EdinBurg Peer Reviewed Journals and Books Publishers
Journal of Finance and Accounting
Vol. 3||Issue 2||pp 1-14||May||2023
Email: info@edinburgjournals.org||ISSN: 2789-0201

Financial Management Practices and Quality of Financial Governance of Nairobi City County Government, Kenya

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How to cite this article: Murigi, E. M., & Musau, S. (2023). Financial Management Practices and Quality of Financial Governance of Nairobi City County Government, Kenya. *Journal of Finance and Accounting, 3*(2), 1-14.

Abstract

The financial statement Auditor General report of Nairobi County Government has had unfavorable audit opinions since the establishment of County Government in 2013. An unfavorable opinion means the auditor has gathered sufficient audit evidence and concluded that the financial statements include material and extensive inaccuracies. This study sought to investigate the effect of financial management practices on quality of financial governance in Nairobi City County Government, Kenya. The study's target population was 425 employees of Nairobi City County Government's finance and economic planning division. Using a stratified random sampling technique, a sample of 85 employees was chosen. Data was analyzed using descriptive and inferential statistics. Results revealed that revenue mobilization strategy, budgetary techniques, financial reporting, and integrated financial management system had a positive and significant influence on quality of financial governance. The study recommended that counties and other local governments should ensure there is sufficient revenue administration and mobilization policies, budgeting, and financial reporting policies as well as proper utilization of integrated financial management system to achieve quality financial governance.

Keywords: *Budgetary techniques, revenue mobilization strategy, financial reporting, integrated financial management system, quality of financial governance*

1.0 Introduction

Proper power use and authority while administering financial resources of an organization is called financial governance. Although viewed as a key component of solid financial management, effective resource use, and accountability, good financial governance is also seen as the foundation for these aspects (Jaya et al., 2020). An efficient financial management system is necessary for increasing resource efficiency, assuring high levels of transparency and accountability in the finances of the organization, and guaranteeing long-term economic success. The need to achieve the Millennium Development Goals (MDG) as well as the need for strong financial management practices for service delivery and poverty reduction is both highlighted in recent literature (Kamaruddin et al., 2021).

The secret to developing a successful business development program is financial management, which requires a thorough study to fully appreciate. This is a result of the historical environment, in which numerous regimes experienced crises related to development and legitimacy as a result of bad governance. According to Motubatse et al. (2017), effective public sector governance promotes wise choices and efficient resource usage, which in turn directs the prudent management of these stocks. Good governance can be characterized by in-depth analysis that applies critical stresses to improving the performance of public institutions and fighting corruption. This study will measure the quality of financial management through public participation, financial transparency, financial accountability, and supervision.

A sound financial management system is the foundation of good governance and company. This is supported by the assertion that financial management systems give internal and external stakeholders insight into and control over how businesses plan and use their financial resources (Kadim & Sunardi, 2022). The most researched financial management approaches, according to the literature on decentralized organizations, are integrated financial management systems, budgeting strategies, and financial reporting (Anuar et al., 2019; Zada et al., 2021). Similar to that, these four methods were used in this study to evaluate their effects on the level of financial management in the City of Nairobi.

Reports provided by the office of the Auditor General reflect unfavorable audit opinions that are frequently provided on Nairobi City County Government's financial reports. This indicates that generally recognized accounting principles were not followed in the production of the statements (Yasseen et al., 2020). According to BDA (2021), Nairobi City County continues to fall short of conditional funding totaling more than 500 million shillings each fiscal year. The report also highlights misappropriation and disregard of the requirements laid forth for such money as the cause of conditional grants not being received. Of all the 47 Kenyan Counties, Nairobi City County was the only one ranked in the best 10 for roads and transportation from the fourteen parameters taken into account, according to Infotrak (2020). This indicates that it is one of the least productive counties in the nation. This indicates an issue with the county's level of financial governance, which supports the study's objectives.

1.1 Problem Statement

Numerous duties have been transferred from the National government when the county government was established at the beginning of 2013. Since then, County governments have been in charge of managing billions of Kenyan shillings, the majority of which come from the national coffers. The County administration is in charge of overseeing community development initiatives and determining Kenya's rate of economic expansion. But since 2013, the majority of county administrations have recorded budget deficits, making it difficult for them to effectively finance current and development costs in their areas of responsibility. The above is manifested in the inability of some County governments to pay suppliers and contractors on time and therefore indebted. The numerous labour strikes by decentralized government employees, such as the most recent one by Kenyan public health workers, further puts the problem of budgetary difficulties into perspective.

Several counties in Kenya were unable to use the Ksh 339.6 billion allotted to them in the fiscal year that concluded on June 30, 2018, according to the Fourth Quarter 2017/2018 Budget Performance Review Report. This amount exceeds Kshs. 75 billion, according to statistics, which were not spent during the prior fiscal year. During the fiscal years 2017–2018, counties only used 814.7 billion of the 1.15 trillion shillings allotted for spending. This is true even though more resources have been made available for development to boost the economy.

According to the report, the counties spent Ksh 193.9 billion, or 44.4 percent, of the Ksh 437.1 billion that was allotted for development (Controller of the Budget Report, 2019).

Among the counties that face financial challenges in Kenya, Nairobi County is not left behind, and this vindicates the necessity of this study. The report of the auditor general reports provides a qualified opinion of the financial statements. By gathering sufficient relevant audit evidence, the auditor forms an unfavorable view and concludes that material and persistent financial statement inaccuracies exist. Sentao (2018) expresses a negative view of NCCG financial statements based on the omission of balances, variances in expenditures, outstanding accounts, unauthorized reallocations, and unaccounted funds. This is the tendency as demonstrated in several auditor general reports over the years. Every sector of the economy needs good financial governance, which draws heavily on other functions within an organization (GOK, 2011). This study expanded the field by analyzing financial strategies of Nairobi City County Government in Kenya.

1.2 Specific Objectives

i. To determine the effect of revenue mobilization strategies on quality of financial governance in Nairobi City County Government, Kenya

ii. To assess the effect of budgetary techniques on quality of financial governance in Nairobi City County Government, Kenya

iii. To find out the effect of financial reporting on the quality of financial governance in Nairobi City County Government, Kenya

iv. To establish the effect of integrated financial management system on quality of financial governance in Nairobi City County Government, Kenya

1.3 Research Hypothesis

i. Revenue mobilization strategies have no impact on Nairobi County financial governance quality in Kenya

ii. Budgetary techniques have lesser effect on Nairobi County financial governance quality in Kenya

iii. Financial reporting has a minor effect on Nairobi County's financial governance quality in Kenya

iv. Integrated financial management system is irrelevant to Nairobi County financial governance quality in Kenya

2.0 Literature Review

2.1 Theoretical Review

Accounting process theory allows the development of a framework that helps ensure that accounting practices meet the requirements of consistency and conformity (Kershaw & Harrell, 1999). This theory is laid forth as a collection of rules, ideas, and techniques. A standard approach for accounting implementation is necessary to ensure that all pertinent information connected to economic activity is captured due to the expanding size and complexity of economic systems. Everyone participating in the accounting process must be aware of this admittance procedure. However, familiarity with accounting theory and knowledge of its structure are prerequisites for this comprehension (Chepkorir & Njeru, 2015).

According to Chekorir and Njeru (2015), the theory behind the accounting process is founded on a number of different economic principles. First, it is founded on ideas that are widely accepted inside a society's economic structure. For instance, the fact that someone can own property is a fundamental economic truth because everyone has the legal right to do so. Second, these fundamental economic facts follow natural laws that dictate those specific causes and result in specific outcomes.

Understanding financial reporting and how businesses utilize effective tactics to direct their financial accounts is made easier with the aid of accounting theory. It offers advice on accounting practices and functions essentially as an accounting practice framework. This theory typically considers the fact that accountants work under the idea that there are differences between business and reporting on a monthly, quarterly, semi-annual, or annual basis (Malmi & Granlund, 2009). This theory offers direction on the practices financial managers should follow to guarantee the accomplishment of an organization's economic objectives. This theory, therefore, supports both financial governance as well as financial management practices.

2.2 Empirical Review

In Kenya, Cheruiyot, Namusonge, and Sakwa (2017) examined how financial planning and budgeting procedures affect local government performance in Kenya. In terms of managing public resources and providing services, this study intends to add a new perspective to policymaking. Even though different districts use district-integrated development plans as the major planning document for all projects and programs. Timely disbursement and resource allocation were discovered to have always been the main methods of implementation. Unlike this study, which focuses on the quality of financial management, this research is more concerned with the overall effectiveness of local governments.

Torome (2013) investigates the connection between Kenyan local government performance and income mobilization. This study has 175 local governments as its target group and employs a descriptive research design. The study's sample size included 35 local governments which were chosen using targeted sampling. This study's foundation is secondary data on local governments' service provision and revenue collection. According to this report, local government has been more effective in raising revenue. Local governments perform better when there is a larger level of mobilized income. Additionally, it was discovered that municipal governments with minimal mobilized income underperformed. According to the study, revenue mobilization by local governments is significantly impacted by their budgeting. To decrease the number of tax evaders and form enforcement teams, organizations that do this, having failed to pay taxes, it is proposed that local governments outsource revenue collection by awarding contracts to people or corporations to do so on their behalf. Less tax evasion will occur as a result, increasing tax revenue. The descriptive research design for this study was only employed for the descriptive analysis part. The causal research approach was employed in this study to identify relationships between the variables.

Cherono (2016) looks at how financial reporting affects Kenyan government organizations' accounting. The study evaluated how the system has boosted financial reporting timeliness and improved access to financial data. The study found that the system has no downtime and makes it simple to store and retrieve records. As a result, the system has improved the timeliness of financial report filing, according to the study. Through properly documented data in the system, organizations efficiently transmit financial information among the departments. This study concentrated on financial reporting in NCCG while the previous study concentrated on general accounting procedures in government organizations.

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Mwaniki (2012) evaluated IFMIS efficacy in the public sector of Kenya. The study determined the influence of organizational capability, cultural variables, and technology sophistication on financial reporting in various public sectors. Only primary data were used and a descriptive research design was adopted. The outcomes found that human resources (HR) were an important resource, the system included a number of different parts, and it was key to enhancing public finances. Due to a lack of clarity in the system specification for the duties to be performed, IFMIS was unable to assure adequate financial management in the public sector. According to the study, if the system is not correctly developed, the accounting and financial goals won't be met. The study only concentrated on the implementation process, while this study focused on the relationship between IFMIS and the quality of corporate governance.

3.0 Methodology

The study employed a causal research design. The study's target population was 425 employees of Nairobi City County Government's finance and economic planning division. Using a stratified random sampling technique, a sample of 85 employees was chosen. With the aid of semi-structured questionnaires, primary data was gathered. Both inferential and descriptive statistics were considered in the analysis of the data. Descriptive statistics included averages, standard deviation, percentages, frequency, and percentages. Multiple regression analysis was used to determine the relationship between independent variables and dependent variables.

4.0 Results and Discussion

4.1 Descriptive Statistics

Revenue Mobilization Strategy

The study's first objective was to find out how revenue mobilization strategy influenced quality of financial governance of NCCG in Kenya. The respondents were asked to state any effects that revenue mobilization strategies have on the quality of financial governance. A descriptive analysis of budgetary techniques are presented in Table 1.

Table 1: Descriptive Analysis for Revenue Mobilization Strategy

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std.Dev
There are sufficient revenue administration policies within the county.	8 (10.5%)	2 (2.6%)	6 (7.9%)	25 (32.9%)	35 (46.1%)	4.01	1.27
There are sufficient revenue compliance policies within the county.	8 (10.5%)	0.00%	12 (15.8%)	22 (28.9%)	34 (44.7%)	3.97	1.25
There are sufficient revenue mobilization policies within the county	9 (9.2%)	2 (2.6%)	21 (27.6%)	20 (26.3%)	26 (34.2%)	3.74	1.23
Revenue mobilization policies lead to enhanced quality of financial governance within the county	8 (10.5%)	12 (15.8%)	11 (14.5%)	23 (30.3%)	22 (28.9%)	3.51	1.34

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Journal of Finance and Accounting
Vol. 3||Issue 2||pp 1-14||May||2023
Email: info@edinburgjournals.org||ISSN: 2789-0201

Table 1 showed that 60(79.0%) of participants agreed that there are sufficient revenue administration policies within the county (mean=4.01, std.dev=1.07). This implied that Nairobi City County had sufficient policies for revenue administration. The findings of this study were in line with Mutua and Wamalwa (2017) who indicated that good revenue administration policies enhanced the service quality of the county government.

Further, 56(73.6%) of participants agreed that there are sufficient revenue compliance policies within the county (mean=3.97, std.dev=1.25). This implied that Nairobi City County had sufficient policies for compliance. The findings of this study were in line with Mutua and Wamalwa (2017) that compliance policies enhanced the service quality of the county government.

Results also showed 46(60.5%) of participants agreed with the statement that there are sufficient revenue mobilization policies within the county (mean=3.74, std.dev=1.23). This implied that Nairobi City County had sufficient policies for revenue mobilization. The study findings agreed with Gituma (2017) an effective revenue mobilization strategy for government entities is an important prerequisite for the welfare of service delivery to the public.

In addition, 45(59.2%) of participants agreed with the statement that revenue mobilization policies lead to enhanced quality of financial governance within the county (mean=3.51, std.dev=1.34). This implied that improvement of revenue mobilization policies enhanced financial governance. The study agreed with Mutua and Wamalwa (2017) who established that for local governments, local revenues are a key revenue source given the increased need for budgetary expenditures and service delivery.

Budgetary Techniques

The study's second objective was to establish how budgetary techniques influenced quality of financial governance of NCCG in Kenya. The respondents were questioned about how budgeting strategies affected the quality of financial governance. Table 2 presents budgetary techniques and descriptive analysis results.

Table 2: Descriptive Analysis for Budgetary Techniques

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Dev
There are sufficient budgetary controls within the county.	5 (6.6%)	6 (7.9%)	13 (17.1%)	34 (44.7%)	18 (23.7%)	3.71	1.12
There are internal controls within the county.	8 (10.5%)	10 (13.2%)	13 (17.1%)	27 (35.5%)	18 (23.7%)	3.49	1.28
There is sufficient budgetary planning within the county.	6 (7.9%)	1 (1.3%)	15 (19.7%)	26 (34.2%)	28 (36.8%)	3.91	1.16
Budgeting techniques lead to enhanced quality of financial governance within the county	8 (10.5%)	1 (1.3%)	22 (28.9%)	25 (32.9%)	20 (26.3%)	3.63	1.20

Table 2 showed that 52(68.4%) of participants agreed with the statement that there are sufficient budgetary controls within the county (mean=3.71, std.dev=1.12). This implied that

Nairobi City County had sufficient control over budgets. The findings of this study concurred with Pimpong and Laryea (2016) who indicated that the effectiveness of the budget as a tool of financial management enhanced organizational performance.

Further, 45(59.2%) of participants agreed with the statement that there are internal controls within the county (mean=3.49, std.dev=1.28). This implied that Nairobi City County had internal controls. The results of the investigation corroborated Ndzovu's (2019) assertion that strong internal controls improve financial performance.

Further results showed that 54(71.0%) of participants agreed with the statement that there is sufficient budgetary planning within the county (mean=3.91, std.dev=1.16). This implied that Nairobi City County had sufficient policies for planning the budget. The study's conclusions corroborated those made by Kung et al. (2013), who found that budgeting enhances organizational performance.

In addition, 45(59.2%) of participants agreed that budgeting techniques lead to enhanced quality of financial governance within the county (mean=3.63, std.dev=1.20). This implied that improvement in budgeting techniques enhanced the quality of financial governance. The results agreed with Pimpong and Laryea (2016) who demonstrated that the correlation between organizational performance and budget coordination was statistically significant and favorable.

Financial Reporting

The study's third objective was to explore how financial reporting influenced quality of financial governance of NCCG in Kenya. According to the respondents, financial reporting allowed the county government to understand its financial situation to accomplish county goals and make decisions. A descriptive analysis of budgetary techniques were presented in Table 3 below

Table 3: Descriptive Analysis for Financial Reporting

Statement	1	2	3	4	5	Mean	Std. Dev
There is relevant financial reporting within the county	7 (9.2%)	11 (14.5%)	5 (6.6%)	26 (34.2%)	27 (35.5%)	3.72	1.33
The financial reporting within the county is understandable.	4 (5.3%)	8 (10.5%)	3 (3.9%)	25 (32.9%)	36 (47.4%)	4.07	1.19
There is quality financial reporting within the county	5 (6.6%)	10 (13.2%)	5 (6.6%)	30 (39.5%)	26 (34.2%)	3.82	1.23
Financial reporting leads to enhanced quality of financial governance within the county	6 (8%)	0.00%	6 (8%)	22 (29.3%)	41 (54.7%)	4.23	1.15

Table 3 showed that 53(69.7%) of participants agreed that there is relevant financial reporting within the county (mean=3.72, std.dev=1.33). This implied that Nairobi City County had relevant financial reporting practices. The results supported Waweru and Ngaba's (2019)

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Journal of Finance and Accounting
Vol. 3||Issue 2||pp 1-14||May||2023
Email: info@edinburgjournals.org||ISSN: 2789-0201

assertion that certain Kenyan government departments possessed a system that could improve financial reports production in real time aiding the process of making decisions.

Further, 61(80.3%) of participants agreed with the statement that the financial reporting within the county is understandable (mean=4.07, std.dev=1.19). This implied that Nairobi City County had understandable financial reporting practices. The study agreed with that of Cherono (2016) who indicated that clear financial reporting enhances the performance of an organization.

In addition, 56(73.7%) of participants agreed that there is a quality of financial reporting within the county (mean=3.72, std.dev=1.33). This implied that Nairobi City County had quality financial reporting practices. The results supported Waweru and Ngaba's (2019) assertion that some Kenyan government ministries have a system that could improve the real-time production of financial reports utilized in decision-making.

Further, 63(84.0%) of participants agreed that financial reporting leads to enhanced quality of financial governance within the county (mean=4.23, std.dev=1.15). This implied that enhancing financial reporting in Nairobi city county would enhance the quality of financial governance. The analysis concurred with Cherono's (2016) finding that the system had improved financial report submission timeliness.

Integrated Financial Management Information System

The fourth objective of the study was to explore how integrated financial management influenced the quality of financial governance of NCCG in Kenya. The effects of IFMIS on good financial governance were also inquired of the respondents. Table 4 below shows the budgetary techniques for descriptive analysis

Table 4: Descriptive Analysis for Integrated Financial Management

Statement	1	2	3	4	5	Mean	Std. Dev
The IFMIS with the county facilitates a smooth transition	8 (10.5%)	0.00%	3 (3.9%)	14 (18.4%)	51 (67.1%)	4.32	1.26
The data storage system within the county is sufficient	5 (6.6%)	3 (3.9%)	8 (10.5%)	18 (23.7%)	42 (55.3%)	4.17	1.18
There is sufficient process automation within the county	6 (7.9%)	2 (2.6%)	5 (6.6%)	15 (19.7%)	48 (63.2%)	4.28	1.21
Integrated financial management system leads to enhanced quality of financial governance within the county	7 (9.2%)	1 (1.3%)	6 (7.9%)	19 (25%)	43 (56.6%)	4.18	1.23

The results in Table 4 showed that 65(85.5%) of participants agreed with the statement that the IFMIS with the county facilitates smooth transition (mean=4.32, std.dev=1.26). This implied that IFMIS in Nairobi City County enhanced the smooth transition within the county. The study supported Chumba's (2014) observation that IFMIS improves effectiveness and efficiency in financial affairs through resource coordination.

Further, 60(79.0%) of participants agreed with the statement that the data storage system within the county is sufficient (mean=4.27, std.dev=1.18). This implied that Nairobi City County had

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a sufficient data storage system. The study findings agreed with Chalu (2019) enhancing easy storage of financial data enhances the quality of financial reporting. In addition, 63(82.9%) of participants agreed with the statement that there is sufficient process automation within the county (mean=4.28, std.dev=1.18). The study findings agreed with Chumba (2014) who observed that efficiency in automation process enhances quality of financial reporting.

This implied that Nairobi City County had sufficient automation processes. The results further showed that 62(81.6%) of participants agreed with the statement that an integrated financial management system leads to enhanced quality of financial governance within the county (mean=4.18, std.dev=1.23). This implied that IFMIS within Nairobi City County enhanced quality of financial governance. The research's conclusions were consistent with those made by Chalu (2019), who found that IFMIS had a significant effect on the accuracy of financial reporting.

Quality of Financial Governance

The dependent variable of the study was quality of financial governance of NCCG in Kenya. The participants were asked to comment on the quality of financial governance in Nairobi City County in terms of public participation, financial accountability, financial transparency, and oversight. A descriptive analysis of quality of financial governance is presented in Table 5.

Table 5: Descriptive Analysis for Quality of Financial Governance

Statement	1	2	3	4	5	Mean	Std.Dev
The county has employed public participation in financial governance decisions.	5 (6.6%)	0.00%	16 (21.1%)	16 (21.1%)	39 (51.3%)	4.11	1.15
There is efficient financial accountability in the county.	6 (7.9%)	6 (7.9%)	20 (26.3%)	21 (27.6%)	23 (30.3%)	3.64	1.22
The county employs high levels of transparency in matters of financial governance.	8 (10.5%)	3 (3.9%)	10 (13.2%)	17 (22.4%)	38 (50%)	3.97	1.33
There is a working oversight procedure in the county	6 (7.9%)	6 (7.9%)	10 (13.2%)	20 (26.3%)	34 (44.7%)	3.92	1.27

Table 5 showed that 55(72.4%) of participants agreed with the statement that the county has employed public participation in financial governance decisions (mean=4.11, std.dev=1.15). This implied that Nairobi city county employs public participation. The study findings agreed with TIK (2014) who indicated that Budgeting authorities, such as district councils and cabinets, have a duty to ensure public participation in the budgeting process.

Further, 44(57.9%) of participants agreed that there is efficient financial accountability in the county (mean=3.64, std.dev=1.22). This implied that Nairobi City County had efficient financial accountability. The findings agreed with Motubatse et al. (2017) who indicated that

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effective financial accountability in the public sector governance promotes wise choices and efficient resource usage, which in turn directs the prudent management of these stocks.

In addition, 55(72.4%) of participants agreed that the county employs high levels of transparency in matters of financial governance. (Mean=3.97, std.dev=1.33). This implied that Nairobi City County has transparency on matters of financial governance. The results agreed with Kamaruddin et al. (2021) who indicated that transparency in governance enhances the performance of the county.

Further, 54(71.0%) of participants agreed with the statement that there is a working oversight procedure in the county (mean=3.92, std.dev=1.27). This implied that Nairobi City County has an oversight team. The study findings agreed with Kamaruddin et al. (2021) who indicated that transparency in governance enhances the performance of the county.

4.2 Regression Analysis

To determine the effect of financial management practices on quality of financial governance model fitness was conducted. This is presented in Table 6 below.

Table 6: Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.929a	0.863	0.855	0.29319

Table 6 above showed that R is 0.929. This means that the financial management strategy has a strong relationship with the quality of financial management. Also, R squared is 0.863. This shows that the financial management strategy explains 86.3% of changes in quality of financial governance. The study findings agreed with Chumba (2014) who observed that efficiency in financial management practices enhances quality of financial reporting.

The ANOVA was performed to assess the financial management practices as a predictor for financial governance. The findings from the analysis of the variance are presented in Table 7 below.

Table 7: Analysis of Variance

	Sum of Squares	df	Mean Square	F	Sig.
Regression	38.401	4	9.6	111.68	.000b
Residual	6.103	71	0.086		
Total	44.504	75			

Table 7 demonstrates this, with an F statistic of 111.68 and a reported p-value of 0.000, which is less than the conventional probability criterion of significance of 0.05. Financial management strategy is an excellent predictor of financial governance quality. This means that the financial management strategy has a statistically immaterial outcome on the quality of financial governance at the 95% confidence level.

Regression of coefficient results shows the effect of the financial management strategies on quality of financial governance. This was presented in Table 8.

Table 8: Regression Coefficient

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-0.002	0.190		-0.011	0.992
Revenue mobilization	0.222	0.057	0.253	3.895	0.000
Budgetary techniques	0.365	0.073	0.412	5.035	0.000
Financial reporting	0.172	0.065	0.200	2.660	0.010
IFMIS	0.199	0.077	0.181	2.584	0.012

Source: Research Data (2023)

Results in Table 8 showed that budgetary techniques had a positive and significant effect on financial governance ($\beta=0.412$, $p=0.000$). This implied that an improvement in budgetary techniques by one unit would improve quality of financial governance by 0.412 units. The study findings agreed with Pimpong and Laryea (2016) who demonstrated that the correlation between organizational performance and budget coordination was statistically significant and favorable.

Revenue mobilization strategy had a positive and significant effect on financial governance ($\beta=0.253$, $p=0.000$). This implied that an improvement in revenue mobilization strategy by one unit would improve quality of financial governance by 0.253 units. The study agreed with Mutua and Wamalwa (2017) who established that local revenues are a key source of financing for local governments given the increased need for budgetary expenditures and service delivery.

Financial reporting had a positive and significant effect on financial governance ($\beta=0.200$, $p=0.010$). This implied that an improvement in financial reporting by one unit would improve quality of financial governance by 0.200 units. The results supported Cherono's (2016) assertion that financial reporting significantly influenced financial governance.

IFMIS had a positive and significant effect on financial governance ($\beta=0.181$, $p=0.012$). This implied that an improvement in IFMIS by one unit would improve quality of financial governance by 0.181 units. The study concluded that Chalu (2019) found that IFMIS had a significant effect on financial reporting quality.

$Y = 0.253X1 + 0.412X_2 + 0.200X_3 + 0.181X_4 + \varepsilon$

X1= Revenue mobilization strategy

X2= Budgetary techniques

X3= Financial reporting

X4= Integrated financial management

ε = Error term

4.3 Hypothesis Testing

The hypotheses were tested using regression results in Table 8. The decision rule was to reject the null hypothesis if the calculated P-value was less than 0.05 while accepting the null hypothesis if p-value was greater than 0.05.

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Table 9: Hypothesis Testing

Objectives	Hypothesis	Significance	Decision Reject/ accept	Conclusion
To determine effect of revenue mobilization strategy on quality of financial governance in Nairobi City County Government, Kenya.	there is no significant influence of revenue mobilization strategy on quality of financial governance in Nairobi City County Government, Kenya	P=0.000	Reject H_0 if p<0.000	The null hypothesis was **rejected**.
To determine effect of revenue budgetary techniques on quality of financial governance in Nairobi City County Government, Kenya.	there is no significant influence of budgetary techniques on quality of financial governance in Nairobi County Government, Kenya	P=0.000	Reject H_0 if p<0.000	The null hypothesis was **rejected.**
To determine effect of revenue financial reporting on financial quality governance in Nairobi County, Kenya	there is no significant influence of financial reporting on financial quality governance in Nairobi County, Kenya	P=0.010	Reject H_0 if p<0.000	The null hypothesis was **rejected.**
To determine how IFMS affects financial governance quality in Nairobi County, Kenya.	there is no significant influence of IFMS on financial governance quality in Nairobi County, Kenya	P=0.012	Reject H_0 if p<0.000	The null hypothesis was **rejected.**

5.0 Conclusion

The study concluded that revenue mobilization strategy had a positive and significant association with quality of financial governance. Budgetary techniques had a positive and significant association with quality of financial governance. Financial reporting had a positive and significant association with quality of financial governance. IFMIS had a positive and significant association with quality of financial governance.

6.0 Recommendations

The study recommended that counties and other local governments should ensure there is a sufficient revenue administration and mobilization policy within the county. The county government ought to come up with more sources of mobilizing their revenue. The county should employ qualified staff for revenue collection to mobilize the required revenue.

Counties and other local governments should ensure there is sufficient budgetary planning within the county. The county government should ensure there are internal controls within the county and come up with a clear budget to achieve its financial goals.

Counties and other local governments should also ensure that financial reporting within the county is understandable to enhance the quality of financial governance. The financial reporting practices also ought to be of good quality to provide insight and transparency into the county's financial position.

The study further recommended that they should have sufficient process automation within the county to enhance the quality of Financial Governance. Use of IFMIS which makes planning and decision-making process faster should be used.

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