FACTORS INFLUENCING IMPLEMENTATION OF PUBLIC FINANCIAL REGULATIONS IN NATIONAL SUB-COUNTY TREASURIES IN NAKURU COUNTY, KENYA

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OCTOBER, 2016

DECLARATION

I declare that this Research Project is my original work and has never been submitted for a degree in any other university or college for examination/academic purposes

Signature……………………………… Date………………………………….

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HD333-C007-0369/2015

This project has been submitted for examination with my approval as University Supervisor

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DEDICATION

This project is dedicated to my wife, Franciscah Mutisya whose love and support has been my anchor. To my children Sally Mutisya, Kelvin Mutisya and Ashley Mutisya for their patience and understanding.

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I wish to express my sincere thanks to God for His wisdom and good health that made it possible for me to complete this project successfully. My sincere appreciation also goes to my family for their moral support and encouragement during the study. I gratefully acknowledge the efforts of my supervisor Dr. Kimani Maina for the professional advice and tireless guidance in the research project. My special thanks are extended to all the lecturers at the School of Business and staff at the MBA coordination office and the library staff. I would also wish to extend my appreciation to my fellow students at the School of Business with whom we shared, discussed and exchanged ideas. Thank you and May Almighty God bless you all.

ABSTRACT

Regulation is amongst the central instruments through which governments seek to deliver on their policy priorities. However, a lack of consensus on exactly how regulation should be conceptualized can make studying its nature and effects problematic. Therefore this study focused on assessing the factors influencing implementation of financial regulations in the national Sub-County Treasuries in Nakuru County, Kenya. The study examined the effect of cost, technology, policy based budgeting and internal financial controls on the implementation of financial regulations in national Sub-County Treasuries in Nakuru county, Kenya. A descriptive research design was employed for this study which helped the researcher to generalize the findings to a large population. The target population was the finance officers in the national Sub-County Treasuries in Nakuru County. There are 68 finance officers in the national Sub-County Treasuries in Nakuru. Based on the small population of the study, the researcher opted to conduct a census where every employee was involved in the study. A questionnaire constructed on a five point Likert scale was employed as the main instrument for primary data collection. The instrument was pilot tested prior to the actual data collection to check for validity and reliability of the instrument. The data collected was analyzed using both descriptive (frequencies, percentages, means and standard deviation) and inferential (Pearson product moment correlation coefficient) statistics. Data was analyzed with the aid of Statistical Package for Social Sciences (SPSS) version 24 and presented in tables and discussions thereof. The study established that cost have no significant influence on implementation of financial regulations. However, technology was found to significantly influence implementation of financial regulations with an average significant relationship with implementation of financial regulations. Further policy based budgeting was shown to have an average positive significant relationship ($r=.584$) with implementation of financial regulations. Internal accountability also had a weak positive significant relationship ($r=.426$) with implementation of financial regulations. However t-test revealed that internal accountability has no significant influence on implementation of financial regulations. The study concluded that the implementation of financial regulations is influenced first by technology, followed by policy based budgeting, then by internal accountability and finally by cost of implementation. The study recommended that for effective implementation of financial regulations in national Sub-county treasuries, the government should reinforce the use of information technology in its treasury operations. On the other hand the treasury management should also ensure that its staff is aware of the policy guidelines for budget making. The national treasury should also put systems in place to check for internal accountability among its staff operations.

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ABBREVIATIONS & ACRONYMS

FMS	Financial Management Systems
GAAP	Generally Accepted Accounting Principles
GFC	Global Financial Crisis
IFAC	International Federation of Accountants
IFMIS	Integrated Financial Management Information Systems
IMF	International Monetary Fund
IPPD	Integrated Personnel and Pension Database
LAIFOMS	Local Authority Integrated Financial Operations Management Systems
OECD	Organization for Economic Cooperation and Development
PFM	Public Financial Management
SPSS	Statistical Package for Social Sciences
UK	United Kingdom
USA	United States of America

DEFINITIONS OF TERMS

Financial Regulations is a form of regulation or supervision, which subjects financial institutions to certain requirements, restrictions and guidelines, aiming to maintain the integrity of the financial system (Wabwoba, 2012).

Internal Accountability the sharing of relevant information with impact groups in a clear and accessible manner (Angeloni, 2015).

Policy Based Budgeting refers to systematic and concise allocation of the available resources to various uses following laid down framework (World Bank, 2007).

Technology is the extension of the human capability, in order to satisfy needs or wants (Delloit 2007)

CHAPTER ONE
INTRODUCTION

1.1 Background to the Study

In the wake of the global financial crisis (GFC), many countries are prioritizing stability by strengthening financial regulation. Although important, this might be at the expense of inclusive growth, especially in poor countries. Without effective regulation, financial systems can become unstable, triggering crises that can devastate the real economy as evidenced by the recent GFC that began in 2007 (Spratt, 2013). Given the primary purpose of finance is to facilitate productive economic activity; the aim of regulations is to maintain financial stability and to promote economic growth. This is a delicate balancing act, as too great a focus on stability could stifle growth, while a dash for growth is likely to sow the seeds of future crises.

Regulation is amongst the central instruments through which governments seek to deliver on their policy priorities. However, a lack of consensus on exactly how regulation should be conceptualized can make studying its nature and effects problematic (Black, 2002). In recent years there has been a sustained argument from the International Federation of Accountants (IFAC), national professional accounting associations, the OECD, World Bank and IMF for governments around the world to follow the lead of Australia, New Zealand and the UK and introduce business style accrual accounting as the basis for government financial reporting (Smullen, 2009). The claim is that this approach will provide more useful information and so enable governments to be managed more efficiently.

However, this belief is based more on the ideologically contested view that governments should be run like a business than the actual experience of using business style accrual accounting over the last couple of decades. So, for example, the then chair of IFAC's public sector committee argued that a government "is no more than a huge business" and, therefore that the government's financial reports should be similar to those in the private sector (Anon, 2003). Since the late 1980s a variety of approaches, termed as New Public Management, have been considered international best practice. This has emphasized the importance of efficiency and the claim that this will be increased if governments work more like business (Pollitt & Bouckaert, 2000).

Governments are fundamentally different from business enterprises because they have different purposes, processes of generating revenues, stakeholders, budgetary obligations and propensity for longevity. These differences require separate accounting and financial reporting standards in order to meet the needs of the stakeholders who assess the government's ability for accountability and socio-economic development. Alongside a range of other public management reforms, such as contracting out and the creation of agencies, business style accrual accounting has been advocated as the best model for governments to report on their finances (Guthrie, Humphrey, Jones & Olson 2005; Smullen, 2009).

1.1.1 Global Perspectives on Financial Regulations

Governments worldwide are faced with the challenge of meeting the expectations of the citizenry. A number of studies have been conducted on Financial Regulations and public sector budgeting (World Bank, 2007; European Commission, 2008 and GoB, 2004). The Research on government accounting procedures in the United Kingdom (European Commission, 2008) found out that government Finance Officers and Accountants recorded transactions and prepared statements in accordance with the Generally Accepted Accounting Principles (GAAP). A world Bank research on the effectiveness of public sector accounting in Sri Lanka (2007) found out that while financial regulations existed, they did not have the force of the law and therefore were not always complied with and thus the oversight of government accounting outcomes were lacking.

Recent decades have seen an increase in emphasis on regulation as a mode of government in Europe, sometimes referred to as the rise of the regulatory state (Moran, 2002). The regulatory state is characterized by a decrease in centralized (State) provision and by new approaches to control, including contracting out of services, public/private partnerships and creation of executive and regulatory agencies to support the process of separating policymaking from day-today operational activity in government departments and between departments and service providers. Majone (1996) attributed the rise of the regulatory state to the increasingly technocratic nature of demands on government.

The delegation of operational management to specialized agencies is thought to present a solution to this, as the necessary expertise and access to information can be harnessed appropriately. In addition, such delegation can demonstrate credible commitment on the part of government and insulate much governance activity from the political sphere (Thatcher, 2002). This is the separation of 'steering' (policymaking) from 'rowing' (operational management) the ship of state (Scott, 2004). Deregulations of markets, sectoral liberalization and privatisation of formerly State-owned enterprises have all contributed to 'the rise of the unelected' (Vibert, 2007).

These developments shift control away from elected representatives and central bureaucracy to new actors and new instruments with the phenomenon of agencification becoming one important dimension (Christensen & Laegrid, 2006). The rise of the regulatory state outside the USA captures the essence of the transformation in the governance of the capitalist economy (Jordana & Levi-Faur, 2004). Financial transparency is promulgated as ingredient of a larger strategy or goal of good economic control practiced to achieve poverty eradication and accomplish the government goals. Infact, on the African continent, the push for more transparency in the budget procedures is element of a set of deeds aimed at addressing the inconsistency of numerous natural resources and growing donor nobility, on the one hand and apparently stubborn utter poverty, on the other hand. It is well intended at attending to fraud and theft of state reserves and money washing, among others (UNECA, 2013).

1.1.2 African Perspectives on Financial Regulations

In the early 1990s, developing countries in Africa began to focus on the improvement of public finance, in particular on budget and expenditure management reforms. Mainly as a response to concerns from the donor community, governments started to critically review the existing systems and processes. As a response to inadequate and outdated systems, a recommendation was the introduction of the financial management systems (FMS) along the experience of developed countries in the 70's and 80's for the Integration of different functions of public finance on the basis of a uniform technical platform (Musgrave & Musgrave, 2009).

Emerging economies in Africa such as Botswana and Ghana have embraced Financial Regulations as the hall mark of modern day public budgeting and financial management. The effective implementation of Financial Regulations in Botswana led to a reduction in government spending by close to US$ 4 Million (GoB, 2004). In Ghana, implementation of Financial Regulations reduced donor dependence in budgeting by 9.2% (World Bank, 2007).

1.1.3 Kenyan Perspective on Financial Regulations

According to Mas and Radcliffe (2010) the current regulatory model for financial regulation in Kenya is a hodgepodge of institutional and functional regulation. There are seven Governmental agencies regulating specific segments of financial services. The Central Bank of Kenya (CBK) licenses and supervises the operations of all commercial banks excluding the Kenya Post Office Savings Bank (KPOSB) which is regulated by the Treasury Development Finance Institutions (DFIs) are regulated by different Government ministries. For instance, the Industrial Development Bank (IDB) is regulated by the Ministry of Finance, Industrial and Commercial Development Corporation (ICDC) by the Ministry of Trade and the Agricultural Finance Corporation (AFC) by the Ministry of Agriculture.

The Capital Markets Authority (CMA) regulates the securities markets while the Retirement Benefits Authority (RBA) is responsible the pension sector. The Insurance Regulatory Authority (IRA) was established in 2006 to replace the Commissioner of Insurance who previously regulated the insurance industry. The Sacco Societies Regulatory Authority (SSRA) regulates all savings and credit co-operative societies. It is accountable to the Ministry of Cooperative Development. The Monopolies and Prices Department which is charged with antitrust powers and responsibilities is accountable to the Ministry of Finance, The existing regulatory arrangements for financial services involve a large number of regulators exercising jurisdiction over different sectors of the industry. It is fragmented with each regulatory agency being responsible for a particular segment. This largely politicized regulatory structure is a product of piece-meal reform and gradual evolution as opposed to deliberate planning (Mas, I & Radcliffe, 2010)

Many studies find a close linkage between financial deepening, productivity and economic growth. It is for example estimated that policies that would raise the M2/GDP ratio by 10% would increase the long-term per capita growth rate by 0.2–0.4% points (Ndulu & O'Connell 2008). Financial regulations were adopted in Kenya in 1989 to provide a framework of the administration, budgeting and utilization of government finances (Ministry of Finance, 1989). The regulations were based on the Constitution of Kenya, the Exchequer and Audit Act and the Paymaster-General's Act and Regulations which all contained relevant provisions regarding the control and management of government finances. The enactment of the Government Financial Management Act of 2004 and the PFM Act, 2012 augmented the aforementioned efforts towards realization of an effective and efficient Public Financial Management System and supportive of public service delivery and socioeconomic development.

1.2 Statement of the Problem

Regulation is amongst the central instruments through which governments seek to deliver on their policy priorities. Financial regulation plays a crucial role in shaping the behavior of financial institutions, and government agencies in dealing with finances. Given the primary purpose of finance is to facilitate productive economic activity; the aim of regulation is to maintain financial stability and to promote economic growth. However, failure to effectively implement financial regulations leads to financial mismanagement and consequently results to financial instability.

Without effective regulation, financial systems in governments can become unstable, triggering crises that can devastate the real economy as evidenced by Global Financial Crisis (GFC) that began in 2007. Regulation that is ineffective in meeting its objectives can be just as damaging to government businesses and consumers, as no regulation or over-regulation. Systemic failures of compliance are failures of public governance that devalue regulatory instruments and ultimately break down the credibility of government and governance under the rule of law.

The existence of financial scandals involving misappropriation and wastage of public resources on one hand, and on the other the inability by government ministries to timely meet their budgetary obligations raises serious issues on the adequacy and effectiveness of financial regulations. Businesses and the public expect governments

and regulators to be able to demonstrate that regulatory systems are designed to be effective. Of necessity this requires attention to levels and trends in compliance. Nevertheless, the picture of compliance trends in Kenya is very hazy due to a lack of empirical evaluations of the effects and performance of regulatory systems. This study sought to fill this gap by looking at factors influencing implementation of public financial regulations in National Sub-County Treasuries in Nakuru County, Kenya.

1.3 Objectives of the Study

The study was based on both the general objective and specific objectives as stated below.

1.3.1 General Objective of the Study

The general objective of the study was to assess factors influencing implementation of public financial regulations in National Sub-County Treasuries in Nakuru County, Kenya.

1.3.2 Specific Objectives of the Study

i. To examine the influence of cost on implementation of financial regulations in national Sub-County Treasuries in Nakuru County, Kenya.
ii. To establish the effect of technology on implementation of financial regulations in national Sub-County Treasuries in Nakuru County, Kenya.
iii. To establish the effect of policy based budgeting on implementation of financial regulations in national Sub-County Treasuries in Nakuru County, Kenya.
iv. To examine the effect of internal accountability on implementation of financial regulations in national Sub-County Treasuries in Nakuru County, Kenya.

1.4 Research Hypotheses

i. $\mathbf{H_{01}}$: Cost has no statistically significant influence on implementation of financial regulations in national Sub-County Treasuries in Nakuru County, Kenya.

ii. **H_{02}:** technology has no statistically significant influence on implementation of financial regulations in national Sub-County Treasuries in Nakuru County, Kenya.

iii. **H_{03}**: policy based budgeting does not significantly influence implementation of financial regulations in National Sub-County Treasuries in Nakuru County, Kenya.

iv. **H_{04}**: there is no statistically significant influence of internal accountability on implementation of financial regulations in national Sub-County Treasuries in Nakuru County, Kenya.

1.5 Significance of the Study

The study was focused on factors influencing implementation of public financial regulations in National Sub-County Treasuries in Nakuru County, Kenya. The study is expected to be of benefit to various stakeholders in the process of conducting their duties. First, the study serves to inform the government on major hindrances on the implementation of financial regulations in the ministries in Kenya. This helps them come up with policy initiatives to help them handle the short comings. Secondly, the study provides insight to the national treasury officers on extent of success and areas of shortfall that need to be improved for better implementation of financial regulations. Thirdly the study serves to inform the public of the areas of engagement in regards to the financial management in the government operations. Finally the study contributes to the existing body of literature and form the basis of reference for the future researchers with an interest in this area of study.

1.6 Scope of the Study

This study was limited to factors influencing implementation of financial regulations in the national Sub-County Treasuries in Nakuru County, Kenya. Nakuru County was chosen as the main area of the study because it’s one of the third largest counties in Kenya and receives a large proportion of government allocation. In addition, the county has got many sources of revenue collection based on the fact it’s ranked as one of the fastest growing towns in Africa. The study targeted the finance officers in national Sub-County Treasuries in Nakuru County. The study was carried out in the months of July and August 2016.

1.7 Limitations of the Study

The research was not immune of challenges as far as data collection was concerned. Some of the respondents were hesitant to disclose information relating to their work in fear of victimization. In addition, some of the respondents feared that the data could be used wrongly or land in the wrong hands. The researcher overcame these challenges through giving them assurance that the information provided will be treated with utmost confidentiality and will be considered only for academic purposes and not for any other purpose.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter presents the theoretical review, conceptual framework, empirical review, summary of reviewed literature and finally the research gaps the study seeks to fill.

2.2 Theoretical Review

The study was guided by the public interest theory and circumvention innovation theory. The theories are discussed further in the following sub-sections.

2.2.1 Public Interest Theory of Financial Regulations

Public interest theory is an economic theory first developed by Pigou in 1932. The theory holds that regulation is supplied in response to the demand of the public for the correction of inefficient or inequitable market practices. Regulation is a mechanism to insist that public purposes be respected by businesses and other nongovernmental institutions in their operations (Lehne, 2006). According to the public interest theory, regulation is instituted for the protection and benefit of the public at large or some large subclass of the public. Most analysis based on this view present regulation as a response to market failure by, for example, seeking to achieve the benefits of market place competition for consumers and society in situations in which competition does not occur (Bernstein, 1955).

The theory of market failure is concerned with establishing the conditions under which competitive market allocations will be inefficient. The theory suggests that under certain conditions, the production and distribution of a good or service through a competitive market in which all the relevant agents are pursuing their own self-interest will result in an allocation of that good or service that is socially inefficient. This implies in the situation where companies have power to fix prices or limit competition, consumers lack the information needed to make the best product choices, market exchanges affect people who are not party to the transaction, the structure of an industry creates barriers to entry, or market allocations result in inequities in the distribution of income and wealth, when a market failure has occurred and government can put in place appropriate institutional and regulatory framework to correct it (Lehne, 2006).

McGee (2002) argued that the public sector traditionally reported in its financial statements and the revenues collected under authority granted by Parliament and the expenditure of resources appropriated to it by Parliament. The Auditor-General's audit was to ensure, on a test basis, that these statements fairly represented the financial transactions of the government, that public money was properly accounted for, and that appropriated funds had been expended only for the purposes of the parliamentary appropriation.

2.2.2 Circumvention Innovation Theory

American economist Kane (1981) pioneered circumvention innovation theory. The theory asserts that many forms of government regulations and controls which have the same property of implicit taxation embarrass the profitable activity engaged by the company and the opportunity of earning profit, so the market innovation and regulation innovation should be regarded as the continuous fighting process between independent economic force and political force. Because financial industry is special, it has the stricter regulations. Financial institutions deal with the status such as the reduction of profits and the failure of management induced by government regulations in order to reduce the potential loss to the minimum.

Therefore, financial innovation is mostly induced by the purpose of earning profits and circumventing government regulations. It comes true through the game between government and microcosmic economic unity. Kane's theory is different from the reality. The regulation innovation he assumed is always towards the direction of reinforcing regulation, however, the regulation innovation in reality is always towards the direction of liberal markets innovation, the result of the game is release of financial regulation and markets become more liberal. But his theory is better than constraint-induced financial innovation theory. It not only considered the origin of innovation in the market but also researched the process of regulation innovation and their dynamic relation. In the current study, the theory will help to determine whether the operations of the national Sub-County Treasuries are run under strict adherence of financial regulations. The researcher will seek to establish whether budget making is under the guidelines of government policy, whether technology adoption is in line with the government policy and the regulations governing accountability in government operations.

2.3 Conceptual Framework

The study conceptualizes a framework consisting of the dependent and the independent variables. The independent variables will include the cost of implementation, technology, policy based budgeting and internal accountability. The dependent variable will be implementation of financial regulations. The conceptual framework for the study will show the relationship between the independent variables and the dependent variable as shown in Figure 2.1

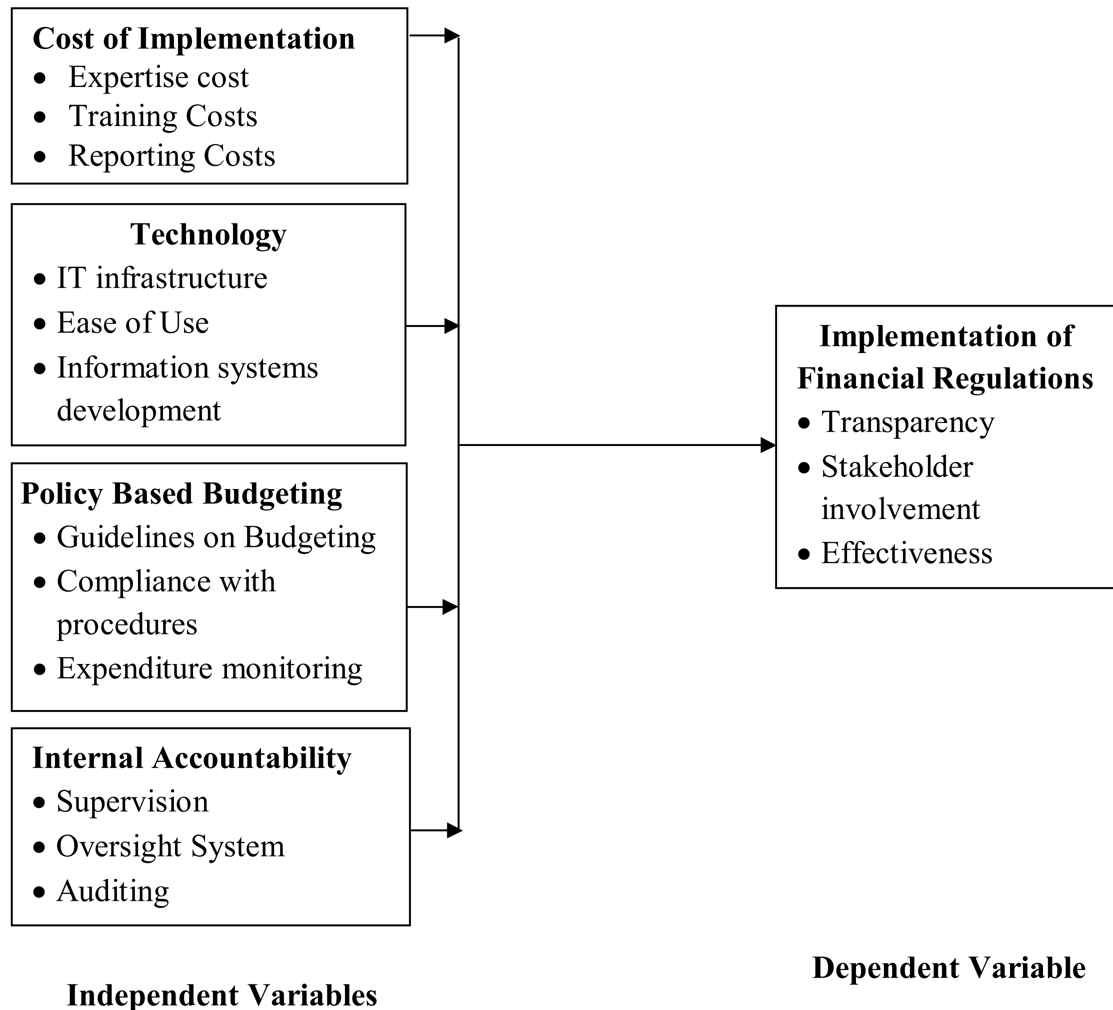

Figure 2. 1: Conceptual Framework on factors influencing implementation of financial regulations

2.3.1 Cost and Implementation of Financial Regulations

Coates (2014) observes that costs and benefits are the right conceptual framework for evaluating financial regulation. Posner and Weyl (2014) regard cost-benefit procedures as a machine, which once set up will deliver good policies without intervention. The institutions to implement the various financial regulations might be

faced with additional costs in terms of expertise costs and consultancy, enhancing their resource capacity to adhere to financial regulations and needs to increase their financial base to comply with financial regulations. Implementation costs come in form of supervision fees charged on the institutions being supervised. In addition, institutions invest a great deal of resources to try and comply with financial regulations. These amounts could have placed into income generating investments and may be viewed as potential losses to institution. Institutions further incur costs in informing the supervising authority of their efforts in complying with the financial regulations.

2.3.2 Technology and Implementation of Financial Regulations

Increasing levels of regulation and more challenging regulatory expectations bring about significant operational impacts on firms requiring people, process and technology based solutions. In respect of new legislation and regulation this can create challenges around understanding, implementing and embedding the new requirements whereas for existing legislation there can be challenges around understanding and managing the risks (Delloite, 2015). Finding the balance to address the regulatory challenge of the day is far from straightforward as the strategic versus tactical solution debate rages on.

In Ireland, financial technology is at the centre of the Governments strategy and vision for International Financial Services 2020 with the strategic goal being detailed as: "drive research, innovation & entrepreneurship in the IFS sector, with a particular focus on financial technology & governance, risk & compliance". Governments in Singapore, Hong Kong and the UK are all driving the same financial technology hub agenda for their respective countries, and are working hard to attract investments from global banks in this area (Delloite, 2015).

2.3.3 Policy Based Budgeting and Implementation of Financial Regulations

Policy-based Budgeting (PBB) aims to improve the sound financial management of expenditure by linking financing with results in a way that is transparent. Budgeting is based on the achievement of predefined, measurable priorities and targets, with a given level of spending (World Bank, 2007). During budget preparation, trade-offs and prioritization among programs must be made to ensure that the budget fits

government policies and priorities. Next, the most cost-effective variants must be selected. Finally, means of increasing operational efficiency in government must be sought. None of these can be accomplished unless financial constraints are built into the process from the very start (Mugwe, 2011).

On the other hand, to remain wedded to narrow short-term "management" of public expenditure would preclude a move to improved linkage between policies and expenditures. In practice, therefore, efforts should constantly be exerted to improve revenue forecasting and strengthen the linkages between policy formulation and expenditure, as well as the expenditure control mechanisms themselves. Because revenue-forecasting improvements and the strengthening of policy-expenditure links and expenditure control mechanisms are important in any event, efforts to achieve these can yield the double benefit of improving the short-term budget process at the same time as they permit expanding the budget time horizon to take account of developmental priorities (McGee, 2002).

2.3.4 Internal Accountability and Implementation of Financial Regulations

The development of proper internal controls helps organizations ensure accountability. Accountability requires that the organization comply with all applicable laws and ethical standards; adhere to the organization's mission; create and adhere to conflict of interest, personnel, whistleblower and accounting policies; and protect the rights of members. An effective system of internal financial controls gives assurance regarding the integrity of financial reporting and safeguarding of assets. Fraud can easily be detected through internal controls. Such controls also help accuracy in financial reporting (Asare, 2006).

Internal financial controls are used by organizations to make sure financial information is accurate and valid. The existences of internal financial controls are important because they protect the integrity of an organization's financial information and allow stakeholders a measure of financial health. Strong internal controls can also increase the profitability of a company (Krishnan, 2005).

2.3.5 Financial Regulations Implementation

Financial regulation is a form of regulation or supervision, which subjects financial institutions to certain requirements, restrictions and guidelines, aiming to maintain the

integrity of the financial system. This may be handled by either a government or non-government organization. Financial regulation has also influenced the structure of various sectors, by decreasing borrowing costs and increasing the variety of financial products available. Financial regulators ensure that listed companies and market participants comply with various regulations under the trading acts. The trading acts demands that listed companies publish regular financial reports, ad hoc notifications or directors' dealings (Samarajiva, 2000). Whereas market participants are required to publish major shareholder notifications the objective of monitoring compliance by listed companies with their disclosure requirements is to ensure that investors have access to essential and adequate information for making an informed assessment of listed companies and their securities.

2.4 Empirical Review

Sound Economic Governance is essential for the achievement of reduction in poverty levels and improvements in economic growth for Developing countries. Effective public expenditure management and good public financial management are important for efficient and equitable utilization of scarce national resources, as cited by Dick Durevall and Mattias Erlandsson (2004) Public Financial Management (PFM) is concerned with the management of public money, where the expenditure budget process has a core role. The expenditure budget process can be divided up in to various stages: long-term planning, annual budget formulation in the executive, passage in Parliament, implementation and oversight. Effective management of public finances means that policy makers can take into account available resources and the implications of policy choices. Thus, a requirement for a well-functioning budget process in proper institutions and decision-making processes. The objective of PFM reform is to implement these, or to improve the existing ones.

Koth and Roberts (2011) observed that due to the dynamic nature of local and global macroeconomic forces, the potential to create, process and use information instantaneously, without barriers of geography or physical constraints is enormous and continues to grow exponentially underscoring the need for integrated financial management systems. In Kenya and the rest of Sub-Saharan Africa; the push for integrated public financial systems stems from the need to mitigate the drawbacks of the hitherto specialized approach in which case emphasis has tended to shift between

the broader contribution of financial management to effective program management and a narrower focus on internal control and reporting (Charko, 2010).

2.4.1 Effect of Cost on Implementation of Financial Regulations

According to a report by the International Monetary Fund (2005) IT reforms are perceived as complex, risky, resource intensive and requiring major procedural changes, however, this often involves high-level officials lacking incentives for reform (Marie, 2009). The Government of Kenya has made deliberate efforts to decentralize most of its development projects over the past ten years with the aim of establishing funding programs that bring development closer to the people. Devolved funding structures that have been implemented in the past include the Constituency Development Fund (CDF), Local Authority Transfer Fund (LATF), Constituency Bursary Fund or Secondary Education Bursary Fund (SEBF), Constituency HIV/AIDS Fund Youth Enterprise Development Fund (YEDF), Women Enterprise Fund, National Development Fund for Persons with Disability, and the Poverty Eradication Fund (PEF). There have, however, been several challenges in the implementation of these funding regimes, where for instance funds have been used to boost political power (Gachomo, 2007), where there has been inadequate administrative capacity at constituency levels, as well as limited participation by vulnerable groups (Ng'ang'a, 2011). In some instances, these funds have resulted in white elephant projects, or have given immense power to Members of Parliament, resulting in increased corruption (Nyamori, 2009).

The availability of resources and the legitimacy and credibility of regulating agencies also affect the effectiveness of financial regulations. An agency that is perceived as under-resourced will find it difficult to assert its autonomy and will also struggle to gain legitimacy (Sappington and Stiglitz, 1987). This has an effect on the effectiveness of the undertakings of the agency. Joskow (1998) states that giving parties the option to take matters up for judicial review can also enhance the credibility of the regulatory framework. This however should not lead to a second layer of regulation, with the judiciary becoming unreasonably involved in technical, sector-specific matters. If this happens then the effectiveness of the financial regulation agencies is compromised.

There is a tendency for agencies lacking analytical capabilities to rely on outside expertise through outsourcing. This strategy can alleviate constraints in the short run but does not nurture in-house skills and experience. Implementing a more forward-looking human resources strategy does have its challenges, most notably that of staff turnover. The wages the regulator offers may create incentives for staff to seek employment in the industry. This will erode the negotiating capacity of the regulatory agency. Agency staff may also attempt to increase their chances of future employment in the industry by being biased towards its interests whilst still in the employ of the regulator. This could lead to regulatory capture by the industry. A partial remedy to this could be a 'cooling off' period where former employees of the regulator are barred from taking up employment in the regulated industry immediately after leaving the agency (Bitran and Serra, 2001).

2.4.2 Technology and Implementation of Financial Regulations

Information Technology (IT) involves use of computers, software and internet connections infrastructure for supporting information processing and communication functions (Crompton 2007). Abushamsieh, Lopez, Hernandez & Ortiz (2013) suggest that, failure to use information technology is a contributing factor to poor government transparency. Since 2007, the National Treasury has published its financial budgets and other details online. Furthermore, the controller of the budget regularly publishes online the corresponding expenditure figures, allowing citizens to compare budgeted against expensed financial figures. This enables interested parties to raise timely queries rather than waiting for the Auditor General reports at the end of the year.

The adoption of integrated financial management systems among state corporations in Kenya has been championed as the best strategy in mitigating the ensuing effects of financial misappropriations that have dogged the public sector since independency. The World Bank (1998) for example, outlines the three main objectives of public sector financial management as ensuring: aggregate fiscal discipline; allocation of resources in accordance with strategic priorities, and efficient and effective use of resources in the implementation of strategic priorities.

In addition, integrating financial management systems will enable state corporations: Increase ability to undertake control and monitoring of expenditure and receipts in

Government Departments; Increase ability to access information on financial and operational performance; increase ability to access information on Government's cash position and Information on Economic performance; and increase ability to demonstrate accountability to donors and the public (Jobe, 2009). A strong Public Financial Management (PFM) system is a catalyst for economic growth and development (Ajayi & Omirin, 2007). It ensures that the government and its departments raise, manage, and spend public resources in an efficient and transparent way with the aim of improving service delivery.

Emerging Information and Communication Technology (ICT) can play an important role in fighting corruption in public finance systems by promoting greater comprehensiveness and transparency of information across government institutions. As a result, the introduction of Integrated Financial Management Systems (IFMIS) has been promoted as a core component – and in many cases a driver- of public financial reforms in many developing countries. Experience shows that in spite of the considerable amount of resources allocated to such schemes, IFMIS projects tend to stall in developing countries, as they face major challenges of institutional, political, technical and operational nature (Greta et al., 2011).

Muigai (2012) in his study of Government ministries in Kenya found that IFMIS has significantly contributed to improvement in financial management in Kenya. This improvement from using the system can only be realized if the implementation process is successful. Factors such as effective training of technical staff and end users; minimal resistance to change as a result of staff being sensitized on the need for the new system; a core team appointed to oversee the IFMIS implementation process, fully committed senior management, availability of funding by treasury, a standard chart of accounts, availability of ICT infrastructure and a legal and regulatory framework were factors that contributed to successful implementation (Mugambi, 2011).

2.4.3 Policy Based budgeting and Implementation of Financial Regulations

The establishment of budget implementation committees in all Ministries which is one of the essential provisions of the Treasury Circular was meant to execute the provisions of the Government Financial Management Act of 2004 which among

others include; conducting regular reviews of the ministerial cash plan and communicate the same to Treasury, review utilization of departmental expenditures and utilization of cash limits, review and approve the submission of expenditure returns for the ministry and, review the commitments of the ministry including pending bills and recommend necessary solutions. The Establishment of the Office of the Controller of Budget (Kenya Constitution, 2010) and the subsequent Circular No. 3 of 2012 requires all ministries to submit budget implementation reports for every financial year for assessment by the Office. This is meant to promote accountability on the part of utilization of budget votes by public entities for the benefit of the Kenyan public.

Governments worldwide are faced with the challenge of meeting the expectations of the citizenry. A number of studies have been conducted on Financial Regulations and public sector budgeting (World Bank, 2007; European Commission, 2008 and GoB, 2004). The Research on government accounting procedures in the United Kingdom (European Commission, 2008) found out that government Finance Officers and Accountants recorded transactions and prepared statements in accordance with the Generally Accepted Accounting Principles (GAAP). A world Bank research on the effectiveness of public sector accounting in Sri Lanka (2007) found out that while financial regulations existed, they did not have the force of the law and therefore were not always complied with and thus the oversight of government accounting outcomes were lacking.

In Africa, emerging economies such as Botswana and Ghana have embraced Financial Regulations as the hall mark of modern day public budgeting and financial management. The effective implementation of Financial Regulations in Botswana led to a reduction in government spending by close to US$ 4 Million (GoB, 2004). In Ghana, implementation of Financial Regulations reduced donor dependence in budgeting by 9.2% (World Bank, 2007).

Notwithstanding the above achievements, the existences of scandals involving misappropriation and wastage of public resources on one hand and on the other the inability by government ministries to timely meet their budgetary obligations raises serious issues on the adequacy and effectiveness of financial regulations. Moreover, a

research by Mugwe (2011) on the challenges of budgeting in government ministries recommended the need to reform the financial regulations for success in budgeting. According to Liou (2013), wasteful expenditure can be overcome through enforcement of transparency and openness.

2.4.4 Internal Accountability and Implementation of Financial Regulations

Regulation provides a general framework which depends on the expert discretion or judgment of supervisors. The IMF noted that good supervision is intrusive, skeptical, proactive, comprehensive, adaptive and conclusive (Vinals & Fiechter, 2010). Transparency provides a basis for accountability by reporting to what extent objectives have been achieved. Similar to the implementation of monetary policy, there has been a clear trend towards more openness in the performance of supervision in recent years (Angeloni, 2015).

According to a report of impact and accountability of banking supervision (2015), effective decision-making benefits from a strong internal organization and a clear division of responsibilities. This naturally follows from the hierarchical structures within the institution. All staff members within a supervisory agency are, to varying degrees, accountable for their actions and play a role in internal accountability. It is apparent that greater responsibility is placed on senior officials within each agency to ensure the organization remains accountable for its actions. In some jurisdictions, a formal framework of responsibilities is established through the use of protocols, authorization matrices or delegations to assign decision-making authority. This particularly relates to measures that have formal status or consequences.

Financial accountability involves tracking and reporting on allocation, disbursement, and utilization of financial resources, using the tools of auditing, budgeting, and accounting (Millar & McKevitt, 2000). The operational basis for financial accountability begins with internal agency financial systems that follow uniform accounting rules and standards. Beyond individual agency boundaries, finance ministries, and in some situations planning ministries, exercise oversight and control functions regarding line ministries and other executing agencies. Since many executing agencies contract with the private sector or with NGOs, these oversight and

control functions extend to cover public procurement and contracting (Brinkerhoff, 2001).

2.4.5 Financial Regulations Implementation in National Sub-county Treasuries

Governments are fundamentally different from business enterprises because they have different purposes, processes of generating revenues, stakeholders, budgetary obligations and propensity for longevity. These differences require separate accounting and financial reporting standards in order to meet the needs of the stakeholders who assess the government's ability for accountability and socio-economic development. Kenya's Public Sector Reforms (GoK, 2003) have among others focused on the need to have a transparent, reliable and efficient budgeting and financial regulatory framework that would guarantee provision of effective and efficient services to the Kenyan public.

In Africa, emerging economies such as Botswana and Ghana have embraced Financial Regulations as the hall mark of modern day public budgeting and financial management. The effective implementation of Financial Regulations in Botswana led to a reduction in government spending by close to US$ 4 Million (GoB, 2004). In Ghana, implementation of Financial Regulations reduced donor dependence in budgeting by 9.2% (World Bank, 2007).

The existence of scandals involving misappropriation and wastage of public resources on one hand, and on the other, the inability by government ministries to timely meet their budgetary obligations raises serious issues on the adequacy and effectiveness of financial regulations. Moreover, a research by Mugwe (2011) on the challenges of budgeting in government ministries recommended the need to reform the financial regulations for success in budgeting. Other related studies have been conducted by Wabwoba (2012) on the impact of oil price regulation on the financial performance of national oil corporation of Kenya and Okwachi (2009) who conducted an evaluation of the effectiveness of state regulation of the insurance industry in Kenya.

2.5 Summary of Reviewed Literature

Armstrong (2005) looked at the development and techniques of regulations as having long been the subject of academic research. The researcher examined two basic schools of thought that have emerged on regulatory policy, namely, positive theories

of regulation and normative theories of regulation. Positive theories of regulation examine why regulation occurs. These theories of regulation include theories of market power, stakeholders interest in regulation, and the theories of government opportunism that describe why restrictions on government discretion may be necessary for the sector to provide efficient services for customer.

Generally, the conclusions of these theories are that regulations occur because; the government is interested in overcoming information asymmetries with the operator and in aligning the operator's interest with the government's interest, customers desire protection from market power when competition is ineffective, operators desire protection from rivals, or operators desire protection from government opportunism. Hertog (2007) supported Armstrong's argument as he agreed with the public interest theory which suggested that government regulations is a response to public demands for government to rectify situations of market failure through imperfect competition, market disequilibria, information asymmetry or markets that are undesirable for social reasons.

This theory assumes that; the market outcome represents a "failure" of some sort, and the market is not capable of fixing the problem itself, the government is capable of fixing that failure so that the optimal efficient outcome will be achieved, and that the benefits of doing so will outweigh the additional costs created by the intervention. Hahn (2006) noted that financial regulations happen in response to market failure, with regulation correcting the inefficiency while Dale (1997) argued that the theoretical underpinning for public intervention in economic matters is traditionally based on the need to correct market imperfections and unfair distribution of resources.

Barth et. al., (2002) raised many arguments in favor of government intervention in the financial sector. They argued that the existence of monopoly power externalities and information asymmetries create beneficial role for government interventions to offset market failures and enhance social welfare. They also argued that regulation helps to redistribute wealth away from the institutions to stakeholders even when there are no market failures. Dawatripartwe et. al., (1994) who thought that there is a high existence of information asymmetry that normally occurs in the financial institutions, also stressed the need for regulation. They argued that whereas the financial managers

may be privy to certain important financial information, they may not want to share this information with the rest of the stakeholders. Goodhart et. al., (1992) in their study of financial markets in the USA concluded that financial regulation is indeed a public good as it serves three objectives, namely; it creates stability, transparency and investor protection.

2.6 Research Gaps

According to the Government of Kenya (GoK, 2011), over the last decade the Government of Kenya has undertaken a number of public financial management (PFM) reforms aimed at enhancing accountability and transparency. These reforms have targeted the core PFM systems of budget formulation and execution, public procurement, revenue collection, internal and external audit, parliamentary oversight, payroll and pensions, public debt and guarantees, accounting and reporting, the macro-fiscal framework and cash management.

The broad objective of these reforms is to strengthen PFM systems by enhancing transparency, accountability and responsiveness to public expenditure policy priorities. The PFM reform is also instrumental in the fight against wasteful spending and corruption. Various studies show positive results and an improved performance by the public financial systems, although challenges still remain in key areas of the economy. One major improvement in the public sector is cash management (Ajayi & Omirin, 2007).

Generally the use of ICT in the government has been increasing with most ministries and departments having websites where information on activities is available. One area where there is a lot of activity is in the financial management sector where there are initiatives such as Integrated Financial Management Information System (IFMIS), the Local Authority Integrated Financial Operations Management Systems (LAIFOMS) and the Integrated Personnel and Pensions Database (IPPD) to standardize the processes and provide up to date record keeping. The IFMIS is designed to improve systems for financial data recording, tracking and information management (Office of the Deputy Prime Minister and Ministry of Finance, 2011). This is in response to increasing demands for greater transparency and accountability in the management of public finances.

Notwithstanding the above achievements, the existences of scandals involving misappropriation and wastage of public resources on one hand and on the other the inability by government ministries to timely meet their budgetary obligations raises serious issues on the adequacy and effectiveness of financial regulations. Moreover, a research by Mugwe (2011) on the challenges of budgeting in government ministries recommended the need to reform the financial regulations for success in budgeting. According to Liou (2013), wasteful expenditure can be overcome through enforcement of transparency and openness.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

The chapter focuses on the methods that will be used to collect data and analyze it. It majorly addresses the research design, the population to be studied, the sample selection procedures and sampling techniques, data collection, pilot tests and data processing and analysis.

3.2 Research Design

A research design is a blue print for fulfilling the objectives of the study. Although there are numerous research designs; the study employed a descriptive research design. This is because the design is well structured with clearly stated research questions. Descriptive survey research design was adopted as it enabled the researcher generalize the findings to a large population. The study utilized quantitative approach in the collection of data. According to Kothari (2009), the approach enables data to be systematically collected and analyzed in order to provide a descriptive account of the questions under study.

3.3 Target Population

A population is a complete group of entities sharing some common set of characteristics. A target population is the complete group of specific population elements relevant to the research project (Cooper & Schindler, 2003; Zikmund, 2003). The target population for this study was the finance officers in the national sub-county treasuries in Nakuru County. There are 68 finance officers in national sub-county treasuries in Nakuru county Kenya. The financial regulation implementation process of the Government involves a cross section of individuals and most importantly the finance managers of the ministry since they play a major role in the decision making and ultimately effective implementation of financial regulations. For the purpose of study, the population comprised of all the 68 finance officers in the national sub-county treasuries in Nakuru County.

3.4 Census Survey

The total number of participants in this study who were 68 in number being a small number the researcher adopted a census where all the financial officers in the national Sub-County Treasuries in Nakuru County were taken as respondents to the study.

3.6 Data Collection Instrument

The study employed the use of questionnaires as the main tools for collecting data. According to Kothari (2006), a questionnaire is the best tool for the researcher who wishes to acquire the original data for describing a population. Questionnaires enable a researcher to reach a large sample within a short time. The questionnaire was composed of short structured closed ended statement constructed on 5 point Likert scale.

3.7 Pilot Study

The data collection instrument was pilot tested in order to ensure their reliability and validity. A pilot test is a small scale trial run of all procedures planned for use in the main study (Monette et al., 2002). This was done by randomly selecting 10% of financial employees from the county national Sub-County Treasuries to participate in the pilot testing. The participants in the pilot testing were later exempted from participating in the main data collection process

3.7.1 Validity of Instruments

Brains and Manheim (2011) asserted that validity is the extent to which a concept, conclusion, or measurement is well-founded and corresponds precisely to the real world. In other words, the validity of a measurement tool such as a questionnaire is said to be the degree to which that tool measures what it claims to measure. The study sought to determine the content validity of the research instrument. Given that the content validity cannot statistically be determined, the researcher sought the expert opinion of University supervisor.

3.7.2 Reliability of Instruments

Reliability is said to be the extent to which a measurement gives results that are consistent. When reliability is upheld, then the research instrument should collect similar data when administered to different sampled populations exhibiting related characteristics. The study employed Cronbach alpha (α) coefficient to test the

reliability of the research instrument. The Cronbach's reliability coefficient above 0.70 in the questionnaire was considered as an indication that the items on the questionnaire are reliable. The findings were as shown in Table 3.1

Table 3. 1: Reliability Analysis Results

Description	No of Items	Cronbach Alpha Coefficient
Cost of Implementation	6	.712
Technology	6	.780
Policy Based budgeting	6	.724
Internal Accountability	6	.818
Implementation of Financial Regulations	6	.735

The finding showed that all the variables had Cronbach alpha coefficients above 0.7 thus the questionnaire was reliable for data collection.

3.8 Data Collection Procedure

The researcher first sought the authorization from the chairman of department in Jomo Kenyatta University to proceed for data collection. The researcher then made a pre-visit in the field of research to familiarize with field and also book appointments with the relevant officers for data collection. The researcher then proceeded for the actual data collection. The researcher used drop and pick technique in distributing the questionnaires among the respondents.

3.9 Data Analysis

The questionnaires collected from the respondents were ascertained to ensure that only the sufficiently and appropriately filled ones were considered for the study. Data collected from the questionnaires was analyzed, summarized, and interpreted accordingly with the aid of descriptive (Frequencies, percentages, means and standard deviations) as well as inferential (Pearson product moment correlation coefficient) statistics. Statistical Package for Social Sciences (SPSS) computer software version 24.0 was used for analysis. The findings were presented in the form of tables and discussions thereof. The following multiple regression model was adopted.

$$\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon}$$

Where:

Y representing implementation of financial regulations

B_0 represents model Constant

X_1 Stands for Cost of implementation

X_2 Stands for Technology

X_3 Stands for Policy based budgeting

X_4 Stands for internal accountability

$\boldsymbol{\varepsilon}$ Represents Error term

β_1, $\beta 2$, β_3, β_4 Represents regression coefficients for independent variables

CHAPTER FOUR
RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter deals with the analysis of data. The data analysis is in line with the specific objectives where patterns were investigated, interpreted and inferences drawn on them. The chapter looks into the background information of the respondents, and then the descriptive statistics based on the study variables and finally looks at the inferential statistics involving correlation analysis and regression analysis.

4.2 Response Rate

The number of questionnaires that were administered to all the respondents was 58 questionnaires. A total of 51 questionnaires were properly filled and returned from the national Sub-county treasury employees. This represented an overall successful response rate of 87.9%. According to Mugenda and Mugenda (2003), a response rate of 50% or more is adequate. Babbie (2004) also asserted that return rates of 50% are acceptable to analyze and publish, 60% is good and 70% is very good. Thus, a response rate of 87.9% was characterized as very good.

4.3 Background Information

The study sought to establish the background information of the respondents regarding their gender, age, level of education and the period they have served in national treasury.

4.3.1 Distribution by Gender of Respondents

Respondents were asked to state their gender in the questionnaire. The frequencies and percentages of each gender were generated. The findings are shown in Table 4.1

Table 4. 1: Gender

	Frequency	Percent
Male	27	52.9
Female	24	47.1
Total	51	100.0

The findings indicated slight variation in the number of males versus females. The male respondents were 52.9% while the female respondents 47.1% of the total responses. However, the researcher observed that each gender was sufficiently

represented in the study. The findings also implies the national Sub-county treasuries complies with the criteria for the 2/3 rule of each gender in employment opportunities.

4.3.2 Distribution by Age of the Respondents

Respondents were also required to state the range within their ages lied. The frequency and percentages of the range of ages were computed. The findings are shown in Table 4.2

Table 4. 2: Age of the respondent

	Frequency	Percent
Below 25 Yrs	3	5.9
26-35 Yrs	19	37.3
36-45 Yrs	16	31.4
46-55Yrs	11	21.6
Above 56 Yrs	2	3.9
Total	51	100.0

The table showed that 90.1% of the respondents were well within the working ages between 26 years and 55 years. The youths (26-35 Years) formed the majority of the respondents comprising of 37.3% of the total respondents. On the other hand, 31.4% of the respondents were within the age of 36-45 years. The representation of the various age categories provides a mix of experience and knowledge that enhances task performance in national Sub-county treasuries.

4.3.3 Distribution based on Respondents Level of Education

Respondents were required to select their level of education. The frequencies and percentages of the various choices were as shown in Table 4.3

Table 4. 3: Highest level of education

	Frequency	Percent
Certificate	14	27.5
Diploma	17	33.3
Degree	17	33.3
Post graduate	3	5.9
Total	51	100.0

Table 4.3 indicated that the majority of the respondents comprising of diploma and degree holders made up of 33.3% each of the total number of respondents.

Additionally, 27.5% of the respondents were certificate holders. Only 5.9% had post graduate qualification. The presence of different qualifications in the organization shows a good spread of skills enabling distribution of duties across different skills levels.

4.3.4 Period of Service

Respondents were also asked to state the period they had been serving in the national treasury offices. The frequencies and percentages for the various categories were computed and the results presented in Table 4.4

Table 4. 4: Period served

	Frequency	Percent
Less than 1 Year	3	5.9
1-10Yrs	25	49.0
11-20Yrs	15	29.4
More than 20 Yrs	8	15.7
Total	51	100.0

From the table 49% of the respondents had served in the national treasury for between 1 and 10 years forming the category with the majority of the respondents. Further 29.4% had served there for between 11and 20 years, 15.7% had been there for more than 20 years while 5.9% had been there for less than one year. As such, the findings show that there is effective passing down of experiences from the longest serving respondents and those with few years of experience.

4.4 Descriptive Statistics

The study sought the views of the respondents regarding various study variables. Responses were on a 5-point Likert scale (1-strongly disagree, 2-disagree, 3-undecided, 4-agree and 5-strongly agree). The research sough their mean responses along the scale to establish the general perceptions towards different variables.

4.4.1 Cost of Implementation

The study established the means and standard deviation values for responses to get the general trends in the views of the respondents. The findings are shown in Table 4.5

Table 4. 5: Cost of Implementation

	N	Min	Max	Mean	Std. Dev
i. The treasury has had to seek the services of experts in implementation of financial regulations	51	1	5	3.04	1.148
ii. The cost of hiring experts is too high	51	1	5	3.75	1.093
iii. The national sub-county treasuries have sufficient financial resources for implementing financial regulations	51	1	5	2.69	1.225
iv. There is enough allocation to the treasury budget to enable implementation of financial regulation	51	1	5	2.61	1.078
v. The treasury has had to incur costs in training its personnel on financial regulations	51	2	5	3.53	1.007
vi. Filing reports on compliance costs treasury alot of money	51	1	5	3.24	1.031
Valid N (listwise)	51				

The table indicated that the respondents agreed (M=3.75, Std. Dev=1.093) that the cost of hiring experts is too high and that the treasury has had to incur costs in training its personnel on financial regulations (M=3.53, Std. Dev=1.031). However respondents were not sure whether the treasury has had to seek the services of experts in implementation of financial regulations (M=3.04, Std. Dev=1.148) and whether the national sub-county treasuries have sufficient financial resources for implementing financial regulations (M=2.69, Std. Dev=1.225). In addition they were undecided on whether there is enough allocation to the treasury budget to enable implementation of financial regulation (M=2.61, Std. Dev=1.078) and whether filling reports on compliance costs treasury a lot of money (M=3.24, Std. Dev=1.031). The responses registered standard deviations greater than 1 which was an indication of disparities in respondents' views on the aspects of costs in implementation.

4.4.2 Technology Application

Further the study sought the respondents' views regarding the usage of technology in national treasury departments. The means and standard deviations were computed to establish the trends in responses. The analysis results are presented in Table 4.6

Table 4. 6: Technology

	N	Min	Max	Mean	Std. Dev
i. Treasury has an elaborate IT infrastructure across all the departments	51	1	5	2.08	.821
ii. The IT infrastructure has been networked in all the nationals sub-county treasuries enabling synchronization of reports	51	1	5	2.25	1.017
iii. The staff have found it easy to use the IT infrastructure in treasury	51	1	5	2.43	.985
iv. The treasury staffs needs a lot of training to adapt to the use of IT	51	1	5	4.12	.931
v. The national sub-county treasuries upgrades its IT infrastructure regularly	51	1	5	2.73	1.185
vi. IT infrastructure makes the performance of treasury functions efficient	51	1	5	4.04	.894
Valid N (listwise)	51				

The table showed that the respondents disagreed that treasury has an elaborate IT infrastructure across all the departments (M=2.08, Std. Dev=.821) and that the IT infrastructure has been networked in all the nationals sub-county treasuries enabling synchronization of reports (M=2.25, Std. Dev=1.017). In addition they disagreed that the staff have found it easy to use the IT infrastructure in treasury (M=2.43, Std. Dev=.985). Respondents remained undecided on whether the national sub-county treasuries upgrades their IT infrastructure regularly (M=2.73, Std. Dev=1.185). However, respondents agreed that the treasury staffs needs a lot of training to adapt to the use of IT (M=4.12, Std. Dev=.931) and that IT infrastructure makes the performance of treasury functions efficient (M=4.04, Std. Dev=.894). it was noted that 4 of the six statements had standard deviation values less than 1 indicating that the respondents were almost in agreement with each other in their responses.

4.4.3 Policy Based Budgeting

In regard to policy based budgeting, findings from the analysis were as shown in Table 4.7

Table 4. 7: Policy Based Budgeting

	N	Min	Max	Mean	Std. Dev
i. The budgeting process in national sub-county treasuries is policy based	51	1	5	3.12	1.143
ii. Treasury ensures compliance with the guidelines governing the budgeting procedures	51	1	4	3.41	.963
iii. The treasury ensures that the employees are aware of the guidelines governing the budgeting process	51	1	5	3.63	.916
iv. There are elaborate measures put in place to monitor the treasury expenditures	51	1	5	3.73	.827
v. Budgeting policies are clear and elaborate	51	1	5	3.53	.946
vi. Policy based budgeting enables treasury to avoid wastage of resources	51	2	5	4.02	.927
Valid N (listwise)	51				

The respondents were uncertain that the budgeting process in national sub-county treasuries is policy based (M=3.12, Std Dev=1.143) and that treasury ensures compliance with the guidelines governing the budgeting procedures (M=3.41, Std. Dev=.963). On the other hand, respondents agreed that the treasury ensures that the employees are aware of the guidelines governing the budgeting process (M=3.63, Std. Dev=.961) and that there are elaborate measures put in place to monitor the treasury expenditures (M=3.73, Std. Dev=.827). Additionally, respondents agreed that budgeting policies are clear and elaborate (M=3.53, Std. Dev=.946) and that policy based budgeting enables treasury to avoid wastage of resources (M=4.02, Std. Dev=.927). The researcher noted that there was a consistent trend in responses having almost all the aspects with standard deviations less than 1.

4.4.4 Internal Accountability

The respondents' views regarding internal accountability in the national sub-county treasuries were as shown in Table 4.8

Table 4. 8: Internal Accountability

	N	Min	Max	Mean	Std. Dev
i. Treasury exercises comprehensive supervision in financial matters	51	2	5	3.92	.796
ii. Supervision is aimed at enhancing transparency in financial management	51	2	5	4.35	.627
iii. All staff members are accountable for their actions and play a role in internal accountability	51	2	5	3.94	.732
iv. To enhance internal accountability staff members are all involved in decision making	51	1	5	2.67	1.211
v. There are frequent audits of treasury financial reports to ensure accountability	51	1	5	3.71	.965
vi. There is an elaborate oversight system within the treasury to ensure accountability in treasury functions	51	1	5	3.51	1.046
Valid N (listwise)	51				

From the table, findings showed that the respondents agreed that Treasury exercises comprehensive supervision in financial matters (M=3.92, Std. Dev=.796) and that supervision is aimed at enhancing transparency in financial management (M=4.35, Std. Dev=.627). Respondents further agreed that all staff members are accountable for their actions and play a role in internal accountability (M=3.94, Std. Dev=.732) and that there are frequent audits of treasury financial reports to ensure accountability (M=3.71, Std. Dev=.965) and that there is an elaborate oversight system within the treasury to ensure accountability in treasury functions (M=3.51, Std. Dev=1.046).

4.4.5 Implementation of Financial Regulations

The study finally sought to establish respondents' views regarding implementation of financial regulations in national Sub-county treasuries. The means and standard deviations were computed to help researcher make deductions. The findings from the analysis were as presented in Table 4.9

Table 4. 9: Financial Regulations Implementation

	N	Min	Max	Mean	Std. Dev
i. The financial management policy in treasury is guided by government financial regulations	51	2	5	4.14	.693
ii. Implementation of financial regulations have brought about transparency in financial management	51	1	5	3.51	1.065
iii. The treasury frequently publishes financial audit reports to enhance transparency	51	1	5	2.94	1.223
iv. Treasury ensures the involvement of all stakeholders in financial decision making as guided through financial regulations	51	1	5	2.76	1.050
v. The involvement of stakeholders enhances transparency in treasury	51	2	5	3.73	1.060
vi. Financial regulations implementations have led to enhanced effectiveness in financial management in treasury	51	1	5	3.88	.973
Valid N (listwise)	51				

Respondents agreed that the financial management policy in treasury is guided by government financial regulations (M=4.14, Std. Dev=.693) and that the implementation of financial regulations have brought about transparency in financial management (M=3.51, Std. Dev=1.065). Respondents further agreed that the involvement of stakeholders enhances transparency in treasury (M=3.73, Std. Dev=1.060) and that financial regulations implementations have led to enhanced effectiveness in financial management in treasury (M=3.88, Std. Dev=.973). However respondents were undecided on whether the treasury frequently publishes financial audit reports to enhance transparency (M=2.94, Std. Dev=2.1.223) and on whether treasury ensures the involvement of all stakeholders in financial decision making as guided through financial regulations (M=2.76, Std. Dev=1.050). Respondents displayed inconsistencies in their responses with most of the aspects having standard deviation values exceeding one.

4.5 Inferential Statistics

The study further carried out correlation and regression analysis to establish the statistical significant relationships between the independent variables notably; cost of implementation, technology, policy based budgeting and internal accountability on

the dependent variable which was implementation of financial regulations. According to Green and Tull (2009), regression analysis is a statistics process of estimating the relationship between variables. Regression analysis helps in generating equation that describes the statistics relationship between one or more predictor variables and the response variable. The regression analysis results were presented using regression model summary tables, Analysis Of Variance (ANOVA) table and beta coefficients tables. The ordinal categorical data collected for each variable was scored to produce total scores for each variable that was then used for regression analysis.

4.5.1 Cost and Implementation of Financial Regulations

The study sought to establish whether there was a significant relationship between cost and implementation of financial regulations in national Sub-county treasuries in Nakuru County. Pearson correlation coefficient was employed for the analysis. The findings are shown in Table 4.10

Table 4. 10: Cost and implementation of financial regulations

		Cost of Implementation
Financial Regulation Implementation	Pearson Correlation	.236
	Sig. (2-tailed)	.096
	N	51

A weak positive and insignificant relationship (r=.236, p=.096) was established between cost of implementation and implementation of financial regulations. The relationship was insignificant at p<.05 level of significance. Thus it was observed that implementation of financial regulations in the national Sub-county treasuries does not depend on cost of implementation.

4.5.2 Technology and Implementation of Financial Regulations

The relationship between technology and implementation of financial regulations in the national Sub-county treasuries was established. Pearson correlational analysis yielded results shown in Table 4.11

Table 4. 11: Technology and implementation of financial regulations

		Technology
Financial Regulation Implementation	Pearson Correlation	.469**
	Sig. (2-tailed)	.001
	N	51

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

The analysis showed that there is an average positive significant relationship (r=.469, p=.001) between technology and implementation of financial regulations in national Sub-county treasuries. The relationship was significant at p<.05 level of significance. As such, it was observed that implementation of financial regulations in the national Sub-county treasuries goes hand in hand with technology.

4.5.3 Policy Based Budgeting and Implementation of Financial Regulations

The study further sought to establish the relationship between policy based budgeting and implementation of financial regulations in national Sub-county treasuries in Nakuru County. Pearson correlation coefficient was used for this analysis. The findings from the analysis are shown in Table 4.12

Table 4. 12: Policy Based Budgeting and Financial Regulation Implementation

		Policy Based Budgeting
Financial Regulation Implementation	Pearson Correlation	$.584^{**}$
	Sig. (2-tailed)	.000
	N	51

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

The study established an average positive significant relationship (r=.584, p=.000) between policy based budgeting and implementation of financial regulations in the national Sub-county treasuries in Nakuru County. The relationship was significant at p<.01 level of significance. As such, it was concluded that policy based budgeting influences implementation of financial regulations.

4.5.4 Internal Accountability and Implementation of Financial Regulations

The study further sought to find out the relationship between internal accountability and implementation of financial regulations in national Sub-county treasuries in Nakuru County. Correlation analysis gave the results in Table 4.13

Table 4. 13: Internal Accountability and Implementation of Financial Regulations

		Internal Accountability
Financial Regulation Implementation	Pearson Correlation	$.426^{**}$
	Sig. (2-tailed)	.002
	N	51

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

There exists a weak positive significant relationship (r=.426, p=.002) between internal accountability and implementation of financial regulations in the national Sub-county treasuries. The relationship was found to be significant at p<.05 level of significance. Therefore, internal accountability is important in determining the effectiveness in the implementation of financial regulations.

4.5.5 Hypothesis Testing

The study performed multiple regression analysis to aid in testing the research hypotheses and fit the regression model. The level of significance was set at 5% for the analysis. The model summary for the analysis is shown in Table 4.14

Table 4. 14: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.674[a]	.455	.407	.50798

a. Predictors: (Constant), Internal Accountability, Technology, Cost of Implementation, Policy Based Budgeting

The R-squared value of .455 indicated that the independent variables notably cost of implementation, technology, policy based budgeting and internal accountability account for 45.5% of the total variation in the implementation of financial regulations. The analysis of variance (ANOVA) yielded results shown in Table 4.15

Table 4. 15: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.906	4	2.476	9.597	.000[b]
	Residual	11.870	46	.258		
	Total	21.776	50			

a. Dependent Variable: Financial Regulation Implementation
b. Predictors: (Constant), Internal Accountability, Technology, Cost of Implementation, Policy Based Budgeting

From the analysis, the overall test of significant (F (4, 46) =9.597, p=.000) was significant at p<.01 level of significance. This meant that the independent variables (cost of implementation, technology, policy based budgeting and internal accountability) taken together have a significant effect on implementation of financial regulations in the national Sub-county treasuries in Nakuru County. Therefore, at least

one of the coefficients to the independent variables was different from zero. The model coefficients findings are shown in Table 4.16

Table 4. 16: **Coefficients**[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.032	.671		-.048	.962
	Cost of Implementation	-.078	.131	-.073	-.594	.556
	Technology	.443	.166	.323	2.663	.011
	Policy Based Budgeting	.414	.136	.405	3.041	.004
	Internal Accountability	.268	.168	.197	1.596	.117

a. Dependent Variable: Financial Regulation Implementation

The table gives the beta coefficients for the regression. The constant for the model was -.032 indicating that with other factors held constant, financial regulations would remain at that constant level. The beta coefficient for the cost of implementation was -.078 indicating that cost of implementation has a slight negative effect on the implementation of financial regulations. The t-value for cost of implementation was -.594 with a p-value of .556. Thus, the t-value was found to be insignificant at $p<.05$. Therefore the null hypothesis $\mathbf{H_{01}}$ that Cost has no statistically significant influence on implementation of financial regulations in national Sub-County Treasuries in Nakuru County, Kenya failed to be rejected. Therefore the researcher concluded that cost of implementation has no statistically significant effect on implementation of financial regulations in national Sub-county treasuries in Nakuru County.

On the other hand, the beta coefficient value for technology was .443 signifying a positive effect on implementation of financial regulations. The t-value for technology was 2.663 with a p-value of .011. The t-value was significant at $p<.05$ level of significance. As such, the null hypothesis $\mathbf{H_{02}}$ that technology has no statistically significant influence on implementation of financial regulations in national Sub-County Treasuries in Nakuru County, Kenya was rejected. Therefore the study concluded that technology has a statistically significant effect on implementation of financial regulations in national Sub-county treasuries in Nakuru County.

Policy based budgeting had a beta coefficient value of .414 indicating that policy based budgeting had a positive effect on implementation of financial regulations. The t-value for policy based budgeting was 3.041 at p-value of .004. The t-value was

significant at $p<.01$ level of significance. Therefore, the null hypothesis $\mathbf{H_{03}}$ that policy based budgeting does not significantly influence implementation of financial regulations in National Sub-County Treasuries in Nakuru County, Kenya was rejected. The study concluded that policy based budgeting has a statistically significant effect on implementation of financial regulations in national Sub-county treasuries in Nakuru County.

Additionally, the beta coefficient for internal accountability was .268 implying that internal accountability has a positive effect on implementation of financial regulations. The t-value for internal accountability was 1.596 with a p-value of .117. However, the t-value was insignificant at $p<.05$ level of significance. Consequently, the null hypothesis $\mathbf{H_{04}}$ that there is no statistically significant influence of internal accountability on implementation of financial regulations in national Sub-County Treasuries in Nakuru County, Kenya failed to be rejected. The researcher therefore concluded that internal accountability has no statistically significant effect on implementation of financial regulation in national Sub-county treasuries in Nakuru County.

The study finally fitted a regression model to show the combined effect of the independent variables notably; X_1= Cost of implementation, X_2= Technology, X_3= Policy based budgeting and X_4= internal accountability on the dependent variable Y= implementation of financial regulations. The beta values were used to fit the model as follows

$\mathbf{Y}=-0.032 - .078\mathbf{X_1} + .443\mathbf{X_2} + .414\mathbf{X_3} + .268\mathbf{X_4}$

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter discusses the summary of the key findings along the study objectives and the corresponding hypothesis. It then draws conclusions based on these findings and discussions and put forth the recommendations of the study based on both policy and practice. Finally, the chapter presents the recommendations for further areas of research.

5.2 Summary of Findings

The general objective for the study was to assess factors influencing implementation of public financial regulations in national Sub-County Treasuries in Nakuru County, Kenya. The study specifically sought to establish the influence of cost of implementation, technology, policy based budgeting and internal accountability on implementation of financial regulations in national Sub-county treasuries in Nakuru County. The major findings summarized from the five specific objectives are as follows.

5.2.1 Cost of Implementation and Implementation of Financial Regulations

The study sought to establish whether the cost of implementation has any influence on implementation of financial regulations in national Sub-county treasuries in Nakuru County. The study established that the respondents agreed that cost of hiring experts is high and that national treasury has had to incur costs in training its personnel on financial regulations. However respondents were not sure whether the treasury has had to seek the services of experts in implementation of financial regulations and whether the national sub-county treasuries have sufficient financial resources for implementing financial regulations. In addition they were undecided on whether there is enough allocation to the treasury budget to enable implementation of financial regulation and whether filling reports on compliance costs treasury a lot of money.

On the other hand correlation analysis showed that cost of implementation has no significant relationship with the implementation of financial regulations. Further analysis also showed that the cost of implementation has no significant influence on implementation of financial regulations within national Sub-county treasuries in

Nakuru County. As such, implementation of financial regulations does not depend on cost.

5.2.2 Technology and Implementation of Financial Regulation

The study further aimed at establishing the influence of technology on implementation of financial regulation in the national Sub-county treasuries in Nakuru County. The findings showed that training is required for the adoption of IT and the use of IT infrastructure makes the performance of treasury efficient. Respondents however disagreed that that treasury has an elaborate IT infrastructure across all the departments and that the IT infrastructure has been networked in all the national sub-county treasuries enabling synchronization of reports. In addition they disagreed that the staff have found it easy to use the IT infrastructure in treasury. Respondents remained undecided on whether the national sub-county treasuries upgrade their IT infrastructure regularly.

Inferential statistics indicated the presence of an average significant relationship between technology and implementation of financial regulations. Thus implementation of financial regulations is significantly related to the technology. Further, regression analysis showed that technology has an effect on implementation of financial regulations. Therefore, increasing the use of technology by one unit would lead to an increase in implementation of financial regulation. The study therefore observed that technology have a significant influence on implementation of financial regulation.

5.2.3 Policy Based Budgeting and Implementation of Financial Regulations

The influence of policy based budgeting on implementation of financial regulations in national Sub-county treasuries in Nakuru County was also sought. Findings indicated that the respondents agreed that the treasury ensures that the employees are aware of the guidelines governing the budgeting process and that there are elaborate measures put in place to monitor the treasury expenditures. Additionally, respondents agreed that budgeting policies are clear and elaborate and that policy based budgeting enables treasury to avoid wastage of resources. On the other hand respondents were uncertain that the budgeting process in national sub-county treasuries is policy based and that treasury ensures compliance with the guidelines governing the budgeting procedures.

The inferential analysis indicated that there was an average relationship significant relationship between policy based budgeting and implementation of financial

regulations in national Sub-county treasuries in Nakuru County. This implied that the implementation of financial regulations depends on policy based budgeting. Regression analysis also showed that policy based significantly influences the implementation of financial regulations. Therefore, enhancing policy based budgeting would increase implementation of financial regulations. Consequently, policy based budgeting and implementations of financial regulations are dependent on each other.

5.2.4 Internal Accountability and Implementation of Financial Regulations

The study further sought to establish the influence of internal accountability on implementation of financial regulations in national Sub-county treasuries in Nakuru County. The findings indicated that respondents agreed that Treasury exercises comprehensive supervision in financial matters and that supervision is aimed at enhancing transparency in financial management. Respondents further agreed that all staff members are accountable for their actions and play a role in internal accountability and that there are frequent audits of treasury financial reports to ensure accountability and that there is an elaborate oversight system within the treasury to ensure accountability in treasury functions.

Correlation analysis indicated that there is a weak positive significant relationship between internal accountability and implementation of financial regulations in the national Sub-county treasuries. This therefore means that internal accountability has a significant effect on implementation of financial regulations. However, t-test using t-value showed that internal accountability has no significant effect on implementation of financial regulations in the national Sub-county treasuries in Nakuru County, Kenya.

5.2.5 Implementation of Financial Regulations

Descriptive statistics showed that respondents agreed that the financial management policy in treasury is guided by government financial regulations and that the implementation of financial regulations have brought about transparency in financial management. Respondents further agreed that the involvement of stakeholders enhances transparency in treasury and that financial regulations implementations have led to enhanced effectiveness in financial management in treasury. However respondents were undecided on whether the treasury frequently publishes financial audit reports to enhance transparency and on whether treasury ensures the

involvement of all stakeholders in financial decision making as guided through financial regulations. Multiple regression analysis indicated that independent variables notably cost of implementation, technology, policy based budgeting and internal accountability significantly contributes to the total variation in the implementation of financial regulations. Analysis of variance indicated that the independent variables taken together significantly influenced implementation of financial regulations.

5.3 Conclusions of the Study

From the summary of the research findings the researcher drew some pertinent conclusions in line with the research objectives. It was concluded that the implementation of financial regulations is influenced first by technology, followed by policy based budgeting, then by internal accountability and finally by cost of implementation.

Further it was concluded that technology is the number one factor influencing the implementation of financial regulations in national Sub-county treasuries in Nakuru County. The findings indicated that technology influences implementation of financial regulations. Therefore, improving the technology infrastructure in national Sub-county treasuries would lead to improvement in implementation of financial regulations. Consequently, technology and implementation of financial regulations cannot be separated from each other. Implementation of financial regulations requires technology for its success.

On the other hand it was concluded that policy based budgeting is the second factor influencing the implementation of financial regulations in the national Sub-county treasuries in Nakuru County. The findings indicated a positive significant relationship between policy based budgeting and implementation of financial regulations. Further, regression analysis placed it second after technology in its influence on financial regulations implementation. Thus policy based budgeting is of paramount importance for effective implementation of financial regulations in the national Sub-county treasuries in Nakuru County.

It was also concluded that internal accountability has a significant relationship with implementation of financial regulations. However the findings indicated that internal

accountability individually has no significant influence on implementation of financial regulations. As such, it was concluded that internal accountability has no significant influence on implementation of financial regulations in national Sub-county treasuries in Nakuru County. As such, enhancing accountability does not lead to enhanced implementation of financial regulations in national Sub-county treasuries in Nakuru County.

It was finally concluded that cost of implementation has no significant relationship with implementation of financial regulations. Further cost of implementation has no significant influence on implementation of financial regulations in the national Sub-county treasuries in Nakuru County. Therefore effective implementation of financial regulation does not depend on cost.

5.4 Recommendations of the Study

For effective implementation of financial regulations in national Sub-county treasuries, the government should reinforce the use of information technology in its treasury operations. Information technology opens up processes for scrutiny thus enhancing transparency and accountability. Thus utilization of information technology would ensure efficiency in implementation of financial regulations. In addition, management teams in national treasuries should ensure sufficient training of its employees to ensure full utilization of information technology infrastructure. This will also enhance their competence in their jobs and increase efficiency in the observance of financial regulations.

The national treasury management should also ensure that its staff is aware of the policy guidelines for budget making. This will enhance budgeting making sure that the policy guidelines are followed to the latter. Policy based budgeting will ensure optimal utilization of government resources and reduce wastage. This will also go a long way in ensuring that financial regulations in regard to budgeting are fully implemented. The national treasury should also put systems in place to check for internal accountability among its staff operations. Internal accountability can also be enhanced through regular auditing of its records to track anomalies in transactions. Further internal accountability will also enhance the implementation of financial regulations.

5.4.1 Suggestions for Further Analysis

The study was conducted in national Sub-county treasuries in Nakuru County. Thus the researcher notes that the findings from this study might not be an accurate representation of the 47 counties in Kenya. Thus the researcher suggests that similar studies should be done in national sub-county treasuries in other counties to enable the generalization of findings across the country. In addition, future research should look into the effect of technology on implementation of financial regulations to shed more light on the scope of influence that technology have on implementation of financial regulation.

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APPENDICES

Appendix 1: Letter of Introduction

July 2016

Dear respondent,

RE: REQUEST FOR RESEARCH DATA

I am a Master of Business Administration student at Jomo Kenyatta University of Agriculture and Technology (JKUAT), Nakuru CBD campus. I am carrying out a research towards the fulfillment of my degree in the above course. The aim of the study is to examine the factors influencing implementation of public financial regulations in national national Sub-County Treasuriess in Nakuru County, Kenya. I am therefore requesting you to assist me in the study by filling the attached questionnaire as best as you can. I will appreciate your honest contribution. I assure you that the information you provide will be treated in confidence and will be used for academic purposes only. Thank you for your contribution.

Yours faithfully

____________________________ ____________________________

Patrick Mutisya Mbithi **Dr. Kimani E Maina**

(MBA Student) **(Supervisor)**

Appendix 2: Research Questionnaire

This questionnaire refers to a research assessing **factors influencing implementation of public financial regulations in national sub-county treasuries in Nakuru County, Kenya**. The questionnaire forms an integral part of the study and the respondents are kindly requested to complete and give any additional information they feel is necessary for the study. The researcher will uphold utmost integrity and ethics by ensuring that the data collected will be used absolutely for academic purpose and will be treated with strict confidentiality.

Use the scale from 1 to 5 where **1-strongly disagree, 2-disagree, 3-undecided, 4-agree and 5-strongly agree** for your response.

Demographic Information of the Respondents

In the following section indicate using a tick (√) your choice in the various categories

Section A: General Information

I. Gender

Male ☐

Female ☐

II. Age

Below 25 Years ☐

26-35 Years ☐

36-45 Yrs ☐

46-55 Yrs ☐

Above 56 Yrs ☐

2. Level of education:

Certificate ☐

Diploma ☐

Degree ☐

Post graduate ☐

3. How long have you worked in your department?

Less than 1 year ☐

1 – 10 years ☐

11 – 20 years ☐

More than 20 years ☐

SECTION B: in this section, kindly use the scale below to indicate your level of agreement with the following statements by placing a tick (√) in the appropriate box

5- Strongly Agree (SA); 4-Agree (A); 3- Undecided (U); 2- Disagree (D); 1- Strongly Disagree (SD)

I. Cost of Implementation

Statement	**Strongly Agree**	**Agree**	**Undecided**	**Disagree**	**Strongly Disagree**
	5	**4**	**3**	**2**	**1**
1. The Treasury has had to seek the services of experts in implementation of financial regulations					
2. The cost of hiring experts have too high					
3. The national Sub-County Treasuries has sufficient financial resources for implementing financial regulations.					
4. There is enough allocation to the treasury budget to enable implementation of					

financial regulation					
5. The treasury has had to incur costs in training its personnel on financial regulations					
6. Filing reports on compliance costs treasury a lot of money					

II. Technology

Statement	**Strongly Agree**	**Agree**	**Undecided**	**Disagree**	**Strongly Disagree**
	5	**4**	**3**	**2**	**1**
1. Treasury has an elaborate IT infrastructure across all the departments					
2. The IT infrastructure has been networked in all the national Sub-County Treasuriess enabling synchronization of reports					
3. The staff have found it easy to use the IT infrastructure in treasury					
4. The treasury staffs needed a lot of training to adapt to the use of IT					
5. The national Sub-County Treasuries upgrades its IT infrastructure regularly					

6. IT infrastructure makes the performance of treasury functions efficient					

III. Policy Based Budgeting

Statement	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
	5	**4**	**3**	**2**	**1**
1. The budgeting process in national Sub-County Treasuries is policy based					
2. Treasury ensures compliance with guidelines governing the budgeting procedures					
3. The treasury ensures that the employees are aware of the guidelines governing the budgeting process					
4. There are elaborate measures put in place to monitor the treasury expenditures					
5. Budgeting policies are clear and elaborate					
6. Policy based budgeting enables treasury to avoid wastage of resources					

IV. Internal Accountability

Statement	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
	5	4	3	2	1
1. Treasury exercises comprehensive supervision in financial matters					
2. Supervision is aimed at enhancing transparency in financial management					
3. All staff members are accountable for their actions and play a role in internal accountability					
4. To enhance internal accountability, staff members are all involved in decision making					
5. There are frequent audits of treasury financial reports to ensure accountability					
6. There is an elaborate oversight system within the treasury to ensure accountability in treasury functions					

V. Financial regulation implementation

Statement	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
	5	4	3	2	1
1. The financial management policy in treasury is guided by government financial regulations					
2. Implementation of financial regulations have brought about transparency in financial management					
3. The treasury frequently publishes financial audit reports to enhance transparency					
4. Treasury ensures the involvement of all stakeholders in financial decision making as guided through financial regulations					
5. The involvement of stakeholders enhances transparency in treasury					
6. Financial regulations implementations have led to enhanced effectiveness in financial management in treasury					

THANK YOU FOR COOPERATION