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Factors affecting finance management in devolved units in Kenya.

(A case study of Kwale County Government)

Immaculate Mpuyu Lugwe

Jomo Kenyatta University of Agriculture and Technology Mombasa Campus, P.O Box 81310-80100 Mombasa

Abstract- This paper is based on the need to discuss factors affecting finance management as one of the major problems faced by devolved units. The scope of the research will be County Government of Kwale. The paper explores measures that can be undertaken to impact the effectiveness of finance management. Records have shown that a large number of the devolved units are yet to develop and implement effective finance management, yet these attracts benefits to both the devolved units and the members of public. Hence the development of this research paper to highlight on the best practices. It must be appreciated that the issue of finance management is very sensitive to the members of the public because it affects the living standards of the community members. This is because resources that are well utilized and distributed would be of much benefit to the public. This paper is therefore prepared to analyze the importance of finance management so that organizations and individuals can understand the importance of effective finance management.

Index Terms- Devolution, financial management, record keeping, financial reporting, fundraising

I. Introduction

Financial Management means planning, organizing, directing and controlling the financial activities such as procurement and utilization of funds of the enterprise. It means applying general management principles to financial resources of the enterprise. The financial management is generally concerned with procurement, allocation and control of financial resources of a concern. Finance management basically entails; ensuring regular and adequate supply of funds to the concern, ensure adequate returns to the shareholders which will depend upon the earning capacity, market price of the share, expectations of the shareholders, ensure optimum funds utilization. Once the funds are procured, they should be utilized in maximum possible way at least cost. To ensure safety on investment, that is, funds should be invested in safe ventures so that adequate rate of return can be achieved and to plan a sound capital structure-There should be sound and fair composition of capital so that a balance is maintained between debt and equity capital.

The finance function needs to be aligned to the business strategy, and provide financial analysis and insight to support corporate decision making, while also meeting legal and regulatory requirements given. With a global network of professional, finance management is able to bring the right people, with the right skills, to the right place, at the right time to assist helping organisations to become leaders in finance. An efficient finance management function helps identify and deliver specific improvements in order to unlock value and resources thus freeing up time for improved decision support activities. It is founded on a robust platform of integrated operational and transactional finance activities.

Kenya is emerging from a state of poor governance demonstrated by widespread corruption, ethnic conflicts, insecurity, political uncertainty; and poverty among others. Poor governance has resulted in, among other negative outcomes, the alienation of large portions of the society from the mainstream economy; the squandering of public resources leading to low levels of development and massive property, ethnic animosity due to perceptions of historical injustices and cut-throat political competition and intolerance.

The struggle for constitutional reforms has its roots in the desire to correct the deficiencies in the governance framework of the country. A central objective of the struggle has been the restoration of power to local communities to manage their affairs particularly in matters of local development.

Devolution in Kenya is the pillar of the constitution and seeks to bring government closer to the people, with county governments at the centre of dispersing political power and economic resources to Kenyans at the grassroots. The promulgation of the constitution of Kenya 2010 marked a major milestone in the way the country is governed. It stipulated the dispersal of political power and economic resources from the centre in Nairobi to the grassroots in a process known as devolution. The constitution was reviewed so as to consider people's participation through the devolution of power, respect for ethnic and regional diversity and communal rights including the right of communities to organise and participate in cultural activities and the expression of their identities. It was to review the place of local government, the degree of the devolution of power to local authorities, and options for federal and unitary systems. The feeling of being marginalised and neglected, deprived of resources and victimised for political or ethnic affiliations intensified the push for devolution.

The ability of the new counties to create wealth and enhance welfare outcomes of their citizens will depend on how well they are able to leverage the endowments, natural and otherwise, within the national, regional and global operating contexts. Attracting the jobs that improve welfare for citizens will not be achieved through lone ranger efforts. Experience elsewhere suggests that to prosper, a nation, and therefore our counties must leverage four key assets; innovation, human capital, infrastructure and quality places. Given the level of inequalities between and within Kenyan counties as well as close kinship linkages between some of them, it is feasible to consider competitiveness and complimentary within clear cooperative and collaborative frameworks. Such an arrangement responds to the application of the cluster concept to regional and national competitiveness.

Statement of the problem

Devolved government is a new system of government that has been adopted in other parts of the world as well as in Kenya. Devolved government is a new concept in Kenya. It involves shifting the central administration from the National government to the county government. Thus there have been challenges in terms of the technological knowhow needed in allocation of resources in the decentralized government and mismanagement of funds as a result of either budget deficit or budget surplus.

Specific Objectives

1. To find out how financial skills and capacity affect finance management in devolved units.
2. To investigate how record keeping affect financial management in devolved units.
3. To find out the extent at which government regulations affect financial management in devolved units.

RELATED LITERATURE

Theoretical Framework

Functions such as record keeping, financial reporting and fundraising help a firm ease its route to financial success. Factors affecting financial management include government regulations, the state of the economy, securities exchanges and borrowing costs.

Company principals establish a working rapport with regulators to create a compliant, effective business environment. Senior executives understand that adverse legislation can cripple productivity, a prelude to financial losses later on down the road. Consequently, top leadership sets up corporate compliance departments to monitor regulatory developments and indicate how they may affect financial activities. For example, new Occupational Safety and Health Administration rules concerning workplace safety could increase personnel charges in corporate income statements. Aside from compliance managers, internal auditors help companies find ways to handle the binomial question of generating profits while complying with the law. All organizations, including charities, borrow to rein in the occasional cash shortfall resulting from delays in customer payments or donor remittances. Finding the right mix of debt and equity is part of a company's formula for success.

The study is based on the scientific management theory, which basically consists of the works of Fredrick Taylor, and the organization theory comprising of the works of Henri Fayols on administration (Mullins, 1994). Fredrick Taylor started the era of modern management in the late nineteenth and early twentieth centuries; Taylor consistently sought to overthrow management by rule of thumb and replace it with actual timed observations leading to the one best practice. According to Taylor, systematic training of workers in the one best practice rather than allowing them personal discretion in their tasks. He further believed that the workload would be evenly distributed between the workers and management with management performing the science and instruction and the workers performing the labor aspect each group doing the work for which it was best suited. Taylor’s strongest positive legacy was the concept of breaking a complex task down into a number of subtasks, and optimizing the performance of the subtasks, hence, his stopwatch measured time trials. As a result, he proposed four underlying principles of management.

Firstly, there is need to develop a science of work to replace old rule of thumb methods, pay and other rewards linked to achievement of optimum goals, measures of work performance and output. Failure to achieve these would in contrast result in loss of earnings. Second is that workers should be scientifically selected and developed; Training each to be first class at some specific task. Thirdly, the science of work to be brought together with scientifically selected and trained people to achieve the best results. Finally, work and responsibility to be divided equally

Between workers and management cooperating together in close interdependence.

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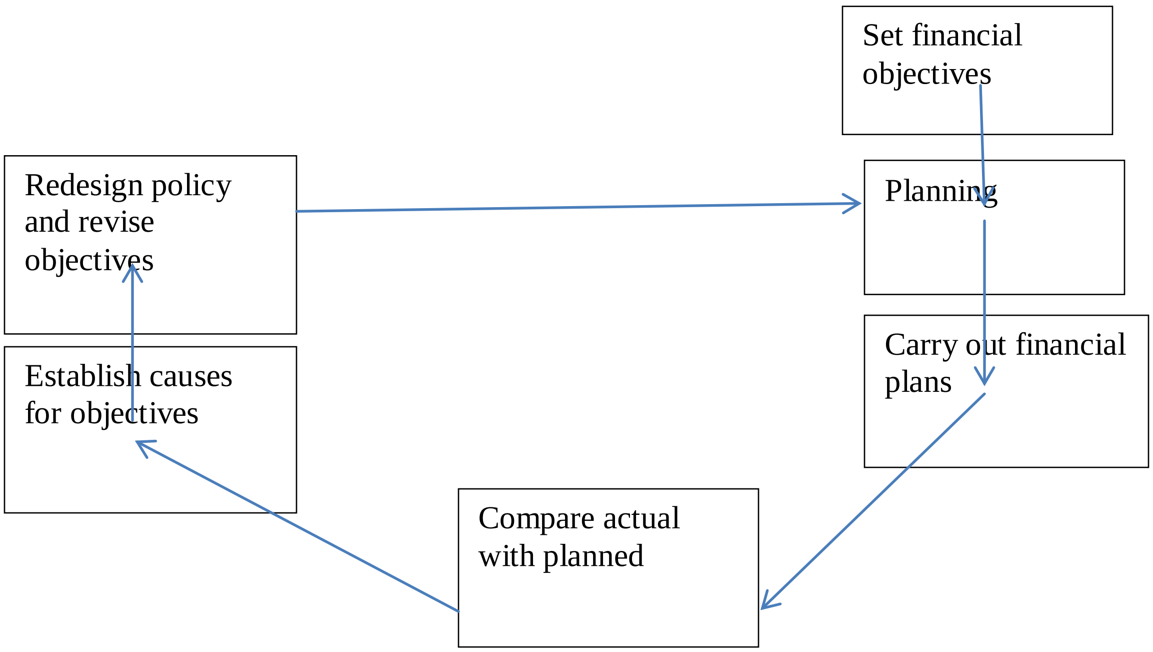
The financial management cycle



In order to perform finance functions efficiently, the financial managers of the county government or rather devolved units have to:

1. Set the financial objectives of the local government.

This entails developing objectives, mission and vision, which would assist in achieving the plans set. Thus, the county government/devolved units have to develop financial objectives in terms of the investments that would be made and the budget for the devolved unit.

2. Prepare plans of action and select policies for achieving the objective.

Once the objectives have been developed, then the management, need to prepare plans of action and select policies that would assist in achieving the objectives. Failure to plan is planning to fail. The policies could be set in certain time frames as this would assist the management check whether they are on the right track.

3. Develop financial plans and incorporate these into the overall plans of the county government/devolved unit.

Financial plans should be developed and incorporated into overall plans of the devolved unit. This would ensure that the financial plans that were broken down are at par with the overall plans of the devolved unit.

4. Check the achievement of the objectives and evaluate deviations from the plan.
5. Establish causes for deviations.
6. Take corrective action and/or redesign policy or revise the objectives to start a new cycle as illustrated in the figure above.

Techniques and Tools for Achieving Efficient Management of county
Government Finance

Traditionally, considerable importance is attached to what can be the money factor in the functioning of organizations in both public and private sectors. One important issue of concern is usually the management of available financial resources. Generally speaking, a number of various approaches for efficient finance management are available. However, the approach to be adapted must take into account the peculiar nature of the project, its environment, purpose and the public it is meant to serve (Nwankwo, 2004). This is because if a wrong or unpopular approach is adapted for a particular project, it can mar the project completely.

The different approaches that can be adapted for efficient financial management at the local
Government level includes the following:

1. The Use of Budget

The use of budget has been a long standing practice in the local government system. Budgetary control is concerned with ensuring that the financial management plan that has been agreed with the board of management is achieved. Control is affected through monitoring expenditure before and after commitment to prevent under expenditure or over expenditure. An effective use of the budget is good for achieving efficient financial management. A budget is a plan of activity expressed in financial terms; such plans are often short term, typically covering a period of one year. When approved, the budget becomes an authority to raise the amount of revenue and incur the amount of expenditure stated therein.

Adamolekun summarized the purpose of a budget thus:

A short term financial plan, A political document couched in figures, A management tool used for both planning and control, A device for ensuring continuous monitoring procedures, and reviewing and evaluating, performances with reference to previously established standards, an agent to enable management to anticipate change and adapt to it, and an overall method for improving operation.

It is imperative to note that the budgetary process takes four distinct activities. These are as follows: budget preparation, budget authorization, budget execution and budget monitoring and evaluation. In many governmental arrangements, the agencies or bodies responsible for each of these activities are distinct, with varying degrees of autonomy and interdependence. At the local government level, the council chairman is ultimately responsible for budget preparation with inputs from the supervisory councilors and local bodies or agencies. It is then approved by the local legislature. In addition, the State Governor's office gives the prepared budget final approval after thorough scrutiny.

However, getting final approval is oftentimes worrisome as it is characterized by too much scrutiny and delayed sanctions by state government functionaries. On approval, the budget is returned to the local government council through the department of local government. The approved budget then gives authority to the council to raise revenue and incur expenditure in the financial year.

2. Rational Approach

The rational approach is a popular decision-making model. It is usually applied where effective and efficient allocation of resources is needed. The rational approach is generally known as The Modern Financial Resources Allocation and Control Model within the financial management circle. Using rational approach for proper financial management entails the following:

Determination of available resources, determination of objectives for which the resources will be allocated, determination of the alternative courses of action for the achievement of objectives, evaluation of the alternative courses of action for the achievement of objectives, establishment of decision criteria, allocation of resources, establishment of control measure and feedback mechanism necessary or required performance evaluation and adjustment of future plans and objectives for purposes of future allocation.

3. Incremental Approach

Many organizations adopt an incremental budgeting method to produce budget estimates. Incremental approach to financial management involves introduction of gradual changes or adjustment in the allocation and control of financial resources of an organization in order to achieve the desired objectives. Once a system of financial management and control are adopted, only minor or gradual changes or adjustments are required in order to put the system into perfect working condition. Incremental approach takes as its starting point the current year's budget and arrives at next year's budget by a series of adjustments to this. The adjustment process is sometimes referred to as rolling forward an existing budget.

Efficient Financial Management for Local Governments method has some advantages. It is a relatively straight forward process; only marginal changes to the existing budget need to be understood and agreed, thereby minimizing the amount of time that need be spent on budget preparation. Hence, it is a relatively inexpensive method of estimating a budget. Additionally, it is easy to operate and allows some degree of flexibility and discretion in the use and management of funds.

4. Zero-Based Budgeting (ZBB)

The Zero-base budgeting (ZBB) approach involves preparing a comprehensive budget a new, that is, from a zero base. The novelty of ZBB is that each year an organization should begin its budgetary process with a clean sheet of paper. It starts from zero or from the scratch. The construction of a new budget for each service from basic principles is referred to as zero-based budgeting. This approach has the effect of focusing attention on such issues as waste, unnecessary performance, leasing versus purchasing of equipment, and so on.

In Zero based budgeting individual cost centre managers are asked to estimate the cost of providing various levels of services, which are then passed up through the organizational hierarchy. At each level in the hierarchy, managers are asked to decide upon the order of the decision packages as a way of ensuring that spending is linked to priorities. One of the major strengths of ZBB is that there is a specific link between budget and activity. The budget process involves specifying objectives and considering cost-effective methods of achieving these objectives. In this way, ZBB eliminates waste, extravagancy, mismanagement of finances of a local government. The major drawback of ZBB as a finance management tool is that it is time demanding since, it takes lot of time to construct a budget from zero each year.

5. Planning-Programming and Budgeting System (PPBS)

The three main features of PPBS are planning, programming and budgeting; the emphasis here is upon a programmatic approach to both planning and budgeting. PPBS is an approach to budgeting which is intended to provide a system that relates expenditure at each stage of the budget to the purposes of that expenditure. The application of PPBS as a finance management tool allows for weighing the alternatives, analyzing of cost and benefits of any project or program before the commitment of financial resources to the project. A further advantage is that program budgeting looks beyond the immediate future and is concerned with the long-term effects of activities. PPBS have a number of drawbacks. Technically speaking, PPBS requires information on costs and benefits that is not readily available, and it is also a time-consuming budgetary method.

6. Audit Alarm

Audit alarm is a precautionary method of alerting the appropriate authority or the public about illegal financial transactions or misappropriations that may lead to loss of funds or revenue meant for a project. Audit alarm can be raised by a member of the executive or the general public. This is usually done at any time irregularity is noticed in the management of funds meant for public use. Whenever audit alarm is raised it usually attracts full-scale audit-exercise to ascertain the magnitude of the fraud or irregularity. This method serves as a precautionary warning to those entrusted with the responsibility of the finances.

7. Auditing Approach

The regular audit method complements the good efforts of audit alarm. Audit is more or less a practice which may be called a technique for ensuring a more effective internal check on financial management There should be regular and independent examination of the books of accounts by appointed qualified auditors to ensure that the statement of account as recorded represents a true and fair-view of all the transactions as during the period under investigation. Regular auditing of account would ensure sanity, prudence and probity in the use and management of finances.

II. CHARACTERISTICS OF A WELL FUNCTIONING FINANCIAL SYSTEM

An efficient financial system is fundamental to supporting Kwale's growth and productivity. An efficient system allocates Kwale's scarce financial and other resources for the greatest possible benefit to our economy, promoting a higher and more sustainable rate of productivity, and economic growth. The Inquiry is concerned with three distinct, but interrelated, forms of efficiency:

- **Operational efficiency** — where financial products and services are delivered in a way that minimizes costs and maximizes value. This largely depends on how effectively firms deploy labor, capital and technology, and the regulations with which firms comply. Strong competition, both from new entrants and incumbents, encourages firms to innovate and increase operational efficiency to survive and prosper. This can be seen in the ongoing industry focus on deploying new technologies in the Kwale and Kenya financial system to improve the quality and reduce the cost of products and services. Good policy-making can also assist operational efficiency by providing a stable regulatory environment and well-designed regulation that takes into account its likely effect on industry.
- **Allocative efficiency** — where the financial system allocates financial resources to the most productive and valuable use. Central to achieving allocative efficiency is the ability of prices to adjust freely to give participants information about the value and risk of various financial products and services. Prices help allocate financial resources to productive uses. Prices also help allocate risks to those most willing and able to bear them, such as through insurance or derivative contracts. Allocative efficiency can be hampered by ineffective disclosure, government guarantees (explicit or implicit) and tax policies that distort price signals.
- **Dynamic efficiency** — where the financial system delivers price signals that induce the optimal balance between consumption and saving (deferred consumption). At times, policy intervention may be required to overcome behavioral biases that impede an economy's ability to allocate resources with dynamic efficiency.

Resilience

Resilience refers to the financial system's capacity to adjust to both the normal business cycle and a severe economic shock. A resilient system does not preclude failure, nor necessarily imply price stability. Rather, a resilient system can adjust to changing circumstances while continuing to provide core economic functions, even during severe but plausible shocks. In a resilient system, individual institutions in distress should be resolvable with minimal costs to depositors, policy holders, taxpayers and the real economy.

The starting point of any capacity development planning process is assessing existing capacity. Individual, organizational (network/sector) levels are framed in terms of performance and results, and at the institutional level in terms of conditions, but there may be overlap between these categories.

Steps in the process

1. Identify key actors and stakeholders and how to engage them in the assessment and analysis.
2. Frame the assessment in terms of:

The definition of capacity and any capacity development framework that is being applied in the particular context being assessed, the purpose of the assessment, the mandate of the entity to be assessed and change readiness and stakeholder agreement about the need for the assessment

3. Decide what to assess and how to analyze data. For instance, one can think about the:

- **Levels of capacity:** whatever the starting point going on to zoom in and zoom out will lead to a holistic understanding of all the factors enabling or inhibiting performance and capacity change.
- **Types of capacity:** remember to assess both hard and soft capacities, including power distribution, incentives and sanctions, leadership, and values and beliefs
- **Themes for application:** the capacity development framework will help to priorities the areas for the assessment
- plus understanding gender and other cross cutting issues can be essential to gaining a comprehensive assessment

4. Choose the overall approach and specific tools

- An incremental approach starting with identification of existing capacity as the foundation for identifying realistic steps forward, or
- A gap analysis starting with definition of how things should be then looking at how they are and defining the difference between the two as what is missing, that is, the gap.

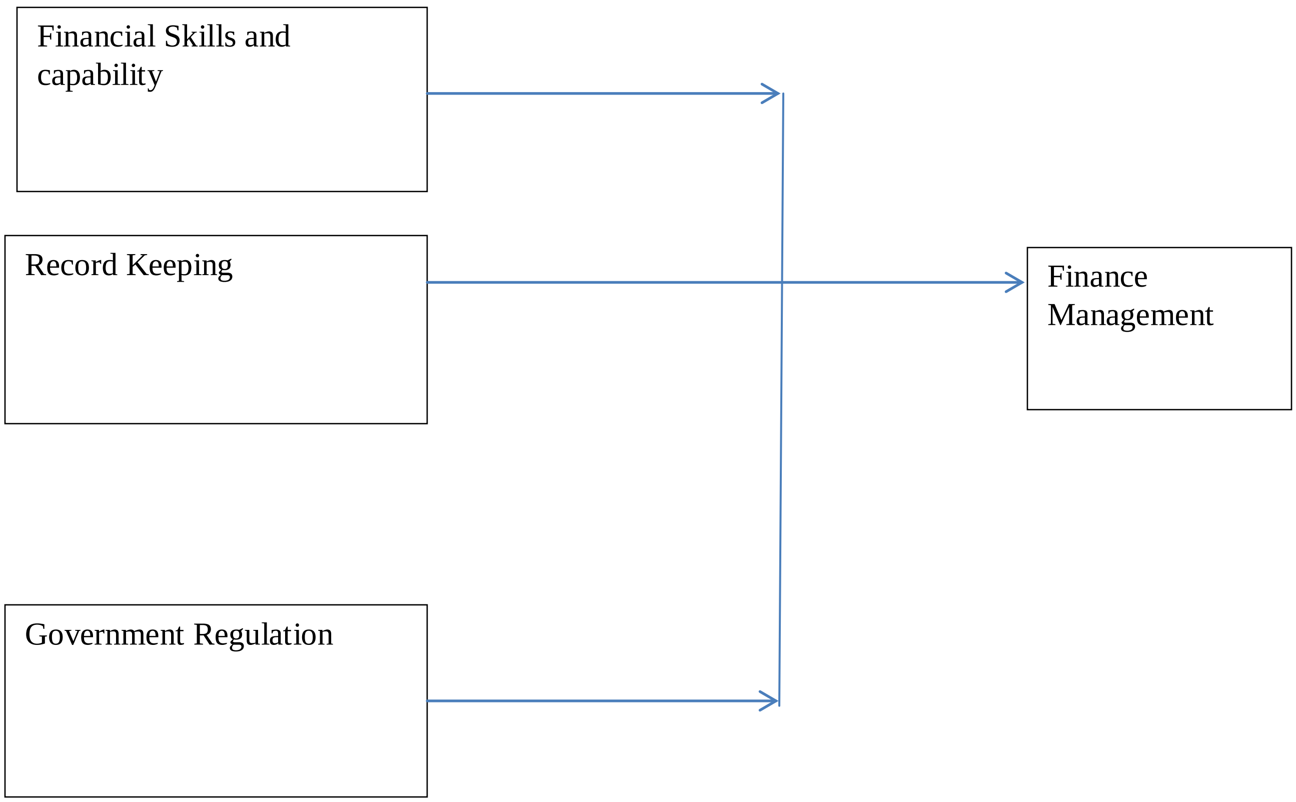
Assessing existing capacity should be the starting point of any capacity development planning process. To be relevant and useful all capacity development initiatives need to be grounded very clearly in the practical realities of delivery against mandate so a great deal will be framed.

Who should do the assessment

Many people and agencies have different interests and roles in capacity assessments. In multi-stakeholder settings it is necessary to be selective about who should be involved at which stage. It might be best for the starting point to be with a core group, which expands and involves others over time. For example, local leadership is one of the important prerequisites for a successful process so that might be the best place to start.

The **gap analysis** tends to be based on externally defined criteria for full and effective functioning of the organization or sector according to its mandate - the ideal situation. This approach can be helpful for some types of needs, but it has three weaknesses that need to be taken into account when deciding whether or not to use it. The first is that gap analyses tend not to recognize or value existing capacity sufficiently well to make it the starting point of new initiatives. The second is that the statement of the ideal situation is often far too ambitious to be helpful in setting realistic goals and objectives for moving forward. The third is that gap analyses tend to focus on hard capacities, with little attention given to essential soft capacities. Another problematic aspect of gap analysis is that it tends to depend on outside experts and their assessment on how things should be done, leaving out the people concerned in the assessment process.

CONCEPTUAL FRAMEWORK



III. DISCUSSION ON THE VARIABLES OF THE STUDY

Financial skills and capability

<u>Investment Appraisal theory</u>

Investment decisions are important to the future of organizations. It is therefore crucial that, if managers are to make the right decisions, they should be knowledgeable about the techniques of investment appraisal and the consequences of its use. This updated edition converts theory into practice and shows managers how to increase the speed of their decision-making while gaining the best results. It includes discussion of traditional approaches, discounted cash flows, capital rationing and decision-making in conditions of risk and uncertainty. One of the most significant strategic decisions that a small manufacturing firm must make is how to allocate scarce investment resources amongst manufacturing processes and projects. Traditionally, capital budgeting methods have been used to evaluate and justify advanced manufacturing technology. In this context, capital budgeting is defined as the process of analyzing, evaluating and deciding whether resources should be allocated to a project or not. Capital budgeting decisions are crucial to a firm's success for several reasons. Firstly, capital expenditure typically requires large outlays of funds. Secondly, firms must ascertain the best way to raise and repay these funds. Thirdly, most capital budgeting decisions require a long-term commitment and finally, the timing of capital budgeting decisions is crucial (Chan, 2004).

Record Keeping

<u>Information Governance maturity model</u>

Information is one of the most vital, strategic assets organizations possess. They depend on information to develop products and services, make critical strategic decisions, protect property rights, propel marketing, manage projects, process transactions, service customers, and generate revenues. This critical information is contained in the organizations business records. (The Principles) would guide:

- management in determining how to protect their organizations in the use of information assets;
- Legislators in crafting legislation meant to hold organizations accountable; and

- Records management professionals in designing comprehensive and effective records management programs.

The Principles identify the critical hallmarks of information governance, which Gartner describes as an accountability framework that includes the processes, roles, standards, and metrics, that ensure the effective and efficient use of information in enabling an organization to achieve its goals. As such, they apply to all sizes of organizations, in all types of industries, and in both the private and public sectors. Multi-national organizations can also use The Principles to establish consistent practices across a variety of business units.

A Picture of Effective Information Governance

The Maturity Model for Information Governance gives a complete picture of what effective information governance is. It is based on the eight Principles as well as a foundation of standards, best practices, and legal/regulatory requirements. The maturity model goes beyond a mere statement of the principles by beginning to define characteristics of various levels of recordkeeping programs. For each principle, the maturity model associates various characteristics that are typical for each of the five levels in the model:

- **Level 1 (Sub-standard):** This level describes an environment where recordkeeping concerns are either not addressed at all, or are addressed in a very ad hoc manner. Organizations that identify primarily with these descriptions should be concerned that their programs will not meet legal or regulatory scrutiny.
- **Level 2 (In Development):** This level describes an environment where there is a developing recognition that recordkeeping has an impact on the organization, and that the organization may benefit from a more defined information governance program. However, in Level 2, the organization is still vulnerable to legal or regulatory scrutiny since practices are ill-defined and still largely ad hoc in nature.
- **Level 3 (Essential):** This level describes the essential or minimum requirements that must be addressed in order to meet the organization's legal and regulatory requirements. Level 3 is characterized by defined policies and procedures, and more specific decisions taken to improve recordkeeping. However, organizations that identify primarily with Level 3 descriptions may still be missing significant opportunities for streamlining business and controlling costs.
- ***Level 4 (Proactive):*** This level describes an organization that is initiating information governance program improvements throughout its business operations. Information governance issues and considerations are integrated into business decisions on a routine basis, and the organization easily meets its legal and regulatory requirements. Organizations that identify primarily with these descriptions should begin to consider the business benefits of information availability in transforming their organizations globally.
- ***Level 5 (Transformational):*** This level describes an organization that has integrated information governance into its overall corporate infrastructure and business processes to such an extent that compliance with the program requirements is routine. These organizations have recognized that effective information governance plays a critical role in cost containment, competitive advantage, and client service.

How to Use the Maturity Model

The Information Governance Maturity Model will assist an organization in conducting a preliminary evaluation of its recordkeeping programs and practices. Thoughtful consideration of the organization's practices should allow users to make an initial determination of the maturity of their organization’s information governance. Initially, it is not unusual for an organization to be at differing levels of maturity for the eight principles. It is also important to note that the maturity model represents an initial evaluation. In order to be most effective, a more in-depth analysis of organizational policies and practices may be necessary.

The maturity model will be most useful to leaders who wish to achieve the maximum benefit from their information governance practices. Effective information governance requires a continuous focus. But in order to get started, organizations should consider:

1. Identifying the gaps between the organization's current practices and the desirable level of maturity for each principle.
2. Assess the risk(s) to the organization, based on the biggest gaps.
3. Determine whether additional information and analysis is needed.
4. Develop priorities and assign accountability for further development of the program.

ARMA International has a variety of resources and assessment tools available that will help organizations take the next steps in improving their information governance practices. One example is our Information Governance Assessment.

Compliance model

The model will enable us to improve long-term voluntary compliance and create an environment that promotes compliance. The compliance model pyramid has two different components. The first component looks at the customer’s attitudes and behaviors the left side of the model.

The second component looks at our response to encourage compliance the right side of the model. Using the Compliance Model

Factors Influencing Customer Attitudes the BISEP Understanding customers’ attitudes to and behaviors around compliance is key to applying the compliance model. The model includes a tool, the BISEP, to help us analyze the reasons why a customer has a certain attitude or is behaving in a certain way. There are five broad influencing factors from which we get the acronym BISEP, Business; Industry; Sociological; Economic; Psychological. The first step in applying the compliance model is to determine those factors that influence a customer's attitude to compliance.

Attitudes to Compliance

The BISEP model addresses the different attitudes to compliance. It indicates how different people have different attitudes depending on the situation. There are a number of reasons why a person may or may not have complied, and the BISEP helps us to understand why.

- It cannot be assumed that, because a customer has not complied, he or she automatically sits at the top of the pyramid.
- Customers cannot be categorized as having the same attitude all the Time.

Application of the Compliance Model

As discussed, background analysis was undertaken to ascertain the specific features unique to the industry and to try and understand the environment the industry operates under. This analysis identified a number of key factors prevalent within this industry which provided Inland Revenue a specific strategy to manage noncompliance within it.

As a result of prevailing attitudes identified to compliance, the following strategies have been applied using the compliance model. Make it easy Inland Revenue provided informative articles in local Fruit Growers Federation newsletters in May 2001 and May 2002. These outlined tax obligations when employing contractors.

IV. METHODOLOGY

The study adopted a desk research study whose source of data was secondary. Desk research is the collection of secondary data from internal sources, the internet, libraries, trade associations, government agencies, and published reports Desk research, or also known as Secondary research, is any intelligence or data that already exists. The design was suitable for this research due to the nature of the research.

V. RECOMMENDATIONS

The study recomends the following measures in order to improve finacial management practices at the county levels.

Financial skills and capabilities are tied to the individual

Financial skills and capabilities of individuals in an organization are tied to the individual. In that the individuals skill well determine the output of productivity that would be in the organization. Thus it is important for management to source for the right people, on the right job, and to empower the skills and capabilities through training.

Record keeping is an efficient tool in finance management

Record management is of key importance in any organisation especially for reference purposes. Thus records should be kept in the proper way and they should be transparent and reflect the real situation and activities as they occur.

Government regulations attributes to efficient finance management.

Government play are major role in devolved units. This is because the resources and funds are still distributed from the central government to the devolved unit. Thus there is need for the devolved units to work in harmony with the government in order to improve the living standards of its citizens especially in marginalized areas.

Using budgets

A budget is a form of a financial plan containing revenues and expenses of a given organization over a certain period of time. The devolved units use of budgets will ensure that resources are allocated and utilized as per the plan that was set in the beginning of the financial year. Failing to plan is planning to fail, thus, the county government should plan for their financial management. The plans could be divided into short term and long term plans. The budgeting will act as a gage against that which is accomplished and achieved and the initial budget. So that the county does not exceed its budget and vice versa.

Training personnel

Training is the most efficient way of improving employees' competence and skills in any organization. It can also be used as a way of motivating the employees, thus the county government should consider training employees so that they will improve their financial management skills. Systems such as IFMIS (Integrated Financial Management Information System) can be very efficient if the employees are conversant with such.

Necessity of managing finance

There is need to manage finance. Thus the need to plan and come up with a budget that would help ensures that these plans are realized. The county government should ensure people dealing with finance are competent enough and they have the necessary kills, equipment and proper systems in place to manage the finances.

Ethnicity

The organization has to put up proper Human Resource that would ensure the right people are employed for the right job, so as they would utilize their skills and expertise in areas that they are best in. Having the wrong people or rather people who are not skilled enough for the job brings about issues like ethnicity whereby such people, tend to recommend close relatives whenever there's a vacancy. Having relatives as employees at the work place will end up bringing about misappropriation of funds and lagging behind thus, failure.

Involving members of the public in the plans.

Involving members of the public entails giving them an opportunity to air out their views as and when appropriate. This is because the core business of the county governments is to improve the living standards of the people in the community. Thus involving them in the process of decision making would assist in developing the county.

Sensitization programs

Sensitization programs entail organizing for forums with the members of the community and educating them on matters concerning the county government. Members of the public have a constitutional right to air out their views and seek answers whenever they feel things are not right especially with managing the county finances. Unfortunately, most of the community is not aware that they have this right, thus the need to have sensitization programs to create awareness on the ways that they can actively contribute or participate in to manage the county finances.

Contracting an expert

An alternative way of dealing with financial management is by contracting an expert in financial management to have sessions with employees of the county that would improve their knowledge and skills. This could be through having the expert at the county offices for a certain period of time after which the employees or management that deals with financial management would have learnt a lot.

Using software for recording data

Technology has been evolving over the years. The rapid changes in technology have brought about positive impact at the workplace or rather organization. Most organizations have moved from recording data manually to using software's and systems to record data. This is due to the storage capacity and the security of the data stored using the software's and systems. Recently the National government introduced the IFMIS (Integrated Financial Management Information System) systems that would be used by procuring department in storing data and ensuring accuracy and integrity of the whole procurement process. It is an automated system that enhances efficiency in planning, budgeting, procurement, expenditure management and reporting in the National and County Governments in Kenya.

Staff evaluation

The county government should also conduct staff evaluation from time to time. This could entail performance appraisal systems such as 360 degrees that would help identify the most performing employees from the non-performing ones. The most performing employees would then be rewarded so as to motivate them to even perform better as the non-performing ones are punished. The rewards could be monetary or non-monetary. It is through the performance appraisal systems and staff evaluation that employees that are placed or allocated in the wrong department s will be moved to department s that they are more skilled and competent in.

Benchmarking

Benchmarking basically entails comparing one's business processes and performance metrics to industry bests or best practices from other companies. Dimensions typically measured are quality, time and cost. Benchmarking could also be a way of equipping the county management and employees with skills that would assist in efficient finance management. This would be done through sending a delegate to a country that has been practicing county management and that has been successful. The countries could be Nigeria or South Africa and other countries that have county governments.

Harmonization and placement of staff and departments

There is need to harmonize and do placement of staff, that is the staff that were initially employed by the local governments before the county governments came in. having these employees harmonized and collaborated into the county government will bring in harmonization at the workplace once proper placement is done.

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Authors

First Author – Immaculate Mpuyu Lugwe, Jomo Kenyatta University of Agriculture and Technology Mombasa Campus, P.O Box 81310-80100 Mombasa. Email: impuyu@ymail.com