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Budgeting Practices and amount of Pending Bills among Selected Counties in the Central Rift Region

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ABSTRACT: *County governments in Kenya play a vital role in promoting devolved governance through prudent financial management and effective utilization of public resources. However, persistent accumulation of pending bills continues to undermine service delivery, stall development projects, and weaken fiscal credibility therefore the sought to examine the influence of budgeting practices on the management of pending bills among selected counties in the Central Rift Region of Kenya. The study specifically focused on how budget absorption rates affect the efficiency of pending bill management in Nakuru, Baringo, Bomet, Kericho, and Narok counties. A descriptive correlational research design was adopted, and secondary data covering the period from 2019 to 2023 were collected using a structured data collection sheet. The data were sourced from credible government publications, including the Office of the Controller of Budget Reports, Auditor-General Reports, and County Treasury financial statements. Both descriptive and inferential analyses were conducted using SPSS version 25. Descriptive statistics summarized the data using means, percentages, and standard deviations, while inferential analysis employed correlation and regression to determine the strength and direction of the relationship between budgeting practices and pending bills. The findings revealed a strong positive and statistically significant relationship between budgeting practices and the management of pending bills (r = 0.899, p = 0.000). The study concluded that effective budgeting practices enhance budget absorption, improve fiscal discipline, and reduce the accumulation of unpaid obligations. It recommended that counties adopt participatory, evidence-based budgeting frameworks and strengthen expenditure monitoring systems to ensure efficient utilization of resources and promote sustainable fiscal management.*

Keywords: *Budgeting Practices, Budget Absorption, Pending Bills.*

I. Background of The Study

Budgeting practices form the cornerstone of sound public financial management, providing the foundation upon which fiscal discipline, accountability, and service delivery are built. In the public sector, particularly within devolved units, budgeting determines how resources are planned, allocated, and utilized to achieve development priorities (Agyemang & Broadbent, 2021). The efficiency of a county's budgeting process is often measured through the budget absorption rate, expressed as actual expenditure divided by the approved budget multiplied by 100. A high absorption rate signifies effective utilization of allocated resources, while a low rate reflects inefficiencies, delayed project execution, and weak financial management controls (Schick, 2022). Counties that consistently fail to meet their budget absorption targets risk accumulating pending bills, as unspent or misallocated funds disrupt the timely payment of suppliers and contractors (Kioko & Mutua, 2021).

Globally, effective budgeting practices have been recognized as essential tools for preventing fiscal indiscipline and the accumulation of unpaid obligations. According to the Organisation for Economic Co-operation and Development (OECD, 2022), countries such as Japan and the United States have adopted performance-based and zero-based budgeting frameworks that enhance transparency, align expenditure with measurable outcomes, and promote efficient budget absorption. In Japan, for instance, the Ministry of Finance requires departments to justify every expenditure item before approval, ensuring that funds are tied directly to strategic priorities (Kobayashi, 2021). This has minimized the occurrence of pending obligations and improved fiscal predictability. Similarly, in Brazil, participatory budgeting involving citizens in expenditure prioritization has increased accountability and improved the alignment between resource allocation and public service needs (Arretche, 2020). These global practices highlight the critical role of inclusive and evidence-based budgeting systems in achieving fiscal efficiency.

Across Africa, budgeting inefficiencies remain a major impediment to public sector performance. Countries such as Ghana, South Africa, and Tanzania have undertaken reforms to strengthen their Medium-Term Expenditure Frameworks (MTEF), linking budgets with strategic outcomes and enforcing strict expenditure controls (Ofori & Agbemabiese, 2024). South Africa's adoption of an integrated financial management system and quarterly budget absorption reviews has significantly reduced pending obligations at both national and provincial levels (National Treasury South Africa, 2023). However, in many sub-Saharan nations, challenges such as delayed disbursements, unrealistic revenue projections, and weak expenditure monitoring continue to undermine budget implementation. These weaknesses result in unspent allocations and unfulfilled payment commitments, leading to increased fiscal arrears and reduced public trust in government accountability mechanisms (Moeti, 2019).

In Kenya, budgeting practices are guided by the Public Finance Management (PFM) Act of 2012, which mandates fiscal responsibility, transparency, and alignment between revenue projections and expenditure plans. County governments are required to prepare annual budgets based on the County Fiscal Strategy Paper (CFSP) and the County Integrated Development Plan (CIDP), ensuring that spending reflects developmental priorities (World Bank, 2020). Despite these frameworks, disparities persist between approved budgets and actual expenditures, with some counties exhibiting absorption rates below 70 percent (Office of the Controller of Budget, 2023). Such inefficiencies stem from delays in procurement processes, weak financial planning, and limited capacity for budget monitoring. The result is a consistent build-up of pending bills, particularly in infrastructure and health projects, where delayed disbursements stall payments to contractors and service providers (Ogada & Ombogo, 2022). Counties that fail to execute their budgets effectively not only distort service delivery timelines but also weaken supplier confidence, discouraging future investment and collaboration.

The counties of Baringo, Bomet, Kericho, Nakuru, and Narok, located within Kenya's Central Rift Region, continue to grapple with challenges in budget execution and absorption. According to the Office of the Controller of Budget (2023), these counties recorded absorption rates ranging between 62 percent and 78 percent in the 2022–2023 financial year. The unabsorbed portions of development budgets contributed significantly to the accumulation of unpaid bills, particularly in projects funded under conditional grants. In Nakuru County, for instance, delayed project completion and weak monitoring mechanisms have led to a backlog of contractor payments exceeding KES 4.2 billion, while Baringo and Narok have similarly reported escalating arrears due to poor budgetary prioritization and unrealistic expenditure ceilings. These cases illustrate how inefficient budget absorption translates into fiscal stress, eroding public trust and undermining county-level development agendas.

Understanding the link between budgeting practices and the management of pending bills is therefore critical in strengthening fiscal governance in devolved units. Budget absorption serves not only as an indicator of expenditure efficiency but also as a measure of financial discipline and administrative effectiveness. Counties that achieve high absorption rates demonstrate better planning, timely fund disbursement, and improved accountability in service delivery. Conversely, poor absorption reflects weak linkages between budget formulation and execution, ultimately fostering the accumulation of unpaid obligations. The current study seeks to examine how budgeting practices, particularly budget absorption rates, influence the management of pending bills among selected counties in the Central Rift Region. The findings are expected to provide evidence-based insights to guide policy formulation, improve budget execution frameworks, and promote fiscal sustainability in Kenya's devolved governance system.

II. Statement of the Study

Despite the establishment of robust public financial management frameworks through the Public Finance Management Act of 2012 and ongoing fiscal reforms, the accumulation of pending bills remains a critical challenge across Kenya's county governments. The persistent growth of these unpaid obligations undermines service delivery, disrupts development programs, and erodes public trust in devolved governance. According to the Office of the Controller of Budget (CoB, 2023), as of June 2023, the total value of pending bills among counties had escalated to KES 160 billion, with County Executives accounting for KES 157 billion and County Assemblies for KES 1 billion. This trend signals widespread inefficiencies in budget execution, expenditure control, and financial accountability mechanisms.

Counties within the Central Rift Region have not been spared. The CoB (2023) report shows that Baringo County had pending bills amounting to KES 837 million, Bomet County KES 512 million, Kericho County KES 628 million, Narok County KES 1.02 billion, while Nakuru County recorded KES 4.2 billion in unpaid obligations. These figures reflect serious weaknesses in budgeting practices, particularly poor absorption of allocated funds, unrealistic revenue projections, and lax expenditure controls. A low budget absorption rate often translates into delayed implementation of development projects, inefficient use of public resources, and the accumulation of unpaid bills that roll over into subsequent financial years.

The persistent rise in pending bills among counties in the Central Rift Region therefore raises critical questions about the effectiveness of their budgeting practices. Inefficient budget absorption not only reflects poor fiscal planning but also constrains economic activity by delaying payments to suppliers and contractors. Consequently, the study sought to examine the influence of budgeting practices focusing specifically on budget absorption rates on the management of pending bills among selected counties in the Central Rift Region, Kenya.

III. Research Hypothesis

H_{01}: Budgeting practices have no statistically significant effect on management of pending bills among selected counties in the Central Rift Region

3.0 Theoretical Framework

The study was grounded on the Agency Theory, first developed by Jensen and Meckling (1976) and later advanced by scholars such as Eisenhardt (1989) and Fama and Jensen (1983). The theory originated from the field of economics and corporate governance and was designed to explain the relationship between principals (those who delegate authority, such as citizens, policymakers, or elected leaders) and agents (those who execute decisions, such as county officials or managers). According to Jensen and Meckling (1976), this relationship is prone to conflicts of interest because agents may pursue their own goals at the expense of the principals’ objectives. These conflicts give rise to agency problems, which occur when there is information asymmetry, lack of accountability, or misaligned incentives between the two parties.

Agency Theory entails three major components. The first is the principal-agent relationship, which describes how decision-making authority is delegated and monitored. The second is agency costs, which represent the financial and administrative resources required to supervise and align the actions of agents with the expectations of principals. These include monitoring expenditures, incentive payments, and losses from divergent interests. The third component is governance mechanisms, which involve the systems and controls such as performance-based incentives, transparent reporting, and regular audits used to mitigate agency problems and enhance accountability. These components together form a structure through which effective management and oversight can ensure that agents act in the best interest of the principals.

The strengths of Agency Theory lie in its practical applicability and clarity in explaining accountability challenges in organizations. It provides a structured way to understand how transparency, incentives, and oversight mechanisms influence managerial behavior. It also emphasizes the importance of effective monitoring systems in minimizing misuse of resources, corruption, and inefficiency. The theory is particularly strong in addressing financial governance issues, making it highly relevant in studies involving budgeting, expenditure control, and fiscal accountability.

Agency Theory is relevant to this study as it provides a robust framework for understanding the influence of budgeting practices on the management of pending bills among selected counties in the Central Rift Region. In the context of devolved county governments, the principals represent the public and oversight institutions such as the County Assembly and the Office of the Controller of Budget, while the agents are the county officials responsible for financial planning, budgeting, and expenditure execution. Weak budget absorption rates, delayed payments, and accumulation of pending bills often stem from agency problems where agents misuse or misallocate resources, fail to adhere to budgetary controls, or delay the implementation of approved budgets for political or personal gain.

By applying Agency Theory, the study demonstrates that strong governance mechanisms, including performance-based accountability, regular financial audits, and transparent reporting systems, are vital for aligning the actions of county officials with public expectations. The theory underscores that when agents are properly monitored and incentivized, budget execution becomes more efficient, leading to reduced fiscal indiscipline and fewer pending bills. Therefore, Agency Theory provides a powerful explanatory foundation for this study by linking managerial accountability, budget absorption efficiency, and the sustainable management of pending bills within the devolved financial systems of Kenya's Central Rift Region.

IV. Empirical Review

Budgeting practices refer to the systematic process of planning and controlling an organization's financial resources to achieve specific objectives. This involves estimating future revenues and expenditures, prioritizing financial commitments, and ensuring funds are allocated appropriately (MiKshell & Mullins, 2021; Schick, 2022). In public finance, budgeting is significant in ensuring fiscal discipline, operational efficiency, and financial sustainability. For organizations dealing with pending bills, proper budgeting practices mitigate the risks of fiscal deficits and arrears accumulation by aligning expenditures with available resources (Robinson, 2021; Wong et al., 2023). Effective budgeting fosters accountability, providing a framework for monitoring financial performance against pre-set targets.

A well-designed budgeting framework incorporates forecasts of revenues and expenditures, enabling organizations to identify potential shortfalls that could lead to unpaid bills (Tanzi, 2021). The use of rolling budgets, zero-based budgeting, and program-based budgeting allows organizations to adjust resource allocation dynamically to respond to fiscal challenges. Such practices improve fiscal transparency, reducing the likelihood of accumulating pending bills through unplanned expenditures (Berger et al., 2020; Grossi et al., 2019; Melkers & Willoughby, 2021). Budgeting practices also encourage stakeholder involvement, which is critical for prioritizing essential expenditures and eliminating wasteful spending. Participatory budgeting ensures that all relevant parties agree on financial commitments, minimizing disputes and fostering financial discipline (Kramer & Zhuang 2020). Organizations with robust budgeting frameworks are better positioned to evaluate fiscal constraints and strategically align their resources to meet financial obligations.

In the context of pending bills, budgeting practices are essential in addressing the root causes of financial arrears. Ineffective budget planning often leads to resource misallocations, creating deficits that exacerbate the accumulation of unpaid liabilities (Osborne & Hutchinson, 2020; Guthrie et al., 2021). Proactive budget monitoring can identify risks early, ensuring timely interventions to prevent pending bills from disrupting service delivery. Furthermore, the integration of technology in budgeting practices has enhanced accuracy and efficiency in financial planning (Eschenfelder et al., 2019; Seifert & Peterson, 2021; Hood & Dixon, 2020). Tools like enterprise resource planning systems provide real-time insights into an organization's financial status, enabling more informed decision-making and effective control of pending bills.

Thérèse and Pierre (2021) conducted a study on the role of budgeting practices in the financial stability of public universities in France. Using a longitudinal research design, the study examined 40 public universities over a period of 10 years. Data was collected through interviews with financial officers and analysis of institutional budget reports. The study found that universities that adhered to comprehensive budgeting practices experienced enhanced financial stability and reduced dependency on government funding. The study concluded that effective budgeting is essential for long-term financial health in higher education institutions.

Andreas and Karla (2020) explored the influence of budgeting practices on financial performance in large corporations in Germany. The dependent variable was financial performance, measured through return on assets (ROA) and operational profitability. A cross-sectional research design was used, with a sample size of 75 firms. Data was collected through surveys sent to chief financial officers (CFOs) and analysis of companies' financial statements. The study revealed that companies with well-structured, participatory budgeting processes showed better financial performance. The study concluded that inclusive budgeting practices positively influence corporate financial outcomes.

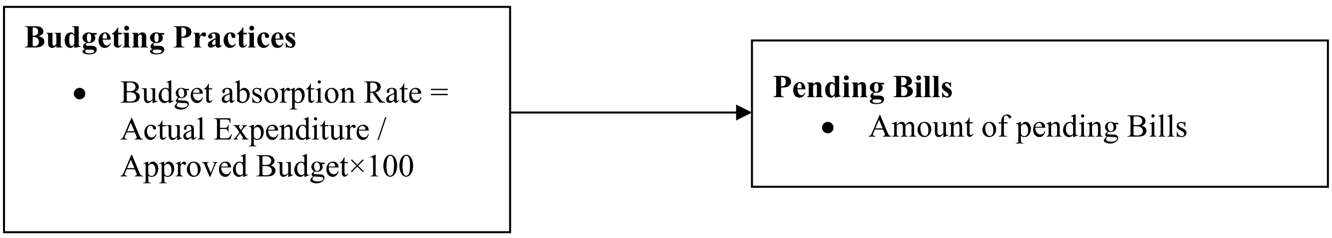
Carlos and Maria (2021) analyzed the impact of budgeting practices on the financial sustainability of healthcare organizations in Spain. The study used a case study approach, involving three large healthcare organizations in Madrid. Data was collected from financial managers through interviews and document analysis. The study found that health organizations with detailed budgeting processes were able to better allocate resources, thereby ensuring financial sustainability. The study concluded that effective budgeting enhances the sustainability of healthcare organizations in a competitive environment.

Okoye and Oyewole (2020) conducted a study to investigate the relationship between budgeting practices and organizational efficiency in the healthcare sector in Nigeria. The study adopted a quantitative research design with a sample size of 74 hospital administrators in various hospitals in Abuja, Nigeria. Stratified random sampling was used to ensure the inclusion of various hospital types. The data was collected through structured questionnaires and analyzed using multiple regression analysis. The findings revealed that hospitals that implemented flexible and adaptive budgeting practices were able to better respond to changes in healthcare demands, which improved their overall efficiency. The study concluded that budgeting practices play a critical role in enhancing operational efficiency within healthcare institutions.

Musa, Iqbal, and Nnamdi (2021) conducted a study to assess the impact of budgeting practices on financial sustainability in private manufacturing companies in Ghana. A descriptive research design was adopted for this study, with data collected from a sample of 23 private manufacturing companies located in Lagos, Nigeria. Stratified random sampling was used to select participants from different sectors within the manufacturing industry. The data was collected through structured questionnaires administered to financial managers, and the data was analyzed using regression analysis. The findings revealed that budgeting practices, including accurate forecasting and regular budget reviews, significantly contributed to financial sustainability in the sampled companies. Companies that adopted participatory budgeting and linked budgets with strategic goals exhibited better financial performance. The study concluded that improved budgeting practices are essential for enhancing the financial stability and growth of manufacturing companies in Nigeria.

V. Conceptual Framework

Independent Variable **Dependent Variable**



VI. Methodology

The study adopted a descriptive correlational research design to establish the relationship between budgeting practices and the management of pending bills among selected counties in the Central Rift Region. The target population comprised five counties, namely Nakuru, Baringo, Bomet, Kericho, and Narok. The study relied on secondary data covering the period from 2019 to 2023, which was extracted using a structured data collection sheet. The data were obtained from credible government sources, including Controller of Budget Reports, Auditor-General Reports, and County Treasury financial statements. The collected data were organized in a panel format, capturing multiple observations for each county across the five-year period. Both descriptive and inferential statistics were employed in the analysis. Descriptive statistics included the use of means, percentages, and standard deviations to summarize the data, while inferential analysis involved the use of correlation and regression to determine the strength and significance of the relationship between budgeting practices and pending bills. Data were analyzed using SPSS version 25, and the results were presented in tables for clarity and interpretation.

VII. Results

7.1 Budgeting Practice

The study sought to determine the budgeting practices among the five selected counties in the Central Rift Region from 2019 to 2023. To achieve this, the study examined the average budget absorption rate for each county over the five-year period. The budget absorption rate was used as an indicator of budgeting practices, as it reflects the extent to which counties effectively utilize their allocated budgets to implement planned activities and manage financial obligations. The findings are indicated below

Table 1: Budget Absorption Rate

The findings revealed that Narok County recorded the highest budget absorption rate at 84.00%, followed closely by Kericho County at 81.80% and Bomet County at 81.48%. Baringo County ranked fourth with an average absorption rate of 75.36%, while Nakuru County recorded the lowest budget absorption rate at 66.16%. This indicates that Narok, Kericho, and Bomet counties utilized a larger proportion of their allocated budgets in implementing planned projects and programs compared to Nakuru County. The relatively low absorption rate in Nakuru County suggests possible challenges in budget execution, such as delays in procurement, inadequate cash flow management, or weak financial planning structures. Counties with higher absorption rates demonstrated better financial discipline and efficiency in translating approved budgets into actual expenditure, which supports timely project implementation and improved service delivery.

The observed discrepancies in budget absorption rates among the counties may be attributed to differences in institutional capacity, fiscal management efficiency, and governance practices. Counties such as Narok and Kericho, which posted higher absorption levels, are likely to have stronger budget execution frameworks, more streamlined approval processes, and better coordination between planning and finance departments. Conversely, counties like Nakuru and Baringo may face bottlenecks related to delayed disbursement of funds from the National Treasury, weak procurement planning, or inadequate monitoring and evaluation mechanisms that hinder full budget implementation.

Counties	**Budgeting Absorption Rate (%)**
Kericho	81.8
Nakuru	66.16
Baringo	75.36
Bomet	81.48
Narok	84.00

On average, the level of budgeting practices among the five counties was moderate, with absorption rates ranging between 66% and 84%, which falls below the recommended threshold of 90%, as stipulated by the National Treasury and the Office of the Controller of Budget (OCoB, 2023). This implies that while the counties demonstrated some degree of fiscal discipline in budget utilization, there remains significant room for improvement in aligning expenditure patterns with approved budgets and project priorities. Strengthening budget implementation and monitoring systems would enhance efficiency and accountability in public resource use.

The findings imply that counties with higher budget absorption rates are better positioned to manage pending bills effectively. Effective budgeting ensures that allocated funds are disbursed and utilized within the fiscal year, thereby reducing the accumulation of unpaid obligations. Conversely, low budget absorption leads to under-expenditure and delayed project completion, resulting in the carry-over of unpaid commitments into subsequent financial years. Therefore, sound budgeting practices directly contribute to the timely settlement of obligations and improved financial sustainability of county governments. These findings are consistent with reports by the Office of the Controller of Budget (2023), which observed that many counties across Kenya continue to experience low budget absorption levels due to delayed fund disbursements, lengthy procurement procedures, and limited project implementation capacity.

7.2 Amount of Pending Bills

The study sought to assess the amount of pending bills management among the five selected counties in the Central Rift Region from 2019 to 2023. To achieve this, the study examined the total amount of pending bills (in Kenya Shillings millions) reported by each county over the five-year period. The amount of pending bills was used as the key indicator of effective management of pending bills, as it reflects the counties' ability to settle verified financial obligations within the fiscal year and maintain sustainable fiscal discipline.. The findings are indicated below

Table 2: Amount of Pending Bills

Counties	Amount of Pending Bills (Ksh)
Kericho	1,134,710,000
Nakuru	781,352,000
Baringo	203,376,000
Bomet	328,116,000
Narok	772,838,000

The findings revealed that Kericho County recorded the highest amount of pending bills at Ksh 1,134.71 million, followed by Nakuru County at Ksh 781.35 million and Narok County at Ksh 772.84 million. Bomet County reported pending bills amounting to Ksh 328.12 million, while Baringo County recorded the lowest amount at Ksh 203.38 million. This indicates that Baringo and Bomet counties demonstrated relatively stronger capacity in managing pending bills, reflecting better fiscal discipline, prudent expenditure control, and enhanced capacity to settle verified obligations within the financial year. Conversely, Kericho, Nakuru, and Narok counties exhibited weaker performance in managing pending bills, which may be attributed to expenditure overruns, weak cash flow management, or delayed disbursement of funds from the national government.

The observed disparities in pending bill levels across the counties may stem from variations in financial management practices, internal control systems, and revenue collection efficiency. Counties with lower pending bills, such as Baringo and Bomet, are likely to have adopted effective budgeting processes, stronger cash flow forecasting mechanisms, and improved compliance with the Public Finance Management (PFM) Act provisions. In contrast, counties with higher pending bills, such as Kericho and Nakuru, may be facing challenges related to weak expenditure prioritization, delayed procurement processes, poor financial reporting, and inadequate monitoring of supplier payments.

On average, the magnitude of pending bills among the five counties indicates a moderate level of fiscal pressure, with some counties managing their obligations more prudently than others. The findings suggest that while progress has been made in enhancing financial accountability in some counties, others still struggle with financial indiscipline and poor budget execution practices that contribute to the buildup of arrears.

The findings imply that counties with effective financial management practices particularly in budgeting, cash flow, revenue management, and financial reporting are better positioned to manage pending bills sustainably. Proper budget alignment with revenue projections, timely financial reporting, and efficient cash flow management minimize the accumulation of unpaid obligations and promote fiscal sustainability. Conversely, poor financial management practices lead to resource misallocation and delays in settling supplier payments, thereby inflating pending bills.

These findings are consistent with reports by the Office of the Controller of Budget (OCoB, 2023) and the National Treasury (2023), which noted that persistent pending bills in county governments are primarily attributed to weak financial planning, delayed exchequer releases, and poor commitment control mechanisms. Strengthening county financial management frameworks is therefore critical in addressing the accumulation of pending bills and ensuring efficient service delivery within the Central Rift Region.

7.3 Inferential Statistics

Table 3 : Correlation Analysis

		Management of pending bills
Budgeting practices	Pearson Correlation	.899**
	Sig. (2-tailed)	.000
	N	25

The findings indicated a strong and positive statistically significant relationship between budgeting practices and pending bills among the selected counties (r = 0.899, p = 0.000). This implies that counties with effective budgeting practices are more likely to manage their pending bills efficiently. Proper budgeting ensures that funds are allocated realistically, expenditure aligns with revenue projections, and commitments are planned in line with available resources thereby reducing the accumulation of unpaid obligations. These findings agree with Ochieng and Wambua (2022), who observed that effective budget planning and execution enhance fiscal discipline and reduce pending obligations in devolved units.

Table 4: Regression Coefficients

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.847	.411		2.062	.044
	Budgeting practices	.371	.047	.338	7.911	.000

a. Dependent Variable: Strategic Management of Pending Bills

From the findings the β_1 coefficient for budgeting practices is 0.371 (p = 0.000), signifying that a unit improvement in budgeting practices results in a 0.371 increase in the effective management of pending bills.

$$Y = 0.847 + 0.371X_1$$

7.4 Hypothesis Testing

The study sought to test the first hypothesis which stated that there is no statistically significant effect of budgeting practices on the management of pending bills among county governments in the Central Rift Region, Kenya. The p-value for budgeting practices was $0.000 \leq 0.05$. Therefore, the study rejects the null hypothesis and concludes that budgeting practices have a significant positive effect on the management of pending bills. This implies that effective budgeting practices enhance financial discipline, promote proper allocation of resources, and reduce the accumulation of pending obligations. These findings align with those of Njeri and Mutua (2022), who found that sound budget formulation and adherence to approved budgets minimize fiscal deficits and improve payment efficiency. Similarly, Ochieng and Mwangi (2023) established that budgetary control mechanisms ensure expenditure is matched with revenue flow, enhancing fiscal sustainability.

VIII. Conclusion

From the findings, the study concluded that budgeting practices have a statistically significant effect on the management of pending bills among selected counties in the Central Rift Region. This demonstrates that effective budgeting enhances fiscal discipline, improves expenditure control, and supports timely settlement of obligations. Counties that prepare realistic budgets, adhere to implementation timelines, and maintain strict monitoring frameworks are better able to manage their financial resources and minimize the accumulation of pending bills. This relationship underscores the importance of aligning county budgets with revenue potential and development priorities to ensure efficient utilization of public funds and promote fiscal sustainability.

Recommendation

The study recommended that county government should strengthen their budgeting processes by adopting realistic, evidence-based, and participatory budgeting frameworks. Budgets should be strictly aligned with credible revenue forecasts and county development priorities to prevent expenditure commitments that exceed available resources. County Accountants and Budget Officers should ensure that revenue projections are conservative and based on historical performance to minimize budget variances that lead to pending bills.

The National Treasury and the Controller of Budget should reinforce compliance with the Public Finance Management (PFM) Act by instituting quarterly budget performance reviews and sanctioning counties that consistently deviate from approved budget plans. The Council of Governors, in collaboration with the National Treasury, should organize continuous capacity-building programs for county finance officers on advanced budgeting techniques, medium-term expenditure frameworks, and financial modeling to promote fiscal discipline and enhance predictability in budget execution.

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