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Effect of Revenue Collection on the Budgetary Performance of the County Government of Kirinyaga

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Abstract:
Background*:Devolution has the goal of devolving economic resources and bringing services closer to the people. Effective public finance management procedures are essential for citizens to feel this. County governments must spend allocated finances properly in order for the Kenyan national government to accomplish its fiscal goals. Government officials must recognize the need of fully utilizing allotted monies in order to provide services to as many individuals as feasible. The study sought to determine the effect of revenue collection on budgetary performanceof Kirinyaga County Government. The theories used in this study were: the Agency theory, Stakeholder theory, and Institutional theory.*
Materials and Methods*: A descriptive survey research design was used in the study. Purposive sampling was used in selecting participants from the 20 wards in Kirinyaga County. The respondents comprised of 83 participants. The primary data collection instrument used in the study was a questionnaire that contained open-ended and closed questions, while financial and budget reports from the county government and office of the Auditor General for financial years 2017/2018 and 2018/2019 were used as secondary data sources. A pilot study was also be carried out at the Kirinyaga County Government main office involving five participants to determine the questionnaire's validity and reliability in answering the research questions. Quantitative data was analyzed using SPSS version 22.0 software, while content analysis was used to analyze qualitative data. Inferential statistics in the form of multiple regression and paired t-tests, and descriptive statistics were used to analyze the data. The results were presented in the form of tables and graphs.*
Results*: Findings revealed that revenue collectionhad a positive and significant effect on budgetary performance of county government of Kirinyaga*
Conclusion: *Based on the findings, the study concluded that revenue collection had a positive and significant effect on budgetary performance of county governments in Kenya.*
Key Words*: Revenue collection, Budgetary performance, Financial management*

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I. Introduction

The successful implementation of government policies and sound economic management is primarily dependent on having adequate systems and institutions of financial management. Through financial management, the government can amalgamate the delivery of services, link available resources, and ensure it attains its policy objectives. Strong financial management enables a government to create financial accountability and transparency within its departments, maximize efficient use of resources, and ensure long-term economic success in all its activities. According to PEFA (2016), successful implementation of financial management practices ensures that the revenues gathered by a government are appropriately used to offer various services to the public.

Effective financial management practices enable a government to build trustful and meaningful relationships with investors and donors, effectively plan and execute budget decisions, collect revenues effectively, and allow for transparency within the various government financial uses, which in turn supports an improved budgetary performance. According to Olurankise (2013), budget unaccomplishment, budget indiscipline, poor or non-performance of budget, and inadequate budgetary execution have been noted for years in most nations across the world though majorly in developing nations.

Since the adoption of devolution governments in Kenya, there has been an increased budget absorption bottleneck. The primary cause of this is ineffective financial management practices, which undermine various fiscal policies. Hassan and Simiyu (2018) note most Kenyan county governments' budget absorption rate stands at 44%, way below the recommended 80%. The various factors that have brought about the county governments' inability to have effective budget absorption rates are based on the county government's financial management systems, administration abilities, and economic structure.

This is a clear indication that county governments in Kenya have a low budget absorption rate. The technical aspects of budget preparation, delays in budget formulation, and unfinished bidding processes have played a considerable role in the low budget absorption rate. In this context, this research tries to determine the effect of financial management practices on county governments' budgetary performance in Kenya.

Globally, China has improved service delivery and budgetary absorption in its devolved governments by implementing various financial management practices such as participatory budgeting. The concept of participatory budgeting was adopted from Brazil, which aimed at favoring the poor. Participatory budgeting allows the citizens to take part in the budget formulation process. These financial management practices were introduced in China to curb corruption, enhance the devolved governments' capacity, and improve administrative efficiency. The participatory budgeting process has also been adopted by other nations such as Vietnam and Singapore. This indicates that through participatory budgeting in China, the country has supported fairness and transparency and improved communication between the citizens and government.

However, for Greece to achieve its financial management goal, it needs to ensure that it has effective budget management practices, which help it improve the sustainability and credibility of its systems in general. With an increased scarcity of financial resources, there is a need for Greece to shift to a more result-oriented public financial management approach that help in changing the designing and auditing of government policies. Implementing various public financial management practices such as auditing, accountability, and planning which help Greece restructure its budget decision-making process and ensure its budget is more sustainable, efficient, accountable, and accessible to meet its fiscal needs.

Regionally, public financial management practices in Ghana began in 1997 with implementing the budget and public expenditure management system. The PUFMARP (Public Financial Management Reform) later replaced it in 2003 though it faced major setbacks. This called for a need to develop better PFM practices that would enable the country to eliminate fraudulent activities from its public expenditure. The primary documents focused on the country's budget by focusing on five core components; micro-fiscal framework, budget preparation and approval, budget execution, accounting, fiscal reporting, and external scrutiny and audit.

Wandera (2017) noted that public sector financial reforms in developing countries have become of great interest to the citizens and donors. Most developing nations have been involved in scandalous activities once they receive donors from global agencies such as the World Bank and the IMF. Despite Uganda being a regional leader in managing donor funds, there is still poor service delivery. This means there is a lot of wastage and extravagant spending, majorly through fraud. Therefore, the researcher noted that if Uganda improves its PFM practices mainly at the local level, service delivery will be high as the money from donors will not be lost to fraudulent activities.

Locally, the need to have an effective public financial management system was a vital policy reform issue in the early 2000s. The government realized that having a well-functioning public financial management system was essential towards achieving national development. According to the Strategy for Public Financial Management Reforms in Kenya 2016 report, "Revitalization of Public Financial Management Systems in Kenya" was the Kenyan government's first public financial management strategy covering 2006-2011. However, after 2011, most of the initial reforms had not been implemented. In 2010, the Kenyan Constitution underwent significant changes, bringing about new legal and institutional challenges in public financial management reforms. The introduction of devolved governments led to the formation of new institutional roles and development policies. Additionally, the Public Finance Management Act of 2012 brought about a need for having increased reforms. As a result, a new public finance management strategy for the period 2013-2018 was formulated.

Currently, Kenya is about ten years into implementing the devolved system of governance as required by the 2010 constitutional reforms. This led to the introduction of 47 county governments, each with fiscal responsibility. The 2013-2018 public financial management reforms aimed to introduce better financial management practices in devolved governments and ensure they align with the 2010 constitutional requirements. Nonetheless, according to Lakin and Kinuthia (2019), the issue of financial management and budget credibility at the county level has been a contentious issue since the start of devolution as evidenced by reduced and unaccounted for revenues are some of the issues raised in the audit queries. The advantages obtained in fiscal devolution and public finance management can be eroded if financial misuse of public resources is not addressed. As a result, County Integrated Development Plans (CIDPs) will not be met, Millennium Development Goals (MDGs) will be missed, and Vision 2030 will be postponed.

II. Problem Statement

In 2010, Kenya devolved its government which led to the creation of 47 counties, each headed by a governor. Kenya devolved its government to ensure that crucial decisions are made much closer to the people they affect. However, for the county governments to attain their objectives and align them with the national government's plans, they need to increase the public financial management capacity. Revenue collection is the heart of any country's governance structure, for it provides accountability.

Since the devolution of the government, scholars, academicians, policy makers, and the public have had a keen interest in how public funds are used to provide services. Simiyu and Hassan (2018) sought to find out the relationship between PFM practices and budgetary absorption in Mandera County. Findings revealed that Mandera had one of the lowest budget absorption rates in 2016 at 44.3% below the recommended 80% and above. Joseph (2017) study revealed that in the 2015/2016 financial year, the average budget absorption rate for all county governments was 31.3%, while the average developmental budget absorption rate was 19.9% compared to 21.9% for 2014/2015. These low budget absorption rates contributed to poor delivery of services and low development.

The challenges affecting budget execution in county governments majorly arise from unpredictable allocation of funds, fraudulent activities by county government officials, and poor budget planning and preparation. For instance, in Kirinyaga County, according to a report released by the Auditor General on its financial statement analysis for the year ended 30th June 2019, an expenditure of 5,241,797,280 Kenyan shillings was reported as per the statements of receipt and payments (Auditor General, 2019). However, the ledger that supports the expenditure amounts to Kshs. 4,561,101,048 billion shillings, an indication there is a variance of Kshs. 680,696,232 million that is unaccounted for due to misappropriation of public funds (Auditor General, 2019).

The 2010 Constitution of Kenya and the Public Finance Management Act of 2012 guide the county governments' treasury departments' operations. Despite the provision of such principles by the constitution, there is still a low budget absorption rate and low collections of revenues in county governments due to the misappropriation of funds and corruption (Auditor General, 2019). The budget absorption rates from the Kirinyaga County government are low, resulting from its poor revenue collections. Therefore, this is what has necessitated researching the effect of revenue collection on the budgetary performance of county governments in Kenya.

III. Literature Review

The theories used in this study were: the Agency theory, and the Stakeholder theory.Agency theory was formulated by Barry Mitnick and Stephen Ross in 1973. The Agency theory involves a relationship between the principal and the agent, who can either be engaged as independent contractors or employees. The agency theory's primary focus is to discuss the contractual relationship between the principal and the agent and the various factors affecting the two parties' behavior and relationship. The aim of founding the agency theory was to try and solve the agency-related problems arising from an agency's relationship with the principal. The agency relationship problems started a long time ago during early human civilization when they began practicing business to focus more on maximizing their interest (Panda &Leepsa, 2017).

In this study, the project implementation and expenditure control are managed by the National Treasury (principal) and other ministries. It is the duty of the county governments (agents) to devolve the national government's fiscal policies using the budget provided. The National Treasury relies on budget estimates to cater for various projects under implementation, including forecasted expenditure provided by various ministries. Therefore, the county governments must achieve the same targets as set by the National Treasury. All county governments have the necessary substantial tranches necessary to attain their targets as required by the Ministry of Devolution and National Treasury. Therefore, this theory helped in showing the relationship between the county government (agent) and its ability to meet the fiscal policy targets set by the Ministry of Devolution and National Treasury (agent).

On the other hand, Edward Freeman formulated the Stakeholder theory in 1984. The theory is based on the principle that interconnected links exist between employees, suppliers, customers, communities, and others with a shared interest in an organization. The theory argues that an organization should always create maximum value for its shareholders and all stakeholders. The word stakeholder first appeared in 1963 in a memorandum by the Standard Research Institute (Parmar et al., 2010). The memorandum aimed to challenge an old belief that stakeholders only comprised an organization's management. In the 1970s and 1980s, various scholars started coming up with different management theories to explain the stakeholder effect in an organization (Parmar et al., 2010). In 1984, Freeman suggested that managers should apply the stakeholder concept.

According to Friedman and Miles (2006), an organization should be viewed as a group of stakeholders aiming to maximize the interest of all parties involved. To ensure this is achieved, the organization's managers should ensure they work towards the best interest of the stakeholders. Freeman described stakeholders as "any group or individual who can affect or is affected by the achievement of the firm's objectives". The stakeholders can thus be affected or affect an organization's financial outcomes. This means that stakeholders can be a gateway towards an organization's success or failure. They act as the organization's gatekeepers.

This theory is important in this study as it helps address the county government’s efficiency and stability and ensure it is not driven by self-interest. The Stakeholder theory brings out the link between financial management practices and the county government. The theory showcases that the county government officials must ensure they have the best interest of themselves or the government and all citizens as they implement various financial practices. The county government officials are the key stakeholders within a county and play a vital role in the budgetary formulation and implementation. Suppose they engage in any form of financial malpractice. In that case, they hinder the county government's ability to maximize the shareholder value, offering essential services to its citizens.

IV. Conceptual Framework

The conceptual framework outlines the relationship between the dependent and independent variables.The figure below outlines the study's dependent and independent variables relationships;

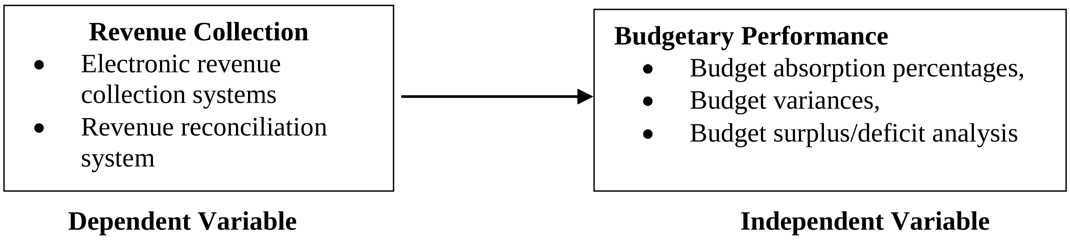

Fig 1: Conceptual Framework

According to Adenya and Muturi (2017), revenue collection is vital for any government aiming to meet its service delivery promises to its citizens. However, most governments worldwide, majorly in developing nations, have been facing numerous challenges in collecting the right amount of revenue. These governments have thus relied majorly on both foreign and domestic debts to fund various services. A study by Ochieng and Tubey (2013) found that Kenya faces a considerable challenge regarding revenue collection, making the nation unable to meet its budget expectations. In a study by Baluhywa et al. (2014), increased corrupt practices within the national and county governments have played a considerable role in tax evasion. Nonetheless, there has been an increased mobilization of revenue collection in the developing and developed nations. This is through introducing automated systems that improve the efficiency of the revenue collection process.

Previous studies have tried to show the relationship between revenue collection and budgetary performance. In a study by Osoro, Atambo, and Abuga (2016) carried out in Kisii County, the researchers found out that the county had a budgeted deficit of about 1.6 billion Kenyan shillings due to low revenue collection. In another study by Aduwi (2019), the Kisumu County government can collect revenue amounting to seven billion. However, within the last four years, the county has not been able to get to its projected revenue, affecting its overall service delivery.

For most organizations, sales are the main source of income. However, not all organizations rely on sales to measure the success of their operations, such as governments. Nonetheless, one common thing shared by any entity in the business, including a government, is that it must have a plan for its resource allocation. The budgets are the main means organizations plans for their future. However, the ability of an organization to meet its budgetary allocation depends on very many other factors. Regarding this study, various financial management practices, including revenue collection, budgeting process, payables management, and accounting controls, can play a vital role in an organization's budgetary performance.

Revenue collection is the primary source for any government. Revenue collection allows a government to finance the various service delivery undertakings for its citizens. Nonetheless, many governments have continued to grapple in their service delivery activities as they face budget deficits due to unbalanced budgets.

Karori, Muturi, and Mogwambo (2016) studied the relationship between revenue collection efficiency and operational performance. The study was carried out in Kisii County. According to the researchers, there has been a serious decline in revenue collection in Kisii County. This arises from the county’s inability to meet its set targets and hence affecting its operational performance. Karori, Muturi, and Mogwambo (2016) used a case study research design that targeted 400 participants majorly revenue accountants, the chief finance officer, and the county's head and deputy of revenue collection. A 5-point Likert scale ranging from (1 Strongly Agree) to 5 (Strongly Disagree) was used to gather data related to the computerized revenue collection efficiency, revenue collection supervisory systems, revenue supervisory systems, and benchmarking revenue collection strategy from Kisii County.

Karori, Muturi, and Mogwambo (2016) found out that 40% of the respondents believed using a computerized system has positive impacts on revenue collection hence improving operational efficiency, 56% believed it has a slight impact, while the remaining 4% believed it does not improve revenue collection or operational efficiency. In addition, using the benchmarking strategy, 47% of respondents believed it impacts revenue collection, thus improving operational efficiency, while 36% believed it has a slight effect, and the remaining 17% believed it has no impact. 54% of the respondents also stated that having a revenue supervisory system positively impacts revenue collection, thus improving operational efficiency.

The study indicates that all strategies towards improving the county's revenue collection abilities such as using a computerized system over manual, having revenue supervisory systems, and benchmarking, are vital. The entire county's operational abilities depend on the amount of revenue gathered to fund all services to the public. The study found out there is no close supervision of revenue collectors by supervisors, which can lead to fraudulent activities hence revenue losses. The authors concluded that efficiency in revenue collection would play a vital role in budget planning as this made make it possible for the county to achieve its set targets. Therefore, from the study, it is evident that revenue collection has a vital role in Kisii County's operational performance. However, the study did not focus on the impact of revenue collection on budgetary performance despite stating there is a relationship at the end. Therefore, unlike the study which focused on the relationship between revenue collection and operational performance, this study aims at determining the relationship between revenue collection and budgetary performance.

In a similar study by Akoth (2019), the researcher sought to determine the impact of revenue collection on the county governments' financial performance. The study was carried out in Kisumu County. According to the researcher, Kisumu County can collect Ksh.7 billion annually to fund its operations. However, the researcher noted that the county has only been able to collect 64% of its projected revenue over the past four years. Aduwi (2019) found that contracting out revenue collection to third-party agencies negatively impacted Kisumu County's financial performance. However, electronic revenue collection had a positive impact on the county's financial performance. The major reason for this is that electronic revenue collection provides the county with effectiveness and efficiency by saving time and eliminating fraudulent activities. Outsourcing revenue collectors can affect revenue gathering if the agencies do not have the right tools to support the entire process. From the study, it is an indication that revenue collection has an impact on financial performance. In addition, budgetary performance can affect financial performance in case revenue targets are not attained. Therefore, this study aims at determining the impact of revenue collection on budgetary performance.

In another study by Osoro (2016) to determine the impact of budget deficits on overall Kenyan economy growth, it found out that there is a positive and statistically significant relationship between the two variables. Osoro (2016) found that low revenue collection is the major cause of budget deficits in developing countries. The government depends on various revenue streams, including grants, taxes, and social contributions, among others, to meet its projected budget. However, once the actual revenues fall short of projected amounts, the government faces budget deficits, affecting its service delivery efforts. The study by Osoro et al. (2016) has not explicitly explained how the county government could improve revenue collection, eliminating budget deficits. Without providing recommendations for enhancing the findings can thus not assist in any way. However, this study focuses on finding a relationship between revenue collection and budget performance and providing recommendations, filling a gap in Osoro et al. (2016).

V. Material And Methods

In this case, the subject of the study are the County governments in Kenya. These are the 47 county governments that will constitute the study population.

Study Design:A descriptive research design was employed in the study. This research design allowed the researcher to study a sample or population without controlling variables (Siedlecki, 2020).A descriptive research design played a vital role in yielding rich data and information to make meaningful recommendations and resource planning. The descriptive research design is also easy to conduct, indicating that it is cheap and not complex.

Study Location: the county governments in Kenya

Study Duration: Auditor General's Office for the financial years 2017/2018 and 2018/2019.

Sample size: 83 respondents.

Sample size calculation:

In coming up with a sample size, the Yamane formula was used. The Yamane formula was selected for the study given that it allowed one to select a sample size based on the degree of variability in attributes being measured, level of confidence/risk and level of precision.

$$n = \frac{N}{1 + N(e)^2}$$

Where n represents the sample size, N the population size, e level of precision. A 95% confidence level and P = 0.5 are assumed for the sample.
In this case the sample size was;

$N=105/ (1+105(.05)^2) = 83$

In the selection of the study sample, purposive sampling was used. This is a subjective, selective, or judgments sampling technique.Purposive sampling was used in selecting participants from the 20 wards in Kirinyaga County, sub-counties and main county offices. In this sampling technique, greater focus was placed on a sample "purposely." This meant that the selected sample was more likely to provide a researcher with rich and illuminative information.

Procedure methodology

The study relied on primary and secondary data.Data was collected using a questionnaire. A questionnaire is a tool used to gather ideas, statements, and answers from the respondent (Ponto, 2015). The questionnaires were sent by e-mail. The advantages of using an online questionnaire are that it reduces the expenses that would have been used to print hard copies. Unresponsiveness was controlled via sending reminders to the respondents on the day the questionnaires were sent and 48 and 24 hours before the final day of questionnaire submission. The researcher restricted the close-ended questions to a finite number of possibilities using the Likert scale. Secondary data was gathered from the county governments' annual financial and budget reports and financial statements and reports on Kirinyaga County from the Auditor General's Office for 2017/2018 and 2018/2019.

Secondary data was gathered from the county governments' annual financial and budget reports and financial statements and reports on Kirinyaga County from the Auditor General's Office for the financial years 2017/2018 and 2018/2019. The primary data gathered from the reports included the approved budget, actual expenditure, pending bills payments, county generated revenue, payables, the over/under absorption in Kshs, and the over/under absorption in percentage for the two years periods. Additionally, the statement of comparison of budget and actual amounts for the recurrent and development expenditures were used to measure the two-year periods' budgetary performance.

Statistical analysis

Quantitative data was analyzed using the SPSS version 23.0 software, while qualitative data was analyzed using content analysis. Descriptive statistics and inferential statistics were also be used to analyze the data. A paired t-test supported the analysis by inferential statistics, while standard deviation, mean, parentages, and frequency represented the descriptive statistics. Multiple regression was used in displaying the relationship between the variables (independent and dependent). The following regression equation was used in the data analysis;

$Y = \alpha + \beta_1 X_1 + \varepsilon$

Where:

Y= Budgetary Performance
α= The regression constant or intercept
β_1 = Regression Coefficient of three Dependent Variables
X_1= Revenue Collection
ε= Error Term

VI. Results

Descriptive Statistics Analysis

This section presents the findings of the study including descriptive statistics on the variables of the study that were used to generate the summary measures suitable for describing the variables of this study.

Descriptive Statistics for Revenue Collection

The study sought to evaluate the effects of revenue collection on budgetary performance of the county government of Kirinyaga, and findings presented in Table 1below:

Table 1: Revenue Collection

Statement	SA%	A%	N%	D%	SD%	Mean	SD
There has been an automation of county revenue collection	6.2	53.4	22.6	11.0	6.9	3.4215	0.9861
Revenue automation will improve budgetary performance	3.4	71.6	11.9	6.1	7.0	3.7825	0.9326
The current national and county policies are in line with the county revenue management system	7.2	51.1	27.7	10.4	3.6	3.4856	0.9187
The Public Financial Management Act has been fully implemented to support efficient revenue collection	4.6	72.8	10.1	7.7	4.8	3.6712	0.7523
Raising sufficient local revenues will give the county an ability to meet its budgetary requirements	12.6	43.4	31.2	8.5	4.3	3.5298	0.8431
The county has still not developed innovative and sustainable revenue mobilization strategies to improve our budgetary performance	13.9	42.1	18.0	21.3	4.8	3.4441	0.9646

Table 1 above provides results on the extent to which revenue collection influences budgetary performance in the county government of Kirinyaga. In respect to whether there has been any automation of county revenue collection, findings revealed that majority of respondents with 59.6% (mean=3.4215, SD=0.9861) agreed with the statement, 22.6% of the respondents were neutral to the statement, and 17.9% were not in agreement with the statement.

The study sought to evaluate whether revenue automation will improve budgetary performance. Majority of the respondents with 75.0% (mean=3.7825, SD=0.9326) were of the view that revenue automation will improve budgetary performance, 11.9% of the respondents were neutral to the statement whereas 13.1% were not in agreement with the statement.

The study also sought to investigate whether the current national and county policies are in line with the county revenue management system. Majority of the respondents with 58.3% (mean=3.4856, SD=0.9187) agreed with the statement, 27.7% of the respondents were neutral to the statement, whereas 14.0% of the respondents were of the view that the current national and county policies were not in line with the county revenue management system.

As to whether the Public Financial Management Act has been fully implemented to support efficient revenue collection, 77.4% (mean=3.6712, SD=0.7523) of the respondents agreed with the statement, 10.1% of the respondents were neutral to the statement, and 12.5% of the respondents were not in agreement with the statement.

The study also sought to investigate whether raising sufficient local revenues will give the county an ability to meet its budgetary requirements. Findings revealed that 56.0% (mean=3.5298, SD=0.8431) of the respondents agreed with the statement, 31.2% of the respondents were neutral to the statement, whereas 11.1% of the respondents were not in agreement with the statement.

Finally, the study sought to investigate whether the county has still not developed innovative and sustainable revenue mobilization strategies to improve their budgetary performance. Findings with 56.0% (mean=3.4441, SD=0.9646) of the respondents were of the view that county has still not developed innovative and sustainable revenue mobilization strategies to improve their budgetary performance, 18% of the respondents were neutral to the statement, whereas 26.1% of the respondents were not in agreement with the statement.

In general, the agreement with the statements relating to revenue collection were high. The findings show that there is requisite planning for the collection of revenue by county governments. However, the results also show that the County governments are highly dependent on the national government, and that county revenue allocation remains weak, to the extent that without national government funding counties will not be able to perform normal operations. This agreed with results published by Alam et al., (2011) which demonstrated that counties depend on shareable revenue and conditional grants and do not collect adequate local revenue sources to fund their operations.

Finding also shown that revenue collection had been automated and all funds deposited in the county revenue fund. This fact was agreed upon by most of the respondents, meaning that the county government had invested in technology in enhancing financial management by enhancing controls and sealing loopholes for funds loss at collection points. This therefore ensured pooling of resources to fund county budgetary items and hence enhance the financial performance of the county government.

Descriptive statistics for Budgetary Performance

The study sought to evaluate the level of agreement with the following statements relating to budgetary performance of the county government of Kirinyaga, and findings presented in Table 2 below;

Table 2: Budgetary Performance

Statement	SA%	A%	N%	D%	SD%	Mean	SD
My department resources are disbursed on time	25.3	51.9	6.9	13.6	2.3	3.6553	0.9762
My department pays for all budgeted items	16.7	64.3	7.1	10.7	1.2	3.2931	0.8211
The ADP and CIDP lays a foundation for the departmental budgets	19.6	54.0	12.6	7.1	6.7	3.6697	0.9162
The ADP and CIDP determines the county budget	29.3	49.5	8.3	7.0	6.0	3.4842	0.9060
A consultative process is involved in preparing and planning the (CIDP, ADP, CFSP, and Budget) budgets	25.9	46.4	7.2	15.8	4.7	3.4998	0.8974
The county government conducts monthly and annual budget variance reviews.	34.4	43.1	11.1	10.4	1.0	3.6257	0.9138

Table 2 above provides results on level of agreement with the statements regarding budgetary performance of the county government of Kirinyaga. In regards to whetherdepartmental resources were disbursed on time, majority of the respondents with 77.2% (mean=3.6553, SD=0.9762) agreed with the statement, 6.9% of the respondents were neutral to the statement, whereas 15.9% of the respondents were not in agreement with the statement.

The study sought to determine whether the department pays for all budgeted items. Findings revealed that they paid for all budgeted items as supported by 81.0% (mean=3.2931, SD=0.8211) of the respondents. However, 7.1% of the respondents were neutral to the statement, and 11.9% of the respondents were not in agreement with the statement.

The study sought to determine whether the ADP and CIDP lays a foundation for the departmental budgets. Findings revealed that majority of the respondents with 73.6% (mean=3.6697, SD=0.9162) agreed with the statement, 12.6% were neutral to the statement, whereas 13.8% of the respondents were not in agreement with the statement.

The study also sought to investigate whether the ADP and CIDP determines the county budget. Majority of the respondents with 78.8% (mean=3.4842, SD=0.9060) agreed with the statement, 8.3% were neutral to the statement, and 13.0% were not in agreement with the statement.

The study sought to determine whether a consultative process was involved in preparing and planning the (CIDP, ADP, CFSP, and Budget) budgets. Findings revealed that majority of the respondents with 72.3% (mean=3.4998, SD=0.8974) agreed that whether a consultative process was involved in preparing and planning budgets, 7.2% were neutral to the statement, and 20.5% were not in agreement with the statement.

Finally, as to whether the county government conducts monthly and annual budget variance reviews, majority of the respondents with 77.5% (mean=3.6275, SD=0.9138) agreed with the statement, 11.1% were neutral with the statement, whereas 11.4% were not in agreement with the statement.

In general, respondents indicated that the county budgetary control and assessment processes should be fully operationalized. It will check that the operations of the priority project or program in each county is carried out in compliance with the planning schedules and goals set out in the County Integrated Development Plan (CIDP); and whether resources are being used properly and effectively. Likewise, the respondents felt that the government should have regular reviews in the department to improve transparency, objectivity and professionalism.

Inferential Analysis

Inferential statistical analysis was conducted to establish the relationship between the variables. The study conducted a correlation analysis to demonstrate the existence and intensity of the relation between variables. The study also conducted a model summary to measure the strength of the relationship between the model and the dependent variable, and finally an analysis of variance to check whether there were any statistical differences between the means of the variables.

1. Correlation Analysis

Using the Pearson correlation test, correlation was calculated and the closer the coefficient is to 1, the greater the relation between variables. A negative value means that the variables were inversely related, while a positive value means that the variables shift in the same direction. Table 3 below presents the results of the correlation analysis.

Table 3: Correlation Analysis

		Budgetary performance	Revenue Collection
Budgetary performance	Pearson Correlation	1	
Sig. (2-tailed)			
Revenue Collection	Pearson Correlation	0.364*	1

The results in Table 3 above revealed that revenue collection and budgetary performance were positively and significantly related (r=0.364, p=0.018).

II.Model Summary

The model summary presents the coefficients of correlation (R) and coefficients determination (R^2). The coefficient of correlation (R) presents the nature and the strength of relationship between variables when the coefficient of determination presents the extent to which the independent variables predicts the changes in the dependent variable.

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.783[a]	.627	.468	0.48045

a. Predictors: (Constant), Revenue Collection

b. Dependent Variable: Budgetary Performance

The goodness of fit for the regression model testing for the relationship between the independent variables and dependent variables was satisfactory. The independent variable was a good predictor of budgetary performance. The coefficient of determination (R^2) shows that the independent variable explain 62.7% of the variation in the dependent variable as indicated by the coefficient of determination of 0.627.

III.ANOVA

Analysis of Variance (ANOVA) is a major analytical tool for testing whether two or more population means are identical. ANOVA follows the law of total variance; that is, ANOVA deals with the explained and unexplained elements of variance. The researcher used ANOVA to test the results of the study for significance. Table 5 below presents the results of ANOVA for the study.

Table 5: ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	6.687	4	1.671	7.248	.000
Residual	9.834	41	0.239		
Total	16.521	45			

The ANOVA results on Table 5 indicate that the regression model was significant and a good predictor of the relationship between the research variables as indicated by P value of 0.000 which was less than 0.05. The F value indicates whether the set of independent variable contribute to the variance in the dependent variable. An F value of 7.248 was found and was significant (p=0.000) at 95%. This meant that the independent variables were significant in predicting budgetary performance at the county government of Kirinyaga.

IV.Regression Analysis

Regression analysis is very useful in giving the existing mathematical relationships between predictor and outcome variables through the beta coefficients and the statistical significance of the relationships through the p-values. Table 6 below presents the regression coefficients for the analysis.

Table 6: Regression of Coefficients

	B	Std. Error	t	Sig.
(Constant)	**1.112**	**1.023**	**-1.087**	**0.043**
Revenue Collection	**0.058**	**0.112**	**0.517**	**0.030**

After the analysis of variables, the study regression model was as follows:

$Y = 1.112 + 0.058X_1$

It was thus established that considering all the factors, to a constant zero, budgetary performance would be 1.112. This meant budgetary performance has a positive significance.

The regression coefficients in Table 6 above indicate that Standardized budgetary performance would increase by 0.058 units with one unit increase in standardized revenue collection keeping other variables constant in the county government of Kirinyaga. P-value (sig) of 0.030 was less than 0.05, which was an indication that the effect of this variable was significant. This was an indication that an increase in revenue collection through investing in innovative systems would result in an increase in the budgetary performance for the counties, as they would have more funds at their disposal. These findings were consistent with those of Aduwi (2019) whose study concluded that revenue collection has an impact on financial performance. In addition, budgetary performance can affect financial performance in case revenue targets are not attained.

VII. Conclusion

The study aimed at determining the effect of financial management practices on the budgetary performance of Kirinyaga County Government. Findings revealed that revenue collection had a positive and significant effect on budgetary performance of county governments in Kenya. Aspects of revenue collection such as revenue automation, raising sufficient local revenues, and having innovative and sustainable revenue mobilization strategies had an effect on budgetary performance of County Governments in Kenya.

The study concluded that revenue collection had a positive and significant effect on budgetary performance of county governments in Kenya. Most of the financing of the County Governments comes from their own collections or sources and that from national governments. Automation of revenue collection by the county governments was a major contribution to the improvement of budgetary performance.

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