55.1% agreed, 5.1% disagreed and 22.1% were neutral. The mean for the item was 3.85 and the standard deviation 0.77 an indication that the budgets have always been followed when plans have been made.

With respect to whether the budget is always reviewed to conform to the plans,24.3% of the respondents strongly agreed that the budget is always reviewed to conform to the plans, 39% agreed, 3.7% disagreed though 33.1% were neutral. The item realized a mean of 3.84 and a standard deviation of 0.84.

Furthermore, 50.7% of the respondents agreed that there is a definite budget committee that implements the budgets, 24.3% strongly agreed, 2.2% disagreed while 18.4% were undecided. There are therefore there is a definite budget committee that implements the budgets as confirmed by a mean of 3.88 and a standard deviation of 0.95.

Besides, the results showed that 24.3% of the respondents strongly agreed that any deviations from the budgets are immediately corrected, 37.5% of the respondents agreed, 8.8% of them disagreed while 27.9% of the respondents were neutral on this item. The cumulative mean of 3.74 and standard deviation of 0.97 confirmed that that any deviations from the budgets are immediately corrected.

Finally, 16.2% of the respondents strongly agreed that the budget is always discussed by all stakeholders, 32.4% agreed, 16.2% disagreed while 31.6% were neutral. The item realized a mean of 3.41 and a standard deviation of 1.06 implying that the budget is always discussed by all stakeholders.

Table 4.9: Implementation of Budgets

		SD	D	N	A	SA	Mean	Std. Deviation
The budgets have always been followed when plans have been made	%	0	5.1	22.1	55.1	17.6	3.85	0.77
The budget is always reviewed to conform to the plans	%	0	3.7	33.1	39	24.3	3.84	0.84
There is a definite budget committee that implements the budgets	%	4.4	2.2	18.4	50.7	24.3	3.88	0.95
Any deviations from the budgets are immediately corrected	%	1.5	8.8	27.9	37.5	24.3	3.74	0.97
The budget is always discussed by all stakeholders	%	4.4	2.2	18.4	50.7	24.3	3.88	0.95
Implementation of Budgets							3.69	0.66

Inferential statistics

Correlations of Study Variables

Correlation among the independent variables was illustrated by the correlations matrix in Table 4.10. Correlation is often used to explore the relationship among a group of variables (Pallant, 2010), in turn helping in testing for multicollinearity. That the correlation values are not close to 1 or -1 is an indication that the factors are sufficiently different measures of separate variables (Farndale, Hope-Hailey & Kelliher, 2010). It is also an indication that the variables are not multicollinear. Absence of multicollinearity allows the study to utilize all the independent variables. The findings revealed that the monitoring and evaluation was positively and significantly correlated with budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya (r = 0.521 $\rho<0.01$). Further, internal controls was positively and significantly correlated with budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya(r = 0.412, $\rho<0.01$). Similarly, budget skills competency was positively correlated with budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya (r = 0.397 $\rho<0.01$) and accuracy of budget estimates was indicated to positively correlate with budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya (r = 0.529, $\rho<0.01$). These findings imply that Monitoring and evaluation, Internal Control, Budget skills competency and Accuracy of budget estimates are expected to affect budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya.

Table 4.10: Correlation

		Budget Implementation	Monitoring & Evaluation	Internal Control	Budget skills competency	Accuracy of budget estimates
Budget Implementation	R	1				
	P value	1				
Monitoring & Evaluation	R	.521**	1			
	P value	0.000				
Internal Control	R	.412**	0.131	1		
	P value	0.000	0.127			
Budget skills competency	R	.397**	.499**	0.015	1	
	P value	0.000	0.000	0.864		
Accuracy of budget estimates	R	.529**	.216*	.334**	0.165	1
	P value	0.000	0.011	0	0.054	

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

* Correlation is significant at the 0.05 level (2-tailed).

4.7 Model summary

Table 4.11 illustrates the model summary of multiple regression model.

Table 4.11: Model summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.725a	0.526	0.511	0.4646
a Predictors: (Constant), Monitoring and evaluation, Internal Control, Budget skills competency Accuracy of budget estimates			

The results in table 4.11 showed that all the four predictors (Monitoring and evaluation, Internal Control, Budget skills competency and Accuracy of budget estimates) explained 52.6 percent variation of Budget Implementation (R squared=0.526).

4.8 ANOVA Model

The research findings in Table 4.12 illustrates the results on the ANOVA model.

Table 4.12: ANOVA Model

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	31.327	4	7.832	16.628	.000b
Residual	28.277	60	0.471		
Total	59.604	65			
a Dependent Variable: Budget Implementation					
b Predictors: (Constant), Monitoring and evaluation, Internal Control, Budget skills competency, Accuracy of budget estimates					

From the results, the above-discussed coefficient of determination was significant as evidenced in F ratio of 36.283 with p-value 0.000 <0.05 (level of significance). Therefore, the model was fit to predict Budget Implementation using Monitoring and evaluation, Internal Control, Budget skills competency and Accuracy of budget estimates.

4.9 Coefficients of Estimate

The study sought to establish the significance levels of relationship between the study variables. Table 4.13 highlights the results.

Table 4.13: Coefficients of Estimate

	Unstandardized Coefficients			Standardized Coefficients	
	β	Std. Error	Beta	t	Sig.
(Constant)	1.354	0.509		2.662	0.000
Monitoring & evaluation	0.444	0.096	0.327	4.633	0.000
Internal Controls	0.281	0.072	0.251	3.915	0.000
Budget skills competency	0.337	0.136	0.173	2.477	0.015
Accuracy of budget estimates	0.329	0.062	0.345	5.292	0.000
a Dependent Variable: Budget Implementation					

$$1.354 + 0.327X_1 + 0.251X_2 + 0.173X_3 + 0.345X_4$$

Research findings from Table 4.13 showed that Monitoring & evaluation had coefficients of estimate which was significant, basing on $\beta_1 = 0.327$ (p-value = 0.009 which is less than $\alpha = 0.05$). Therefore, an increase in Monitoring & evaluation by one-unit results to an increase in Budget Implementation by 0.327 units. Furthermore, the effect of Monitoring & evaluation was reiterated by the t-test value = 4.633, which implied that the standard error associated with the parameter is more than the effect of the parameter.

From Table 4.13, Internal Controls had coefficients that was significant, basing on $\beta_2 = 0.251$ (p-value = 0.000 which is less than $\alpha = 0.05$). Therefore, for each unit increase in Internal Controls, there is up to 0.251-units increase in Budget Implementation. Moreover, the effect of Internal Controls was tested by the t-test value of 3.915 which implied that the effect of Internal Controls surpasses that of the error.

Furthermore, the findings showed that budget skills competency had coefficients of estimate which was significant, basing on $\beta_3 = 0.173$ (p-value = 0.015 which is less than $\alpha = 0.05$). This suggests that there is up to 0.173-unit increase in budget implementation for each unit increase in budget skills competency. The effect of Budget skills competency was twice the effect attributed to the error, which was indicated by the t-test value = 2.477.

Finally, accuracy of budget estimates had coefficients of estimate which was significant, basing on $\beta_4 = 0.345$ (p-value = 0.00 which is less than $\alpha = 0.05$). This suggests that there is up to 0.345-unit increase in budget implementation for each unit increase in accuracy of budget estimates. The effect of accuracy of budget estimates was 5 times the effect attributed to the error, as indicated by the t-test value = 5.292.

5.   SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Major Findings

The current study stemmed from the realization of the research problem in literature in factors affecting budgets implementation in devolved funds in Kenya using a case study of NG-CDF in Nyamira County, Kenya. Empirically most of the studies on the factors affecting budgets implementation in devolved funds in Kenya using a case study of NG-CDF in Nyamira County, Kenya have been skewed towards use of primary data and only specific turn around strategies had been evaluated. Among the several studies which had been done in the Kenyan perspective majority have not examined the causal joint factors affecting budgets implementation in devolved funds in Kenya using a case study of NG-CDF in Nyamira County, Kenya. Consequently, the researcher's primary purpose was to examine the factors affecting budgets implementation in devolved funds in Kenya using a case study of NG-CDF in Nyamira County, Kenya. In order to meet the overall objective and test the study hypotheses the study adopted cross-sectional research design. Stratified sampling technique was used to select population of 75 consisting of the 25 oversight officers and the 50 Chairpersons and Secretaries of the Project Management Committee of the 25 NG-CDF projects in the County. Primary data was collected from Chairpersons and Secretaries of the Project Management Committee of the 25 NG-CDF projects in the County and out of 67 questionnaires which were issued only 65 were completely filled and returned which yielded a response rate of 97.01%. The independent variables attributed examined in the study were Monitoring and evaluation, Internal Control, Budget skills competency Accuracy of budget estimates. Descriptive analysis such as frequency, percentage, mean and standard deviation were used to analyze the data which was summarized using figures and tables. Correlation analysis was used to examine the strength of the factors affecting budgets implementation in devolved funds in Kenya and regression analysis was used to examine the nature of the factors affecting budgets implementation in devolved funds in Kenya. On overall 52.6% of the variation in budgets implementation in devolved funds in Kenya can be explained by Monitoring and evaluation, Internal Control, Budget skills competency Accuracy of budget estimates while the remaining percentage can be explained by other factors excluded in the model. The findings of the study demonstrated that factors affecting budgets implementation in devolved funds in Kenya

5.2 Conclusions of the Study

This section presents the conclusions made in the current study. Research objective one in this study was to assess the effect of monitoring and evaluation on budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya.The indicators of monitoring and evaluation were Prioritization and Planning. The indicators for budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya in this case were Percentage of budget adjustments and Frequency of budget supplementary. Prioritization and Planning had a positive significant relationship with the budget implementation in devolved funds for NG-CDF in Nyamira County. It was therefore concluded that there was a positive and significant effect of monitoring and evaluation on budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya. To improve on the budget implementation in devolved funds for NG-CDF in Nyamira County it was therefore concluded that to some extent, some concrete plans must be put in place.

The effect of internal controls on budget implementation in devolved funding for NG-CDF in Nyamira County, Kenya was the study's second research goal. Budget information systems and Types of budgeting systems were used as internal control indicators. Percentage of budget adjustments and Frequency of budget supplements were the KPIs for budget

implementation in devolved funds for NG-CDF in this scenario. Budget information systems and budget types systems in Nyamira County had a good substantial link with budget implementation in devolved funding for the NG-CDF. Internal controls had a favorable and significant influence on budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya, it was concluded. To improve budget execution in devolved funds for NG-CDF in Nyamira County, it was determined that, to some extent, some strong internal controls must be implemented in order to protect NG-CDF in Nyamira County.

The study's third research goal was to see how budget skills competency affected budget execution in devolved funding for NG-CDF in Nyamira County, Kenya. Experience levels and qualification planners were used as indications of budget skills competency. Percentage of budget adjustments and Frequency of budget supplements were the KPIs for budget implementation in devolved funding for NG-CDF in Nyamira County, Kenya in this case. The budget execution in devolved funds for NG-CDF in Nyamira County had a positive significant effect on experience levels and qualification planners. As a result, it was established that budget skills competency had a good and significant effect on budget implementation in devolved funding for NG-CDF in Nyamira County, Kenya. To improve on the budget implementation in devolved funds for NG-CDF in Nyamira County it was therefore concluded that to some extent, some concrete budget skills competency must be put in place like capacity building.

Finally the fourth objective of the study was to assess the effect of accuracy of budget estimates on budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya. The indicators of accuracy of budget estimates were Planning and Communication systems. The indicators for budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya in this case were Percentage of budget adjustments and Frequency of budget supplementary. Planning and Communication systems had a positive significant relationship with the budget implementation in devolved funds for NG-CDF in Nyamira County. It was therefore concluded that there was a positive and significant effect of accuracy of budget estimates on budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya. To improve on the budget implementation in devolved funds for NG-CDF in Nyamira County it was therefore concluded that to some extent, some accuracy of budget estimates must be put in place to avoid fraud in feature.

5.3 Recommendations of the study

The study made recommendations to those in-charge of NG-CDF in Nyamira County', stakeholders and policy makers in line with the objectives, findings and conclusions of the study

NG-CDF in Nyamira County, Firstly, the study recommends that the NG-CDF in Nyamira County should consider adopting sound budgeting practices as envisaged in relevant legislative framework and particularly PFM Act. This will allow the management to create a comprehensive understanding that can be leveraged to influence stakeholders and create better decisions on performance of county governments. The study recommends that the county governments in Kenya should keep on availing finances as well as re-assessing the financial policies. This will help to identify whether the adopted financial forecasting practices are making any acceptable difference. The study also recommends that it is very crucial that the county governments in Kenya put in place financing decisions practices; this will help the institutions to gather useful information that will provide valuable insights in the strategy and the necessary input to find effective responses to optimize the performance of county governments in Kenya.

Secondly, the study found out that county governments in Kenya did not fully implement internal audits recommended by the Auditor General to improve management of financial resources. In order to attain transparent financial management and reporting in public offices, there should be strict adherence to the nations' constitutional framework in terms of preparation and presentation of financial statements, submission and review as well as timely report of the Auditor General to the National Assembly Public account committee. Also, the financial statements should be timely published for easy accessibility by the citizens. In addition, an external body should be established by the national government to audit county governments regularly for accountability. The study recommends that the relevant county government officials should be constantly updated and well-grounded on international financial reporting standards (IFRS) and principles in order to enhance their knowledge and skills in application of accounting practices and to keep them updated on the contemporary issues.

Policy recommendations that the study provides information that enables the NG-CDF in Nyamira County to come up with policy measures that will foster proper functioning of NG-CDF in Nyamira County in devolved governments. Since

the study addresses most of the emerging issues affecting NG-CDF in Nyamira County in most county governments with a view to improving the implementation of the NG-CDF in Nyamira County fund in devolved system of government and to achieve optimal service delivery.

5.4 Areas of Further Studies

This study has found positive effect of monitoring and evaluation, internal controls , budget skills competency, accuracy of budget estimates on budget implementation in devolved funds for NG-CDF in Nyamira County, Kenya. Therefore, this study recommended future studies to consider more on these factors in other constituencies in Kenya. This study also found that the variance explained by the budget estimates on budget implementation in devolved funds for NG-CDF in Nyamira County to be about 52.6%. This percentage was comparatively low which implied that there are other important factors of about 77% which influence Performance of the NG-CDF Constituency. This study recommends more studies to be conducted to identify such factors in future. On customer satisfaction, the study recommended a study on Factors affecting satisfaction level of community in NG-CDF projects in constituency to enhance customer satisfaction as from the results on customer satisfaction majority of the respondents are dissatisfied by the current NG-CDF project progress in the constituency. Overall, it is notable that Kenya's CDF model stands as one of the best. The ratings of constituencies in Kenya annually, provide parameters to guide other constituencies on best practices.

<div align="center">

REFERENCES

</div>

[1] Abdi, M., Omwenga, J., & Guyo, W.(2022) Effect of Leadership on Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya. *www.iosrjournals.org*

[2] Adongo, K. (2013). Budgetary control as a measure of finance performance of state corporations in Kenya. *International Journal of Accounting and Taxation, 1(1)*, 23-62.

[3] Aidi, J. K. M., & Omwenga, J. Q. (2021). Influence of media information on county assembly policy development. The Strategic Journal of Business & Change Management, 8 (3), 784 – 793. http://www.strategicjournals.com/index.php/journal/article/view/2059

[4] Australian Government Department of Health. (2015, March 24). *Australian Government 2014-2015 Health Portfolio Budget Statements - Department Outcomes.* Retrieved from Health: https://health.gov.au/internet/budget/publishing.nsf/Content/2014-2015_Health_PBS

[5] Bedford, D., & Malmi, T. (2015). Configurations of control: An exploratory analysis. *Management Accounting Research, 27* , 2 - 26.

[6] Charles, M., & Omwenga, J. (2018). Role of Supplier Management Practices in Optimization of Operational Performance in Telecommunication Service Industry in Kenya: A Case of Safaricom Limited. International Journal of Social Science and Humanities Research, 6(1), 224-245.

[7] Chado, H. (2015). *The effect of integrated financial management information system on the financial management of public sector in Kenya.* Nairobi, Kenya: University of Nairobi.

[8] Cheruiyot, P., Oketch, J., Namusonge, G., & Sakwad, M. (2017). Effect of public financial management practices on performance in Kericho County Government, Kenya: A critical review. *International Journal of Education and Research, 5(12)*, 211-224.

[9] Congressional Research Service. (2013). *Introduction to USA Federal Budget Process Report.* Washington, DC: CRS.

[10] Department of the Navy. (2017). *Budget Competency Model.* New York, USA: Business Financial Management.

[11] Flamholtz, E. (2012). *Human Resource Accounting: Advances in concepts, methods and applications.* New York: Springer Science and Business Media.

[12] Gachithi, E. (2010). *Challenges of budget implementation in public institutions: A case study of University of Nairobi.* Nairobi, Kenya: University of Nairobi.

[13] Geletaw, D. (2017). *Determinants of budget control in public organizations: A case of Benishangul Gumzu Regional State.* Addis Ababa, Ethiopia: Addis Ababa University.

[14] ICT Directorate of Nyamira County Government. (2018, March 13). *Department of Health Services*. Retrieved from County Government of Nyamira: http://www.nyamira.go.ke/index.php/world-news/tech/ict?showall-1

[15] Kamau, J., Rotich, G., & Anyango, W. (2017). Effect of budgeting process on budget performance of state corporations in Kenya: A case of Kenyatta National Organization. *International Academic Journal of Human Resource and Business Administration, 2(3)*, 255 - 281 .

[16] Kang'ethe, P. (2002). *ICT in Learning Institutions. First Edition.* Nairobi, Kenya: Longman Publishers.

[17] Kaplan, S., & Norton, P. (1996). *Balanced Scorecard: Translating Strategy into Action.* Boston, MA: Harvard Business School Press.

[18] Karadag, H. (2015). Finanacial management challenges in small and medium-sized enterprises: A strategic management approach. *Emerging Markets Journal, 5(1)*, 26 - 40 .

[19] Ketema, M. (2015). *Assessment of budget preparation and utilization: Case of Addis Ababa City Administration Health Bureau.* Addis Ababa, Ethiopia: Addis Ababa University.

[20] Kihara, J. (2013). *Factors affecting the implementation of strategic performance measurement system of parastatals in Kenya: A case study of the Kenya Rural Roads Authority.* Nairobi, Kenya: University of Nairobi.

[21] Kimungunyi, S., Memba, F., & Njeru, A. (2015). Effect of budgetary process on financial performance of NGOs in Health Sector in Kenya. *International Journal of Business and Social Science, 6(12)*, 163 - 172 .

[22] Kipkoech, C., & Silikhe, S. (2017). Influence of budgetary control system on financial performance of ALMASI Beverages Group Limited, Kenya. *Research Journal of Finance and Accounting, 8(18)*, 51 - 64.

[23] Kirk, J., & Miller, M. (1986). Reliability and Validity in Quantitative Research. *Sage University Series on Quantitative Research Methods, 1*, 85.

[24] Koech, G. (2015). *Effects of budgetary control on the financial performance of selected manufacturing companies in Kenya.* Nairobi, Kenya: University of Nairobi.

[25] Kolesár, P. (2017, November 27). *Budgetary Information System*. Retrieved from PosAm Useful Technologies: https://www.posam.sk/en/segments/state-and-municipal-authorities/budgetary-information-system/

[26] Kothari, R. (2008). *Research Methodology: Methods and Techniques, 3rd Edition.* New Delhi: New Age International (P) Ltd.

[27] Lianabel, O. (2016, September 8). *Five basic financial skills every manager should have*. Retrieved from Associated for Talent Development (ATD): https://www.td.org/insights/5-basic-financial-skills-every-manager-should-have

[28] Locke, E., & Latham, G. (2002). *Goal Setting Theory: Theory Building by Induction.* New York: Oxford University Press.

[29] Locke, E., Alavi, M., & Wagner, J. (1997). Participation in decision making: An informative exchange perspective. *Research in personnel and human resource management, 15*, 293 - 331.

[30] Malo, A., & Hakim, M. (2017). Program and Performance Budgeting System in Public Sector Organizations: An Analytical Study in Saudi Arabian Context. *International Business Research, 10 (4)*, 157 -166.

[31] Maritim, C. (2013). *Effects of budgeting process on financial performance of commercial and manufacturing parastatals in Kenya.* Nairobi, Kenya: University of Nairobi.

[32] Marygoreth, L. (2014). *An assessment of the budget and budgetary control in enhancing financial performance of an organization: The case of TANESCO.* Dar-es-salaam, Tanzania: Mzumbe University.

[33] Mathenge, P., & Muturi, W. (2017). Effects of financial management practices on financial performance of public universities in Kenya. *International Journal of Social Sciences and Information Technology, 3(8)*, 2354 - 2363.

[34] Mugenda, O., & Mugenda, A. (2008). *Research Methods: Quantitative and Qualitative Approaches.* Nairobi, Kenya: Acts Press.

[35] Njagi, L., & Malel, J. (2012). Time management and job performance in selected parastatals in Kenya. *Australian Journal of Business and Management Research, 2(5)* .

[36] Njeri, J. W., & Omwenga, J. Q. (2019). Influence of monitoring and evaluation practices on sustainable projects – A case study of the national aids control council. The Strategic Journal of Business & Change Management, 6 (2), 132 – 152.

[37] Nørreklit, H., & Mitchell, F. (2010). Towards a paradigmatic foundation for accounting practice. *Accounting, Auditing and Accountability Journal, 23(6)*, 733 - 758.

[38] Nyamira County Organization. (2016). *Annual Report and Financial Statement.* Nyamira, Kenya: Nyamira Organization.

[39] Public Finance Management Act 2012 and Regulations. (2015). *Budget Preparation and Execution.* Nairobi, Kenya: Government Press.

[40] Qi, Y. (2010). *The impact of the budgeting process on performance in small and medium sized firms in China.* Twente, China: University of Twente.

[41] Samuelsson, J., Andersén, J., Ljungkvist, T., & Jansson, C. (2016). Formal accounting planning in SMEs: The influence of family ownership and entrepreneurial orientation. *Journal of Small Business and Enterprise Development, 23*, 691 - 702.

[42] Sandars, J., Walsh, K., & Homer, M. (2010). High users of online continuing medical education: A questionnaire survey of choice and approach to learning. *Med Teach, 32*, 83-85.

[43] Saunders, M., Lewis, P., & Thornhill, A. (2007). *Research Methods for Business Students, 4th Edition.* Edinburgh Gate, Harlow: Financial Times Prentice Hall.

[44] Sponem, S., & Lambert, C. (2016). Exploring differences in budget characteristics, roles and satisfaction: A configurational approach. *Management Accounting Research, 30* , 47 - 61.

[45] Uyeno, J. (2016, June 15). *How to Create and Adhere to a Budget*. Retrieved from Budgeting: https://budgeting. thenest.com/create-adhere-budget-4364.html

[46] Walsh, K. (2016). Managing a budget in Healthcare Professional Education. *Annals of Medical and Health Sciences Research, 6(2)*, 71-73.

[47] Wang, R. (2002). *Redefining the scope and focus of information Quality Work: Advances in Management Information Systems* . Armonk, New York: M.E. Sharpe Inc.

[48] Watson, J. (2017, February 17). *How to Determine a Sample Size*. Retrieved from Penn State Cooperative Extension: http://www.extension.psu.edu/evaluation/pdf/TS60.pdf

[49] Zinbarg, M. (2005). *Research Methods. 1st Edition.* New Jersey: Pearson Publishers.