INFLUENCE OF REVENUE STREAMS ON FINANCIAL PERFORMANCE OF COUNTY GOVERNMENTS IN KENYA

LUCKLAND MATINI OWITI

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTERS OF BUSINESS ADMINISTRATION-FINANCE OF

MOUNT KENYA UNIVERSITY

NOVEMBER 2024

DECLARATION AND APPROVAL

Declaration by the student

This Research Project is my original work and has not been presented for any degree in any other university.

Signature Date…………8/11/2024…………………………………………

Luckland Matini Owiti

MBA/2020/65928

Approval by the supervisor

I confirm that this Research Project has been carried out by the candidate under my supervision.

Signature.…………………………………Date……8/11/2024……………………………………….

Dr. Oscar Sangoro

Department of Accounting & Finance

School of Business and Economics

Mount Kenya University

DEDICATION

I dedicate this Research Project to my wife Rose and daughters; Faith, Precious and Gloria for attention break they gave me during Research work.

ACKNOWLEDGEMENT

I want to thank God for his protection and provision of wisdom for the entire period I was working on my Research Project. I thank my Supervisor Dr. Oscar Sangoro for his unlimited guidance and support he gave me while I was working on this Research work. I salute the lecturers in the

School of Business and Economics at Mount Kenya University for the knowledge they provided me during my coursework that built the foundation of my project.

I want to thank Kakamega County Government for allowing me to carry out the Research in their organization. Lastly, I thank my wife Family for the moral support they gave me towards my Research work.

ABSTRACT

County Governments have a basic role to provide services to members of the public using the taxes collected at national and county level that need to be put in proper use. Measuring financial performance is an indicator to evaluate County performance. The office of Controller of Budget has reported unmet revenue collections by Counties and delayed disbursement of funds by the treasury as the biggest challenges affecting Counties financial performance. The two cited concerns have led to increased pending bills, unexecuted budgets and low service rating by members of the public on County Government's financial performance. High financial performance expectation by members of the public since devolution has necessitated Research to be carried to establish influence of revenue streams on financial performance of County Governments in Kenya. The study based on four theories; accounting theory, public management theory, optimal theory of taxation and agency theory. The study employed descriptive research study within the boundary of Kakamega County with a target population of staff in finance and planning, revenue collection, members of budget & finance committee, Executive committee members and respective Chief Officers. The Research targeted a population of 704 County staffs with a sample size of 30%. The research used questionnaires and structured interview as primary data collection tools and authenticated Kakamega County financial documents. Concurrent validity was used to test validity and a test and retest employed to test the reliability of the data collection instruments. Regression analysis was used to established how revenues streams had influenced County financial performance. Uncooperative respondent, vast geographical coverage of Kakamega County and lack of research material limited the research findings. The data collected was analyzed using tables, graphs and diagrams. The research findings aimed to assist the County Governments to improve on fund management, streamline formulation of policies on County financial management, a guide for fiscal policy formulation among actors in devolution and open up space for scholars to carryout studies on financial performance in Counties. The research had 91% response rate. From the research findings, it was established that Counties in Kenya had had not met own source revenue targets since the start of devolution in Kenya due to unexploited revenue channels and that there was delayed equitable share allocation disbursement in Counties. The findings further revealed that the public was not aware of conditional grant as a source of County financing and that despite Counties borrowings, it had not helped in 100% budget absorption. Counties had a total of 160 billion pending bills. This had resulted to Counties borrowing between 500 million and I billion at high interest. It was concluded that unmet County revenue collection and delayed disbursement of equitable share allocation had led to Counties accumulating huge pending bills, incomplete projects, unmet 100% County budget absorption rate and expensive County borrowings. The research recommends Counties to venture into unexploited revenues and national Government to streamline policies on fund disbursements to Counties. The research suggests further studies on administration of Conditional Grants to Counties.

TABLE OF CONTENT

LIST OF TABLES

LIST OF FIGURES

LIST OF ACRONYMS AND ABBREVIATION

BIRR	Budget Implementation Review Report.
CBK	Central Bank of Kenya
CECM	County Executive Committee Member
CIDP	County Integrated Development Plan
COB	Controller of Budget
COG	Council of Governor
CRA	Commission of Revenue Allocation
CO	Chief Officer
FY	Financial Year
GDP	Gross Domestic Product
HSSF	Health Sector Service Fund
IEBC	Independent Electoral and Boundary Commission
IMF	International Monetary Fund
IFMIS	Integrated Financial Management Information System
KCRA	Kakamega County Revenue Agency
KIPPRA	Kenya Institute for Public Policy Research and Analysis
KRA	Kenya Revenue Authority
KCB	Kenya Commercial Bank
KNBS	Kenya National Bureau of Statistic
NG-CDF	National Government Constituency Development Fund
NHIF	National Hospital Insurance Fund
NACOSTI	National Commission for Science Technology & Innovation
OSR	Own Source Revenue
PFM	Public Finance Management

SMART	Specific Measurable Attainable Realistic and Time bound
USA	United States of America
USAID	United State Aids International Development

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Financial performance is important aspect that communicate whether an organization is able to cover its operations using available finances. It has been a major concern to financial managers on how best to get high financial performances with increasing expectation from the public on the roles of local Governments. Gomes and Alfinito (2013) argued that local Governments in developing nations were being faced with scarcity of financial resources that impacted on their financial performance. In Kenya as per the constitution (2010), there are 47 County Governments which are semi-autonomous, managed with funds from national Government and locally generate revenues. Kenya PFM Act (2012) explains how public fund have to be utilized.

Bertelsmann (2019) report dubbed "local public Finance in Europe" indicated that Austria Municipals recorded high taxes due to economic strength and municipal size. The report concluded that taxation increases with increase in economic growth. Good use of financial resources to the disposal of local authorities spurs economic growth and increases taxes.
Government's raises revenues from citizens thus it's of great importance to impose taxation to a population that is economically empowered to achieve revenue targets with the support of the taxpayers who are the citizens.

Besley and Persson (2009) noted that increasing tax collection was important for economic growth as IMF (2019) pointed 90% of countries from conflicts of war substantially improved their GDP through efficiency revenue mobilization. It's prudent to generate revenues for development and safeguard nations from public debts associated with financial costs (Akitoby, 2020). There is need to improve tax revenue to address development to citizens. In Europe, Sweden had successful local tax administration which was based on high degree of trust, strict monitoring and control of public finances (Europe news, 2015).

Measuring financial performance is achieved if measured against the resources allocated. Governments key finance source that facilitates implementation of financial mandate is from taxes.According to Akitoby (2018), IFM reported that Georgia had tax revenue to GDP ratio doubled to 25% due to simplified tax system and curbing tax exemptions. This ascension supported the idea that financial performance can only be achieved if the source of finance is well accounted for.

Kral (2016) noted that the basic impulse for financial and economic analysis of a company is the knowledge and evaluation of its financial health. Good financial reports of an organization are signs of good utilization of finances. There is need to keenly access and evaluate County financial performance to evade what was witnessed in South Africa. The 1998 white paper noted that local Government was unable to perform its functions effectively to apartheid era that had led to disregard for development in rural areas arising on revenue sharing formula differences with the central Government (Oosthuizen, 2017).

World Bank (2015) report indicated between 2001 and 2012, Tanzania Government introduced free primary education from savings it could have incurred servings of debts. The scenario tells that if borrowings are not well utilized, they become a cost. With proper financial management practices, saved financial cost can be allocated to economic activity. Tanzania local authorities borrowing approval is only done by local Government loan board (Arun R. 2015)

County Own Source Revenue

The FY 2022/2023 Controller of Budget highlighted challenge that had impacted negatively on Counties budget implementation was underperformance of County own source revenue (COB, 2023). Total fund received by Counties for the FY2019/2020, only 10% came from own source revenue (COB, 2022) an indication of poor revenue administration by Counties. IMF (2016) fiscal transparency evaluation report indicated Counties overestimate own source revenues contributing to fiscal imbalances. FY2013/2014 Counties budgeted to collect 60 billion but collected 25 billion (CRA, 2015).

Kenya Treasury (2017) policy paper recommended Counties in Kenya to enhance public participation on revenue collection measures for public support. It’s anchored in Kenya constitution that any policy that involve the members of the public has to be subjected to public participation for members of the public approval. Policies on tax collection by Counties directly involves members of the public who are tax payers.

Equitable Share Allocation to Counties by Commission of Revenue Collection

Counties in Kenya receives equitable share from the national Government from revenues raised. With devolution and shared responsibilities between national and County Governments, 15% of national collected revenues shall be allocated to Counties (Kenya Constitution, 2010). FY 2019/2020 witnessed the CRA allocating 316 billion to Counties from 314 billion the previous year translating to 1% increment (Auditor General-Kenya, 2020). This fund has to be utilized well for Counties to execute planned budgets.

Other than 15% of the audited taxes, equitable allocation by the CRA is depended on various factors which include County population, County Size and even County economic activities. In this respect, Nairobi County as per Equitable share allocation by CRA since devolution (CRA report 2024) has been getting the biggest share of equitable all action due to high population and economic activities taking place in the County.

Conditional Grants to Counties

Conditional Grants have been channeled to Counties with an aim of improving Counties financial positions and execution of their programs. The period between 2013-2022 Kakamega County received a total of 7.3 billion Conditional Grants constituting 7% of the total County revenue (Kakamega County, 2023). The statistics explain the importance of Grants on development of County Governments.

Due to the fact that Conditional Grant is assigned to specific project, there is need for the County Governments to use Grants to the satisfaction of donors for increased funding. Conditional Grant as a source of revenue t county Governments is well structured and has proper checks and balances as it involves both local and international donors.

County Borrowings

ENSafrica institute gave guidelines to County Governments seeking to tap to debt market on modality to be followed which included national Government guaranteeing and Counties assemblies' approval; only 4 Counties met the criterion (ENSafrica, 2021). The constitution permits County Governments borrow to fund development (Kenya constitution, 2010). County borrowings has resulted to increase in financial cost as Auditor's General report (2019/2020) indicated that Counties incurred a total of 650 million financial cost.

County Governments in Kenya

Adaptation of Kenya Constitution of 2010 brought about the County Government in Kenya. The Constitution clearly spell out the mandates of each level of governments. In Kenya the constitution established 47 county governments and distributed functions to the 47 counties and the national Government. In additional to establishment of the county governments and distribution of functions, the constitution also explained on how the County Governments will get finances to meet their mandated obligation. These sources of funds become the County revenue streams which had great influence on County financial performance.

Its good practice for local Governments to put in proper utilization of its finances so that proper checks and balances with various arms of Governments are put in place. In Kenya the County Governments are put in place by the members of the public who have direct responsibility to hold Governors to account for all finances at their disposal. Any Governor who is implicated in any fund mis use is eligible to be impeached by the County assemblies who act on behalf to the members of the public as it was witnessed during the impeachment of Hon Waititu and Hon. Sonko of Kiambu and Nairobi Counties respectively on the account of mis use of County finances (Kenya senate, 2022)

1.2 Statement of the Problem

There are challenges County financial performance as we have witnessed high county pending bills, incomplete County projects and poor service delivery by County Governments. This necessitated need for research to established influence of revenue stream on County financial performance.

Own source revenue constitutes only 11% of the County budgets (COB, 2020). With approximately 160 revenue channels to the disposal of Counties, only 10 core channels are being used to raise revenue (COB, 2015). FY2013/2014, Mandera and Wajir recorded 1% of own source revenue collection as per the County Revenue Baseline Study (COB, 2015). FY2022/2023 Kakamega County generated 1.2 billion on own source revenue against a budget of 2.2 billion (KCRA, August 2023).

There is delay in disbursement of equitable share by treasury yet the fund constitutes 80% of the County budgets. There have been attempts by the Governors to shut down County operations due to delayed fund disbursements. Kakamega County (2013-2022) devolution scorecard report highlighted delay in fund disbursement by treasury as a major challenge that hindered its programs.

Conditional Grants given with a condition of matching funding between Counties and the funding agencies are discriminating to Counties with low collection of revenue. The Conditional Grant funding model to hospital construction requires a County to funds 25% of the project to be granted the remaining 75% (COB, 2022). The policy does not promote equality to all Counties.

Constitution of Kenya (2010) gives Counties guidelines on how to tap to debt market to fund development projects. Counties have violated the Kenya PFM Act (2012) and engaged local financial institution in overdrafts facilities to meet operational costs. Kakamega County engaged with co-operative bank for an overdraft of 500 million to pay salaries (Nation newspapers June 29, 2023).

1.3 Purpose of the Study

The purpose of the study was to establish influence of revenue streams on financial performance of County Governments in Kenya.

1.4 Objectives of the Study

i) To determine the influence of own source revenue on Financial Performance of Kakamega County.
ii) To establish the impact of equitable share allocation on financial performance of Kakamega County.
iii) To established the impact of Conditional Grants on financial performance of Kakamega County Government.
iv) To assess effects of County borrowing on financial performance of Kakamega County Government.

1.5 Research Questions

i) What influence does County Own Source Revenue has on Kakamega County Financial Performance?
ii) What impact does Equitable Share Allocation has on Kakamega County Financial Performance?
iii) What effect does Conditional Grants has on financial performance of Kakamega County Government?
iv) What effect does County Borrowing has on Financial Performance of Kakamega County?

1.6 Significance of the Study

The study aimed to assist County Governors to put into proper utilization of finances at their disposal so that SMART County budgets are generated with 100% budget absorption rate. The research findings are a resource tool to the office of Controller of Budgets in formulation of policies that will fast-track monitoring of all funds to County Governments.

The research findings are a useful tool to the Ministry of treasury and national planning so that its policies are aligned to the constitution to enable stakeholders in devolution to work seamlessly for the common goal of service provision to the members of the public. The research findings are useful to scholars interested in carrying out studies on County Government's progress in Kenya on financial performance.

1.7 Scope of the Study

The research was carried out in Kakamega County of the 47 Counties in Kenya. The study used sampling method to get sample size from the Kakamega County staff in finance and planning, revenue collection department, budget implementation committee, County Executive committee members and Chief Officers. The study relayed on accounting theory, public management theory, optimal theory of taxation and agency theory. The study covered a period from January 2023 to June 2024 using financial performance data of Kakamega County Government for a period between 2013- 2024.

1.8 Limitation of the Study

There were few literatures on devolution with only 12 years since County Government system in Kenya was started, researcher obtained latest data on devolution from the internet. The researcher encountered uncooperative respondents who feared that the research findings was evaluating their performance. The researchers explained the purpose of the study then produced research authorization letter from the Mount Kenya University, consent form was signed and research permit from NACOSTI was availed to respondents to give true information. The responded was scattered across the 12 sub counties of Kakamega, geographically it was challenging to reaching every corner of the County. The researcher had to sample respondents from each sub-County.

1.9 Delimitation of the Study

The researcher carried out the study within Kakamega County though the findings represented all 47 counties. The study did not get respondents from the Government institutions working toward devolution like CRA, The Treasury, OCOB, Auditor General and the Senate.

The research only used staff of Kakamega County and elected leaders as target population without researching on citizens who reside in Kakamega County.

1.10 Assumption of the Study

The researcher had assumed that the research proposal will get approval from Kakamega County, Mount Kenya School of Post graduate, NACOSTI and be completed within the stipulated time frame. The researcher assumed that all data relevant to the research was to be available. It was assumed that sampling method was to be well represented and have 100% retrieval of the questionnaire.

1.11. Operational Definition of key Terms

Revenue Streams- Sources that the County Governments get money to finance their programs.

Financial Performance - The measure of an organization results in terms of its operations and policies in monetary terms.

Public Good- services that members of the public are entitled by law that are provided by various Governments equally rendered and consumed without a fee but funded by revenue collected.

Capital Budgeting- allocation of funds to a project that is not consumed but have long term stream of income or benefit.

County Governments- levels of Governments at grassroots level which have constitutional mandate to offer services to citizens in collaboration of the national Government.

Equitable Share- money transferred by national Government to County Governments from the raised revenues at national level capped at 15% of the total raised audited revenues.

Financial Cost- cost incurred by an entity for the value of using money given by a financial institution.

Fiduciary duty- this is an individual responsibility to act solely in the best interest of the other.

Conditional and Unconditional Grants- Conditional grants are financial assistance from development partners or Governments to Counties that comes with restriction on how to spend. Unconditional Grant is assistance to Counties that has no restriction.

Cash Crunch- a situation where a company/organization run low on cash in a way that impacts operations of business and activities unable to fulfill financial obligation.

Budget Absorption Rate- share of actual expenditure out of targeted expenditure.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews revenue streams to County Governments and how they impacted on financial performance. The chapter encompasses theoretic framework, empirical framework, conceptual framework, gaps to be filled by the research and summary of the literature review.

2.1 Theoretical Framework

2.1.1 Accounting Theory

Accounting theory developed by Hendriksen (1977) supported improving accounting and reporting of financial transaction in an organization so that they are not static. Accounting theory looks at uniformity in accounting practices. Tuovila (2021) noted that the most important aspect of accounting theory is its usefulness and that it should provide important information that can be used for business decisions. Sound financial management practices in Counties can lead to good financial performance. Counties should adopt accounting practices as it's envisaged in law (PFM Act, 2012) as this can lead to budgetary controls resulting to quality usage of County finances.

Prasanna (2023) alluded to the fact that accounting theory is important as it help in tracing of accounting transactions. Financial performance appraisal is vital in establishing if resources have been properly managed. Kumar of the University of Luknow emphasized on accounting theory that has ethical approach of justice, truth and fairness and emphasized that accounting reports and statements are not subjected to undue influence. Application of accounting theory practice will help seal loopholes experienced in management and administration of local generated revenues so that Counties execute their transaction using the IFMIS platform as envisaged in law.

2.1.2 Public Management Theory

Counties are public entity thus the public management theory developed by Hood (1991) focuses on increasing efficiency in service provision among Governments. The theory emphasizes on ethical, responsible and fair practices. The theory explained how to improve financial management. It brings efficient and effective practices within the public sector. Counties need to embrace the public management theory approaches to improve on aspect of financial management for high financial performance.

Harries (2012) advised that the new public management practice focused on technical efficiency which is measured through quality service provision to the public. Counties loose fund through theft or corruption due to un-ethical practices of County staffers. Corruption has led Counties not meeting their budgets which negatively affect financial performance. There is need for quality service to citizens of Counties as a yardstick of proper utilization of resources for good financial performance.

2.1.3 Optimal Theory of Taxation

Optimal theory of taxation developed by Ramsey (1927) argued that the best way to raise revenue is taxation that maximize consumer satisfaction. The theory established taxation that seek consumer satisfaction is the best thus Governments need to formulate friendly tax policies. Funds for both levels of Governments come from taxes from members of the public, they expect return on investment. Counties can spur economic growth if they use public fund economically. There is need to adhere to budgetary control to satisfy citizens and recording high budget absorption rate.

Smith (1976) observed in wealth of Nations that good taxes meet criterion namely; should be cheap to administer, convenient to taxpayers, proportionate income level. Taxes are required to fund Governments programs. Kordana (2017) noted that taxation practice should consider revenue raising and distributive objectives. Governments raising of revenue should go in line with its function and tax payers have to see the value of the taxes paid. This demands that both levels of Government must account for tax collected for good financial performance.

2.1.4 Agency Theory

Agency theory emphasized the existence of collaborative affiliation between parties; the one who distribute the authority (principal) and the one who receives the authority who is the agent (Jensen & Meckling, 1976). In this contest, the principal is the citizen and the agent is elected County leadership. Kopp (2023) alluded that you will not always find interest of the principal and the agent in alignments. To reduce the non-alignment, the agent acting for the principal must pay due care in executing the agent mandate to the satisfactory.

There is corporate rule that seek to establish norms and customs that prevent the adverse results of the divergent corporate interest brought about by implementation of agency theory (Gordon, 2023). The theory assumes that what is done by County Governments should not conflict the wishes of citizens. To support this, it’s enshrined in the constitution that public participation must be carried out when formulating Counties CIDPs. All work achieved by Count Governments should be the description of the desires of citizens. Financial performance can be measured on how financial management is administered and development implemented in Counties.

2.2 Empirical Review

2.2.1 County Governments Own Source Revenue on Financial Performance of Counties

Statistics from controller of budget indicates that own source revenue in counties fund only 20% of County budgets (COB, 2023). Adam Smith International (2014) on a study "own source revenue potential and tax gap in Kenya Counties" alluded challenges in tax compliance by County Governments. In Iceland, local authority, own source revenue account for 78% of the total revenue received (Prokok, 2001). Kamara (2021) of Nairobi University in the study "effect of tax administration on Revenue collection in KRA" alluded that tax administration is key in determining the tax collected by Countries. The study support Mwakaloba (2015) argument in the article of Africa journal of economic reviews that Government's raises revenue and use to finance public investment.

Treasury Kenya (2018) in budget policy statement to parliament, observed that administrative inefficiencies and gaps in policy contributed to low level of own source revenue in Counties. Bungoma County Finance act (2018), involved bodaboda in legislating the act (Bungoma County Finance Act, 2018). It was problematic for rides to pay daily fee of ksh. 30 thus opted for ksh. 500 p.a and it was legislated, there was increase in compliance and revenue collection. Oguso (2022) observed that optimization of revenue potential in the Counties is core to Counties meeting expenditures. Prime Cabinet Secretary of Kenya (personal Communication, June23, 2023) advised Counties to formulate taxation policies that void excessive taxation to investors.

It should be noted that own source revenue by County Governments has to be accounted. Tsumba (2020) observed that proper internal control had positive effect on revenue collections by County Governments in Kenya in his study "determinants of revenue collections by County Governments in Kenya". Counties have capacity to generate own source revenue as per the annual County Budget Implementation Review Report for FY2022/2023 (CBIRR, 2023). The report noted that Lamu County had 119.8% achievement target on own source revenue for the FY 2022/2023. OSR analysts argued that Lamu County, the smallest County in Kenya (IEBC, 2013), cannot be a good reference on evaluating County performance on own source revenue in Kenya.

Own source revenue is key in implementation of County projects as Bird (2020) noted that one of the most pre requisite for successful service delivery in devolved units is effective mobilization of revenues. KIPPRA (2015) undertook a study on County Government revenue performance in Kenya and established the need to enhance civic education and public participation for the public to be sensitized on importance of taxation. There is need to exist mutual relationship between citizens and Governments for proper collection and utilization of revenues. When the public is involved in project identification at Counties, they are informed and in a better position to hold County Governors responsible for utilization of collected taxes.

2.2.2 Equitable Share Allocation and Financial Performance by County Governments.

Equitable share allocation is disbursed by treasury to Counties for their financial operations. Equitable share is capped at not less than 15% of total revenue raised by the national Government (Kenya constitution, 2010). KRA the FY 2021/2022 recorded revenue collection of 2 trillion from 1.6 trillion the previous financial year as per the press release (KRA, 2022). This enabled the CRA to allocate 315 billion (CRA, 2023). Despite being anchored in law Counties still witness delayed release of the equitable share leading to accumulation of pending bills. This has challenged Counties meeting financial operation bearing in mind of unmet OSR.

Kweyu (2018), stated that equitable share formula puts in consideration land areas, population, development index and poverty level. This is supported by Saunders (2010) in the study by USAID on resource allocation in health care in Kenya where she concluded that it could only be well accomplished if geographical and economic needs are put in consideration. Oyugi (2010) supported the need for CRA to disburse equitable share on time as most Counties' relays on national Government for financial support. Counties can meet high service rating if only timely disbursement of equitable share is actualized as it constitutes 80% of County funding (CRA, 2023).

Fish (2013) stated that Counties relays on national Government for financing since they are financially unable collect enough OSR. Levi and Muchai (2016) in the study on challenges facing devolved unit in Kenya concluded that 15% allocation to Counties were below and recommended 45% (Lakin, 2018). Kipsaat and Mbatia (2019) observed the need for harmonization and consensus by parties in devolution on methods and parameters to use when making proposal on division of revenues as equitable share form the huge funding of Counties, any stalemate leads to disruption of operations.

COG (2023) demanded 425 billion in Counties equitable year for the FY2023/2024 from 370 billion for running of Counties. Counties have explained that high pending bills is occasioned by insufficient allocation of fund by national Governments. Governors should not take advantage of delayed disbursement of equitable share to hide financial underperformance, as revenue Bill (2023), Kakamega County was allocated 12.9 billion on equitable share. If such fund is disbursed on time and put in proper use as per the county CIDPs, we expect reduction of pending bills through proper budget execution.

The year 2023 the equitable share increased by 15.4 billion after the president assented in to law (National Assembly Bill no. 9 of 2023). COG summit (2023) petitioned the executive to consider increasing the equitable share from the minimum of 15% to 35%. The Government have been reluctant to propose to parliament the amendment in mind that even when capped at 15%, we still have challenges on timely disbursement, when pushed to 35% the nation might be faced with cash crunch.

There are challenges with treasury on disbursement of decentralized fund to lower level of administration. As Governors complains on delay in disbursement of fund, we had the members of parliament withdrawing their parliamentary sittings until the NG-CDF fund is disbursed. NGCDF Act (2015) stipulate that the national Government shall share 2.5% of the national revenues to all the constituencies. It begs the question that as MPs are fighting with national government disbursement of 2.5% of CDF, Governors are proposing increment of County disbursement from 15% to minimum of 35%. We have challenges with unmet revenue collections by national Government and poor formulation of budget estimates.

2.2.3 Conditional Grants to County Governments on Financial Performance

Due to redistributive services among County Governments and national Government, there is need for fiscal policy relation that revolve around intergovernmental Grant, (Junghun Kim, 2018). County Governments get Conditional Grants based on restrictions on such fund. Counties qualify to get Conditional Grant after meeting submission requirement of financial reports to funding agencies as a measure of financial performance. Igati (2019) noted that FY 2017/18 only 13 Counties received disbursement of health level 2 Grant based on annual capacity and performance assessment carried out. It’s vital for County Governors to properly manage and control Conditional Grant as is reflected on County budget execution.

Clements (2004) in the finance and development paper observed that County dependent on foreign aid causes decline in its domestic revenue an indicator of poor financial management. There is need for County Governments to align their budgets so that a high percentage of budget funded by own source revenue allowing Governors to balance the available fund to all department since Conditional Grants cannot be diverted to other uses. Counties should only receive Conditional Grants to supplement the available financial resources.

Care needs to be observed on intergovernmental transfers between central Government and local Government on Conditional Grant. There is disconnect between two level of Government on Conditional Grant through project design and implementation (Junghun Kim et. al, 2009). The donor funding design in health sector specifically HSSF lack the component of motivating health workers (Kiplagat &Musyoka, 2021). Donor funding policies need to be streamlined to include staff motivation component. With such budget is in place, we will report good utilization of the funds by minimized corruption like drug theft as witnessed by some Counties in Kenya. Unmotivated workforce can be a recipe for fund embezzlement.

Ravishankar et.al (2022) on study on six Counties in Kenya health funding alluded that intergovernmental transfer mechanism on health sector needed to be flexible so that funds are allocated basing on local needs. Ministry Treasury Kenya (2023) specified that funds allocated to Counties with level 4 hospital shall be put to proper use to so that all level 4 hospital are completed. This happens despite outcry from members of the public that hospital lacks drugs. Counties need to enhance civic education on County source of funds and how such fund are put in proper utilization.

Most reports have indicated that Conditional Grants to Counties have funded health sector. FY2017/2018 the national Government disbursed 4.1 billion to NHIF as a special fund for free maternal healthcare to Counties CRA (FY2019/20). Auditor’s report (2020) noted that despite good intention on Grants to County Governments in Kenya, there is lack of clear mechanism on monitoring and evaluation of Grants to County Governments which possess a challenge on fund administration.

Counties have complained on leasing of medical equipment arrangements between Counties and national Government. The national Government treat this as a Grant. Ministry of Health (May 16,2023) issued a directive to terminate services of vendors involved in leasing of medical equipment's to County Governments due to inadequacies with equipment supplied. This undermines the intention of Conditional Grant allocation to Counties. It was observed by Counties that equipment leasing arrangements was being capitalized as in Counties books of account.

2.2.4 Borrowings by County Governments and County Financial Performance

According to Peter G. Peterson foundation report (2023), USA has the highest external debt in the world partly because of its strong economy that makes it to have high trust with most nations. Counties despite allowed by the constitution to borrow, this is a practice that Governors should not encourage. In 2018 Nairobi County entered an agreement with KCB bank to help it offset a defaulted loan of 4.2 billion with Equity bank (Auditor's report, 2019).

According to public debt and borrowing policy (2020), Government borrowings is guided by low cost of borrowing that reduces risks. County Governments need to put in place measures that reduces borrowing cost and risks because the cost of borrowing denies Counties fund to operationalize their core mandate. Ndung'u (2021) noted that County Governments can only borrow up to 20% of their last audited total revenue. This underscore the need to efficiently utilize properly fund by County Government and raise revenue as the 20% rule is meant to caution Counties against high financial cost.

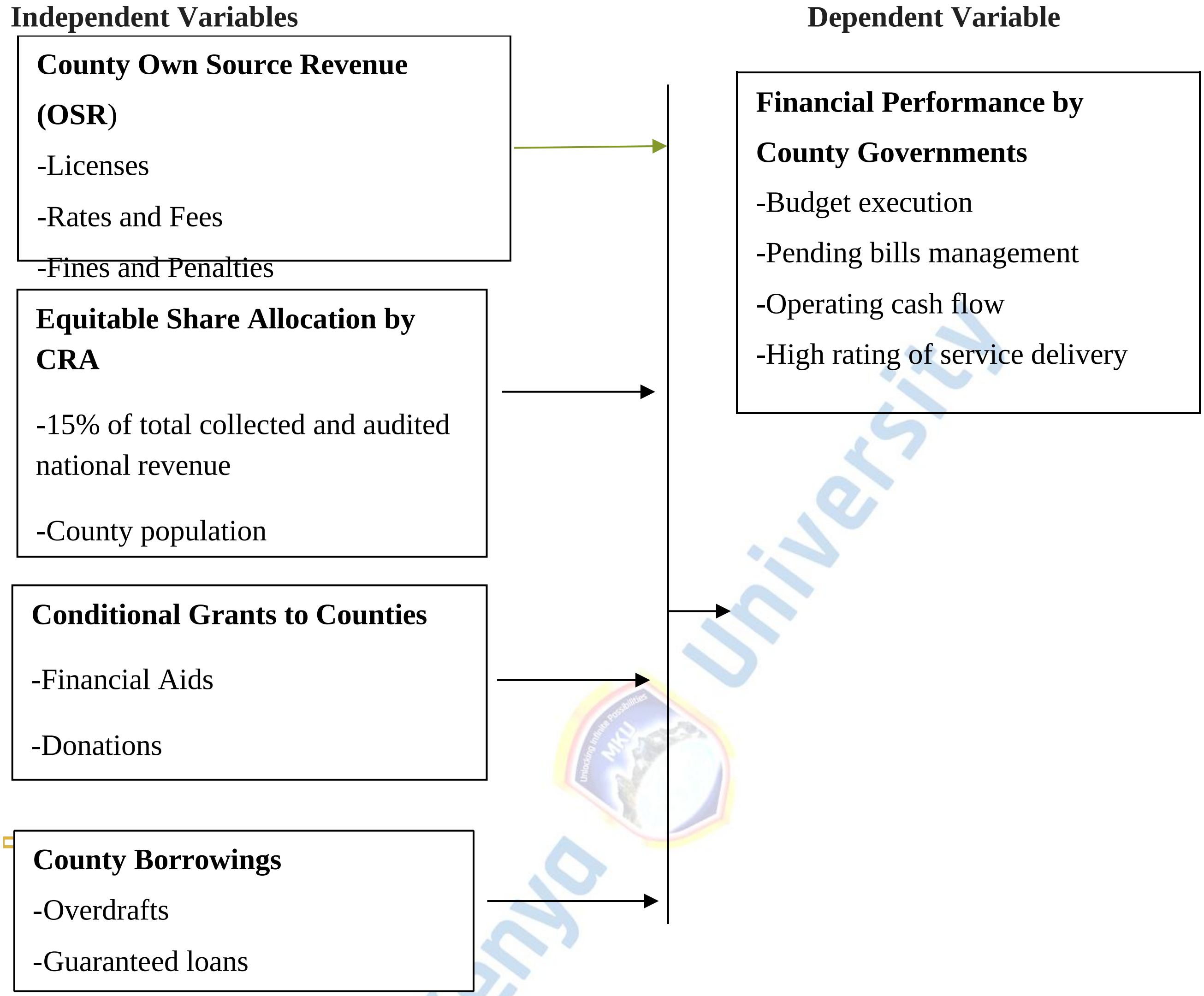
Borrowing boosted Counties implementation of their CIDPs, in 2021 the ministry of Treasury agreed to guarantee Laikipia County infrastructure bond of 1.16 billion to construct local markets (Laikipia County Financial reports, 2021). But Asuna. (Personal communication, June 23, 2021) of the public debt directorate, reported the need at amendment of County borrowing structure to remove national Government from guaranteeing County loan since by doing so it make the public debt to increase (Nation's news, June 23,2021). It must be noted that borrowing has made Counties to meet their financial obligations. A requirement for national Government; to guarantee Counties loan if removed will make Counties vulnerable unable to access cheap funding.

CBK (June, 2023) data shows that as a results of cash crunch, loans to Counties had rose to 6.9 billion. County borrowings cannot be avoided as the fund has been used to meet operational costs. The key point is that such fund has to be put in correct use so that at the end of financial years we are able to measure high service delivery, reduction in pending bills and undisrupted work flow by absence of industrial actions by County staffs. We need to have good public management practices as the contrary escalated County budget crisis (Mule & Rotech, 2016).

BIRR (2023) established that Kakamega County had an arrangement with co-operative bank of Kenya to facilitate payment of County staff salaries. As at March 2023, Kakamega County had a facility of 207 million with co-operative bank (BIRR, 2023). This fact supports what controller of budget alluded that due to unmet revenue collection by Counties and delayed disbursement of fund by treasury, Counties resorts to overdrafts to support operations. Equally Counties are avoiding the length borrowing procedure which requires them to be guaranteed by national Government and get approval by County assembly and go for overdrafts easily accessible.

Loans to Counties need proper monitoring to justify cost associated with such borrowings. Fincke and Grinner (2015) observed that most financial problems faced by nations has been accessioned by poorly managed public debts. Umary and Musa (2013) argued that debts acquired from external source had unfavorable impact on economic growth. For borrowings to have positive impact to any nations, it should be locally acquired.

2.3 Conceptual Framework



The Conceptual Framework

Figure 1: Conceptual Framework

Source: Researcher, 2024

Own Source Revenue

Counties collect revenue from citizens through licensees from business operators, rates and fees for the provision of services and fines and penalties for those who violet County by laws. OSR are crucial to Counties in execution of budgets and it's a determinant in equitable share allocation by national Government.

Equitable Share Allocation.

This constitute over 80% of County fund from the national Government which is capped at not less than 15% of the total audited national Government revenue. Delay of equitable share funding to

Counties can cause Counties to paralyze operations. Governors since the start of devolution have cried foul on CRA modality and timing on the fund disbursement.

Conditional Grants

Counties receives Conditional Grants from the national Governments and development partners to fund specific projects. This form of funding has stringent rules to be adhered which includes the clause of non-diversion of such funds to County project not specified. Conditional Grant funding can be in form of cash or in form of equipment which are normally capitalized in County books of account.

County Borrowing.

The constitution allows Counties to venture into debt marketing that County are able to meet payments from locally generates revenue which is never the case. Since County borrowings must be budgeted, be guaranteed by the national Government and get County assembly approval; most Counties have resorted to overdraft facilities to meet short term financial shortage.

2.4 Literature Recap

There are studies which have been carried out on proper utilization of revenues received by Counties on budget implementation, control and monitoring. Researchers have gone further to carry out studies on County borrowings and impact of County borrowing on implementation of County planned programs. The County aid programs and how they have affected County operation has been studied. All studies carried have clearly established that County Governments are well constituted in Kenya with clear funding models as per the constitutions.

2.5 Research Gap

There is lack of a study on how various revenue stream to County Governments have impacted on financial performance. By carrying out the research, the existing gap was expected to be filled and give room to scholars to undertake more studies on County financial performance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter describes the methodology used in the research. The chapter cover various aspects including the research design used, where the research was carried, target population and sampling procedure, how data was collected, how the data collection instruments was constructed, how validity and reliability of data instrument was measured, procedures used to collect data, how the data was be analyzed and finally the ethical consideration observed during the research.

3.1 Research Design

Descriptive research study was used to ensure that complete description of the situation where narration of facts and characteristics was clearly shown. Lambert and Lambert (2021) define descriptive research as comprehensively summarizing every term of specific situation experienced by a group of individuals. The study design established how various revenue streams to Kakamega County Government had influenced financial performance. According to Calderon (2021), descriptive research study design is a process of gathering, analyzing and tabulating data about a prevailing condition trends and cause effect relationship. With descriptive research study design the research clearly defined how revenue streams to Kakamega County had influenced financial performance.

3.2 Location of Study

The research was carried in Kakamega County which is among the five Counties in Kenya with the highest population (KNBS Census report, 2019). Kakamega County is a County in the former western province and has 12 sub counties (Kakamega County CIDP, 2023). Kakamega County in the year 2019/2022 was ranked the best County by Ifotrack county track performance survey with 57.2% rating (Ifotrack report, 2023). The County is among the top five beneficiary from CRA in the equitable share disbursement of 2023 (CRA disbursement, 2023). The County was ideal to help the researcher establish influence of revenue streams on financial performance among Counties in Kenya.

3.3 Target Population

According to Creswell (2012), target population is a group of individuals with some general characteristics that can be identified and studied by a researcher. The research targeted a population that gave in-depth information on County revenue streams and their impact on financial performance to Kakamega County. The researcher collected data from members of staff in finance and planning, revenue collection department, members of budget & finance committees, members of County executive committee and County chief officers.

Table 1: Target Population

Category	Target Population	%
Staff in Finance and Economic Planning	349	49
Staff Kakamega Revenue Agency	275	39
Budget & Finance implementation Committee	40	6
County Chief Officers	29	4
County Executive Committee Members	11	2
Totals	**704**	**100**

Source: County Public Service Board (2024)

3.4 Sampling Design and Procedure

Creswell (2014), suggested that one need to be purposeful in identifying participants in the research who might provide insight into research question. Probability sampling design was used in the research. To ensure that every category of target population had equal contribution to the study, stratified random sampling was used where the population was divided into categories that represent the entire population and a sample picked from each category

3.5 Sample Size

The sample is a representation of the population which the researcher would wish to generalized the research findings. 30% sample size of the target population was taken (St. Olaf College, Minnesota, 2022). The college in its institutional effectiveness assessment report allude that with population under 1000 a minimum of 30% is advisable sample size to ensure representation.

Table 2: Sample Size

Category	Target Population	Sample Size	Percentage of target population
Staff in Finance and Economic Planning	349	104	29.7%
Staff Kakamega Revenue Agency	275	82	29.8%
Budget & Finance implementation Committee	40	12	30%

County Chief Officers	29	8	27.5%
County Executive Committee Members	11	4	36.3%
Totals	**704**	**210**	

Source: Researcher, (2024)

3.6 Construction of Research Instrument

The research used questionnaires and personal interview. Questions was constructed in simple form that helped to answerer the research questions and easy for coding. The questionnaire was semi structured. Open ended questions gave room to respondent to write in plank space provided and helped to get more adequate presentation of asked questions. Close end question was good since they encouraged quick response. The questions used was to help to establish how revenue streams had influenced County financial performance. The researcher developed interview questions that acted as a guide to the researcher and uniformity when carrying out interviews to respondents. To achieve 100% filling of the questionnaires, the questionnaires had three parts; part A will consist of general information, Part B had close ended question on revenue streams and part C had open ended question on financial performance.

3.7 Testing for Validity

Validity involves how appropriate, meaningful and useful the inference is made by the research on collected data (Wellen & Fraenkell, 2001). Concurrent validity was used where the researcher established the level of agreements between two measures taken at the same time. By this the results of the first measure were compared with the results of the second measure to prove their agreement.

3.8 Testing for Reliability

According to Drost (2011), reliability is the extent to which measurements are repeatable when different people perform the measurement on different occasion under different conditions supposedly with alternative instruments that measure the skill. A test- retest method was used on a group of research sample size one time and the same repeated at different time on a different group of sample size then looked at the correlation between the two set of scores.

3.9 Data Collection Methods and Procedure `

The research used primary and secondary method of collecting data. The research used questionnaires and personal interview. Questionnaire was cheap to administer, covered large population and kept anonymity of respondent. Interviews were good as the interviewer clarified any question that was not well understood by the respondent. Questionnaires was administered to the sample population confidentially to avoid information sharing. The questionnaires were dropped and picked later. Due to standardization and formality, structured interview was used to small sample size.

Secondary data, the researcher requested authenticated financial statements, revenue collection reports, County annual budgets and CRA disbursement of equitable share reports from Kakamega County. The information from these reports was analyzed and relevant facts captured that assisted research findings on how revenue streams had influenced financial performance of Kakamega County.

3.10 Proposed Data Analysis Techniques and Procedure

According to Miles and Huberman (1994) data analysis consist of three activities that occur simultaneously: data reduction, data display, conclusion drawing and verification. The study involved both quantitative and qualitative data. The study examined the collected data to make inference through a series of operations involving field and office editing with a team of editors to get consistence and uniformity. Marshall and Rossman (1999), describe data analysis as a process of bringing order, structure and meaning to collected data. The data was coded in classes' appropriate to the research problem under study. There after the data was classified in classes with common characteristics so as to get meaningful relationship. The classification was done according to subject attributes. After classification, the data was tabulated in compact form to facilitate comparison and summation.

The refined quantitative data was analyzed using descriptive statistics involving frequencies and percentages to determine concentrations. First regular analysis with comparison among questions was done using frequency analysis.

Regression analysis was employed to test the inter-relations of the study's variables.

Regression Analysis Model

$Y=\beta_{0}+ \beta_{1}X_{1}+ \beta_{2}X_{2} + \beta_{3}X_{3} + \beta_{4} X_{4}+$ ع $Y=$

Financial Performance $\beta_{0}=$ constant $\beta_{1} - \beta_{4}=$

coefficients of independent variables

X_1 = Own Source Revenue

X_2 = Equitable Share Allocation

X_3 = Conditional Grants X_4=

County Borrowings

ع = error

The results were be put in tables, graphs and diagram. Diagram leave a lasting impression on the mind and can be understood easily as they facilitate comparison.

3.11 Ethical Consideration

Permission was sought from County Government of Kakamega, County Commissioner and County Education Director before the study commenced. The researcher abstained an Ethical review certificate from Mount Kenya University Ethical reviews committee, approval letter to collect data from School of Post graduate Mount Kenya University and research permit license from NACOSTI.

All participants were treated with respect and courtesy and consent was asked to all respondents who participated in the research by signing consent form. The purpose of the research was clearly explained to all participants. Respondent's involvement in the research was voluntary as there is consensus among social scientist that research involving human participants should be performed with informed consent (Nachmias & Nachmias, 1996). The confidentiality and anonymity of individual respondent was assured and collected information was presented as a collection and not an individual.

CHAPTER FOUR

RESEARCH RESULTS AND DISCUSSION

4.0 Introduction

The chapter comprises the research presentation of the data collected, interpretation, and discussion of the individual objectives. The objective of the research was to establish the influence of revenue streams on financial performance of County Governments in Kenya.

4.1 General Information

4.1.1 Response Rate

The researcher issued 190 questionnaires and carried out interviews to 20 respondents. The research achieved 91.1% response rate. 20 respondents were interviewed and 172 questionnaires returned. Figure 2 illustrate the response rate.

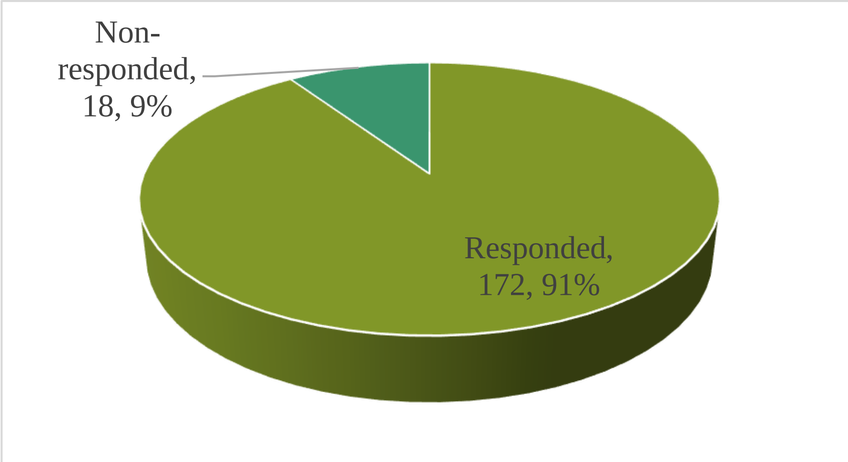


Figure 2: Response Rate

Source: Researcher, (2024)

4.1.2 Gender Characteristic

Figure 3 indicates the gender characteristics of the respondents. From the research data, it was established that 130 of the respondents were female and 62 were male. The constitution requirement of 1/3 rule of staffing of either gender was observed. 32.3% of the staffing represented male who formed 1/3 of the respondents.

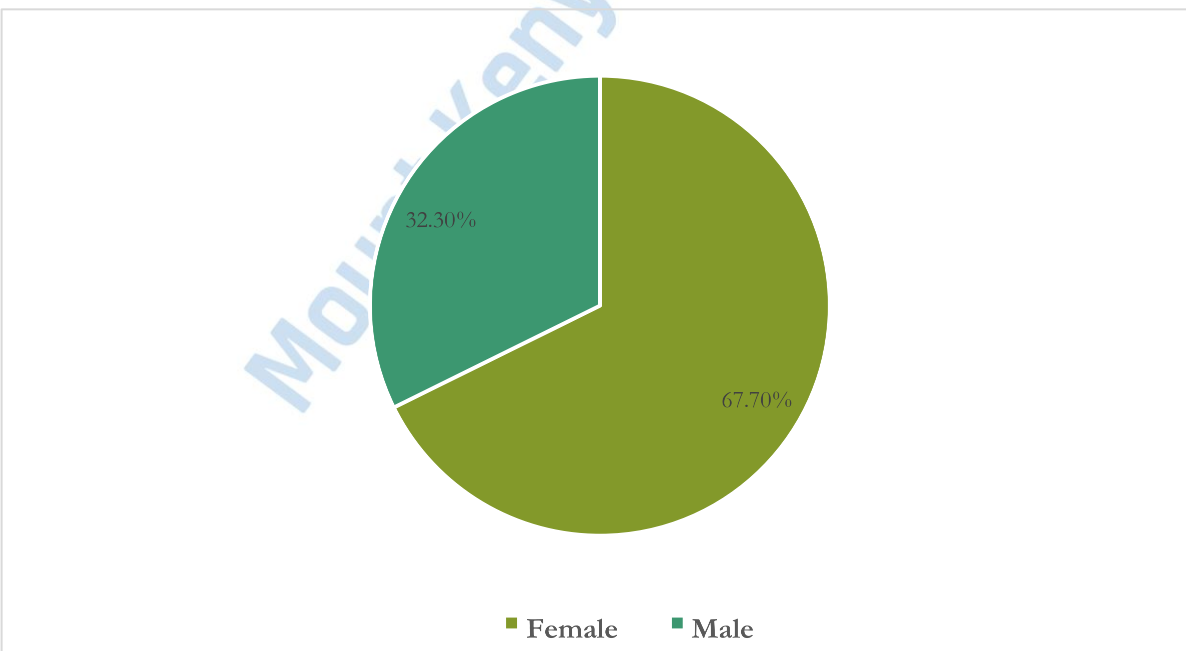


Figure 3: Gender of the Respondents

Source: Researcher, (2024)

4.1.3 Respondents Age

The researcher wanted to establish the ages of the sample population used in the research by giving three categories of different ages of below 30years, between 31 and 50 years and above 50 years and established that majority of the respondents were aged between 31-50 years. Figure 4 illustrate the spread. The percentage of staff age indicated that staffing at the County was well distributed to ensure that there is continuity with staff nearing retire and those still active in service.

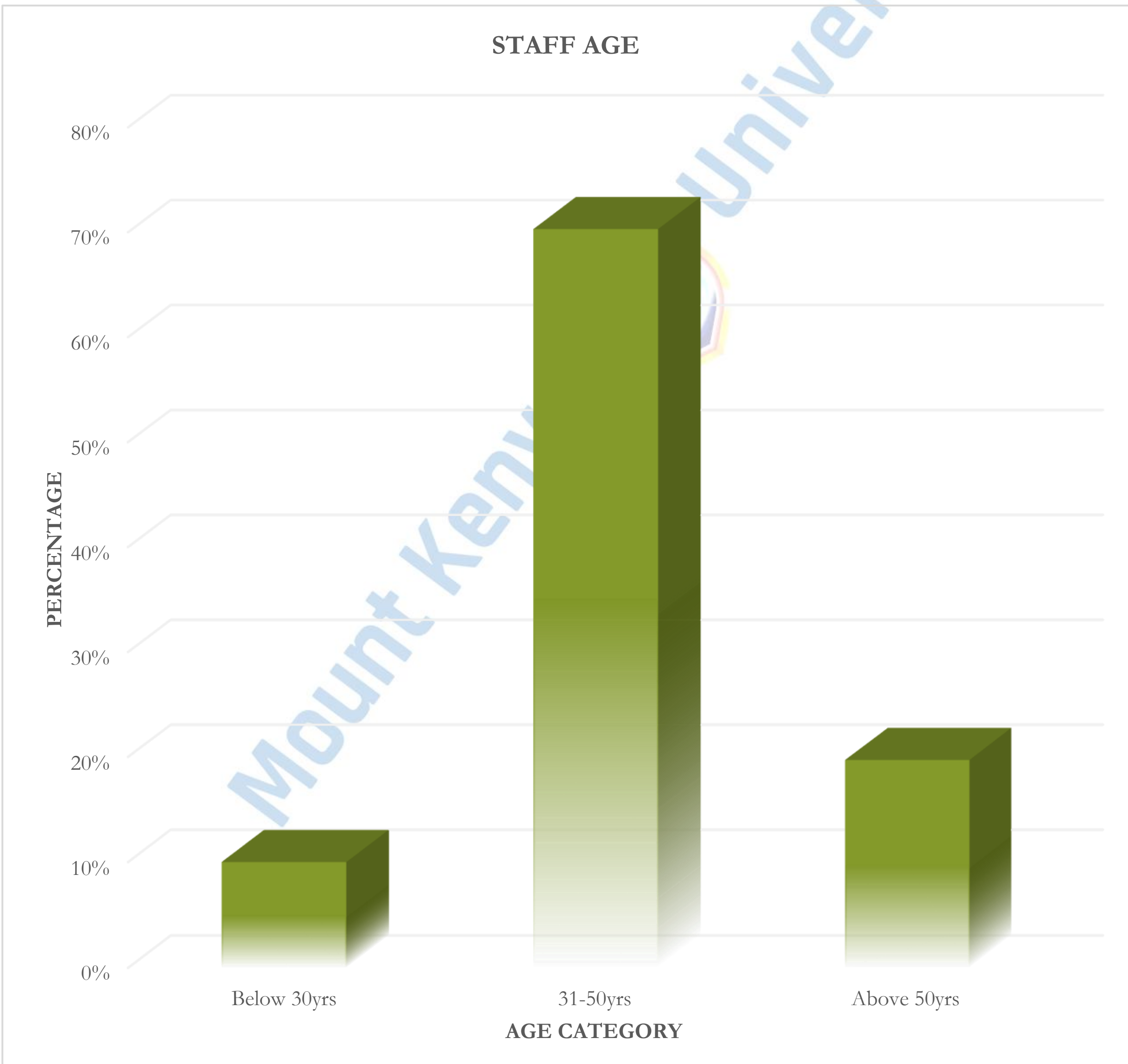


Figure 4: Age of Respondents

Source: Researcher (2024

4.1.4 Education Level

The research sought to establish the level of education of the respondents. Table 5 has illustrated the level of education of the respondents, it was established that majority of the sample respondents hold bachelor's degree. It was clearly established that the County Government had complied with minimum requirement of recruiting qualified staff as majority had bachelor's degree as demonstrated in figure 3. Notwithstanding with 15% staff with diploma and 6% certificate holders it indicated that the County was employing staff with various qualification.

Table 3: Education Level

Category	Number of Respondents	Percentage Rate
Secondary school leavers	18	9
Certificate holders	12	6
Diploma holders	29	15
Degree holders	126	67
Holders of postgraduate	7	3
Totals	**192**	**100**

Source: Researcher (2024

4.1.5 Staff Work Station

The research sought to establish the distribution of the respondents across the 12 sub-Counties of Kakamega County. From the research respondents it was established that majority of the respondents were drawn from Lurambi sub-County. It was attributed to the fact that the target population of the staff was domiciled in the County headquarter which is located in Lurambi subCounty. Lugari Sub County recorded 0 response rate as shown in table 6 as none of the subject picked participated in the research. Figure 5 has demonstrated well on how the respondents cuts across the 12 sub-Counties.

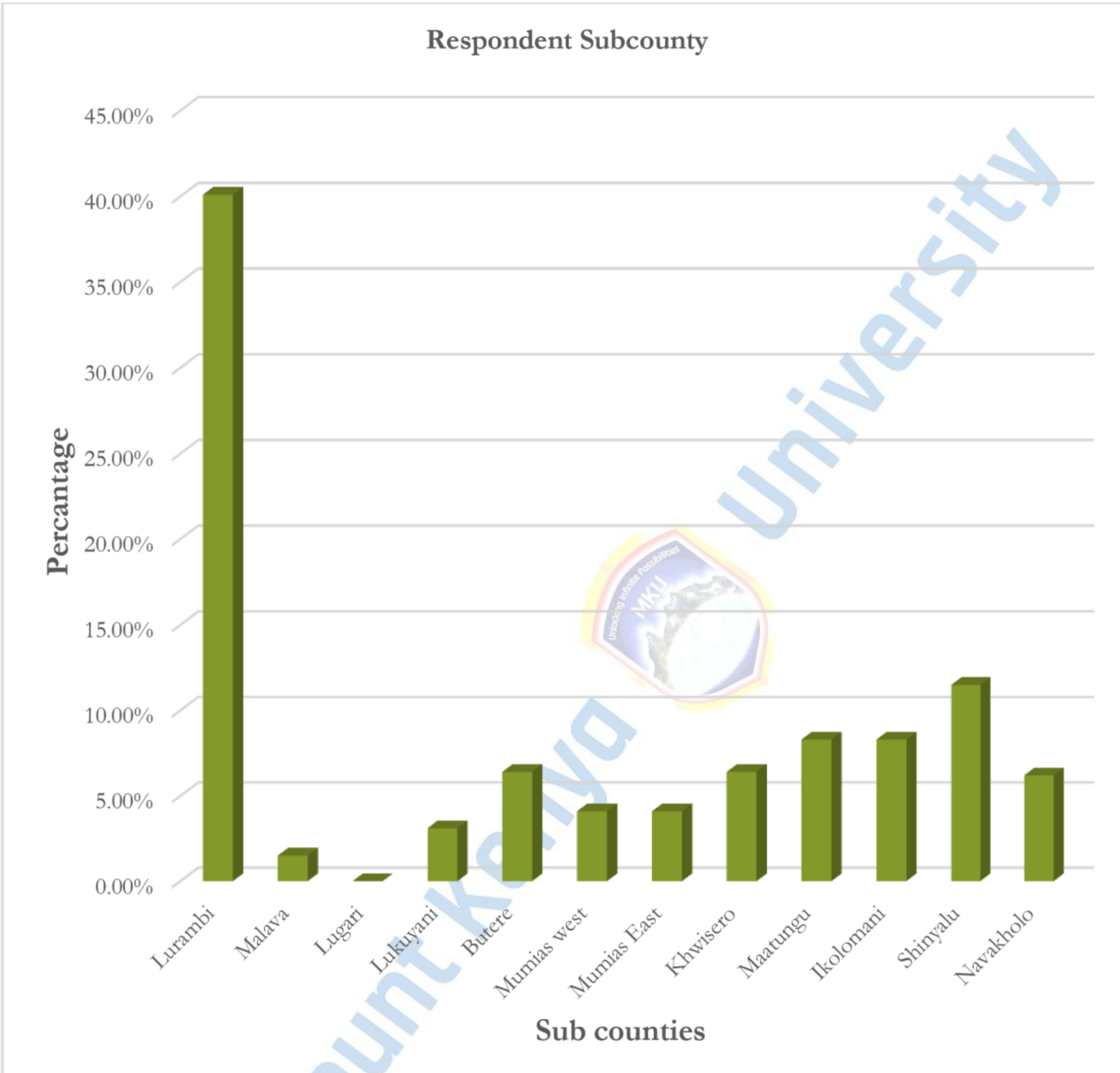


Figure 5: Respondents Work station

Source: Researcher, (2024)

4.1.6 Department of staff

The research intended to find out the department of the staff who responded to the research question and as shown in table 4, it was established that majority were from the revenue department and the finance department with a percentage of 39.1% and 52.1% respectively. These percentage was ideal as the researcher wanted to know the influence of revenue streams on financial performance. Revenue department was key in revenue collection and finance department was tasked with implementation of all financial programs at County level. Table 4 clearly show that CECM had the least response rate out of the subject that participated in the research with only 1%.

Table 4: Department of Staff

Department	No. of Respondents	Percentage Rate
County Executive committee member	2	1.0
Chief Officers	5	2.6
Budget and Finance committee members	10	5.2
Revenue staff	75	39.1
Finance and planning department staff	100	52.1
Totals	**192**	**100**

Source: Researcher, (2024)

4.1.7 Nature of Employment

Table 5 demonstrate the nature of employment of the respondents. The researcher established that 66% of respondents were employed on permanent terms, 29% on contract and 5% were elected County leaders. With 66% workforce on permanent terms in the Kakamega County, it ensured workforce stability and increased engagement that led to motivated staff and high performance. Table 5 indicates the staffing of Kakamega was well blended.

Table 5: Nature of Employment

Nature of Employment	No. of Respondents	Percentage
Contract	55	29
Permanent	127	66
Elected	10	5
Total	**192**	**100**

Source: Researcher (2024)

4.1.8 Length of Service

Figure 6 has shown that Kakamega County staff who have worked over 10 years comprised a small percentage of 18.2%. The research established that majority of respondents had worked with the County Government below 10 years.47.4% had worked between 3-10 years and 34.4% had worked below 3 years. Figure 6 clearly demonstrate the research finding's The spread of length of service was good as it guaranteed continuity as the County staffing was spread across with a small percentage nearing retire.

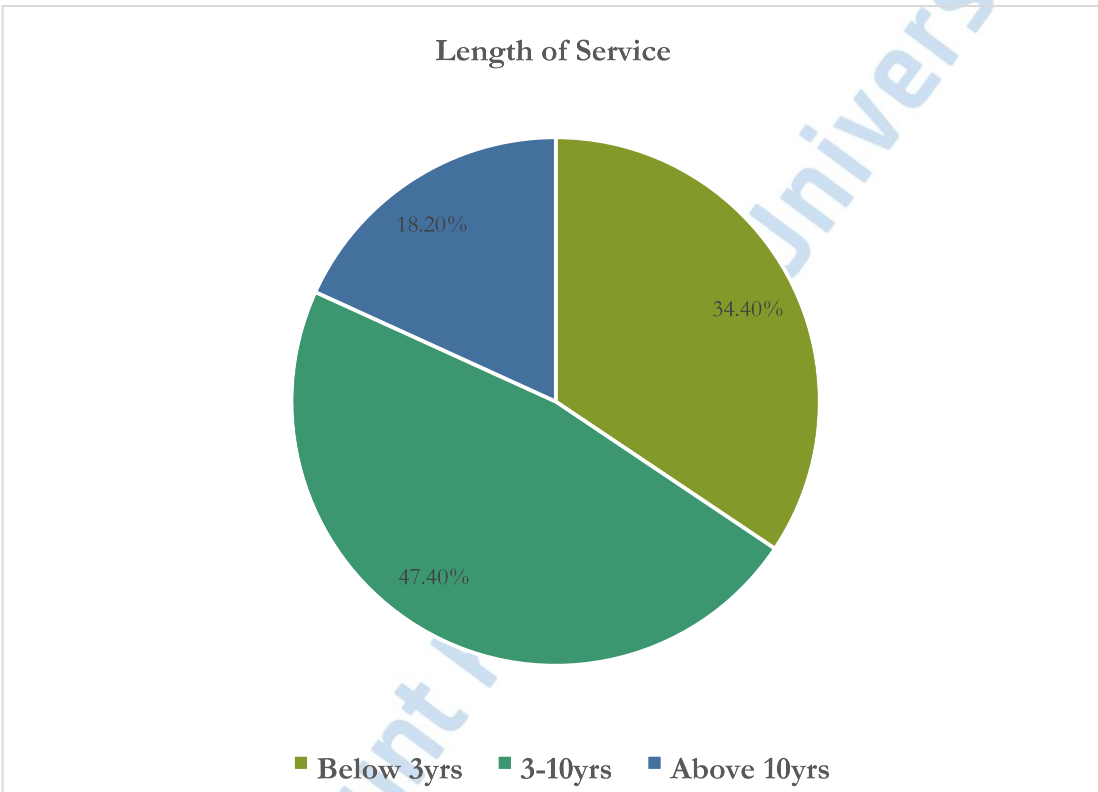


Figure 6: Length of Service

Source: Researcher (2024)

4.1.9 Professional Qualification

The research sought established the County staff with professional qualification. The findings are demonstrated in figure 7. Of the sample population, 89.6 % respondents had no professional qualification with only 10.6 of respondents with professional qualification. The 10.6% was a good percentage that indicated that the county staffing was capable to handle all challenges that comes with financial management and was able to guide the rest of the team of good financial management practices. 10.6% staffing with professional qualification was ideal to impact positive integrity practices and responsible accountability to the rest of the team on financial matters giving that most work that needed professional knowledge at County was contracted

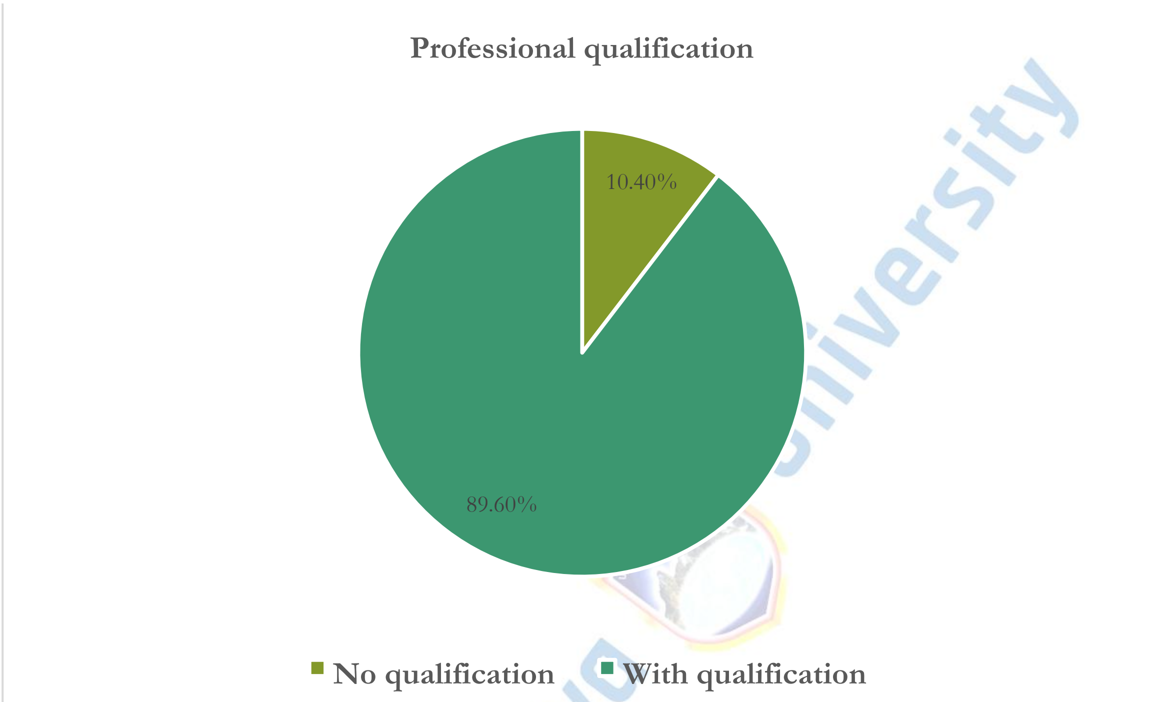


Figure 7: Professional Qualification

Source: Researcher (2024)

4.2 Descriptive Research Analysis Findings

Table 6 shows the frequency of respondents who answered the questionnaires in section B. The research established that the 192 respondents who participated in the research filled part A but not all filled part B and C. Part B It's demonstrated well in figure 8 that an average of 172 respondents participated in answering questionnaires in part B as it had a frequency of 8. One question was filled by 165 and 169 respondents respectively.

Table 6: Respondents in Descriptive Analysis

No of Respondents	165	169	170	172	174	175	179
Frequency	1	1	5	8	2	5	2

Source: Researcher (2024)

4.2.1 Influence of Source Revenue influence on County Financial Performance.

An analysis was done to established influence of own source revenue on County financial performance. Table 7 tabulates the respondent's percentage on the statement as true, not sure and false. The research findings demonstrated how owns source revenue had influenced County financial performance.

Table 7: Own Source Revenue Influence on Financial Performance

Indicators	**True f %**	**Not Sure f %**	**False f %**
County has clearly documented policies on revenue collection.	86.0	12.2	1.8
County staff have met revenue collection targets for the last ten years.	4.0	15.6	80.4
County has reward structure for staff who meet revenue collection targets.	15.8	16.4	67.8
County revenue collection is factored in the annual financial plans.	78.2	5.0	16.8
County has explored all revenue collection channels.	20.0	1.1	78.9
County revenues are well priced.	33.1	23.3	43.6
County information about revenues is shared among members of the public.	7.1	25.3	67.6
County revenue collection is budgeted	71.0	2.8	26.2

Source: Researcher, (2024)

The research sought to establish if the County Government had clearly documented policies on revenue collection. 86% of the respondents agreed that the County Government had clearly documented policies on revenue collection. With clearly documented policies, the County was in a clear position to execute revenue collection programs as planned in their annual County Plans. The findings established that there were big discrepancies with the respondent who agreed and disagreed with the statement on the county having met revenue collections targets for the last ten years. With 4.0% of the respondents agreeing that the County had met revenue collection for the last ten years clearly demonstrated that since devolution in Kenya, Kakamega County has not been meeting annual revenue collection targets.

The research established that there was no reward structure to County Government staff who met revenue collection target. 67.8% of the respondents stated that it was false that the County Government had reward structure to staff who met revenue collection target. The absence of reward structure was demotivating to staff in revenue department. From the response rate, it clearly demonstrated that there existed no reward structure for staff who achieves revenue target at the County. The research sought to find out if own source revenue was factored in County annual budgets. It was clearly established that County own revenue is factored in County annual budgets with 78.2% of respondents agreeing. The findings clearly demonstrate that the own source revenue as a source of finance to County Governments is key component in running of County budgeted programs.

Response rate of 78.9% stated that the County Government had not explored all revenue potential at their disposal. The finding demonstrates that with unexploited revenue potential by the County Government, the revenue collection at County level will not be met and well-priced. This is clearly demonstrated with the respondent rate of 43.6% was stated that the County revenue is not well priced. With poor pricing at County Government, the County revenue structure risk overpricing the few revenue channels being used for revenue collection. The County need to clearly price and communicate revenues channels to stakeholders.

The research established that only7.1% of the respondents agreed that the County Government had shared information on County revenue with members of the public. The finding demonstrated that the County had not invested in awareness on revenue collection with the public who are the major taxpayers. On if the revenue collection is budgeted by the County, 71% of the respondents agreed that the revenue collection is budged. The response rate demonstrated that the County budgeted for all revenue collection which was key in their budget process.

4.2.2 Equitable Share Allocation by CRA on County Financial Performance.

Analysis was done to establish impact of equitable Share allocation on financial performance on County Government. The questionnaires asked respondents to agree, disagree or state not to be sure. Table 8 illustrated the respondent's percentage on the questions asked.

Table 8: Impact of Equitable Share Allocation on County Financial Performance.

Indicators	Agree f %	Not sure f %	Disagree f %
Disbursed fund to Kakamega County is adequate to fund all County activities.	1.1	5.6	93.3
Delayed disbursement of Equitable Share to the County do not in any way disrupted service provision.	4.7	1.1	94.2
Kakamega County has a role to play to improve on in efficiencies in allocation of Equitable Shares.	25.7	34.3	40
The County depends more on fund from the national Government than any other source	16.3	3.5	80.2
The formula for allocation of Equitable Share fund to Counties has benefited Kakamega County.	20.6	5.9	73.5

Source: Researcher (2024)

The research findings established that equitable share allocation was not adequate to fund all County activities. As from the table, 93.3% stated that the equitable share allocation to Counties was not adequate to fund all activities. The findings clearly demonstrated at the highest degree that equitable share could not be solely depended on financing all County activities even though it funded the highest percentage of the County Budget. Only 4.7% of the respondents agreed that delayed disbursement of equitable share did not disrupt County activities.

The research sought to find out if the County Government had a role on improving inefficiencies witnessed in disbursement of equitable shares to Counties. The finding established that it was not very clear to whether the County had a role to play or not. 25.7% agreed that the County had a role to play, 34.3% were not sure and 40% said that the County had no role to play.

The findings established that the County Government did not solely depend on equitable share allocation on financing of County programs. 80.2% of the respondents disagreed that the County depended a lot on equitable allocation a clear demonstration that other source of revenue is important in execution of County financial activities. The findings established that the formula used to allocate equitable funds to Counties was not beneficial to Kakamega County. 73.5% disagreed that the formula used to disburse fund to County Governments by the national Governments has been beneficial to Kakamega County. This clearly demonstrated the equitable share allocation formula has not been appreciated by County Governments.

4.2.3 Impact of Conditional Grant on Financial Performance of County Government

The researcher wanted to establish the impact of Conditional Grant on financial performance of the County Government. A questionnaire of six question was issued with a statement in which the respondents were to tick YES, to some extent, to great extend or NO based on their own opinion. Table 9 illustrates on how the respondents answered.

Table 9: Impact of Conditional Grant on County Financial Performance.

Indicators	Yes f %	Same extend f %	Great extend f %	No f %
County receives Conditional Grants only to finance development projects	26.1	20.9	24.5	28.5
More donors are available to Kakamega County to fund projects through Conditional Grants.	26.0	24.0	8.0	42.0
Conditional Grants to Kakamega County have facilitate smooth implementation of annual budgets	40.0	20.9	20.0	19.1

In some instances, Conditional Grants to Kakamega County has been funding recurrence expenses.	8.0	11.0	11.0	70.0
Residents of Kakamega County are aware of projects being funded by Conditional Grants	46.5	3.5	8.8	41.2
Management of Conditional Grant to Kakamega County has experienced myriads of challenges	28.5	16.3	5.8	49.4

Source: Researcher, (2024)

The research sought to find out if the County received Conditional Grant to only fund development project. Of the four categories no respondent rate attracted over 30% of the response rate, the findings demonstrated that the respondents were not sure whether the County Government received Conditional Grant to fund only development projects.

The researcher asked respondents if the County had more willing donors to fund projects through Conditional Grant.42% said the County lacked donors to fund project. With 42% of the respondents who said no and only 8% said to great extend it demonstrated that although the County had an avenue to receive Conditional Grant to fund projects, the County lacked willing donors to support the initiative.

The research sought to find out if the Conditional Grant had facilitated smooth implementation of County annual budget. The findings indicated that 40% of the respondents agreed that conditional Grants had helped the County meet it budgeted financial programs. The findings demonstrated that Conditional Grant had played a key role in funding budget items of the County Government with 40% agreeing with the statement and only 19.1 % of the respondents disagreeing with the statement.

The finding established that the County does not use Conditional Grant to finance recurrent expenses, 70% of the respondents said that the county did not use Conditional Grant to fund recurrent expenditure. The findings revealed that the County Government adhered to PMF act regulation that deter County Governments from diverting Condition Grant to other uses.

The findings established that the public was not aware of projects being funded by the Conditional Grant. The research wanted to know if the members of the public were aware of projects being funded by conditional Grant at the County. From the findings as illustrated in the table, it was not clearly demonstrated if the members of the public were aware of projects being funded by Conditional Grant.

The findings established that the County Governments had not faced challenges in management of Conditional Grant.49.4% of the respondents said that the County had not faced challenges in management of Conditional Grants. This demonstrates that with proper funding to County Governments on Conditional Grant, the funds will be properly managed.

4.2.4 Effect of Borrowing on County Financial Performance

The research sought to establish effect of County borrowing on financial performance. The research issued a questionnaire with five questions. The respondents to tick the questionnaires by strongly agreeing, agreeing, disagreeing and strongly disagreeing respectively. Table 10 demonstrates the research findings.

Table 10: Effects of County Borrowing on Financial Performance

Indicators	Strongly Agree f %	Agree f %	Disagree f %	Strongly Disagree f %
County Borrowing is approved by all relevant statutory bodies.	28.0	28.6	31.4	12.0
County Government Borrowing is well document and accessible to the public	24.1	11.5	20.1	44.3
County Borrow locally as it's cheap, convenient and easily accessible	14.4	13.2	17.2	55.2
Borrowings has enabled in meeting 100% budget execution	2.4	3.5	14.1	80.0
County have Borrowing provision in their annual plans.	12.2	13.3	23.3	51.2

Source: Researcher (2024)

The findings established that County borrowings was being approved by relevant bodies. 28% and 28.6 % of the respondents strongly agreed and agreed with the question respectively. The finding clearly established that the borrowing being done by the County Governments was being done is structured way as per the County Government policies.

The findings on County Government borrowing being documented and accessible by the public; it was established that County borrowing is not well documented and accessible by the public. The statement that County borrowing document well all borrowing and avail the data to the public; 44.3% strongly disagreed and 20.1% disagreed the respondent's rate of 44.3% strongly disagreeing and 20.1% agreeing demonstrated that County borrowing was not well documented and available to the public.

As demonstrated in table 4.13 the finding established that the County borrowing was not cheap, convenient and accessible. 55.2% of the respondents strongly disagreed with the statement. The researcher had stated that County borrowing was cheap, convenient and accessible. The findings clearly demonstrated that County borrowing was not cheap.

On borrowings having enabled the County Government to meet 100% execution, the respondents strongly disagreed with a very high percentage rate of 80%. We had a very small percentage of the respondents who agreed at 3.5% and strongly agreed with 2.4%. The findings revealed that even with borrowings by the County, the planned budget was not being executed at 100% meaning that the budget absorption rate is below 100%.

The findings of the research revealed that the County Government had no provision of borrowings in their annual budgets. The respondents were asked if the County had borrowing provisions; 51.2% strongly disagreed, 23.3% disagreed, as illustrated in table 4.13. With only 12.2% strongly agreeing and 13.3% agreeing, the findings established that the County had no borrowing provisions in their annual budget.

4.2.5Description Analysis on County Financial Performance

The research in questionnaires in section C, sought to find out the financial performance as influenced by revenue streams to the County Government. **4.2.5.1 Equitable Share Allocation by National Government**

The research sough to find out how much equitable share was being allocated to the County annually in three categories; below 5 billion, between 5-10billion and above 10 billion. The findings are illustrated in table 11.

Table 11: Equitable Share Allocation

Share Allocation	Respondents	Percentage
Below 5 billion	27	14
5-10 billion	153	79.7
Above 10 billion	12	6.3
Totals	**192**	**100**

Source: Researcher (2024)

The research findings indicated that Kakamega County received equitable share of between 5 and 10 billion annually from the national Government. 79.7% respondents in agreement, 14% responding that the County receives below 5 billion and 6.3% indicating that County received above 10 billion. This demonstrated that the County had been receiving 5-10 billion to fund all financial programs at the County level.

4.2.5.2 Budget Absorption Rate

On Budget absorption rate at the County level annually, the question attracted 180 respondents. The finding established that the County had not been meeting annual 100% budget absorption rate. 93.3% of the respondents said that the County budget absorption rate was below 100% with only 6.7% of the respondents saying that the County annual budget absorption rate was at 100%. These findings clearly demonstrated that the County Government of Kakamega had not been meeting the County annual budget absorption rate of 100% as illustrated in table 12 a clear indication that some budgeted programs are never implanted as planned.

Table 126: Budget Absorption Rate

Category	Respondents	Percentage
100%	12	6.7
Below 100%	168	93.3
Totals	**180**	**100**

Source: Researcher (2024)

4.2.5.3 Pending Bills

The research sought to find out the total percentage of the pending bill that the Kakamega County hold of all the Counties pending bill of 160billions. The researcher asked what percentage level does

Kakamega County hold of the total national pending bill; table 13 illustrates that 189 respondents answered the question.43.4% said it was below 10%, 54.5% said it was between 10-50% and 2.1% said that the County did not have any pending bills. The findings indicated that the County holds a huge pending bill of between 10-50% of 160billions.

Table 13: Pending Bills

Category	Respondents	Percentage
Below 10%	82	43.4
10-50%	103	54.5
None	4	2.1
Totals	**189**	**100%**

Source: Researcher, (2024)

4.2.5.4 Incomplete County Projects

The respondents were asked to name any four incomplete projects by the County Government. The projects as shown in figure 8 attracted many responses; roads, hospital, markets, water, street lighting and subsidized fertilizer. The findings established that hospital, road and subsidized fertilizer were major projects which had not been completed by the County Government as it attracted 164, 150 and 148 respondents respectively, this is clearly demonstrated in figure 9.

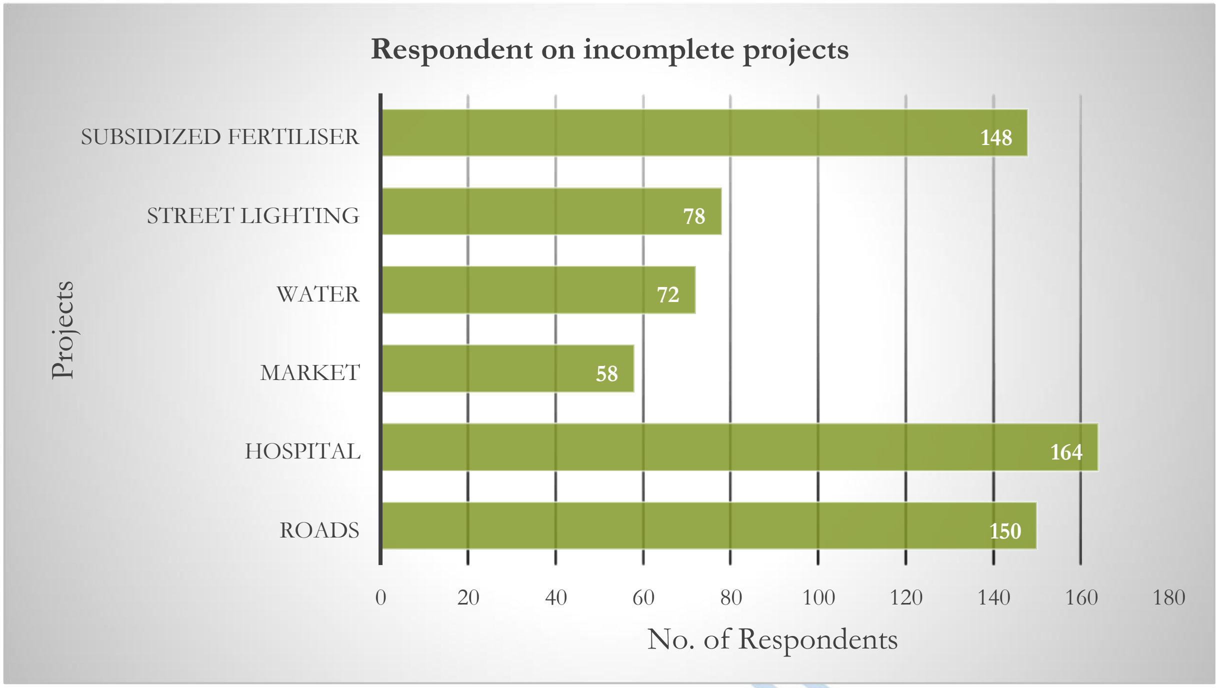


Figure 8: Incomplete Projects

Source: Researcher, (2024)

4.2.5.5 Level of Citizen Satisfaction

The research sough to establish the level of citizen satisfaction from the County staff perspective. The question attracted the least number of respondents who answered question in section C with only 151 respondents answering the question as shown in table 14. The question wanted the respondents to state the percentage level of citizen satisfaction with service delivery. 28% said the citizen were satisfied below 10%, 22% said between 10-50% and 50% said above 50% level of satisfaction. The finding tells that the staff perceives the citizen satisfaction not at 100% with half of the staff saying that the citizens were not happy and satisfied with service provision.

Table 14: Citizen Satisfaction Level

Categories	Respondents	Percentage
Below 10%	42	28
10-50%	33	22
Above 50%	76	50
Totals	**151**	**100**

Source: Researcher, (2024) 4.2.5.6 Borrowing to Fund Budget Deficit

The research sough to find out the amount of money borrowed by the County Government to fund budget deficit. Of the three categories asked, 187 respondents answered the questions. 9% of the respondents said the County borrowed below 500 million, 85% said the County borrowed between 500million and I billion and 5% said the County borrowed above I billion to fund budget deficit. The findings clearly illustrated in table 15. It clearly demonstrated that it was true the County borrowed from financial institutions to the tune of between 500million to I billion.

Table 15: Amount of County Borrowing

Category	Response	Percentage
Below 500 million	17	9
500m- 1 billion	159	85
Above 1 billion	11	65
Totals	**187**	**100**

Source: Researcher, (2024)

4.2.5.7 Borrowing Rate

The research sought to find out the rate the County was being offered by commercial banks on overdraft facilities. 184 respondents answered the question. The finding established that 50% of the respondents argued that the County borrowing was at the rate above market rate, 36% said the County borrowed at current market rate of the finance industry while 14% said that the County was borrowing below the market rate as shown in table 16. The findings clearly demonstrated that the County borrowing was above the market rate in the financial industry.

Table 16: County Borrowing Rate

Category	Response	Percentage
Below market rate	26	14
At market rate	68	36
Above market rate	92	50
Totals	**184**	**100**

Source: Researcher (2024)

4.2.5.8 Percentage of Own Source Revenue Funding Development Projects.

Table 17 illustrate the respondents on Own source revenue funding County development projects.

Table 17: Own Source Revenue Funding Development Project

Category	Responses	Percentage
Below 10%	120	65.2
10-30 %	59	32.1
Above 50%	5	2.7
Total	**184**	**100**

Source: Researcher (2024)

The research sough to find out what percentage did the Kakamega County own source revenue collected funded development projects. 184 respondents answered the question with 2.7% stating that the collected revenue funded over 50% of the development projects, 32.1% said the revenue funded between 10-30% and majority stated that the collected revenues funded below 10% of the county projects with 65.2% response rate. The findings established that own source revenue collected funded below 10% of County development projects.

4.3 Assumptions of Linear Regression

The assumption of linear regression in this study included test for normality using Shapiro-Wilk, auto-correlation using Durbin-Watson and multi- Collinearity test. The results are as follows.

4.3.1 Normality

The tests of normality, specifically the Kolmogorov-Smirnov and Shapiro-Wilk tests, assess whether the distribution of data for each variable follows a normal distribution. Normality is an assumption often required for certain statistical analyses.

The tests of normality, specifically the Kolmogorov-Smirnov and Shapiro-Wilk tests, assess whether the distribution of data for each variable follows a normal distribution. Normality is an assumption often required for certain statistical analyses.

Table 18: Kolmogorov-Smirnova and Shapiro-Wilk

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	**Df**	**Sig.**	**Statistic**	**Df**	**Sig.**
Own source revenue	.146	172	.200	.879	172	.200
Equitable share allocation	.133	172	.102	.906	172	.200
Conditional Grants	.149	172	.100	.872	172	.200
County borrowing	.111	172	.124	.926	172	.200
Financial performance	.175	172	.200	.875	172	.200
a. Lilliefors Significance Correction						

Source: Primary Data (2024)

For the variable "Own source revenue," both the Kolmogorov-Smirnov and Shapiro-Wilk tests resulted in statistically insignificant values ($p < .05$), indicating that the data significantly deviate from a normal distribution. Similarly, for the variables "Equitable share allocation," "Conditional Grants," "County borrowing," and "Financial performance," both tests yielded insignificant results, suggesting normal distributions for these variables as well. Ghasemi and Zahedias (2012) recommend that normality be assessed visually. From normal Q-Q plot of Own source revenue the deviation from normality was not much as from the approximation to the line of fit. Therefore, the data was near normal distribution and hence could be used in a regression analysis.

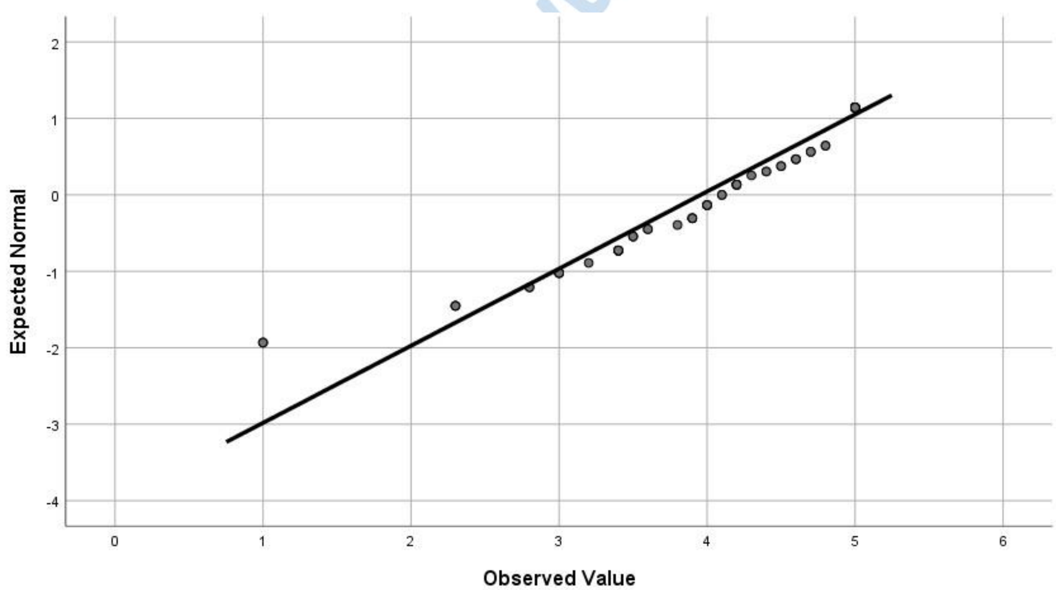


Figure 98: Normal Q-Q plot of Own source revenue

Source: Primary Data (2024)

From Figure 10, normal Q-Q plot of Equitable share allocation the deviation from normality was not significant as from the approximation to the line of fit. Hence, the data had almost normal distribution and hence could be used for parametric test such as linear regression.

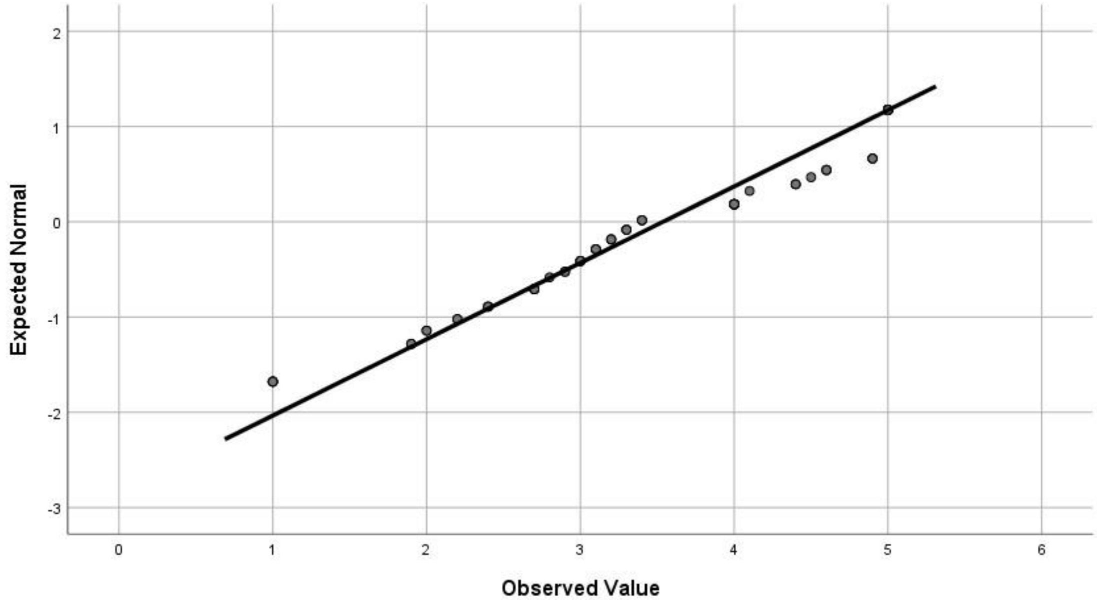


Figure 9: Normal Q-Q plot of Equitable Share allocation

From Figure 11, normal Q-Q plot of Conditional Grants departure from normality was not great as from the approximation to the line of fit. Hence, the data had near normal distribution and hence could be used for parametric test such as linear regression.

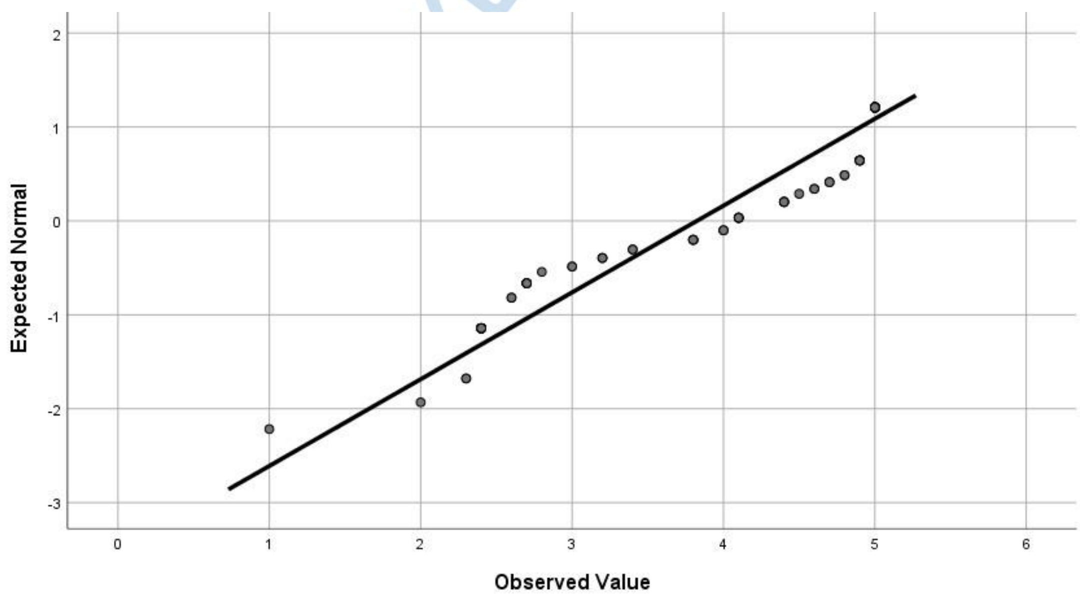


Figure 101: Normal Q-Q plot of Conditional Grants

From Figure 12 Normal Q-Q plot of County borrowing the departure from normality was not much as from the approximation to the line of fit. Thus, the data was near normal distribution and hence could be used for parametric tests.

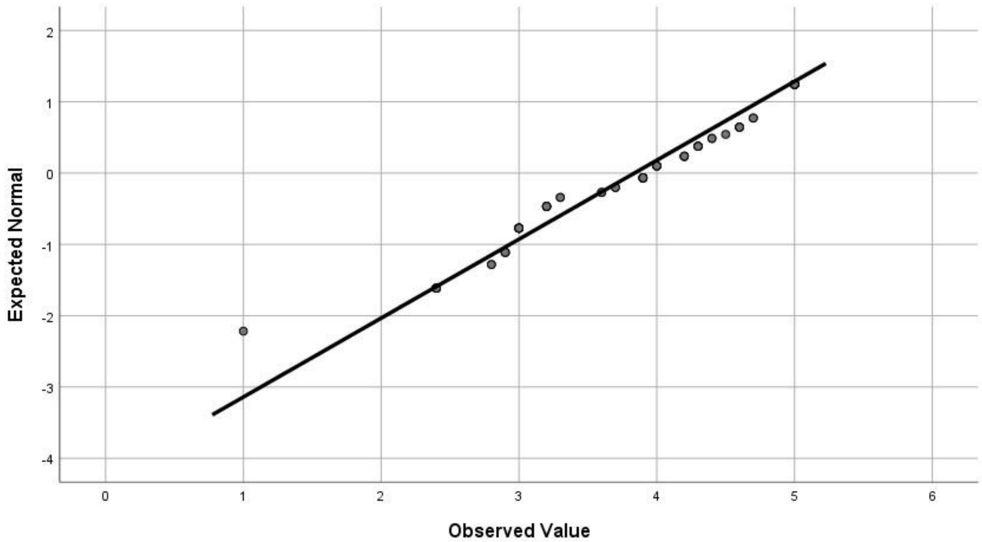


Figure 12: Normal Q-Q plot of County borrowing

From Figure 13 Normal Q-Q plot of financial performance the departure from normality was not much as from the approximation to the line of fit. Thus, the data was near normal distribution and hence could be used in a regression analysis.

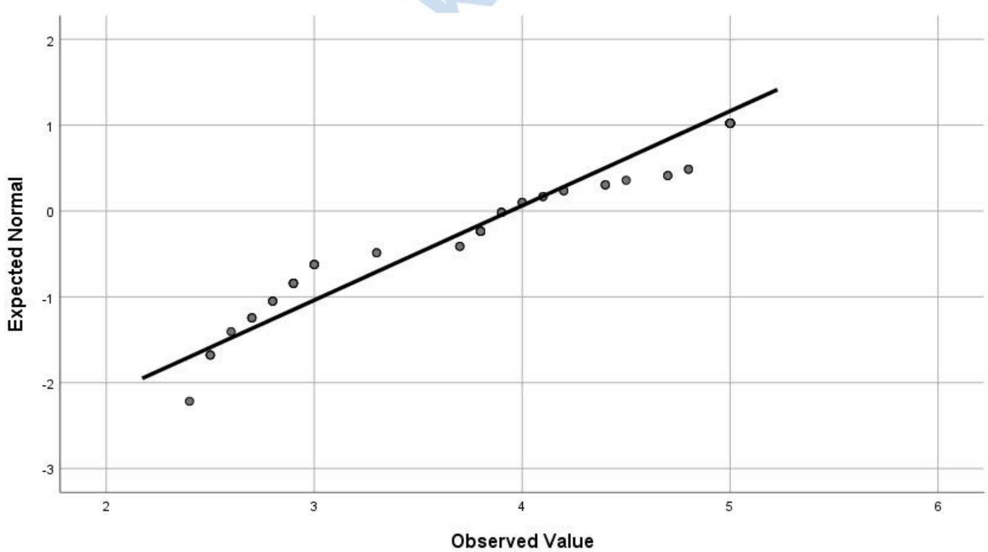


Figure 13: Normal Q-Q plot of Financial Performance

4.3.2 Auto-correlation

Table 19: Autocorrelation Test for Regression

Std. Error of the Estimate	Durbin-Watson
.51335	2.317

Test of independence was done by the use of Durbin-Watson. It tests that the residuals from a linear regression or multiple regression are independent. When Durbin-Watson factors are between (1.5) and (2.5) there is no autocorrelation problem (Alsaeed, 2005) from table 18 the Durbin Watson value is between 1.5 and 2.5 hence there was no problem of autocorrelation.

4.3.3 Multi-Collinearity Test

Multicollinearity problem cause ability to define any variable to diminish owing to their interrelationship. According to Besley 1980 as sighted in (Jingyu li, 2003) researchers have used VIF= 10 as critical value rule of thumb to determine whether there is too much correlation. The VIF value in the table 20, are less than 10 so there is no multi-Collinearity problem in study variables.

Table 20: Multi-Collinearity

Independent variable	Tolerance	VIF
Own source revenue	0.763	1.311
Equitable share allocation	0.660	1.515
Conditional Grants	0.488	2.048
County borrowing	0.393	2.546

4.4 Pearson Correlation Analysis

The correlation coefficient (r) results are presented as shown in Table 21 using Pearson correlation analysis, which computes the direction (Positive/negative) and the strength (Ranges from -1 to +1) of the relationship between two continues or ratio/scale variables.

Table 21: Multiple Correlation Matrix

		OR	ESA	CG	CB
OR: Own source revenue	Pearson Correlation	1			
	Sig. (2-tailed)	172			
	N				

ESA: Equitable share allocation	Pearson Correlation	.349**	1		
	Sig. (2-tailed)	.002			
	N	172	172		
CG: Conditional Grants	Pearson Correlation	.418**	.277*	1	
	Sig. (2-tailed)	.000	.017		
	N	172	172	172	
CB: County borrowing	Pearson Correlation	.413**	.543**	.686**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	172	172	172	172
Financial performance	Pearson Correlation	.554**	.611**	.632** .000	.750**
	Sig. (2-tailed)	.000	.000		.000
	N	172	172	172	172

**. Correlation is significant at the 0.01 level (2-tailed). *. Correlation is significant at the 0.05 level (2-tailed).

From the correlation Table 21, Own source revenue is positively correlated to financial performance the coefficient is 0.554 (p value < 0.01) this is significant at 95% confidence level. Thus, increase in Own source revenue would make financial performance to increase in same direction. The correlation coefficient of 0.554 indicates a moderate and statistically significant positive relationship between own source revenue and financial performance. This suggests that when Kakamega County increases its internally generated revenue (e.g., through taxes, fees, and charges), there is a corresponding increase in financial performance. This finding is supported by studies such as Tanzi (2018), which argue that local governments with a robust own-revenue base are more financially resilient and able to invest in public services. Similarly, Muriuki (2020) found that counties with diversified own-source revenues have better financial sustainability and operational efficiency. However, Onduru (2019) suggests that own-source revenue alone may not be sufficient for longterm financial success if economic conditions are volatile. Over-reliance on internal revenue without external support could lead to vulnerability, especially in underdeveloped regions.

Similarly, the correlation coefficient for Equitable share allocation was 0.611, P=0.000, suggesting that there is significant positive relationship between equitable share allocation and financial performance of Kakamega County Government. Increase in Equitable share allocation would result to increase in financial performance. The correlation of 0.611 suggests a significant positive relationship between equitable share allocation and financial performance. This means that increases in equitable share allocations from the national government result in better financial performance for Kakamega County. This is consistent with findings from Kimani and Wambugu (2019), who highlight that equitable share allocations provide counties with the necessary resources to meet their expenditure obligations and improve service delivery. Kariuki et al. (2021) also emphasized that these allocations play a critical role in stabilizing county finances, particularly in counties with limited own-source revenues. However, Ngugi (2021) cautioned that equitable share allocation, while beneficial, can lead to dependency. Counties must balance these funds with strategies to improve internal revenue to avoid over-reliance on national government transfers.

Similarly, a correlation coefficient of 0.632** implied that there is significant positive relationship between Conditional Grants and financial performance. The positive correlation of 0.632 between conditional grants and financial performance implies that counties that receive targeted grants (for specific purposes such as healthcare or infrastructure) tend to have better financial outcomes. This is supported by Bwire and Nyaoke (2020), who argue that conditional grants help counties invest in critical areas that enhance service delivery, thereby improving their financial performance. Conditional grants come with specific usage instructions that promote accountability and efficient use of resources. On the other hand, Makokha (2018) warns that over-reliance on conditional grants can restrict a county's financial flexibility, as these grants often come with strict conditions that may not align with local priorities.

Lastly, there is significant positive relationship between County borrowing and financial performance of Kakamega County Government as indicated by .750**, p=0.000. This implies that increase in County borrowing would results to increase in financial performance. The strong positive correlation of 0.750 between county borrowing and financial performance suggests that borrowing enhances financial outcomes for Kakamega County. Borrowing allows the county to access funds for large-scale projects and improve service delivery. Studies like Mbui (2019) support this, noting that strategic borrowing can significantly boost a county's financial performance by enabling investments in infrastructure and development projects. Mungai (2020) also found that counties that borrow responsibly can achieve faster economic growth and improved public services. However, the risks associated with borrowing are highlighted by Mungai (2020), who warns that excessive borrowing without proper debt management can lead to high debt burdens, threatening the county's long-term financial stability.

4.5 Simple Linear Regression Analysis

Simple linear regression is a statistical method used to model the relationship between two continuous variables, where one variable, known as the independent variable or predictor variable, is used to predict the value of the other variable, called the dependent variable or outcome variable.

4.5.1 Influence of Own source revenue on financial performance of Kakamega County Government

The first objective of the study was to determine the influence of own source revenue on financial performance of Kakamega County Government. Regression analysis was used to tell the amount of variance accounted for by one variable in predicting another variable. Regression analysis was conducted to find the proportion in the dependent variable (financial performance) which can be predicted from the independent variable (Own source revenue). Table 22 shows the analysis results.

Table 22: Regression Results of Own Source Revenue and Financial performance

Model Summary

Model	R	R Square	Adjusted R Sq		ror of the	
1	.554[a]	.306		.297	imate	.76140

a. Predictors: (Constant), Own source revenue

ANOVA[a]

Model	Sum of Squares	Df	Mean Square	F	Sig.

Regression	18.441	1	18.441	31.811	.000[b]
Residual	41.740	170	.580		
Total	60.182	171			

a. Dependent Variable: Financial performance
b. Predictors: (Constant), Own source revenue

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.937	.366		5.287	.000
1 Own source revenue	.507	.090	.554	5.640	.000

a. Dependent Variable: Financial performance

From the Table 22 above the value of R square was 0.306 this shows that own source revenue explains 30.6% of variance in financial performance of Kakamega County Government. From the ANOVA table significance of the model has a value F (1,171) =31.811, P<0.05 this shows that it's significant at 95% confidence level hence the model is significant. This implies that own source revenue is a useful predictor of financial performance of Kakamega County Government. The simple linear regression equation is as shown below

Y=1.937+0.507 Own source revenue

The unstandardized regression coefficient value of Own source revenue was 0.507 and significance level of P<0.05. This indicated that a unit change in Own source revenue would result to significant change in financial performance by 0.507 in same direction. This finding is consistent with studies like Tanzi (2018) and Muriuki (2020), which emphasize the importance of a diversified and robust internal revenue base for enhancing financial performance. Similarly, Kimani and Wambugu (2019) highlight those counties with higher own-source revenue are better able to meet their financial obligations and sustain long-term growth. However, while own-source revenue plays a critical role, the R-square value also implies that about 69.4% of the variance in financial performance is influenced by other factors not captured by this model, such as national government transfers, external grants, or economic conditions. Ngugi (2021) also points out that relying solely on internal revenue without proper fiscal management and external support could expose counties to financial risks

4.5.2 Influence of Equitable share allocation on financial performance of Kakamega County Government

The second objective of the study was to analyze the influence of equitable share allocation on financial performance of Kakamega County Government. Regression analysis was conducted to find the proportion in the dependent variable (financial performance) which can be predicted from the independent variable (Equitable share allocation). Table 23 shows the analysis results.

Table 23: Regression Results of Equitable Share Allocation and Financial performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.611[a]	.373	.365	.72365

a. Predictors: (Constant), Equitable share allocation

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.477	1	22.477	42.922	.000[b]
	Residual	37.704	170	.524		
	Total	60.182	171			

a. Dependent Variable: Financial performance
b. Predictors: (Constant), Equitable share allocation

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.370	.254		9.312	.000
	ESA	.445	.068	.611	6.552	.000

a. Dependent Variable: Financial performance, ESA- Equitable share allocation

From the table 21 above the value of R square was 0.373 which implies that up to 37.3% change in financial performance of Kakamega County Government is significantly accounted for by their equitable share allocation. From the ANOVA result, the significance of the model has a value F (1,171) =42.922, P<0.05 which shows that the model is significant 95.0% confidence level. This postulates that equitable share allocation is a useful predictor of financial performance. The simple linear regression equation is as shown below

$$Y=2.370+0.445 \text{ Equitable share allocation}$$

The unstandardized regression coefficient value of Equitable share allocation was 0.445 and significance level of $P<0.05$. This implies that a unit change in equitable share allocation would result to significant change in financial performance by 0.445 in the same direction. This strong, positive relationship has been corroborated by studies like Mutua (2017), which highlights the vital role of equitable share in enhancing county financial health, and Mwangi (2019), who underscores the importance of equitable allocation for the sustainability of county operations. Further, Bashir et al. (2020) argue that equitable share allocation helps mitigate revenue imbalances between counties, promoting balanced financial growth. However, Odongo and Ngugi (2021) caution that the efficiency of such allocations depends on the governance and transparency of how funds are utilized at the county level.

4.5.3 Influence of Conditional Grants on financial performance of Kakamega County Government

The third objective of the study was to analyze the influence of Conditional Grants on financial performance of Kakamega County Government. Regression analysis was conducted to find the proportion in the dependent variable (financial performance) which can be predicted from the independent variable (Conditional Grants). Table 24 shows the analysis results.

Table 24: Regression Results of Conditional Grants and Financial performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.632[a]	.399	.391	.70874

a. Predictors: (Constant), Conditional Grants

ANOVA[a]

Model	Sum of Squares	Df	Mean Square	F	Sig.

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	24.015	1	24.015	47.809	.000[b]
1	Residual	36.167	72	.502		
	Total	60.182	73			

a. Dependent Variable: Financial performance
b. Predictors: (Constant), Conditional Grants

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.916	.304		6.294	.000
	Conditional Grants	.530	.077	.632	6.914	.000

a. Dependent Variable: Financial performance

From the table 23 above the value of R square was 0.399 this shows that Conditional Grants explains 39.9% of variance in financial performance of Kakamega County Government. From the ANOVA table significance of the model has a value F (1,171) =47.809, P<0.05 this shows that it's significant at 95% confidence level hence the model is feasible. This implies that Conditional Grants is a useful predictor of financial performance of Kakamega County Government. The simple linear regression equation is as shown below

Y=1.916+0.530 Conditional Grants

The unstandardized regression coefficient value of Conditional Grants was 0.530 and significance level of P<0.05. This indicated that a unit change in Conditional Grants would result to significant change in financial performance by 0.530 in the same direction. These findings align with studies such as Nyamongo and Njeru (2018), which found that Conditional Grants have a positive impact on county financial sustainability, and Koech et al. (2020), who argued that targeted funding through Conditional Grants can significantly improve service delivery and financial outcomes. However, Odhiambo and Wanyama (2021) caution that Conditional Grants must be coupled with sound financial management practices to fully realize their potential impact on financial performance.

4.5.4 Influence of County borrowing on financial performance of Kakamega County Government

The fourth objective of the study was to analyze the influence of County borrowing on financial performance of Kakamega County Government. Regression analysis was conducted to find the proportion in the dependent variable (financial performance) which can be predicted from the independent variable (County borrowing). Table 25 shows the analysis results.

Table 25: Regression Results of County borrowing and Financial Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.750[a]	.563	.557	.60462

a. Predictors: (Constant), County borrowing

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	33.861	1	33.861	92.628	.000[b]
	Residual	26.320	72	.366		
	Total	60.182	73			

a. Dependent Variable: Financial performance
b. Predictors: (Constant), County borrowing

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.051	.309		3.405	.001
	County borrowing	.754	.078	.750	9.624	.000

a. Dependent Variable: Financial performance

From the Table 24 above the value of R square was 0.563 which suggests that up to 56.3% variation in financial performance of Kakamega County Government is significantly accounted for by County borrowing. From the ANOVA result, the significance of the model has a value F (1,171) =92.628, P<0.05 which shows that the model is significant 95% confidence level. This postulates that County borrowing is a useful predictor of financial performance. The simple linear regression equation is as shown below

$$Y=1.051+0.754 \text{ County borrowing}$$

The unstandardized regression coefficient value of County borrowing was 0.754 at 0.05 significance level. This implies that a unit change in County borrowing would result to significant change in financial performance by 0.754 in the same direction. This finding is consistent with studies like Kariuki and Mutuku (2019), who found that well-managed borrowing can lead to improvements in financial sustainability and service delivery. However, Maina (2020) points out that excessive reliance on borrowing without sound repayment strategies could lead to financial distress, emphasizing the need for balanced borrowing practices.

4.6 Multiple Linear Regression Analysis

Objective of this study sought objective of the study was to examine revenue streams of financial performance of Kakamega County Government. This was achieved by carrying out standard multiple regression. The study was interested in knowing the effect of each of the revenue streams on financial performance when all these constructs were entered as a block on the model. The results of multiple linear regression analysis were presented in Table 26.

Table 26: Model Summary

Model	R	R Square	Adj R Square	Std. Error of the Estimate	Change Statistics			
					R Sq Change	F Change	df	Sig. F Change
1	.835[a]	.698	.680	.51335	.698	39.841	4,167	.000

a. Predictors: (Constant), County borrowing, Own source revenue, Equitable share allocation, Conditional Grants

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	41.998	4	10.499	39.841	.000[b]
	Residual	18.184	167	.264		
	Total	60.182	171			

a. Dependent Variable: Financial performance
b. Predictors: (Constant), County borrowing, Own source revenue, Equitable share allocation, Conditional Grants

The results from the model summary in Table 26 give us information on the overall summary of the model. Looking at the R square column, we can deduce that four revenue streams accounted for 69.8% significant variance in financial performance (R square =.698, P=0.000) implying that 30.2% of the variance in financial performance of Kakamega County Government is accounted for by other variables not captured in this model. In order to assess the significance of the model, simply whether the study model is a better significant predictor of the financial performance rather than using mean score which is considered as a guess, the study resorted to F Ratio. From the findings, the F value is more than one, as indicated by a value of 39.841, which means that enhancement as a result of model fitting is much larger than the model errors/inaccuracies that were not used in the model (F (4,167) = 39.841, P=0.000). This implies that the final study model has significant improvement in it is prediction ability of financial performance of Kakamega County Government.

The presented in Table 27 shows unstandardized coefficients, standardized coefficients, t statistic and significant values.

Table 27: Multiple Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.354	.302		1.173	.245
Own source revenue	.198	.069	.217	2.860	.006
Equitable share allocation	.204	.059	.280	3.437	.001
Conditional Grants	.182	.079	.217	2.287	.025
County borrowing	.362	.106	.360	3.409	.001
a. Dependent Variable: Financial performance					

A regression of the four predictor variables against financial performance established the multiple linear regression model as below as indicated in Table 26: **Y=0.354 + 0.198** X_1**+0.204** X_2**+0.182** X_3**+ 0.362** X_4

Where Y is the dependent variable (Financial performance),

X_1 is Own source revenue

X_2 is Equitable Share allocation

X_3 is Conditional Grants

X_4 is County borrowing

From the findings presented in Table 4.20, we look at the model results and scan down through the unstandardized coefficients B column. All revenue streams had significant effect on the financial performance. If the revenue streams are held at zero or it is absent, the financial performance of Kakamega County Government would be 0.354, p=0.245.

4.6.1 What effect does County Own Source Revenue has on financial performance of Kakamega County Government?

The first objective of the study sought to answer what influence does County Own Source Revenue has on Kakamega County Financial Performance? The results revealed that own source revenue had unique significant contribution to the model with B=.198, p=.006 suggesting that controlling of other variables (Equitable share allocation, Conditional Grants and County borrowing) in the model, a unit change in own source revenue would result to significant change in financial performance by 0.198 in the same direction. This positive relationship highlights the importance of own source revenue as a key driver of financial performance. It implies that local governments or organizations that can effectively increase their own revenue generation—through mechanisms such as local taxes, fees, or service charges—are likely to see a corresponding improvement in their financial health. This is consistent with the assertions of various studies that emphasize the role of revenue generation in enhancing the financial capacity of governments and institutions.

Supporting studies affirm this finding. For example, Kihiu (2020) emphasizes that increased own source revenue directly correlates with improved financial sustainability in Kenyan counties, highlighting the necessity for local governments to enhance their revenue collection mechanisms. Muturi and Karanja (2021) also note that own source revenues provide counties with greater financial autonomy, enabling them to allocate resources more effectively and improve service delivery.

Conversely, some studies present a more nuanced view. Omondi (2021) argues that while own source revenue is essential, it can be affected by external factors such as economic conditions and regulatory frameworks, suggesting that reliance solely on internal revenue may not yield sustainable financial performance. Similarly, Wamalwa (2022) points out that local governments often face challenges in maximizing their own source revenues due to inefficiencies and lack of capacity, potentially limiting the positive impact on financial performance. These diverse perspectives highlight the complexity of the relationship between own source revenue and financial performance, indicating that while there is a positive correlation, other factors must also be considered to fully understand this dynamic.

4.6.2 What effect does Equitable Share Allocation has on financial performance of Kakamega County Government?

The second research question was to what impact does Equitable Share Allocation has on Kakamega County Financial Performance? The coefficient of Equitable share allocation was 0.204, which was significant (p=.001) and also positive. When the variance explained by all other variables (Own source revenue, Conditional Grants and County borrowing) in the model is controlled, a unit change in Equitable share allocation would result to change in financial performance by 0.204 in the same direction. This result suggests that equitable share allocation is an important factor in determining financial performance. Equitable share allocation refers to the fair and just distribution of resources among different groups or entities. In this context, it is likely that equitable share allocation refers to the distribution of resources among different departments or units within the county. The positive relationship between equitable share allocation and financial performance suggests that when resources are allocated fairly and justly, financial performance is likely to improve. This may be because equitable share allocation promotes a sense of fairness and justice, which can lead to increased motivation and productivity among employees. Additionally, equitable share allocation may also promote a sense of accountability and transparency, which can lead to better financial management and decision-making.

Several empirical studies support this finding. Muthama (2020) notes that equitable share allocations are critical for enhancing the financial capacity of local governments, especially in developing regions. His research shows that counties that effectively utilize these allocations can improve their service delivery and fiscal health. Similarly, Odhiambo (2021) found a strong correlation between equitable share allocations and financial sustainability among local governments in Kenya. He argues that these allocations provide essential funding for development projects and public services, thus contributing positively to overall financial performance. Astudy by Shah (2017) found that conditional grants had a positive impact on financial performance of municipalities in Indonesia, but the relationship was complex and context-dependent. The study suggests that debt can be a useful tool for municipalities to finance infrastructure projects and improve public services, which in turn enhances financial performance. The study by Kim and Lee (2018) found that borrowing had a positive impact on financial performance of municipalities in Indonesia, suggesting that borrowing can be a useful tool for counties to finance infrastructure projects and improve public services.

However, some studies present a more cautious perspective on equitable share allocations. Akinyi (2021) suggests that while these allocations can boost financial performance, their effectiveness often hinges on the governance structures in place. Poor management and lack of accountability may lead to inefficient use of allocated funds, which could negate the intended positive impacts on financial performance. Furthermore, Kiprono and Nyang'wara (2022) emphasize that disparities in how equitable shares are distributed can exacerbate inequalities among counties, potentially hindering the financial performance of those with less favorable allocations.

The coefficient of 0.204 for Equitable Share Allocation highlights its significant role in improving financial performance in Kakamega County, aligning with several studies that emphasize its importance. However, the effectiveness of these allocations is influenced by governance practices and equity in distribution, indicating a need for careful management and oversight to maximize their benefits.

4.6.3 What effect does Conditional Grants has on financial performance of Kakamega County Government?

The third objective of the study was to answer what effect does Conditional Grants has on financial performance of Kakamega County Government? Another variable that also had a unique significant contribution to the model was the value for Conditional Grants (B=.182, p=.025). When other variables in the model are controlled (Equitable share allocation, Own source revenue and County borrowing), a unit change in Conditional Grants would result to significant change in financial performance by 0.182 in the same direction. The results also indicate that Conditional Grants had a unique and significant contribution to the model, suggesting that it has a positive relationship with financial performance. The coefficient (B) of 0.182 implies that for every unit change in Conditional Grants, financial performance increases by 0.182 units in the same direction, holding all other variables constant. This finding is statistically significant at a p-value of 0.025, indicating that the relationship is unlikely to be due to chance.

This finding suggests that Conditional Grants play an important role in enhancing financial performance of counties. Conditional Grants are funds provided by the central government to counties to support specific projects or programs, and they are often tied to specific conditions or requirements. The positive relationship between Conditional Grants and financial performance suggests that these grants can be an effective tool for improving financial performance, possibly by providing additional resources for counties to invest in infrastructure, services, or other initiatives that drive economic growth and development.

The finding is consistent with other studies that have examined the impact of intergovernmental transfers on local government financial performance. For example, a study by Bird and Smart (2017) found that conditional grants had a positive impact on local government financial performance in Indonesia, as they allowed local governments to invest in priority areas such as infrastructure and education. Similarly, a study by Shah (2017) found that conditional grants improved financial performance of local governments in Brazil, as they helped to reduce poverty and improve access to basic services.

However, it is also important to note that the impact of Conditional Grants on financial performance may depend on various factors, such as the design and implementation of the grant program, the level of autonomy and capacity of local governments, and the presence of other supporting policies and institutions. For example, a study by Faguet (2014) found that conditional grants had mixed effects on local government financial performance in Colombia, depending on the level of decentralization and the design of the grant program. Overall, the finding suggests that Conditional Grants can be an important tool for improving financial performance of counties, but their effectiveness may depend on various factors and context.

4.6.4 What effect does County Borrowing has on Financial Performance of Kakamega County?

Lastly, the study sought to answer what effect does County Borrowing has on Financial Performance of Kakamega County? County borrowing had also unique significant contribution to the model with B=0.362, p=.001implying that when other variables in the model are controlled (Equitable share allocation, Conditional Grants and Own source revenue), a unit change in County borrowing would result to significant change in financial performance by 0.362 in the same direction. The results indicate that County borrowing has a significant and positive impact on the financial performance of Kakamega County Government. The regression coefficient of B = 0.362 (p = 0.001) suggests that for each unit increase in County borrowing, there is an associated increase in financial performance by 0.362 units, even when controlling for other variables such as Equitable share allocation, Conditional Grants, and Own source revenue. This highlights the crucial role that borrowing can play in enhancing a county's financial capacity, particularly in funding development projects and service delivery, which are essential for effective governance and community welfare.

Supporting these findings, several studies emphasize the positive correlation between County borrowing and financial performance. For instance, Kariuki and Mutuku (2019) noted that prudent borrowing strategies allow counties to expand their financial bases, enabling them to meet service delivery demands more effectively. Their research across various Kenyan counties, including Kakamega, concluded that counties that structured their borrowing toward long-term infrastructure investments generally exhibited better financial performance. Similarly, Omollo and Gikonyo (2021) highlighted that borrowing provides counties with fiscal resilience during revenue shortfalls, demonstrating a positive relationship between increased borrowing and enhanced financial performance, particularly when funds are allocated toward capital-intensive projects like healthcare and education. Furthermore, Nyamongo and Njeru (2018) found that counties leveraging external financing, such as loans, often achieved improved financial outcomes, underscoring the importance of aligning borrowing with strategic development objectives.

Conversely, some empirical studies caution against excessive reliance on borrowing. For example, Maina (2020) argued that counties that do not manage their debts effectively can face liquidity crises, as increasing debt levels without a corresponding rise in revenue can create financial instability. This sentiment is echoed by Odhiambo and Wanyama (2021), who discovered that counties with heavy borrowing often experience unsustainable debt burdens, adversely affecting their long-term financial health. Their research pointed out that while borrowing can provide shortterm financial relief, it risks compromising fiscal sustainability if not properly managed. Additionally, Mwangi and Ochieng (2020) highlighted the negative implications of high borrowing rates, suggesting that counties might encounter fiscal stress due to escalating interest payments, particularly in the absence of robust revenue collection mechanisms. In summary, while County borrowing demonstrates a significant positive correlation with financial performance, as shown by the coefficient of B = 0.362, the broader literature reveals both opportunities and risks associated with this financial strategy. The evidence supports the notion that borrowing can enhance financial performance when strategically utilized, but it also underscores the importance of sound fiscal management to mitigate the risks of debt accumulation and ensure long-term financial sustainability.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

The chapter comprises the summary of the research findings based on the research question, Conclusion of the research findings based on the variables in the research study, Recommendation of the researcher based on the findings and the suggestion for further research to be carried out on County financial performance.

5.1 Summary of the Research Findings

The research was based on four objectives as summarized.

5.1.1 Own Source Revenue on County Financial Performance

The research established that the County Governments had clearly documented policies on own source revenue and that the Counties own source revenue targets had not been met for the last ten years. This demonstrated that since devolution in Kenya the County Governments had not met revenue collection target annually.

The research revealed that the County Governments had no well-structured reward scheme for staff working in revenue department who meets revenue collection targets. The research findings demonstrated that the County Governments had factored revenue collection in their annual financial plans and that the County Governments budgeted for all revenue collections.

The findings established that the County Governments had not exploited all revenue potential at its disposal and that the available revenue channels pricing is not clearly understood among members of the staff. The findings reveled that information on revenue collection at the Counties is not shared among members of the public. The research findings established that the County Government had budgeted for all revenue collection in their annual budget plans.

The research findings established that with proper mechanism of tax collection by Counties through levies and charges, Counties will improve on County financial health thus giving counties financial autonomy

5.1.2 Equitable Share Allocation on County Financial Performance.

During the research, it was established that equitable share allocation to the Counties was not enough to fund all Counties planned projects and that the disbursement of the fund had been delaying leading to service disruption. The findings revealed that equitable share allocation was not the only source of revenue the County Governments depended on running of its financial programs as other sources of revenue were given priorities by Counties. From the research it was established that the formula used in equitable share allocation was not beneficial to the Counties and that the County Governments were not very clear whether they had any role to play to improve the inefficiencies witnessed in the fund disbursement.

The Research established that equitable share allocation had enhanced financial capacity of Counties by giving Counties financial sustainability. It was established that this can be achieved by good governance practices through equity in distribution

5.1.3 Conditional Grant on County Financial Performance.

The findings could not clearly establish whether the County Governments received Conditional Grant to only fund development projects and that there were no willing donors to fund Counties through Conditional Grants. The research established that Conditional Grant had helped the Counties to fund some of the Counties budgeted items and that the Counties did not use Conditional Grant to meet recurrent expenditure. The research established that there were no challenges faced by the County Governments in administration of the Conditional Grant and was established from the respondents that members of the public were not aware of the projects being funded by Conditional Grant to the County Governments.

The research established that Conditional Grant played a key role in enhancing County financial performance by providing with the national Government to support Counties in funding specific projects thus not overburdening other revenue sources.

5.1.4 County Borrowing on County Financial Performance

The research revealed all borrowings being done at the County was being approved by relevant statutory bodies. The findings further revealed that the County ventured in expensive borrowing that even though the Counties borrowings was approved by all relevant bodies, the borrowing was expensive and had not helped the County Governments to meet 100% budget absorption rate. The findings established that the County Governments borrowings had not been factored in budget planning, not well documented and the information not accessible to the public.

The research established that County borrowings if well structured, it could boost County financial position by helping Counties meet service delivery demands.

5.2 Conclusion

The research concluded that County Governments had clear policies on revenue collection and that the county Governments had budgeted revenue collection in their annual budgets. The budgeted revenue collection was not being met annually as own source revenue funded below 10% of County annual budgets. Unmet County revenue collection had let to County having many incomplete projects.

On equitable share allocation to County Governments, the research concluded that County Governments experienced delayed disbursement of the fund from the national Government yet the revenue stream constituted over 80% of the County findings. Delayed funding had led to County Governments not meeting 100% budget absorption rate and high pending bills amounting to over 160billions.

The researcher concluded that Conditional Grants to County Governments as a source of findings to County Governments was not very clear to the members of the public even though it was established that the fund was well managed at the County level.

It was concluded from the research findings that the County borrowed from the financial institution following the led down procedure as per the PFM act of Kenya to the tune of 1 billion annually but above the borrowing market rate. The County borrowing was attributed to delay and insufficient equitable share allocation and unmet County own source revenue collection.

5.3 Recommendation of the Research

County Own Source Revenue

In order to increase own source revenue collection by County Governments so that the collection can fund good proportion of County budgets, the researcher recommends that information on Counties collected revenues should be timely shared to members of the public who are major stakeholders and tax payers for public support. Further Counties need to come up with reward structure for staff who works in revenue collections and meets annual revenue collection targets. By doing so Counties will tremendously increase revenue collection from existing revenue sources and unexploited avenues of revenue collections thus reduce case of County incomplete budgeted projects.

Equitable Share Allocation by the Commission of Revenue Collection to Counties

The research recommends the Government to put in place proper legislation so that all bodies mandated in allocation and disbursement of County fund does it on time to avoid the delays and inefficiencies witnessed in fund release. This will spur economic growth at Counties as it was established in the research that Counties depend a lot on National Government funding in running of their financial operation, any delays hamper productivity.

Conditional Grants to Counties

The research recommends that the County Governments to streamline proper public participation during budget formulation and that the counties to carry out well-structured civic education so that members of the public are aware on all source of revenues to the count and are notified on projects being funded by the Conditional Grants received from various donors.

County Governments Borrowings

The research recommends to the national treasury and national planning's to provide proper guidelines to Counties who need to engage in borrowings to compel Counties to factor borrowing provision in their annual financial plans so that Counties carry out planned borrowing rather than do borrowing when faced with cash flow problems. Unplanned borrowing is expensive to Counties. With proper Counties borrowing guidelines, Counties will be mandated to properly document County borrowings and share the information with public for transparency purpose.

5.4 Suggestion for Further Research Study

Conditional Grant is a source of revenues to Counties as provided in the Kenya constitution; however, this source of revenue has not been well understood by the stakeholders of devolution and has to be given equal attention like the one given to equitable share allocation. If special attention is given to Conditional Grant to Counties, we are likely to avoid the issue of incomplete County planned projects. The researcher recommends further research to be done on Management and administration of Conditional Grant to County Governments in Kenya inline of improving County financial performance.

LIST OF REFERENCES

Adam Smith International (2014); *own Source Revenue potential and Tax gap*

Study of Kenyans County Governments. https://www. adamsmithinternational.com Alicia

Tuovila (2021). *Accounting Theory*, Reviewed by Charlene Rinehart

https://studypool.com

Bertelsmann Annual Report (2019). *Successful Business Performance* https://www.bertelmann.com

Bird (2020) Enhancement of County Governments own source revenue

National Treasury

Besley & Persson (2009) The origin of State Capacity

Benedict clement (2004). Foreign Aids; *Grants vs. loans in Africa*. https://www.imf.org

Kenya National Bureau of Statistic (2019). Census Report 2019.https://knbs.or.ke

Brown & Kopp (2023). Financial Mathematics; *Theory and Practice*. Espresso Book Machine, University of Waterloo.

Bungoma County Assembly (2022). Finance Act 2022. https://www.bungomaassemly.go.ke

Central Bank of Kenya (2022). Financial statements as at June 2022 on Kenya Foreign Debt https://centralbaank.go.ke

Creswell, J. W., & Creswell, J. D. (2014). *Research Design Qualitative*, Quantitative and Mixed Methods Approaches

Calderon (2012) Descriptive Research

Council of Governors https://cog.go.ke

Constitution of Kenya (2010). Kenya Law Reports; Government printers. https://www.kwnyalaw.org

CPA Igati. S (6th Dec 2018). *Sensitization of Grants allocation*. Kenya School of Government

Commission of Revenue Allocation (2015, 2019, 2022, 2023). County Equitable share Allocation https://www.cra.go.ke

Drost, E.A (2011) Validity and Reliability in social Science

Education Research and Perspectives, 38,105-123

ENSafrica (2021). Taxation in Africa.https:// www.ensafrica.com

Eldon Hendriksen (1977) *Accounting Theory* (3rd Ed). Richard Irwin, Inc

Frank Ramsey (1927) *optimal theory of taxation*

Guchu Ndungu (2021). Counties Borrowings (23rd Feb 2021). https://nation.africa.com

Hood, C. & Peters, G (2004); The Middle Aging of New Public Management. *Journal of Public Administration Research and Theory*. https://christopherhood.net

Huberman 1994

Infotrack Research & Consulting (2023). Survey on County Performance 2022 https://infrotrakresearch.com

Independent Electoral and Boundaries Commission https://iebc.or.ke

International monetary fund (2015). *Current challenges in Revenue mobilization*

IMF Policy Papers January 29, 2015. https://www.imf.org/external/pp/ppindex.aspx

Jason Gordon (2023). *Agency Theory of corporate governance*. The Business Professor

Junghun Kim (2018). Local public Finance and capacity building in Asia, OELD iLibrary https://www.oecd-library.org

Jensen MC and Meckling (1976) Journal of Financial Economics

Volume 3. Number 4.

Kordana (2017). Priority of Income Taxation and Transer

University of Virginia School of Law

Kweyu (2018). Equitable Share Allacation by Kenya Government

University of Nairobi.

Kenya Institute of Public Policy Research and Analysis https://kippra.or.ke

Kakamega County Integrated Development plan (2022-2027). Printed by the Department of Finance and Economic Planning. https://www.Kakamega.go.ke

Kamara, R (2021); *Effects of Tax administration on tax revenue collection at KRA*

Nairobi University 2021

Karal Zalai (2019). *Why people pay taxes:* positive incentives, Tax compliance and tax enforcement. The University of Michigan https://www.wmich.edu

Kenya Revenue Authority (2023). *Tax report of 2022/2023*.https://kra.go.ke

Laikipia County (2022). *County CIDP 2017-2022*. https://laikipia.go.ke

Lakin (2018). Budgeting Practice and Performance of National Governments

Strategicjournals.com

Lambert, A.V and Lambert, C.E (2012). Qualitative Descriptive Research Ministry of Finance and National planning (2023); *Budget Estimates 2023-2024*

www.ministrytreasury.go.ke

Margret sounders (2010). *Improving resource allocation in Kenya public health sector*

https://pdf.usaid.gov Ministry of Health https://health.go.ke

Musyoka, P & Kiplagat (2020). *Effects of health sector grant on availability and quality of primary healthcare in Kenya*

Marshall & Rossman G.B (1999). *Designing Qualitative Research* (3rd edition)

Nirmala Ravishankar (2022). *Health financing in Devolved Setting*, Think well. World Health Organization, https://www.who.int

Nachimas, C and Nachimas, D (2018). Research Methods in Social Science 7th Edition

Office of auditors general (2020). *County financial report financial statements* https://www. oagkenya.go.ke

Office of Controller of Budgets (2022); *County Revenue Baseline Study (2015, 2022)* https://cob.go.ke

Oosthuizen, S (2017). The Anglo-Saxon Fenland

Peter G. Peterson foundation (2022). *Why is National Debt so high?* https:// www.pgpf.org

Parliament of Kenya (201ss2). *PFM act 2012*. https://www.parliament.go.ke

Prasanna Chandra (2023). *Capital Budgeting*. Western Washington University

Ricardo Gomes and Alfinito (2013). *Analyzing local Government Financial Performance*, Evidence from Brazil municipals

Stephen Harries (2012). *Records management and knowledge Mobilization*

St. Olaf College Minnesota (2000). *Research population*. https://vp.stolaf.edu

Woo, J., & Kumar, M. S. (2015). Public Debt and Economic Growth: Evidence from Tanzania.

World Bank, (2000) *Computerizing Tax and Customs Administrations*. http://www1.worldbank.org

Wellen and Frankell (2001). How to Design and Evaluate Research in Education.

Tanzi, V. (2018). *Revenue Generation and Fiscal Sustainability: The Role of Own Source Revenue in Local Government*. Journal of Public Economics, 154, 85-97.

Muriuki, J. (2020). *County Financial Performance and the Impact of Internal Revenue Generation: A Case Study of Kenyan Counties*. African Journal of Economic Review, 8(3), 12-24.

Kimani, T., & Wambugu, M. (2019). *The Role of Equitable Share Allocation in Supporting County Governments' Financial Health in Kenya*. Journal of Decentralization and Governance, 5(2), 35-48.

Ngugi, G. (2021). *Risks of Over-Reliance on Own Source Revenue in County Governments*. Journal of Fiscal Studies, 10(1), 112-130.

Bwire, O., & Nyaoke, C. (2020). *Conditional Grants and Financial Performance: Implications for County Governments in Kenya*. Journal of Public Financial Management, 3(1), 45-59.

Makokha, S. (2018). *The Impact of External Grants on County Financial Flexibility*. East African Economic Review, 9(4), 67-80.

Mutua, J. (2017). *The Impact of Equitable Share on County Governments' Financial Performance*. International Journal of Public Finance, 3(2), 45-58.

Mwangi, T. (2019). *Equitable Share Allocation and Financial Sustainability in Kenyan Counties*. Journal of Economic and Fiscal Policy, 7(4), 110-127.

Bashir, A., Hassan, R., & Abdikadir, M. (2020). *Impact of Revenue Allocations on County Financial Efficiency*. African Journal of Public Administration, 5(1), 67-81.

Kariuki, S., & Mutuku, J. (2019). *County Borrowing and Its Impact on Financial Performance in Kenyan Counties*. Journal of Public Economics, 12(3), 67-83.

Maina, J. (2020). *Challenges in County Borrowing and Fiscal Sustainability in Kenya*. Journal of Financial Policy and Management, 9(1), 45-59.

Odongo, A., & Ngugi, K. (2021). *Challenges in County Government Funding and Financial Performance*. East African Journal of Economic Studies, 10(3), 98-115.

Nyamongo, M., & Njeru, T. (2018). *The Role of Conditional Grants in Enhancing County Financial Performance*. Journal of Public Financial Management, 6(2), 85-101.

Koech, P., Ndungu, S., & Langat, J. (2020). *Impact of Conditional Grants on County-Level Service Delivery and Financial Performance in Kenya*. Journal of Fiscal Studies, 8(4), 112-128.

Odhiambo, D., & Wanyama, A. (2021). *Challenges and Opportunities in Managing Conditional Grants in Kenyan Counties*. African Journal of Public Administration, 12(1), 33-48.

Bird, R. M., & Smart, M. (2017). Conditional grants and local government financial performance in Indonesia. Journal of Development Studies, 53(11), 1757-1773.

Faguet, J. P. (2014). Decentralization and governance. World Development, 53, 100-113.

Shah, A. (2017). Fiscal decentralization and local government financial performance in Brazil. Journal of Public Budgeting, Accounting and Financial Management, 29(1), 34-53.

Kim, J., & Lee, S. (2018). The impact of equitable share allocation on financial performance in local governments. Journal of Public Administration Research and Theory, 28(2), 147-162.

Shah, A. (2017). Equitable share allocation and financial performance in municipalities. Journal of Urban Economics, 97, 33-45.

Yang, Z., & Liu, X. (2018). The relationship between equitable share allocation and financial performance in local governments. Journal of Public Budgeting, Accounting and Financial Management, 30(1), 1-18.

Johnson, C. L., & Kriz, K. A. (2017). The impact of equitable share allocation on financial performance in local governments. Public Finance Review, 45(4), 531-554.

Kihiu, J. (2020). "The Role of Own Source Revenue in Financial Sustainability of County Governments in Kenya." *Journal of Finance and Accounting*, 8(4), 156-165.

Muturi, J., & Karanja, N. (2021). "Assessing the Impact of Own Source Revenue on Service Delivery in Kenyan Counties." *International Journal of Public Sector Management*, 34(3), 278-295.

Omondi, J. (2021). "Economic Factors Influencing Own Source Revenue Collection in Kenyan Counties." *African Journal of Public Administration*, 7(2), 34-45.

Wamalwa, B. (2022). "Challenges of Revenue Generation in Local Governments: A Case of Kenyan Counties." *Public Administration Review*, 82(1), 45-60.

APPENDICES

APPENDIX I: CONSENT LETTER

Luckland Matini Owiti

P.O BOX 26-50101,

Butere

0728289106

Owitiluckland@yahoo.com

Dear Respondent,

I am a student at Mount Kenya University pursuing my Master’s Degree in Business Management (Finance). As a requirement for my course, I am carrying out research; Influence of revenue streams on financial performance of County Governments of Kenya in Kakamega County. You have been selected to participate in this research upon your consent. You’re requested to answer the questionnaire provided to the best of your ability. This is a voluntary exercise and any information collected shall be kept with confidentiality only to be used for the purpose of this study. Yours Sincerely,

Luckland Matini Owiti

MBA/2020/65928

APPENDIX II: CONSENT TO TAKE PART IN RESEARCH

Dear Participant,

I invite you to participate in a research study entitled (***Influence of Revenue Streams on Financial Performance of County Governments in Kenya in Kakamega County)***: I am currently enrolled in the (**MASTER OF BUSINESS ADMINISTRATION-FINANCE)** at Mount Kenya University and am in the process of writing my Master's project. The purpose of the research is to investigate: (***Influence of Revenue Streams on Financial Performance of County Governments in Kenya.***)

The enclosed questionnaire has been designed to collect information on: (***Influence of Revenue Streams on Financial Performance of County Governments in Kenya.)***

Your participation in this research project is voluntary. You may decline altogether, or leave blank any questions you don't wish to answer. There are no risks involved in participating in this research study. Your responses will remain confidential. Data from this research will be confidential and reported only as a collective combined total. No one other than the researchers will know your individual answers to this questionnaire. There are no benefits for participating in this research. However, you may find it interesting to talk about the issues addressed in the research that may be beneficial at the place of work.

If you agree to participate in this project, please answer the questions on the questionnaire to the best of your knowledge and return as soon as possible to enable me complete the project report.

If you have any questions about this project, feel free to contact *the INVESTIGATOR*, (**Luckland Matini Owiti**, *and* **Dr. Oscar Sangoro** *as the supervisor*). If you have questions about your rights as a research participant, kindly contact the Chairman, Mount Kenya University, Ethical Review Committee, P.O Box 342-01000, Thika.

Thank you for your assistance and cooperation.

CONSENT

I have read and I understood the provided information and have had the opportunity to ask questions. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving a reason and cost. I understand that I will be given a copy of this consent form. I voluntarily agree to take part in this study.

Participant……………………………………….signature……………………Date…………...

Investigator…………………………………......signature……………………Date……………

APPENDIX III: RESEARCH QUESTIONNAIRE

The questionnaire is meant to collect information on influence of revenues streams on financial performance of County Governments in Kenya. Kindly answer the questions by a statement or ticking where applicable.

Date …..../……..../ 2024

SECTION A: BACKGROUND INFORMATION OF EMPLOYEES

Kindly where applicable.

1) Gender: Male( ) Female()
2) Age: under 30 years ( ) 31-50 years ( ) Above 50 years ()
3) Education: Secondary ( )
   Certificate ( )
   Diploma ( )
   Degree ( )
   Post graduate ( )
4) Work Station……..………………………………………………...……………………
5) Department of work………………………………………………………………………
6) Nature of Employment:
   Contract ()
   Permanent ()
   Elected ()
7) How long have you worked at Kakamega County Government?

Below 3 years ( )

3-10 years ( )

Above 10 years ( )

8) Do you have any Professional Qualification?

Yes ()

No ()

SECTION B: QUESTIONS ON COUNTY REVENUE STREAMS i) Own Source Revenue

Kindly is the statement about Kakamega County Own Source Revenue **True**, **False** are you're **not sure**. Tick in your own opinion appropriately

No	Indicators	True	Not Sure	False
1	Kakamega County has clearly documented policies on revenue collection.			
2	Kakamega County staff have met revenue collection targets for the last 10 years.			
3	Kakamega County has reward structure for staff who meet revenue collection targets.			
4	Kakamega County revenue collection is factored in the annual financial plans.			
5	Kakamega County has explored all revenue collection channels.			
6	Kakamega County revenues are well priced.			

7	Kakamega County information about revenues is shared among members of the public.			
8	Kakamega County revenue collection is budgeted			

ii) Equitable Share Allocation by CRA

To what extend to you agree with the statements below on disbursement of Equitable Share Kakamega County. Kindly tick (**1**- Agree **2**-Not sure **3**-Disagree).

No	**Indicators**	**Agree**	**Not sure**	**Disagree**
1	Disbursed fund to Kakamega County is adequate to fund all County activities.			
2	Delayed disbursement of Equitable Share to the County do not in any way disrupted service provision.			
3	Kakamega County has a role to play to improve on in efficiencies in allocation of Equitable Shares.			
4	The county depends more on fund from the national Government than any other source			
5	The formula for allocation of Equitable Share fund to Counties has benefited Kakamega County.			

iii) Conditional Grants

Kindly answer by ticking your level of agreement on the following questions on Conditional Grants to Kakamega County.

No	**Indicators**	**Yes**	**Same extend**	**Great extend**	**No**
1	Kakamega County receives Conditional Grants only to finance development projects				

2	More donors are available to Kakamega County to fund projects through Conditional Grants.				
3	Conditional Grants to Kakamega County have facilitate smooth implementation of annual budgets				
4	In some instances, Conditional Grants to Kakamega County has been funding recurrence expenses.				
5	Residents of Kakamega County are aware of projects being funded by Conditional Grants				
6	Management of Conditional Grant to Kakamega County has experienced myriads of challenges				

iv) Borrowings and Loans

Kindly in your own opinion tick the level of agreement with the statement about Kakamega County Borrowings.

No	Indicators	Strongly Agree	Agree	Disagree	Strongly Disagree
1	Kakamega County borrowing is approved by all relevant statutory bodies.				
2	Kakamega County Government borrowing is well document and accessible to the public				
3	Kakamega County borrow locally as it’s cheap, convenient and easily accessible				
4	Borrowings has enabled the County Government in meeting 100% budget execution				

5	Kakamega County have borrowing provision in their annual plans.				

SECTION C: QUESTIONS ON FINANCIAL PERFORMANCE

Kindly answer the questions in your own opinion.

1) How much do Kakamega County receive from the national Government in terms of Equitable Shares?

   5 billion ( ) 5 billion -10 billion () Above 10 billion ( )

2) What is the budget absorption rate for the last two financial year at Kakamega County?

   100% ( ) Below 100 % ()

3) Of the total Pending bills by Counties in Kenya, what percentage does Kakamega hold?

   Below 10% ( ) 10-50% ( ) None ( )

4) Identify any four projects in Kakamega County which are incomplete despite being funded.

   a)……………………………......…………b)……………...…………………………

   c)……………………………………….……d)……………………………………..
   .

5) What is the percentage level of citizen satisfaction with service provision at Kakamega County?

   Below 10 %( )10-50 % ( ) Above 50% ( )

6) How much does Kakamega County Borrow to fund budget deficit? Below 500M ( ) 500M - I billion ( ) Above 1 billion ( )

7) What are the lending rate of local banks to Kakamega County on overdrafts facilities? Below market rate () At market rate ( ) Above Market rate ()

8) What percentage of Revenue collected is used for Development projects.
   Below 10% ( ) Between 10-30% () Above 50% ()

APPENDIX IV: ETHICAL REVIEW CERTIFICATE

Mount Kenya University

REF: **MKU/ISERC/3711**

TO: **LUCKLAND MATINI OWITI**

Date: 16 May 2024

REG: **MBA/2020/65928**

Dear Sir/Madam,

RE: INFLUENCE OF REVENUE STREAMS ON FINANCIAL PERFORMANCE OF COUNTY GOVERNMENTS IN KENYA

This is to inform you that **Mount Kenya University** has reviewed and approved your above research proposal. Your application approval number is **2755**. The approval period is **16/05/2024 - 15/05/2025.**

This approval is subject to compliance with the following requirements;

i. Only approved documents including informed consents, study instruments, MTA will be used

ii. All changes including amendments, deviations and violations are submitted for review and approval by **Mount Kenya University**

iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to **Mount Kenya University** within 72 hours of notification

iv. Any changes, anticipated or otherwise that may increase the risks or affect the safety or welfare of study participants and others or affect the integrity of the research must be reported to **Mount Kenya University** within 72 hours

v. Clearance for export of biological specimens must be obtained from relevant institutions

vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal

vii. Submission of an executive summary report within 90 days upon completion of the study to **Mount Kenya University**

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) https://research-portal.nacosti.go.ke and also obtain other clearances needed.

Yours sincerely,

The Chairman
Mount Kenya University
Ethics Review Committee

Dr. Alfred Owino, PhD

Chairman, Mount Kenya University ISERC

Main Campus, General Kago Road, P.O. Box 342-01000 Thika.
Cell: +254 709 153 000 | +254 709 153 200
Email: info@mku.ac.ke, Web: www.mku.ac.ke
Chartered and ISO 9001 : 2015 Certified Institution.
Unlocking Infinite Possibilities

APPENDIX V: MKU POST GRADUATE AUTHORIZATION

Mount Kenya University

DIRECTORATE OF GRADUATE STUDIES

MBA/2020/65928

28th May, 2024

National Commission for Science Technology & Innovation (NACOSTI)
Off Waiyaki Way, Upper Kabete,
P.O Box 30623- 00100
NAIROBI, KENYA

Dear Sir/Madam,

RE: LUCKLAND MATINI OWITI – REGISTRATION NO. MBA/2020/65928

The purpose of this letter is to introduce the above named student who is pursuing **Master of Business Administration** in the department of **Accounting and Finance** in the school of **Business and Economics.**

The title of the research is **"Influence of Revenue Streams on Financial Performance of County Governments in Kenya."** It has been cleared by the University's Ethics Review Committee (Certificate attached) and now has to proceed to the field to collect data between **June, 2024 and August, 2024.**

Any assistance accorded to the student will be highly appreciated.

Thank you.

Mount Kenya University
P.O. Box 342-01000, THIKA
Office of the Director
Graduate Studies

Dr. Samuel M. Karenga, PhD
Director, Graduate Studies
Enc.

Main Campus, General Kago Road, P.O. Box 342-01000 Thika. Tel: +254 67 2820 000,
Cell: +254 720 790 796, 0709 153 000
Email:info@mku.ac.ke, Web: www.mku.ac.ke
Chartered and ISO 9001 : 2015 Certified Institution.
Unlocking Infinite Possibilities

APPENDIX VI: NACOSTI LICENSE

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: 526246

Date of Issue: 05/June/2024

RESEARCH LICENSE

This is to Certify that Mr.. Luckland Matini Owiti of Mount Kenya University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Kakamega on the topic: INFLUENCE OF REVENUE STREAM ON FINANCIAL PERFORMANCE OF COUNTY GOVERNMENTS IN KENYA for the period ending : 05/June/2025.

License No: NACOSTI/P/24/36554

526246

Applicant Identification Number

Director General

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Verification QR Code

NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.

See overleaf for conditions

THE SCIENCE, TECHNOLOGY AND INNOVATION ACT, 2013 (Rev. 2014)

Legal Notice No. 108: The Science, Technology and Innovation (Research Licensing) Regulations, 2014

The National Commission for Science, Technology and Innovation, hereafter referred to as the Commission, was the established under the Science, Technology and Innovation Act 2013 (Revised 2014) herein after referred to as the Act. The objective of the Commission shall be to regulate and assure quality in the science, technology and innovation sector and advise the Government in matters related thereto.

CONDITIONS OF THE RESEARCH LICENSE

1. The License is granted subject to provisions of the Constitution of Kenya, the Science, Technology and Innovation Act, and other relevant laws, policies and regulations. Accordingly, the licensee shall adhere to such procedures, standards, code of ethics and guidelines as may be prescribed by regulations made under the Act, or prescribed by provisions of International treaties of which Kenya is a signatory to
2. The research and its related activities as well as outcomes shall be beneficial to the country and shall not in any way;
   i. Endanger national security
   ii. Adversely affect the lives of Kenyans
   iii. Be in contravention of Kenya's international obligations including Biological Weapons Convention (BWC), Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO), Chemical, Biological, Radiological and Nuclear (CBRN).
   iv. Result in exploitation of intellectual property rights of communities in Kenya
   v. Adversely affect the environment
   vi. Adversely affect the rights of communities
   vii. Endanger public safety and national cohesion
   viii. Plagiarize someone else's work
3. The License is valid for the proposed research, location and specified period.
4. The license any rights thereunder are non-transferable
5. The Commission reserves the right to cancel the research at any time during the research period if in the opinion of the Commission the research is not implemented in conformity with the provisions of the Act or any other written law.
6. The Licensee shall inform the relevant County Director of Education, County Commissioner and County Governor before commencement of the research.
7. Excavation, filming, movement, and collection of specimens are subject to further necessary clearance from relevant Government Agencies.
8. The License does not give authority to transfer research materials.
9. The Commission may monitor and evaluate the licensed research project for the purpose of assessing and evaluating compliance with the conditions of the License.
10. The Licensee shall submit one hard copy, and upload a soft copy of their final report (thesis) onto a platform designated by the Commission within one year of completion of the research.
11. The Commission reserves the right to modify the conditions of the License including cancellation without prior notice.
12. Research, findings and information regarding research systems shall be stored or disseminated, utilized or applied in such a manner as may be prescribed by the Commission from time to time.
13. The Licensee shall disclose to the Commission, the relevant Institutional Scientific and Ethical Review Committee, and the relevant national agencies any inventions and discoveries that are of National strategic importance.
14. The Commission shall have powers to acquire from any person the right in, or to, any scientific innovation, invention or patent of strategic importance to the country.
15. Relevant Institutional Scientific and Ethical Review Committee shall monitor and evaluate the research periodically, and make a report of its findings to the Commission for necessary action.

National Commission for Science, Technology and Innovation(NACOSTI),
Off Waiyaki Way, Upper Kabete,
P. O. Box 30623 - 00100 Nairobi, KENYA
Telephone: 020 4007000, 0713788787, 0735404245
E-mail: dg@nacosti.go.ke
Website: www.nacosti.go.ke

APPENDIX VII: COUNTY GOVERNMENT AUTHORIZATION

REPUBLIC OF KENYA
COUNTY GOVERNMENT OF KAKAMEGA

THE GREEN JEWEL

OFFICE OF THE GOVERNOR
COUNTY SECRETARY AND HEAD OF PUBLIC SERVICE

Telephone: 056-31850/31852/31853
Website:www.kakamega.go.ke
E-mail:countysecretary@kakamega.go.ke

When replying please Quote

Ref No: CGK/OCS/GEN.CRR./04/ VOL.6/69

County Government of Kakamega
P.O. Box 36-50100
KAKAMEGA

Date: 1st July, 2024

Luckland Owiti
Mount Kenya University

RE: RESEARCH AUTHORIZATION

The above subject matter refers.

Following your authorization letter Ref. No.NACOSTI/P/24/36554 dated 5th June, 2024 by NACOSTI to undertake research on "**Influence of Revenue Stream on Financial Performance of County Governments in Kenya**" for the period ending 5th June 2025, I am pleased to inform you that you have been authorized to carry out the research on the same in Kakamega County.

It is therefore expected that you shall forward a copy of the thesis to this office.

Thank you.

COUNTY SECRETARY
KAKAMEGA COUNTY
P. O. Box 36 - 50100
KAKAMEGA

Dr. Lawrence Omuhaka, CBS
County Secretary and Head of Public Service

Copy to: H.E. the Governor

APPENDIX VIII: COUNTY COMMISSIONER AUTHORIZATION

REPUBLIC OF KENYA

THE PRESIDENCY

MINISTRY OF INTERIOR & CO-ORDINATION OF NATIONAL GOVERNMENT

Office Mobile No: 0707 085260
Email-cckakamega12@yahoo.com

When replying please quote

Ref No: ED.12/VOL.VII/64

COUNTY COMMISSIONER
KAKAMEGA COUNTY
P O BOX 43-50100
KAKAMEGA

Date: 24TH June, 2024

Mr. Luckland M. Owiti
Mount Kenya University
THIKA

RESEARCH AUTHORIZATION

Following your authorization vide letter Ref: NACOSTI/P/24/36554 dated 5th June, 2024 by NACOSTI to undertake research on *"Influence of Revenue Stream on Financial Performance of County Governments In Kenya"* for the period ending 5th June, 2025.

I am pleased to inform you that you have been authorized to carry out the research on the same in Kakamega County.

COUNTY COMMISSIONER
KAKAMEGA COUNTY

E. N. ASIMI
FOR: COUNTY COMMISSIONER
KAKAMEGA COUNTY

CC

All Deputy County Commissioners
KAKAMEGA COUNTY

APPENDIX IX: COUNTY DIRECTOR OF EDUCATION AUTHORIZATION

REPUBLIC OF KENYA

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR BASIC EDUCATION

Telephone:
Fax:
E-mail: wespropde@yahoo.com
When replying please quote our Ref.

County Director of Education
Kakamega County
P. O. BOX 137 - 50100
KAKAMEGA

REF: KAKA/C/GA/29/17/VOL.VI/322

24th June, 2024

MR LUCKLAND OWITI
MOUNT KENYA UNIVERSITY

RE: RESEARCH AUTHORIZATION

Reference is made to a letter from NACOSTI Ref No: NACOSTI/P/24/36554 dated 5th June, 2024 concerning subject matter.

This is to inform you that you have been authorized to carry out research on **'Influence of revenue stream on financial performance of County Governments, Kakamega County'** for the period ending 5th June, 2025.

Please accord him/her any necessary assistance he/she may require.

P.P.
FOR
COUNTY DIRECTOR OF EDUCATION
KAKAMEGA COUNTY

HELLEN NYANG'AU
COUNTY DIRECTOR OF EDUCATION
KAKAMEGA COUNTY

Copy to:

Regional Director of Education
WESTERN REGION

APPENIX X: TURNITIN REPORT

Luckland OWITI

INFLUENCE OF REVENUE STREAMS ON FINANCIAL PERFORMANCE OF COUNTY GOVERNMENTS IN KENYA: A CA...

Thesis

Master

Mount Kenya University

Document Details

Submission ID

trn:oid:::1:3053132374

Submission Date

Oct 24, 2024, 9:43 AM GMT+3

Download Date

Oct 24, 2024, 10:08 AM GMT+3

File Name

LUCKLAND_PROJECT_FINDINGS_REVISED.docx

File Size

3.8 MB

103 Pages

21,474 Words

123,330 Characters

20% Overall Similarity

The combined total of all matches, including overlapping sources, for each database.

Exclusions

- 20 Excluded Matches

Match Groups

237 Not Cited or Quoted 17%
Matches with neither in-text citation nor quotation marks

23 Missing Quotations 2%
Matches that are still very similar to source material

3 Missing Citation 0%
Matches that have quotation marks, but no in-text citation

2 Cited and Quoted 0%
Matches with in-text citation present, but no quotation marks

Top Sources

18% Internet sources
4% Publications
13% Submitted works (Student Papers)

Integrity Flags

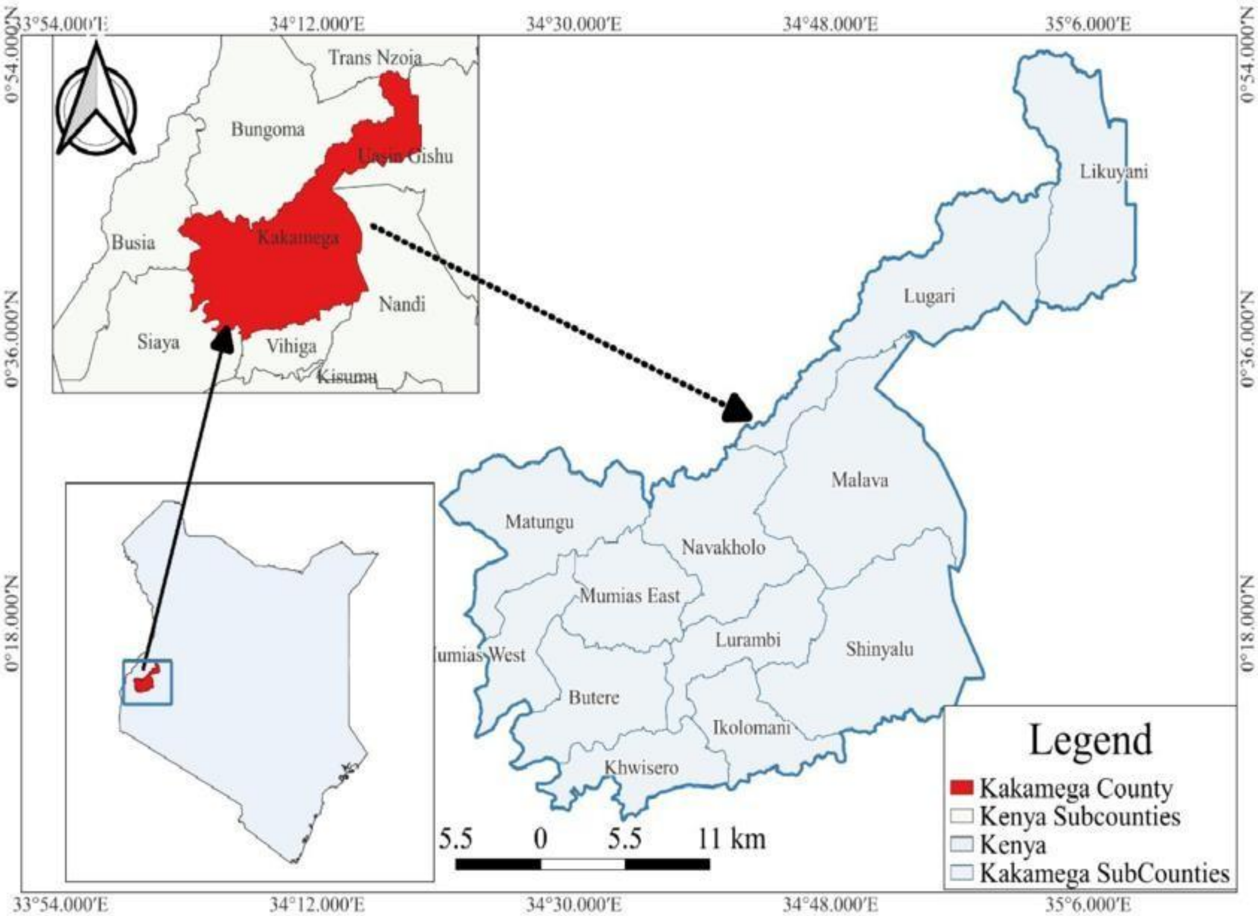
1 Integrity Flag for Review

Hidden Text
15 suspect characters on 1 page
Text is altered to blend into the white background of the document.

Our system's algorithms look deeply at a document for any inconsistencies that would set it apart from a normal submission. If we notice something strange, we flag it for you to review.

A Flag is not necessarily an indicator of a problem. However, we'd recommend you focus your attention there for further review.

APPENDIX XI: KAKAMEG COUNTY MAP



33°54.000'E
34°12.000'E
34°30.000'E
34°48.000'E
35°6.000'E
0°54.000'N
0°36.000'N
0°18.000'N
Trans Nzoia
Bungoma
Uasin Gishu
Busia
Kakamega
Nandi
Siaya
Vihiga
Kisumu
Likuyani
Lugari
Malava
Matungu
Navakholo
Mumias East
Lurambi
Shinyalu
Mumias West
Butere
Ikolomani
Khwisero
5.5 0 5.5 11 km
Legend
Kakamega County
Kenya Subcounties
Kenya
Kakamega SubCounties