

Procurement Practices and Performance of County Governments in Kenya; A Case of Nakuru County Government

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ABSTRACT: Procurement practices concept has dominated most of the County government's activities because of the value attached to the role of procurement in enhancing the performance of County governments. The research seeks to investigate procurement practices on performance of Nakuru County Government. The objective of the study was to explain the effects of financial management on Nakuru County government's performance. The study was guided by principal-agent theory. The study adopted descriptive research design. Census technique was adopted to select research participants. The study population comprised of 84 County staff comprising 63 procurement officers, 5 head of departments from user departments and 11 sub-counties officers in charge of the 11 selected administrative units. Primary data was collected using close ended questionnaires. Frequency distribution tables were used in data presentation. The findings of the study showed that financial management and tendering had inverse but positive effect on performance of County government of Nakuru. The study recommended that financial management techniques should be improved. The study further recommends that further studies should be done in the same area but in other counties as the findings may not be the same.

Keywords: Procurement practices, financial management, Performance, Transparency, Procurement

I. Introduction

The Kenya Institute of Supplies Management and the Chartered Institute of Purchasing and Supply are two procurement-related groups that have sprung up as a result of the industry's growth. There has been more demand to align procurement methods and goals with the organization's aims. Procurement procedures have become critical to a firm's success since the supply chain is closely related to overall company performance. Procurement methods have a favorable impact on an organization's financial performance as well as its own procurement performance, and procurement and supplier involvement are critical to the success of a new product. Because most businesses spend a significant portion of their revenue on procurement, strategic procurement methods that focus on procurement performance are critical (Kipkemoi, 2017).

The impact of procurement procedures on supply chain performance was investigated by Masudin & Kamara (2018). The study used partial least squares structural equation modeling to evaluate data from 172 European companies. According to the data, procurement alignment leads to improved performance over time. In contrast to empirical studies that support the concept that decentralization of functions allows for the use of e-procurement, the study discovered that centralized supply chain management approaches favor good procurement alignment. The study concentrated on e-procurement and supply chain management rather than operational efficiency.

Procurement practices, according to Kenall (2018), can be defined as the cost-effective application of policies, processes, instruments, and activities connected to obtaining products and services that provide value for money. This entails a number of tasks that, when combined, form the procurement method. Procurement is one of these activities. Procurement and purchase are two procedures that people frequently confuse with one another. Lysons and Farrington (2016), define buying as the process of acquiring goods and services in exchange for a monetary or proportionate payment. The distinction between purchasing and procurement is blurry, and acquiring usually defines one part of the procurement process.

Kenya's counties are geographical units created by Kenya's 2010 constitution as a unit of devolved administration. Procurement departments have not been left out of the devolution of government administrations to the county level (Ochola & Elliott, 2021). The provision of health services, agricultural services and goods, educational services, and security services, all of which are important in the day-to-day life of its residents, raises public concern about Nakuru county's performance standards. Well-sourced goods and services can help to improve service delivery quality (Kihara, 2016). Transparency, accountability, and integrity are some of the main characteristics of county government management that can lead to quality services. These can be achieved by, but are not limited to, adequate planning, hiring professional employees, and proper financial management, fairness and openness in tendering process

According to Odera and Ayub (2017) proper procurement strategy is critical for a company to buy high-quality items. All stakeholders engaged must provide detailed specifications. These stakeholders could include the seeking entity, end users, procurement departments, technical experts, and even suppliers, all of whom are expected to provide useful advice on specific requirements. The nature of the procurement determines whether a specification is simple or complex. He went on to say that good preparation and qualified people are the only ways to ensure an effective and efficient procurement process.

The Public Procurement Act of 2015 (PPDA) requires procuring entities to determine whether a particular procurement is necessary, taking into account the following factors: the need to ensure that the procuring entity uses its resources effectively and efficiently; how the proposed expenditure would contribute to the entity's desired output; and the procuring entity's overall procurement performance. Before they can publish their procurement notifications to possible suppliers of goods and services, procurement entities need to have a procurement plan in place to get the most value for their money.

It also enables them to detect and address all applicable procurement concerns. Cabral, & Kumar (2020). identifies a serious shortcoming in the lack of an integrated planning process, which leads to supply chain inefficiencies such as high safety stock, difficulties managing seasonal demand patterns, insufficient demand forecasting, long planning horizons, and the inability to capture supply constraints related to capacity or materials availability. Mullins (2015) public procurement should enable public entities deliver efficient services to the public but public procurement inefficiencies which include but not limited to delays in preparations and submissions of department procurement plan had led to delay in preparation of overall procurement plan.

Professionalism in public procurement relates to educational levels, workforce qualifications, and a professional approach to commercial activities (Odera and Ayub 2017). Competent workers would ensure that things and services are bought as and when the demand arises. The training of new employees in the procurement department, the improvement of teamwork among procurement staff, the procurement team's familiarity with procurement law, and the employment of qualified and competent personnel in the procurement department are all important contributors to staff competence. Taxpayer money has been alleged to have been wasted due to claims for damages from potential suppliers, as well as poor quality work as a result of contracts issued without due process by inept purchasing specialists (Juliana et.al, 2021).

Procurement professionals in Kenya, like those in other developing nations, have experienced a number of difficulties. The primary roadblocks include a lack of government backing, political will, insufficient capital, a shortage of trained public sector people, and the attitude of public sector employees. Lack of accountability and transparency, low knowledge and skills among bidders/contractors, and difficulties in implementing the PPDA Act 2015 are all contributing causes.

Procurement as a profession, according to Lyson and Farrington (2012), should be knowledgeable and skilful based on theoretical knowledge, extensive training and education, competence based on tests and examinations, and adherence to a professional code of ethics. Professionalism, according to the Mrope (2017) is dependent on human resource staffing, knowledge, skills, and capabilities, as well as system controls that influence human behaviour. As a result, any effective procuring system necessitates the presence of a procurement professional body within the procuring institution. Financial management in public organizations, according to Cuffe (2017) is concerned with ensuring that funds are available when needed and that they are obtained and used in the most efficient and effective manner possible to benefit its residents. The flow of funds is another part of financial management, and it refers to the timeliness with which funds are received in order to meet certain needs in the procurement process.

Financial management, according to Muneer and Ali (2017), encompasses the notions of time, money, and risk, as well as their interrelationships. He went on to say that financial management on an individual level entails adjusting costs to

the individual's financial resources, but financial management on an organizational level is related with financial planning and financial control. The modern financial management method essentially gives a conceptual and analytical foundation for making financial decisions. It emphasizes the efficient utilization of resources. Tendering is a procurement technique in which potential suppliers are invited to submit a firm and unequivocal offer on the price and terms under which they would supply specified products, services, or works, with acceptance serving as the basis for a subsequent contract. The fundamental goal of the bidding process is to ensure that government funds are used in the most efficient and cost-effective way possible, resulting in the best value for money through timely and quality goods and services. Tendering efficiency is guaranteed by appropriate laws, rules, and regulations, which promote accountability and openness in the tendering process. Tendering in Kenya is governed by the Public Procurement Act of 2015, which stipulates that tendering should be based on the principle of competitive bidding, Fairness and accessibility, transparency, openness and probity.

According to Mrope (2017) procurement is intended to increase efficiency, effectiveness, and protect public monies by strict adherence to current laws and processes. According to Chepkesis and Kipler (2018) ineffective public procurement systems are critical to African countries' growth and are a tangible manifestation of their national commitments to make the best possible use of public resources. According to Mutiso & Ochiri (2018), evaluating an organization's procurement effectiveness has been a struggle for many professionals. Efficiency, effectiveness, and service delivery are some of the criteria stated in gauging performance. According to Moshtari (2021), procurement is defined as the process of purchasing goods, works, and services. It includes the entire cycle of identifying needs, selecting appropriate procurement methods, locating suppliers, and evaluating their bids all the way to contract award. The administration of contracts is an important aspect of the procurement process, and it helps throughout the project life cycle.

County governments are government-owned public bodies in Kenya, with tax money, fines, and tariffs providing the majority of their budget. The public provides funding, and their primary priority is correctly allocating funds to meet the people's needs (Moro Visconti, 2019). County governments in Kenya have little control over the procurement process, so they must wait until the funding institution collects the required revenue and properly disburses it before engaging in procurement activities. Procurement practices are in place to ensure that county governments get value for money when committing their expenditure, while focusing on the county's strategic objectives by purchasing their required goods and services (Kipkemoi 2017).

Procurement performance is measured using factors of cost and value for money from procurement processes. The procurement department can gain clear visibility in the government and exhibit the effect of procurement decisions as well as resource utilization on the county government profitability index by setting up connections between tasks that are being executed and the financial results of the county government (McGinty, 2015). This performance evaluation ensures that the procurement department takes and implements decisions that are appreciated by the County Government's strategic leadership. Using a saving tracking scorecard to assess progress toward financial goals, quality, and procurement value contribution in a county government is a good way to measure procurement performance.

II. Statement of the Problem

Procurement practices are critical to improving the performance of both public and commercial enterprises worldwide. County governments in Kenya are continuing to lose public funds owing to inefficient procurement processes. Furthermore, because of the conventional procurement practices used by county governments, procurement practices have remained inadequate. Several government development programs, both at the local and national levels, have been hampered as a by-product (Mwangi, Kiarie & Kiai, 2018). The Nakuru County Director of Audit noted an unaccounted sum of Sh.70 million, as well as a Senate audit inquiry into the Sh 5.2 billion to be a result of procurement practices inefficiencies (Mureithi, 2020). Atkinson (2020) looked into the effectiveness of procurement performance in the European Single Market by measuring decision speed as a metric of public procurement. According to them, public procurement accounts for roughly 14% of GDP in the European Union. On the topic of procurement, many research have been conducted. The bulk of research were conducted in developed countries, with the majority of them focused on other aspects and viewpoints of procurement rather than the study's subject. In Nairobi County, Kenya, Cherotich (2018) studied the impact of procurement methods on the performance of commercial state-owned enterprises. The research focuses on the impact of buyer-supplier relationships, supplier selection procedures, organizational capacity, and procurement process management on organizational performance as assessed by return on assets, higher profitability, and quality service and goods. Mokogi et al. (2015), for example, looked at how procurement methods affected the performance of commercial state-owned firms in Nairobi County. According to Lemalreni et al. (2017), the management of County projects has a number of challenges, including the organization structure placement of procurement practices and project identification criteria. Since their inception, internal management inefficiencies have

hampered devolved funds' ability to achieve their objectives (Machoka, 2017). As a result, current procurement practices must be reviewed, as well as their impact on County government performance. The study focused primarily on county government procurement practices, such as procurement planning, competency, financial management, tendering, and performance.

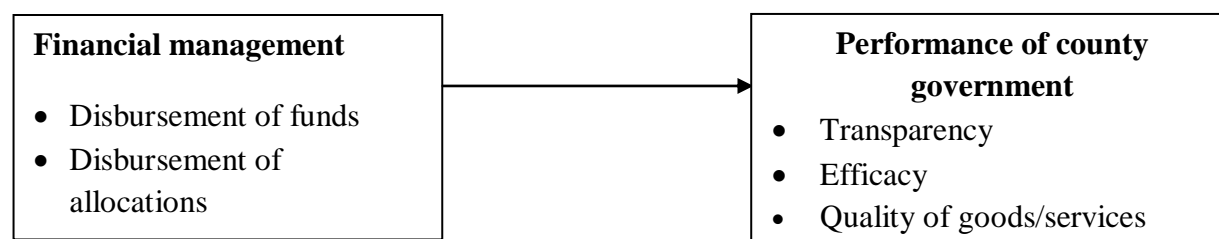
Objective of the Study

To determine the effects of financial management on performance of Nakuru County government

Hypothesis of the Study

There is no significant effect of financial management on performance of Nakuru County government

Conceptual Framework



Independent Variable

Dependent Variable

Principal- Agency Theory

Principal Agent Model (2002) agency principal theory explains the relationship between various stakeholders in and organization such as citizens, government officials and employees in the County government. Health and Norman (2004) concluded that the relationship arises in that County government as is the custodian of public resources on behalf of the citizens. In this relation, County government is expected to be accountable and demonstrate transparency in the way public resources are spent. More specifically procurement entails parties who are engaged in contract facilitated by County government and may include different stakeholders such as political leaders, procurement staff, citizens, interest groups and national government. The theory further reveals the relationship between procurement department and other departments within the County government in that the procurement department facilitate the purchases for the principal departments.

According to this theory procurement, including civil servants concerned with playing the agent role. In this study the promoter/client who authorizes and pays for the work done is the County government, while the procurement officers will be the agents who will act on behalf of the employer who will carry out the procurement process and the contractors will be the successful bidders. Assumptions on agency theory include the efficiency of the principal operations depends on the agent acts, decisions are made by the parties to the relationship under act conditions of uncertainty and risk.

Last assumption is that the principal and the agent have conflicting objectives to some extent. This theory will constitute the road map that guide this research from formulation of research questions, data collection, and conduct analyses to conclusion. Following the operational nature of procurement expenditure, decisions made must be taken by the organizational management (Agents) on behalf of the company owners (principal) under the power entrusted to them through their employment contracts.

The principals and agents seek to maximise their utility through the same organization. As the shareholders seek to maximise their wealth through profits (dividends) made by the company, the management too seeks to maximise their utility by earnings. Because of the different roles of these two parties in the organization, the risk tolerance level differ however the risk level are normally reconciled in order for the company to operate well.

III. Financial management

Financial management in public organizations, according to Mathenge & Muturi (2017), is the process of ensuring that funds are available when needed and that they are obtained and used in the most efficient and effective manner possible for the benefit of citizens. Financial management, according to Sarpong & Meissner (2017). entails planning, organizing, directing, and controlling. Financial management procedures, including budgeting and effective controls, are crucial for any public company, according to him. He went on to say that the financial management framework includes the

processes, systems, internal controls, and procedures used by a department to manage its revenue, expenses, assets, liabilities, and contingencies.

In research on the effect of financial management methods on the business sector in Pakistan, Mathenge & Muturi. (2017), looked at internal control, record keeping, monitoring, and assessment. The study's sample included forty businesses from various sectors operating in Pakistan, with favorable and noteworthy outcomes. According to Chepkesis & Kipler (2018), an efficient public procurement system is critical for African countries' development and is a tangible representation of their national commitments to make the best possible use of public resources. Similarly, Kakwezi and Nyeko (2019) suggest that procurement departments in Ugandan public entities are plagued by a lack of knowledge regarding procurement procedures, inputs, outputs, and resource consumption and results, and are therefore unable to determine their efficiency and effectiveness.

As a result, a problem like this necessitates the adoption of defined procurement procedures and performance requirements. When established, performance standards can give decision-makers in the procurement department with unbiased and objective information on the procurement function's performance (Setiawan & Sayuti, 2017). When applied, performance standards can offer the department with a conclusion on procurement functionality. The Public Procurement and Disposal of Public Assets (PPDA) in Uganda is in charge of proper procurement and disposal planning and management.

The purpose of the Public Finance Management Act of 2012 is to give direction on revenue distribution to the 47 counties. According to the study Stenberg et.al., (2017) the ability of counties, especially those with a weak resource base, to raise enough revenues to enable them to perform the devolved functions and deliver services to citizens is limited due to National Treasury delays in disbursement of funds and inadequate funding. Because the equalization fund is likely to be so thinly spread, internal revenues will have to bear a greater share of the burden of covering deficits. This is especially true in light of the previous Local Government Units' already-weak revenue-generating and-collection capabilities.

According to the Cherotich, (2018), each user department should prepare a multi-annual rolling work plan for procurement based on the approved budget, which is then submitted to the procurement and disposal unit to facilitate the orderly execution of annual procurement activities. The procurement and disposal unit then uses the combined work plan to plan, organize, forecast, and schedule the procuring and disposing entity's procurement activities for the financial year, but co-ordination is not required (Matto, 2017).

According to Muturi & Mungai (2020) any financial management methods include, but are not limited to, the budgeting process, accountability, and proper fund administration. According to the study, every good budget process must achieve three key goals: fiscal discipline, allocative efficiency, and operational or technological efficiency. Furthermore, they said that public sector organizations are focused with providing members and society with public goods. As a result, their budgets are mostly for authorizing actions and setting management action ceilings.

The basic principles of good procurement practice, according to Thai (2017), are accountability, where effective mechanisms must be in place to enable procuring entities to spend limited resources carefully while knowing that they are accountable to members of the public; competitive supply, which requires procurement to be carried out by competition unless there are compelling reasons for single sourcing; and consistency, which emphasizes equal treasury treatment. Informed decision-making, which requires public organizations to make choices on correct data and ensure that requirements are satisfied, should also be part of the process. Procurement should also be responsive to the goals, expectations, and requirements of the people who use it. Finally, there is need for transparency to enhance openness and clarity on procurement policy and its delivery (Aboelazm, 2018).

According to the report World Bank, Government Officials, and Procurement Assessment Report (PAR), large sums of public monies are squandered due to corruption throughout procurement processes, resulting in citizens receiving poor value for their money. The case also applies to other government-funded and donor-funded projects. The findings also found that money is disbursed infrequently, which has an impact on the government's project implementation (Rono, 2017).

Inadequate financing and poor planning are two factors that affect procurement performance. According to a World Bank analysis from 2014, about 84 percent of incurred costs are inflated up to 30 percent of projected costs in 132 purchased works that are critical in public expenditure (Aboelazm, 2018). This is also true in Kenya, where recent incidents of stalled projects, theft of cash, and insufficient funding have been reported. The current study aims to

analyze this feature in the instance of public procurement in this regard. The Public Procurement and Disposal Act of 2015 stipulates that all procurement in Kenya must be conducted within the procuring entity's approved budget as set forth in the yearly plan, and that the procurement process should be handled by various procurement officials. A procuring entity is required by the same statute to establish clear specifications of needs for goods, works, or services being procured, and the procurement process must be fair and open to competition. According to Thai (2017), procurement strategies must be fully integrated into the budget process, and advanced planning will result in cost savings and more efficient services.

Okoth, (2019) acknowledge these mandates that the Kenyan public sector produce a procurement plan for each fiscal year as part of the annual budgeting process. The procurement plan, as well as the strategic plans of their departments, must be submitted to the accounting officer at least 30 days before the end of the fiscal year. Following that, the annual procurement strategy will be integrated with the relevant budgeting procedure. The purpose of the Public Finance Management Act of 2012 is to offer advice on revenue disbursement to the 47 counties. According to the study Cherotich (2018), counties' ability to earn enough cash to undertake devolved tasks and offer services to citizens is limited due to National Treasury delays in disbursing funds and inadequate funding. Because the equalization fund is anticipated to be so thinly spread, the responsibility of filling shortfalls will have to be borne primarily by internal sources. This is especially true in light of the previous Local Government Units' already-weak revenue-generating and-collection capacities.

According to Handfield et al. (2020), the financial position of suppliers should be assessed early in the supplier evaluation process. Before a full review process can begin, the procedure should include a pre-screening exercise that a provider must pass. Financial position and financial stability of a firm can be determined by criteria like as profitability, cash flow management, assets possessed, and debts owing, according to the Chartered Institute of Purchasing and Suppliers (2012). The study also stated that the financial criterion is critical because selecting suppliers in poor financial health poses a number of risks to the purchaser, including but not limited to the possibility that the supplier will go out of business, and the suppliers will not have the resources to invest in plant, equipment, or research necessary for long-term performance improvements. Furthermore, the supplier may become financially reliant on the buyer, and financial fragility appears to be a sign of underlying difficulties. However, according to a report by Cherotich (2018), stated leakages and wastage of public funds cost the country over 20% of the annual national budget and that some counties incurred expenditures that were not permitted.

Financial stability of a supplier is reflected in both the ability of the supplier to meet the present contract with the purchaser and the ability of the supplier to secure a future flow of suppliers, according to Lysons (2008) and CIPS (2012). If a supplier becomes insolvent, the financial records may also signal the likelihood of delivery or quality concerns, as well as increased disruption to supply and more complex legal issues. A buyer may need to demand on quality, but the supplier is under pressure to cut costs; a buyer may have a claim against the supplier, but he may have sufficient working capital to satisfy it; and a buyer may want to insist on speedy delivery, but the supplier is unable to pay overtime. In addition, the study found that a buyer should consider a variety of financial data sources when making conclusions about a supplier's financial stability. Publicly available financial statements, the internet, and the press are examples of these sources.

IV. Performance of County Governments

The Kenyan Government Act of 2010 was passed, ushering in a new era of governance. The prior centralized government was replaced by this new devolved system. Kenya's decentralized government created 47 county governments as well as a national government. The goal was to make services and financial management more accessible to the general public. The many statutes, such as the PPD Act, define the roles of all stakeholders (including civilians) (Kakwezi, & Nyeko 2019).

The devolved system of government is established under Chapter 11 of Kenya's constitution (2010). As a result, the constitution established the 47 counties and explains the delegation of functions from the national government to the 47 counties' regional administrations. Several mechanisms have been formed in the counties to facilitate governance. The senate, governor's office, County public service board, County executive committee, women representatives, and the County assembly are among them. The County Assembly is charged with overseeing and passing budgets, as well as ensuring that they are executed in their respective counties. Citizens, civil society, religious organizations, trade unions, and social and commercial associations must be aware of the various structures' roles since they are expected to provide oversight.

Kenya's Constitution, Chapter 12, establishes a framework for managing public finances through efficient and effective procurement planning systems. It also explains Kenya's public procurement norms and framework. Accountability, openness, and public participation in situations concerning public procurement are among the principles that are expected to guide public procurement. The County Government Act of 2012 and the Cities and Urban Areas Act of 2012, which provide means for more decentralization within counties, necessitate further decentralization within counties. The Governors and County Public Service Boards will appoint the people in charge of these entities. They must also be provided with sufficient resources to carry out their duties. In Kenya, the Governmental Procurement and Assets Disposal Act (PP and ADA) of 2015 governs public procurement. The Act's main goal is to set procedures for public entities to purchase and dispose of unserviceable, obsolete, or surplus equipment in order to maximize efficiency and economy. This Act mandates that government agencies plan their procurement activities in a transparent, responsible, and cost-effective manner (Republic of Kenya, 2015).

The PPDA, 2015, was previously known as the Public Procurement and Disposals Act, 2005, but it was renamed the PP and ADA, 2015. The latter was signed into law on December 18, 2015, and went into effect on January 7, 2016. In terms of procurement planning, procurement processing, inventory and asset management, asset disposal, and contract management, the PPDA applies to all state organs and public bodies (Republic of Kenya, 2015). As part of the yearly budget preparation process, all accounting officers of public entities must establish an annual procurement plan that is feasible within the approved budget prior to the start of each financial year (PP and ADA 2015 Cap53, 1-11). Procurement, particularly in the public sector, has faced numerous difficulties.

Cherotich (2018), Procurement had been a neglected sector for a long time, but it has since established itself as one of the key organizational tasks, and its management is becoming increasingly important for a company's success. According to studies, state spending accounts for up to 45 percent of GDP in wealthy countries. The author went on to say that procurement performance considers both the strategic and operational aspects of the purchase. Purchasing performance, according to Kakwezi and Nyeko (2019), stems from purchasing effectiveness and efficiency. His findings also suggest that if devolved systems are not effectively designed and managed, they will result in central government bureaucracy being translated, ineffective resource allocation, and a lack of accountability in any company.

Different talents and abilities for the purchasing functions were classified by purchasing effectiveness and purchasing efficiency. The distinctions between effectiveness and efficiency are presented by CIPS Australia (Akumuntu, 2019). Efficiency indicates the organization's ability to "do things properly," whereas effectiveness refers to the organization's ability to "do the right things." This means that an organization can be both effective and inefficient, with the problem being to strike a balance between the two. Timeliness in the delivery of cash to government units aids in enhancing the procurement process. Planning is the deliberate social or organizational activity of establishing an optimal future strategy of action to attain a desired set of goals, for tackling unique issues in complicated environments, and it is accompanied by the power and intention to commit resources and to act as necessary to implement the chosen strategy (Rhode, 2019).

Akumuntu, (2019). Service delivery is an elected or appointed official's conscious and required choice to serve or deliver products and services to the beneficiaries. The procurement process is a critical function that determines whether or not a service is delivered effectively. Despite the fact that procurement of products, services, and works is used in every aspect of local government service delivery, the sector remains understudied. According to the Kakwezi and Nyeko (2019), the state corporation has put in place provisions to ensure that its long-term goal of increasing residents' quality of life is met. Infrastructure construction and maintenance, rural development, human development, and governance, among other areas, have received significant funding. Households, in particular, require appropriate community infrastructure such as schools, health facilities, clean water, roads, energy, security, and law and order, in addition to income. According to Akeyo (2017), decentralization has been a recurring topic in African countries since independence, defined broadly as the movement of public power, resources, and personnel from the national level to sub-national jurisdictions.

We are just concerned with decentralization to the local level in this case, which is meant to result in local governments and local service delivery. We are not concerned with decentralization at the regional, state, or provincial levels, which has a different dynamic that is often related to the state's very nature and an explicit balance of political forces. We also distinguish between decentralization, which we define as the transfer of political, administrative, and fiscal responsibilities to the local level, and deconcentration, which we define as the simple relocation of executing agencies to the local level with responsibility and power remaining at the center.

In most industrialized countries, public procurement is governed by international agreements such as the World Trade Organization's (WTO) procurement agreement. International regulations do not apply to public procurement in underdeveloped countries. In poorer countries, the pressure to reform may not be as great. The funders saw Africa's procurement structure as a major impediment to service delivery. However, in recent years, the World Bank and other donor institutions have needed to modify their processes if their monies are to be used efficiently to support economic growth (Basheka, 2021). Many nations have joined regional economic blocs, posing a difficulty for public procurement to comply with government procurement requirements while not infringing regional or international agreements. There's also the issue of industrialized and developing countries having different sets of criteria, such as management and policy requirements.

In emerging countries, procurement makes a significant contribution to the local market. The majority of these countries' economies are highly reliant on how procurement activities are managed. Most government agencies use procurement to encourage local businesses, improve regional balance, and promote equity in society as a whole (Kihara, 2020). Despite the critical role that procurement methods play, they have been a source of waste of public resources in the process, benefiting only a few persons, particularly government cartels, necessitating the adoption of suitable procurement practices (Lwiga, 2017). Procurement should not be thought of as a clerical task, but rather as an integral part of strategic procurement planning (Oliech,& Mwangangi, 2019). The following factors will be used to evaluate performance in this study: efficiency and effectiveness, service delivery, transparency, and accountability.

V. RESEARCH METHODOLOGY

The study adopted a descriptive research design. The descriptive research design describes the present status of a phenomenon, determining the nature of prevailing conditions, process, attitudes and seeks accurate descriptions (Mugenda, 2003a). The descriptive study describes the phenomenon as it is on the ground without any manipulation of variables. This method was considered appropriate because the researcher collected the data of the phenomenon under study in its natural environment and without any manipulation of the variables. The target population was 84 officers who included sub-counties officers in charge, procurement officers and department heads from user departments in the selected sub-counties in Nakuru County. The study adopted census technique to incorporate all the targeted respondents. Primary data was sourced from the respondents with structured questionnaires. The study used SPSS Version 24 to analyze descriptive and inferential statistics.

FINDINGS AND DISCUSSION

Table 1: Response Rate

No. of respondents	No. of Questionnaires Returned	Response Rate (%)
84	70	83

Financial Management on Performance of County governments

The aspect of financial management was measured using six metrics: Timely receipts of funds affect procurement function, budgetary allocation for various projects, Budget approval, Mismanagement of funds, Accountability plays crucial role and Availability of adequate resources affect the performance.

Table 2: Descriptive Statistics of Financial Management

Statement	SA	A	U	D	SD	X	Std
Timely receipts of funds affect procurement function	31.8%	35.3%	11.8%	21.1%	0%	4.53	.88
Budgetary allocation for various projects is done effectively	32.8%	29.7%	18.9%	14.6%	3.2%	4.03	1.00

Budget approval	19.4%	32.6%	30.5%	14.3%	3.2%	4.4	.88
Mismanagement of funds	16.8%	32%	14.2%	16.5%	20.5%	4.10	1.20
Accountability in management of funds play crucial role	24.6%	32.8%	18.5%	20%	%	4.48	1.20
Availability of adequate resources affect the performance	31.8%	35.3%	11.8%	21.1%	0%	4.64	.68

Source Researcher (2022)

The results indicated that majority of the respondents agree that timely receipts of funds affect procurement function at the County government to a mean of 4.53, (S.D =0.88), budgetary allocation is done effectively for various projects at the County to a of 4.03, (S.D =1.00), The respondent also agree that budget approval affect procurement of various services at the County to a mean of 4.40, (S.D =0.88), mismanagement of funds had an impact on the performance County with a mean of 4.10 and standard deviation of 1.20 which shows that most of the respondent agreed to the statement and the variation was high. Furthermore the respondent agreed that accountability plays crucial role in the management of funds allocated to procured goods and services with a mean of 4.48, (S.D =0.88), which is line with Cherotich (2018) noted this conclusions that any financial management practices include but not limited to budgeting process, accountability and proper management of funds and finally they agreed that availability of adequate resources affect the performance of County government to a mean of 4.64, (S.D =0.68).

VI. Performance Procurement Planning

This section sought to investigate the extent at which County government of Nakuru had adopted procurement planning practices. The practices under study were need identification, need assessment, preparation of delivery schedules, stakeholder involvement, and effectiveness of procurement planning and performance of County in terms of procurement planning. The analysis of this section was done based on a likert scale of 1 – 5 where Mean = 1 represented strongly disagreement, Mean = 2 is for disagreement, Mean = 3 undecided/neutral Mean = 4 agree and Mean = 5 strongly agree.

Table 3: Descriptive Statistics onPerformance

Statement	SA	A	U	D	SD	X	Std
Need identification done on all procured goods and services	31.8%	35.3%	11.8%	21.1%	0%	4.00	1.17
Need assessment is carried out before undertaking procurement activities	32.8%	29.7%	18.9%	14.6%	3.2%	4.10	1.11
Preparation of delivery schedule is strictly done	19.4%	32.6%	30.5%	14.3%	3.2%	4.42	.82
County involve stakeholders in procurement activities.	16.8%	32%	14.2%	16.5%	20.5%	2.37	1.18
Level of Effectiveness and Efficiency of Procurement planning	24.6%	32.8%	18.5%	20%	%	4.24	1.15
Performance of County in terms of procurement planning	31.8%	35.3%	11.8%	21.1%	0%	3.72	1.11

Source Researcher (2022)

The study sought to determine the role of procurement planning practices on performance. The findings of the study as indicated on table 4.6 the mean values ranges between 2.37 to 4.65 and the standard deviation between 0.68 to 1.18. The

respondent agreed that need identification is done on all procured goods and service in the County to a mean 4.00 (S.D =1.17), they further agreed that need assessment is carried out before undertaking procurement activities in the County government agreed to a mean of 4.10 (S.D=1.11).The respondent also agreed that preparation of delivery schedules is strictly done to a mean of 4.42 (S.D=0.82).This is line with Odero and Ayub (2017) citing an argument that a good procurement plan should identifies the items required to be procured by defining the process of acquiring those items and by doing proper delivery schedules. All relevant stakeholders in procurement are involved with regards to procurement activities was slightly agreed to a mean 2.3710, (S. D= 1.18) County governments rarely call upon all relevant stakeholders which include, requesting entity, end users, procurement department, technical experts and even suppliers. However, Odero and Ayub (2017) acknowledged these findings concluded that detailed specifications are necessary from all stakeholders involved. Level of effectiveness and efficiency of procurement planning at the County government was agreed to a mean of 4.24 (S. D=1.15) and performance of County in terms of procurement planning had a mean of 4.65(S. D=0.68). This agrees with Mullins (2015) findings that there is a positive relationship between procurement planning and service delivery.

VII. Financial management on Performance of county governments

The study further examined the correlation between financial management and performance of county government of Nakuru. The results of correlation analysis are outlined in Table 4

Table 4: Financial management and Performance of County Government

		Performance of County Government
Financial management	Pearson Correlation	.641*
	Sig. (2-tailed)	.031
	N	70

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

The study as shown in Table 4 established that there was a moderate positive correlation existed between financial management and performance of County Government of Nakuru. ($r = 0.641$; $p < 0.05$). The results of the correlation analysis indicated that better financial management improve the performance of County Government of Nakuru. The findings is in agreement with Barr & McClellan (2018) study which found that having a well outlined and smooth financial management process will help the business continue to draw customers and satisfy them with the products delivered. This model builds a product against a sales forecast, and sells to the customer from the finished goods stock.

The hypothesis which stated there was no significant effects of financial management on performance of County governments failed to be rejected at $p > 0.05$. This implies that financial management has a positive but inverse effect on performance of county government of Nakuru. However, Rizzuto & Xu (2018). in his findings concluded that financial management practices are important for any public organizations which include budgeting process and proper controls. Furthermore Kashif & Ramayah (2018) findings on effect of financial management practices on corporate sector were positive and significant.

VIII. Conclusions and Recommendations

The study sought to explain the effects of financial management on performance of County government. It was found out the financial management was positively but inversely effective on performance of County government of Nakuru. The study noted that timely receipts of funds meant for procurement function governments and accountability in management of funds allocated for procurement of goods and services influence the performance of County. It was further revealed that budgetary allocations for various projects were effectively done.

The study further showed that budget approval by members of County assembly greatly affects the procurement of various services at the County government and that mismanagement of funds at the County government had affected the performance of County government in terms of procurement activities to a great extent. Availability of adequate resources enhanced effective and efficient service delivery. This is in agreement with Orgwel and Lagat (2016) findings on effect of financial management practices on corporate sector where the results of the study were positive and

significant. It also agrees with Kriemadis (2017) who concluded that any financial management practices include but not limited to budgeting process, accountability and proper management of funds influence performance. The study recommends timely procurement budgeting which should be presented for approval on time. Adequate finances to be allocated to procurement activities which should be presented to the head of procurement at the right time. Management should come up with policies to curb mismanagement of at the County level which should include Strong financial management mechanisms in order to avoid wastage during procurement processes and activities

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