INFLUENCE OF FINANCIAL MANAGEMENT PRACTICES ON SERVICE DELIVERY IN THE PUBLIC HEALTH FACILITIES IN NAKURU EAST SUB-COUNTY, KENYA

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DECLARATION

This research project is my original work and has not been presented for the award of a degree in any other University.

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HD335-C007-6347/2015	Signature	Date

This research project has been submitted for examinations with my approval as University Supervisor.

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DEDICATION

This study is dedicated to my husband, my children and all my friends for their immense support and encouragement towards the successful completion of my course.

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I would like to glorify and give thanks to the Almighty God for His guidance and protection throughout my life and also seeing me through my studies to this far. Honour and adorations belong to you Lord. I wish to express my gratitude to my supervisor Mr. Solomon Ngahu who took time to read and make necessary criticism, suggestions and corrections in the course of writing this project. I am also grateful to all my friends for their efforts and support to see me through this journey. Thank you very much and may God reward you abundantly. Finally am so grateful to all who participated in this study.

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LIST OF ABBREVIATIONS AND ACRONYMS

ACCA:	Association of Chartered Certified Accountants
AIS:	Accounting Information Systems
CBOs:	Community-Based Organizations
EU:	European Union
FMR:	Financial Management Reforms
GDP:	Gross Domestic Product
IFAC:	International Federation of Accountants
IFMIS:	Integrated Financial Management Information Systems
IMF:	International Monetary Fund
KNH:	Kenyatta National Hospital
KNRH:	Kenyatta National Referral Hospital
MDAs:	Ministries, Departments and Agencies
MTRH:	Moi Teaching and Referral Hospital
NGOs:	Non-Governmental Organizations
PFM:	Public Financial Management
PFMRP:	Public Finance Management Reform Programme
PFSM:	Public Sector Financial Management
PHC:	Primary Health Care
SAPs:	Structural Adjustments Programmes
SID:	Society for International Development
SPSS:	Statistical Package for Social Sciences

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DEFINITIONS OF TERMS

Budgetary allocation

This is a process and strategy whereby an organization, say hospital, decides where scarce resources are supposed to be employed or the purposes of provision of goods and/or delivery of services (Smith, 2008). Budgetary allocation is operationalized by national exchequer, county government funds, income generating activities, and medical charges.

Financial accountability

This refers to the act of holding an individual accountable for effectively performing a financial activity, such as a key control procedure within a financial transaction process (Atela & Wafula, 2015). The parameters of financial accountability include financial allocation amount, allocation criteria, allocation frequency, and allocation strategy.

Financial management

This refers to all the processes that govern the recording and use of funds, which include allocation processes, crediting and debiting of accounts, controls that restrict use, accounting and periodic financial reporting systems (Njenga, Omondi & Omete, 2014). The parameters of budgeting included financial allocation amount, allocation criteria, allocation frequency, and allocation strategy.

Financial system

This refers to a system that encapsulates various financial transactions and also include financial data, accounting and auditing systems (Smith, 2008).

Public Finance Management Act, 2012

This is an Act of Parliament that governs how public finances are mobilized and expended by various government entities including public health facilities (Republic of Kenya, 2012).

Public health sector

This refers to the utility that provides healthcare to the general public and is financed and run by the government on behalf of the public (Anangwe, 2008).

Resource mobilization

This refers to the process where resources are solicited from various sources including the government, donors, and income-generation activities among others (Khieng, 2014).

Service Delivery

This refers to how and when the services are rendered particularly to the public as exemplified by the provision of public healthcare (Smith, (2008). This is operationalized by reliability, affordability, service quality, and service satisfaction.

ABSTRACT

One of the crucial performance objectives of government and government agencies is to achieve the desired level of health. The public health sector in Kenya is one of the crucial functions that have been devolved to the County Governments. However, the level of preparedness of these devolved units in managing this all-important function is below par. Most of the complaints emanating from the staff working with public health facilities in counties and also members of the public directly and/or indirectly touch on finances. The general objective of this study was to evaluate the influence of financial management practices on service delivery in the public health facilities in Nakuru East Sub-County, Kenya. The study further examined the effect of resource mobilization, budgeting, and financial accountability on service delivery in these facilities. The study was guided by both the stakeholder the agency theories. A descriptive survey design was adopted. The 211 finance and management staff working with the public health facilities in Nakuru East Sub-County constituted the study population. A sample of 68 respondents was obtained from the study population by use of both purposeful and stratified random sampling technique. A structured questionnaire was employed to aid in data collection. The questionnaire was pilot tested in order to determine its validity and reliability. The collected data were subjected to both descriptive and inferential analyses with the facilitation of the Statistical Package for Social Sciences Version 24 analytical tool. The descriptive statistics that were used included measures of distribution, measures of central tendencies, and measures of variation. More so, inferential statistics used included Spearman rank correlation coefficient, and multiple regression. The null hypotheses were tested at 95% confidence level. The results of the analysis were presented in form of tables. The study found that the relationship between revenue mobilization and service delivery was positive, weak and statistically not significant ($r = 0.233$; $p > 0.05$). It was revealed that there existed a positive, weak and statistically not significant relationship between budgeting and service delivery ($r = 0.120$; $p > 0.05$). Moreover, it was established that there existed a positive, moderately strong and statistically significant relationship between financial accountability and service delivery($r = 0.471$; $p < 0.05$). The study established that the studied financial management practices were able to explain 40.7% of service delivery. It was also found that there ought to be 0.094 unit change in revenue mobilization, 0.066 unit change in budgeting and 0.688 unit change in financial accountability while holding other factors, not addressed by this study, constant as represented by ($\beta_0 = 1.688$). The first and second null hypotheses failed to be rejected while the third null hypothesis was rejected. The study concluded that revenue mobilization and budgeting were not substantively crucial in the dispensation of healthcare by public health facilities in Nakuru East Sub-County. The study further concluded that financial accountability was significantly important in the delivery of health services. The public health facilities are advised to streamline the various charges they levy on patients who seek services from them. It is important to have flexible budgets, and to consider specific criteria during budgeting. The hospital management should put in place effective, sound and reliable accountability mechanisms, financial controls, internal controls, and audit trails.

CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

Financial management in the public sector include various facets, important ones touching on accounting, budgets and budgeting, and auditing (Njenga, Omondi & Omete, 2014). Involvement of stakeholders such as the community and employees in planning process are bound to result in increased accountability, financial sustainability and also both effectiveness and efficiency in financial management (Lufunyo, 2013). The effectiveness of financial management is largely hinged on requisite reforms. There are various influencers of reforms in the public sector which include but not limited to timely allocation of resources, training of employees, and also improved public awareness and civic education in setting of the reform agenda. Financial system at the firm level, which centres on financial transactions and money exchanges between investors, lenders and borrowers, is another factor that presumptively impacts on financial management among firms in the public sector including public health.

According to the International Federation of Accountants (IFAC), in a number of countries, there is need for greater efforts to support accountancy and financial management in the public sector. It is further postulated that it is evident that support for public sector financial management is curtailed in some cases by legislation and/or organizational bylaws (IFAC, 2017). The Association of Chartered Certified Accountants (ACCA) has put public sector financial management in developing nations and emerging economies into perspective. The ACCA reports that the foregoing countries and economies continue to realize vital and impressive achievements in regard to reinforcement of both public financial management and governance (ACCA, 2010). Moreover, the ACCA underscores the importance of improving financial management in the public sector. This is in the wake of the realization that financial management reforms in the public sector have lagged behind in comparison to the private sector. In tandem, therefore, there is great emphasis for the need to initiate financial management and governance reforms in the public sector with the view of improving financial management (ACCA, 2010).

1.1.1 Global and Regional Perspectives of Financial Management in the Health Sector

It is stated that one of the crucial performance objectives of government and government agencies is to achieve the desired level of health. Given that for the health utility to be functional, finances are required, it is imperative to assert that requisite management of finances ought to be ensured. It is further crucial to understand the fundamental importance of the public health sector to the general public. In light of this assertion, the Republic of Fiji (2006) shed more light into how financial management could be addressed in order to enhance public service delivery in the country. It acknowledged the growing concern for the need to have the public sector improved with the object of imparting positive changes in the delivery of public services. Other important elements of the proposed improvements include reduction of resource wastages and inefficiencies, reduction of cost of doing business and as such enhancing efficiency and resource allocation among others.

In a guide to public financial management (PFM) particularly focusing on practitioners in developing countries, Simson, Sharma and Aziz (2011) posited that public financial management underlines all activities of the government. PFM is said to constitute mobilization of resources (revenue), allocation of the mobilized funds to various vote heads. It also involves expenditure, and being accountable to the utilization of the disbursed funds.

There has been mounting pressure on governments across countries in Africa to deliver basic services including education and health and also to improve the living conditions of the populace. According to EY (2014), the public financial management reform has been an enabling factor for African governments to address the aforestated demands. In the same breadth, it is reported that these governments are appreciating the broader importance of enhancing the management of their finances. The improvement on the PFM is carried out differently in different countries on the continent depending on the level of individual country's maturity level. Essentially, therefore, different countries are presently at various stages of the reforming their PFM. It is exemplified that a country like South Africa has a fully automated public accounting system which, however, is yet to be fully integrated across all tiers and departments of the government. On the other hand, countries like Ghana and Uganda

though having achieved a greater level of integration of the PFM reforms than South Africa, they lack fully automated public financial accounting systems (EY, 2014).

In the case of Zambia, public financial management system is one of the country's fiscal institutions. In order to improve the efficiency and effectiveness of spending, the foregoing PFM system is required to be strengthened (Republic of Zambia, 2013). The amendments effected on the aforestated system at the national level had close linkages with other public sectorial changes such as decentralization. The PFM amendments and improvements encapsulated ten key areas. These included integrated planning and budgeting, debt management, government investments, domestic revenues, and fiscal decentralization. Other components were IFMIS and cash management, public procurement, enhanced internal audit and control, monitoring and evaluation, and also restricting of the Ministry of Finance. However, the realization of the stated PFM reforms faced a number of inhibitions. Internal risks were both political and operational. Lack of political will, insufficient information, and unclear communication structures in regard to PFM reforms presented a risk to attainment of the objectives. Operational risks included high turnover, lack of capacity, insufficient human capital and financial resources, unclear or bad coordination, amongst others. External risks encompassed environmental disasters and unfavourable economic conditions (Republic of Zambia, 2013).

1.1.2 Financial Management in Kenya's Health Sector

In Kenya, the improvements in the health sector were initiated in 1980's under the umbrella of Structural Adjustments Programmes (SAPs). The implementation of SAPs was necessitated by the highly increasing financial incapacity of the government to provide social services including healthcare. The SAPs introduced the aspect of cost sharing in the country which assumed various terminologies including user-fees, co-financing, and cost-recovery. It is further postulated that over the years, the health policy in Kenya was designed to realize among other objectives, to increase alternative mechanisms for financial healthcare programmes (Anangwe, 2008). According to Oyaya and Rifkin (2003), the changes in the local health sector are in line with various social, economic, epidemiological and political factors which present challenges in the provision of health needs and services to Kenyans.

The Constitution of Kenya (CoK), 2010 provides for human rights to the citizenry including provision of social rights such as affordable healthcare services. Besides the World Bank and the International Monetary Fund (IMF), The Danish Government through DANIDA has contributed a lot towards implementation of PFM reforms across various sectors in Kenya such as health with the view of improving public financial management. DANIDA facilitated the implementation of the PFM reforms through the strategy for revitalization of public financial management system in Kenya (Republic of Kenya, 2013).

The promulgation of the Constitution of Kenya, 2010 resulted in devolution that is associated with decentralization of many government functions hitherto under the purview of the central government. According to the Society for International Development (SID), devolution has obliged policy changes to provide for fiscal decentralization and public financial management (SID, 2012). In tandem, the Public Financial Management Act 2012 was enacted into law with the primary object of promoting both transparency and accountability in the management of public finances at both central and county government levels. It is further asserted that the changes in the public financial management was necessitated by hitherto challenges faced in the local public sector and also the gaps identified which had resulted in embezzlement of public funds, inequities in resource distribution, among others (SID, 2012). Granted that healthcare is one of the core functions decentralized and hitherto under the purview of the county governments except for selected referral hospitals, it was imperative to investigate the various financial management practices that influence service delivery in this sector. The overall objective is to come up with recommendations that if and when implemented can promote provision of better healthcare in Kenya.

1.2 Statement of the Problem

The public health sector in Kenya is one of the crucial functions that have been devolved to the County Governments in tandem with the Constitution of Kenya 2010. Indeed all the public health facilities in Kenya, apart from Kenyatta National Referral Hospital (KNRH), Moi Teaching and Referral Hospital (MTRH), The Spinal Centre, and the Mathari Mental Hospital which are autonomous State corporations, are

hitherto under the purview of the devolved governments. However, the level of preparedness of these devolved units in managing this all-important function is below par. Most of the complaints emanating from the staff working with public health facilities in Counties and also members of the public directly and/or indirectly touch on finances. It is in the public domain that the employees working with the aforementioned health facilities have been complaining of poor remuneration terms. The epitome of these complaints is manifested in strikes by medical practitioners constituting of doctors, clinical officers, pharmacists, nurses and other related staff on the payroll of County Governments. The foregoing points out to challenges in the management of finances by the county governments. This could probably be due to poor resource mobilization, misplaced budgetary allocations, weak financial systems, lack of accountability, among other inhibitions. Financial management in the public sector including health facilities constitute various facets which touch on accounting, budgeting, and auditing (Njenga et al., 2014). In the wake of these challenges, crucial health services provided by public health utilities have intermittently been compromised and in some cases and at some times ceased altogether. Granted that financial management is a prerequisite for success of the health sector among other functions, it was imperative to evaluate the influence of financial management practices on service delivery in the public health sector.

1.3 Objectives of the Study

The study addressed the general objective and a set of specific objectives as stated below.

1.3.1 General Objective

The study evaluated the influence of financial management practices on service delivery in the public health facilities in Nakuru East Sub-County, Kenya.

1.3.2 Specific Objectives

i. To examine the effect of revenue mobilization on service delivery in the public health facilities in Nakuru East Sub-County
ii. To analyze how budgeting affects service delivery in the public health facilities in Nakuru East Sub-County

iii. To examine the effect of financial accountability on service delivery in the public health facilities in Nakuru East Sub-County

1.4 Research Hypotheses

H_{01}: There is no significant relationship between revenue mobilization and service delivery in the public health facilities in Nakuru East Sub-County.

H_{02}: There is no significant relationship between budgeting and service delivery in the public health facilities in Nakuru East Sub-County.

H_{03}: There is no significant relationship between financial accountability and service delivery in the public health facilities in Nakuru East Sub-County.

1.5 Significance of the Study

There are a couple of reasons that warrant carrying out of this study. The problems facing provision of key services in public health facilities under the management of County Governments have become both persistent and monumental. The worst ramifications of the actual situation in these health utilities is loss of innocent lives through desertion of patients by health workers resulting from go-slows and industrial strikes. In this respect, therefore, the findings of this study are hoped to be essential in shedding more light on how important policies can be formulated by the devolved governments to arrest the rampaging situation in the public health facilities under the management of County Governments. The management and finance staff are further anticipated to find the findings and recommendations herein suitable in addressing financial management challenges in public health facilities in Kenya. Lastly, the study is expected to add more knowledge regarding public financial management and particularly in the public health sector. In view of this, the study is likely to be a reliable point of reference for individuals in the world of academia particularly in respect of the field of finance.

1.6 Scope of the Study

The study was carried out across the public health facilities in Nakuru East Sub-County. The sub-county is one of the 11 such devolved administrative units in Nakuru County. The choice of these facilities was premised on the fact that they constitute some of the leading health facilities in the region including the Nakuru Level Five Hospital. In tandem, they employ thousands of staff besides being managed by the

County Government of Nakuru. The study centred on two categories of employees. These are the staff working in the finance department and also the management staff. The study focused on these employees based on the reasoning that they are the most privy to issues concerning financial management practices and service delivery. The study was guided by the following constructs: revenue mobilization, budgeting, financial accountability, and service delivery. The study was conducted over a duration spanning three calendar months beginning August, 2017. Moreover, the study was allocated Ksh. 100,000.

1.7 Limitations of the Study

The study was met by different limitations. The fact that the data collection instrument consisted of close-ended questions was a limitation in that some views of the respondents could not have been captured. In relation to this challenge, the researcher ensured that the research questionnaire was able to address the important issues touching on financial management practices and service delivery in public health facilities in Nakuru East Sub-County. Another limitation was the skepticism exhibited by some of the sampled respondents. Some of the prospective participants were not willing to take part in the study fear of probable reprisals from their superiors. This challenge was addressed by assuring all the respondents that their identity was to remain anonymous and the data collected from them were to be treated with utmost confidentiality. In addition, requisite consents and approvals were sought prior to data collection in order to smoothen the process of data collection.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

The chapter puts into perspective a review of theories and/or models, and past empirical studies touching on financial management practices and service delivery. It also presents a conceptual framework that outlines and explains how the study constructs relate to each other. Moreover, the chapter presents a summary of the reviewed literature. This is followed by a presentation of research gaps which emanate from an objective critique of the reviewed studies.

2.2 Theoretical Review

In this section, theories that explain financial management practices and service delivery are reviewed. The theories reviewed include the stakeholder theory and the agency theory. The foregoing theories are further discussed in the context of financial management practices and service delivery in the public health sector in Kenya.

2.2.1 Resource-Based Theory

Resource-based theory (RBT) was proposed by Grant (1991). The theory states that a firm comprises a bundle of productive resources and capabilities, and that heterogeneity in performance across entities is founded on underlying heterogeneity in their resources and capabilities. It is postulated that the theory is premised on the concept of economic rent, and the view of an organization as a collection of resources and capabilities. Resources are defined as inputs into an entity's production process and/or service provision and include capital (finances), equipment, skills and expertise of individual employees, patents, and talented or experienced management. The basic five categories of resources are financial, physical, human, technological, reputational, and organizational resources. Resources may be either tangible or intangible.

It is further stated that as the effectiveness of the resources increases, the resources have a tendency of becoming larger. In the same vein, it is held that individual resources are likely to be unable to yield a competitive edge. In this regard, the synergistic combination and integration of a set of resources can result in a firm getting a competitive advantage over rivals (Peteraf, 2016). In order for resources to

be optimally utilized and effective, they must be integrated with requisite capabilities (Grant, 1991).

A capability is defined as the capacity for a given set of resources to perform a certain task synergistically. Capabilities closely centre on the vision and core values of an entity. As such, it is essential in value creation, is a corporate property, and is broadly based across the value chain. It is stated that in reference to competitive advantage, capabilities ought not to be too simple to be imitable or too complex to defy internal steering and control (Schoemaker & Amit, 1994). In respect of the public health sector, the resources available include the staff hired by the national and county governments, the finances collected and/or disbursed to them, and also the facilities including the infrastructure and medicine to facilitate the execution of various tasks that the said health outlets are required to dispense to the public. Relative to resource-based theory, the bundle of productive resources include staff, finances and infrastructure among others. On the other hand, capabilities include the expertise possessed by the medical staff. Therefore, the theory is relevant to this study in that it is cognizant of the aforementioned resources and capabilities in public health facilities in Kenya.

2.2.2 Agency Theory

The pioneers of the agency theory were Jensen and Meckling (1976). The theory states that there exists conflict in an agency relationship when the agents pursue objectives contrary to the interests of the principals. The theory analyzes the conflict between shareholders and managers. The shareholders are the principals who contract the managers as agents to run their businesses on their behalf. Due to the agents' vested interests in the shareholders' firms, there arises agency problem between the two parties. Further, the two parties may have different appetite towards risk and thus have different objectives. The agency problem is further fuelled by the agents' interest to maximize its own utility. Since it's costly to observe and monitor the agents' activities, the principals assume that the managers will act in the best interest of the shareholders (Bender 2011). In the same light, Eisenhardt (1989) exemplified the agency theory as a result of the explored risk sharing among individuals and groups in the 1960s and 1970s.

The agency theory is usually associated with information asymmetry (Lindqvist & Mijovski 2012). The information asymmetry creates the risk of adverse selection and moral hazard (Cumming 2006). Adverse selection is correlated with pre-contractual asymmetric information and one party, say the entities entrusted with reforming the financial management systems in the public health sector, conceals certain crucial information regarding the reforms thereby leading to interested parties (mainly the public) receiving a raw deal in relation to the end-results of the financial management reforms. According to Jones (2004), agency problem generates agency costs. The costs include the monitoring costs, bonding costs by the agent and the residual loss of economic welfare (Bender 2011). Jones (2004) further noted that having reward schemes and making changes in the organizational structure that compels the agents to act in the best interest of the shareholders would deter the agency costs.

In the context of public health facilities, the agency theory is applicable in that the public through the county government act as the principal while the management of these health institutions act as the agents. The facilities' management is charged with the responsibility of delivering services in the best interest of the public. However, this at times, fails to be the case when the agents (managers and staff) fail to perpetuate the public interests and start executing their personal interests. A case in point, is the failure by doctors to be at the health facilities where they work and, instead, operate from their private clinics offering the very services they were employed for to the public that hire them at exorbitant rates. To address this standoff of principal-agent conflict, it is advisable for the interests of both the agents (staff of the health facilities) and the principals (the public) to be harmonized. One way is to adequately remunerate the foregoing staff while the staff, on the other hand, expedite their services by presenting themselves to the patients whenever the call of duty beckons.

2.3 Empirical Review

In this section, past studies in relation to determinants of financial management reforms are reviewed. Specifically hitherto empirical studies on revenue mobilization, budgeting, and financial accountability in the context of service delivery are reviewed.

2.3.1 Revenue Mobilization and Service Delivery

A study carried out by Khieng (2014) on funding mobilization strategies among non-governmental organizations (NGOs) in Cambodia. The objective of the study was to map out strategies for mobilizing resources that have been adopted by NGOs. The study focused on NGOs from different sectors. The study established that the major sources of funds for NGOs were foreign grants and donations. However, some NGOs were observed to get revenues from income-generating activities, a trend that was forecasted to continue for a couple of years.

An empirical study conducted by Soe-Lin, Frankel, Heredia-Ortiz and Makinen (2015) investigated tax reform and resource mobilization in the health sector. The study focused on a cross-sectional of countries including Philippines, El-Salvador, Lesotho Ethiopia, and Rwanda. The study sought to establish whether or not, improvements effected on performance of revenue generated from tax due tax administration reforms occasioned increase in available government funds that benefit the health sector. The study, according to the experiences in both Lesotho and Ethiopia, indicated that there existed four factors that favour allocation of additional tax revenue towards the health sector. These factors include creating tax funds specifically for the health sector, having political priority for the sector, earmarking a proportion of tax revenue mobilized, and decentralizing spending.

A study carried out by the North-South Institute (2010), analyzed domestic resource mobilization in Africa. The study centred on case studies from Sub-Saharan African nations which included Cameroon, Burundi, Ethiopia, Tanzania and Uganda. The case studies brought to the fore various challenges that governments face to increase their domestic resource mobilization (DRM). The study findings indicated that public resource mobilization comprises of tax, non-tax, and other government revenues which are crucial to the building of the State. The study also noted that there is increasing tax mobilization in Africa which is driven mainly by increasing revenues in countries endowed with vast resources. However, it was found that resource mobilization has typically fell below the potential of these countries.

In Kenya, a study conducted by Wanjau, Muiruri and Ayodo (2012) assessed the factors that affect provision of service quality in the public health sector. The study examined a case of Kenyatta National Hospital (KNH). One of the aspects that the

study focused on was financial resources. The study revealed that insufficient financial resources lead to a decrease in the provision of health services quality by a factor of 0.671. The results underpinned the importance of financial resources in the public health sector. The study, however, fell short of indicating and explaining how mobilization of financial resources impacted on financial management in the public health sector in Kenya.

2.3.2 Budgeting and Service Delivery

A study by Smith (2008) examined the subject of resource allocation and purchasing in the health sector. The study was conducted in the United Kingdom. The study admitted that in many countries, most health services are geographically specific which implies that one of the core policy issues centres on how national funds are required to be allocated to devolved units of governance. The study further noted that it is ill-advisable for the central government to employ arbitrary methods to address the problem of resource allocation. Some of the resource allocation methods that are discouraged include political patronage and historical precedent. Instead, the study while concurring with observations made in an earlier study by Smith (2006) noted that in many less-developed health systems, there is an increasing urgent persuasion of employing a formula to determine the nature of funding. The foregoing is mostly common in the cases where the health systems have been decentralized. In tandem with the study findings, it is inferred that in countries like England, the continued refinement and development of funding formula will be imperative as long as the principle of public funding of the health sector will persistently be in good books of political players and the general public.

An article by Kiernan (2016) was premised on a study on resource allocation in healthcare. The study drew experiences and accounts across various countries in Europe. The study was conducted in the wake of the acknowledgment that there has been fervent emphasis on financial constraint in the provision of healthcare. In respect of the foregoing, there has been raging discussions in clinical departments on allocation of resources. Reforms and innovations in the healthcare though welcome, have precipitated increased expenditure in the health sector. According to the European Union (EU) projections, expenditure in the health sector will reach about 9.0% of the gross domestic product (GDP) by 2060. The study further notes that the

views of politicians and healthcare professionals in relation to resource allocation, not only differ from those of the general public but also consistently override the latter.

A study carried out by Ofori (2013) took a developing country perspective to analyze project management practices and critical success factors. The study focused on selected Ghanaian public entities. In the study it was noted that the projects funded by donors are restrictive in scope. Their budgets and allocation of resources are determined by the aforesaid donors. It is further observed that the support of the top management in availing the requisite resources is of paramount importance.

In a case study of the National Treasury, Kiilu and Ngugi (2014) analyzed the effect of public financial management reforms in the effective management of public funds in Kenya. The study was conducted in the wake of rampant corruption and inefficiencies in the public sector, a situation that had was characteristic of poor management of public resources. The study acknowledged that the object of public financial management is to ensure that available funds and other scarce resources are employed effectively and in the best interest of the general public. The study further concurred that both corruption and tax evasion had influenced the inflow of cash through taxation and also effectiveness in the use of budgetary allocation.

A study conducted by Wanjau and Muiruri (2012) centred on the factors that affect provision of service quality in the public health sector in Kenya. The study focused on Kenyatta National Hospital (KNH). The study involved several doctors, nurses, clinicians, pharmacists, and laboratory technologists. The findings of the study indicated that insufficient financial resources led to a decline in the quality of health services provided by the hospital. In particular, lack of adequate finances resulted to a decline in the aforesaid quality by a factor of 0.671. Moreover, in the study, it is noted that financial accountability by use of monitoring, auditing and accounting mechanisms is imperative in ensuring that the allocated funds are employed for the purported purposes.

2.3.3 Financial Accountability and Service Delivery

An empirical study conducted by Chien, Mayer and Sennetti (2010) sought to analyze the effectiveness of audit committee in the largest public hospitals in the United

States. In particular, the study examined the role and quality of audit committees in public hospitals in addressing challenges associated with financial reporting. The study findings indicated that audit committees with financial expertise and increased activity positively correlated with reduced frequencies of internal control problems. Moreover, it was established that audit committees with financial expertise were less frequently associated with material weaknesses over financial reporting.

An empirical assessment of the public sector of Malaysia was carried out by Said, Alam and Aziz (2015) where the study centred on the public accountability system. The study assessed the present status of accountability practices in the country's public sector. This was in response to the revealed corruption, weaknesses and lack of control in public asset management. The data was obtained using questionnaires and were analyzed using both descriptive statistics and factor analysis. It was revealed that about 87% of the sampled respondents held the opinion that the respective departments and agencies generally implemented accountability practices. It was further established that accountability in medical and health services was below the overall average.

A study conducted in Uganda by Bakalikwira, Bananuka, Kigongo, Musimenta and Mukyala (2017) examined accountability in the public health care systems in the country. The study specifically analyzed the effect of hospital board governance and managerial competencies in respect of accountability in the health care systems. The study relied on a sample of 52 government hospitals. Both correlational and cross-sectional research designs were adopted. The correlational results indicated that there existed a significant positive relationship between managerial competencies and accountability. Moreover, governance was also found to be positively and significantly related to accountability.

A study commissioned by an NGO named Aidspan and conducted by Atela and Wafula (2015) was titled mapping accountability mechanisms. It was a review of in-country accountability in health systems in Kenya. The study adopted desktop research design where pertinent literature was analyzed. The study found that there were linkages across various accountability mechanisms in Kenya that is between national and county mechanisms. In addition, the study observed that there were

certain accountability mechanisms which simply remained on paper and were never implemented.

2.3.4 Service Delivery

In Australia, a study was conducted by Robertson et al (2011) on the attitudes of different stakeholders within the healthcare system. The comparative findings indicated that doctors and the public had varied opinions in respect of managing a healthcare system that was facing immense pressure as a result of associated service delivery costs. The study exemplified that when compared to medical practitioners, the members of the public were more likely to believe that the increasing medical costs were due to the actions and/or inactions of the pharmaceutical firms and lobby groups. Moreover the study observed that the public were more inclined to perceive that the failure of patients to take charge of their respective health resulted in increased medical costs. This perceptibly impacted negatively on service delivery.

A study carried out by Smith (2008) focused on the public health sector in England, which is essentially a part of the United Kingdom. The study emphasized a lot on several issues in respect of health systems and delivery of health services. As part of financial management reforms particularly pitting the central government and the localities in England, there is emphasis on employing a systematic formulae for allocating the disbursed funds. The study further states that a financial system that employs a systematic formulae in the allocation of financial resources is the best option which offers the best prospect of addressing the criteria of equity.

Locally, an empirical study conducted by Oketch (2012) assessed the various sustainable financing mechanisms for healthcare services in Kenya. The study supported the advocacy for policy change in the public health sector. In tandem, it underscored the importance of having medical charges that are accompanied by appropriate systems of waivers for the poor. The systems should also have general exemptions in respect to preventive and selected primary health care (PHC) services in addition to, financial protection mechanisms such as cash transfers to the poor. The study recommends for reforms in the health sector. It is averred that in order to adequately address the demands in the health sector, it is imperative to the systems and operations in the sector to be reformed. The study further noted that financing system in the health sector in Kenya was not only complex but also fragmented in

relation to revenue collection, and revenue management such as payment mechanisms.

2.4 Conceptual Framework

A conceptual framework is an outline, through a diagram, narrative or both of the study variables and how they are perceived or hypothesized to interact with each other including the direction of their perceived relationship. In the context of the present study, the conceptual framework is as illustrated in Figure 2.1. As outlined in the framework there are two classes of study constructs. These are independent (or predictor) variables and the dependent variable. The independent variables include revenue mobilization, budgeting, and financial accountability. Service delivery is the dependent variable. It is hypothesized that the indicated predictor variables are the financial management practices that influence service delivery in the public health sector in Kenya and particularly in regard to Nakuru East Sub-County.

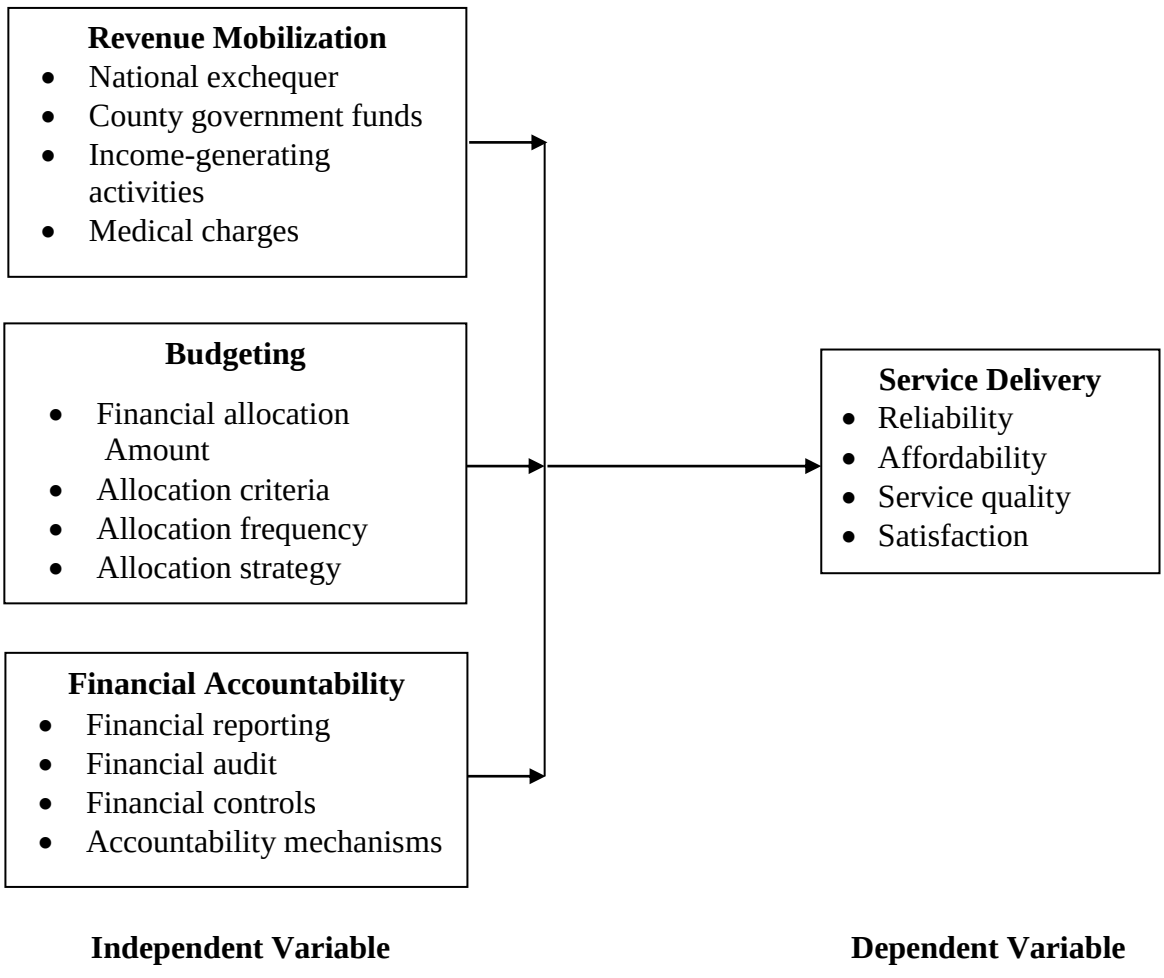

Figure 2.1: Conceptual Framework

2.5 Summary of the Reviewed Literature

The study was guided by both resource-based and agency theories. The resource-based theory states that a firm comprises a bundle of productive resources and capabilities, and that heterogeneity in performance across entities is founded on underlying heterogeneity in their resources and capabilities. In line with this this theory, and in respect of the public health sector, the resources available include the staff hired by the national and county governments, the finances collected and/or disbursed to them, and also the facilities including the infrastructure and medicine to facilitate the execution of various tasks that the said health outlets are required to dispense to the public. The agency theory states that there exists conflict in an agency relationship when the agents pursue objectives contrary to the interests of the principals. In the context of public health facilities, the agency theory is applicable in that the public through the county government act as the principal while the management of these health institutions act as the agents. The facilities' management is charged with the responsibility of delivering services in the best interest of the public. However, this at times, fails to be the case when the agents fail to perpetuate the public interests and start executing their personal interests.

In regard to revenue mobilization, the reviewed studies have established that the major sources of funds for NGOs were foreign grants and donations, though some were observed to get revenues from income-generating activities. A cross-country empirical studies revealed that there existed four factors that favour allocation of additional tax revenue towards the health sector. It is further indicated that public resource mobilization comprises of tax, non-tax, and other government revenues which are crucial to the building of the State. A local study has revealed that insufficient financial resources lead to a decrease in the provision of health services quality.

It is indicated that it is ill-advisable for the central government to employ arbitrary methods to address the problem of resource allocation. Studies have found that there has been raging discussions in clinical departments on allocation of resources. It is revealed that the views of politicians and healthcare professionals in relation to resource allocation, not only differ from those of the general public but also consistently override the latter. It is noted that corruption and tax evasion had influenced the inflow of cash through taxation and also effectiveness in the use of

budgetary allocation. It is indicated that insufficient financial resources can lead to a decline in the quality of health services provided by hospitals.

The reviewed studies established that audit committees with financial expertise were less frequently associated with material weaknesses over financial reporting. It is also revealed that respective departments and agencies in the public sector generally implemented accountability practices. Another empirical study found that there existed a significant positive relationship between managerial competencies and accountability. A reviewed local study indicated that there were linkages across various accountability mechanisms in Kenya that is between national and county mechanisms.

One of the reviewed studies has put emphasis on employing a systematic formulae for allocating the disbursed funds. It is noted that doctors and the public had varied opinions in respect of managing a healthcare system that was facing immense pressure as a result of associated costs. Another of the reviewed studies has inferred that the accrual accounting system was a better remedy to the challenges occasioned by the cash basis in the public sector. More so, it is indicated that corruption and literacy were some of institutional variables in line with public financial management system that impacted on fiscal outcomes. A local study has underscored the importance of having medical charges that are accompanied by appropriate systems of waivers for the poor in the course of delivery health services to them.

2.6 Research Gaps

It is acknowledged that there are several studies that have hitherto interrogated various aspects in relation to determinants of financial management in the public sector. However, there are clear gaps that the reviewed studies have left out, which the present study will purpose to address going forward. Of interest are the local studies. In relation to revenue mobilization, a study conducted by Wanjau et al (2012) assessed the factors that affect provision of service quality in the public health sector. Shipuku and Mbithi (2017) analyzed the effect of stakeholder involvement factors on project quality. Another local study by Oketch (2012) empirically assessed sustainable financing mechanism for health care systems in Kenya. This study admitted that the government with the support of various key stakeholders has

managed to address demands of the public health sector particularly in respect to reforms in both the sector's systems and operations. Yet, none of these studies attempted to link resource mobilization to service delivery in the public health sector in Kenya. The study revealed that insufficient financial resources lead to a decrease in the provision of health services quality. The study, however, fell short of indicating and explaining how mobilization of financial resources impacted on service delivery in the public health sector in Kenya.

In regard to budgeting, a study conducted by Kiilu and Ngugi (2014) observed that the aim of public financial management is to ensure that available funds and other scarce resources are employed effectively and in the best interest of the general public. Another study by Wanjau and Muiruri (2012) noted that financial accountability by use of monitoring, auditing and accounting mechanisms is imperative in ensuring that the allocated funds are employed for the intended purposes. Against this backdrop, however, neither of these two studies centred on the influence of budgeting on service delivery in the public health sector.

In regard to financial accountability, a study conducted by Atela and Wafula (2015) examined mapping out of accountability mechanisms with a particular focus on in-country accountability in health systems in Kenya. The study found that there were linkages across various accountability mechanisms in Kenya that is between national and county mechanisms. However, the study failed to address financial accountability in relation to service delivery. The current study sought to bridge the identified research gaps as espoused in latter chapters.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter centres on the step-by-step procedure that the study followed in addressing the statement of the problem and study objectives. In this regard, therefore, the chapter constitutes of the research design, target population, sampling procedure, research instrument, pilot testing, and data collection procedure. Others include data analysis and how the results of the analysis were presented.

3.2 Research Design

According to Kothari (2004), a research design is a blueprint for carrying out a research study. In essence, it spells out the procedure and the methods of defining and collecting the data requisite to address the research problem and study objectives. There are various research designs, but in the context of this study, a descriptive survey design was adopted. The choice of this design is founded on the fact that descriptive studies explain a phenomenon in terms of attempting to answer "what?" kind of questions. The phenomenon in this study was public financial management reforms, and the general research question was: What is the influence of financial management practices on service delivery in the public health facilities in Nakuru East Sub-County, Kenya? The survey aspect was premised on the fact that the study was conducted at a specific point in time which is contrary to longitudinal studies that essentially take an extended duration of time.

3.3 Target Population

Target population is defined as a group of subjects, say individuals, sharing similar or related characteristics (Orodho, 2003). Essentially, therefore, the findings of the study are generalized to this population (Kothari, 2008). In the context of the present study, all the management and finance staff working in the public health sector in Kenya constituted the target population. These two categories of employees were preferred to others because they were believed to be closely concerned with financial management practices and service delivery in their respective workstations and jurisdictions. Given that the target population was relatively large as it cut across various public health facilities in the country ranging from dispensaries to referral hospitals at the national

level, the focus of this study was narrowed down to a manageable and accessible population. In tandem, therefore, the study opted to centre on public health facilities in Nakuru East Sub-County. This implies that the 211 finance and management staff as further broken down (Table 3.1), working with these health facilities comprised the study population.

3.4 Sample Size and Sampling Technique

In this section, the sampling frame, the sample size and sampling technique respectively are put into perspective.

3.4.1 Sampling Frame

A sampling frame refers to an exhaustive list of subjects from which the sample is obtained (Kothari, 2004). Essentially, the sampling frame is equivalent to the constituents of the study population as outlined in Table 3.1.

Table 3.1: Sampling Frame

Employees' Category	**Number**
Management-HMB & HMT	48
Finance	69
Budget Officers	2
Accountants	15
Revenue clerks	46
Internal Auditors	7
Health Administrators	24
Total	**211**

3.4.2 Sample Size Determination

A sample is a subset of the study population and is derived scientifically and subsequently drawn from the sampling frame (Kothari, 2004). In this study, the researcher used the Nassiuma's (2008) formula to calculate the size of the sample as shown below.

$$n = \frac{NC^2}{C^2 + (N - 1)\, e^2}$$

Where:

n represents ‘Sample Size’

N represents ‘Target Population’

C represents ‘Coefficient of Variation ($21\% \leq C \leq 30\%$)’

e represents ‘Precision Level ($2\% \leq e \leq 5\%$)’

Therefore;

$$n = \frac{211 \times 0.25^2}{0.25^2 + (211 - 1)\, 0.025^2}$$

$$n = 68.06$$

$$n = 68 \text{ respondents}$$

The sample size as outlined in the above calculations was found to be 68 respondents.

3.4.3 Sampling Technique

Alter calculating the size of the sample, the next step was to determine how the calculated sampled respondents were to be obtained from the study population (sampling frame). The study adopted purposeful and stratified random sampling techniques to obtain the sampled respondents from the study population. Purposeful in that not all employees working with the county government were targeted. The stratified random sampling technique was chosen based on the fact that the distribution of staff across the various sections as shown in Table 3.1 was not even. This method ensured fair and equitable distribution of respondents (Kothari, 2004) as shown in Table 3.2.

Table 3.2: Sample Distribution

Employees’ Category	**N**	**Sampling Ratio (%)**	**n**
Management	48	23	16
Budget officers	69	33	22
Accountants	15	7	5
Revenue clerks	46	22	15
Internal auditors	7	3	2
Health administrators	24	11	8
Total	**211**	**100**	**68**

3.5 Research Instrument

A research instrument is a tool that aids in collection of data from respondents. In survey studies (as it was the case with the present study), questionnaires are the most preferred and appropriate data collection tools (Mugenda & Mugenda, 2003). This justified the choice of a structured questionnaire to facilitate collection of requisite data for the study. A structured questionnaire is that which consists of close-ended questions (Kothari, 2008). It was ensured that the research questionnaire was structured in a manner that effectively and objectively addressed all the study constructs, which included revenue mobilization, budgeting, financial accountability, and service delivery.

3.6 Pilot Testing

A pilot study is a minor study that is essentially conducted prior to the main study with the primary objective of determining the feasibility of the actual study and also in facilitating detection of probable weakness in the data collection tool. In reference to this study, the object of pilot testing the research questionnaire was to assess its validity and reliability in the collection of data for the main study. The pilot study in this context was conducted in public health facilities in Nakuru West Sub-County, in the same Nakuru County as the scope for the main study (Nakuru East Sub-County). Simple randomly selected management and finance employees working with the former health facilities took part in the pilot study. The choice of these facilities ensured that the participants in the pilot study were excluded from the main study. Pilot study was based on 10% of the sample size (that is 7 respondents) who were effectively excluded from main study.

3.6.1 Validity Testing

According to Kimberlin and Winterstein (2008), validity test is a means of assessing whether or not the data collection tool is able to facilitate collection of the requisite data as it purports. The validity of the research questionnaire was determined by consulting the assigned university supervisor regarding the content of the instrument. The suggestions and/or amendments of the supervisor, were duly incorporated in the research questionnaire.

3.6.2 Reliability Testing

Reliability is a test of internal consistency of the data collection tool (research questionnaire). The data collected during the pilot study were subjected to reliability testing through the use of the Cronbach alpha coefficient (α). It is postulated that this method is the most widely recommended particularly when dealing with Likert scale data (Kimberlin & Winterstein, 2008). The study constructs that managed to return alpha values equal to 0.7 ($\alpha = 0.7$) or greater than 0.7 ($\alpha > 0.7$) were considered reliable. The results of the pilot test are as shown in Table 3.3. According to the reliability results, all the four study variables namely revenue mobilization, budgeting, financial accountability, and service delivery returned alpha coefficients greater than the reliability threshold of 0.7. Effectively, therefore, the research instrument (questionnaire) was found to be reliable.

Table 3.3: Results of the Reliability Test

Study Variable	Items Tested	Alpha Coefficient
Revenue mobilization	6	0.831
Budgeting	6	0.792
Financial accountability	8	0.781
Service delivery	7	0.805

3.7 Data Collection Procedure

The data collection procedure started by seeking the approval of the university to commence with the data collection. Armed with the University official letter, the researcher then sought the consent of the health administrators in Nakuru County, and senior management of all the participating health facilities in Nakuru East Sub-County to be allowed to solicit information from the targeted staff. The research instrument was issued to the management staff by the researcher in person, while the questionnaires were administered on the finance staff through the concerned heads of departments and sections. The filled questionnaires were collected by the researcher immediately they were filled and in a few instances, after a period of less than a week.

3.8 Data Analysis and Result Presentation

The collected data were first screened by going through all the collected questionnaires to ensure that only the ones that were completely filled and where respondents answered according to given instructions were considered for analysis. The essence of data screening was to address the challenges brought about by outliers. Screened data were subjected to both descriptive and inferential analyses with the facilitation of the Statistical Package for Social Sciences (SPSS) Version 24 analytical tool. The descriptive statistics that were used in this study included measures of distribution, measures of central tendencies, and measures of variation. More so, inferential statistics included Spearman rank correlation coefficient, and multiple regression. The null hypotheses were tested at 95% confidence level, that is, 0.05 probability (*p*) value. The results of the analysis were presented in form of tables. The following multiple regression model guided the inferential analysis.

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

Where:

Y	represents	'service delivery
$\boldsymbol{\beta_0}$	represents	'constant'
$\mathbf{X_1}$	represents	'revenue mobilization'
$\mathbf{X_2}$	represents	budgeting
$\mathbf{X_3}$	represents	financial accountability'
$\boldsymbol{\varepsilon}$	represents	'error term'
$\boldsymbol{\beta_1, \beta_2, \beta_3}$	represent	'regression coefficients'

CHAPTER FOUR

FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents the results of data analysis in respect of financial management practices and service delivery in the public health sector with a special focus on public health facilities operating in Nakuru East Sub-County. The first part presents the response rate. The second part covers the results of descriptive analysis and associated interpretations and discussions. The third and last part presents inferential statistical results, interpretations and discussions.

4.2 Response Rate

The proportion of the number of questionnaires effectively filled and collected vis-à-vis the total number of questionnaires initially administered on the respondents constitute the response rate (Nulty, 2008). The recommended response rate in survey studies is 75%. In the present study a set of 55 questionnaires was issued to the sampled respondents. The number of filled questionnaires that were collected totaled 51. This translated to 92.73 per cent response rate which was way above the recommended threshold in survey studies.

4.3 Background of the Respondents

The study examined the distribution of finance and management staff working with public health facilities in Nakuru East Sub-County. The aspects studied included gender, academic qualifications, and working experience. The results were presented in form of frequencies and percentages as shown in Table 4.1, Table 4.2, Table 4.3, and Table 4.4.

Table 4.1: Distribution of Respondents by Gender

	Frequency	**Percentage**
Female	27	52.9
Male	24	47.1
Total	**51**	**100.0**

The results shown in Table 4.1 indicated that majority of finance and management staff working with public health facilities in Nakuru East Sub-County were female (52.9%). The male employees constituted 47.1%. Unlike in many other sectors in the public service, the public health sector attracted more women than men, or there was probable preferential consideration of women in the recruitment policy of health facilities in the aforesaid sub-county.

Table 4.2: Distribution of Respondents by Highest Academic Qualifications

	Frequency	Percentage
Bachelor's Degree	23	45.1
Diploma	19	37.3
Professional certificate	7	13.7
Master's Degree	2	3.9
Total	**51**	**100.0**

Majority of the employees attached to the finance and management sections of public health facilities in Nakuru East Sub-County were found to be in possession of Bachelor's degree (45.1%). On other hand, only 3.9% were Master's degree holders. A substantive number of these employees had diplomas (37.3%) while 13.7 per cent possessed professional certificates. The results underscored the importance of academic qualifications to the staff working with public health facilities in the sub-county and particularly in regard to finance and management.

Table 4.3: Distribution of Respondents by Working Experience in Public Health Sector in Kenya

	Frequency	Percentage
6-10 years	30	58.8
11 - 15 years	21	41.2
Total	**51**	**100.0**

It is clear according to the results indicated in Table 4.3 that, majority of employees working as managers or finance staff had worked in the public health sector for a period ranging from 6 to 10 years (58.8%). A significant proportion (41.2%) had worked in the sector for a duration of between 11 and 15 years. The findings implied that labour turnover in the local public health sector was relatively high and also that the sector had a relatively youthful workforce in both finance department and management. There is also a likelihood that the public health facilities recruited experienced staff from other sectors to fill in vacancies arising in the two aforementioned sections.

Table 4.4: Distribution of Respondents by Working Experience in Nakuru East Sub-County

	Frequency	**Percentage**
1-5 years	27	52.9
6-10 years	18	35.3
More than 10 years	6	11.8
Total	**51**	**100.0**

The study found as illustrated in Table 4.4 that most of the finance and management staff working with public health facilities in Nakuru East Sub-County had been stationed in these institutions for a period not exceeding 5 years (52.9%). In the same breadth, the study established that only 11.8% of the sampled employees had worked in the aforesaid jurisdiction for a period of more than 10 years. The results were interpreted to mean that there was a high likelihood that there was an insurgence of finance and management staff to local health facilities since the health facility was devolved. In this perspective, it is probable that the devolved governments recruited additional staff who were deployed to various health facilities in respective sub-counties.

4.4 Descriptive Results, Interpretations and Discussions

The results of the descriptive analysis in respect of all the study variables (revenue mobilization, budgeting, financial accountability, and service delivery) are outlined.

The results are interpreted and discussed in relation to findings made by previous empirical studies. It is imperative to remember that the data collected were on a 5-point Likert scale where various degrees of agreement/disagreement from strongly disagree to strongly agree are represented by 1 to 5 respectively.

4.4.1 Revenue Mobilization

The study analyzed the views of the finance and management staff regarding revenue mobilization among public health facilities in Nakuru East Sub-County. A summary of these vies is as shown in Table 4.5.

Table 4.5: Descriptive Statistics for Revenue Mobilization

	n	SA	A	N	D	SD	Mean	Std. Dev.
The health facilities get funding from the national exchequer	51	35	7	2	4	3	4.31	1.225
The county government finances the health function	51	6	31	9	5	0	3.75	.796
Our health facility gets revenue from the medical charges such as consultation fees and laboratory test charges	51	11	22	5	13	0	3.61	1.097
Our health facility get financial grants	51	2	9	20	20	0	2.86	.849
Our health facility has embarked on various income-generating activities	51	8	2	8	26	7	2.57	1.253
The hospital gets regular financial donations	51	2	7	13	23	6	2.53	1.007

The descriptive results as shown in Table 4.5 indicated that, out of the 51 sampled staff, 35 strongly admitted that the health facilities get funding from the national exchequer. This was in concurrence to the findings of a study conducted BY Soe-Lin et al (2015) that indicated that the health sector benefitted from tax revenue. Tax revenue is ordinarily charged by the national government. A total of 37 respondents either concurred or strongly concurred that the county government finances the health function. It was also established that 11 respondents strongly agreed and an additional 22 sampled employees admitted that public health facilities in Nakuru East Sub-

County get revenue from the medical charges such as consultation fees and laboratory test charges.

Twenty out of 51 respondents were indifferent regarding the proposition that public health facilities in the Sub-County get financial grants. In the same breadth, 20 respondents disputed that the foregoing facilities received financial grants. The findings are contrary to earlier observations (Khieng, 2014) that the major sources of funds for NGOs were foreign grants and donations. This could be explained by the fact that public health facilities have a different structure from, and also operate on a different latitude when compared to NGOs. Majority of the sampled staff (33 out of 51) either disputed or strongly disputed that public health facilities have embarked on various income-generating activities. A total of 29 respondents at least disagreed that the aforementioned health utilities get regular financial donations while an additional 13 staff remained indifferent.

On average, it was admitted that public health facilities in Nakuru East Sub-County get funding from the national government (mean = 4.31). However, there was a significant variation in the level of their agreement (std dev = 1.225). There was insignificant variation in the agreement that the county government finances the health function (mean = 3.75; std dev = 0.796). though, it was generally concurred (mean = 3.61) that public health facilities get revenue from the medical charges such as consultation fees and laboratory test charges, there was significant variation on the views regarding this proposition (std dev = 1.097). The sampled management and finance staff were generally not certain regarding public health facilities in Nakuru East Sub-County getting financial grants (mean = 2.86; std dev = 0.849); the facilities embarking on various income-generating activities (mean = 2.5 = 1.253); and the health utilities receiving regular financial donations (mean = 2.53; std dev = 1.007).

4.4.2 Budgeting

The study also examined the opinions of the sampled finance and management staff regarding budgeting issues among public health facilities in Nakuru East Sub-County. The descriptive results in this respect are as shown in Table 4.6.

Table 4.6: Descriptive Statistics for Budgeting

	n	SA	A	N	D	SD	Mean	Std. Dev.
There are various types of resources in the public health sector in Kenya	51	24	22	3	0	2	4.29	.901
The amount of financial allocation vary from one public health facility to another	51	13	31	3	4	0	4.04	.799
The budgetary allocation is subject to various vote heads	51	11	13	18	9	0	3.51	1.027
The hospital's management devises the strategy used to allocate various resources to different vote heads	51	6	12	21	12	0	3.24	.951
The budgetary allocation frequency is flexible	51	8	10	22	8	3	3.24	1.088
There are specific criteria that are considered during budgetary allocation	51	2	11	15	18	5	2.75	1.036

The study established that a total of 46 respondents out of 51 at least admitted that there are various types of resources in the public health sector in Kenya. Cumulatively, 44 respondents either agreed or strongly agreed that the amount of financial allocation vary from one public health facility to another. This is affirmation to the observation made by a study conducted by Smith (2008) that the central government to employ arbitrary methods to address the problem of resource allocation where political patronage takes centre-stage in resource allocation. The largest number of respondents (18 out of 51) were indifferent regarding the assertion that the budgetary allocation is subject to various vote heads.

In the same vein, 21 respondents remained neutral in respect of the proposition that the management of the aforestated health facilities devises the strategy used to allocate various resources to different vote heads. On one hand, 12 respondents admitted the proposition to be true while an equal number (12) disputed it. A large number of the sampled respondents (22 out of 51) were not sure whether or not the budgetary allocation frequency is flexible. Even though, 15 respondents were indifferent regarding there being specific criteria that are considered during budgetary

allocation, most of the sampled staff (23 out of 51) at least disagreed with this assertion.

On average, the study observed that it was agreed that there are various types of resources in the public health sector in Kenya (mean = 4.29) with insignificant variation regarding this assertion (std dev = 0.901). It was also agreed that the amount of financial allocation vary from one public health facility to another (mean = 4.04). The variation of opinion regarding this statement was found to be insignificant (std dev = 0.799). Though the sampled respondents were inclined to agreeing with the statement that the budgetary allocation is subject to various vote heads, there was significant variation in their views (std dev = 1.027). The respondents were generally indifferent regarding the proposition that the management of respective public health facilities in the sub-county devises the strategy used to allocate various resources to different vote heads (mea =3.24). There was insignificant variation in their opinions (std dev = 0.951). It was not certain whether or not budgetary allocation frequency is flexible across the public health facilities in Nakuru East Sub-County (mean =3.24). However, there was significant variation in the staff's opinions in respect of the foregoing proposition (std dev = 1.088). In addition, it was generally uncertain that there are specific criteria that are considered during budgetary allocation (mean = 2.75) with this proposition drawing significant variation in respondents' views (std dev = 1.036).

4.4.3 Financial Accountability

In line with the third objective, the study analyzed the views of management and finance staff working with public health facilities in Nakuru East Sub-County in respect of financial accountability in the sector. The descriptive results to this effect are as shown in Table 4.7.

Table 4.7: Descriptive Statistics for Financial Accountability

	n	SA	A	N	D	SD	Mean	Std. Dev.
Our hospital conducts financial audit of all financial transactions	51	15	5	20	11	0	3.47	1.138
Financial reporting is done at the end of every financial year	51	8	17	17	9	0	3.47	.966
Our hospital has effective accountability mechanisms	51	2	15	24	7	3	3.12	.909
Our hospital has sound and reliable financial controls	51	2	7	32	10	0	3.02	.707
Our hospital has a sound accounting system	51	0	14	26	8	3	3.00	.825
Our hospital makes full disclosures of all its financial transactions	51	4	9	20	18	0	2.98	.927
Our hospital has well-kept financial database	51	2	9	24	14	2	2.90	.878
Our hospital is transparent in all its financial transactions	51	2	11	18	17	3	2.84	.967

According to the results indicated in Table 4.7, it was evident that the sampled management and finance staff were largely neutral in respect of all issues touching on financial accountability. Most of the respondents (20 out of 51) were uncertain whether or not public health facilities in the area conduct financial audit of all financial transactions. Though, 17 respondents were in agreement that financial reporting is done at the end of every financial year, a similar number of staff (17) were not sure regarding this proposition. Twenty-four respondents held neutral opinion regarding public health facilities in the sub-county having effective accountability mechanisms. These results mirror previous findings in a study carried out by Said et al (2015) in Malaysia. The latter study had noted that though the public sector generally implemented accountability practices, accountability in medical and health services was below the overall average.

Moreover, 32 out of the 51 sampled staff were not certain if or not the aforestated facilities have sound and reliable financial controls, while 26 respondents did not

know whether they had a sound accounting system or not. Albeit the fact that 18 respondents disputed that the health facilities made full disclosures of all their financial transactions, a larger number (20) of the respondents were not sure. Twenty-four respondents were found to be uncertain regarding the proposition that the public health facilities have well-kept financial database. The health institutions were believed by 17 of the respondents not to be transparent in all their financial transactions while 18 additional staff remained indifferent. The foregoing results could have been linked to the findings of a past local study by Atela and Wafula (2015) that there are certain accountability mechanisms which simply remain on paper and are never implemented.

The study also revealed that, the sampled staff were generally uncertain in respect to the assertion that public health facilities in Nakuru East Sub-County conduct financial audit of all financial transactions (mean = 3.47). There was, however, significant variation of the respondents' views in respect of this assertion (std dev = 1.138). It was further established that the respondents were indifferent regarding the propositions that financial reporting is done at the end of every financial year (mean = 3.47); the studied health facilities have effective accountability mechanisms (mean = 3.12), sound and reliable financial controls (mean = 3.02), and sound accounting systems (mean = 3.00). In respect of the foregoing propositions, there was insignificant variation in the staff's opinions (std dev < 1.000). In the same vein, the study found that the respondents were not sure whether or not the health facilities make full disclosures of all its financial transactions (mean = 2.98); had well-kept financial databases (mean = 2.90); and that they are transparent in all its financial transactions (mean = 2.84). In spite of the indifference among the sampled staff, the variation in their opinions was not significant (std dev < 1.000).

4.4.4 Service Delivery

The study sought the views of the finance and management staff working with public health facilities in Nakuru East Sub-County in relation to service delivery. The descriptive results in form of frequencies, means and standard deviations to this effect are as shown in Table 4.8.

Table 4.8: Descriptive Statistics for Service Delivery

	n	SA	A	N	D	SD	Mean	Std. Dev.
The costs of health services in public hospitals are relatively affordable	51	19	29	3	0	0	4.31	.583
Our hospital offers quality health services to the public	51	9	10	23	9	0	3.37	.979
The services rendered by public health facilities are reliable	51	11	2	23	12	3	3.29	1.064
Our health facility is transparent in its service delivery	51	4	9	26	12	0	3.10	.855
There is prompt delivery of health services by public health facilities	51	2	10	28	11	0	3.06	.759
Our health facility is highly efficient in its service delivery	51	2	7	33	7	2	3.00	.775
Our hospital is very concerned about customer satisfaction	51	4	2	24	21	4	2.78	.856

It was apparent that majority of the sampled finance and management staff as shown in Table 4.8, concurred that the costs of health services in public hospitals are relatively affordable (strongly agree = 19/51; agree = 29/51; mean = 4.31). This was contrary to the results of a study conducted by Robertson et al (2011) on the attitudes of different stakeholders within the healthcare system. The latter study observed that there were increasing medical costs which were attributed to a number of factors. However most of the respondents were uncertain regarding the propositions that public health facilities in Nakuru East Sub-County offer quality health services to the public (neutral = 23/51; mean = 3.37); the services rendered by public health facilities are reliable (neutral = 23/51; mean = 3.29); the health facilities are transparent in their service delivery (neutral = 26/51; mean = 3.10); there is prompt delivery of health services by public health facilities (neutral = 28/511; mean = 3.06); the facilities are highly efficient in their service delivery (neutral = 33/51; mean = 3.00); and that these institutions are very concerned about customer satisfaction (24/51; mean = 2.78).

There was significant variation in the views of the sampled staff regarding the reliability of services rendered by public health facilities (std dev = 1.064). In respect of all the other assertions regarding service delivery by public health facilities in Nakuru East Sub-County, the views of the sampled employees had insignificant variation (std dev > 1.000).

4.5 Inferential Results, Interpretations and Discussions

The study analyzed the relationship between financial management practices (revenue mobilization, budgeting, and financial accountability) and service delivery. Moreover, the study examined the influence of the stated financial factors on service delivery. The Spearman rank correlation coefficient was employed to analyze the relationship between the predictor and dependent study constructs. The coefficient of determination (R^2) was used to determine the proportion of the service delivery that was explained by the studied financial management practices. The analysis of variance (ANOVA) was used to test the significance of the regression model. Moreover, the regression coefficients were employed to determine the extent to which the aforestated financial management practices influence service delivery amongst the public health facilities in Nakuru East Sub-County.

4.5.1 Relationship between Financial Management Practices and Service Delivery

The study evaluated the relationship between financial management practices and service delivery using the Spearman rank correlation coefficient (r_s). The results of the correlation analysis are as illustrated in Table 4.9.

Table 4.9: Correlations

			FA	RM	B	SD
Spearman's rho	**Financial Accountability**	Correlation Coefficient	1.000			
		Sig. (2-tailed)	.			
	Resource Mobilization	Correlation Coefficient	.479**	1.000		
		Sig. (2-tailed)	.000	.		
	Budgeting	Correlation Coefficient	.367**	.379**	1.000	
		Sig. (2-tailed)	.008	.006	.	
	Service Delivery	Correlation Coefficient	.471**	.233	.120	1.000
		Sig. (2-tailed)	.000	.099	.400	.
		n	51	51	51	51

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

B represents Budgeting

FA represents Financial Accountability

RM represents Revenue Mobilization

SD represents Service Delivery

In line with the results indicated in Table 4.9, the relationship between revenue mobilization and service delivery among public health facilities in Nakuru East Sub-County was found to be positive, weak and statistically not significant at 0.05 level of significance ($r = 0.233$; $p > 0.05$). The findings implied that though increased mobilization of revenue was likely to impact positively on service delivery, the relationship between the two study constructs was not substantive. The findings were in support of earlier observations made in a study conducted by Wanjau et al (2012) which indicated that insufficient financial resources lead to a decrease in the provision of health services. Hence there was a direct or positive relationship between resource mobilization and service delivery at the stated health facility. The study also revealed

that there existed a positive, weak and statistically not significant relationship between budgeting and service delivery ($r = 0.120$; $p > 0.05$). In this respect, the results meant that enhancing budgeting in public health facilities was bound to impact positively, though not considerably, on service delivery in these institutions. The findings concurred with past studies that touched on the subject of budgeting yet failed to attach significant relevance to its implication on service delivery (Wanjau & Muiruri, 2012; Kiilu & Ngugi, 2014)

Moreover, it was established that there existed a positive, moderately strong and statistically significant relationship between financial accountability and service delivery ($r = 0.471$; $p < 0.05$) among public health utilities in the aforementioned sub-county. The results meant that greater emphasis on financial accountability was likely to occasion improved service delivery. In the same light, reduced accountability of financial resources was likely to result in substantive decline in service delivery amongst public health facilities. According to the findings and in the context of service delivery amongst public health facilities in Nakuru East Sub-County, financial accountability was the most important financial factor. The importance of financial accountability in relation to service delivery in the health sector was earlier been emphasized in a study conducted in Malaysia by Alam and Aziz (2015).

4.5.2 Influence of Financial Management Practices on Service Delivery

The study further analyzed the influence of the various financial management practices studied, on delivery of services amongst public health facilities in Nakuru East Sub-County. The results shown in Table 4.10 indicate the general correlation between the financial management practices and service delivery and also the extent to which the said factors explain service delivery.

Table 4.10: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.638[a]	.407	.370	.53770

a. Predictors: (Constant), Financial Accountability, Budgeting, Revenue Mobilization

It was revealed as illustrated in Table 4.10, that the general correlation between all the three financial management practices under study (that is, revenue mobilization, budgeting, and financial accountability) combined and service delivery was positive

and strong (R = 0.638). Granted that this relationship was found to be relatively stronger than the relationship between each of the financial management practices in isolation against service delivery as depicted in Table 4.9, it is imperative to infer that the emphasis on all financial management practices combined is more rational than individually in the context of service delivery among public health facilities in Nakuru East Sub-County. According to the results of the coefficient of determination (R^2 = 0.407) as shown in Table 4.10, the study established that the studied financial management practices were able to explain 40.7% of service delivery in the aforementioned health facilities. The findings implied that the practices contributed considerably to service delivery across public health facilities in Nakuru East Sub-County. The remaining proportion (59.7%) of service delivery could be attributed to other factors that were not part of this study which can warrant further empirical research.

The study further examined the significance of the following empirical (regression) model and the results to this effect are as shown in Table 4.11.

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

Table 4.11: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.344	3	3.115	10.772	.000[a]
	Residual	13.589	47	.289		
	Total	22.932	50			

a. Predictors: (Constant), Financial Accountability, Budgeting, Revenue Mobilization

b. Dependent Variable: Service Delivery

The study established as shown in Table 4.11 that the model linking the studied financial management practices (revenue mobilization, budgeting, and accountability) to service delivery in public health facilities in Nakuru East Sub-County was significant ($F = 10.772$; $p < 0.05$). This meant the model was suitable for further analysis and interpretation.

The results shown in Table 4.12 outlines the regression coefficients (β_n) that illustrate extent to which the analyzed financial management practices influence service delivery among public health facilities in Nakuru East Sub-County.

Table 4.12: Regression Coefficients

	Unstandardized Coefficients		Standardized Coefficients		
Model	**B**	**Std. Error**	**Beta**	**t**	**Sig.**
1 (Constant)	1.681	.508		3.310	.002
Revenue Mobilization	.094	.200	.073	.472	.639
Budgeting	.066	.153	.063	.429	.670
Financial Accountability	.688	.141	.708	4.890	.000

a. Dependent Variable: Service Delivery

The regression model is interpreted using the results indicated in Table 4.11.

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

$$\mathbf{Y= 1.681 + 0.094 X_1 + 0.066 X_2 + 0.688 X_3}$$

The model indicates that in order for1 unit change in service delivery to be effected, there ought to be 0.094 unit change in revenue mobilization, 0.066 unit change in budgeting and 0.688 unit change in financial accountability while holding other factors, not addressed by this study, constant as represented by (β_0= 1.688). The findings underscored the importance of financial accountability in relation to service delivery in public health facilities. This was in support of an earlier study conducted by Alam and Aziz (2015) which centred on the public accountability system. In the same context it was established that both revenue mobilization and budgeting were not significantly important towards service delivery in the aforementioned health facilities.

4.5.3 Hypotheses Testing

The null hypotheses were tested at 95% confidence level which is equivalent to 0.05 significance level (p = 0.05). The results of the T-statistics as shown in Table 4.12 were employed to test the research hypotheses.

H_{01}: There is no significant effect of revenue mobilization on service delivery in public health facilities in Nakuru East Sub-County.

H_{0A}: There is significant effect of revenue mobilization on service delivery in public health facilities in Nakuru East Sub-County.

Results of the T-statistics ($t = 0.472$; $p > 0.05$)

Interpretation: There is no significant effect of revenue mobilization on service delivery in public health facilities in Nakuru East Sub-County.

Verdict: The null hypothesis failed to be rejected.

Discussion: The study found that revenue mobilization did not have significant implication in the provision of healthcare by public health facilities in Nakuru East Sub-County.

H_{02}: There is no significant effect of budgeting on service delivery in public health facilities in Nakuru East Sub-County.

H_{0A}: There is significant effect of budgeting on service delivery in public health facilities in Nakuru East Sub-County.

Results of the T-statistics ($t = 0.429$; $p > 0.05$)

Interpretation: There is no significant effect of budgeting on service delivery in public health facilities in Nakuru East Sub-County.

Verdict: The null hypothesis failed to be rejected.

Discussion: The study established that budgeting had insignificant consequences on the provision of health services by public health facilities in Nakuru East Sub-County.

H_{03}: There is no significant effect of financial accountability on service delivery in public health facilities in Nakuru East Sub-County.

H_{0A}: There is significant effect of financial accountability on service delivery in public health facilities in Nakuru East Sub-County.

Results of the T-statistics ($t = 4.890$; $p < 0.05$)

Interpretation: There is significant effect of financial accountability on service delivery in public health facilities in Nakuru East Sub-County.

Verdict: The null hypothesis was rejected.

Discussion: It was revealed that financial accountability was of significant importance in the provision of healthcare by public health facilities in Nakuru East Sub-County.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In this chapter, the most important findings are summarized. From the summarized findings, conclusions are drawn. The chapter also covers the suggested recommendations. The summary, conclusions and recommendations are in tandem with the objectives of the study. In addition, chapter proposes areas for further research.

5.2 Summary of Findings

The summarized findings are in relation to financial management practices and service delivery in public health facilities primarily those located in Nakuru East Sub-County.

5.2.1 Revenue Mobilization and Service Delivery

The study found that public health facilities in Nakuru East Sub-County get funding from the national government though not every respondent was in agreement. There was insignificant variation in the agreement that the county government finances the health function, and also that public health facilities get revenue from the medical charges such as consultation fees and laboratory test charges. It was not generally not clear regarding public health facilities in Nakuru East Sub-County getting financial grants; the facilities embarking on various income-generating activities, and the health utilities receiving regular financial donations. The study also noted that, though increased mobilization of revenue was likely to impact positively on service delivery, the relationship between the two study constructs was not substantive.

5.2.2 Budgeting and Service Delivery

The study found that there are various types of resources in the public health sector in Kenya. The amount of financial allocation was found to vary from one public health facility to another. It remained unclear whether or not the budgetary allocation is subject to various vote heads and that the management of the aforestated health facilities devises the strategy used to allocate various resources to different vote heads. Moreover, it was uncertain regarding the flexibility of budgetary allocation amongst public health facilities in Nakuru East Sub-County. It was disputed that there

are specific criteria that are considered during budgetary allocation. The study further established that enhancing budgeting in public health facilities was bound to impact positively, though not considerably, on service delivery in these institutions.

5.2.3 Financial Accountability and Service Delivery

It remained unclear regarding public health facilities in Nakuru East Sub-County conducting financial audit of all their financial transactions. It was also unclear whether or not financial reporting is done at the end of every financial year. The surveyed staff were not certain regarding the public health facilities having effective accountability mechanisms, sound and reliable financial controls, and sound accounting systems. The study found that the respondents were not sure whether or not the health facilities make full disclosures of all its financial transactions, had well-kept financial databases, and that they are transparent in all its financial transactions. The study also revealed that greater emphasis on financial accountability was likely to occasion improved service delivery in public health facilities in Nakuru East Sub-County. Financial accountability was found to be the most important financial factor.

5.2.4 Service Delivery in Public Health Facilities

The study found that the costs of health services in public hospitals are relatively affordable. However it was generally unclear regarding the propositions that public health facilities in Nakuru East Sub-County offer quality health services to the public; the services rendered by public health facilities are reliable; the health facilities are transparent in their service delivery; there is prompt delivery of health services by public health facilities; the facilities are highly efficient in their service delivery; and that these health institutions are very concerned about customer satisfaction. The study also observed that the emphasis on all financial management practices combined is more rational than individually in the context of service delivery among public health facilities in Nakuru East Sub-County. It was established that the studied financial management practices were able to explain 40.7% of service delivery in the aforementioned health facilities. The study findings further underscored the importance of financial accountability in relation to service delivery in public health facilities.

5.3 Conclusions of Findings

The study made a number of conclusions in relation to the findings emanating from financial management practices and service delivery in public health facilities in Nakuru East Sub-County.

5.3.1 Conclusions on Revenue Mobilization and Service Delivery

The study concluded that public health facilities in Nakuru East Sub-County get funding from the National Government through the Exchequer. Moreover, it was deduced that there was general uncertain regarding various issues touching on revenue mobilization in public health facilities particularly those under the purview of the devolved governments. For instance, it was inconclusive regarding public health facilities in Nakuru East Sub-County getting financial grants, the facilities embarking on various income-generating activities, and the health utilities receiving regular financial donations. The study further concluded that revenue mobilization was not substantively crucial in the dispensation of healthcare by public health facilities in Nakuru East Sub-County.

5.3.2 Conclusions on Budgeting and Service Delivery

The study inferred that there are various types of resources in the public health sector in Kenya. It was concluded that there was conspicuous variation in the budgetary allocation of the public health facilities in Nakuru East Sub-County. However, the study concluded that it was unclear regarding whether or not the budgetary allocations were pegged on various vote heads. The study also concluded that it was uncertain if the health facilities had laid down budgetary allocation strategies and also whether the budgetary allocation was flexible or not.

5.3.3 Conclusions on Financial Accountability and Service Delivery

The study concluded that it was unclear regarding public health facilities in Nakuru East Sub-County conducting financial audit of all their financial transactions. Moreover, the study indicated that it was not certain that financial reporting is done at the end of every financial year by the concerned health institutions. It was also deduced that there was ambiguity in reference to the public health facilities having effective accountability mechanisms, sound and reliable financial controls, and sound accounting systems. The study further concluded that financial accountability was

significantly important in the delivery of health services by public health facilities in Nakuru East Sub-County.

5.3.4 Conclusions on Service Delivery

The study concluded that, in relation to the private sector, the costs of health services in public hospitals are affordable. This implies that unlike the former institutions that charge exorbitant fees, public health facilities are quite often considerate in their charges. However, it was concluded that the quality of healthcare offered by the public health facilities could not absolutely be guaranteed. The study also concluded that there was considerable uncertainty regarding the reliability, transparency, promptness, efficiency, and satisfaction of the services offered by the aforementioned health facilities. It was further concluded that financial management practices are very important in improving the delivery of healthcare services by public health facilities in Nakuru East Sub-County.

5.4 Recommendations

The study made several recommendations in respect of financial management practices and service delivery by public health facilities in Nakuru East Sub-County.

5.4.1 Recommendations on Revenue Mobilization

The study recommends that county governments should minimize their dependence on the Exchequer in financing public health facilities under their jurisdiction. Instead they should direct more effort and resources in generating more revenue, part of which should be allocated to the health function. The public health facilities are advised to streamline the various charges (consultancy fees, laboratory test fees, surgery fees etcetera) they levy on patients who seek services from them.

5.4.2 Recommendations on Budgeting

The study recommends that the budgetary allocations should be proportionate to the size of individual health facilities, the variety of services they offer and also the number of patients they attend to. The budgetary allocation should also be commensurate to various vote heads in respect of the health function. For instance, there should be allocations to cater for the recurrent expenditure, and also procurement of drugs, modern technology such as dialysis machines, and other related

materials. It is also important to have flexible budgets, and to consider specific criteria during budgeting.

5.4.3 Recommendations on Financial Accountability

It is prudent and thus recommendable to audit all financial transactions in public health facilities. The hospital management should put in place effective, sound and reliable accountability mechanisms, financial controls, internal controls, and audit trails. In the same vein, it is advisable to ensure that these health facilities make full disclosures of their financial transactions. In addition, they should have well-kept financial databases, and also be transparent in all their financial transactions.

5.4.4 Recommendations on Service Delivery

The study recommends that public health facilities ought to have reliable and sustainable revenue mobilization mechanisms which should be directed towards improving the delivery of health services. The management of these entities should ensure that the budgetary strategies are geared towards enhancing service delivery to the public. Granted the established importance of financial accountability, it is important to ensure that there are effective accountability mechanisms that can promote service delivery amongst public health facilities in Nakuru East Sub-County and Kenya at large.

5.5 Suggestions for Further Studies

The study proposes further research in the following areas: Relationship between financial management practices and financial sustainability of public health facilities in Kenya.; influence of financial management practices on service delivery in private health sector in Kenya; effect of financial management practices on profitability of private health facilities in Kenya; determinants of financial sustainability in the public health sector in Kenya.

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APPENDICES

APPENDIX I

LETTER OF INTRODUCTION

Dear Sir/ Madam,

RE: REQUEST FOR DATA COLLECTION

I am an MSc Finance student at Jomo Kenyatta University of Agriculture and Technology. As part of my MSc programme, it is a requirement to undertake an academic research study. In this respect, I am presently carrying out an empirical study on: ***Influence of Financial Management Practices on Service Delivery in the Public Health Facilities in Nakuru East Sub-County, Kenya***.

I kindly request you to participate in this study by filling in the research questionnaire attached to this letter. The data collected and the information processed will not only be employed for academic purposes but will also be treated with utmost confidentiality.

Thank you in advance.

With thanks,

_____	_____
Jane M'nyiri	Mr. Solomon Ngahu
Student	Supervisor

APPENDIX II

RESEARCH QUESTIONNAIRE

This questionnaire is an integral part of a study titled: "***Influence of Financial Management Practices on Service Delivery in the Public Health Facilities in Nakuru East Sub-County, Kenya***." The respondents are kindly requested to give precise and honest information. The respondent's identity and information given will be confidential. Please fill in the required information in the spaces provides by placing a tick (√) against the correct choice.

Section A: Respondents' Background Information

1. Kindly indicate your gender?

Male ( ) Female ( )

2. Kindly state your highest academic qualification?

Diploma ( ) Master's Degree ( )

Bachelor's Degree ( ) PhD ( )

Professional Certificate ( )

3. How long have you been working in the public health sector in Kenya?

Not more than 5 years ( ) 11-15 years ( )

6 - 10 years ( ) More than 15 years ( )

4. How long have you been working with Nakuru Level Five Hospital?

Less than 1 year ( ) 6-10 years ( )

1 - 5 years ( ) More than 10 years ( )

Section II: Revenue Mobilization

Kindly indicate the extent to which you agree or disagree with the indicated statements on revenue mobilization using a Likert scale of 5 points where:

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, and SD = Strongly Disagree

	5 SA	**4 A**	**3 N**	**2 D**	**1 SD**
5. The health facilities get funding from the national exchequer.					
6. The county government finances the health function.					
7. Our health facility gets financial grants.					
8. The hospital gets regular financial donations.					
9. Our health facility has embarked on various income-generating activities.					
10. Our health facility gets revenue from the medical charges such as consultation fees and laboratory test charges.					

Section III: Budgeting

Kindly indicate the extent to which you agree or disagree with the indicated statements on budgetary allocation using a Likert scale of 5 points where:

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, and SD = Strongly Disagree

	5 SA	**4 A**	**3 N**	**2 D**	**1 SD**
11. There are various types of resources in the public health sector in Kenya.					
12. The amount of financial allocation vary from one public health facility to another.					
13. The budgetary allocation is subject to various vote heads.					
14. There are specific criteria that are considered during budgetary allocation.					
15. The budgetary allocation frequency is flexible.					
16. The hospital's management devises the strategy used to allocate various resources to different vote heads.					

Section IV: Financial Accountability

Kindly indicate the extent to which you agree or disagree with the indicated statements on financial accountability using a Likert scale of 5 points where:

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, and SD = Strongly Disagree

	5 SA	**4 A**	**3 N**	**2 D**	**1 SD**
17. Financial reporting is done at the end of every financial year.					
18. Our hospital conducts financial audit of all financial transactions.					
19. Our hospital has sound and reliable financial controls.					
20. Our hospital has effective accountability mechanisms.					
21. Our hospital is transparent in all its financial transactions.					
22. Our hospital makes full disclosures of all its financial transactions					
23. Our hospital has well-kept financial database.					
24. Our hospital has a sound accounting system.					

Section V: Service Delivery

Kindly indicate the extent to which you agree or disagree with the indicated statements on service delivery using a Likert scale of 5 points where:

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, and SD = Strongly Disagree

	5 SA	**4 A**	**3 N**	**2 D**	**1 SD**
25. The services rendered by public health facilities are reliable.					
26. The costs of health services in public hospitals are relatively affordable.					
27. Our hospital offers quality health services to the public.					
28. There is prompt delivery of health services by public health facilities.					
29. Our health facility is transparent in its service delivery.					
30. Our hospital is very concerned about customer satisfaction.					
31. Our health facility is highly efficient in its service delivery.					

Thank you or your cooperation.